TITLE NEWS

DECEMBER - 1929

Vol. 8
No. 12

Proceedings

Twenty-third

Annual Convention

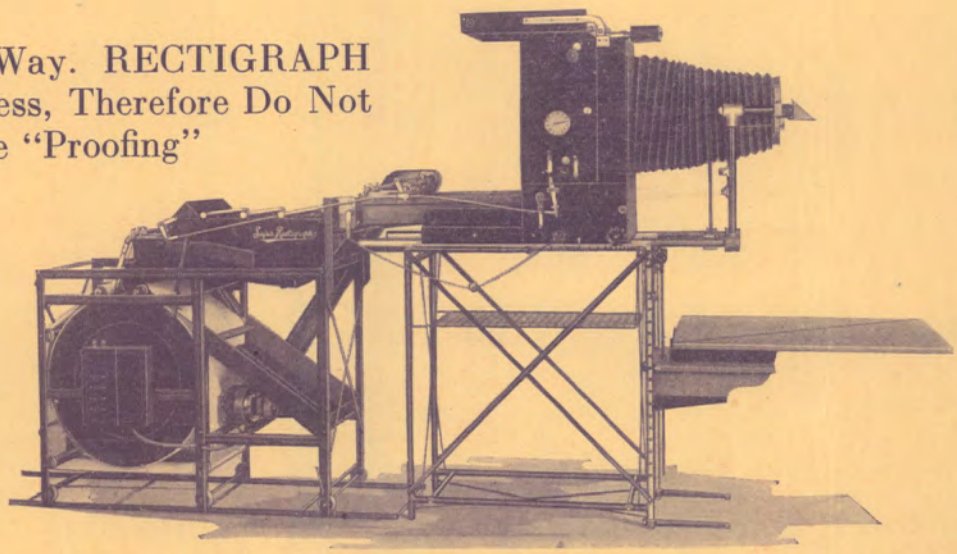
SAN ANTONIO

TEXAS

Use the
Super RECTIGRAPH

FOR MAKING YOUR RECORDS

It is the Modern Way. RECTIGRAPH Prints Are Errorless, Therefore Do Not Require "Proofing"



THE SUPER RECTIGRAPH does it all, develops, fixes, washes and dries the photographic prints, in the order in which they are made at a speed of two prints or four pages per minute.

When your "take-offs" are RECTIGRAPH PRINTS you have an absolute copy of the record, so when compiling an abstract there is no guessing as to what the record is. Trips to the Recorder's Office for verification are a thing of the past.

The SUPER RECTIGRAPH is mechanical throughout and can be operated by any one. Prints come from the developer face up and can be seen at a glance. The operator sees the results of his work as he makes the exposure.

The RECTIGRAPH was invented by an abstracter and was first used in an abstract office; it is now used throughout the world.

RECTIGRAPH machines are made in three sizes: 11½ x 14″; 14 x 18″; 18 x 24″.

RECTIGRAPH paper used in the SUPER RECTIGRAPH is coated in our own plant and is especially adapted for Photo Copying of all kinds and is spooled for all makes of Photo copying machines.

May we send you a RECTIGRAPH catalog and samples of work?

RECTIGRAPH COMPANY, ROCHESTER, N. Y.

Originators and Manufacturers of Photo Copying Machines Since 1906

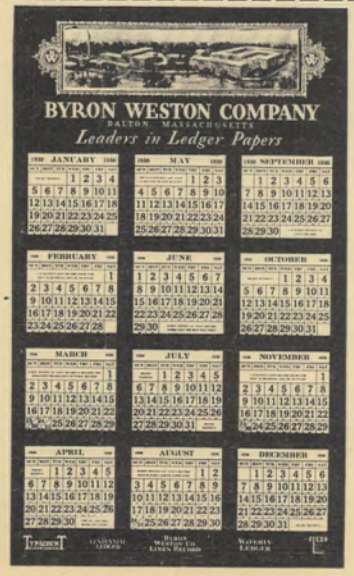
Chicago Boston · Los Angeles Cleveland · New York Kansas City · Philadelphia Paris · Toronto Washington · Pittsburgh London

HAPPY NEW YEAR

Have You Received Your 1930 BYRON WESTON CALENDAR?

THE BYRON WESTON CO. complimentary calendar is beautifully lithographed in colors and each year is sent to hundreds of members of the American Title Association and public officials interested in the recording and preserving of permanent records. If you have not received the 1930 Byron Weston calendar, just mail the coupon below and one will be sent to you.

If you will also give us the name of your purchasing agent we will gladly see that he is supplied with samples and information about Byron Weston Co.'s Linen Record, the most permanent and durable paper made for records, abstracts, policies and all forms of permanent records.



BYRON WESTON CO.
DALTON, MASS.

Please send me your 1930 Wall Calendar and oblige.

NAME_____

FIRM_____

ADDRESS_____

Name of Your Purchasing Agent_____

INDEX

PROCEEDINGS

Twenty-Third Annual Convention

General

Title Insurance Section

Abstracters Section

Title Examiners Section

Miscellaneous

PROCEEDINGS

Twenty-Third Annual Convention

The American Title Association

SAN ANTONIO, TEXAS

October 22, 23, 24 and 25, 1929

The convention was called to order at ten o'clock, Tuesday morning, Oct. 22, by President Edward C. Wyckoff. The sessions were held in the ball room of the Plaza Hotel.

President Wyckoff called upon the Rt. Rev. Wm. T. Capers, of the West Texas Diocese of the Episcopal Church for the invocation.

President Wyckoff then introduced the Mayor of San Antonio to give the convention the welcome of the convention city.

Hon. C. M. CHAMBERS (Mayor, San Antonio, Tex.): Mr. Chairman, Ladies and Gentlemen: I am going to be very brief, but I have here the history of San Antonio in the 17th, 18th, and 19th centuries. It is not an advertisement; it is just a history of this state in the shape of a little booklet that I would be glad if you would read, because it is very romantic and is really the true history of San Antonio.

Ladies and Gentlemen, San Antonio feels indeed honored in being permitted to play host to such a wonderful organization. You have done much for this country and this nation and it has been done by reason of cooperation. Cooperation is necessary in the success of any line of business. San Antonio is proud to have you with us and we trust that your stay among us will be one of pleasure and of profit and your departure one of loving memories.

It has been said that San Antonio is a city that God built and filled with treasures untold, and then he called unto thousands of people and summoned the bravest from among them from the ends of the earth. He didn't ask them their nationality and he didn't ask them what their religion was, but said, "Come!" and they came, each bearing a gift and a song. They had the glory of adventure in their eyes and the glory of hope in their souls, and out of the memories of ages and the longing of hearts and the prayers of the soul, God fashioned this city for a purpose, and he called it San Antonio.

Ladies and Gentlemen: We welcome you to our city and may God bless and protect each one of you. I present to your chairman, not only a key to the city, but a key to the hearts and the homes of the people of San Antonio. (Applause.)

PRESIDENT WYCKOFF: Mr. Mayor, it is a pleasure on behalf of this Association to accept from you the key to San Antonio. We have already been pleased with what we have seen of it; we expect to go away filled with a love for your beautiful city. We will try to behave as guests should behave while here, but should we trespass we are going to trust this key will get us out of trouble, and I'm sure that it will.

We have in this city of San Antonio one of the pioneers of the title business, a man of varied interests, force and power, considerable power in the title field. We wish to hear this morning, words of welcome from our friend, Maco Stewart.

Address of Welcome

MACO STEWART,

President, Stewart Title Guaranty Company, Galveston, Texas

Once the San Antonio River ran underneath this hotel and some strange litigation arose out of the right to that river bed. You have heard a great deal of discussion of late years with respect to what kind of protection the public is entitled to, and what people want with respect to the land titles in which they are dealing. They want to know if the title to a piece of property is marketable. There isn't a marketable title in the whole city of San Antonio. Why?

In order to understand that we will have to know something of this city. In 1835, the Latin race, the Mexicans, controlled not only where San Antonio is but all of the state of Texas and the whole Pacific Coast as far west and north as they wanted to claim. Nobody disputed them. A few people came in here and dislodged these Mexicans and took the Alamo. That is the first time the Anglo-Saxon race had gotten any control, whatever. The next year they got together some Mexicans and came in and killed every man in the Alamo. It has been said that Thermopylae had a messenger of death; those in the Alamo didn't have even that; they stayed until the last one was dead.

There was a difference of opinion between the men running the government then and those trying to set up a government. Some wanted to call it Mexico. Some said that they wanted to make friends and others said they should form an independent government. Stephen F. Austin, who came here and founded the civil government, wanted to cooperate. On the other hand Houston and Fannin took the opposite position. After the death of all these men in the Alamo, Fannin and all except about twenty of his men were killed. The Texas forces retreated a long distance to a place near Houston and there was fought the Battle of San Jacinto. As a result of that battle, more of the earth's

surface changed hands than as the result of any battle fought in the history of the world.

That sounds like a broad statement, but it is a fact. No battle ever made such great changes as the Battle of San Jacinto. What does that have to do with you and me? It has this to do—when we started a government in 1836, we set up a republic. We were not part of the United States. We set it up as best we could under existing conditions and we adopted and took to ourselves that part of what we conceived to be the good laws then existing. I say, "we"—my father was out here.

Among other things we inherited was what is known as the "community system." In California they had a "foresight community system" but it amounted to nothing, as the United States Supreme Court held. In Texas we have a pure community system that has given rise to questions of land titles that do not confront other states.

For nine years we existed as an independent republic. Then in 1845 a great presidential election had been held and we got slipped into the union by a joint resolution. We couldn't get the two-thirds vote and we got in by a joint resolution which took only a majority vote. That is how we managed to sneak in.

When we went in we carried the fundamentals not of the common law and Anglo-Saxon law, but the civil law of the Latin race, and it is quite different. For instance, take this city. It was once the property of the King of Spain. We imagine and believe that the King of Spain granted it to the municipality which was then called San Antonio. We don't know that but just guess it because we find the title started from the municipality. There is no other place like that in America.

They made a grant of what was called "suerta." Those who don't practice law don't know what a "suerta" is. A "suerta" was a piece of land that was determined by the quantity of water on it. If it fronted a ditch four feet wide, it would be a certain size; if it fronted a ditch ten feet wide, it would be another size. Those are title difficulties that confront us that don't confront anybody else in America.

In 1917, our legislature undertook to declare that the rents and revenues arising from property owned by the wife would still belong to her. That was a very big question in Texas, because if that were true the rents of the wife that arose from the husband's property would belong to the husband. In the community, they belong fifty-fifty. Our constitution has read substantially the same way from the days of the republic, the substance of which is that all property owned by the wife before marriage belongs to her, and laws should be passed by the legislature more clearly defining the rights of the wife in relation to property held in common with the husband.

We took the position that under that provision of it that was the constitutional recognition of the community system, and the revenue collected from the estates of either was theirs in common. The United States fought that. Why? Because if my wife had a piece of property bringing in $2000 a year, I would get into the lower bracket in the income tax return by rendering my half and my wife rendering hers.

That, of course, gives rise to a question of this kind. We issue a mortgagee certificate on a homestead, the homestead belonging to the family, consisting of, we'll say, a corner lot 100 feet square, and the family home is on it and the mortgage is $10,000. The property may be worth $15,000. Along comes some fellow and says to the man who owns the property: "I would like to buy the adjoining piece" —the property doesn't extend over on the adjoining piece. The man says, "Yes, I'll sell it," and gets a release of the mortgage. The mortgage falls due and the wife says, "Hold on, you have increased the burden on the homestead."

You folks don't have that to deal with. In the Morrison case they held that it affected the homestead. We have this sort of a question that no other state has. I live in the city of Galveston. I have a wife and children. Under the constitution of the state of Texas I can't put a mortgage on my home. Even if my wife signed the mortgage, it is void, because the constitution declares that no lien against the homestead shall ever be valid, except for taxes or improvement or purchase money.

Now, suppose I die. My administrator undertakes to sell the property. This happened twenty-five years ago. I'm not dead, but we'll make believe. You examine the title and you see that an administrator was regularly appointed and qualified and got in his order from the court to sell that piece of property. You don't know where I live. You have no way of knowing that twenty-five or thirty years have gone by. The court orders the property sold; the court confirms the sale, and the administrator makes the deal, probably passing on down through a dozen hands.

Along comes my children then, having attained the age of 21 years, and bring suit to recover the property. You answer and say that you can't recover the property, that the father's administrator sold it. Then they say, "That's all right; that's father's homestead," and they can bring suit to show that that was my homestead and that the sale is a voidable sale, absolutely and teetotally void. That is a question with which you gentlemen from other states are not confronted.

We fought that through, in the last case, Kline against Niblo, and it was held that the sale was absolutely void. In our probate procedure, borrowed from an ancient Spanish law, it is provided that if you have a claim against a man who is dead, you must go into the probate court. You can't sell out a dead man—the sheriff can't sell him out. How do you know when you strike one of those old sheriff sales, that the man is dead? You have to find that out and it costs money and takes time.

Therefore, you can readily see the troubles that confront us to get enough money to pay for all this investigation. You can readily see, for instance, how difficult it is to find out whether a fellow has a title or not in Fort Worth where all the county records were burned in 1876. We don't have a McNary Act, as they had sense enough to pass in California. On the contrary, in our law, if you don't record the deed in four years, you lose the title. Those are the problems that confront us.

We issue title policies here in this city, issue hundreds and hundreds of them. We know there is no record of title; we hunt it up and we know whether there is a big "suerta" or a little "suerta."

These are just a few of the questions that confront those of us in this business. It is a new business. We are the only state in the Union where, if you want to find out about a title,

The Presiding Officer

EDWARD C. WYCKOFF
President of the American Title Association, Who Conducted the Twenty-third Annual Convention

you don't have to send to headquarters at Washington. Washington doesn't know anything about our titles. We send about 82 miles over here at Austin. Texas maintains the only office; there you find all there is regarding land titles and how they start and so on. Nobody else is confronted with things of this kind.

I have thought that this explanation of the Texas situation might be of interest to those of you engaged in the title business, both in and out of Texas.

What we need in the title business is cooperation and work in harmony in the settlement of our problems and advancement of the business. I therefore on behalf of the Texas title people, welcome this wonderful gathering, this coming together of title people from all over the country, meeting to consider the things best for our business and the clients we serve.

PRESIDENT WYCKOFF: Mr. Stewart, we very much appreciate the interesting facts and history of your great state. We have found as we have traveled around this country that everywhere we have met the conditions of that particular state, they have been peculiar. Your neighbor, Louisiana, we thought, had a most peculiar background for its titles. It was exceedingly unique to find that the notary played so strong a part in the history of that state.

Then we went to Seattle and we found that matters of international dispute and treaty determined the titles to some of their lands. Then we can go back to New Jersey where we once met and we find our titles came through the lord proprietors of New Jersey on a grant from the English Crown. They had taken it from the Dutch and the Dutch recaptured it and we sometimes wonder what the title is. But time, it seems to us, has cured many of these idiosyncrasies of the origin of our titles and that possession probably is the major part of the establishment of titles in the United States, taken as a whole.

This explanation from you as to your peculiar local conditions, has, I know, met with a very hearty response in the hearts of our people. We are going to have a response to your enlightening address of welcome, by a friend from New York, the Honorable Elwood C. Smith.

Response to Address of Welcome

ELWOOD C. SMITH

President, Hudson Counties Title & Mortgage Co., Newburgh, N. Y.

Mr. Stewart and My Friends from Texas: It must indeed be a surprise to you to have the president call upon a man by the name of Smith to respond to an address of welcome in Texas. He has evidently forgotten his political history.

My instructions in this matter are to be brief and extemporaneous. In order to make that impossible, Dick Hall presented to me this morning at nine-thirty with a copy of the proceedings of the Sixth Annual Convention of the Association held in Galveston, Tex., in 1912. I find that that convention was opened somewhat in this form. They had a playlet at this convention in which our friend, Maco Stewart, took part, I believe, in costume. It had something to do with a pirate by the name of Jean Lafitte. I didn't have opportunity enough to examine the proceedings to determine whether our friend, Stewart, was the pirate or not, but I suspect he was.

In fact, I did find one spot in the proceedings where some minister mentioned the fact that Mr. Stewart and another colleague in the title business had charge of a church collection over which he presided—the one man guarded the door and Stewart took up the collection.

My part in this proceedings could be covered by a very few words, but I think more than that is required because of the most hearty welcome we have received from the Texas members. Your welcome extends back over a period of many years. The cooperative work of the Texas members is something that is well known to all of us. In fact, I was very much interested to see the record of those in attendance at this convention in 1912. We are told that title insurance started in Pennsylvania. We in New York know that title insurance is one of the potent factors there, and yet I find at this convention that the only representative from New York was a gentleman representing a manufacturing concern, that made filing cases and I find no one representing Pennsylvania, but when I come to Pages 222 and 223, I find an attendance of perhaps seventy-five or more representing the great and glorious state of Texas.

Your hospitality in Texas is most comprehensive. It is to me what I might call double-acting hospitality. You give us all you have and you take from us what you desire, and that doesn't refer to the golf game yesterday, either.

My first contact with this double-acting hospitality was at my first convention with the New York State Title Association some five years ago. We had a two day conference and one of my associates in our company had arranged to come down for the dinner on Friday and stay for the Saturday session. I arranged for two beds and he failed to put in an appearance. On the following morning to my utter amazement I saw a strange man lying in the other bed in the room. He looked over at me with a smile and said, "I am Tom Scott of Paris, Tex."

Nobody but a Westerner could have created that situation and nobody but a Texan could have gotten away with it like Tom Scott did.

Mr. Stewart, I want to say, we thank you and your Texas friends for your cordial welcome and reception here. You have a fine program and we know you will make good more than you promise. We hope our meeting will be of some substantial aid to the title business and the title people of Texas.

PRESIDENT WYCKOFF: Now we will be pleased to hear the report of our executive secretary as to what he has been doing for us and with our money during the last year.

Report of Executive Secretary

BY RICHARD B. HALL

The report of the executive secretary this year will differ from those heretofore given. In former years his report has appeared as the first formal business item of the convention for the purpose of the executive secretary acting as a mere gate opener. The figures as to the financial condition largely constituted his remarks and he was supposed to consume only enough time for the presiding officer to collect his breath, steady his knees, and then proceed to run the show. My report this year will differ because there are no figures to give as in former years, as the fiscal year of the organization now runs with the calendar and the mid-winter meeting gives primary consideration to the business affairs of the association. Likewise, there is much to be reported to this meeting and I really have a great deal of interest to tell you.

In the course of these remarks I do not have the least desire nor hope to exaggerate a single thing. On the contrary, I have had to exert an effort to hold in and be moderate because I not only so deeply feel the points I wish to present, but know they exist. Some of you may not like to hear them and I can hear many of you saying to yourselves "that doesn't apply to me." I have ample grounds and evidence for every statement made and proof to back it up. Now, while it might hurt in some cases and amuse in others, I know everyone of you will recognize as familiar everything I shall call to your attention. Like Socrates talking to the Athenians during his trial for his life, "I ask of you, please withhold your hisses and hecklings"—in my words, "withhold your cabbages and bad eggs."

Support Made Accomplishments Possible

I will not at this time enumerate much that has been accomplished. There has been a lot. The association has functioned in a general manner and has done a great deal of specific work. There is not time to tell you and I do not think it is necessary for any one on this program to try to impress upon you the value and importance as well as the amount of work the organization has done and the help it has rendered the title business. There is evidence of it upon every hand and I do not think worthiness and achievement have to be paraded. More specific things will be enumerated by the chairmen of the sections, the committees, and reports of the president and chairman of the executive committee.

A stupendous amount of work has been done and many things of importance have been achieved. The expenditure as shown by the report does not nearly tell what has been spent. I wish at this time to pay a tribute to the people who have made these things possible. No one knows the amount of work involved in being on a committee, a chairman of one, a chairman of one of the sections or one of the officers of the association, until he has been initiated and worked through the chairs of the job. Many of those

RICHARD B. HALL

holding such positions have spent a great amount of time, in fact there is not a one of them who has not spent from four to fifteen weeks in the past year in fulfilling the obligations the membership imposed upon him by electing him to office. In practically every case where occasion has demanded a trip and in every case where the work within his office has been handled, it has been at his own personal or his company's expense.

I know better than anyone else all that has been involved in these matters and I doubt if there is any association in the country and any business represented by one where there is such a group of people giving so much of their time, energy, resources, and own financing, as our organization. I have been in close contact during the past year with other trade associations and I can conscientiously tell the membership of the American Title Association that there is no other organization of any kind in the country doing as much work in proportion to its financial and paid personnel resources as the American Title Association and it is only possible through the splendid spirit that exists among the title fraternity of the country.

We have much to do and we are going to need many more to help. We draft people, impose upon others, and are constantly on the lookout for those who can be enlisted in the work. We want everyone to take part and be interested and we appeal to everyone of you to volunteer if there is anything you would like to do. Just let us know who you are and how you want to help. Don't be bashful. This organization exists solely for you and for the good it might do you and your business. Within the past few years a great deal of new blood has been fused into the ranks of its active personnel, and we need many more to take part.

Far Reaching Influences Affecting Business

It has been little short of an epoch since the Seattle meeting which took place sixteen months ago. At no time in the history of the title business has there been as much of moment and importance take place as in that time. The things that have been discussed and considered for years seem to have come more or less to a decision and there have been what some will call radical and others call revolutionary things occur. It is interesting to note that many matters, for years considered among the title fraternity as heresy, are now accepted doctrines. These have been of far reaching importance and we know not what the effect will finally be upon the title business in all parts of the country.

It now begins to appear that we will no longer be like the puddle that was proud to stand while the mighty river rushed by, but that our business has finally joined the procession and recognized that changing times have demanded a change in our business the same as every other.

If ever we had evidence of the necessity of a national association, we have it now and we have a preponderance of examples to show that the title business can no longer be considered as a local proposition but that something that happens in a small segregated place may reach out and engulf the entire industry.

The center of the Torrens agitation is with a minor official of a small town bank in Kansas. His actions were felt in several states throughout the country when the Torrens law was introduced in the last session of their legislatures.

Title insurance companies in certain places are, surprising as it might seem, showing a little initiative, inaugurating new practices and services and because they are furnishing these to loan companies and others operating over an extended territory, we find title companies thousands of miles distant being asked to change their ways and duplicate the service rendered in a place thought to be remote to them and so far away as to never exert any influence.

Action was started by the national association of insurance commissioners to prepare a uniform annual report blank for title companies to be used in all of the states. During the course of the meeting to consider this need, the question arose, why shouldn't there be a uniform title insurance law in all of the states throughout the country the same as we have more or less uniform laws for various other kinds of insurance. We should be vitally concerned with this.

The requirements and customs of the United States government in regard to its evidence of title constitute a matter which has an influence and effect on the business throughout the country and something that requires consideration as a national proposition. New post office sites, river and harbor projects, and the great central flood control project emphasize this as a matter of national concern to those in our business.

We have, within the past two years, seen two uniform title insurance policies evolve. One came from clients and users of title insurance. As a counteraction to this, the title companies were finally spurred on, I might say actually driven, to also prepare a uniform policy, rather tardy action, as we will admit. There is no question but what it is the greatest challenge issued to our business, and the demand for full protection created a maze of matters which will require our immediate attention; and it is virtually impossible to forecast what changes in our business will come from this.

Many Business Problems

The things mentioned are of more or less a general and direct group that concern the conduct of companies. Others appear on the horizon of a more indirect nature but nevertheless are affecting the entire industry and we must immediately give them consideration as a matter within the scope of the united efforts of the title people of the country.

We might as well be frank and admit that business conditions for the title industry do not present a pleasant picture. The abstracter and all his varieties, country, small town, city, short grass, and otherwise, are confronted with a situation that the available amount of business has been steadily dwindling and will continue to do so. In the agricultural regions things are at a standstill because of the general deplorable idea existing about any farm proposition, due to the dire pictures painted about the farmer and need for relief. There is no incentive to develop agriculture in any of its branches and there is no chance for speculation in land. There is an overproduction of crops. With these conditions has dwindled the farm mortgage business.

At no time in the history of the title business has there been as much of moment and importance take place as in the time since the last convention. The things that have been discussed and considered for years seem to have come more or less to a decision, and there have been what some will call radical and others call revolutionary things occur. It is interesting to note that many matters, for years considered among the title fraternity as heresy, are now accepted doctrines.

It now begins to appear that we will no longer be like the puddle that is proud to stand while the mighty river rushes by, but that our business has finally joined the procession and recognized that changing times have demanded a change in our business the same as every other.

We have, within the past two years, seen two uniform title insurance policies evolve. One came from clients and users of title insurance. As a counteraction to this, the title companies were finally spurred on, I might say actually driven, to prepare also a uniform policy, a rather tardy action, as we will all admit. There is no question but what it is the greatest challenge issued to our business, and the demand for full protection created a maze of matters which will require our immediate attention.

Added to the loss of title orders from these sources is a loss occasioned in many states by the operations of the Federal Land Banks and other schemes of lending companies for making long time, amortized loans. During the year an investigation was conducted in a few of these counties in some of the states, and from actual statistics compiled by abstracters keeping the record for us, from four to six hundred orders per year per county were lost on long term loans where it would be several years, if not a generation, before there would be another job for the title man on those same titles.

In many states we find large areas absolutely tied up for years by some foreclosure of abandonment.

Cattle raising is now the pleasure of the few and we will not see any more of the big ranches split up for years to come. For mineral development we have never seen a worse period in the history of the country. Mineral production of the metals is confined to certain proven areas and all business in many western states in large areas has utterly ceased and we find nothing but a trail of phantom cities.

Even the oil business, that heaven and dream of dreams which every abstracter hopes will come to him, has seen a big curtailment; and the typewriters that used to pound day and night in so many places are now taking an enforced rest.

The cities have experienced a similar condition. Everyone knows there has been an overdevelopment, and most of them are marking time to await the absorption of improved property that has been created within the past few years. Few subdivisions are offered, and the "Own Your Own Home" has been changed to "Move Into Our New Apartment." The title companies in most of the cities report that their unit number of orders has increased but the gross income has declined. There are not the big projects of the past few years which brought in the larger premiums and instead there is a flood of small orders, more costly to handle in proportion.

Added to this is the fact that there is absolutely at the present time the smallest amount of speculation in real estate in the cities there has been in years. Some people are inclined to blame the stock market entirely for this, but such is not the case. There is no question but what some of the available funds are being converted into speculative channels attracted by the present Wall Street will-of-the-wisp and the avalanche of securities flooding the market. However, we should blame but a small proportion of it on the stock market. It is not my intention to paint the dire picture of the conditions, but facts are facts and we should look the matter in the face and take the matter in hand as other businesses do in similar circumstances and counteract it. If we do so, it will be an extraordinary procedure for those in the title business as it has usually been our custom to sit back, mope around over prevailing conditions and accept all the distress because that is all we are looking for to come through the front door.

Quit Kickin' the Title Business Around

Why is it that on every hand, whenever a mention is made of a title company or a man tells some one he is in the title business, he immediately has to bear the brunt of a slighting or insinuating remark about being a Jesse James without a horse or a second story man. As I go about over the country telling people my capacity and the organization with which I am connected, I am usually greeted with, "Oh, yes, the title companies. They're the gang that steal the pennies off the dead men's eyes."

I think it about time that the title companies commence to fulfill a real service, see how much they can give and do, put responsibility back of the business, and then square off in a proper attitude and get a proper fee. When

this is done, we will relieve a great deal of complaint and petty argument. But as long as we feel cheap, operate cheap, and are cheap, we will be considered cheap.

It is ridiculous to be in a business that when an announcement of an increase in rates, either abstract or title insurance rates, is given in a community the real estate board will immediately hold a session and issue an ultimatum that if the new rate schedule is put into effect a new company will be organized by the real estate board or the loan companies will threaten to stop business until rates are reduced or put back on the old basis, and if not they will organize a company, or that every real estate operator, lumber company or other concern that needs a large amount of title work will immediately threaten and sometimes do go into the title business themselves. The public can't go into the tailoring business, sell lumber, practice dentistry, bury their own dead or cut their own hair when any of those in their respective vocations decide to add 5c or $500 to the services they render, yet the title business gets kicked around.

Title insurance and abstract rates have not been increased in proportion to other things in the last few years. It is hard to find where a company has increased them within the last ten years. In fact, we find in some places they have actually decreased them in an effort to popularize the business and because they are cringing under the lash of their customers' complaints.

The demands upon the title companies, both abstracters and title insurance, have increased many fold in the last few years and are getting more so and still those in the business are stuttering and stammering about their charges, apologizing for them and attempting to win favor by further lowering their schedules.

With the available amount of business shrinking, what is the answer? Are those in the business going to take it in hand, or just continue to flounder?

Provincialism, Small Profits Impeding Progress

In the course of the attempts of the state and the national associations to do constructive work for the advancement of the title business and to achieve anything in the solution of its problems, we have always been confronted by two predominant things. They are amusing because they are pitiful and yet they constitute the two principal obstacles which have always made it impossible to do any concerted and necessary achievements for the benefit of those in the business.

The first of these is that very peculiar and unique conditions prevail in every county. You would think that there was a Chinese wall around every locality in the United States. Nothing that applies in any other part of the country can be put into effect and operation in any other county in the United States because of these unusual circumstances that exist in each territory defined by the city, county or other outline of operations of the title companies within that particular spot. The funny thing is that these peculiar things seem to exist in every county in the country, but the average title man doesn't know his next county or state brethren and what the rest of the world is like.

A stupendous amount of work has been done and many things of importance have been achieved. The expenditure as shown by the report does not nearly tell what has been spent. I wish at this time to pay a tribute to the people who have made these things possible. No one knows the amount of work involved in being on a committee, a chairman of one, a chairman of one of the sections, or one of the officers of the association, until he has been initiated and worked through the chairs of the job. Many of those holding such positions have spent a great amount of time, in fact there is not a one of them who has not spent from four to fifteen weeks time in the past year in fulfilling the obligations the membership imposed upon him by electing him to office. In practically every case where occasion has demanded a trip and in every case where the work within his office has been handled, it has been at his own personal or his company's expense.

I know better than anyone else all that has been involved in these matters and I doubt if there is any association in the country and any business represented by one where there is such a group of people giving so much of their time, energy, resources, and own financing, as our organization. I have been in close contact during the past year with other trade associations and I can conscientiously tell the membership of the American Title Association that there is no other organization of any kind in the country doing as much work in proportion to its financial and paid personnel resources as the American Title Association and it is only possible through the splendid spirit that exists among the title fraternity of the country.

The next thing is that there isn't a single title company or group of title companies in any one place that, so far as we are able to ascertain, after a careful examination, can put into effect or do anything that the title fraternity might evolve as good business practice. They must work towards, not so much a profitable business, but a catering one. We are absolutely, it appears, at the mercy of the whims, idiosyncracies and dictatorship of every real estate man, lawyer, banker, building and loan association, competitor, and everybody else in the country, and no one in our business can put into effect his true ideas and real ideals as to what service the title companies should furnish.

In every discussion that has ever come up over anything that has ever been adopted for the title business and practically everything that has ever been developed or put into effect, even the A. T. A. uniform policy, there is nothing that can be done because our customers or the general public won't let us. They put those in the title business to bed at night, get them up in the morning, feed them, write their policy forms, tell them what they will pay, tear out what is in their abstracts and policies that they do not like, adjust their bills to suit themselves, tell the title man what kind of a car he should drive and have done about everything for us except choose our wives.

We'll Have to Help Ourselves

It is about time those in the title business took charge of it, prescribed what title service is, render efficient, responsible service, and then stay by their guns.

Codes of ethics, slogans and all of those things sometimes have a meaning and sometimes do not. However, there must have been some hooey, psychology, or appeal in salesmanship ever since the beginning of man and starting with the incident in the garden of Eden; and we have evidence on every hand where such things are being used effectively. I therefore wonder if it is not about time for the title business to capitalize on some of these. Political parties, builders of automobiles, and practically every other established thing in the existing order of today, have had slogans, key words, and other more or less electric sign propositions blazing forth an appeal to the people.

We made a start in this as an experiment for this convention when we informed you of a key note, and did more than announce the 1929 convention. Consideration was given to some expression that would tickle your hearts and minds and we therefore created the phrase for this meeting "Increasing Efficiency, Developing Business Opportunities, and Making More Money." A glance at the program will show you that the whole thing has been arranged and planned around this, and that every address and conference for this convention deals with the ideas expressed by the slogan.

Evidently it had some appeal because more letters were received and comments made upon this announcement than any other thing that I can recall connected with a convention announcement. It is likewise reflected in the attendance because we had the largest advance registration of any convention and there has convened at this meeting the greatest number of people from the most representative territory.

I, therefore, now desire to present to you, not a report of what has been done and accomplished by the association since the last convention, but some suggestions for the future; and not express ideas for what should be done, but challenge you to put them into effect.

I really feel that this 1929 convention

is going to decide the future of the title business of the country. Twenty-three years ago the title men of the country, then abstracters, met to consider the problems of the business. They were largely legislative. In fact, that was all trade associations were organized for—to combat adverse legislation. It soon developed they had a larger purpose, and that was to develop the business. They took matters in hand not only among themselves by training the members to bring greater efficiency and profit to the business through its conduct, but by resorting to legislation of their own for safety and protection, giving more responsibility and service to clients, as well as making those within it be good. They directed the affairs of their own business, established it with the public and made respect and profit for those in it.

Our organization has done the same thing. As you have been told before, for several years we had to work to interest the title men of the country and make them realize what a vehicle they had to ride in the medium of a trade association. This being accomplished a few years ago, as was announced at a meeting held in Chicago two years from this January, to fulfill our obligation to the members and to prepare and do what should be done for the business, a definite program of activities was presented.

At that time primary consideration was given to the abstracters, because from a casual glance it seemed that the title insurance people were sitting pretty. We apparently were taking their word for this and they either were suffering under an hallucination of their own, would not admit that they had any troubles, or probably, worse than all, had the idea that they wanted to be left alone. Another thing that entered into it was that the association since its existence had to stifle its activities and desires and limit its activities, not so much by the available personnel, but by the available funds it had. There is no question but what a few years ago the abstracters and their business were in the most deplorable condition ever in their history. Since abstracts represent the bulk of the title evidence used in this country and the abstract predominates in the greater percentage of the territory of the country and since about that percentage of of the membership of the association is represented by abstracters and since the abstract and the abstracter will be the basis of any title system used, it was realized that the association should first concentrate its efforts in improving the condition of this branch of the title business.

Much has been done. In fact, more than we had ever dreamed in the space of time; and it will all be told on Thursday. With that under way and partly accomplished, we should now tackle a new job. I am firmly convinced and I can emphatically state that I believe a parallel picture can be drawn by placing all the ills and problems of abstracters on one side and right beside it an identical picture of those of the title insurance business.

There are general things that should be accomplished and others specific. We should therefore try in our activities to better the two branches of the business in a joint effort. I therefore desire to announce for this a slogan which I think most vividly expresses what we need. Because of it being rather a jazzy, crude expression, not befitting the dignity of this business, I do not ask that it be adopted or published, nor do I beseech any of you to use it. On the contrary, I think we should somewhat assume the atmosphere of a secret society and have a pass word or something that will be to lock up in our own little hearts and to get solace and pleasure out of it if we can. But whether any of you like it or not, or will use it, I think it expresses what should be done for the title business—***"Can the back seat drivers."***

> *In the course of the attempts of the state and the national associations to do constructive work for the advancement of the title business and to achieve anything in the solution of its problems, we have always been confronted by two things. They are amusing because they are pitiful * * * the first of these is that very peculiar and unique conditions prevail in every county.*
>
> *The next thing is that there isn't a single title company or group of title companies in any one place that, so far as we are able to ascertain after a careful examination, can put into effect or do anything that the title fraternity might evolve as good business practice * * * and no one in our business can put into effect his true ideas and real ideals as to what service the title companies should furnish, because the bankers, real estate men, lawyers, and others won't let them.*
>
> *It is about time those in the title business took charge of it, prescribed what title service is, render efficient, responsible service, and then stay by their guns.*

Let's Clear the Atmosphere

Being in the title business smacks of an unsavory odor. Having been born and raised in it, it has confronted me all my life, as it has all of you. The chairmen of the abstracters section, as well as others, have made mention in more or less energetic manner of the inferiority complex that exists around abstracters and the abstracters' business. The situation prevails throughout the whole title business and should not be confined to the abstract end.

There are two reasons for this unsavory atmosphere. It has been said that no one in the abstract business is making any money and I think the word "title" can be substituted for the word "abstract". The other is that we have had so much back seat driving that our souls are not our own. The abstracters have been working on this until they have reduced both of these in their business, and I honestly think it now time to pay a little attention to doing the same thing for the title insurance boys.

When I said "turn our clothes inside out and put ourselves into reverse" I had particular reference to these two matters, especially as they pertain to the title insurance business. Let us first consider the money proposition. I do not at this time want to give a discourse on title insurance rates, but I want to call your attention to a few customary practices that exist that are the exact opposite of good business and economic fundamentals. I desire to further substantiate my statement that the title insurance business is not a profitable business by calling your attention to the following.

With but few exceptions in certain localities in the country, the title insurance business is only a part of the institution. In the East particularly and most of the larger cities, we find that the title insurance companies are really parts of a bank or an institution which has a mortgage, loan, trust, bond, real estate, and many other departments. There are ample figures to show that few title companies could stand upon their title earning legs alone. In many cases those in the title insurance business are not very enthusiastic about it and concentrate their principal attention and progressive business ideas to the other departments. The title part is a feeder for others or an accommodation for clients.

Title insurance rate schedules, like the title insurance business itself, have, as Ben Henley once expressed it, like Topsy—"just growed". Most of them will be found to be based upon the average abstract continuation charge plus prevailing established low examination fee plus some guessed figure for insurance. This is particularly true of these companies that have been newly established and that have been started within the past ten years.

Cheapness a Poor Selling Argument

The whole theory of introducing title insurance is to make it a cheap product. An examination of the minimum title insurance charge in most places will show that it does not cover the aggregate of the separate charges of the elements which enter into it. Yet it is purported that a better product is being given. All along the line we have endeavored to develop the use of title insurance by a second hand price. The thing has not been sold upon merit at all with the added value of service rendered.

The mortgagee's policy rate is actually lower in a great many places than what it used to cost to get an abstract brought to date. Yet the title insurance companies are giving an examination and insurance in addition and kidding themselves into thinking they are making money.

Title insurance was evolved as a serv-

ice proposition and a means of facilitating transactions, as well as give some insurance against problematical elements. It stands to reason that this service is worth just as much to one man as another, and yet a sales talk will-of-the-wisp that has been followed continually has been the idea of offering to future generations of purchasers a reduced rate. Everywhere throughout the business we find the only sales argument used is cheap and a low price. Quite naturally the result has been a minimum product. For every whim and wish of the customer to eliminate something, the price has been reduced and another hole punched in the policy. Every professional business and article of standing in common use in the country today, which commands the most respect, is the one marketed strictly on its merits with the price commensurate thereto.

Business Practices "Hash"

The next element which makes for an unsavory odor is the lack of stability within the business and the fact that no title company has any faith in any other one. It has only been within the past few years that we have heard of a full coverage policy, and prior to that time the title company only attempted to do a minimum of work and give a minimum of coverage for their own self-established cheap price. Title insurance was created to fulfill a need and satisfy every requirement for a quick, sufficient evidence of title and means of closing real estate deals. Instead of marketing such a thing or trying to build a business around that product, it seems that the business has been started at a minimum and real title service expressed in apologetic terms by those in the business. We started at the minimum and hoped to build up, but by so doing we became dictated to by all of our clients and the advent of the full coverage or decipherable policy reveals to us the pitiful position we are in by being subject to the abuse, whims, dictatorship, and desires of our clients who only want a minimum of service at a cheap price but who do through other means provide all the other things that would be given in protection of a full coverage policy. In addition to that, we are the victims of various competitive factors, not only among the loan companies themselves, but the set and provincial ideas of those in the title business.

Why Be the Goat?

There seems to be a prevailing idea or at least a bitter pill that they continually make the title companies swallow, that all the economy to be exercised and practiced in a real estate transaction is to come out of the title part. When the L. I. C. and A. T. A. policy forms were prepared, it required greater work and more service from the title company and more expense in the issuance of such forms. I think if a census were taken it could be shown that many title companies are furnishing this policy at the same rate as their ordinary. If not, because of competitive factors among the loan companies or title company competition among themselves or other things, they have made arrangements and provided to be relieved of liability under certain provisions but are at the same time including them in the policy.

This is probably being done at the old prevailing rates and even though sufficient information and indemnity about occupancy, mechanics liens, and surveys is being furnished to the title companies, the mechanics of handling them, checking them, and knowing the title company is being relieved of liability, imposes additional cost in the issuance of the policy.

Insurance Isn't Thought to be a Sure Thing

Another thing that might be interesting for retrospection is the birth of a title policy and the story of its issuance. Did it ever occur to you that at every turn of the wheel, there is much more effort to keep it from being issued than to encourage its growth? Starting with the application, it runs the gauntlet of those trying to trip it up and while the front end of the office hopes to put it on the books, the back end is using a fine tooth comb and magnifying glass to find reasons why it should not be issued. When it does appear, it is not the way the loan company's attorney wants it, the lawyer does not want his client to have it, but wants an abstract, and other things appear on the horizon.

This gives occasion to comment upon the two schools of title insurance. For years there was only the one, that which proudly thought that to issue a title insurance policy was to absolutely mark that the title was perfect and that an insured title was one absolutely above reproach. We see evidence of this fundamental belief on every hand and carried in large type in the ads of many companies. In the language of the vicinity of this convention, the laymen do not "savey" this. If it is so perfect, why go to all the trouble and why have it insured? They thought that title insurance was something to show relief from all technicalities and trouble of the real estate deal and expected too that the insurance company would take some chance.

There are examples where people are afraid to take a title to have it insured because of the minute, technical examination made of things which happened fifty years ago and once let it be known in a neighborhood that the title company won't insure a title, the owner's property is branded forever.

Out of this in recent years, largely through demands upon us, has come a new school, those of the liberals or who some will call, the radicals. Please do not get the idea that it is being advocated going into the business of insuring burning buildings, but I ask you this: Is it not a fact that to get in revenue you have to do business and the principal concern of every title company should be to insure every title possible? Reflection upon the part of everyone in the title insurance business and an examination of statements and records as to losses, will show without question, that the greatest number and largest have not been caused by the legal technicalities and problematical loses from things that happened generations ago, but by the things at hand, either during the present time, at the closing of the transaction or in the very things that title companies are trying to keep from including in their coverage. In other words, is there not straining at the gnat and swallowing of the camel?

Just a wild idea, but will you think of this? Should not more attention be paid to the matters of surveys, parties in possession, existing taxes, and other liens now so commonly excepted but which the public must ascertain before being able to close a deal and gets from other sources and which title companies are trying so hard to keep from covering, and they be included in policies and the companies provide themselves with facilities for properly handling them, making the charge accordingly, and thereby doing a more profitable business? Statements will overwhelmingly prove that the majority of losses are occasioned by these things at hand and not by the affairs of our grandfathers and their unknown children; yet more attention is paid to them by title companies than to current matters. On the other hand, users of title insurance care nothing about so much "hooey" about the past, but do want the present covered.

A Barber a Titleman—Easy; A Titleman a Barber—After Qualifying

The time seems to be about here when the title business could resolve to put itself into reverse, turn its clothes inside out and do just the opposite from what it has been doing all these years. We have fought regulation by legislation as no other business has. We have opposed it as prescribing what should be the requirements for getting into it, conducting it, while other businesses have made it so that we cannot go into any of theirs and their income and investments have been guaranteed by law. There is no incentive now for a man to build an abstract plant or put an investment into it because it means nothing except providing him with expensive tools to work with. There is no defined responsibility in the business and any one with a misguided ambition and a typewriter can make abstracts. The public has no respect for us, for they know there is no defined responsibility or legal requirements and yet we have been fighting all these things for years while others have been entrenching theirs.

The same holds true of title insurance. In some states there are four ways a title company may be organized, and in some there is no provision at all and none can go into business. In others they are so lax they amount to nothing and in still others they are so strict as to make it impossible for one to operate profitably. We will

never solve the curb stone evil, so called, or the price cutter until we make it hard to get into the business and mean something when we set up shop. At the same time that we should not make it impossible to organize a title insurance company, we should make it so that they could not be organized on a promotion basis.

Warnings have been issued at each meeting of this, that we should write our own legislation. The abstracters are well started upon this, but I again call this to the attention of the title insurance people because of two instances which have arisen within the past year. One is that at the next meeting of the insurance commissioners session there will be considered not only the annual report blank to be required in the several states but that committee proposes to consider what the requirements for the organization and conduction of a title insurance company in any state should be.

Another thing is in regard to promotion of title insurance companies. So far the prestige and standing of title insurance through moral responsibility alone has been high, but that day is over. During the past year we have seen the failure of two companies and I believe the only ones who have failed after having done any amount of business and with outstanding liability, the policies of which are now nothing but scraps of paper. Incidentally, one of these companies was organized in a state which has no requirements for a deposit or otherwise. It was organized purely and simply as a promotion deal and the irony of it was that when struggling on its last legs it grasped at a straw by announcing that it had provided for re-insurance facilities with another company. It was only a question of a few months until this reinsuring company was closed by the insurance commissioner of the state of its origin.

Better Look Into the Looking Glass

We cannot ward off the issue because of the actual necessity and ordinary demand of the thing alone; and we must figure that our name puts us in the category of those subject to the most stringent of regulations as insuring companies, and though we may conscientiously know that title insurance is different from other insurance, we cannot kid the public about it. It used to be it was called a title guaranty or some other business, but when "insurance" became the real name for our product we automatically were caught in the psychology of the thing by putting ourselves in the herd and considered running with the other types of insurance, and came up for the same consideration and to be looked on in the same light.

We cannot expect these insurance commissioners and those who are insurance-minded to cast us into another lot unless we make some effort to do so.

There's An Open Road Ahead

The program of this association has been largely that adopted a few years ago when we set about to put the abstracters and the title insurance people and the title fraternity of the country into acquaintance with each other. No title company trusts any other title company. That is one of the first things we should eliminate. We should become acquainted and speak to each other—those living in the same cities or adjoining counties—and then we will work out something as it should be.

We put this program over for the abstracters and it is going over big. We think it is only a question of time until the abstract business will be a profession in all of the other states, as it is in three at this time. In doing that we have had to do considerable traveling and considerable work. Around and within the next few months and years you will begin to receive what I think is the culmination of the work we have done. There are certain things that are needed for the title insurance business, too.

One of the first is that we should get the United States Government to use title insurance. You will hear about steps we are taking on that before this convention is over, and we hope to put that over at the next session of Congress. There is a need to have facts and statistics about title insurance. One of the handicaps we have met is the fact that we cannot get information and could not get statistics from any of the title companies until a few years ago. We need to be able to furnish those insurance commissions and others interested in the title business complete information about losses. We need to furnish you with complete information about the experiences of others in trying to sell title insurance.

We could do anything in the world for the title business. We could do much more work, do more constructive things, and conduct many more activities; but we have to be very careful. The demands upon the organization have increased, I would say, ten-fold within the past three years; and yet the income received by the association has remained at the same figure for the past three years.

We can do anything for the business you want us to do, but we need your active support and must have your financial support.

Realize that the title business is caught in the mesh of changing conditions the same as any other business.

Let's recognize the fact that we can't be like the dog that stands and barks as the procession goes by, but that we have to get in it.

There is absolutely no reason for the title business being the "China" of the business world. We are in a responsible, dignified, high class business.

It is in a very precarious state at this time, like the merchant's, the manufacturer's and every one's else. Again quoting from the Scripture: "The Lord helps those who help themselves."

We have developed the abstracters up to where they now want to take the next step—title insurance—and there is need that we furnish these people with sales arguments. Title insurance will have to be sold. We are not going to be able to educate the public and get them to know about title insurance and appreciate it and use it by throwing a few pamphlets to them when they come into our office, or by giving them a lot of literature to read. We are going to have to appeal to them in a different way than by telling them about the phantom bogey grandchild that is apt to appear and run them off the property. They are not going to look at it from a legal standpoint.

I think one of the biggest things we can do for The American Title Association and the title business is to work out a complete program of advertising and "jazz" it up a little, instead of presenting a dry legal explanation of it.

I was interested the other day in hearing about the trend of the times in advertising. One of the most vivid pictures was an advertisement put out by Pond's Extract Company. It didn't say that Pond's was good for sunburn and that you should rub it on every night, and all that, but there was a bright colored picture of a pretty girl—almost everything in the world nowadays is advertised by the picture of a pretty girl—and under this picture of the girl there was a caption which read: "A sunbeam made her cry." That is a far cry from the old form of advertising cures and preventives for sunburn. That's what we will have to do,—work out some impressionistic publicity.

The problem of the abstracter out over the country is to sell title insurance. Five years ago there were just a few isolated and remote regions in the United States where title insurance was available, but now it is available state wide over half the states in the United States and it will spread until it is over all of them. Yet these fellows are having a hard time to sell title insurance. We must help them. We can give them the benefit of everything that has come to the others.

Your association exists to help you, and as I said before, I wish all of you could know the demands placed upon those you select to hold office in this association. The budget allowance of the American Title Association doesn't begin to represent the amount of money spent in the work. There is no association in the United States today doing the volume of work which the American Title Association is doing and it is only possible due to the spirit of the title companies of the country. I don't think we have ever asked any one to do anything he hasn't done. Our handicap is a lack of finances.

We could do anything in the world for the title business. We could do much more work, do more constructive

things and conduct many more activities, but we have to be very careful. The demands upon the organization have increased, I would say, ten-fold within the past three years, and yet the income received by the association has remained at the same figure for the past three years. It has taken a great deal of work, of thinking, of planning to be able to handle it; and it is a problem we are going to have to work out.

We can do anything for the business you want us to do, but we need your active support and must have your financial support. I hope from this convention we will realize that the title business is caught in the mesh of changing conditions the same as any other business, and that we are going to have to protect and fortify our business by public relationship, by whatever legislation we need, and by efficiency and responsibility and service to our people, that this is the place to lay the cards on the table, to have the discussions, to find out what needs to be done—and then, let's do it. Let's make this meeting the meeting where the association and those in the title business decide to go out and make something out of the title business. Let's recognize the fact that we can't be like the dog that stands and barks as the procession goes by, but that we have to get in it.

There is absolutely no reason for the title business being the "China" of the business world. We are in a responsible, dignified, high class business, but I am getting sick and tired of this atmosphere where every time there is any economy to be practiced in any real estate transaction, it has to come from the title end of it. The fact that our business is something that should be adjusted and curtailed and whipped around by the whims and desires of those who use it is not a pleasant one. It is up to you to have a group who will help you to do it. We have to have the state association work, and the title men in the respective districts are giving a great deal of time and attention to our business, because it is in a very precarious state at this time, like the merchant's, the manufacturer's, and every one's else. Quoting from the Scripture: "The Lord helps those who help themselves."

PRESIDENT WYCKOFF: I don't know whether Dick has inherited something from Jimmy Johns, or whether he has learned something on his own, but he was surely pepped up this morning.

We are going to keep him working, for unfortunately Mr. Whittsitt, our treasurer, started for this convention and had to return home, so he will not be here, although I believe some one did say he might be here later. It is time now for the reading of his report and Mr. Hall will read it for us.

Report of Treasurer

J. M. WHITSITT

As you all know, this Association derives its finances from three sources —dues from individual members, from state associations, and we get the real sinews of war from the sustaining fund. All of you are acquainted with the sustaining fund, at least I hope I have not overlooked any of you in my solicitation.

We derive about $6,000 a year from dues. Our budget was $30,000, which meant we hoped to get from $20,000 to $25,000 from the sustaining fund. To date we have received $25,000 in all and our expenses have been approximately $25,000. As I said, why speak of the bank balance now? We have received from advertising in TITLE NEWS and miscellaneous $824.59 and $111, respectively; from individual dues, $315; state dues, $5499; from the sustaining fund, $17,439.75; and from the Title Examiners Section, $425.

The expenses, as I said, have been budgeted and we have kept along with the budget until we have spent just about what we have collected. We didn't get the amount of money this year we expected, due to several reasons. In the first place, I think that as we all know we have tried to finance this Association and educate 130 million people to the necessity and im-

---

From January 1 to September 30, 1929

RECEIPTS

Cash on hand January 1, 1929	$ 836.92
Advertising	824.59
Individual Dues	315.00
Miscellaneous	111.00
State Dues	5,499.00
Sustaining Fund	17,439.75
Title Examiners Section	425.00
Total	$25,426.26

DISBURSEMENTS

Executive Secretary's Salary	$ 7,499.88
Expense of Sections	543.77
Office Rent	900.00
Office Equipment	730.70
Postage	490.22
Regional Meetings	1,153.48
Stenographers	2,145.25
Supplies & Miscellaneous	1,576.33
Stationery & Printing	900.90
Telegrams	133.79
Title News	4,482.35
Travelling Expenses, State Meetings	1,658.35
Travelling Expenses, Executive Committee, Mid-Winter Meeting	1,234.86
Total	$23,449.88
Cash in bank	1,976.38
	$25,426.26

CONDITION OF BUDGET AS OF SEPTEMBER 30, 1929

	Budget	Expended	Balance
Expense of Sections	$ 750.00	$ 543.77	$ 206.23
Office Equipment	640.00	730.70	*90.70
Office Rent	1,200.00	900.00	300.00
Postage	600.00	490.22	109.78
Regional Meetings	1,500.00	1,153.48	346.52
Salary, Executive Secretary	10,000.00	7,499.48	2,500.12
Stationery & Printing	750.00	900.90	*150.90
Stenographers	2,760.00	2,145.25	614.75
Supplies and Miscellaneous	2,010.00	1,586.33	423.67
Telegrams	200.00	133.79	66.21
Title News	7,000.00	4,482.35	2,517.65
Travelling Expenses, State Meetings	1,750.00	1,658.35	91.65
Travelling Expenses, Executive Committee, Mid-Winter Meeting	1,300.00	1,234.86	65.14
	$30,460.00	$23,459.88	$7,241.72

Less over-draft in Office Equipment and Stationery & Printing ..... $ 241.60

Balance in Budget $7,000.12

*Overdraft.

portance of the title business by passing the hat. I want to tell you we have a real problem in the future in financing this organization.

Last year, at Seattle, we adopted a new dues schedule which is to go into effect in all the states by 1931 and by which we hope to relieve you in calling upon you continually for funds. Our present scheme is a most unsatisfactory method of finance. It is expensive. It takes from ten to twelve per cent of the money we receive to raise this money. We hope to have that schedule in effect in 1931, but we have the usual report to make at this time, that the largest part of our finances was received from the sustaining fund, and that we can use a lot more money.

PRESIDENT WYCKOFF: We will now hear the report of the Committee on Cooperation. Mr. Kenneth E. Rice will present that report in the absence of the chairman of that committee, who could not be here, Mr. Ed. F. Dougherty of Omaha, Nebraska.

Mr. Rice read Mr. Dougherty's report.

Report of Committee on Co-operation

By ED. F. DOUGHERTY

Chairman

Until this day, I have expected that I would be able to attend the Annual Convention of the American Title Association in San Antonio, late this month, but now I fear that I may not be able to be present. Therefore, in the event I am not there, I take the liberty of suggesting that this be construed as the report of the Committee on Cooperation, provided the other members of the committee indicate their concurrence. It is understood, of course, that each member of the Committee is to be permitted to supplement this report orally at the convention, or in writing.

When Mr. Wyckoff, our President, informed me that I have been chosen as Chairman of this new committee, he advised me that Mr. W. P. Waggoner of Los Angeles, California; Mr. L. S. Booth of Seattle, Washington; Mr. Charles C. White of Cleveland, Ohio; Mr. W. H. McNeal of New York City, and Mr. Kenneth E. Rice of Chicago, Illinois, were named as members of the committee. Obviously, a working committee should meet and discuss ways and means of accomplishing its objects. This, we have not yet had an opportunity to do. I hope that the committee will meet in San Antonio to consider the scope of its responsibilities and the action that it proposes to take during the coming year.

As a starter, I took the liberty, on behalf of the committee of establishing contact with Mr. John H. Voorhees of Sioux Falls, South Dakota, Secretary of the National Conference of Commissioners on Uniform State Laws. Mr. Voorhees wrote to me on March 18, 1929, suggesting that our committee study the uniform laws proposed by his organization, appearing in Volume 53, Page 809 of the American Bar Association's Report of the year 1928. Contact was established, also with Mr. H. U. Nelson, 310 South Michigan Avenue, Chicago, Illinois, who is Secretary of the National Association of Real Estate Boards, and he, in his letter of February 15, 1929, and in a subsequent communication to your office, indicated that his organization desires to cooperate with ours. He indicates that a committee similar to ours will be appointed in cooperation to accomplish our common objects.

This committee is a new one just appointed the early part of this year. I feel that a committee of this kind can really accomplish things worth while if the objects and purposes of such organizations as the American Bar Association, the National Association of Real Estate Boards, the Mortgage Bankers Association, and similar organizations are studied, in order that common objects may be advanced in friendly cooperation. The correspondence demonstrates that it is likely that our organization and other organizations may well agree upon the uniform laws in which we are mutually interested, so that added weight may be given to the passage of such laws, those relating particularly to conveyancing, real estate laws in general, and laws relating to title insurance.

This committee was appointed too late this year to do anything along legislative lines. It is not with any pride of accomplishment that this report is made. Its purpose is to pass on to those who will succeed to membership of this committee, the information above indicated and the recommendations of this committee. One thing the members of this committee can do, is to recommend that more work be done by their successors. Specific recommendations are suggested:

E. F. DOUGHERTY

First—That the executive secretary of the association be ex-officio secretary of the committee for permanent contact purposes.

Second—That the chairman of the committee enlist the cooperation of the president and chairman of the legislative committee of each state association.

Third—That the purposes, objects and program of other national organizations be studied in detail, in order to ascertain the purposes and objects of such organizations which are in common with ours, so that we may work together; and that the corresponding committees in other organizations be advised fully of the purposes and objects and program of this association.

In conclusion, I may be pardoned for expressing the pleasure of having been honored with the chairmanship of this committee. I think that the committee has a great future before it, in the way of accomplishments for the association. I believe that if the committee functions, the influence of the American Title Association may ascend to the point where it may be honored by a Congressional Investigation. Wouldn't this be recognition?

PRESIDENT WYCKOFF: Thank you very much, Mr. Rice.

To my way of thinking, the committee on Cooperation has as big a field of work as any committee in the Association. That committee is a committee on cooperation between this association and other associations, but it might be well for us to have another committee on cooperation within our association. I don't know but that it might be worth trying, but there has always been this handicap about the committee on cooperation, perhaps more peculiarly so

of this committee than any other. It is true if you are going to work out a substantial and definite worthwhile program of operation all the members of your committee have to know all the program, be imbued with it and be behind it, and that is hard to do when our committees are appointed in such scattered locations.

Perhaps this committee was appointed by me without sufficient thought as to its peculiar duties. I am going to take the liberty, while I think of it, of suggesting to my successor, the fact that it might be well for him to try just one—and if it works, let the others keep on trying—the appointment of a committee on cooperation centered around Chicago within a reasonable traveling distance of Chicago, because we find that the executive secretaries of the various national associations with whom we have to work are located as a rule in Chicago. I am going to take the liberty of having Mr. Hall keep that in mind.

MR. WILLIAM H. McNEAL (New York Title and Mortgage Company, New York City): May I comment just a little on the subject of the Committee on Cooperation?

PRESIDENT WYCKOFF: Mr. McNeal is a member of the Committee on Cooperation, and we will be glad to hear from him at this time.

MR. McNEAL: The Mortgage Bankers' Association, which holds its convention in New Orleans next week, has a committee appointed on uniform mortgage forms. You all know the Bar Association has been working on the question of uniform mortgage laws for a number of years, but they have not been able to crystalize their recommendations into legislation as yet, and the Mortgage Bankers of America, feeling that there is an immediate need for uniformity of mortgage forms for the better operation of mortgage companies all over the United States, have expressed a belief that inasmuch as The American Bar Association and the other bodies working on the uniform national law will be unable in the immediate future to crystallize their proposals into laws, it will be better or be wise for each state, through the state mortgage bankers' association, to adopt uniform mortgage forms for each state. That is to say that the state of Texas, for instance—there are no doubt various forms of mortgages or deeds of trust used in the state of Texas—should adopt the best form and the best set of papers now in use in the state of Texas, and obtain the consent and the cooperation of all mortgage companies operating in Texas to use that form. The investing public, the association believes, would very rapidly grasp such a situation and very readily adopt such a plan.

J. M. WHITSITT
Treasurer
Nashville, Tenn.

I would like to ask this, whether or not I serve on either the committee on cooperation of this association or a committee of cooperation with the Mortgage Bankers of America, or the committee on uniform forms, whether or not the plan of the Mortgage Bankers of America of getting up state forms would be contrary to the wishes of this association, or contrary to the efforts of this association in backing and supporting a national uniformity of national laws? I would like to have the expression of the chair on this subject in order that I may carry it to the committee of the Mortgage Bankers of America, which meeting I shall attend.

PRESIDENT WYCKOFF: I appreciate your suggestion very much, Mr. McNeal. I think it would be presuming on the part of the chair to try and express the opinion of the convention at this time. I am going to ask you to bring the question up in the open forum in order that you may get a complete expression of opinion from the members here in attendance.

I can assure you, however, that if the Mortgage Bankers of America have any desire to have a committee from this association or from the state associations to cooperate with its various state committees, I will see that such committee is appointed to cooperate with them, and I will put on it the best material I can find within our organization for the purpose to be accomplished.

MR. S. S. BOOTH (Washington Title Insurance Company, Seattle, Washington): I am also a member of the committee on cooperation and would like to make this added comment. In addition to those things mentioned by Mr. McNeal and those mentioned in the report, there is also one other point of contact in which we are interested and that is the point of taxation of land. Personally I have tried to cultivate that point of contact at different real estate meetings, and they have been good enough to make me chairman of their committee on state legislation, and as such I will attend their meeting at Phoenix this coming January.

I would like also just to remark that notwithstanding committees that may be appointed by you or perhaps by your successor, I think it is well for each member of the association to cultivate those contacts in their own communities as far as possible. It may be the real estate board, or mortgage loan companies, or lawyers, but each one individual cultivating those contacts in his own community, I think will accomplish probably more than the committee.

PRESIDENT WYCKOFF: We have on our program for this morning the announcement of the appointment of the chairman of the general nominating committee. I take pleasure in appointing for that chairmanship, Mr. Jim Woodford.

Each state is entitled to representation on that committee. The rule is that the delegate in attendance at three or more of our conventions is entitled to the privilege of representation on the committee. It is permissible, however, for the state delegates to get together and select their representative. It is very much desired that as soon as possible each state designate to our secretary the name of the representative of the state on the committee, so it may be organized and the chairman may call the meeting. I would ask you to be ready not later than the convening of our meeting to announce the names.

The meeting adjourned at twelve o'clock.

ADJOURNMENT

TUESDAY NOON

Luncheon Session

MR. BEN C. LOVE (Franklin Abstract Company, Franklin, Texas): I have been requested to make an announcement. A little show is to be staged for your entertainment. The actors in this play have gone to no little trouble by way of rehearsals and so on to present this for you and I hope it will meet with your approval, but on behalf of the management, I want to say that if it does not meet with your approval they have agreed they will remit and reimburse you for your entrance fee.

You will see something that is pathetic and sad and something that will make you glad. You will witness a death scene and a birth scene. You will witness the birth and the death of the abstracters of Texas, of any state, of this continent, and of this America, and you will witness the birth of title insurance, "the re-incarnation of the abstract plant," if you please. Let the curtain roll up, and on with the play.

The Re-Incarnation of an Abstract Office

Written and Produced by

JAMES E. SHERIDAN

SCENE

An abstract office, old maps on the walls, one desk, a couple of wooden horses across the tops of which are laid some boards, a yardstick on the boards and some abstract books; two or three of the oldest chairs to be secured; an old typewriter on the top of the desk, a few old paper file boxes; cuspidor.

Characters

John Lipage—*the abstracter*.....Paul D. Jones
Martha Lipage—*his wife*.....Mrs. Mark B. Brewer
Mr. Garnty—*representative of title insurance company*.....James E. Sheridan
Mr. Reelstate—*a real estate operator*.....Leo S. Werner
Mr. Blackstone—*an attorney*.....William Webb

Scene opens with Lipage and his wife working in the office, he at the desk and she at the table. They work in silence for about a half minute.

* * * * * *

LIPAGE—This is a difficult title, Martha.

MRS. LIPAGE—It must be. You've been on it for about a week. What are you going to charge for it? About $4.00, I suppose.

LIPAGE—Why, I guess—

MRS. LIPAGE—You guess what? My goodness, it just makes me sick to see other people with automobiles and radios. And look at this dress. Just look at it, John.

LIPAGE—Well, Martha it looks all right to me; it covers your nakedness.

MRS. LIPAGE—It does that. It has done that for five years. Why don't you get some gumption, some new ideas, get some—

LIPAGE—There, there, Martha *(he continues working, endeavoring to pay as little attention as he must)!*

MRS. LIPAGE—And why don't you collect some of those old accounts of ours? My goodness, some of them are—

LIPAGE—There, there, Martha!

MRS. LIPAGE—If you collected some of those bills, we wouldn't have to take a street car and I wouldn't have to be working in this office and we would have at least enough money to take a vacation once in ten years. And furthermore—

LIPAGE—There, there, Martha!

MRS. LIPAGE—And what's more, John Lipage, you promised me, on your word of honor, you'd join the American Title Association and take me to one of their conventions. Goodness, they tell me they have wonderful times on those trips. Wouldn't I love to meet some of those big fellows like Mr. Dall of Chicago and Mr. Stoney of San Francisco! I'll bet it's so long since they worked on an abstract themselves they wouldn't know what one looked like.

LIPAGE—There, there, Martha!

MRS. LIPAGE—THEY have men working for them to do that work. My, goodness, I'll bet Mr. Stoney gets a big salary. Maybe two or three hundred dollars a month. And I hear he gets it regularly, too.

(Lipage does not answer but continues working upon his books.)

MRS. LIPAGE—I suppose the only way I'll ever get to a convention of the American Title Association will be for them to hold it in our cemetery.

(Enter Garnty, representative of Title Insurance Company.)

GARNTY—Good morning, Mr. Lipage.

LIPAGE—Yes?

GARNTY—My name is Garnty. I represent the Capital City Title Insurance Company and want to talk to you about a contract for title insurance.

LIPAGE—Can't talk to you today. Too busy.

GARNTY—I'm awfully glad your office is busy, Mr. Lipage, but I've traveled 120 miles from Capital City to call on you—

LIPAGE—Sorry, not today. Too busy.

GARNTY—Well, it's certainly refreshing to find a title or abstract office so busy. Working many orders?

LIPAGE—I should say so. Eight this week already.

MRS. LIPAGE *(sotto voce)* And no money in any of them.

GARNTY—I am pretty certain, Mr. Lipage, you will find what I have to say interesting.

(Enter Reelstate.)

REELSTATE—Hello, John. Hello, Martha.

(Garnty steps aside and stands at one corner of the room.)

REELSTATE—John, I've made a real deal and you and I and everybody in this town must work together to put

it over. I've sold that Smith forty down by the railroad, for cash. And I've got to have an abstract on it quick.

LIPAGE—Oh, you mean that piece down by the Vinegar Works. Say, that's fine. You make a good commission on it, don't you?

REELSTATE—You bet I do; $1500 cash.

MRS. LIPAGE *(sotto voce)* Heavens above, more than we've made in months!

REELSTATE—Now let's get down to brass tacks; when will you get me an abstract on this piece?

LIPAGE—Oh! In about three weeks.

REELSTATE—Three weeks! Holy smoke, that won't do at all. Now, John, this is a mighty important deal, not only for me but you and for the whole town. In confidence I am going to tell you that this acreage is being bought by a factory which intends to come into our town. That means employment for several hundred men, more work and more business for you, for me and for the whole town. You simply *must* co-operate on this.

LIPAGE—Yes, I know, I know. But I've only my wife and myself to work in the office and to run it, and I don't see—

REELSTATE—*(In an indignant tone of voice)* Why don't you hire some more people? Great Scott, this deal simply must be made.

LIPAGE—Why don't I hire more people *(shows rising indignation)*? If you listened to the complaints I hear, you'd go crazy. It seems my customers are *never* satisfied with what I do. They demand the length of this instrument be shortened, that another instrument be shown more fully. I'm not getting enough money for the work I do. And half of it, I swear, is work I have to do over to satisfy somebody's whims. I don't net enough to employ the help I need.

REELSTATE—Well, why don't you? I'm willing to pay you a reasonble charge for any abstract you make for me. I don't want to be gouged but, at the same time, what I want first, last and all the time is service. I don't want you to tell me why you can't get an abstract out in less than three weeks. Let me tell you something, John. The attorneys for the buyer of this piece expect to close the transaction just exactly four days from today.

LIPAGE—What do they know about conditions here?

REELSTATE—They say they can get that service in Capital City and I don't see that your office is any different than any other abstract office. These people are used to service and they must have it now.

LIPAGE—Well, I'll do the best I can.

REELSTATE—And remember, this deal means an awful lot to the entire town. We simply can't afford to let these people get away from us. It means hundreds of thousands of dollars to this town—and one sweet commission for me.

(Reelstate leaves.)

(Garnty steps forward.)

GARNTY—Mr. Lipage, I couldn't help hearing most of that conversation. I wonder if you would let me digress from the reason for my call for just a moment.

LIPAGE—Can't you see I'm busy, young man? I haven't time to talk to you.

GARNTY—I won't keep you long and I'm sure it will be of interest to you.

MRS. LIPAGE—John, for pity sake give the young man a chance. I would like to know how his company can close up deals in four days like Reelstate said.

LIPAGE—*(In a resigned tone of voice)* All right, go ahead.

GARNTY—First of all, while this isn't why I called entirely, as a fellow abstracter I want to urge you to join the American Title Association and your own state Title Association. It would simply stagger you if you knew the many activities in which the association are engaging to improve our business. They are holding educational meetings all over the country, telling the members how to give better service and secure larger earnings, and training us to introduce new bi-products into our business, such as title insurance, escrow service, engineering service, tax collection service.

LIPAGE—I don't see how that would help me any.

GARNTY—It's bound to help you. You'll get the most help out of it if you'll co-operate with your state association. I do know that in one state, the state association went into costs pretty thoroughly. They considered capital investment; they considered the cost of building and maintaining and operating a plant; they considered bad debts and everything that should enter into a study of costs. What do you think happened? They discovered that it was necessary to make an upward revision of over 80% in abstract rates to make money. They made a recommendation that that revision be put into effect. What happened? The members turned out to meetings and, because they worked together, there was almost unanimous revision in rates. You should join your state association, Mr. Lipage and interest yourself in every one of its activities.

MRS. LIPAGE—That's just what I've told you many times, John.

GARNTY—But that's not what I came for today. I want to talk to you about a contract for title insurance on lands in your county.

LIPAGE—Yes, yes, I know a little about that. Say, maybe I am interested in what you have to say. I was talking the other day to the abstracter in the next county and he said he had a contract with you for title insurance. Maybe I'd better get my lawyer in for this. Wait a minute. His office is right down the hall.

(Lipage leaves the room.)

GARNTY *(to Mrs. Lipage)*—You're Mrs. Lipage, I take it.

MRS. LIPAGE—That's been my name for twenty years. Say, young man, do you go to those conventions of the Title Association, like they have all over the country?

GARNTY—Yes, Ma'am! Never miss one if I can get to it.

MRS. LIPAGE—My, that's nice. Who pays your way? You don't look old enough to have much money.

GARNTY—Thanks for the compliment. My company pays my expenses. They feel it is one of the best investments they could make, to keep their men up to the newest development in our line of business.

MRS. LIPAGE—I wish we could go to one of those conventions.

(Lipage enters with his attorney and introduces him as Mr. Blackstone. Acceptances of introductions.)

BLACKSTONE—I'm pretty familiar with the Capital City Title Insurance Company, John, and its standing. You're perfectly safe in going ahead with them.

LIPAGE—That may be, but I want you to read this contract and listen to what Garnty has to say.

BLACKSTONE—All right. Let me read it while you discuss the matter with him.

(Blackstone is then given a copy of the contract, moves over to a chair and starts reading it.)

GARNTY—Gentlemen, we are going state-wide with our title insurance facilities and we want to come into your county. The way we want to come in is through your office.

LIPAGE—Why through me? You write title insurance on lands in any county right now, on my abstracts.

GARNTY—For this reason, Mr. Lipage. In the first place, speaking quite frankly to you, we need you. We need your records, we need your knowledge of conditions in your county. We are aware of the failure to probate hundreds of estates in years gone by. We know there have been lots of mistakes made in deeds in the old days, and even now. We are too far away from your county to have a clear picture of conditions in it, and we know you have just that kind of a picture—the real family history picture. And if you haven't it, you have a dozen or more sources, from the corner grocery store up, from which you can get it. In other words, while we could do *some* business in your county, we are not losing sight of the fact that the abstract office is the fountain head of all evidences of title and probably always will be. So we have worked out a plan which puts both you and us into the title insurance field throughout the state and without the investment of a penny by yourself.

LIPAGE—What's your plan?

GARNTY—This: We will make a contract with you which runs for twenty years. This contract gives you authority to accept applications for title insurance. You build the chain of title. Then you read the title yourself, if you are an attorney. Or, have your local lawyer read the title. But, instead of having an opinion of title on a letterhead, that opinion is set out on what we term our Title Examination Form. Then, on his findings, you either write a policy of title insurance and collect the premiums, or, if there are objections to title on which we are both agreed, we set out the condition of the title in a report to the customer.

LIPAGE—What is my responsibility on this? The same as for making an abstract?

GARNTY—Yes, and a little more. As far as the public is concerned, it looks to the title company for protection under its policy. In other words, we will take care of the holder of the policy. However, if we have to pay a claim because you made an error in abstracting, such as leaving off a mortgage, you are liable to us just as you are liable now under your abstract certificate. That is the same liability which every reputable abstracter assumes. Under title insurance you go a little further, in that you also make an examination of the title and are expected to use due diligence in reading it. In other words, if you or your attorney err in your examination of the title and loss to us should result, we have recourse against you.

LIPAGE—What do *you* do for your money?

GARNTY—A number of things. First of all, we assume full responsibility for what we call "unknown dangers in land titles" such as forgeries, outstanding dower interests not of record, mistaken or fraudulent or defective probating of estates, missing heirs, false affidavits and all the other unknown dangers which appear in land titles. In addition to that, if you are in doubt about a difficult title, say where it is necessary to interpret a will, all we want you to do is to send in the title examination sheet, setting forth your findings as to that point, and with it send enough data surrounding that particular point so that our Counsel can consider the objection. If we waive or remove the objection, the responsibility for this rests upon us.

LIPAGE—What do I get out of this? What benefit will come to me from a contract with you?

GARNTY—Many benefits. Perhaps the most important thing you will get out of it will be the service you give your customer. Service today means extra earning. The title insurance premium is split between the abstract office and the title company, with the larger portion of it going to the abstract office. Another good earning comes from subsequent transfers of land where it becomes necessary to reissue a policy. Personally, I think it is in your reissue policies that your profits are greater and certainly more stable. Consider this: Suppose you receive an order today for a policy of title insurance covering Lot 1 of the Robert Huff Subdivision. When you read that title, you have for all time, established, down to the date of the plat at least, the condition of that title on every lot in that subdivision. That means on other orders you take on lots in that piece, you don't have to go back of the plat. But this is a pretty important bit of information to have in your files, quickly available to use in closing up deals. Again, on re-issue policies, these are usually not written for only the certification down to a new date but carry increased insurance, either because of increased value of the vacant or because of improvements, like a house, on the land. And the earning is not only your extension charge but you also get premiums for the additional insurance. Suppose you write a policy on a subdivision, Mr. Lipage. Instead of furnishing printed abstracts which you certify, you read the title once and write a policy for the full retail sales price of the development. From time to time as the subdivider closes his sales, you make up smaller policies covering individual transactions. Just picture the amount of potential business waiting for your office in years to come as those lots increase in value and have improvements put upon them.

MRS. LIPAGE—Say, young man, you are getting interesting. Pay close attention to what he says, John. I'd certainly like to have one decent dress. I understand Madalain Werner has a dress for every day in the week and hats and shoes to match them.

GARNTY—Well, folks, let's get back to the contract. We furnish you forms on which you make your report to us each month, showing the preceding month's business. This report you send in to us with your check for our percentage of the premiums. We expect payment of that money by the 20th of the month. That gives you, as we figure it, a ten-day leeway over the date you can reasonably expect to collect premiums yourself.

LIPAGE—I couldn't do that. Some of my accounts are several months old.

GARNTY—Then I imagine you are in the same position as most of the people in our business; your accounting system needs tightening up. There is no reason an operater should expect you to carry him indefinitely on open account. You are not a bank. Making a contract with us may make it easier for you to collect your accounts because you can tell your customers that we insist upon payment of our account.

MRS. LIPAGE—That is just what I have been telling you, John. Tell him more, young man. Maybe I'll get that convention trip yet.

LIPAGE—I suppose at that I could get enough money from my customers to pay your company, at least, even if I did have to wait for my part of it.

GARNTY—I don't believe we would like that very much, Mr. Lipage. In a sense that would amount to rebating or giving a discount. It would certainly be departing from established terms of payment. What we are trying to do is to establish throughout our state one schedule of premiums or prices for everybody, from one end of the state to the other. For that matter, we are trying to build toward uniformity of not only policy, but charges and everything applying to our line of business. Because of that we will not knowingly accept nor permit one of our affiliated companies to accept an application for title insurance unless it is for the full value of the land and improvements. We have found that a company which starts to do that is sunk.

LIPAGE—How do you know what a piece is worth?

GARNTY—We get a pretty close idea of the value in a number of ways, particularly from the application form we use. This is so tied up with questions as to the value of the vacant and of the improvements, together with information as to what mortgages, if any, exist, that we have a pretty good idea of the value of the piece in question.

We furnish books in which you keep your record of title insurance. Here again is something that makes a hit with the Insurance Department. We have contracts in scores of counties and in every one of those offices, the insurance commission can make a visit and find the same type of record.

One very important type of business for you on title insurance is in connection with mortgage loans. With a title insurance connection you are able to write what we term a mortgagee policy for the loaning institution. You get a premium for that. Besides that, if you do a little sales work, you will be able to sell the owner of the fee on the idea of getting protection for himself. This means that instead of getting an ordinary abstract certification earning, your office will be making an earning on the mortgage policy and also on the owner's policy. And, best of all, you will be giving your customers better service and better protection than they ever had before.

LIPAGE—That may be. But they will object to the costs.

GARNTY—They say that "Time is the essence of a contract." We all know how valuable time is today. We both know perfectly well about the delays experienced in the handling of the average mortgage loan. First of all, the abstract has to be certified. This means a few days. Then, it is delivered to the bank and, by it, to counsel for the bank. They make their examination and the loan is closed after the opinion is delivered. Probably the average time to close a mortgage loan under that system is ten days. On the other hand, under title insurance, you examine your records, shoot your report to the bank, the customer

gets his money, the bank gets its money at work. In other words, it gets turnover. And what is the result? Everybody satisfied, including yourself.

LIPAGE—I have run my abstract office for a long time, Garnty, and I am quite able to make abstracts and examine land titles. What's to prevent me from going into title insurance myself?

GARNTY—Not a thing in the world, but there are some factors to consider pretty carefully before you enter the field alone, or even with some of the abstract offices in your neighboring counties. In the first place, there is the matter of qualifying under the law to do an insurance business. There must be deposited a substantial amount of money which, of course, comes out of the working capital. In most states this is $100,000. Is there enough business in your county or in two or three counties near you to warrant the posting of such fund? Don't you believe you would be better off hooked up with a big title company which had a volume of business and resources to warrant making this deposit large enough to set aside legal reserves and an organization big enough to employ specialists?

LIPAGE—Oh, yes, your outfit is certainly big. I hear it is so big that you have to put a number on the back of each of your vice presidents—like in a football game—so that they can be distinguished from the customers.

GARNTY—On the legal end of it, we have the finest counsel obtainable in our city. On the new business end of it, we are constantly soliciting business. This solicitation takes our men not only through our own city and state but also to New York and other big cities, to call upon the insurance companies loaning all through our state and developers of land.

We maintain not only our own advertising department but have at their disposal one of the best advertising agencies. We are able to do this because of our volume, Mr. Lipage. You have the benefit of all those departments. A large title company, on account of its volume, has the resources to do a lot of things which the smaller abstracter can't do. For instance, we send representatives of our company to all conventions of the real estate boards—city, state and national. Our men serve on the legislative, publicity and advertising committees of our real estate boards. Membership in these boards cost money, but they give us contracts on which we cash dividends. We never miss the convention of the American Bankers Association, the state convention of the bankers and their regional meetings. Our representatives also attend the meetings of the bond men, the mortgage bankers and the building and loan companies. In short, we are trying to do in our own city and state for our own company and our affiliated companies what the American Title Association is putting across as a part of its program.

Take if from another viewpoint. We furnish advertising for each of our affiliated companies, from our home office. Some of this literature we mail direct to the customer. Other advertising matter, such as blotters, etc., we will ship out to you for distribution. The point is, the advertising is not only sent out regularly, but is uniform throughout the state.

LIPAGE—There are going to be delays if we send papers in to your office for signature. How are you going to handle that?

GARNTY—For the present and until you get acquainted with title insurance, we think it would be better to have that slight delay and let us sign policies after we have had a chance to scrutinize your work. In the course of time, as you become acquainted with the subject, we expect to facsimile our signature on our policies and have our affiliated companies sign for us. In the meantime, the delays won't be very great—forty-eight hours at the outside—to get mail from your office to us and back again.

LIPAGE—That sounds pretty good. What's next?

GARNTY—As the hub of a wheel is to the spokes, so, in our opinion, is the title insurance company to the abstracter of the state. On state-wide matters, neither one of us alone can operate except under frightful handicaps. Assembled in one unit you will find it to be a smooth working machine, operating properly, efficiently and profitably.

Here's another thing to consider. We are building up a state-wide organization of abstract companies affiliated with us for the writing of title insurance. That means from one end of the state to the other there will be companies holding a relationship not only with the title company but with each other, in a sense, in that when an operator in real estate, or an attorney or a banker, leaves one community for another, he can secure the same service from another affiliated company to which he has been accustomed. It is a case of, "You rub my back and I'll rub yours."

MRS. LIPAGE—Mr. Garnty, just what would we make on this deal you heard us talking about this morning, if we furnished a title insurance policy?

GARNTY—In the neighborhood of $200.

MRS. LIPAGE—John, let's make this deal and make it right now. Mr. Blackstone, you be a good fellow and get Reelstate in here right now.

BLACKSTONE—Sure! I think it would be fine for everybody. I've looked over this contract, John, and as I told you in the beginning, I think you are perfectly safe in making a contract with these people. You go ahead and make the contract and I'll dig up Mr. Reelstate.

(Exit Blackstone.)

(Garnty and Lipage execute a contract.)

(Blackstone and Reelstate return to the office.)

REELSTATE—What's up?

LIPAGE—Reelstate, how would you like to be able to close your deal on Thursday of this week?

REELSTATE—What's the big idea? You told me this morning it would take three or four weeks to get out an abstract.

LIPAGE—That, my dear young man, was before I had carefully considered the matter. Now, here's what I can do. You just put your name right down here on this dotted line for a title insurance policy and watch the fur fly!

REELSTATE—But I don't understand—

LIPAGE—You sign that application. Here, Garnty, you get his application. Martha, you run into the plant room and get the index of that forty acre piece. Blackstone, take off your coat because in just about two minutes I'm going to start pulling slips for you to get to work on. We're going to get that $200 this afternoon!

MRS. LIPAGE—Hurrah! Papa, we're on our way to San Antonio!

Tuesday Afternoon

The meeting was called to order at two-fifteen o'clock by President Wyckoff, and various committee reports were given as follows:

Report of Judiciary Committee

By WILLIAM X. WEED, *Chairman*

Your committee has carefully canvassed the reports on cases involving title insurance and has found a comparatively small number of such decisions. Some of these decisions are, however, important and will be briefly referred to below, followed by the actual abstracts of the cases found.

In New York it has been held that a contemplated change of grade of a street, although the grade has not actually been changed, is a defect in title, rendering the title company which has insured the title, liable for damages. The Court of Appeals in New York State has further elucidated the meaning of the exception in a title policy of any state of facts which an accurate survey would show.

It has been held in Kentucky that the plaintiff in a suit on a title policy is not limited to the amount paid for the land, but that he can recover the increased value at the time of the suit. There have been two New York cases holding where the sales contract provides for such a title as a title company will insure, the determination of the company on this point is final, and its disapproval constitutes a default. It has also been held in the State of Washington that an insured title is the standard and accepted title; furthermore that the refusal of a title insurance company to insure a title is the highest evidence of its unmarketability. Hurrah for Washington. We think that all of the other states ought to follow its lead in this respect.

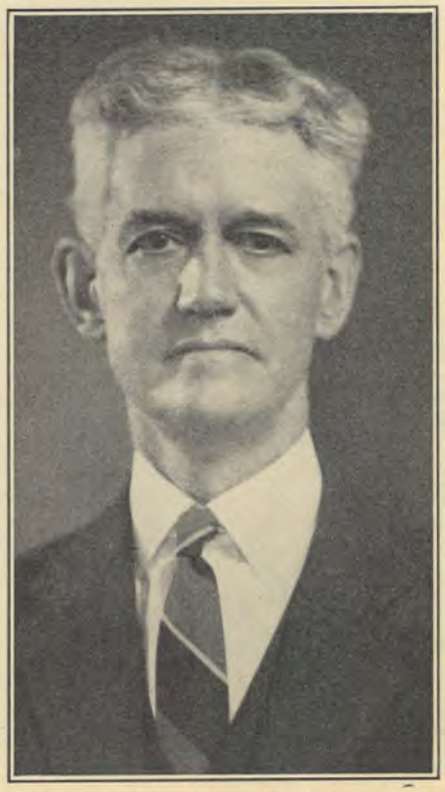
There have been various decisions on the subject of escrows, particularly in the middle and western states where the practice of using escrows is universally used. It has been held that a deed delivered to a grantee by the escrow holder, without performance of the conditions and without the knowledge or consent of the grantor, is void; also that where a contract is placed in escrow without specifically stating the time for performance, the rule of reasonable time applies. A case in California decides that an escrow holder cannot have his responsibility terminated by an inter-pleader action. Provision that an escrow holder have guaranty of title is reasonable and valid and a proper modification of escrow instructions is good if made in writing. It has also been held in Oregon that the delivery of a deed by an escrow agent, according to the escrow agreement, is as complete as if made to the grantee personally. One case deals with the death of the grantors after the purchasers have fully performed the escrow conditions. It was held that in such a case the depositary held the title as trustees for the party entitled thereto, and not in escrow.

CASES ON TITLE INSURANCE

Katherine Sperling v. Title Guarantee Trust Co.,

Supreme Court of the State of New York, Nassau County, December 24, 1928, unreported.

This was an action brought for damages for failure to report a change of grade of the street in front of plaintiff's premises, which had been begun at the time the plaintiff took title, but where no actual work has been done on the ground. The street was raised seven feet above the line of plaintiff's lot and he recovered substantial damages, the court holding that there was a defect in the title.



WILLIAM X. WEED

Flood v. VonMarcard,

102 Washington 146.

In the State of Washington it appears that an insured title is the standard and accepted title.

The court said: "That it was not such a title as a buyer would take in exercising ordinary prudence in the conduct of his affairs, which IS SUFFICIENTLY EVIDENCED BY THE REFUSAL OF THE TITLE INSURANCE COMPANY (meaning the Washington Title Insurance Co.) TO GUARANTEE IT AND THE REFUSAL OF ITS GENERAL COUNSEL WHOSE LEARNING AND SKILL IN THE LAW CANNOT BE QUESTIONED, to approve the title.

"Neither of these had any interest in the main transaction and we can conceive of no higher evidence of a want of marketability of title, as that term has been construed by this court than these opinions."

Fineman v. Callahan,

218 App. Div. 854,
219 N. Y. Supp. 165.

Under land contract for title, which title company would insure proof that company would not insure except subject to encroachments on street, warranted rejection of title by purchaser, even if encroachments were trivial.

Amdur v. Shapiro,

220 App. Div. 460.
221 N. Y. Supp. 641.

Where the brokers' obligation is to return their commission of title is not closed by reason of default on the part of the seller, and the seller was bound to convey a title which the title company would approve and insure, the determination of the company is final and its disapproval constitutes a default.

McCarter v. Crawford,

245 N. Y. 43.

A contract of sale containing the following words "subject to such a state of facts as an accurate survey would show," compels the purchaser to take the title where the building on the premises contracted to be sold encroaches on the adjoining property from 2 to 8 inches, the court remarking that unless they gave this meaning to the provision "it might just as well have been left out of the contract."

Kentucky v. Hall,
292 S. W. 817 (Kentucky).

The plaintiff in a suit on a title policy is not limited to the amount paid for the land. He can recover the increased value at the time of the suit.

Miskey v. Mazey,
274 Pac. 698,
(Wash. Feb. 11, 1929).

Where a contract for the exchange of properties provided for furnishing title insurance "forthwith," it did not mean instantly, but that the same should be procured and delivered as reasonably soon as possible, and it was sufficient that it was ordered and delivered within six days of the execution of the contract.

Where the parties to a contract for the exchange of properties were unable to transfer a lease as agreed, due to the failure to obtain the landlord's consent thereto, it became immaterial whether title insurance to be procured by the other party was delivered for the purpose of examination, since it was wholly useless.

CASES ON ESCROW

Simmons v. Howard,
276 Pac. 718,
(Okla. Jan. 22, 1929).

A deed delivered to the grantee by the escrow holder without performance of the conditions and without knowledge or consent of the grantor is void.

Bertrand v. Appleby,
275 Pac. 341,
(Okla. March 5, 1929).

Rule of reasonable time applies to contract placed in escrow without specifying time for performance of conditions.

Economy Home Builders v. Berry,
272 Pac. 307,
(Cal. Nov. 21, 1928).

Evidence held to warrant finding that escrow holder was unable to comply with terms of contract because of purchaser's default.

Security Trust & Savings Bank v. Carlsen,
271 Pac. 100,
(Cal. Sept. 29, 1928).

Escrow holder assuming definite and independent liability to party to escrow cannot have responsibility terminated by interpleader action. Various points decided as to right of escrow holder to maintain interpleader.

Carlsen v. Security Trust & Savings Bank,
271 Pac. 104,
(Cal. Sept. 29, 1928).

Instruction that escrow holder have guaranty of title, showing "good and sufficient grant deed" required that marketable title be shown before completing escrow. Requirement that modification of escrow instructions be in writing and consented to by the parties and the escrow holder is reasonable.

Malcolm v. Tate,
267 Pac. 527,
(Ore. May 29, 1928).

Depositor's instructions must be strictly followed in delivering deed placed in escrow. Grantee in deed deals with escrow agent at his peril and is bound to know limitations of agent's authority. Delivery of deed to escrow agent according to escrow agreement was as complete as if made to grantee personally.

Law v. Title Guarantee & Trust Co.
267 Pac. 565,
(Cal. May 7, 1928).

On performance of escrow conditions, depositary holds deed as trustee for party entitled thereto, and not in escrow. Grantor's death after purchasers have fully performed escrow conditions held not to defeat purchaser's right to the deed.

Frankiewicz v. Konwinski et al,
224 Northwestern Reporter 368,
(Mich. March 29, 1929).

This case refers to escrows and decides that a depositary holding papers pending fulfillment of condition in contract for exchange of property is the agent for both parties.

Also that loss of plaintiff's papers, which are evidence of title, resulting from disappearance of a person selected as escrow holder under contract for exchange of properties, fell on plaintiff himself.

And that the delivery of papers in escrow, pending determination whether indebtedness on property exchanged was excessive, held not to pass title.

Report of Advertising Committee

JAMES E. SHERIDAN, Chairman

Advertising carried on by title insurance and abstract companies during the past several months has been limited. Outstanding among that copy which has appeared is that of the Security Title Insurance and Guarantee Company of Los Angeles and Lawyers Title Insurance Corporation of Richmond, Virginia.

Consideration was given to the matter of advertising in national publications. The conclusion reached was that the condition of the treasury of the average company was such as to made inadvisable a contribution at present, no matter how worthy the cause might be. Recognition of the desirability of this type of advertising, and the preparation and running of such copy, apparently awaits only a more favorable market condition.

Thought must be given to bi-products of our business, such as escrow service, guaranteed mortgages, title insurance service for those companies which are now starting in it, and engineering service, etc.

It is the feeling of this committee that preparation of this or any copy, if it is to be prepared either in whole or in part by your committee, should be with the aid of an advertising agency. This means an expense which will be placed either upon the treasury of the American Title Association or met through voluntary subscriptions by some of our members. Neither plan, in our opinion, seems desirable to initiate at present, under existing conditions in the real estate market upon which our business is dependent, consequently, we merely place this thought upon the record for the benefit of our successors.

Report of Membership Committee

By DONALD B. GRAHAM, *Chairman*

As Chairman of the Committee on Membership, I submit the following report of the activities of this committee during the past year:

After the Mid-Winter meeting in Chicago last January, President Wyckoff appointed the president and secretary of each state association as members of this group and myself as chairman. You will readily see that the contact between the national and state committees must be through correspondence and that it is not possible to hold meetings of this committee.

During the early spring the secretaries and presidents of each of the twenty-eight (28) state organizations were offered the aid of the national association in conducting an active membership campaign.

No answer of any kind was received from the following twelve States: Arkansas, California, Connecticut, Indiana, Missouri, Montana, Nebraska, New Mexico, New York, North Dakota, Tennessee and Texas.

The following five states reported that it was not necessary to conduct such a drive as approximately 100% membership had already been secured: Michigan, New Jersey, Oklahoma, Pennsylvania and Washington.

At that time the executive secretary was preparing to hold regional meetings in Florida and it was decided to postpone any efforts in that state until a later date.

Kansas asked for aid in such a campaign, but has not yet supplied a proper list of desirable non-members. (Yet she secured 126 new members or renewals of those lapsed for a year or more this year without the aid of the national association.)

During the spring and early summer, your committee solicited each of the desirable non-members by mail in the following states: Colorado, Idaho, Illinois, Iowa, Minnesota, Ohio, Oregon, South Dakota and Wisconsin. The committee sent out approximately 1600 letters, writing each prospect twice of the advisability of joining the state and national associations. These letters were sent to support the efforts of the local organizations and to show the non-members of the close connection between the state and national associations.

The following reports have been received from the states asking aid in their membership campaigns:

	Eligible	Present Members	Desirable Non-Members	Secured	Lost
Colorado	67	45	22	5	1
Idaho	53	41	12	3	2
Illinois	115	98	17	2	3
Wisconsin	100	43	57	0	1
South Dakota	109	80	29	45	0
Minnesota	90	51	30	7	9
Ohio	500	65	100	7	6
Oregon	47	43	4	1	1
Iowa	140	116	24	2	0
Kansas	303	141	150	126	0
				198	23

The following states report as set forth below, these results coming from their own efforts:

	Eligible	Present Members	Desirable Non-Members	Secured	Lost
Nebraska	256	68	0	3	62
Michigan	79	70	9	8	0
Montana	73	60	13	4	4
Oklahoma	210	84	20	7	12
Tennessee	96	20	26	0	21
New Mexico	55	23	—	11	3
North Dakota	68	60	8	0	0
Florida	90	40	—	—	—
New York	—	316	—	14	16
Washington	60	51	4	0	2
				47	120
From above				198	23
Total gain or loss				245	143

No reports from the following States: Arkansas, California, Connecticut, Indiana, Missouri and Texas.

The foregoing information shows that in the states reporting, we have lost 143 members and gained 245. The largest loss was sustained in Nebraska and is laid to an unusual circumstance and the greatest gain was made in Kansas due to a strenuous campaign following regional meetings.

From the experience of this committee during 1929, it would seem advisable to have a chairman for each of several districts in the United States for membership work. Such an arrangement would distribute the burden and should bring better results.

From Nebraska we have the warning that a substantial raise in dues may cause a drop in membership unless prepared for in advance by regional meetings or real activity by the state association, and this must be combatted by added efforts in selling the advantages of membership in both organizations to the indifferent individuals.

For instance, we have raised our dues in Colorado approximately 400% this year, but we have passed an Abstracters' Law, held regional meetings and are giving our members their money's worth in many ways. We both hope and believe that we will not only retain our present membership but will secure the outstanding 22 non-members within the next three months.

In closing, I wish to state that we believe it inadvisable to endeavor to raise the membership in those states which do not possess active local organizations as the efforts of the national membership committee must be actively supported by the officers of the state associations.

Report of Legislative Committee of American Title Association

By R. O. HUFF, Chairman

The Legislative Committee reports that it has been unable to secure complete reports from all the states in the Union. From the information received it seems that the general trend of legislation is to strengthen existing companies, provide for more adequate protection for the policy holders and to prevent the organization of companies without sufficient strength to carry out their undertakings. Three states have adopted entirely new or practically new title insurance laws, and separate reports will be made to you by men from these states. This report will therefore contain only a mention of this legislation. The legislatures of a great many of the states did not meet this year, consequently this report will be brief. It is not the purpose of your committee to report upon any legislative matters affecting the title to real estate, but only such matters as affect the organization, regulation and supervision of title insurance companies.

DISTRICT NO. 1.

The State of New York has passed an amended insurance law giving added powers to title insurance companies. Mr. Condit, of the Title Guarantee & Trust Company will at a later date make report to you upon this law. The other states in District No. 1 passed no legislation affecting title insurance companies.

DISTRICT NO. 2.

Pennsylvania passed a new law entitled "An Act requiring all title insurance companies to create and maintain a reserve, fixing the amount thereof and regulating the same." The reserve fund provided is 10% of the premium, the premium being the sum charged for insurance over and above examination and settlement fees. This reserve fund shall be accumulated until the amount set aside shall equal $250,000.00. The total of this fund may, however, with the consent of the Secretary of Banking, be set aside at one time or from time to time. The Act also provides the classes of securities in which the fund may be invested. This Act as finally passed was approved by the Pennsylvania Title Association.

Another Act was passed by the Legislature of Pennsylvania requiring trust companies doing a title insurance business to create a separate organization to carry on such business. The reason for this Act will be explained in more detail by a member from Pennsylvania.

North Carolina amended its title insurance law as a result of the activity of title men in that state. This committee has been unable to obtain the changes that were made in the law.

The Legislatures of the other states in this District did not pass laws affecting title insurance.

DISTRICT NO. 3.

The Torrens Bill was introduced in the lower branch of the Florida Legislature. A committee of the lower branch reported the bill unfavorably and it died on the calendar. Your committee apprehends that the title men in Florida must have had something to do with the sudden death of this proposed bill.

The Legislatures in the other states in this District did not pass laws affecting title insurance.

DISTRICT NO. 4.

Legislation affecting the title to real estate of a curative nature was passed in some of these states. No legislation coming within the scope of this report was enacted. It is the understanding of your committee that some legislation is contemplated in all of these states, but at this time it is in the formative stage.

DISTRICT NO. 5.

None of the Legislatures of these states have been in session this year.

R. O. HUFF

DISTRICTS NOS. 6-7.

Your committee received no reports from Districts Nos. 6 and 7.

DISTRICT NO. 8.

Legislation affecting the title to real estate was passed, but none coming within the scope of this report.

DISTRICT NO. 9.

The State of Colorado passed an abstracters' bonding and licensing law, which is to be explained later by one of the program speakers. The other states passed no laws coming within the scope of this report.

DISTRICT NO. 10.

Texas passed an entirely new title insurance law, the legislation going further than has ever been attempted by any legislature. A separate report will be made upon this law.

RISTRICT NO. 11.

The committee has received no report from this District.

DISTRICT NO. 12.

Montana introduced a bill relating to abstracters and the business of abstracting. The law provides for the creation of a board of abstracter examiners; providing for the organization and the operation of the board; defining the qualification of abstracters and requiring their registration; defining registered abstracters; providing for the examination of the applicants by the board of abstract examiners; the issuance of certificates of registration and certificates of authority, and designating the contents of certificates; prescribing the license fee to be paid by the applicant or the abstracter before taking the examination or engaging in business; requiring the filing of a bond, and prescribing its form, penalty and amount, designating a seal to be used; granting to the board of examiners power to cancel and revoke certificates of registration or of authority; providing for hearing on applications to revoke or cancel, and granting right of appeal from the decisions of the board cancelling or revoking certificates; fixing the penalties for the violation of this act and repealing Sections 4139, 4140, 4142 and 4143, as amended by Chapter 60 of the Laws of the Nineteenth Legislative Assembly; Sections 4144, 4145 and 4146 of the Revised Codes of Montana, 1921, and all acts and parts of acts in conflict therewith; and excepting from the provisions of this act any person, firm or corporation holding a valid and subsisting certificate of authority issued pursuant to said Section 4140. The bill did not pass.

This law goes further in the matter

of chartering and regulating abstracters than does the law of any other state. It is suggested that members from any other state who may contemplate passing an abstracters bill procure a copy of this law for their information.

In Idaho an effort was made to amend their abstracters law in respect to the bonds posted by abstract companies. This committee has no information as to whether or not the attempt to amend the law was successful.

The other states in this district passed no legislation coming within the scope of this report.

Your committee reports that it is glad to know that title insurance and abstract people throughout the nation are active in supporting legislation of a beneficial nature both to themselves and to the public, and are more active in defeating legislation the effect of which would be harmful to either themselves or to the public. It seems that title people are also gradually taking a broad view of all legislative matters and are seeking to provide a proper measure of protection for the public as well as themselves. So far as this committee knows no legislation has been proposed or suggested by any title insurance people that would be hurtful to policy holders.

It is suggested that your legislative committee be appointed for at least a three-year period. The constant change of the committee does not tend toward an efficient report to the association of legislative matters. By having the committee changed every year and legislatures meeting every two years it is impossible for an annual committee to get in touch with all the legislation.

Report of National Councillor at Annual Convention of Chamber of Commerce of United States

BY FRED P. CONDIT
New York City

The Chamber of Commerce of the United States is an organization with which all of you are probably more or less familiar, especially as to its existence and purposes. It is a real clearing house and central point of analysis for the business and industry of the country. Its membership is composed of individuals, of the Chambers of Commerce of the country who carry an organization membership, and of trade associations who likewise carry an organization affiliation. It is a very active, energetic institution which attempts to keep close touch upon all affairs pertaining to the welfare of the business and industry of the country and to render valuable service accordingly. It has 23,196 individual members and 1,985 Chambers of Commerce and Trade Associations carrying organization memberships. This gives an underlying membership of 855,000 business houses and individuals.

The American Title Association joined the Chamber of Commerce of the United States because it gives representation for our business. It was felt we should support the Chamber's work and participate in its affairs. Our organization benefits from its activities and our executive office receives valuable assistance from its trade association department.

It holds its annual meeting in Washington each spring. At this time, three or four thousand of the leaders of business and industry, as well as the executives of companies and representatives of various organizations, attend the sessions, coming from all parts of the country and representing all kinds of business and enterprise. Those attending are the various delegates and representatives designated as eligible to attend. These are divided into two classes, delegates and councillors. The councillors are selected from various groups, districts and by other means of allocation and meet to consider business problems and matters that should be presented to the Chamber for consideration, adoption, recommendation or plans of action. This group also selects the officers for the National Chamber. Delegates are also chosen in a similar manner.

Your President appointed me National Councillor from our Association and designated nine others as delegates, a total of ten which is the number to which our organization is entitled. Four delegates—our President, Edward C. Wyckoff; J. M. Whitsitt of Nashville, Tennessee; Odell R. Blair of Buffalo, New York and Richard B. Hall, Executive Secretary, joined me at the National Convention held in Washington in May.

The discussions were very interesting and instructive. We made personal contacts with many of those present and had occasion to inform various groups and individuals as to what title insurance really is and the benefits to be derived from it.

FRED P. CONDIT
Executive Committee

Your representatives secured appointments for conferences with Attorney General Mitchell, Representative Graham of Pennsylvania chairman of the House Judiciary Committee and other members of the Senate and House. These conferences related to two subjects of considerable importance to the Title Fraternity; one was the Lien Bill, making it possible to include the United States as a party defendant in a foreclosure action, provided it is the holder of a junior or subordinate lien; the other was the question of permitting the Federal Government to take title insurance when purchasing or acquiring land for Governmental purposes. We were cordially and courteously received, considerable interest was displayed in both subjects, and we feel encouraged to believe that not only will we be enabled to have the necessary legislation introduced to cover both these important questions, but that we will have the sympathy, if not the active support, of the proper government officials.

In connection with this annual meeting of the Chamber of Commerce of the United States, there was also held a meeting of the Executive Secretaries of the National Trade Associations of the country, which was attended by our Executive Secretary. This meeting was sponsored and held under the auspices of the Chamber of Commerce of the United States and the Department of Commerce of the Federal Government. This annual meeting of trade association executives was started a few years ago by Herbert Hoover, when Secretary of the Department of Commerce, and was called so that these association executives could consider the mutual interests, problems and relations of the various businesses of the country. The group is annually addressed by the Secretary of the Department of Commerce of the United States, and this year was received at the White House by President Hoover himself.

I believe that our affiliation with the National Chamber of Commerce is a valuable contact.

President's Annual Address

BY EDWARD C. WYCKOFF

Once more we are gathered together in convention of the American Title Association for the purpose of instructing and being instructed. We will be called upon to listen to reports of past performances and hosts of things to be accomplished in the immediate future.

We shall also listen to papers prepared by prominent men of our profession dealing with some of the more important problems of the business, and shall have ample opportunity for the personal discussion of these reports and papers. The open forum discussions provided for this convention should be actively participated in by every delegate who has any question in his mind which he would like to submit for general discussion in order that he may get the benefit of the thoughts of others upon that particular subject matter. There will also be the usual grouping of delegates interested in some particular question and these gatherings will take place wherever two or more may get together.

The first thought, therefore, which I wish to offer to you in my report is that strict and careful consideration of the matters presented to you in this convention will result in some benefit to each delegate who conscientiously follows his work. It is this careful attention which is given to the work of the convention by most of the delegates in attendance which has always impressed me with the value of the meetings every since I have been in attendance at these affairs.

I may trespass somewhat upon your time and patience today because I do wish to review at length some of the conditions of our business which I think should be called specifically to your attention and consideration. It may be thought that in doing so I may overlap upon the reports being made by other officers of the association, but if this is so I may at least suggest the same thing to you in a trifle different manner than will the other officers. I am, therefore, in hopes that where there is such duplication that I shall not have trespassed too much upon the ground of my friends who are making reports of their own activities and will hope for their pardon if I have trespassed too seriously.

Organizations live and exist around the hub of the executive secretary. In him is the real life of the association and in our present secretary we have a man well qualified by experience, personal acquaintance which he has acquired through the years of his service in that job. It makes no difference, however, who that secretary may be, he is the main spring and will cause the success or the failure of the association.

He will fail if he neglects to bring to his use and to his advantage in his work the advice of the members of this association who are best qualified to give it. When he asks that assistance we are not performing our duty to this association if we do not wholly and whole-heartedly respond to that invitation and give him the best we have in answer to his call. No executive secretary is always going to be right. Dick Hall is no exception to the rule. He has, in the mind of each one of us, at some time, made mistakes. What you have thought to be a mistake of his I may have thought to be entirely proper and the reverse of that is true, but certain it is he cannot expect to please us all in this work.

I think that where the secretary comes into our lives in this association and we disagree in what he is doing we owe it to him and our association to write him at the time of that impression, "Why do you do this and why are you advocating this, that, and the other things?"

It strengthens him. Your officers are temporary; they come and go. There are many "has-beens" in this room; I am going to join them very shortly, and we are going to get more out of these meetings because we are "has-beens." But as I say, those officers shift, but the secretary stays there.

In the study of the organization I came to realize that we, of necessity, in our national set-up have a very loose sort of organization. All that the officers of the national association can do is to study the problems of the business as best they may, endeavor to correct bad situations which may be disclosed, and to promote those movements which will be of benefit to the business. This they can do first by proper investigation and then by way of recommendation or suggestion.

The members have another duty that when those suggestions come to them they should either accept them or reject them or query the reason.

In other words, unless we have complete co-operation between the executive forces in our national association and the executive forces in the state, we have not gotten out of this association what it is capable of giving for the benefit of our business.

*In the past few years * * * * the many opportunities for our national officers to render assistance to the state associations have been tendered and accepted by practically all of the state associations; and there has now grown up a fine spirit of co-operation between the state associations and our national association.*

Upon assuming the duties of the office of president of this association I took the opportunity of going into a careful review of the past performances and customs of our national work with our executive secretary who has many years of experience and has been the man closest in contact during his continuous years with our work because of the nature of his position. I wish to say at this time that I think we have in our present executive secretary a very capable man, drafted from the title business, grown-up in the job, and now a seasoned campaigner.

There are times when those of us who are only temporarily in office feel that the executive secretary assumes the carrying on of some particular project without enough consultation with other members of our national body. I have always found, however, that when these matters have been taken up with him there has been a justification under his analysis of the situation for proceeding upon his own authority and initiative without losing the time necessary for consultation.

The executive secretary will, no matter who he may be as to person, always be the man whose duty it will be to keep things in motion and will usually be the only man who has the full history of the movement which extends over more than one year. While he should never undertake a major project which has not the authorization of his executive committee or of the proper officer of the association, still there are numerous matters in which his judgment must be relied upon. Even in the major matters it is his job to prepare the facts and make recommendations as to the action to be taken, giving his reasons therefor to the proper executive authority, committee, or officer. He can with little tact always be the strong man behind the move, because if his project is sound and he has properly assembled his facts and arguments a mere submission to his officer or committee will bring a ready assent. He must be a big enough man to accept opposition to his project and either acquiesce in the objection or ascertain such facts as will refute the judgment and again present it for consideration. A good executive secretary will never deliberately oppose the desires and wishes of the officers or committees temporarily responsible for the conduct of the association work. This places our executive secretary between two mill stones very frequently; the one his desire to

accomplish something which he sees to be a benefit for the work of the association to which he is devoting his whole time, and the other the opposition to his project by a man in authority but not nearly so materially acquainted with all the minute details. In dealing with these problems he too is handicapped at being at a great distance from those whom he is to consult, and frequently interchange of correspondence will not accomplish what an hour or two of personal conference would bring about. Our executive secretary is charged with the maintenance of our most excellent medium of exchange of views, namely, the Title News, and our present secretary I fear has had to be burdened with too much of the detail of its makeup. Every assistance requested by him for the betterment of this medium of expression should be heartily and promptly responded to by those whom he calls upon. The present secretary has now built up wonderful acquaintanceships throughout the country with men of the business through his present contact with them at state meetings, regional meetings, and national conventions; and should now be able to put his hand squarely upon the man who can write or prepare a particular article or address which he needs to round out his program. Some of the burden of the actual writing of articles should be lifted from his shoulders.

During the past year our executive secretary has done a great deal of travelling at the wish of and under the direction of the executive committee and with the assistance of other officers of the association; and the occasion of this travelling has been for the purpose of conducting regional meetings in many of our states, although some of the occasions have been the state conventions in those states where he had not previously appeared.

Personally, and I am not alone in this thought, I feel that the time has now come when our executive secretary should be kept in his office during the next few years and that he from there direct the activities of the national association work, bringing to his assistance persons living as near as possible to the field of operations. He must have time to keep in contact with other association secretaries, to study through printed articles and communications with various people throughout the country concerning the problems of the business and to be able to sit quietly in his office and analyze the information which thus comes to hand. This opportunity of keeping in constant touch with the progress of our business will make him increasingly valuable to us and at the same time will reduce some of the expenses of his office which have been occasioned by long distance travelling and its consequent hotel and other expenses.

I have spent considerable time in thus referring to the duties of our executive secretary because I believe that too little is known of the vast amount of detail which must be carried through his office and that appreciation of these duties by a greater number of our membership will increase the willingness of our various members to lend additional financial support for our national work.

Mr. Hall knows, and I wish all of you to realize, that in no way are these remarks which I have made with reference to the duties of his office been made in any spirit of criticism. Personally I am exceedingly proud of his conduct of the office and have no apologies to make on his behalf. I believe him to be in full harmony with the sentiments which I have expressed.

We are organized for the purpose of co-operative effort. We failed to co-operate with a large class of users of our product in the establishment of a uniform policy for mortgagees who had continually suggested the advantage of the uniform policy. Our lack of co-operation opened the door to the introduction of the uniform policy draft by the user instead of the seller of the product.

Through indefatigable effort of a small group of our members there has now been presented to us what is known as the A. T. A. Mortgagee Policy.

Just hesitate and give consideration to what this means to us. It means that we have been placed in a position where we can tender the work of our own profession in substitution for the work of our consumer without any fear of loss of business in urging the substitution.

It may be that we would like to phrase the policy to our individual tastes and differently than has been the case in the form submitted, but I challenge anyone to establish that by a rephrasing they will make the policy more sound than it is if they retain the fundamental features of the policy.

Why not make our product the best possible for the benefit of the consumer and then say to the consumers —here is what you can get in the line of insurance; it gives you the highest form of protection possible. We cannot alter it to suit the individual whims of the various users.

The A. T. A. form of policy in my judgment can be used anywhere and the differences of operation and coverage required by peculiar local conditions can be wholly controlled by the terms of Schedule "B."

In the study of the organization I came to realize that we, of necessity, in our national set-up have a very loose sort of organization. All that the officers of the national association can do is to study the problems of the business as best they may, endeavor to correct bad situations which may be disclosed and to promote those movements which will be of benefit to the business. This they can do first by proper investigation and then by way of recommendation or suggestion. No action which is taken by national officers, or committees or even by the convention itself has any more binding force than the moral effect or persuasiveness of the body or person making the recommendation or which his reasons for recommendation may carry.

It is the duty of the national officers to so present those recommendations of this association that they will be understood and appreciated, but the members have another duty that when those suggestions come to them they should either accept them or reject them or query the reason. If there is something in them they don't like—I am speaking of the state officers now —they are not doing their duty to their associations unless they come back and ask the questions that appeal to them. In other words, unless we have complete cooperation between the executive forces in our national association and the executive forces in the state, we have not gotten out of this association what it is capable of giving for the benefit of our business.

In the past years our national officers have sometimes found it difficult because of misunderstandings as to the purpose of the national association in lending assistance to the various state organizations, but in the past few years this has been overcome and the many opportunities for our national officers to render assistance to the state associations have been tendered and accepted by practically all of the state associations; and there has now grown up a fine spirit of cooperation between the state associations and our national association.

It is well that the work of all of the past officers has with accumulative force been building up this fine spirit of friendship and co-operation because we are now at a period in the life of our nation where things move with greater speed than they did in the past and conditions are continually shifting and this well-oiled machine of ours is now in shape to meet emergencies.

A study of our structure has indicated, however, that there are probably one or two ways in which our national and state associations may be brought into closer unison and be required to operate under stronger safeguards than are being used at present.

At the mid-winter meeting the suggestion that we set up an advisory board to be appointed from among the presidents or chairmen of the board of some of our larger or more influential abstracters and title companies was met with favor. I assume that those of you who are interested in this feature of our organization have read of this plan in the report of the mid-winter conference and so I will not burden you with the details which I there went into with respect to this change.

The constitution and by-laws committee has prepared the necessary

amendments to carry out this recommendation and all that I ask from you now is that when they are presented for consideration on the floor of this convention that they be given support for the purpose of a tryout unless some sound and serious objection is voiced from the floor.

Another suggestion has come from our executive secretary and strange enough has been in line with the thoughts of some of the other officers of the association. He proposes that there be set up some person in each state as contact man for his office in that state. The person selected in the state should preferably not be an officer of the state association and should, of course, be a person who is able and at the same time willing to co-operate with the executive secretary in submitting to the state officers for their consideration projects which will from time to time emanate from the executive committee or executive secretary. The mechanism for carrying this thought into execution is one upon which the executive secretary and all of the members of the executive committee have not agreed at the time of the writing of this paper, but in the main it involves the creation of a group to be called by some name such as State Councillors or State Advisory Committeemen. These committeemen will, in fact, be the medium through which our executive committee can work in each state and if men of tact and ability are consulted in every state it is believed that our present very satisfactory organization can be materially increased in efficiency and in ability to meet emergencies.

The mid-winter conference last January at Chicago was designed to bring together the retiring and incoming officers of our association for the transfer and the control of the work of the organization and for the meeting with the national officers and with the executive committee of the presidents and secretaries of each state association. The meeting was also open, of course, to any member of the American Title Association who desired to attend. It was designed as a real business meeting both of the state and national officers and the program was arranged more or less with that idea in mind. There were a considerable number of the attendance who reached Chicago in advance of conference dates and several of your committees spent two or three days in solid conference, hardly going out of the hotel. At this meeting the Uniform Policy Committee appointed by Chairman Lindow of the Title Insurance Section was continually working up to the hour of adjournment and immediately upon leaving the conference proceeded to New York to confer with the representatives of the large life insurance companies. The final result of this effort has been submitted to you through the Title News and by furnishing to you copies of the A. T. A. form of policy with letters explaining the purposes.

"Lost opportunity" is going to be written in large letters across our record if any small number of us fail to accept the challenge and so conduct our business as to be able to write the proper form of coverage to give our home-buyers and our money-lenders every ounce of protection which can be afforded to them through the use of the A. T. A. form.

Timidity about making a proper charge for the service involved in giving this service will never get us anywhere. We are all willing to pay a proper cost for a good article.

The reaction to this policy by our membership will be taken up by members and officers closely associated with the work.

We are organized for the purpose of co-operative effort. We failed to co-operate with a large class of users of our product in the establishment of a uniform policy for mortgagees who had continually suggested the advantage of the uniform policy. Our lack of co-operation opened the door to the introduction of the uniform policy draft by the user instead of the seller of the product, which was accepted because of a fear complex; a fear that if they refused to adopt it they would lose considerable business.

Through indefatigable effort of a small group of our members there has now been presented to us what is known as the A. T. A. Mortgagee Policy which those people who brought about the use of the L. I. C. form have agreed to use in substitution for the L. I. C. form whenever tendered by the company issuing the A. T. A. form. Just hesitate and give consideration to what this means to us. It means that we have been placed in position where we can tender the work of our own profession in substitution for the work of our consumer without any fear of loss of business in urging the substitution.

It may be that we would like to phrase the policy to our individual tastes and differently than has been the case in the form submitted but I challenge anyone to establish that by a re-phrasing they will make the policy more sound than it is if they retain the fundamental features of the policy. It is recognized by both the producer and the consumer of this product that the A. T. A. policy is a better form than the L. I. C. It can be used in any place where the L. I. C. form could have been used. If business could be done with reasonable safety and profit under the L. I. C. form it can likewise be done under the A. T. A.

Are we again going to fail to co-operate notwithstanding the lesson which we have had in the past with the result of such failure and try to cleave only to the particular form which we each as individuals think we would prefer? Are we going to wreck this opportunity to re-establish ourselves in our own estimation by killing the fear complex which we have suffered from and recognize that we have in our midst a policy which at all times will make our product what it should be for the benefit of the consumer?

If we all have the nerve to stand up for those things which are necessary and proper for the rendering of service to our consumers we will each acknowledge that the fewer forms of coverage which we issue the better position will we be in. Why not make our product the best possible for the benefit of the consumer and then say to the consumers—here is what you can get in the line of insurance; it gives you the highest form of protection possible. We cannot alter it to suit the individual whims of the various users. Stability for the consumer depends on the certainty of the meaning of these contracts. Greatest certainty of the effect and protection of the guaranty policy would be given if throughout the United States one single form of policy could be used as in that case the courts of every state would be giving consideration to the exact language of the identical contract used in every other state. The result would be that our courts would have respect for the interpretation of the various states. A case decided by the highest court in California or in Oregon would influence and become precedent in the courts of the Atlantic Coast States. The stability of the policy would be largely enhanced by this uniformity of position.

By using a single form of contract we are all striving to the same goal of perfection in our work. If we do our work correctly we can write the policy without serious opportunity of loss. If we are less proficient in our office and neglect to do those things which would enable us to write the form of policy with safety we are running a greater risk of loss than our careful competitor. This danger of greater loss will be a goal to each of us keeping us constantly at the task of doing our work correctly.

We will all be incurring approximately the same cost of production if we justify the writing of the same form of policy with the result that this uniformity will bring about uniform charges and profitable rates.

The A. T. A. form of policy in my judgment can be used anywhere and the differences of operation and coverage required by peculiar local conditions can be wholly controlled by the terms of Schedule "B."

The title policy containing no Schedule "B" exception, no matter what the form of our contract may be, is a rare animal—but could be true. It makes us nervous to see presented for signature a policy with no exceptions. A mortgage, a restriction, an easement, a reservation—some of these are particularly certain to turn up in every examination. If we are striving by the very form of our policy to give the highest possible coverage and are al-

ways directing our energies toward placing the title where the perfect policy can issue, we then have behind us every minute of our working day the urge towards perfection. If on the other hand we say—Oh well, it's hard to guarantee against Mechanics' Liens in our state, why not just say we will not guarantee against these things?—and let it go at that. Is that the atmosphere and attitude toward the business which is going to bring to it a high regard for the members? I think not.

"Lost opportunity" is going to be written in large letters across our record if any small number of us fail to accept the challenge and so conduct our business as to be able to write the proper form of coverage to give our home-buyers and our money-lenders every ounce of protection which can be afforded to them through the use of the A. T. A. form.

Timidity about making a proper charge for the service involved in giving this service will never get us anywhere. We are all willing to pay a proper cost for a good article. Even when we are using an inferior article we continue to hold respect for the producer and user of the better article whether it be clothing, something to eat, or what not.

I wish to remind all of you that we are now at a stage in our life where we have to pay more than passing attention to the consideration which legislators and state officers are giving to our business. We have been caught napping once. We went to sleep on the question of a uniform policy and we paid the penalty. I hope we will never be caught napping with our legislators and our state officials again. I think we will so work within our organization that we will be prepared to act for ourselves in the control of our own business and tell them what we need in order to make our business stable and not have them tell us what they think we need, and they don't know our business.

Our sections have been operating very favorably during the past two years. Jim Johns, as chairman of the abstracters section, ably aided by Dick Hall, has gone out through several of the abstract states and has put the abstract business on a paying basis. In fact, the abstracters have advanced so far that they are ready for the next step which must come in our economic conditions of today, that of becoming title insurance companies themselves or securing title insurance from other companies. The demands of business today are forcing them to that consideration. Mr. Johns has done most effective work there.

Now, in connection with that field work of bringing up their prices, they have brought about uniformity of practice, and they have brought out and into being a higher standard of operation.

The regional meetings have so far been the greatest factor in bringing the work of our state associations into a condition where they stand for something because they accomplish things for their members. This is a natural result of the work of regional meetings. The membership comes from an area where their problems are all the same; where the working conditions and the laws controlling their actions are uniform and where they have simply failed to benefit from that more perfect co-operation. Friendship is the strongest bond a group of people can have. For a friend we will cheerfully do, but to a stranger we will not even give consideration.

The day of unfriendly competition is passed. Competitors are best off when they are friends. This atmosphere of friendliness is what is created by a regional meeting—the other benefits flow naturally from it. Why then do we hear suggestions for the discontinuance of that agency of our work which has so far been of the greatest benefit to our organization? Let me urge upon every state association the active continuance of regional meetings. What has been accomplished has been considerable but there remains many things which can be worked out through this agency. Let's keep it.

Report of Chairman of the Executive Committee

DONZEL STONEY

San Francisco, California, Vice-President of the Association

You all know that an Executive Committee is nothing more or less than a board of directors who discuss and decide upon policies of its organization and turn those policies over to the executives and such volunteers or drafted people as there are to carry out. The Executive Committee has ordinarily two very violent periods of sessions, one beginning at the mid-winter meeting, and the other beginning before the convention meets.

At our January meeting we had a very successful session of our Executive Committee. One of the first things the Executive Committee did was to invite the president of the National Association of Real Estate Boards to come up and sit in with its members and tell them a few things. Some of the things he told us have remained in my memory ever since and I think they are of interest to you.

The National Association of Real Estate Boards is the head of 633 real estate associations. During the past year, their statistics show that with regard to eleven pieces of legislation, by beating some and passing others, they made a saving to the people interested in real estate in the United States of over two hundred million dollars. That is the organization we should get next to; that organization is glad to have us.

In the state of California, when adverse legislation was brought up this year, the real estate board, the office building owners and the managers' association and the title association got together and made a determined stand against legislation which was hostile to and unfair to real estate owners, against the state administration, and succeeded in carrying their program through. I think in California, hereafter, legislation that effects real estate will be considered in conjunction with the real estate board and not by the administration alone.

Our president has told you of the fact that at that meeting approval was given to a uniform form of title insurance policy. This is very important from two standpoints. If you will go back twenty—yes only five years you will find that every title insurance company in America, practically, had its own and a different form of title insurance policy. Whenever a title insurance company had a loss the form of the title insurance policy was amended, just like the deeds of trust, when a condition arises that isn't provided for, the deed of trust is scrapped and a new one made providing pro-

tection to the person loaning the money. The attitude of the title insurance companies was the same—"we must protect ourselves against the people we are insuring."

When we went on record in favor of that title insurance policy we had taken an absolute stand that from now on, our title policies were to be written for the benefit of the insured and that we were to take the consequences. Furthermore, it was the first step that had ever been successfully taken whereby the national association unanimously agreed upon a policy of any such importance. We have found it difficult to get even a state association to take that step, and yet with far greater divergence of practice and conditions between states we actually got that thing over.

Furthermore, we have urged upon our executive officers the value of these regional meetings which Jim Johns and our executive secretary have been carrying out. Your Executive Committee realizes the fact that this organization has got to make some money for its members. The most obvious, the most needed place for the making of money was among the abstracters, and we did it the best we could by urging them to carry on their program, but unfortunately we had to limit them in the amount of money they were permitted to spend. We got up a budget and our budget had to be curtailed to the last degree, because this association is in a position to do tremendous work if it had the money to carry out the program that ought to be carried out.

With the real estate and other kindred Associations in Chicago, our headquarters should be in Chicago. It will cost a little more money. With the whole United States before them, there should be more regional meetings. There should be more active efforts made to break down the objections to title insurance that creep up in the Government of the United States.

There are plenty of things to do and I tell you this because if we have the money we can make more money for our members. Incidentally, at our meeting held yesterday, and which, by the way, discussing various details, lasted until ten minutes past twelve this morning, two matters of importance were brought up. One was closer contact between the national association and the state associations by having state councillors standing between the two associations, and through whom we could effect more successful contact. The other one, dictated by the needs of the Association, possibly influenced by politics, was that the Executive Committee abolish the rule that hereafter members of the Executive Committee get a free ticket to Chicago and back. Of course, if there are no more free tickets there won't be so many people trying to get our jobs. (Laughter.)

Our president has told you of the activities of the insurance commissioners, or referred to them and the danger and expectation that efforts would be made to regulate us from their standpoint rather than be regulated from the standpoint of those who know the needs in our particular business. I can assure you that your Executive Committee has outlined the proper program with which, not to head off, but possibly to guide, this movement for the benefit of us all.

In conclusion let me say that the outstanding features of the future are wideawakeness in connection with legislative matters, closer contact with all those who are in our line of business and interested in the real estate game, whether as operators, lenders of money, or otherwise, so that the combination of those organizations will be such that we need not fear the hostile legislation that used to be so prevalent many years ago.

The President-Elect

DONZEL STONEY
San Francisco, Calif.

Wednesday Morning Session

The meeting convened at nine-forty o'clock with President Wyckoff presiding.

PRESIDENT WYCKOFF: We are a little late and still are without a full attendance, but I think we had better begin and get some small matters of routine out of the way of Mr. Lindow's program.

One of the items of unfinished business yesterday was the matter of the report of the Committee on Constitution and By-Laws. Mr. Bouslog, the Chairman of that Committee, has sent word that he will be here tonight. There are some amendments which he has prepared that he wishes to submit to the convention, but we will leave them until his arrival.

Senator Thompson, a member of the committee, has an amendment, which has received the approval of the Executive Committee, which he will submit at this time.

MR. N. W. THOMPSON: Your Committee on Constitution and By-Laws recommends that Section 3 of Article V of the Constitution of The American Title Association be amended to read as follows:

"Section 3. There shall also be an Executive Committee composed of the President, Vice-President, Treasurer, the last retiring President, and the Chairmen of the respective Sections of this Association, all of whom shall serve ex-officio, and seven members elected by the membership in convention assembled. The term of office of the elective members shall be two years beginning January first of the year next following their election. Four members of this Committee shall be elected at the 1929 convention."

The change is from "five members elected by the membership" to "seven."

Mr. President, I move the adoption of that amendment.

. . . The motion was seconded. . .

PRESIDENT WYCKOFF: I would like to say, by way of explanation, that the only change is that we have added two new members.

. . . Upon being put to vote, the motion was carried. . .

PRESIDENT WYCKOFF: We would now like to hear the report of the Nominating Committee, to be given by J. W. Woodford, chairman.

REPORT OF NOMINATING COMMITTEE

Mr. President and Members of the Convention: The Nominating Committee met this morning promptly at eight-thirty o'clock. There was a quorum present when we started and most of them drifted in before we had finished.

The Nominating Committee desires to submit for your consideration for President, Donzel M. Stoney of California; for Vice-President Edwin H. Lindow of Michigan; for Treasurer, J. M. Whitsitt of Tennessee; for members of the Executive Committee, Henry Baldwin of Texas, J. M. Dall of Illinois, to succeed themselves; Harry C. Bare of Pennsylvania and James S. Johns of Oregon.

Mr. President, I move the nominations be closed, the rules be suspended, and the Secretary be instructed to cast the vote of the convention for these men as nominated.

. . . The motion was seconded and upon being put to vote was unanimously carried. . .

PRESIDENT WYCKOFF: The Secretary declares he has cast the ballot and I declare the men duly elected.

PRESIDENT WYCKOFF: It now gives me great pleasure to turn this meeting over to Edwin H. Lindow, Chairman of the Title Insurance Section.

. . . President Wyckoff retired and Mr. Lindow assumed the chair. . .

Title Insurance Section

Address of Chairman

EDWIN H. LINDOW

President, Union Title Guaranty Company, Detroit, Michigan

The accomplishments of our section in the last fourteen months, or since the Seattle convention, have been gratifying. It will be remembered that both at Seattle and at the Chicago Mid-Winter meeting in January, we asked for authority to make a study of, and recommendations upon, legislation in harmony with the desires of our members as indicated in replies to questionnaires previously sent out. The chairman appointed to serve on this committee the following men: R. O. Huff, Chairman, N. W. Thompson, J. R. Ulmstead, G. P. Long, L. L. Axford.

We are indebted to Mr. Huff as Chairman, and to the other members of his committee. They have worked diligently, both by correspondence one with another and at numerous and extended meetings held in Chicago preceding and during the Mid-Winter meeting.

It must be borne in mind that this is a huge task and cannot be finished in a short time. The committee is still debating many points of interest to all members of the section and I am sure we will shortly be able to pass to state associations for their consideration, such recommendations as, to the committee, seem in order to fit the local situations. I should be disposed to recommend to my successor the appointment of at least a portion of the personnel of the present committee to continue this important study.

Standard Uniform (A. T. A.) Mortgage Policy

Your chairman, at the Seattle meeting, appointed a special committee to work upon the preparation of a uniform policy of title insurance to be known as the American Title Association Standard Loan Form. This committee was created because of belief

EDWIN H. LINDOW
Vice President Elect
Detroit, Mich.

on the part of many of our members that both the old forms in use by our individual companies and the so-called L. I. C. form as well, were all perhaps in need of changes, curing and refinement. From the time of my active participation in the affairs of the association, a uniform policy has been discussed. Old timers before me have stated the discussions to which I have listened are merely representative of that which had taken place in their day. You are familiar with the many obstacles in the way of uniformity of policy forms whether they be mortgagee or owners. For these many reasons, all the more credit is due, first and foremost to Stuart O'Melveny, chairman of the special committee appointed to study this important subject, and also to Messrs. Wellington J. Snyder, Paul D. Jones and Fred P. Condit who served with him. Mr. O'Melveny's report will be submitted during this convention and will tell you what has been accomplished. It will not, I am sure, even hint of the many hours and days of labor expended by Stuart and the members of his committee before anything was accomplished. His work on this committee carried him—the Executive Vice President of one of the leading trust companies on the Pacific coast and a man whose time simply could not be bought by the Association but who freely and generously gave it—entirely across the country during the year. As you are doubtless aware, he attended the Mid-Winter meeting. I am certain that very few of our members know that he and his committee appeared in Chicago five days before the opening of the Mid-Winter meeting and worked day and night trying to whip into a presentable form that instrument which we now know as the A. T. A. form. From the Mid-Winter meeting he and his committee immediately went to New York where with other officers of our association, they visited for three full days with counsel for the large life insurance companies. I truly believe the inception of the A. T. A. mortgage policy is one of the greatest forward steps taken by this body.

It would indeed be a calamity if the

results of this committee's work were thrust aside through technical objections to phraseology or "fly-specking" the A. T. A. form to pieces. Practically all of the title insurance companies of the country have, in the past eighteen months, accepted the L. I. C. form. There were serious and many objections in the minds of some of the best legal talent in the association to the L. I. C. form. Notwithstanding these, it was generally placed in use. Let us honestly face the facts and admit that this policy was, to a large degree at least, thrust upon us. Let us be as fair to the A. T. A. policy as we have been to the L. I. C. policy and not permit "fly-specking" of the latter within our own organizations. It is without question, a real forward step and points the way to uniformity throughout all activities in which we can engage. By this I mean standardization of rates, of practices, of forms, both inter-office as well as foreign, creation of proper legal reserve and many points on which there may, at the present time, be differences of opinion.

State-Wide Title Insurance

The chairman regrets to report little progress in state-wide (so-called) title insurance. It is unfortunate that the large title insurance companies seem unwilling or unable to extend their title insurance facilities to interior counties, except in such cases as there is an immediate demand for title insurance services; further, that the extension of these facilities seems to the chairman to be without any particular systematic effort and without any serious attempt to cover their entire territories. The demand for this service is acute. I have, in the last three months, received inquiries from three abstact and title companies in smaller communities asking for information as to how they can secure these facilities for their own communities. It is inevitable that these connections must be established and it behooves the executive officers of large title companies to give earnest and prompt consideration to this matter.

The chairman regrets to report little progress in statewide (so-called) title insurance. It is unfortunate that the large title insurance companies seem unwilling or unable to extend their title insurance facilities to interior counties, except in such cases as there is an immediate demand for title insurance services; further, that the extension of these facilities seems to the chairman to be without any particu ar systematic effort and without any serious attempt to cover their entire territories. The demand for this service is acute. I have, in the last three months, received inquiries from many abstract and title companies in smaller communities asking for information as to how they can secure many facilities for their own communities. It is inevitable that these connections must be established and it behooves the executive officers of large title companies to give earnest and prompt consideration to this matter.

* * *

It is also with regret that we report little accomplishment in the matter of co and re insurance. The present policy of most of the title companies seems to be "mannana" the meaning of which you probably now have learned since your arrival in Southern Texas. That policy cannot continue.

Co-Insurance and Re-Insurance

It is also with regret that we report little accomplishment in the matter of co and re insurance. The present policy of most of the title companies seems to be "mannana" the meaning of which you probably now have learned since your arrival in Southern Texas. That policy cannot continue. The officers of the section realize it is a difficult proposition to work out. It is, however, not nearly as great a problem as was the creation of the uniform mortgagee policy. Bear in mind that facilities for these forms of insurance must be established and probably on some sort of a reciprocal character.

To break the fall of the contents of the paragraph next above, it is with much pleasure that I go on record as applauding the work done during the year by Mr. H. Laurie Smith. He has given these subjects a tremendous amount of study. His report at the Mid-Winter meeting shows the result of that study and, in my opinion, is as fine a treatise on this or any subject of interest to title men as has ever been presented. He is again on the program this evening and I counsel you all to hear what he has to say.

Board of Title Underwriters

The chairman again calls to the attention of the members of this section the positive need for the early creation of boards of title underwriters to consider ways and means of curing faults in local conditions. They should be formed in every city and community.

Legislation

The chairman calls your attention particularly to the fact that at the last meeting of the legislatures of the states of New York, Pennsylvania and Texas, changes, and in one case a new law, took place. You have doubtless seen reference to these in TITLE NEWS. You are urged to hear the papers and discussion on this important matter.

Also synchronising with the paragraph next above, the chairman calls to your attention the many recent meetings of commissioners of insurance of various states and the probable enactment of legislation affecting our interests. This legislation will, of course, be restrictive or liberal in character, according to the conduct of the individual companies. The entire staff of the section advises that the members, whether present today or not, appreciate the absolute necessity for housecleaning, as there is need for it; for the establishment of uniformity; of reserves set aside as such. If your policy is full of technicalities upon which you could avoid a loss, or if it is ambiguously prepared, you may be sure you will change it, either voluntarily or by request of the legislature.

The chairman calls to your attention the many recent meetings of commissioners of insurance of various states and the probable enactment of legislation affecting our interests. This legislation will, of course, be restrictive or liberal in character, according to the conduct of the individual companies. The entire staff of the section advises that the members, whether present today or not, appreciate the absolute necessity for house-cleaning, as there is need for it; for the establishment of uniformity; of reserves set aside as such. If your policy is full of technicalities upon which you could avoid a loss, or if it is ambiguously prepared, you may be sure you will change it, either voluntarily or by request of the legislature.

New Business

Immediately upon your return home from this convention you will receive a request from the chairman for full and definite information concerning loans being made in your territory by large lenders of moneys. We are desirous of learning the names of those loaning institutions which do not now use title insurance facilities at their disposal. It is our intention to make a vigorous effort to sell these institutions on the use of our product and to learn why they do not use it. If the fault is yours, you will be promptly notified of the reasons they give.

CHAIRMAN LINDOW: The next order of business on the program is the appointment of the Nominating Committee for this Section and I would like to say that we shall expect a report of this Nominating Committee before adjournment for lunch.

I would like to appoint on this Committe Mr. J. M. Dall, Chairman; Mr. William Webb; Mr. Odell Blair; Mr. Wellington C. Barto; and Mr. D. P. Anderson.

The next subject on our program is the report of the Committee on Standard Mortgagee Policy Form. As stated in my report I think it is one of the most splendid things accomplished in The American Title Association. I believe that all of the members will agree that we are most happy to listen to Mr. Stuart O'Melveny, the Chairman of this most important Committee.

Report of Committee on Standard Mortgagee Policy Form

STUART O'MELVENY
Vice President, Title Insurance and Trust Co., Los Angeles, Calif.

The American Title Association policy form originated, if you will recollect, in Seattle last year. In the open forum, one night, we had considerable discussion about the L. I. C. form and other forms, and it was there decided that a committee be appointed to attempt to draft a form for The American Title Association. I want to emphasize that point because I want to bring home to you that this is your policy. It isn't any of the officers of the association; it isn't the form of the committee, but it was originated in your open forum and your convention and the result of it is yours and I think you should have some loyalty for it.

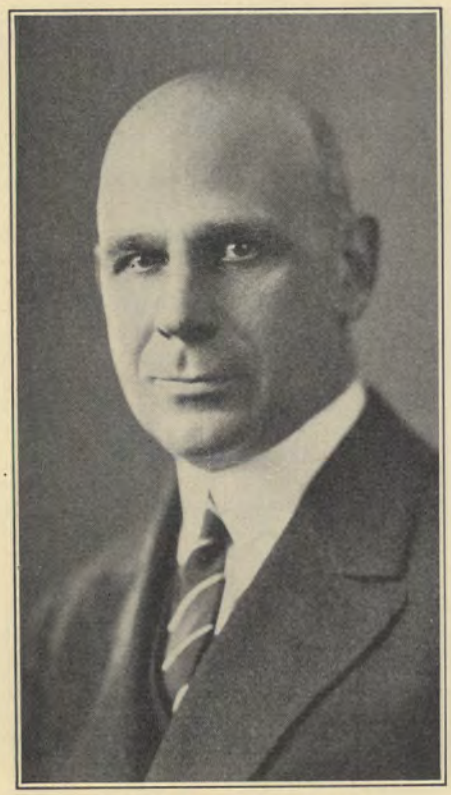
The manner in which the American Title Association form was drafted has been reviewed in TITLE NEWS and by your officers. The committee attempted to do it by correspondence but found that was an exceedingly difficult task. We met in Chicago at the midwinter conference and there did a considerable amount of work. We drafted several forms and put them into print. We all agreed upon the form as we had it finally drafted and with it went to New York, having made appointments with the representatives of the different life insurance companies.

Upon arrival in New York we went into conference with those gentlemen, Mr. Ewing from the Metropolitan, Mr. March from the Equitable, Mr. Rhodes from the Travelers, Mr. Swezey from the New York Life, Messrs. Clark and Ammerman of the Prudential and several other gentlemen. There were present most of the officers of your association and all of the members of the committee.

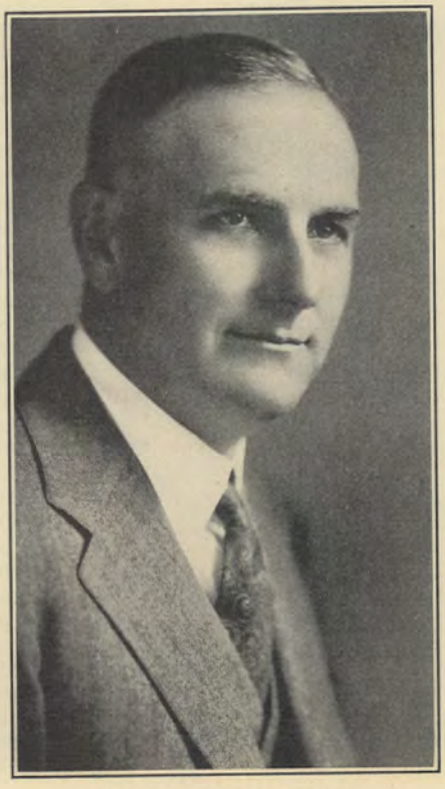
At these meetings I presided and we went through the policy word by word, attempting to find something satisfactory to all. At the end of the first conference we had practically decided upon a form. That night I went to the hotel, wrote it out, the next morning it was typewritten. We met again in the afternoon and went over it very thoroughly and agreed upon the form, since which time the form has been approved by the committee appointed to draft it, by the executive committee of your association, by a great many different life insurance companies throughout the country and by at least one state association, speaking of my own, the California Land Title Association. That association in convention adopted it and approved the form and recommended its use by its members.

This policy is yours. There is a sense of loyalty to what belongs to one. If you have a particular possession which you like, you like it rather because it is yours and not because it may be better than that which belongs to some one else. I hope that you will have some of this sense of loyalty to this form, not because I or the officers of your association prepared it, but merely because it is yours, because it represents something you never had before, because it belongs to your organization.

Officials, Title Insurance Section



STUART O'MELVENY
Chairman
Los Angeles, Calif.



CHARLTON L. HALL
Vice Chairman
Seattle, Wash.

LEO S. WERNER
Secretary
Toledo, Ohio

I think if you had been with the members of the committee when they met with the life insurance company representatives you would have felt that you were accomplishing something just by the mere fact of taking this up with the representatives of the eastern life insurance companies. They manifested a very fair and generous spirit of cooperation toward the officers of The American Title Association who were there. They were pleased that you were trying to prepare a policy form for their use. I think a great deal of good was accomplished in that way, that you would meet with a very fair and generous spirit on their part in the future in discussing the form with them, and that by the very fact you were preparing a form for their help you obtained from them a great amount of cooperation and a great amount of good feeling.

Now, if the form is not adopted and generally used it will not prove a success, because if we are divided in our own ranks with reference to the reception and use of it then it is easy for those people who don't wish to use it or wish to criticise it, to say some of you people yourselves, haven't adopted it and used it. I think it is very essential that we have a unanimous, or as nearly unanimous as possible, feeling of loyalty toward the form, because it is ours and as nearly as possible a unanimity in its reception and use.

CHAIRMAN LINDOW: We have a little time for discussion on the standard mortgagee form of policy and I know Mr. O'Melveny could enlighten any one on any questions he might have. Has any one a question at this time?

MR. S. S. BOOTH (Washington Title Insurance Company, Seattle, Washington): I would like to move that a vote of appreciation and thanks be given to Mr. O'Melveny and his committee for the excellent and exhaustive work done by that committee.

. . . The motion was seconded and was unanimously carried. . . .

CHAIRMAN LINDOW: The next order of business is the report of the Committee on Title Insurance Law. Mr. R. O. Huff is Chairman of that Committee.

Report of Committee on Title Insurance Law

R. O. HUFF

Texas Title Guaranty Co., San Antonio, Texas

In preparing this report we realize that it was impossible to prepare a bill that would meet the technical requirements of every state in the Union. We have, therefore, prepared a bill which we think contains all the salient features necessary for a title insurance law. We present it not to be adopted by the convention but as recommending this to the different states for their consideration in working out their own law. We have not attempted to prepare a caption to the bill.

A BILL

Be it enacted by the Legislature of the State of Blank:

Section 1. Private corporations may be created for the following named purposes:

(2) To compile and own, or to acquire and own records or abstracts of title to lands and interests in lands, and to make and sell abstracts of such records of titles to lands, or interests in lands in any county or counties of this state, or of any other state, and to insure titles to lands or interests therein, and indemnify the owners of such lands, or the holders of interests in or liens or charges on such lands, against loss or damage on account of incumbrances upon or defects in the title to such lands or interests therein.

Section 2. The general laws applicable to the creation, organization, regulation, examination fees, payment of filing fees and franchise taxes of corporations having a capital stock are hereby made applicable to corporations coming under the provisions of this Act, excepting where such general laws may be in conflict herewith. Domestic corporations operating under this law shall not be required to pay premium taxes.

Section 3. The charters of such corporations, and the amendments thereto, shall be filed with the Board of Insurance Commissioners, which said Board shall collect from the said companies filing fees and franchise taxes required under the law.

Section 4. Corporations hereafter created under the provisions of this law must have a paid up capital stock of not less than one hundred thousand dollars, provided that such corporation doing business and insuring titles to land only in one county having a population of less than forty thousand according to the then last United States census, may organize with a paid up capital stock of not less than fifty thousand dollars.

Section 5. Any corporation organized hereunder having the right to do a title insurance business may invest as much as fifty per cent of its capital stock in an abstract plant or plants, provided the valuation to be placed upon such plant shall be approved by the Board of Insurance Commissioners of this State. At least twenty-five per cent of such capital stock, but not necessarily more than one hundred thousand dollars, shall be invested in such securities as are admissible for investment by life insurance companies under the law of this State, and the remainder in such assets as may be approved by the Board of Insurance Commissioners.

Section 6. The Board of Insurance Commissioners (or Commissioner having jurisdiction over title insurance companies), after having satisfied itself by such investigation as it may deem proper with reference to the payment of capital stock and the value of the assets offered in payment thereof (the expense of which examination shall be borne by the company), shall issue to such company a certificate of authority to transact the characters of business provided for herein, which said certificates shall expire on the first of June next succeeding. Thereafter on or before the first of June and after the filing of the annual report herein required of each company, the said Board or Commissioners, upon being satisfied that the laws applicable to such companies have been complied with, shall issue a certificate of authority to said company to conduct such business until June 1st of the ensuing year. No company shall transact business under this Act unless it shall hold a valid certificate of authority.

Section 7. Every company doing business of title insurance under the provisions of this Act shall set aside a premium reserve. (The amount and method of accumulating of their premium reserve to be determined by each State). Funds accumulated under this provision shall never be used for the payment of any obligation other than those connected with title insurance, and, in the event of the insolvency of a company, the fund hereby provided shall be used to protect

title insurance policy-holders even though there be no accrued title insurance claims and even though there be unpaid obligations of other sorts. The Board of Insurance Commissioners (and if there be no Board of Insurance Commissioners then the Commissioner having supervision of title insurance companies) may use said fund for the purpose of reinsuring all policies issued by such company.

Section 8. The capital stock of every company operating under the provisions of this Act must be maintained intact over and above all of its outstanding liabilities, except contingent liabilities on policies of title insurance, and if such company shall permit the impairment of capital stock, it shall not transact any further business of any sort until such time as it shall have made good its impairment and receive permission of the Board of Insurance Commissioners to resume operations.

If such impairment shall be permitted to remain for a period of time up to six months, said Board or supervising authority shall immediately require the reinsurance of the outstanding policy or policies of any such concern and a liquidation of its assets and the winding up of its business.

Section 9. Notwithstanding any corporation operating under the provisions of this law shall engage in any other character of business permitted by law in such manner as to bring it within the provisions of any other regulatory statute now or hereafter to be in force within the State, all examination and regulation in respect to the title insurance business shall be exercised by the Board of Insurance Commissioners, even though the other class or classes of business may be under the supervision and regulation of another department of the State government.

Section 10. Every corporation transacting business under the provisions of this Act, with a capital stock of one hundred thousand dollars or less, shall deposit either with the State Treasurer, or, at the election of the company, with some depository designated by the Board of Insurance Commissioners located in the city of the home office of the company (which depository shall be absolutely responsible for the safekeeping thereof), securities of the class admissible for investment by life insurance companies under the laws of this State aggregating in value twenty-five per cent of its capital stock. For its capital stock in excess of one hundred thousand dollars, additional securities of the same kind and class aggregating twenty per cent of such additional capital shall be deposited until the aggregate amount of such securities on deposit shall total one hundred thousand dollars. No deposit shall be required over one hundred thousand dollars. Securities may be substituted at reasonable times with securities of like kind and character, provided that securities originally deposited or substituted must be approved by the Board of Insurance Commissioners before depositing. Access to the said securities shall be allowed to the company under proper supervision for the purpose of clipping interest coupons, crediting interest thereon, or for substitution.

Section 11. Every company operating under the provisions of this Act shall, upon or before the first of March of each year, file with the Board of Insurance Commissioners a verified statement, in such form as the Board may require, setting forth the statement of the business done by it during the preceding year and the conditions of its affairs as of December 31st preceding. It shall be the duty of the Board of Insurance Commissioners biennially or oftener, if it shall be deemed advisable, in person or through a duly appointed representative, to

CHAS. C. WHITE
Executive Committee
Title Insurance Section

make a thorough examination of its books and affairs and the transactions in which it is engaged at the expense of said company, for which purpose the said Board, or its representative, shall have access to the books and records of the said company and shall have the right to interrogate and require answer under oath from any officer, agent or employee of the said company concerning any matters pertaining to the business thereof.

Section 12. Every corporation created under and by virtue of any other laws of this State to do a title insurance or guaranty business shall within ninety days after this Act takes effect subject itself to the provisions of this law by filing with the Board of Insurance Commissioners a certified copy of its charter with the amendments thereto, and a statement of its financial condition, and a complete inventory of its assets. If the Board shall determine that the said company in all things meets with the requirements of this law a certificate of authority shall be issued, and said company shall be subject to the provisions of this law. For the purpose of satisfying itself that the said company meets with the requirements of this Act, the Board shall have the right to require an examination to be made of the books and affairs of such company at the expense of such company in the same manner as for companies chartered hereunder. If the report filed by any such corporation now doing business does not comply with the requirements of this Act, such corporation shall be granted twelve months after this Act takes effect to comply with all of its provisions and if within such time said corporation shall not comply with all the provisions, its charter shall be cancelled.

Section 13. Any corporation organized and incorporated under the laws of any other state, territory or country for the purpose of transacting a title insurance or title guaranty business, may do so subject to all the terms, conditions and privileges of this Act, and they shall conduct their business in this State according to the same restrictions, limitations and conditions that are imposed upon companies organized and chartered under this Act, and shall comply with all the provisions of this Act.

Section 14. Such foreign corporations desiring to transact business in this State shall make application for permit or certificate of authority to the Board of Insurance Commissioners in such form as the Board shall prescribe and shall submit a financial statement showing its condition in such form as the Board shall prescribe.

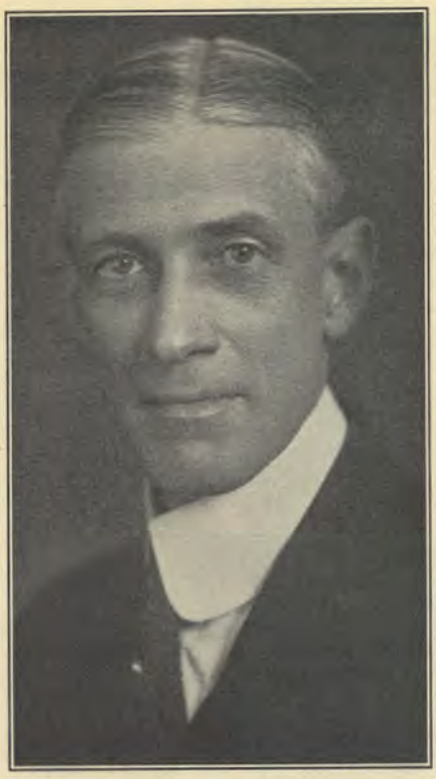
Section 15. No such foreign corporation shall be permitted to do business in this State unless it shall show from its financial statement, and such other examination as the Board may desire to make, an unimpaired capital of at least two hundred thousand dollars. When the Board shall be satisfied from an examination of its financial statement or from such examination as may be necessary in its opinion, the expense of which examination shall be borne by the company, that such foreign company has met the requirements of this statute with reference to the character of its investments and the type of business which it does and which it proposes to do, and has complied with all provisions of this Act, then a certificate of authority shall be issued to it on the same terms and conditions and with the same restrictions with reference to renewal thereof as such certificates are issued to domestic companies.

Section 16. No foreign title insurance or guaranty company shall be permitted to do business in this state until it shall have deposited with the

Treasurer, or, at the election of the company, with a custodian in this State, selected by the Board of Insurance Commissioners, in the city where the company shall maintain its principal office in this State, the sum of one hundred thousand dollars in securities of the same sort as are required for deposit by domestic title insurance companies incorporated hereunder.

Section 17. Each such foreign corporation engaged in doing or desiring to do business in this State shall file with the Board of Insurance Commissioners an irrevocable power of attorney, duly executed, constituting and appointing the Life Insurance Commissioner and his successors in office, or any officer or Board which may hereafter be clothed with the powers and duties now devolving upon said Commissioner, its duly authorized agent and attorney in fact for the purpose of accepting service for it or being served with citation in any suit brought against it in any court of this State, by any person, or by or to or for the use of this State, and consenting that the service of any civil process upon him as its attorney for such purpose in any suit or proceeding shall be taken and held to be valid, waiving all claim and right to object to such service, and such appointment, agency and power of attorney shall by its terms and recitals, provide that it shall continue and remain in force and effect so long as such company continues to do business in this state or to collect premiums of insurance from citizens of this state, and so long as it shall have outstanding policies in this state, and until all claims of every character held by the citizens of this state against such company, shall have been settled. Said power of attorney shall be signed by the President or a Vice-President and the Secretary of such company, whose signature shall be attested by the seal of the company; and said officer signing the same shall acknowledge its execution before an officer authorized by the laws of this state to take acknowledgments. The said power of attorney shall be embodied in, and approved by, a resolution of the Board of Directors of such company, and a copy of such resolution duly certified to by the proper officers of said company shall be filed with the said power of attorney in the office of the Commissioner, and shall be recorded by him in a book kept for that purpose, there to remain a permanent record of the said department.

Section 18. Whenever the said Commissioner shall accept service or be served with citation in any suit pending against any title insurance company in this state, he shall immediately enclose the copy of the citation served upon him, or a substantial copy thereof, in a letter properly addressed to the General Manager or agent of the company against which such service is had, if it shall have a General Manager or General Agent within this state, and if not, then to the home office of the



HENRY R. ROBINS
Executive Committee
Title Insurance Section

company, and shall forward the same by registered mail, postage prepaid. No judgment by default shall be taken in any such case until after the expiration of at least ten days after the General Agent or General Manager of such company, or the company at its home office, as the case may be, shall have received such copy of such citation; and the presumption shall obtain, until rebutted, that such notice was received by such agent or company in due course of mail after being deposited in the mail at the Capitol of this state.

Section 19. If any foreign title insurance company, while holding a certificate of authority to transact business in this state, shall fail or refuse to comply with any of the provisions or requirements of this Act, the Commissioner, upon ascertaining this fact, shall notify such company by actual notice in writing delivered to an executive officer of such company, of his intention to revoke its certificate of authority to transact business in this state at the expiration of thirty days after the mailing of such registered letter, or the date upon which such actual notice is served. If such provisions or requirements are not fully complied with upon the expiration of said thirty days, it shall be the duty of said Commissioner to revoke the certificate of authority of such company. In case of such revocation, such company shall not be entitled to receive another certificate of authority for a period of one year, and until it shall have fully and in good faith complied with all such provisions and requirements of this Act. Any company feeling itself aggrieved by the action of the Commissioner in revoking its certificate of authority to do business in this state may bring suit against him in the county in which the Capitol of this state is situated.

Section 20. (This Section will have to conform to the provisions of the several states in regard to taxing foreign companies.)

Section 21. The terms and provisions of this Act are conditions upon which corporations doing business hereunder may continue to exist, and failure to comply with any of them shall be proper cause for forfeiture of charter of a domestic corporation or the permit of a foreign corporation.

Section 22. Domestic corporations created under the provisions of this Act or heretofore created and operating under the provisions of this Act may exercise the following powers by including same in the charter when filed originally or by amendment:

(1) To accumulate and lend money, to purchase, sell or deal in notes, bonds and securities, but without banking privileges and without power to guarantee payment of securities sold or handled by it.

(2) To act as trustee under any lawful trust committed to it by contract or will, appointment by any court having jurisdiction of the subject matter as trustee, receiver or guardian and as executor or guardian under the terms of any will and as administrator of the estates of decedents under the appointment of the Court.

Section 23. When a title insurance company desires to do such a departmental business it shall first obtain the consent of the State Superintendent of Banks and Insurance Commissioner, and in its application for such consent must file a statement making a segregation of at least two hundred thousand dollars of its capital for such trust department. The respective portion of such capital, when approved by the Superintendent of Banks and by the Insurance Commissioner, shall be considered and treated as the separate capital and surplus, if any, of such trust department, to the same extent as if such department were a separate corporation.

Such company, as to its trust department, shall be subject to and shall comply with all the requirements of the banking laws and rules and regulations of the state banking department of this state, and may invest its capital apportioned to its trust department, and the accumulations therefrom, and trust funds received by it, in accordance with the laws of this state relative to the investment of funds of trust companies.

Section 24. No loan shall be made by any title insurance company, directly or indirectly, to any of its officers or directors or employees, or to any member of the family of any officer or director. Any officer or director, agent, or employee of any such company who knowingly consents to any violation of the terms or provisions of this Section shall be guilty of a misdemeanor.

Developing a Trust Business

By CHARLES STEWART BAXTER

Trust Officer, Union Trust Co., Detroit, Mich.

I. Introduction.

During the last twelve years, and particularly since the public generally and banks especially have realized in a fuller measure the true value of trust services. Prior to this period people generally regarded trust companies, aside from their usual banking functions, as performing services for the wealthy almost exclusively and held the thought that services were performed for the ordinary individual only at prohibitive cost. Banks without trust departments operating were reluctant to enter the trust field believing that the advantages to be obtained were hardly worth risking the investment of additional capital and that even though the venture were successful the return would not be great enough. There has been a marked change in this attitude, particularly during the last five years.

In treating the subject here, a distinction is drawn between trust companies and trust departments. Trust companies rendering pure trust services in addition to furnishing banking facilities have long been in existence and have experienced remarkable progress and success in both the banking and trust fields: Trust departments in banks and similar institutions are the newer development but the majority already in operation have been successful financially and in addition have proved an asset in increasing business in other departments as well.

Prior to the last decade trust companies were operating generally throughout the United States and not a few of them had expanded tremendously particularly as a result of the demand for pure trust functions. The public in ever increasing numbers became accustomed to and used the services available. New types of trust services developed as the result of experience and demand and the field of operations broadened as a result.

Banks and kindred institutions with and without trust departments already operating have witnessed the progress made by trust companies particularly in their trust departments. Banks with these departments already operating in a comparatively small way are devising ways and means of increasing the volume of business and other banks not yet offering this feature of service are investigating its possibilities with a view toward establishing such departments.

This paper is intended to present a discussion of trust business from the point of view of the bank or title company having already in existence a trust department now operating in its early stages as well as from the standpoint of the institution investigating the field and having not as yet reached the decision to establish a trust department.

What is a trust department—what does it do—what are the functions it performs?

II. Functions.

The functions of a trust department whether of a trust company or of a bank or kindred institution are of necessity virtually the same and the new department should be prepared at its inception to embrace all of them. The first business received may be the administration of a testate or intestate estate, or the appointment of escrow agent while it is entirely likely that property management agencies or life

CHARLES STEWART BAXTER

insurance trusts may furnish the earliest opportunity of the department to serve.

Generally speaking trust departments offer the services enumerated as follows, involving fiduciary and non-fiduciary capacities.

1. Executor of wills
2. Trustee under wills
3. Administrator of intestate estates
4. Guardian of minors and mental incompetents
5. Trustee under life insurance agreements.
6. Trustee under agreements for the holding of securities and collections under contracts
7. Agent or power of attorney for management and sale of real estate
8. Corporate trustee
9. Receiver of bankrupt and liquidating organizations
10. Stock transfer agent and registrar
11. Escrow agent
12. Tax service
    - (a) income
    - (b) federal estate
    - (c) state inheritance
    - (d) transfer of stocks in estates
13. Investment counsel—statistics
14. Other functions

It is true that not all of these functions are necessary of performance but such as are not necessary are few. In the usual case it is unlikely a demand for services as transfer agent and registrar would arise at the outset. It is also true that a division for investment counsel would be necessary only after the business had developed to the stage where trusts and all accounts were handled in volume. It goes without saying that the company could act as executor only after individuals died leaving wills nominating such corporation to act in that capacity.

Among "other functions" is included multitudinous "extras" that the officer in charge of the trust department is expected to and should perform. The arranging of an educational program for beneficiaries under trusts as well as minors, planning travel programs for the widow or aged sister or children and arranging everything in connection therewith, counseling in an effort to maintain family harmony and preservation of the trust estate—these are but a few of the pleasures of a trust officer. On the other hand the arranging for auction sales of furniture, clothing, jewelry and automobiles, boats, junk, saddles, puttees and polo ponies and the responsibility for the maintenance, welfare and burial of pets including birds, dogs, cats and what have you, comprise a few of the worries of a trust officer.

III. Organization.

In the matter of organization consideration of the position of the trust department in relation to the other departments of the institution, be it bank or title company, must be given thought and thorough study.

The organization of the trust department and the welding of it into the institution as a whole is, of course, of primary importance. It goes without saying that from the outset, from its very nature, it must be regarded as a department of equal dignity with any already existing. Since it furnishes every department in the institution with one of its most fertile if not the most fertile, fields for new business and resulting profits it must be coordinated perfectly with each and every department.

Its head should be an executive whose authority is broad enough to insure his complete understanding of policies and administrative problems. The executive head of the bank or title department must be of easy access to the head of the trust department.

The management of this department embraces administrative, legal and accounting functions which are clearly defined. The first two, that is, administrative and legal, in the early stages of the department naturally fall within the scope of the head who may or may not have an assistant. The third, accounting, is considered before the other two.

Trust department accounting is from its nature complex. Accounting to the Court involves more than accounting as is generally considered by banks. Specific devises and bequests must be treated differently than general devises and bequests and again accounting for the funds available to creditors of an insolvent estate requires special treatment. Accounting to the federal court in the matter of bankrupt receiverships differs from the other types of accounts in some respects while under collection agreements a simple statement of cash received and disbursed with a summary of assets and liabilities is all the donor needs.

It is apparent that the accountant employed in the new department should have wide experience in estate accounting. On him falls the burden of supervising the innumerable details incidental to the collection of notes, mortgages, contracts and the disbursing of funds in payment of obligations of the trusts to say nothing of developing a plan of distribution and statements necessary in the proper distribution of the residue of an estate.

Of paramount importance in estate accounting is the segregation of principal and income to the end that life tenants, remaindermen, donors, and donees receive such funds as are due them and that income and inheritance taxes may be properly determined. No responsibility to the trust department and bank is greater than the duty to keep these funds entirely apart on the records.

The books of record in themselves may be simple and should be. A cash book or trust ledger for the record of daily transactions and a sub-ledger to carry the assets and liabilities are in the main sufficient and may be hand or machine posted. It is certain that the greatest care should be exercised at the inception of this trust department to select an accounting system that lends itself to expansion—otherwise enormous expense may be incurred at a future time when the business has grown to large proportions. To change over from one system to another is likely to be expensive and such may be avoided by a careful study at the beginning.

It is in accounting to the Court under executorships, administrations and trusteeships that the experienced estate accountant is most valuable. While such accounts are similar in their structure and outline each is different for seldom or never do two estates have identical assets and liabilities. One may consist of stocks and bonds while another may consist of real estate exclusively and during the period of administration an exchange of assets may have been brought about through the refinancing or liquidating of one or more corporations.

At this juncture it seems advisable to consider the duties imposed by the acceptance of trusts from the administrative and legal end. They are many.

Court trusts, that is, executorships, testamentary trusteeships, guardianships, and administrations involve a duty to Court in addition to the duties to creditors and beneficiaries. Fiduciaries' bonds are not cancelled without a complete and accurate inventory and accounting.

One of the reasons for the administration of an estate is to afford protection to creditors. They are entitled to notice as is prescribed by statutes in the several states and when claims are allowed and payable it is the duty of the fiduciary to see that payment is made promptly providing always there is cash available. Second, legatees, life tenants, remaindermen and residuary legatees have a right to expect payment to them of their respective interests as soon as such is legally and financialy possible. Third, there is, of course, the duty to the deceased—to see that his instructions, assuming their legality, are carried out to the letter. Confidence of capable performance caused him to name the executor and trustee and the carrying out of this trust is a sacred one. Fourth, in addition to these are the duties to the family, whether parties in interest or not, in treating all estate matters as of the utmost privacy and in extending every courtesy. Fifth, there is the duty to the State and Federal government in the determination and payment of inheritance taxes. Sixth and last, of utmost importance is the duty of each member of the trust department to his or her company of skillfully administering each trust, conscientiously, patiently and tactfully, with integrity of the highest order to the end that the company may enjoy the fullest confidence of every client.

WILLIAM H. McNEAL
Executive Committee
Title Insurance Section

With the organization of the department in the company, the scope of the work involved, the nature of the services to be rendered and the duties imposed by the acceptance of trusts in mind consideration of the qualifications of the man to head the department should be considered.

Of all the attributes of a trust department head integrity is the primary prerequisite and more than that his reputation for that quality should be generally known in the community or at least among a wide range of the institution's clients. The reasons for this statement are obvious.

That he may be properly equipped with the knowledge of the work he must be a lawyer and preferably one who has enjoyed a practice of law if for only a brief span of years. The character of the work of the department is such as to make this requisite indispensable.

A wide experience in business would be invaluable to him. If in his lifetime for example he has been the proprietor of a business, a salesman, a real estate broker, or teacher he will be well fortified to face the variety of problems that will come to him for disposition. Banking or accounting experience are not prerequisites but with either or both he would undoubtedly have a fuller appreciation of his duties.

In addition to his legal and business training he should possess good judgment, control, tact and a very real sense of humor. Few professions require the exercising of good judgment, tact, and constant control as does this one. Trusts are preserved or wasted in no small degree on judgment alone. Feelings may be hurt and enemies made by lack of tact. For instance, when a client speaks of the deceased as the "diseased" or requests the erection of a "mazoleum" or of the executor as the "executer," gravity must be maintained at all costs and a tactful reply given. Tact and a sense of humor are again essential when it develops that the "diseased" leaves a widow who is number four, that wives one, two and three are also living, with number three remarried to the vice president of the bank in which "diseased's" safety box is left still in the joint names of "diseased" and said

number three, and when number four, the legal widow, insists upon being present at the opening of said box. A lack of diplomacy here might entail the calling of a conference for the limitation of armaments.

Having discussed the functions of a trust department, its position in relation to other departments in the institution, the requisites of the man in charge, consideration is now given of the matter of expansion or the development of the department.

IV. Expansion—New Business.

With the organization of the department completed so that operation is well under way the line of thought naturally centers on getting business. There are in the main four sources:

First, clients of other departments of the company.

Second, those who come of their own volition offering opportunities to the company to serve.

Third, those with whom the company has had no former contact.

Fourth, trust department accounts in and of themselves alone.

For the present immediate consideration is given the third group—those with whom the company has had no previous connections. And at the outset as a matter of policy the company should determine whether or not it will follow the plan of letting the business come of its own accord or whether it will follow a policy of aggressive business getting.

Not more than fifteen years ago, it was the generally followed practice of most banks, trust and title companies to look askance on any method of going out to find business. There were few exceptions. Such advertising as was done was slight: the publishing of a statement following a call was necessary—other than this newspapers carried little less than what amounted to a card. Advertising in magazines was of a limited nature in comparison with that of today. To depart from such a policy was viewed as a breach of long established ethics and there are many that persistently hold to this view to this day. The tendency, however, is now the other way, more progressive institutions are swinging away from the conventional and are seeking and procuring new business. Such institutions for the most part have installed a department called the new business or business extension department. In most instances this department is having a very vital effect upon the life and development of the institution. Such departments have in the main succeeded in bringing in volumes of new business—business that otherwise might never have been received or might easily have gone to a competitor.

The Union Trust Company in Detroit followed the old practice of letting business drift in until 1920. In that year a business extension department was established with results as revealed by the following figures.

	New Wills each Year.		
1915	39	Incr. over 1920	Per cent of increase
1920	134		
1923	340	206	154
1924	606	472	352
1927	1272	1138	849
1928	1689	1555	1160

These figures briefly show that in the first year of the existence of the new department more than four times as many wills were written than in 1915.

In 1923, or at the end of three years, the number of wills written in that year increased over 1920—154%; in 1924—352%; in 1927—849%; and in 1928 the business done exceeded that obtained by the new business department in 1920 by 116%.

That progress is made in other types of business as well is shown by figures for volume of life insurance policies deposited under trustee agreements. In 1927 there were received policies aggregating $21,160,668 and in 1928 $24,028,863—an increase of $2,867,-195 or 13½% in one year as a result of the efforts of the business extension department.

These figures show the results in one institution—others may have achieved greater results and still others lesser results. It is for those in control of institutions of the types being discussed to determine whether or not a change in this policy should be made.

It goes without saying that such a department cannot operate successfully without the fullest cooperation of stockholders, directors, officers, employees and friends in furnishing leads and contacts and advertising and publicity do their full share in educating the public and overcoming sales resistance by the publication of facts.

Too much stress cannot be laid on the importance of personnel in the new business department. From the very nature of the work, which in its essence demands the fullest confidence of the client in the representative, each member of the staff must possess sterling qualities of integrity, character, conduct, dignity and a legal knowledge is almost indispensable.

It is interesting to study the methods of the new business department in gaining leads of its own finding. Searches are made of property owners through city tax lists, club rosters, where available, are gone over carefully, preferred listings may be purchased from the local city directory compiler and there is ever the friend of a client just made who in turn may prove the source of greater business than the one by whom he was referred.

Aside from these methods of finding business there is the source of the contact through groups; life insurance representatives, lawyers, doctors, clergymen, bankers, certified public accountants, Courts, newspapermen and editors—in short the groups comprising the backbone of our present economic system.

In the introduction of this section dealing with expansion and new business the first source was described as clients of other departments of the company. For example, a title company in extending an abstract or in checking a title before issuing a title policy frequently finds that the would-be grantor is holding a defective title owing to the fact that John Smith's estate was never probated. There is one piece of business for the trust department. In the probate proceedings it may be found that a minor child of the would-be grantor has an interest that can be conveyed only through a guardian and that the sum for this minor made available by the later sale must be held until majority is attained. Here is another piece of business.

In a bank a depositor will frequently receive a sum of money the investing of which is a problem to him. Properly approached he may be sold on a living trust built up out of the sum invested. Another depositor who seeks a loan may have security that is good and yet not of the best requiring the assignment of life insurance polices to the bank to provide greater security. Why not trustee the insurance then and there? When the loan is repaid the depositor is likely to be pleased to have his insurance well taken care of.

Frequently clients of the bank plan extended travel programs resulting in an absence of three or more months. Who will receive dividends, interest on bonds and mortgages, sell securities and real estate, and watch for notices of redemption or call of bonds? Safekeeping trusts answer every need of this character. Instead of resulting in a trust of a temporary character it usually results in a permanent living trust. And what man and woman of means and foresight will encounter the dangers or risks incidental to travel without having a will prepared providing for dependents?

The second group mentioned, or those coming in of their own volition, is small. Generally speaking, they are those who have abundant time to look after their personal interests and who take further time to inquire into the advantages of trust service. And more often than not they come in only after the institution has been recommended by a friend.

The third group has already been discussed.

The fourth group consists of the clients of trust department. It is with these that contact of the closest type is made and where usually an exact knowledge of a clients problems are obtained.

Frequently it happens that a father dies leaving a widow and one or more children. Assume that the company is acting as administrator of the estate, the deceased having died intestate, leaving a widow and two minors, a son and daughter. The estate is administered and the residue assigned to the widow and children. The widow in her experience with the trust officer has learned that her confidence in him is well placed and that the time required in rearing her children and making their home will not permit of sufficient time for her to manage the personality and realty that will pass to her, to say nothing of assuming the guardianship of the estate of her children. A living trust for husband and two guardianships means three new trusts for the trust department. The foregoing very frequently occurs.

That even greater results are achieved will perhaps be proved by the following.

In 1925 an attorney died testate, naming the Union Trust Company of Detroit as executor, leaving a widow and minor daughter and an estate of approximately $125,000 made up of stocks, notes and realty. His estate was only in administration a short time when his widow's mother died intestate leaving three children and two grandchildren all of age as heirs-at-law. The Union Trust Company was appointed administrator of her estate. It was found that under the will of her husband who had died in 1912 the residue of his estate, amounting to about $200,000, was left in a most flexible trust for the benefit of his wife—who was the mother of the wife of the attorney. Administration de bonis non with will annexed of his estate became necessary. One of the grandchildren created a living trust out of the proceeds of her share in her grandmother's and grandfather's estates while the only son trusteed life insurance amounting to $100,000. Two maiden aunts of the attorney's widow created a living trust and one died with the result that her estate was administered and a new living trust was created by the surviving sister. When the residue of the attorney's estate was assigned the widow placed it all in a living trust and had her will drafted naming the Union Trust Company executor.

In addition to these the company is serving as guardian of the daughter who completes her senior year in an eastern college in 1930.

Out of the will of the attorney grew the following trusts which produced fees the first year:

1. Administration of his mother-in-law's estate.

2. Administration de bonis non with will annexed of his father-in-law's estate.

3. Living trust from testator's niece.

4. Living trust for two aunts of his widow.

5. Administration of estate of aunt of widow.

6. Living trust for surviving aunt of widow.

7. Guardianship for testator's daughter.

The living trust for the widow did not become operative until more than a year elapsed after the date of his death so that the first fee was earned in that the second year while the $100,000 insurance trust created by the brother-in-law has produced no fee.

An investment deposit account of about $5,000 was obtained from the husband of the grandchild who created the living trust but this was transferred when they moved to another section of the country but the Union Trust Company still has his wife's living trust.

E. B. SOUTHWORTH
Executive Committee
Title Insurance Section

That this experience is not usual is clear but it at least proves conclusively that the trust department offers an amazing opportunity to pyramid business.

V. Organization resulting from Expansion.

Expansion and increase in business make necessary a more complicated organization than yet discussed. Consideration has been given the simple organization required by a new or comparatively small trust department. With growth, however, plans for even greater growth must be made and an organization built up that can develop indefinitely.

At the outset there is, of course, no need of specialization according to function for one man will handle testate, intestate, and trust estates as well as guardianships, escrow, corporate trusteeships and all of the others. As business increases so that several officers are required to do the work the question will arise—shall each officer handle all types of accounts or shall certain kinds be handled by one officer and others by another? In other words will the organization specialize according to function.

The Union Trust Company organization is that of specialization.

At the head of the department is the first executive vice-president who is also a director of the company, below whom are three vice presidents. One is in control of Court and voluntary or living trusts, one is responsible for property management accounts, while the third has specially designated administrative functions. Below the vice-president in charge of Court and living trusts are seven trust officers one of whom is in control of all interstate estates, guardianships and receiverships and another trust officer aids him in this work. Three trust officers handle only testate estates and testamentary trusteeships while another handles life insurance trusts and the remaining trust officer is in charge of a group drafting documents.

There are five assistants delegated to aid the vice presidents and trust officers and they handle much of the detail and routine work.

Under the vice president in charge of property management are four assistants; one negotiating leases and handling appraisals, one finding purchasers and closing sales of real estate out of trusts, one in charge of the operation of apartments and hotels and one who serves as a general assistant in looking after the innumerable details of the work. In addition there is a group of seven outside men to each of whom has been assigned a section of the city and who is responsible for the maintenance and repairing of trust properties within his district. There is, of course, a rent teller receiving rents paid at the office.

The same type of specialization is carried into the accounting division. At the head of this section is an estate's auditor of long experience below whom are chief accountants in charge of batteries of accountants divided into groups known as testate estates, testamentary trusteeships, administrations, guardianships, club accounts, safe keeping trusts; there are three sections for safekeeping and living or voluntary trusts and property management accounts each under a chief accountant. In addition to these

is a battery of stenographers doing all of the typing as it is assigned to them by the person in charge as well as a battery of operators for machine posting equipment.

VI. Co-ordination.

Completely successful operation of the trust department can only be had in perfectly co-ordinating it with every other department in the institution. Inter-departmental lines clearly marked must at the same time be flexible enough so that each department forms a link in the chain and while this is true in all departments it is particularly true of the trust department for the reason that its work embraces virtually every type of business.

Officers and employees in the trust department should be thoroughly familiar in a general way of the mode of operation in all other departments and the officers particularly should have at their finger tips an exact knowledge of the services offered by the others so that the fullest benefit of new business in the trust department may be obtained.

In addition to knowledge of the work of other departments trust officers should, of course, know in a personal way other officers but this is, of course, true in all institutions.

Consideration has been given the matter of establishing a trust department, its functions, organization, expansion, and new business organization after expansion and welding together or coordination. These cover the basic elements of organization to perform trust services.

It would be impossible in the time assigned to give any more consideration to the details of organization and operation which in a trust department are innumerable and of tremendous importance. In no field of work is accuracy more important. Those details as a rule are by force of circumstances peculiar to each individual company and can only be worked out and developed by its own officers and personnel.

It has been a distinct privilege and honor to have had the opportunity to present this paper to your organization and may I assure you that the Union Trust Company of Detroit will deem it a privilege to aid your organization and its individual members in any way possible within its means to serve you.

CHAIRMAN LINDOW: I know that Mr. Baxter is ready for any question if any of the members have any.

MR. MACO STEWART: I would like to ask a question, a very live question in Texas. I am in the title insurance business. I am doing business for a multitude of mortgage companies and make mortgage certificates. Suppose I am in a trust business in which I am lending in competition with these mortgage companies. First, will I lose such an appreciable part of the mortgage business I now enjoy from these companies as to more than offset the gain I will make in the trust business?

MR. BAXTER: I think the safe answer for me to make to that question is, first of all, to say that I don't know. That particular problem is not one that we face in Detroit.

If I understand the situation as it is in Texas you act by furnishing title policies to companies doing a mortgage business, and I take it that these mortgage companies in Texas likewise do a trust business?

MR. STEWART: Some of them, yes.

MR. BAXTER: That situation is not true in Detroit. I can think of nothing analogous to it in our situation for the reason that our own mortgage department does its own mortgage business and at the same time invests funds for some ten or twelve mortgage companies doing business both in the East and Middle West, who send down funds to Detroit for investment in local mortgages on certain types of properties. For that reason I cannot speak from experience.

I can see that some of those companies might feel you were treading on their toes if their trust business is possibly narrowly defined and already in a state of severe competition, and yet I think the only other answer I would make, other than "I don't know," is that it would be largely a matter of the personal relationships that each company, through its directors and executive officers, would have with each other so that an understanding would be had by all at the outset of the new department in your company.

MR. STEWART: To give you a practical application, that guaranty company has been operating in this city for a great many years. We came in here last year—not the Stewart Title and Guaranty Company, but a building and loan association largely owned by those who own the Stewart Title and Guaranty Company—and immediately we lost the business of all the similar institutions. They felt we were treading on their toes.

What I want to know is whether we ought to embark in a trust business in connection with the title business or whether, if we do, we will alienate the various trust companies doing business with us.

MR. BAXTER: I think that is a question that can be answered only by yourself, having first hand and intimate knowledge of the officers of these companies for whom you are acting at present. It is a matter purely of personal relationship, unless you are convinced that whether they like it or not your trust department would prove more profitable than the losses you are likely to sustain.

MR. DONZEL STONEY (Title Insurance and Guaranty Company, San Francisco, California): I think Mr. Henley could give one possible solution. Both his company and ours went into the trust business in San Francisco, where every bank had a trust department. The first thing we did was to go out and ask them. The broad-gauged people said, "Come in; the business isn't developed yet; the quicker you get in the quicker it will be developed." The people who were not broad-minded wanted us to come in on the business that emanated from what we were doing. I haven't seen any one lose any business as a result.

CHAIRMAN LINDOW: Are there any other questions?

Due to the lateness of the hour, I will have to ask for the report of the Nominating Committee, by Mr. William Webb, a member, and in the absence of J. M. Dall, chairman.

Report of Nominating Committee of Section

On behalf of the Chairman of the Nominating Committee I have been requested to submit the report of this Committee, and take pleasure in submitting for your consideration the following nominations: For Chairman, Stuart O'Melveny of California; for vice-chairman, Charlton Hall of Washington; for secretary, Leo Werner of Ohio; for members of the executive committee, William H. McNeal of New York; Henry R. Robins of Pennsylvania; H. Laurie Smith of Virginia; E. B. Southworth of Minnesota; and Charles W. Buck of Maryland.

MR. BENJAMIN J. HENLEY: I move that the nominations be closed, the rules suspended and the Secretary be instructed to cast the ballot for those men nominated.

. . . The motion was seconded and was carried unanimously. . . .

CHAIRMAN LINDOW: I will instruct the Secretary to cast the ballot, and declare the men elected.

. . . The meeting adjourned at eleven-fifty o'clock. . . .

The meeting convened at two-ten o'clock with Chairman Lindow presiding.

CHAIRMAN LINDOW: The next subject on our program is one of vital importance, and again we are led back to California. It seems that anything that is new or unusual originates somewhere out in the far West. We will have the pleasure of hearing from Mr. E. M. McCardle of Fresno, California, on the subject, "An Educational Course in Title Insurance."

An Educational Course in Title Insurance

E. M. McCARDLE
Vice President, Security Title Insurance & Guarantee Co., Fresno, Calif

This is the age of specialization; it is the age of mass effort and high-speed production. In the modern economic scheme the man who is inefficient or ill-informed is a misfit and such a man, while he may be tolerated, cannot and will not go very far in his chosen work, whatever that may be.

The title business in no exception. In order to keep pace with the modern spirit, the modern way of doing things, the title business, during the last two decades, has had to make many progressive changes. New and better methods of presenting title evidence have been devised, and the complexity of present-day law and present-day business has placed a heavy responsibility upon the title companies.

The efficiency of any institution is in direct proportion to the efficiency of its departments and of its employees. A single inefficient employee, whether that inefficiency be due to lack of knowledge or lack of interest, can seriously hamper the efficiency of an entire department, with resultant retarding effect on the institution as a whole.

The title business is one of a highly specialized nature. It requires a comprehensive knowledge of the laws of real property, of the laws governing conveyancing and handling of real property, and of the many correlated matters pertaining to real estate and law. In order to keep pace with modern business practices the methods of presenting title evidence have been changed, and have become more complicated. The old method of preparing an abstract of title was comparatively simple, but since those days there has been considerable change, and our business has progressed from the mere writing of abstracts to the issuance of certificates of title, and later to the writing of guarantees of title and policies of title insurance.

With these advances has arisen the necessity of having within the title companies themselves specialists in the laws of real property, agencies, contracts, and in all other laws pertaining to the conveyancing and handling of real estate. It was necessary to find men who were capable, not only of making a complete and accurate search of title to real property, but, also, men having the ability to interpret the various instruments. Since title insurance has come into public favor it is necessary also to take cognizance of possible hidden defects, not disclosed by the public records. This requires a high degree of knowledge and skill.

To obtain this necessary knowledge and skill it is becoming increasingly imperative that properly trained men be made available. The schools of law in our various universities can furnish us with the necessary legal talent. We can draw upon the schools of business training, and upon young men with natural business ability for the purely commercial phases of business, but in order to get properly trained title men we ourselves must train them.

In the past it has been the custom to take in young recruits to the title business, and to train them in the school of experience, leaving it more or less up to them to gain their knowledge of the many and various phases of the business from contact with fellow employees, and through the daily work which is required of them.

E. M. McCARDLE

This method, however, is slow and cumbersome and it also fails to give the employee that broad working knowledge of the business which can be obtained only through an educational course. In other words, the attention of the employee is so centered upon the problems and the work of his own department that he frequently fails to appreciate the problems and the work of the other departments around him.

For a number of years members of the California Land Title Association have been aware of the necessity for a systematic plan of education to assist those engaged in the title business and to open the way to those who desire to enter the business. As to the need of such a program there was a universal agreement.

How to carry the program into effect presented a real problem. From time to time committees were appointed and these committees reported upon the desirability of an educational program, but no actual steps were taken to supply the necessary machinery. Finally one of our educational committees presented its problem to the University of California and, in cooperation with the University, an attempt was made to have a course or courses prepared by the teaching staff of the University. However, it soon became apparent that this method would not be successful and that it would be necessary to find someone within our own ranks who was familiar with our problems and who could present the course to the students in our own language.

The man selected to solve this problem was Mr. E. L. Farmer, of the Title Insurance and Trust Company of Los Angeles. Mr. Farmer is not only an outstanding title man of many years experience, but he can also be properly termed an educator, since for several years he has given a course of lectures for the American Institute of Banking, the California Escrow Association of Los Angeles, the Los Angeles Realty Board, the University of Southern California, and the University of California, his lectures covering the laws of real property, escrows, title insurance, and allied subjects.

The original idea was to prepare three courses; a course for beginners, a secondary course for searchers, and a third and more advanced course for those who might be termed the examiners. After considerable work had been done by Mr. Farmer in pursuance of this plan, it became evident that the educational program should be confined to two courses. This necessitated revision of much of the work which had already been done by Mr. Farmer, who was called upon to amplify and extend the scope of the first course, and to re-draft the plan for the advanced course.

After months of intensive work, most of which was carried on at home, Mr. Farmer completed the first course and, in January of this year, the first volume appeared. The enthusiastic response, which the book met throughout the State, accorded immediate justification of the whole plan.

Our original idea was to follow as soon as possible with the publication, in book form, of the second and more advanced course. Upon re-consideration, however, this plan has been modified, largely for the reason that this last year in California was a legislative year. Much new legislation, affecting real estate, was passed at the

last session of our Legislature. It is Mr. Farmer's idea, therefore—and I think he is right—that the advanced course should be prepared as a series of lectures, which can be given to the classes which have been organized throughout the state, and which have satisfactorily completed the first course. These lectures, however, are not to be put into book form until the new laws have been tested by time and the courts. When these laws have been correctly interpreted we will then be in a position to revise the lectures accordingly, and publish them in book form for general distribution as well as for class work.

However, going back to the first course—presentation of which has been completed in practically every section of California—I would like to call attention to the fact that this course was prepared primarily as a correspondence course, but it was equally usable as a lectures course, and this is the plan which we followed in nearly all parts of the State last year. The larger companies organized classes among their employes. These classes met regularly, and the lectures were presented by men who were selected from the various companies and, who were qualified by their knowledge and experience to present them. This plan had the great advantage of giving the students informal contact with a successful title man who was thoroughly familiar with all ramifications of the business. Furthermore, they were afforded the opportunity of presenting, personally, their questions and problems for open discussion.

In the smaller communities, the various title companies cooperated on the educational course. They appointed, from their own ranks, the man best qualified to give the lecture, and the students were drawn from all of the companies. In fact, many real estate brokers and others, not identified directly with the title business, took the course. At the conclusion of the course, examinations will be given and those passing satisfactorily will be awarded certificates.

Something about the manner in which the course was handled by Mr. Farmer will, I believe, be of interest to you. The subject naturally divided itself into a series of twenty-five lectures, including the introductory lecture which set forth the purpose of the course.

At the very beginning of the book considerable space is devoted to definitions, and in delivering the course, considerable time is devoted to this first section, since it is deemed very essential that the students be thoroughly grounded in the meaning of the technical terms with which they are working daily. These are the tools of their trade. After the definitions have been thoroughly studied and learned, the course proceeds to a discussion of titles, with the proper and necessary definitions of the various kinds of title. Then, in the order named, the series of lectures covers the following subjects: deeds, descriptions, acknowledgments, mortgages, personal property mortgages, trust deeds, homesteads, corporations, partnership, agencies and powers of attorney, leasing—renting—hiring, taxes and assessments, conveyancing, conditions, servitudes, contracts, attachments, judgments, bankruptcies, mechanics' liens, alien land laws, corporation license and franchise taxes, and finally, escrows.

Incidentally, in passing, I should like to point out that four editions of our book, entitled "Land Titles," totaling 4067 copies, were printed. Practically all four editions were sold out almost immediately.

One of the things which impressed me particularly was the enthusiasm with which the students—for the most part employees of title companies—entered upon the course, and the way in which their enthusiam was sustained until they had completed it.

Our educational program has an even broader field of usefulness than that of properly educating the employes of the title companies. This is a point which should not be overlooked. In the not very distant past, it was common practice for business enterprises to conceal from the public, as much as possible, their methods of operation. This situation has been completely reversed and the modern trend is now toward taking the public completely into confidence. The title business has nothing to conceal from the public. There is no mystery about our work or our methods of operation and there is no reason why we should make the title business a mystery. The more the public knows about our affairs, the more it knows about the niche we occupy in the economic life of the community—the better will our own interests and the public interests be served. Actuated by this belief, the California Land Title Association, therefore, has made its text book available to the general public of California.

The association, particularly, has called attention of real estate men, attorneys and others who are constantly in contact with title companies, to the text book. It is our belief that if the real estate men, attorneys, bankers, and others who are constantly transacting business with the title companies are familiar with the functions and workings of our business, we will have just that many more friends, and the more cooperation we will obtain from them.

This is particularly true of the real estate men. It is a fact that for years many of these men have been transacting almost daily business with the title companies, and yet their ideas as to the steps necessary for the production of good title evidence are very hazy and inaccurate. A better understanding on their part of the task which confronts the title company after the real estate man has presented his problem will bring about more cordial relations with the realtor and a better spirit of cooperation.

Although conditions vary in different sections of the country, and a wide variance exists in the laws of the different states, the fundamentals of the title business are the same in each state. There are as many forms of title evidence as there are title companies in the United States, but, in principle, they are the same and, in practice, the methods of obtaining the title evidence are much the same.

Our text book deals with the fundamentals of the title business. It is a sound, scholarly presentation, without being abstruse, and I feel, therefore, that our text book, with comparatively little adaptation and change, can be used in many other states. I feel sure that it can be accepted as a model upon which a similar course can be developed in every state in the union.

In looking back over my tenure of office as president of the California Land Title Association, I am convinced that the inauguration of this educational program was the biggest thing accomplished during that period. For years I have been one of the chief proponents in the ranks of the California Land Title Association for such an educational program, and, it was indeed gratifying to me, that it was

This is the age of specialization; it is the age of mass effort and high-speed production. In the modern economic scheme the man who is inefficient or ill-informed is a misfit, and such a man, while he may be tolerated, cannot and will not go very far in his chosen work, whatever that may be.

The title business is no exception. In order to keep pace with the modern spirit, the modern way of doing things, the title business, during the last two decades, has had to make many progressive changes. New and better methods of presenting title evidence have been devised, and the complexity of present-day law and present-day business has placed a heavy responsibility upon the title companies.

* * * * * *

The better the problems and mechanism of the title business are understood by the real estate man and his client, the easier it will be for the title companies to render satisfactory service. I venture to state that most of the complaints which are received today are due to misunderstandings—to failure on the part of the client to appreciate the intricate steps which are involved in making the title search after the order has been placed. When the work of the title companies is more thoroughly appreciated by the public, much of the present misunderstanding will be eliminated, and the complaint that we are robbers when we charge a fair price, for work done and for liability assumed, will be heard far less frequently.

actually put into effect while I was executive head of the association. To Mr. Farmer, however, who for months concentrated upon preparing and writing this course, credit is chiefly due.

It is my belief, that in California, we have laid the foundation for a widespread educational program covering all phases of the title business. In our leading universities in California, courses are now given on real estate, finance and allied subjects, and there is no reason why universities should not organize classes covering the subject with which we are chiefly concerned. In fact, the universities have shown a disposition to do this, but, until Mr. Farmer concluded his course, there seemed to be no adequate way of approaching the subject.

The way for presenting the course through the universities has now been opened, and it is my belief that within the near future the University of California, the University of Southern California, and some of our other leading educational institutions will add to their curricula, courses which will train and equip students to enter the title business.

This is what we have accomplished in California. It is my earnest desire and the desire of many of my associates that an educational course of this character—adapted to conditions in the various states—be made available throughout the country. The American Title Association is the logical agency to carry on this work. The groundwork has been laid by the California Land Title Association and this Association—its officers and members—stand ready to extend to the national association any assistance which it can give to bring about a comprehensive nation-wide course of education covering the title business.

I wish to repeat that this is one of the most effective means at our command of completely obtaining the public confidence. The better the problems and mechanism of the title business are understood by the real estate man and his client, the easier it will be for the title companies to render satisfactory service. I venture to state that most of the complaints which are received today are due to misunderstandings—to failure on the part of the client to appreciate the intricate steps which are involved in making the title search after the order has been placed. When the work of the title companies is more thoroughly appreciated by the public, much of the present misunderstanding will be eliminated, and the complaint that we are robbers when we charge a fair price, for work done and for liability assumed, will be heard far less frequently.

For nearly a year we have been carrying on our educational program in California. The results exceed our first expectations. Therefore, I am sincerely convinced that the American Title Association can perform a great public service by sponsoring a nation-wide educational program along this line.

The training of young men and women, better to serve the public, their company, and themselves in their chosen line is, I believe, not only good business judgment on our part, but a real obligation to our employes, to our business, and to the communities which we serve. "No man liveth unto himself," and it is incumbent upon us to share our experience, to encourage the younger generation, and to provide them with every facility to improve themselves and to go further in the business than we have gone. In California we have made an effort in this direction and it is my earnest hope that the national association will take up this work and extend it to every state in the Union.

Our educational program has an even broader field of usefulness than that of properly educating the employees of the title companies. This is a point which should not be overlooked. In the not very distant past, it was common practice for business enterprises to conceal from the public, as much as possible, their methods of operation. This situation has been completely reversed and the modern trend is now toward taking the public completely into confidence. The title business has nothing to conceal from the public. There is no mystery about our work or our methods of operation and there is no reason why we should make the title business a mystery. The more the public knows about our affairs, the more it knows about the niche we occupy in the economic life of the community—the better will our own interests and the public interests be served. Actuated by this belief, the California Land Title Association, therefore, has made its text book available to the general public of California.

The association, particularly, has called attention of real estate men, attorneys and others who are constantly in contact with title companies, to the text book. It is our belief that if the real estate men, attorneys, bankers, and others who are constantly transacting business with the title companies are familiar with the functions and workings of our business, we will have just that many more friends, and the more cooperation we will obtain from them.

I have brought along ten of these books with the idea of having you look over them and if you think you can use them we would be glad to receive your order to supply you with such a number as you may want, at $2 each.

I want to say that when we first produced this book we thought we would present them to each of our employees and start our classes, but it was after much discussion that we determined to sell the book to the employees, so every book we have had this year has been sold to somebody at $2 per.

I have demonstrated to my own satisfaction that giving a book to anybody doesn't do him any good. I want to say I sent one of the books to our President, with my compliments, and asked him to say what he thought about it in using it in other states. I received a very courteous letter from him. I sent one to our Secretary and he did the same thing. I also sent one to Jim Woodford and Worrall Wilson and they did the same thing.

These boys and girls to whom we sold these books in our state are studying them. We have not only these classes of boys and girls, but we have five classes of 250 Realtors in one county. In several of the other counties they have also been brought into classes, not with the students, because that would be of disadvantage to the public.

I would be glad to have you look those books over while you are here and see if they are of any benefit to you; at least, they may serve as a guide.

CHAIRMAN LINDOW: We have talked at many meetings about by-products to the title insurance business. I have heard three or four individuals, since I have been here, make the following statement, that if business doesn't improve shortly they are going out and sell peanuts or something, other than stay in the title business. I believe that we will all have to get into some side lines—if you want to call them that—or have some by-products so that when we strike a dormant situation, which has struck almost the whole country now, we will at least be able to live. We all know that our overhead is relatively the same during today's business as it was back in the boom periods.

For that reason I am very much interested, and I imagine the membership at large is, in the subject of a guaranteed mortgage business. We are to be favored with a paper or an address on this subject by Mr. William Byrnes of Philadelphia.

A Guaranteed Mortgage Business

By WILLIAM C. BYRNES

Title Officer, Integrity Trust Co., Philadelphia, Pa.

The business of guaranteeing Principal and Interest of Mortgages, secured by real estate is one about which there is volumes to be spoken, and considering the limited time allowed, we cannot hope to cover other than the high spots.

The functions of the company organized for the purpose of guaranteeing mortgages are the investment of its fund in mortgages; the re-sale of the said securities, accompanied by its certificate guaranteeing the payment of the principal and interest of the same, the procuring of funds for investment in mortgage securities; the issuance of certificates guaranteeing the principal and interest of mortgages, the placing, buying and selling of mortgages, etc.

The income of such a company is obtained by the fees collected for the issuance of its certificates of guarantee, the collection of commissions for the buying and selling of Mortgages.

The dwelling-house owned and occupied by the owner is the ideal security for mortgage loans, but, unfortunately, this class of security is not available at all times, and it becomes necessary to consider other real estate security, such as commercial buildings, loft buildings, apartment houses, amusement places, garages, office buildings, halls, service stations, recreation centres, churches, etc.

It is well to keep in mind the fact that while a great number of parcels of real estate offered as security for loans are looked upon as undesirable, in a great many instances, we will be compelled to consider the same, due to the fact the person submitting them has presented numbers of good investments, and will demand some consideration by reason thereof.

The premium charged for the guarantee is nominal as respects the dwelling-house mortgage, but varies as respects any other class of security, except in such instances as the acceptance of mortgages on a row of dwelling houses composing a development, in which case there would be charged an additional premium, but regarding all other risks the charge is governed by the conditions.

There might be a tendency at times for the committee, charged with the duty of purchasing these mortgage investments, to be swayed to some extent by the additional income to be produced by reason of a high rate of premiums for the guarantee, and for this reason, it is imperative that the committee so charged be composed of sound, conservative business men, for there can be no doubt that if the additional premium is being paid, there is some good reason for the payment thereof, the mortgage possibly being secured upon a specialty building, being of an unsaleable nature, or being placed by the owner of the property in order to induce the purchase of the premises by a prospective purchaser, all these and many other conditions must be considered when the additional tariff is being paid, and while the property offered as security for the loan may be entirely ample, and all other conditions favorable to the minds of the Committee, a willingness on the part of the borrower to pay this additional premium, would call for special consideration.

WILLIAM C. BYRNES

The guarantee which the company issues certifies that, in consideration of the premium and terms of guarantee named therein, the company guarantees to the person or persons, corporation or corporations therein named and whose address is stated therein, and all assignees of the guarantee, approved by the company,—FIRST: Payment of interest at the rate therein named from the date therein specified on the principal amount of the bond and mortgage described in Schedule "A," within five days after each installment of interest therein provided for has become due, and designating the date of the payment of the first interest.

SECOND: Payment of the principal of said bond and mortgage and of every installment thereof, as soon as collected, but in no event later than eighteen months after the same shall have become due, or if, with the written consent of the company, payment be not demanded when due, then within eighteen months after it shall have been demanded in writing by the insured, with regular payment, meantime, of interest at the rate guaranteed.

By the acceptance of this guarantee by the insured, the company is made irrevocably the agent of the insured until all obligations under and out of the said bonds and mortgages are paid, with the exclusive right, but at its own expense, to sue for and receive the proceeds of any policy of title or fire insurance covering the mortgaged premises in favor of the insured, and also to collect and receive the principal and interest as they respectively fall due on the bond and mortgage guaranteed.

All interest which shall be collected by the company in excess of the guaranteed interest payments, the company is authorized to retain as its premium for the guarantee.

SCHEDULE "A" of the guarantee certificate certifies as to the name of the maker of the bond, to whom executed, and that it is marked for identification with the number of the guarantee, and the signature of one of the officers of the company, the amount of the principal, the date on which the principal will be due, the rate of interest, the dates of the interest periods; that the Mortgage given to secure said bond is similarly identified, bears even date therewith, and the place of record.

THAT the company holds as collateral to said bond and mortgage, fire insurance in the sum named covering the real estate described in the mortgage, and a description of the property described therein.

Under the conditions of the guarantee, the company is bound: To conduct, without expense to the insured, all actions or proceedings that it may deem necessary to enforce the performance of any and all conditions contained in said bond and mortgage.

TO keep the mortgaged premises adequately and properly insured against fire by policies of fire insurance, to have proper mortgagees clause attached; and to require the owner to pay all fire insurance premiums, taxes, assessments and water rents which are required to be paid by the terms of the mortgage.

TO consent in writing to the assignment of the guarantee, subject to the

terms thereof, to any subsequent owner and holder of the bond and mortgage, who shall give the company prompt notice and proof of ownership, and properly record the assignment thereof. Unless such notice and proof be given and written consent to assignment be endorsed thereon, no subsequent owner shall be entitled to the benefit of the guarantee.

TO continue the guarantee in full force and effect during any extension of the original period, and until the entire principal sum, with interest thereon to the date of payment at the guaranteed rate, shall be paid to insured, provided that no extension of the time of payment of principal shall be made without the written consent of the company, and it may at its option elect to collect the same when due or at the termination of any extension agreed upon.

The company's liability shall be reduced by the amount of any depreciation in the mortgage security caused by explosion, riot, war, tornado, earthquake, or act of any public authority.

The insured named in the certificate is bound: TO refrain from collecting, demanding or extending any part of the principal secured by the said bond and mortgage, except through the company, and to permit the company to collect all interest and the principal secured by said bond and mortgage in consideration of its obligation to pay interest and principal according to the terms thereof.

TO notify the company promptly in writing of any assignment of said bond and mortgage (which must be accepted in writing, subject to the terms of the guarantee); of any action or proceeding of which the insured has knowledge affecting said bond and mortgage and of any rights or claims thereunder.

TO allow the company, in the name of the insured, to exercise any rights or option secured to the insured by the said bond and mortgage, and, without further action on the part of the insured, the company is authorized to enforce payment in the name of the insured from time to time any sums which may be or become due under said bond and mortgage, or under any policy of title or fire insurance issued on the premises covered by said mortgage; and the insured is bound, on request of the company, to produce and deposit with it for that purpose the bond and mortgage and all collateral securities held therewith, and to render such reasonable assistance to that end as the company may require, but not to incur any expense in so doing.

All counsel fees, costs and other sums collected by the company in excess of the principal and guaranteed interest are to be retained by it.

The insured shall forward to the company within a reasonable time after the receipt thereof, any notices relating to any policy of fire insurance and any other notice affecting the mortgaged premises.

J. M. DALL
Executive Committee

TO assign said bond and mortgage to the company, if requested so to do, upon receipt from it of the full amount due by it to the insured under its policy; TO pay all taxes imposed on said bond.

All notices required or given under the guarantee, by the insured to the company, or by the company to the insured, shall be in writing, and may be sent by mail. The address of the insured, to which such notices shall be sent, shall be deemed to be the address indicated on the first page of the guarantee, or any new address which the insured may give the company by notice in writing.

Notices from the insured to the company shall be sent to its offices as designated on the certificate, and all payments by the company of principal and interest shall be made at said place.

In addition to the outright sales of mortgages, there is issued Participation Certificates, which guarantee that the participant whose name appears on the face of said certificates has paid to the company issuing the same a certain sum, in consideration of which the company does assign, transfer and set over unto the said participant an undivided share to the extent of the sum therein named in and to the principal sum secured by the bond and mortgage described in the certificate, and at a rate of interest guaranteed therein. The company further certifies and declares that it holds the particular mortgage or mortgages named in the certificate, together with any guarantees of payment, insurance policies and other evidences of title and instruments relating thereto, IN TRUST for the benefit of the participant named therein, and all other participants in said bond and mortgage, and that the share or interest represented by the certificate is not subordinate to any other share in said bond and mortgage, and is not subject to any prior interest therein; and that the certificate is one of a series, all of like tenor, issued or to be issued for various sums to a total amount not to exceed the principal amount of the said bond and mortgage.

The company further guarantees to the participant, payment of interest at the rate named in the certificate, upon the principal sum guaranteed, from the interest payment date next preceding the day of the date of the certificate, within five days after each installment of interest payable under the terms of the bond and mortgage shall have become due, until the principal sum guaranteed shall be payable to the participant, and he shall have been notified thereof as therein provided, without deduction from said interest or diminution thereof, by reason of personal property tax, or tax on corporate loans or any other tax.

The certificate further guarantees payment of the principal sum named therein and secured by the bond and mortgage named therein, as soon as collected, or in any event within eighteen months after payment of the principal of said bond and mortgage shall have become due under the terms thereof.

The guarantee is subject to certain conditions and agreements, which are binding upon the parties thereto by virtue of the delivery of the certificate and its acceptance by the participant, to wit: Participant appoints the company irrevocably the agent of the participant, with exclusive right in its own name, or, if desired, in the name of said participant and of other participants, but without expense to the participant, to collect, sue for and receive, by foreclosure proceedings or otherwise, the principal and interest of the said bond and mortgage, whenever the same shall become due for any cause; to satisfy and discharge the said mortgage, upon receiving full payment thereof; to collect, sue for and receive and settle or compromise the fire and title insurance in case of loss, and to exercise every right, option or privilege contained or given by the holder in and by the said Bond and Mortgage, and any other securities connected therewith.

The company is bound to institute and conduct as and when it may deem expedient, but without expense to the participant, such proceeding as may be necessary to enforce payment of the said bond and mortgage, and for the fulfillment of the several covenants and agreements contained therein; to

keep the title to the mortgaged premises insured to the amount of the certificate during the life thereof; to keep the mortgaged premises adequately insured against fire, and to require the owner thereof to pay all such taxes, assessments and water rents, and all such fire insurance premiums as by the terms of the mortgage are required to be paid.

The company shall immediately give to the participant written notice when the principal of the certificate is payable, and the participant shall thereupon surrender the certificate to the company for payment. All notices to be given by the company to the participant shall be deemed to have been given if deposited in the United States mail in an envelope properly stamped and addressed to the participant at the address stated in the certificate, or at such other address as may be left with the company in writing, signed by the said participant.

Any excess of interest collected by the company on such bond and mortgage above the amount guaranteed by the company as provided in the certificate shall belong to the company, which shall likewise have the right to retain out of the proceeds of collection of said bond and mortgage so much as may remain after paying whatever of the principal and interest may be due to the participant under the terms of the certificate.

The participant shall not have the right to the possession of any of the securities or to have the same marked or identified or endorsed otherwise than as provided in said certificate, and shall refrain from giving notice to any of the obligators under any of the securities, and from collecting, demanding or extending any part of the principal or interest thereof.

The company shall have the right to issue certificates and guarantees similar in tenor with the certificate, and to the extent of the full amount of the principal of the said bond and mortgage, and may from time to time be the holder or pledgee of similar certificates for its own account.

The certificate may be assigned by endorsement thereon, but such assignment shall be valid and effective only after the same shall be registered on the books of the company, and the word "Participant" as used shall be taken to mean the original participant or such subsequent assignee as may be the registered holder thereof. All assignees thereof shall be bound by the conditions herein contained.

All payments of interest and principal guaranteed shall be made at the office of the company.

There is another form of Participation Certificate issued, unlike the one just referred to, in that the holder thereof, instead of having an interest in a specific mortgage, is guaranteed his principal and interest by a number of bonds and mortgages which are pooled, and against which the Participation Certificates are issued, and the company is privileged to substitute at its discretion various mortgages, to the end that the securities which are pooled and against which certificates are issued, may be kept at a given amount of principal.

The mortgages which are pooled, and against which Participation Certificates are issued must be trusteed for the purpose, and a nominal charge is made by the trustee for the service rendered.

As to the capital structure of a company organized for the purpose of guaranteeing the principal and interest of mortgages, this would seem to be dependent on the conditions in the localities in which the company operates. To be over-capitalized in one locality would be quite as undesirable as having an insufficient capital in another, but it would seem that a paid-in capital of one million dollars would meet the general requirements, as this amount would allow the company to do a good volume of business annually, and be conducive to having guarantees of the company accepted by the general investor, the life insurance companies (who must be reckoned with) and fiduciaries, etc.

PAUL D. JONES
Executive Committee

Quite as important as the capital structure of such a company, is the necessity of having an organization of men of high calibre, wide business experience, of sterling character, and men well known in the business field in which the business is to be operated.

Numbered with the Board of Directors should be a sufficient number of men to form a committee to pass on the loans made by the company, or guaranteed by it, with a thorough knowledge of land values and construction costs. While the recommendations of the said committee will be based to a degree on the valuation of the appraisers appointed to view the premises, it is imperative that this knowledge be had.

The appraisers should be men of wide experience and have a thorough knowledge of real estate values, the value per foot front or square foot of land, the cost of construction of the buildings occupying the land; the replacement value thereof, the rate of depreciation, the general character of the neighborhood in which the property is located; should have the necessary knowledge to visualize appreciation or depreciation of the property and the surrounding properties, during the term for which the loan is to be granted; should have knowledge of the value of the land by reason of its location at the intersection of two streets, and as to possible increased value of lots in proximity to an intersection, in contrast to lots in middle of a block (commonly known as corner influence).

Appraisers should have the necessary knowledge to value the land at a fair amount by reason of greater area as compared to other lots adjoining, (with greater width and depth) and to take cognizance of the fact that the owner thereof is also the owner of adjoining ground, which by reason of the combination of the various parcels, would make same more readily salable; have knowledge as to whether the neighborhood is developing into a business section, which would make for an increase in the value of the land, or whether there is coming therein an undesirable element which would force a depreciation; whether there is a slaughter-house, garage, apartment-house or what-not, which would tend to depreciate values, or a public park being laid out or improvements in the neighborhood which would be deemed a decided advantage thereto. All these things and numerous others must be considered to properly appraise the property.

The appraiser must also have a thorough knowledge of rental values, as the income therefrom has a bearing on values, and while there are various tables which have been worked out as a basis for appraisements, it is not always safe to be guided by same. The theory that a dwelling-house may be valued at ten times the annual rental, the apartment house seven and one-half times the annual rental, the garage at one thousand dollars per car of area, is good theoretically, but seldom works out in practice.

In addition to the importance of having the appraisers value the property at an amount which will make the company perfectly safe, it is imperative that the values placed be consistent, as the company, in addition to

being safe in the investments accepted, must be fair to the applicant and thus avoid unfavorable criticism.

As to the advance of funds for construction loans, this is a branch of the business that is hazardous, and must be placed in the hands of persons with a thorough knowledge of construction costs, material and labor costs. These persons should know the value of the property after completion of the contemplated building construction, not overlooking the additional value to be placed on the land by reason of the presence of the building thereon; the use to which the building is adapted; the other use or uses to which the same might be adaptable, the costs which might be allowed to be considered as proper in the scheduled cost of construction, such as financing charges, architects' fees, etc.

It is essential that a thorough knowledge be had of contracts, builders agreements, indemnity bonds, completion bonds, performance bonds, and of the time and place for the filing thereof.

There must be set up an accounting system for each construction project, and accurate accounts kept. The general operation funds must be subdivided in order that the amounts due for the various branches of the work and the material and labor used therein may be properly distributed, and that the general contractor receive only such sums due for such labor and material as are actually furnished on the operation.

These payments of funds must necessarily depend on the reports of a capable inspector, who must be a high type man, with a thorough knowledge of construction work, and one whose character is beyond question, as it must be realized that should there be collusion between the inspector and the contractors, the company advancing the funds would suffer materially.

This is a very profitable branch of the business, properly managed, but it must be said that the possibility of disaster is ever present.

In the distribution of the funds, it is the general practise for the company to make payments only to the extent of eighty per cent of the amount due for labor or material actually in the job, until such time as the contractor or sub-contractor, as the case may be, has fully completed his branch of the work and signed a release of liens. The withholding of the twenty per cent of the amount due tends to keep the contractor interested in the job, and if it develops that the contractor has bid too low and there will be no profit for him on completion, it is unlikely that he will decline to complete and thus suffer a further loss.

In the operation of the company, it will be necessary that an accounting department be established, which should be in charge of a first class accountant, this being a very important part of the organization.

The company also needs the services of a conveyancer, experienced not only in the preparation of deeds, mortgages, agreements, assignments, releases and all legal documents which might need his approval, but also experienced in matters of title insurance, as he will from time to time be called upon to act for his company in passing on questions that might arise on the settlement certificates of the title insurance companies to whom applications have been made for the insurance of titles to the premises offered as security for mortgage loans, and deciding as to whether the objections may or may not be certified on the policy of title insurance which is to accompany the mortgage, as without this knowledge, the title insurance company might be authorized to certify objections, which would make the policy unacceptable to the purchaser of the mortgage insured thereunder, in the event of a sale thereof by the company.

The company must also have the services of a first class fire insurance man, one who has knowledge of the various forms of policies, the various clauses and riders attached thereto, and the standing of the companies, as it is essential that only those policies issued by companies which are the best and strongest financially be accepted and risks properly covered.

A competent settlement clerk will be another requirement of the company. In order that the company may function properly there should be a sales department, for the mortgages taken must be disposed of, and the person selected for this position must be one of good address, of good appearance, with a good personality, and a convincing talker, as, generally speaking, a mortgage is not an easy investment to sell.

Another essential is the inspection department, for it goes without saying that it is necessary from time to time to make inspections of the various properties upon which the mortgages of the company are placed, or which are guaranteed, in order that the company may keep itself informed as to conditions, whether the properties are being kept in good repair or the neighborhood is degenerating; whether there has been a change of occupancy, and whether or not such change of occupancy has worked to the disadvantage of the company, or such change has created a condition which might invalidate the fire insurance accompanying the mortgage.

Previous to the expiration of the term for which the mortgage principal and interest is guaranteed, it will, of course, be necessary that a re-examination and appraisement of the premises be made to determine the advisability of continuing the guarantee, as it is desirable that, all conditions being favorable, the guarantee be continued and the income of the company be increased.

Another department for consideration is the collection department, charged with collection of interest and installments of principal, and the remittance thereof to the holders of the various mortgages, assignees of the company.

In conjunction with this department also, the matter of looking after the payment of taxes, water rents, sewer rents, and other municipal charges will have to be taken care of. In order that the possibility of municipal improvements being made, unknown to the mortgagee, the inspection department should also function, checking up at various times to determine whether there has been installed any improvement by the municipality that would be assessable against the property in order that payment of such claim be demanded by the mortgagee, and the lien of the mortgage not be jeopardized.

The facts stated would indicate the requirement of a large organization to properly conduct the business; but while the company is in its infancy, there could be a combination of the duties of one or more of the departments under one head. Growth, however, would require the establishment of various departments under experienced departmental heads in order to function properly.

There can be no doubt that a wide-awake organization with a will to give one hundred per cent service to its company, its establishment in a growing locality, the conservative management thereof, and a continual turnover of its capital could do other than succeed.

I have heard it said that losses are next to impossible in the mortgage guarantee business, with the title to the mortgage insured, buildings covered by fire insurance, and the mortgage granted on a safe basis, and while we must use every precaution, there is still the possibility of failure of the title (remote as it may be); that in the event of failure thereof and claim being made against the insuring company for damages incident thereto, of the company not being financially in a position to pay the loss, of a disastrous conflagration, wiping out the assets of the company carrying the insurance risk, or of the building occupying the lot covered by the mortgage being destroyed by a tornado, or wind-storm, all of which indicate that there is a real liability, improbable though it may be, and this, too, suggests the necessity of a reserve fund.

The company will, despite the use of the greatest care, come into possession by foreclosure or otherwise, of some of the properties as security for which it has accepted mortgages, and which properties will need repairs, etc., the care of which will come under the supervision of this department of inspection.

Having these parcels of real-estate in the company's possession, it is faced

with the need of a sales and rental department, as we must use the greatest possible effort to dispose of same, and failing in this, the properties must be rented and produce an income.

As much as we dislike to think of the possibility of having to take over real estate, this at times becomes a sore reality, and must be faced.

In my home City of Philadelphia, during the years 1923 and 1924, we experienced a boom in real estate such as the city had never seen or hoped to see, and there was a frenzied buying and selling of real estate, and conditions reached a point where no person knew just what the value of his or her property was, as values rose from day to day, and an offer made one day may be doubled and tripled before the end of the week, and the prospective buyer of such property after having entered into such an agreement would find himself in the delightful position where he could immediately resell the same at a profit. In our offices, I have known instances where the original owner of the premises would come to settlement and find that the original agreement for the sale of the premises had been resold as many as four times, and each time at a profit.

On the basis of the values created by this condition, mortgage loans were made, with the result that today, by reason of the fact that we are now passing through a period of depression in the real estate market, the mortgage guarantee companies, trust companies and general investors find themselves in possession of numerous parcels of real estate, the value of which is, to say the least, problematical, to say nothing of those parcels which have been disposed of, in many cases at a loss.

This condition was unusual, and while we always feel when granting a mortgage loan that the same is a perfectly safe investment, conditions beyond the control of the persons charged with recommending same and impossible to visualize, may present themselves during the life of the mortgage, and should all the conditions be met as contained therein, and the mortgagee not placed in a position to demand the repayment of the principal, the said mortgagee must stand by and await the maturity date.

The above conditions are cited merely to bring to your attention that, despite the best judgment used by the appraisers, the possibility of loss is ever present, and the mortgage guarantee company like all other insurance companies is likely to suffer losses.

It was a pleasure for me to accede to the request to prepare a paper for presentation to those gathered here in convention, and I regret that the limited time would not permit of going further into detail. I trust that what was said was at least interesting or enlightening, as with this accomplished, my efforts will not have been in vain.

CHAIRMAN LINDOW: Being somewhat late with our program, I believe we will proceed to the next subject. Again we go to California, "Insuring Unusual Risks," by Mr. Stuart O'Melveny.

Problems Presented by Unusual and Exceptional Cases

STUART O'MELVENY

Executive Vice President Title Insurance & Trust Co., Los Angeles, Calif.

It may be fairly stated that today title insurance bristles with new requirements. Its evolution was simple and natural at first, but with the constantly multiplied demands of business, title insurance companies soon found themselves embarked in widely diversified fields. Every departure from original standards has been manifested by such increased demands as to make it difficult to summarize this progress adequately. Unusual insurance of one year thus becomes the standard policy of the next. Likewise unusual insurance in one state or place is considered usual in another. This paper is limited to that which is considered unusual in my own particular locality and company as I could not hope to cover a wider field.

The steamship Martha Washington, the fastest oil-burning ship ever built, was speeding on its way towards the port of Los Angeles, at San Pedro. The General Oil Company of California was waiting for that ship to load a cargo of gasoline for shipment to New York. The ownership of the boat was still retained by the builders, but the agreement between the latter and the General Oil Company provided that delivery should be made at the port of Los Angeles after its maiden voyage from the eastern ship building plant.

The General Oil Company of California is thoroughly familiar with the protection afforded by title insurance. It procured title insurance on the land occupied by its head office, that being evidenced by the usual form of owner's title insurance policy in use in California. It also obtained mechanic's lien insurance protecting the mortgagee or beneficiary under its general encumbrances against priority of any mechanic's liens based upon claims arising out of the construction of the building housing its general offices. It had also previously obtained insurance against the consequences of any violation of conditions or restrictions upon that property and special insurance against deficiencies or variations in the area or boundaries of the land as shown on the recorded map. It was not deeply interested in land shortages of a few inches in ranch property where its wild-cat wells or its producing fields were located, but on its office building where the land is valued at $10,000.00 a front foot, it was vitally interested in any shortage or variation and insisted upon insurance covering that and other similar matters not discernible from the records.

The oil company had adopted the business practice of procuring leasehold policies insuring the validity of oil leases to which it was a party, such policies also covering ownership of the ground subject to such lease, as well as policies on easements for pipe lines conveying oil to its refinery. For the same reason it had obtained a policy on its refinery site at the harbor and a policy covering its rights in the tide lands adjoining. So why not a policy on the ship?

The order for the policy on the Martha Washington presented new and unusual problems. Laws of real property certainly did not apply. Laws of personal property in California were of doubtful effect. The ship wasn't in California. The laws of admiralty, of course, applied and were but little known to the title searcher or examiner. Evidently the records and files of the Federal department having charge of the registration of ships must be examined. Could a newly constructed ship, built in a ship-building plant on the Atlantic seaboard and speeding on its way on the high seas be subject to liens for labor or material and, if so, in what jurisdiction? Could such a boat be mort-

gaged, encumbered or hypothecated? Was the title of the builder in condition to be conveyed to the oil company? These were the matters and questions which the oil company wished settled by this most unusual policy of title insurance.

The procedure followed, after consultation with the company's attorneys, included many features not encountered in the usual title examination. Indices to the law, equity and admiralty cases of the United States District Court at Los Angeles were run for libel and attachment proceedings or actions of any kind pending against the oil tanker. It was necessary to run the defendant side of these indices under every letter of the alphabet as these cases are not always indexed under the name of the vessel. Many cases are indexed under such designation as John Doe vs. a boat, John Doe vs. one vessel, John Doe vs. steamship, John Doe vs. oil tanker, John Doe vs. motor ship, etc. Both the Federal records and the county records were run for matters involving the ship owners.

Several trips were made to San Pedro to examine the records in the office of the Collector of Customs at the port of Los Angeles, the present home port of the steamship. Here a complete record of every ship is filed showing when, where, for whom and by whom it was built. Every bill of sale or other instrument of transfer, mortgage, lien or encumbrance affecting a ship must be filed with the Collector of Customs at its home port. These instruments are indexed and recorder in books similar to those in the office of the County Recorder.

If any proceeding is commenced against a vessel in any port, except its home port, a satisfactory bond must be filed at such port before the vessel is permitted to leave. It was therefore necessary for the Company to know that the steamship involved in this transaction actually was in port at Los Angeles harbor in order to ascertain that it was not detained at some other port on account of pending litigation.

Upon the arrival of the boat at the harbor of Los Angeles a report of the result of these varied examinations was submitted to the interested parties. The transfer of ownership was then effected by execution and filing of the required papers in the office of the local Collector of Customs, after which an owner's policy of title insurance, which it may fairly be assumed differed in form from any other title policy ever written, was issued. The facts above recited would appear beyond question to place this particular transaction in the list of unusual cases.

Restrictions regulating the use and occupancy of real property, the cost and character of buildings to be erected thereon, and the location of such buildings in relation to the exterior lines of the property are in general use in California and are found in practically all of the newer subdivisions. These restrictions are imposed upon the property for a period of from ten to fifty years and very often are made not only for the benefit of the original tract owner, but for the common benefit of other lot owners in the tract, either those within a defined limited area or every owner in the entire subdivision. Adherence to the general plan of tract restrictions is, therefore, demanded by the tract owner and by these other lot owners in the same tract who have the legal right to commence an action for reversion of title or for injunctive relief in the event of a violation. Imposition of a restriction upon conditions which provide for forfeiture of title in the event of failure to comply with its requirements creates a reversionary interest in the property so charged in favor of the grantor. Such a right is an interest in real property which may be transferred or encumbered, is subject to judgments and other similar liens and passes by testamentary disposition or the statute of descent the same as other classes of real property.

It may be fairly stated that today title insurance bristles with new requirements. Its evolution was simple and natural at first, but with the constantly multiplied demands of business, title insurance companies soon found themselves embarked in widely diversified fields. Every departure from original standards has been manifested by such increased demands as to make it difficult to summarize this progress adequately. Unusual insurance of one year thus becomes the standard policy of the next. Likewise unusual insura ce in one state or place is considered usual in another.

One of the consequences, if not a direct result, of the rapid growth of Los Angeles and vicinity is that many of the restrictions placed upon land even as recently as five or ten years ago are no longer reasonably applicable, the character of buildings and improvements in the locality or on the adjoining tracts having materially changed with the result that residence property frequently becomes better adapted for use as residential income property, residential income for business, or business property for industries.

Violations of restrictions occur frequently and the title insurance company is called upon to issue several kinds of unusual policies to protect against the possible consequences of these violations. One of these is a special form showing from whom it is necessary to obtain waivers, quitclaim deeds or releases in order to modify or eliminate the original restrictions. This requires a search from the date of the subdivision, examination of the instrument or instruments creating the restrictions and of instruments evidencing ownership of, or liens or charges upon, such reversionary rights, or rights of enforcement, held by owners of other property in the same tract, to determine the names of all parties necessary to join in the instrument whereby such modification or elimination is effected.

Another kind of policy written in connection with restrictions is a special form showing the names of the necessary parties to execute an agreement subordinating the right and interest of the holders of such reversionary or other enforcible rights to the rights of mortgagees or beneficiaries under mortgages or deeds of trust securing loans upon the property.

Tract restrictions frequently include a provision that the rights of the owner or holder of a loan upon the property secured by mortgage or deed of trust, if such loan was made in good faith and for value, are not affected or impaired by a violation of the covenants or conditions. Manifestly this provision furnishes no protection in a case where the usual ground inspection of the property preliminary to a loan discloses a present violation as the prospective lender would then have actual knowledge of the facts. Under such circumstances the procedure usually followed is to obtain and record an instrument of subrogation executed by all necessary parties, by the terms of which any right then existing to enforce forfeiture of title to the property is specifically subordinated to the lien of the mortgage or deed of trust about to be placed on the property.

If the inspection preliminary to the loan discloses no existing violation, then the loan may safely be insured insofar as these restrictive provisions are concerned as the "good faith" clause applies directly. A different situation is presented, however, if no good faith clause is incorporated even if no violation exists at the time the loan is completed and the papers filed. A subsequent failure to observe the tract restrictions insofar as they apply to that property would render title thereto subject to forfeiture or such other rights and limitations as were provided by the restrictive plan and all of these rights would be superior to the lien of the mortgage or deed of trust.

Another type of insurance involving restrictions on the use of real property is the special form written by California title insurance companies, by the terms of which mortgagees and beneficiaries are protected against the effect of actual violation of restrictions. Tract restrictions frequently provide that the residence constructed on the property must be set back a certain distance, for example—thirty feet from the front lot line. Inspection of the premises will show that the dwelling is in fact situated only twenty-nine feet from the front line. Technically this is a violation of the restrictions and subjects the particular

lot to the penalties provided in such event. However, inspection of the adjoining properties shows that not only is the building on this lot nearer the front line than the restrictions provide but that residences on other lots in the same block have likewise been built too close to the front line. If this condition has existed for a considerable period of time, it acts somewhat in the nature of an estoppel against the right which otherwise would exist to enforce literal compliance with the subdivision requirements. Investigation sometimes discloses the fact that the original holder of the reversionary rights is no longer vitally interested, having conveyed all lots in the tract. If the violation is general, other lot owners are practically barred, after a reasonable lapse of time, from any attempt at strict enforcement.

This form of coverage is usually written for mortgagees or beneficiaries but only rarely for owners. It is incorporated in the policy in the form of an endorsement or rider and is issued only in cases where (a) the violation is of a minor nature and does not substantially affect the general plan designed for the entire subdivision; or (b) there has been a practical disregard of and failure to comply with the requirements of the restrictions; or (c) it is apparent that no effort is being made to compel observance of the plan of restrictions and that this condition of affairs has existed for a considerable period.

Insurance against variations in location of property lines or deficiency in area is seldom written, but is occasionally requested, particularly in the case of down-town properties. Such insurance is only written after an independent survey, by a surveyor approved by the issuing company, of the property and the adjoining area to such extent as may be considered necessary, and a check of that survey by the engineers of the company.

Issuance of leasehold policies involves consideration of a number of questions presented by a study of the provisions of the particular lease under examination which are not encountered in a search covering the fee title only. Leasehold policies ordinarily cover either a long time commercial lease or a lease of oil or mineral rights. Use of these forms of title protection is rapidly increasing. The general topic of title insurance for oil and mineral leaseholds is to be the subject of another paper before the Association.

Dedication policies are issued for the benefit and protection of the municipality or county having jurisdiction at the time a subdivision map of real property is submitted to the legislative body for approval. Such a policy shows the names of all necessary or proper parties to dedicate the streets or other public easements shown on the map. Planning Commissions, City Councils, Boards of Supervisors and City Engineers have found these policies of great value to them.

Proceedings for opening or widening streets, particularly those thoroughfares which are designed to constitute part of a major highway system, often involve large areas, affect valuable properties and raise many perplexing questions as to the sufficiency of prior dedication for street or other public purposes, ownership of fee title to land within the boundaries of existing streets, prior grants of easements and public rights arising or claimed to exist from prescriptive use. In a locality where early surveys are relied upon, it is frequently difficult to determine between apparently conflicting claims and many questions both of law and of fact are necessarily involved. Inasmuch as the law requires all interested parties to be interpled and all interests considered in any legal proceeding for the purpose above outlined, there is a growing custom on the part of the city or county attorney, representing the project, to procure a special form of policy covering ownership, encumbrances, easements and other pertinent matters affecting not only the land over which an easement is to be acquired but also other adjoining parcels which are a factor in the determination of the element of severance damages. The cost of these improvements is usually defrayed by funds realized from sale of bonds. Attorneys for brokers dealing in this class of securities are strongly in favor of procuring this type of policy. In view of the importance of these projects and the unfortunate results of any considerable delay arising from failure to join all necessary parties, such a course would seem to be the part of wisdom. Eventually the information thus made available is frequently of real assistance in determining the regularity of the proceedings and the validity of the bonds without which, of course, the project is liable to be held up for lack of sufficient funds.

It would tax the ability of a veritable prophet to forecast the problems which may be encountered in unusual or exceptional cases that may arise in practically any locality even before the next meeting of this Association. It is the duty and should be the desire of every title insurance company to attempt to solve these problems as presented without prejudice and with fairness to all interests. The ethics of the profession and its established business standards demand and should receive a reasonably conservative but not an unprogressive or unsympathetic attitude toward these constantly recurring matters. May I suggest and recommend that it be the ambition of every title insurance company after carefully analyzing these newer problems and giving due consideration to the risks or liabilities involved in each case, to endeavor to reach such a solution in the disposition of the particular question as will adequately meet the situation presented, protect every legitimate interest and keep in line with the march of progress?

As financing of building projects has run into greater and greater figures, bond issues have become more and more popular. Attorneys representing the underwriters of a bond issue usually see to it that the contract of their client with the issuing company or individual includes the requirement that a bondholder's policy be obtained. Bondholder's policies are written for the protection of the holder or legal owner of the bonds representing the indebtedness evidenced by the particular issue. If requested, the trustee is also insured to the extent of any liability incurred in the performance of his duties in that capacity. In making examination preparatory to issuance of such a policy, it is necessary to consider the powers and status of the executing corporation and the purpose of the issue as well as to examine the title. In the State of California in practically every case a bond issue by a private corporation or an individual must be authorized by a permit issued by the Commissioner of Corporations. This permit definitely sets forth the conditions upon which the bonds therein described may be issued and its every requirement must be strictly complied with to create a valid issue.

Mechanic's lien insurance presents one of the most difficult and hazardous forms of unusual insurance. The laws of the State of California provide that mechanic's and materialmen's liens have priority over mortgages or deeds of trust which are recorded subsequent to the time that construction was started or materials to be used in the construction placed upon the ground. Therefore many lenders, particularly conservative financial companies, make loans of that character only upon obtaining a policy specifically insuring against loss of principal, interest or other sums, payment of which is secured by the encumbrance upon which the policy is issued which the insured shall sustain by reason of any mechanic's lien filed against said land or any action to foreclose the same, which lien and/or action is based upon the allegation or claim that in fact building operations had been commenced and/or building material had been placed upon said land at a date prior in time to recordation of the instrument securing said indebtedness. Coverage against liens substantially in the language used above is effected by endorsement or rider incorporated in the policy.

Title insurance of this nature is written only after careful inspection of the property. These inspections are made for our company by a crew of men equipped with high-speed, light-

weight, low-priced automobiles of a well known make, who devote practically their entire time to the business of carefully inspecting vacant lots for any evidence of building activities and reporting personally or by telephone the results of such inspection to the office. In addition to the inspection, which is made by two persons, a photograph of the land upon which the new structure is to be built taken by a separate detail of two other individuals is ordinarily obtained. Attached to the inspector's written report in any case and to each of the photographs are affidavits signed by two individuals. These are carefully preserved and are of great assistance in case lien claims are afterwards made, particularly if a court action is instituted. Naturally if the inspector's reports or the photographs disclose matters indicating building material recently placed upon the ground or building activities under way, that form of policy is not written.

There are other features connected with this class of insurance which require very careful consideration. In order to give the instrument creating the encumbrance priority over such liens as may afterwards accrue there must be a binding commitment on the part of the lender to complete the loan. Furthermore, it is of the utmost importance that there should be a substantial control over the expenditure of the funds required to complete the structure. Very frequently the amount loaned is not sufficient for that purpose. Such a condition makes it necessary that the owner should furnish the additional funds required and that the entire amount should be available before construction begins. In practical operation, the coverage against mechanic's liens where building loans are involved is extended only to those corporations or individuals which have obtained approval by the title committee of the company of their general plan of operation including appraisal of the land, estimate of the probable cost of the building, adaptability of the proposed improvement to the particular locality, inspection from time to time of the building activities as the work progresses, a financial control accomplished either by requiring the production of receipts showing amounts expended for labor or material on the particular project as a condition precedent to making progress payments or expenditure of the funds under the supervision of a control agent, representing the owner, the lender and the contractor or the requirement that building bonds in sufficient amount be furnished. This form of title evidence is issued solely for the protection of the holder of the first lien. Only in rare instances and under exceptional circumstances is such coverage extended to the holder of a junior encumbrance and practically never to the holder of the fee title. This is true irrespective of whether the protection is furnished by use of the endorsement above mentioned or whether the special loan form which, in addition to the mechanic's lien preferential provisions, furnishes additional protection to the lender against numerous other risks, is issued.

Policies insuring the right to develop and take water from certain land are written, but naturally do not insure the quantity of water which may be so taken or that there is any water underlying the soil. These water right policies are becoming of increasing importance owing to the necessity for water and conflicting claims to the right of development.

The line of ordinary high tide of the Pacific Ocean is constantly shifting, not a great deal, but always with some effect upon the title to the land adjoining. In some cases the natural action of the ocean waves and currents is causing the shore line to recede inland a short distance, in others to extend into the ocean.

On the other hand, construction of breakwaters, groins and wharves has caused a considerable change in the shore line at many places in California. Title to the land formed by accretion is entirely dependent on the method and cause of such formation, whether from natural causes and by imperceptible degrees, or otherwise. The determination of this question is a difficult problem and frequently cannot be definitely ascertained from the record or any available authentic information. Unquestionably construction of the San Pedro breakwater has affected the currents and the action of the waves over a considerable area.

When called upon to issue policies on lands fronting on the ocean where it is evident that there has been a change in the line of ordinary high tide since the time of the original public land survey, particularly where it appears as it does in many localities that there has been accretion, title companies in California usually qualify the evidence of title covering such additional land by incorporating therein a note or exception in substantially the following language:

"As to that portion of the land above described lying below the original line of ordinary high tide of the Pacific Ocean, this policy is issued upon the assumption that such portion was formed by the deposit of alluvium from natural causes and by imperceptible degrees."

A few unfortunate experiences in the expenditure of public funds have convinced the authorities of many California cities not only of the desirability but of the necessity when acquiring easements for storm drains, sewers or other similar uses through lands privately owned, of obtaining title insurance to protect the municipality against defects in title, encumbrances, conditions or covenants which would interfere with and perhaps prevent use for the specific purpose. To meet this demand the city easement form of policy was designed. Such a policy is written with a nominal liability and at a low cost to the city.

It would tax the ability of a veritable prophet to forecast the problems which may be encountered in unusual or exceptional cases that may arise in practically any locality even before the next meeting of this Association. It is the duty and should be the desire of every title insurance company to attempt to solve these problems as presented without prejudice and with fairness to all interests. The ethics of the profession and its established business standards demand and should receive a reasonably conservative but not an unprogressive or unsympathetic attitude toward these constantly recurring matters. May I suggest and recommend that it be the ambition of every title insurance company after carefully analyzing these newer problems and giving due consideration to the risks or liabilities involved in each case, to endeavor to reach such a solution in the disposition of the particular question as will adequately meet the situation presented, protect every legitimate interest and keep in line with the march of progress?

CHAIRMAN LINDOW: The next address, like all of the preceding ones, I know is one of great interest to many of us in the title business. Without consuming any more time, so I may leave our friend, Henry Baldwin, so much additional time, we will hear something about "Regulation by Legislation."

"Regulation by Legislation"

HENRY B. BALDWIN
President, Guaranty Title and Trust Co., Corpus Christi, Texas

I am not up here to attempt to make an address with reference to the much heralded, late forward steps that a number of us in the title insurance business think this state has made.

About three years ago, Mr. R. B. Cousins, Jr., was put in as Chairman of the Board of Insurance Commissioners. After having been in the attorney general's department of this state for several years, he became convinced that title insurance, which at that time was without any regulation whatever in this state, should be regulated. His whole view-point at that time was from the public's standpoint. He didn't have under consideration the rights of the title insurance companies at all, not that he was an unfair man, but he hadn't given that side of the situation any study.

However, after some of us found out that Mr. Cousins was writing a bill to be presented in the coming session of the legislature we asked for conferences with him, and those conferences extended over a period of about eighteen months, and started out with three of us on the committee. Finally every title insurance company in the state, foreign companies that were doing business in the state as well as the local companies, were in these conferences.

A bill was finally prepared and finished a few days before the opening of our last session of the legislature last January that possibly didn't suit the commissioner entirely, and I'm sure did not meet with the entire approval of the ideas of any particular title insurance man in the state, but they felt that it was the best from the standpoint of the protection of the public as well as the protection of the legitimate companies endeavoring to build up their business in this state.

The main features of that bill provided, first, that a deposit had to be made in proportion to the capital of the company. Heretofore there had been no deposits put up by the companies operating under the general law. That requirement was twenty-five per cent of the capital until the deposit reached $100,000. The deposit is in the shape of securities provided for in investment of life insurance funds and is put up with the commissioner to protect the policy holders.

The second provision was that five per cent of our annual premiums should be put up, in addition to this $100,000, until that fund reached an additional $100,000. The law specifically and clearly states that any loss that we may suffer must be paid out of our current earnings and we cannot touch either the deposit on capital requirement or the deposit on the reserve without permission from the commissioner and we would have only a limited time then to replace that or for the Board of Insurance Commissioners to take over our business and liquidate the company by reinsuring with some one else.

I think you will all agree that with those steps having been taken we now can go out to the public and assure them we have something behind our policies in Texas, and I will say to you candidly that it has been necessary for a number of companies to do some refinancing and shape their business up better in order to meet these requirements.

HENRY BALDWIN
Executive Committee

We went a step further. Our bill provides for uniform policies. No policy is to be written except on the uniform forms as provided by the Board of Insurance Commissioners, whether it is an owner's policy or a mortgagee's policy, or any other form the Board in its judgment might see fit to request. In other words, any company writing a policy in this state is writing exactly the same policy with general conditions as of any other company, and no client has to bother about what is in "Schedule B" or the general conditions after his attorneys have studied this policy form once, unless, of course, some changes were made later, and then the policy would be uniform again.

The next step in which many of our friends from other sections tell us we are crazy, was the provision for a uniform rate, rates to be fixed by the Board of Commissioners. That has been done. One of my good friends from the East, in talking to me last night, asked me if we didn't feel we were in serious danger, possibly not with the present Board, wherein a radical change might ruin our business. I think every title man in Texas will answer that question as I answered it—to this effect, that we have had for many years a very efficient Board of Insurance Commissioners in this state. They have endeavored to put all branches of insurance on the proper basis.

Some years ago a law was passed providing for a uniform fire insurance policy and for the rates to be approved by the Board of Insurance Commissioners. We have had no fire insurance companies, either local or foreign, but what have been able to make a fair return, according to their statements, under the superintendence and jurisdiction of the Board, and I am not referring now particularly to the chairman of our commission, who is here with us today. We all feel that with the high class men who have occupied seats in that organization for many years, they will continue to do so and whenever a business proposition is put up to them showing the cost of production and loss ratio, they are going to fix such a rate as will help us to take care of those matters and then allow us a reasonable return on our investment.

Those are the three main points. Of course, in getting down to details quite a few rules had to be promulgated by the Board in order to get this machine running right, and it hasn't all been ironed out yet. We have quite a few problems. However, I think that as a whole it is working very nicely.

Our rate schedule went into effect on the first day of July and our policies went into effect on the first day of August, and while we will have some changes that possibly some of us will present to the Board and ask their consideration, whether we get them changed or not we feel it is working out along the right lines, and we have

no fear but what we have taken a great step forward for the good of title insurance over this entire country.

Copies of this bill have been furnished the representatives of a good many states and I assure you if any one else is interested in it, we will be glad to see that copies of the bill are furnished him.

Now, Mr. Chairman, the crowd is getting tired and I don't want to get into a lot of details on this legislation, but if there is any member here who has any particular question in mind he would like to ask in regard, either to the law or the regulations under it, if I can't answer it, the Chairman of the Board of Commissioners is present, and Mr. Stewart and a number of the others here are much better qualified than I am. If there are any questions any one wishes to ask I would be glad to attempt to answer them.

MR. F. G. HACKMAN (Washington Title Insurance Company, Seattle, Washington): Upon what theory or principle are the rates based?

MR. BALDWIN: Can you tell me upon what theory or principle the rates have been fixed in any other states?

I'll say to you on that when we gathered all the information we could from every state organization, from the executive Secretary's office, and from the data studied,—our good friend, Henley, had studied the matter for years and the data he had gathered was of great value to the Board of Insurance Commissioners—it was all presented to them. Every rate schedule we could procure, every bit of information we could get from any state in the Union was compiled, and a brief of considerable size was submitted.

We don't know whether we have the right rate or not, because there had been no law requiring the title insurance companies in this state to keep a definite record as to their cost of production and their losses, but we simply put all those facts before the Board in the best way we could, with the past rate schedules we used, and attempted to give them all the information we could, and as it is now we have a rate that is merely a trial matter. In two years, possibly, after the commissioner gets the kind of report that we all have to file with him and sees what money we have taken in, whether we have made any money or lost money, he can tell whether the rate is right, too high, or too low, but until then it is a guess proposition.

MR. L. E. MULLEN (Contra Costa Title Company, Martinez, California): Do you make any personal inspection of the parties? How do you cover risks of possession?

MR. BALDWIN: Some are doing that and some are not, but I believe the majority are making personal inspections.

MR. MULLEN: That is the biggest hazard in any title policy.

MR. S. H. McKEE (Title Guaranty Company, Pittsburgh, Pennsylvania): What are the rates that were fixed by the state?

MR. BALDWIN: The minimum rate is $25 and continues one per cent up to $5000; three-fourths of one per cent from $5,000 to $10,000; one-half of one per cent from $10,000 up to $50,000; and one-fourth of one per cent from $50,000 up.

CHAIRMAN LINDOW: Are there any more questions to be asked? Let's have them.

MR. S. S. BOOTH (Washington Title Insurance Company, Seattle, Washington): This is not exactly a question although I found out that by asking questions we got a pretty good speech out of Mr. Baldwin.

You have the original deposit of $100,000, that is, it is kept going until it reaches $100,000. That $100,000 has to be kept intact after you reach it?

MR. BALDWIN: Yes to the first two, and no to the last question. You would have to go out of business.

MR. BOOTH: Do you pay losses out of that five per cent reserve?

MR. BALDWIN: No, you have to keep that intact.

MR. BOOTH: There is no legal requirement for funds out of which you pay losses. I want to give you this experience we had in Washington. We had to have the large deposit of $200,000. We found we had to have a reserve in addition to that out of which we had to pay losses. If we paid them out of that $200,000, we had to replace the amount immediately or go out of business, so right from the start we set aside a reserve out of which to pay losses. It was probably a good thing to do but was not required by law. We had difficulty with the income department in that they would not allow that reduction for money put in the reserve fund because there was no legal requirement for that reserve. We got around it by getting a letter from the Insurance Commissioner that had we not established such a reserve, his office would probably have required us to do so.

MR. McKEE: What becomes of the $100,000 in case of liquidation?

MR. BALDWIN: The Board of Insurance Commissioners must be satisfied that full reinsurance is given on every outstanding policy. After that is done, whatever is left would go into the liquidation fund.

MR. McKEE: Who determines when that policy is taken care of and how do you take care of it? What time is given to you to liquidate and get rid of your obligations and get what is left, if any, of that $100,000?

MR. BALDWIN: That is left up to the Board of Insurance Commissioners. That is in their hands; until we can satisfy them that all outstanding policies have been reinsured and all policies taken care of, we don't get it. If we can't satisfy them on that we get left.

MR. WILLIAM GILL (American First Trust Company, Oklahoma City, Oklahoma): How do you arrive at the amount to be put up?

MR. BALDWIN: Twenty-five per cent of the capital. In other words, a $100,000 company has to put up $25,000 and so on up until it is up to $100,000.

MR. HACKMAN: What is the minimum?

MR. BALDWIN: $100,000.

MR. HACKMAN: That prevents any title insurance company from being organized by small local abstracters?

MR. BALDWIN: People in counties of less than 10,000 population can capitalize for $25,000, that is, if they are already in existence.

Mr. GREEN: If you have capitalized for $100,000 you put up $25,000? How do you increase it?

MR. BALDWIN: You have to have $100,000 capital but the bill provides that of that $100,000 capital you may invest fifty per cent in an abstract plant to be appraised by the Board of Insurance Commissioners. Of the other $50,000 you must put up $25,000 in life insurance company investment securities with the Board, and the other $25,000 may be invested in such class of securities as office buildings, or notes as will be approved by the Board. We are under strict supervision.

MR. TALBERT TAYLOR (Photo Abstract Company, Miami, Oklahoma): I don't understand yet what the minimum is for a small county.

MR. BALDWIN: I was wrong in my first statement as to the minimum. There were several small reputable companies in this state already operating in counties with a population of less than 10,000, and there was a provision in the bill that those companies already organized in such counties could go ahead with their $25,000 capitalization, but a new company just organizing must have $100,000 capitalization.

MR. HACKMAN: I repeat, then, that the result of that is to prevent any abstracter from engaging in the title insurance business and going into the small counties.

MR. BALDWIN: No, not to prevent, but to put something back of him. I think when you get a company with less capitalization than $100,000, you can't sell title insurance.

MR. HACKMAN: Isn't there some relation in the possible loss that may be sustained and the capital? In some counties $100,000 may be very large, where in another county the total wealth in land of that county may be very great and all out of proportion as compared to a county of low valuation.

MR. BALDWIN: We have a good many counties like that in Texas. That is being handled by the agency system and a company covering ten or twenty counties. You can't organize a company in one little county in this state of ours and make a success of it.

MR. BOOTH: In the state of Washington there is no provision regarding capitalization but our deposit is regulated according to the population of the county, which seems to be working fairly well for us.

MR. BALDWIN: We tried to do that and we had that in view, but, as I say, we don't say that the bill as written by the commissioner and agreed upon by a number of the title companies is perfect, but we had a number of different interests and we tried to get together and tried to make a safe bill for the companies and for the public.

MR. HACKMAN: The reason I asked that question and made that statement was because there are no doubt many abstracters in the states where there are no insurance laws, who are considering the possibility of engaging in such a business. The laws generally enacted are not to their advantage. There exists in one state a law which is to the advantage of the small fellow that does allow him to go into the title insurance business which has proven practical and workable. For instance, in my state, an abstracter went into the title insurance business under the law with a deposit of $10,000, and he has been doing a splendid business and is very successful. It seems possible in other states that the same condition could be brought to pass.

MR. BALDWIN: We may find something like that is necessary. As I say, this was a departmental measure and not a title insurance measure at all. A number of us cooperated with the department and expect to continue to do so to the best of our ability.

MR. MACO STEWART: For the benefit of those in any state where there isn't title insurance, in this state the title insurance business amounts to something only in the larger cities, and if you try to put something on that will reach out into every one of the small towns you will get the opposition of all the state and you will never get anything by it. That is the practical side of this thing in every state.

There is nothing in the title insurance business except where titles turn over and over again. Whenever you go out to the small counties and interfere with the people there, they are not going to appreciate it. The members of the legislature are all lawyers and they are not going to be bothered for something that isn't good for themselves.

MR. BALDWIN: We have with us here today Mr. Tarver, the Chairman of the Board of Commissioners, and with your permission I would like to introduce him to you and would like to have him say a few words to the convention.

MR. W. A. TARVER (Insurance Commissioner of Texas): Mr. Chairman, Ladies and Gentlemen of the Convention: It is not my purpose to undertake to make you a speech with reference to the matter you have under consideration. I came more for the purpose of meeting you, coming to an understanding of your point of view, as far as I might, and listening to such criticisms as might be offered to existing rates and policy forms as we have promulgated in this state, and gather such information as might be obtained from your round table discussions and the able papers which might be presented to the convention.

I am delighted to come as a representative of the supervising department of the state to which has been entrusted the supervision of the title insurance companies, to welcome you in so far as that department is concerned, to welcome you to this fair city of ours and to this state about which you have heard so much. I sincerely trust that your stay in our midst will prove to be delightful and when your sessions shall have been concluded you will return to your respective states and homes with happy memories of your visit to our southwestern state. I am delighted, Mr. President, to have the privilege of being here and to extend this word of welcome to you on behalf of the department of the state of Texas.

MR. STONEY: I would like to ask Mr. Baldwin a question. Is there anything in the law of the state which prevents a title insurance company operating in one county from insuring property in another county?

MR. BALDWIN: No, there is not.

MR. STONEY: So that though a company might be organized in a very small county it might operate in another county.

MR. TARVER: Perhaps there was a misapprehension with reference to the answer to the question. Those companies that were organized and operating and that are permitted to continue on a capitalization of $25,000 are limited to lands located in the county of their domicile.

MR. STONEY: That would indicate what I had in mind; namely, you were not going to operate in a million dollar territory, but a large company could operate on the same basis and operate anywhere it pleased.

MR. McKEE: I would like to ask if you expect to make any money on a minimum fee of $25? Our experience is that it costs on an average $25 to issue a title insurance policy. In addition to that, our expense is principally in the escrow department. In other words, our policy includes the escrow. In the state of Texas would you be allowed to put on an escrow charge in addition to the $25? If so, you might make a little bit of money.

MR. BALDWIN: Yes, the fee prescribed there is for the examination and insurance. No additional abstract fee is allowed where the company maintains an office. I'll explain that to you. Our San Antonio concern might be called on to go out to Uvalde County, where it has no title plant, to insure a big ranch. The company would get its guaranty fee for getting the abstract built in San Antonio. It doesn't cover conveyancing charges, escrow charge or inspection of the property.

A gentleman asked a question about possession. The rules and regulations prescribed by the Board specially and definitely state we be allowed to charge for any of these additional services in that particular community. Therefore, you can charge the escrow fee, conveyancing fee and those things that are outside of the policy charge proper, and naturally it runs the fee in most cases up to quite a little bit more than the title fee alone.

. . . The meeting adjourned at four-twenty. . . .

Open Forum Title Insurance Section

Wednesday Evening, October 23, 1929

The meeting convened at eight-fifteen o'clock with Chairman Lindow presiding.

Chairman Lindow: We have a great number of important topics to discuss tonight and I know there will be plenty of discussion. Let's put a lot of snap into the discussions because if we do not, from our experience last year, we will be here all night. I'm not trying to discourage in any way the expression of what anybody has on his chest, but let's have it snappy.

The first topic to come up is the matter of the recently enacted title insurance laws in the three different states.

Mr. Bare, will you tell us the Pennsylvania enactment?

The Pennsylvania Reserve Law

By HARRY C. BARE

Vice-President Merion Title & Trust Co., Ardmore, Pa.

In discussing the Pennsylvania legislation on title insurance, the thought may occur to each one, "What interest have I" (speaking for you) "in any particular state's legislation as relates title insurance?"

It occurs to me there are two particular answers to that. Primarily any legislation in any one state has a very direct bearing upon future legislation or the attitude of hair-brained reformers growing up in any other state, because that which is once made a legislative enactment in one state may very easily be used by some one who is endeavoring to cure all the evils of title insurance in some other state.

Another, and most important, thing to my mind is this. It is a great deal better to consider legislation before it is enacted than after the damage is done.

Again, referring to Pennsylvania, and I want the presidents and secretaries of state organizations to please pay attention to this thought—they can use it—Pennsylvania maintains a legislative committee which is constantly watching legislation, watching the trend of the thought that is to be presented at each legislative session, and not only endeavoring to mold that when it is in the legislature but, folks, think of this—anticipating that presentation so that the legislation when it is presented, when it is offered for consideration in committees gets the benefit of the people directly interested in that work. The result of that is molding your legislation into the form in which you really want it and in which it should be.

Together with that thought, you have also the opportunity in that way of getting the cooperation of real estate boards, building and loan association committees and all of the various interests that may be concerned with any proposed piece of legislation.

The most important and practically the only thing on which I presume that I am expected to speak at this time is that of title insurance reserve. The better managed companies in the state of Pennsylvania for ten or more years, certainly for ten years past, have followed a practice of setting aside of their own volition, mark you, ten per cent of the premiums charged on all title insurance.

HARRY C. BARE
Executive Committee

I would like to pause at this point to say that we in Pennsylvania, as in some few other states, make a direct charge on mortgage matters, a quarter of one per cent of the amount of the insurance, a half of one per cent on the owner's policy, but we then charge a separate $25, and in some cases, $35, for the examination of the title upon which the insurance is based. Of that amount that is charged for the insurance—one-half in some cases and one-quarter in the other—ten per cent of that charge we have been putting aside in this insurance reserve. Keep in mind that that practice was in effect before any of this legislation was considered.

We knew from observation of the banking department, under whose supervision title guarantees are practiced and issued in Pennsylvania, that legislation was being thought of. Our legislative committee cooperated with the legislators and the bill was enacted about which I want to make a few brief remarks tonight.

Please keep in mind that Pennsylvania does not require any deposit of any amount of money by any company undertaking to do title insurance work. It is a practice, however, and I think by legislative enactment no corporation can engage in the general trust or banking business, which usually in Pennsylvania is the vehicle through which title insurance is carried, without a capitalization of $125,000. Now, mark you, that is only the amount of their necessary capitalization. It has nothing whatever to do with any deposit.

Now, the law which was enacted

with the close cooperation of the legislative committee, that committee into which I am pleading with you state associations to put all the force and vigor and effort possible, and let them consider legislation before and not after it is passed, requires that all companies heretofore or hereafter incorporated shall establish and maintain a reserve fund, quoting the words of the act, "for the protection of policy holders."

The next point would be, how is that reserve to be set up? How is it to be established and then how is it to be maintained? Ten per cent! The same exact amount that we have been making a practice of setting aside is now legislative requirement. We didn't get a lot of hair-brained reformers making us set up at once a certain definite amount. We didn't have anybody order us, as title insurance companies, to set aside a certain amount of our capitalization. We had that fund created by setting apart ten per cent of the premiums that are charged.

The act very thoughtfully goes a step farther and shows how that premium amount, I have explained, is arrived at. That sum is "that sum of money which is charged for the insurance over and above examination and settlement fees," and that is to be paid on all policies issued in the past and also those hereafter issued. That practice is to continue until the amount set aside aggregates $250,000.

Another very lovely feature, to my mind, which we brought about by that anticipated effort, is that in place of that money, those investments going into some other control we keep ourselves. That total reserve fund by legislative enactment may be retained, with the consent of the secretary, by the corporation, and the investment, the earnings from the fund become a part of the actual corporate earnings. As soon as the fund attains the figure of $100,000 it must be invested in legal trust investments, well secured mortgages on fifty per cent loans on well secured property, improved property or the general legal investments, and that is always in the control of the company that is issuing the policy unless by the supervision of the banking department, which has control of our title insurance, that department considers it has not been properly managed, and it then exercises its supervision.

There is also a provision that the total reserve fund may, with the consent of the secretary, at any time or from time to time, be set aside out of surplus and undivided profits. In the event of a loss you have a perfect right, by explaining the matter to the supervisor, to take that amount from your undivided profits, and you keep this ten per cent reserve constantly intact. That reserve must be maintained just so long as your title liability is outstanding. If that liability ceases, if it terminates in any particular manner, you have a perfect right to withdraw that proportionate amount of that reserve, or else, if you prefer in your individual corporate management, you may have a credit for that.

The company has a right, in maintaining this reserve, to substitute from time to time any investments which come within the category of the trust investments, perchance take some mortgage out of that fund. That may be done providing one of equal qualification is substituted for it. And, mark you, the income that is earned from that investment becomes a part of your company's earnings.

Gentlemen, those, in brief, are the high spots of the act. You all realize that this idea of regulating title insurance is becoming extremely prevalent. Every state, I believe it is safe to say, has its reformers, people who are trying to tell us how to run our business who haven't a very comprehensive picture of what it's all about, but they will undertake to pass legislation that may be in many cases very prejudicial to the best interests of the business.

I want to call your attention to one particular law. I think the comment has been made frequently in this room today that it is not possible for title insurance, exactly as title insurance alone, to be practiced successfully and profitably in some localities, meaning by that, it is necessary to have some other lines of endeavor to go along with it. Now, with a very few exceptions, every company in Pennsylvania engaged in the guarantee of real estate titles or mortgages has other lines of endeavor a part of its corporate functions. General banking business is permissible. Our charter almost invariably permits general banking business, real estate business, trust business, and all the functions usually connected with a trust company.

At our recent legislature it came to the attention of this Legislative Committee, that I am trying to emphasize, that there would be a bill presented the effect of which would make it absolutely unlawful for any company engaged in the guaranteeing of real estate titles to conduct any other line of business, with the possible exception of guaranteeing mortgages. There may be a difference of opinion in the minds of some few as to the wisdom of that, but in the minds of the great majority of us in Pennsylvania, that was considered very prejudicial to the best interests of the title insurance business.

The result was that this Legislative Committee got busy before the legislature met and that bill was killed. That is the thought I want to leave with every president and every secretary of the state associations. Get busy and have all legislation read, considered, and analyzed well in advance of its time for passing and in that way you can have it molded to your best interests. And one step further—think ahead of the other fellow and draft the legislation you want, and do it first.

Chairman Lindow: Are there any questions? If there are none we will proceed with our program and hear some more about the Texas law. If Mr. Burgess is in the room we will hear from him now.

Primarily any legislation in any one state has a very direct bearing upon future legislation or the attitude of hairbrained reformers growing up in any other state, because that which is once made a legislative enactment in one state may very easily be used by some one who is endeavoring to cure all the evils of title insurance in some other state.

Another, and most important, thing to my mind is this. It is a great deal better to consider legislation before it is enacted than after the damage is done.

Again, referring to Pennsylvania, and I want the presidents and secretaries of state organizations to please pay attention to this thought—they can use it—Pennsylvania maintains a legislative committee which is constantly watching legislation, watching the trend of the thought that is to be presented at each legislative session, and not only endeavoring to mold that when it is in the legislature but, folks, think of this—anticipating that presentation so that the legislation when it is presented, when it is offered for consideration in committees gets the benefit of the people directly interested in that work. The result of that is molding your legislation into the form in which you really want it and in which it should be.

Together with that thought, you have also the opportunity in that way of getting the cooperation of real estate boards, building and loan association committees and all of the various interests that may be concerned with any proposed piece of legislation.

You all realize that this idea of regulating title insurance is becoming extremely prevalent. Every state, I believe it is safe to say, has its reformers, people who are trying to tell us how to run our business who haven't a very comprehensive picture of what it's all about, but they will undertake to pass legislation that may be in many cases very prejudicial to the best interests of the business.

* * *

Get busy and have all legislation read, considered, and analyzed well in advance of its time for passing and in that way you can have it molded to your best interests. And one step further—think ahead of the other fellow and draft the legislation you want, and do it first.

Regulation of Title Insurance by Legislation

GEORGE BURGESS
Attorney, Stewart Title Guaranty Co., Dallas, Texas

The regulation of title insurance in Texas by legislation is such a new experience that I do not think much can be said to you that will be of any great assistance.

The first company doing title insurance business in Texas was the Stewart Title Guaranty Company and it was incorporated under an act of the Legislature of 1907. At that time little was known and less thought of title insurance in Texas. Later, in the year 1911, the Legislature authorized the incorporation of fidelity and casualty companies with power, among other things, to insure against loss or damage on account of circumstances upon or defects in titles to real estate. Corporations organized under this act were placed under the Commissioner of Insurance, but no provision was inserted in the act as to the rates to be charged or the form of policies to be issued.

The effort to make title insurance was an uphill fight until about the year 1921 when the expansion period after the war began and many sought investment in real estate mortgages. The mortgagee was quickly converted to the idea and the benefits of title insurance. It cost him nothing and he was not going to take the risk incident to mere opinions as to the validity of his mortgage. He demanded insurance against any attack upon the validity of the mortgage. Most of this money-seeking-investment in Texas came from the East, a great part from the life insurance companies who turned their funds to a larger interest bearing yield in city loans because, partly of a decline in farm land values and competition of the Federal Farm Land Banks. Another great part from guaranteed mortgage certificates or bonds sold as against the hypothecation of real estate notes under trust agreements, the payment of which certificates or bonds, as to principal and interest, were guaranteed by large surety companies. The individual mortgagee and investor in real estate securities virtually passed out of the picture. Mortgage companies, mortgage bankers and investment companies sprang up in all of the larger cities of the State. They would make loans upon city properties, hypothecate the notes with some trust company, issue debentures or certificates as against these notes, arrange for the payment of interest and principal on the certificates or notes to be guaranteed by one of the large surety companies and sell these certificates or notes to the investor. They also perfected arrangements with the life insurance companies whereby they sold to the life insurance companies real estate mortgages and notes. The surety companies and some of the life insurance companies demanded title insurance and hence there arose a great increase in the title insurance business in Texas. Some of the casualty companies who had not theretofore attempted to do a title insurance business began to do this character of business.

A title insurance company has nothing to sell but time. It, therefore, to be financially successful must charge for every service it renders. The public does not seem to understand this. If a man goes into a store and buys something across the counter he carries out with him something tangible—something he can feel. If he buys many articles he expects to pay for each article that he purchases. Not so when it comes to buying title insurance. He expects you to examine the title to the property, to search the tax records, the county and city, and independent taxing districts, to search the records at the city hall to determine whether or not there are special improvement taxes against the property, to close the transaction and in the closing, obtain statements as to amounts which may be due on existing mortgages, prorate insurance and rents, to survey the property and determine whether or not there are conflicts in the lines, shortage in area or encroachments by abutting improvements, all of which take nothing but time, time, time, for which they do not desire to pay. Days may be spent in the examination of these matters and all that can be handed the purchaser is a piece of paper upon which is stated the conclusions of the title company. The purchaser does not see back of that the time and expense spent by the title company to allow it to make the investigations upon which to base its conclusions. The life insurance companies and the surety companies then undertook to run the business of the title guaranty companies. They would write the policy which the title companies should issue.

At the demand of the life insurance and surety companies for a uniform policy, written by the life and surety companies, the title men acquiesced.

Companies from other states thinking the pastures were large and the fields green in Texas, came into the State and set up agencies, issuing policies for them, paying a flat rate of $1.75 per thousand for the insurance. From the outside the title business looked large and lucrative—a real mint. The casualty companies entering the title insurance field and the foreign companies coming into Texas had no former experience in the title insurance business in Texas. To get business rate cutting began. Cuts were made either in the rate theretofore charged by the companies then in business, or extra services we performed for the same rate. No stability of rate could be maintained, no agreements could be effectuated whereby rates would be adhered to and various classes of services charged for and charges collected. The public was virtually running the business of the title companies. They were setting the price and demanding the class of service. My competitor would quote a rate or render additional services, which rate I would have to charge for services rendered in order to maintain the business of a particular client; or, we would fix a rate or render an additional service in order to hold the business of some particular client and keep it from our competitor.

A title insurance company has nothing to sell but time. It, therefore, to be financially successful must charge for every service it renders. The public does not seem to understand this. If a man goes into a store and buys something across the counter he carries out with him something tangible—something he can feel. If he buys many articles he expects to pay for each article that he purchases. Not so when it comes to buying title insurance. He expects you to examine the title to the property, to search the tax records, the county and city, and independent taxing districts, to search the records at the city hall to determine whether or not there are special improvement taxes against the property, to close the transaction and in the closing, obtain statements as to amounts which may be due on existing mortgages, prorate insurance and rents, to survey the property and determine whether or not there are conflicts in the lines, shortage in area or encroachments by abutting improve-

ments, all of which take nothing but time, time, time, for which they do not desire to pay. Days may be spent in the examination of these matters and all that can be handed the purchaser is a piece of paper upon which is stated the conclusions of the title company. The purchaser does not see back of that the time and expense spent by the title company to allow it to make the investigations upon which to base its conclusions. The life insurance companies and the surety companies then undertook to run the business of the title guaranty companies. They would write the policy which the little companies should issue.

At the demand of the life insurance and surety companies for a uniform policy, written by the life and surety companies, the title men acquiesced. A uniform policy then became the cry of the title men. Life insurance companies devised what is known as the "L. I. C." form. The title insurance men conceived the "A. T. A." form. Both forms contain guaranties that no company in Texas can make and remain in business and both forms contain a guaranty which, I think, no company in the United States can issue and stay in business.

Instead of the title men yielding to the cry for uniformity, they should have stood their ground and issued a policy which, in the judgment of each company, afforded absolute protection to the policy holder without danger to the title company. Title insurance is bound to come. Purchasers and mortgagees will more and more insist on being insured against loss and litigation.

The outside companies readily consented to the issuance of the L. I. C. form. The Texas companies, therefore, had to consent. The lawyers for the surety companies would approve one form today, we in Texas would have these forms printed and in a short while they would make objections to the forms and insist on other provisions. They would approve one form for one mortgage company and insist upon another form for another mortgage company. Policies would be written on approved forms and then be returned to be rewritten on some other form, or to include some other language. By reason of this, the expense of printing the forms was increasing and it was almost as difficult to determine which form to use for which client and involved about the same expenditure of time as to determine the state of the title.

Prior to the passage of the act hereinafter mentioned the Stewart Title Guaranty Company had somewhere between thirty and forty forms.

So, we in Texas found ourselves in this position: We could not, as between ourselves, establish a rate which would be charged by each of us. We could not, by agreement, charge for each service rendered. We were pressed from the outside into the issuance of a guaranty which we knew was not safe, and we were constantly harangued about the verbiage of the forms. All other branches of insurance were under the State Department of Insurance and regulated by legislative enactments interpreted and enforced by the Board of Insurance Commissioners. We thought if we could get title insurance in the same position we could have established a remunerative rate and a definite form of policy. Competition could not change this rate, nor add to, nor take from the policy. Every company in Texas would issue the same guaranty, no more and no less, for the same rate.

From the outside, the title business looked large and lucrative—a real mint. The casualty companies entering the title insurance field and the foreign companies coming into Texas had no former experience in the title insurance business in Texas. To get business rate cutting began. Cuts were made either in the rate theretofore charged by the companies then in business, or extra services we performed for the same rate. No stability of rate could be maintained, no agreements could be effectuated whereby rates would be adhered to and various classes of services charged for and charges collected. The public was virtually running the business of the title companies. They were setting the price and demanding the class of service. My competitor would quote a rate or render additional services, which rate I would have to charge for services rendered in order to maintain the business of a particular client; or, we would fix a rate or render an additional service in order to hold the business of some particular client and keep it from our competitor.

The life insurance companies and the casualty companies, though demanding full coverage, do not sell full coverage for a flat rate. Each of them have a base rate for the main coverage and then charge additional rates for additional risks. So it should be with title companies. Taxes, surveys and special improvement liens are not matters pertaining to the title against which title companies should be called upon to insure in the main. These are all matters outside the title and which the party desiring title insurance can ascertain for himself. They do not involve matters of construction or opinion. They are but simple investigation of the facts. The title companies' guaranty should be concerned with the main title only—the determination of where the title rests, how it may be vested in the purchaser or the validity of the mortgage or lien of the mortgagee. If, therefore, insurance is desired as against taxes, improvement or special assessments, area or encroachments, then the title company should collect and be paid an additional premium to compensate it in the time spent for these investigations and the additional liability assumed.

In Texas the city taxes are collected by a collector having an office in the city hall, the state and county taxes by a collector having an office in the court house. The taxes of independent school districts, road districts, levee districts, drainage districts, free water districts and water improvement districts are sometimes collected by an independent collector residing in the district and sometimes by the state and county collector. Some years they are collected by an independent collector for the district and some years by the state and county collector. To determine whether or not that all taxes have been paid against a specific piece of property it requires in every case an investigation at the city hall and the court house and if the property is located in any of the districts mentioned, then a trip out to find the collector of that district.

Improvement assessments are levied only in cities by the governing body of the city. The ordinances and resolutions levying these assessments are not required to be recorded in the county records. It is only necessary that they be entered in the minutes of the governing body of the city. They take effect and speak from their date, except in those cities which fix the lien back to the time of the ordering of the improvement. To determine whether or not there are any improvement taxes against a specific piece of property, it means another search of the minutes of the governing body of the city in which the property is located. It may be that the resolution ordering the improvement was passed many years before the final order or assessment was made, and where the charter so provided the lien relates back to the date of the resolution ordering the improvement. The chain of title, therefore, furnishes you no index to the search, but you must look back to see that no resolution ordering the improvement has been passed. If it has been, then you must make a search of the tax collector's office and see if the tax has been levied and paid. This takes time and time means money, and if insurance is desired against these matters, additional premiums should be charged and collected. The title insurance companies of Texas could not with safety issue either the L. I. C. or the A. T. A. form and could not with fairness to their clients issue either of said forms. They could not with safety because of the guaranty of the marketability of the title. They could not with fairness because of the guaranty: "or any statutory lien for labor or material which has gained or hereafter may gain priority over the lien of said mortgage or deed of trust."

Now, as to "marketability." What is a marketable title? Ruling Case Law says:

"In this country where the system of registration of titles prevails, it has been said that a title to be marketable must be fairly deducible of record and as a general rule if defects appear in the record title, which can be cured only by a resort to parol evidence, the title is not considered marketable. A building or other restriction as to the use of the land which will bind the land in the hands of the purchaser, either at law or in equity, and which lessens the value of the land for general purposes is regarded as a defect in the vendor's title, giving the purchaser the right to reject the title and depriving the vendor of the right to compel the purchaser to perform."

Cyc. defines it as:

"A title which is free from reasonable doubt either in law or fact."

A marketable title, therefore, is one that bears the evidence of its validity on its face. If there be anything in the title which requires the purchaser to overcome or support by parol evidence, the title is not marketable. A title by limitation, therefore, is not marketable, though it may be good. In many counties of Texas the records have been destroyed by the burning of court houses. In earlier days real estate did not have the value it now has, population was small, people knew each other in their respective communities, titles were not as closely examined and less care was used in obtaining conveyances, in preparing conveyances and in placing them of record. In the Southwestern section of the State titles emanate from the Crown of Spain, some dating back to shortly after the discovery of America. The descendants of Mexicans and Spaniards do not always take the name of the father's family, but frequently take the name of the mother's. The country was for many years unsettled, grants were made in large number of acres and partitions were had in many instances by parol. By reason of these different matters, very few titles in Texas would stand the test of marketability. They are good because proof can be made dehors the record as to the identity of parties, continuity of ownership, possession and limitation. In all of the later additions in cities restrictive covenants as to the use, the character and cost of buildings and their location upon the lot have been inserted in the conveyances. None of these titles are marketable, though they are good and indefeasible. The title companies have no control over the amount of loan in proportion to the appraised value of the property. Most mortgage companies are represented by agents who appraise the property. If the title company were to issue its certificate guaranteeing marketability, then, upon non-payment of the loan, the mortgagee could foreclose, enter into a contract for the sale of the property and delivery of a marketable title, which title would not in fact be marketable, by reason of some of the matters suggested above, and then require the title company to pay them the amount of the mortgage, when, as a matter of fact, the title was good, could not have been defeated in any court and the lien of the mortgagee was perfectly valid; or, the purchaser, who had obtained a good and indefeasible title to the property purchased by him, could hold the title company under its guarantee of marketability when it would not be possible for him to lose title to the property.

Again, lawyers differ in opinion over matters involved in a title. Numerous and frivolous objections are many times made. The title company would be at enormous expense in meeting these objections. This obligation is placed upon them under the guaranty of marketability. All that the purchaser or mortgagee should be insured against is the loss of a title. If the title company guarantees to him that the title is good and indefeasible, then he has every protection which he needs.

We have just passed through a boom period. There has been a great shrinkage in real estate values in Texas and I think in the entire country. Many properties today cannot be sold for the amount of the first mortgage against them. If we had issued policies guaranteeing marketability, mortgagees, instead of holding the property upon which they had foreclosed or selling it on a depreciated market, would have unloaded on the title companies under the guarantee of marketability. The titles were good but not marketable and no title company in Texas could have withstood the attack.

The life insurance companies and the casualty companies, though demanding full coverage, do not sell full coverage for a flat rate. Each of them have a base rate for the main coverage and then charge additional rates for additional risks. So it should be with title companies.

The statement in the L. I. C. and A. T. A. forms as to mechanic's liens is misleading under the law of Texas. Under the Constitution, mechanics, artisans and materialmen have a lien upon the building and articles made or repaired by them for the value of their labor done or material furnished. This has been held by the courts to give to the original contractor a lien. The original contractor is one who deals directly with the owner. Under the statutes, sub-contractors, materialmen and laborers, who are not employed by the owner, but by a contractor or sub-contractor, are given liens provided the steps required by the statutes have been tagken.

Article 5459 of the statutes reads:

"The lien herein provided for shall attach to the house, building or improvements for which they were furnished or the work was done in preference to any prior lien or encumbrance or mortgage upon the land upon which the improvements or labor were performed and the person enforcing the same may have such improvement sold separately, provided any lien, encumbrance or mortgage on the land or improvement at the time of the inception of the lien under this chapter shall not be affected thereby."

The courts in construing this statute have held that any lien existing before the inception of the work of improving the property is prior to all statutory liens in favor of materialmen and laborers, but that the materialmen and laborers may have a priority of lien upon the improvement erected by them or to which they furnished material and a foreclosure of such lien on such improvement, a sale thereof and a removal of the improvement from the property, and if the improvement be such as cannot be removed, then the court shall determine the value of the ground and the value of the building and order them sold separately, the proceeds of the ground to be paid to the mortgagee and the proceeds of the building to be paid to the statutory lienholder. Liens in favor of mechanics and materialmen, under the statute, cannot, therefore, be prior to the mortgage unless the mortgage had its inception after the commencement of the improvement. The courts have held that the improvement which would permit a sale separately from the land be a building. If it be but an addition, the lien of the statutory lienors is inferior to the mortgage. Therefore, unless the mortgage upon which the guaranty is issued had its inception after the commencement of the improvement the lien of the statutory lienors could in no event be prior to the lien of the mortgage, though it may result in a sale of the mortgaged property and the mortgagee obtaining less out of the proceeds of the sale than his debt. The validity or priority of his mortgage is not questioned. It is judicially determined that his lien is prior upon the land and improvements in the condition it was prior to the commencement of the new improvements and the judgment provides that the proceeds of the sale of the land shall be paid to him. The statutory lienors are given a lien only upon the new improvement and the judgment provides that the proceeds of the sale of the new improvements shall be first paid to them. Under the L. I. C. and A. T. A. forms the title companies would not be liable in such an instance because the mechanic's liens are not given priority to the lien of the mortagee, yet the guaranty of the policy leads the policy holder into the erroneous impression that the title company guarantees him from loss under such a provision. No guaranty company can safely issue a certificate to

guarantee against future mechanic's liens not having priority over the mortgage. The company has no control over the property and if it issued such a guaranty the owner or subsequent owners could, by erecting new improvements upon the property, place such burdens on the title company that it would never be in position to meet its outstanding liabilities under its policies.

Title companies were organizing with practically no capital but the abstract plant, which was put in at a large figure. A number of companies were issuing guaranties of title far in excess of their capital. The capital of title companies was invested as each company desired. The outside companies readily agreed to issue the L. I. C. form, guaranteeing as against marketability and priority of future mechanic's liens. All of the companies, in order to obtain the business of a particular client, would issue the form of guaranty required by such particular client. Mortgage companies did not seem to care anything about the financial responsibility of the title company behind the certificate of guaranty and carried their business to the title company which would guarantee against the things or issue the form of policy the particular mortgage company or its representative desired, or which would charge the rate and render the additional services fixed by the mortgage company or its representative.

This condition prevailing in Texas found the title companies losing money and their business unstable and led to the passage by the last Legislature of an act regulating the creation and operation of title guaranty companies and the business thereof and placing them under the control of the Board of Insurance Commissioners. The act prescribes the powers of the title companies. It requires that a company have a paid-up capital of not less than $100,000.00, 50% of which capital may be invested in abstract plant or plants, provided the valuation thereof be approved by the Board of Insurance Commissioners. It then places all companies doing title guaranty business under the control and supervision of the Board of Insurance Commissioners, vests the Board with power to fix the rates which may be charged and prescribes the form of policies which may be issued by said companies and prohibits the charge of any other rate or the issuance of any other form of title policy and provides that the business of the companies shall be conducted under such rules and regulations as shall be prescribed by the Board of Insurance Commissioners. The act requires that all companies doing business in Texas, domestic or foreign, shall keep on deposit in the State Treasury, or such other depository as shall be named by the Board of Insurance Commissioners, either in cash or first mortgage notes or other security admissible for investment by life insurance companies, an amount equal to one-fourth of the authorized capital of such corporation and that each company shall set aside annually as reserve 5% of its gross premiums, provided such reserve shall never exceed $100,000.00. The reserve must be maintained separately from the capital and invested in such securities as are admissible for investment by life insurance companies. This reserve shall never be used for the payment of any obligation other than those arising under policies issued and in the event of insolvency this reserve shall be used for the protection of policy holders, even though there be general obligations of the company outstanding. The act prohibits any company from taking on any risk greater than 50% of the capital stock and surplus unless such excess be reinsured in some other company qualified to and doing busines under the act.

The act permits and regulates the reinsurance of liabilities, prohibits title companies from guaranteeing the payment of mortgages, and prohibits the giving of commissions, rebates, discounts or any other service or thing which would be in the nature of a device to reduce the rate. It provides that a company violating any of the major things provided by the act shall forfeit its charter and its right to do business.

Under the act the Board of Insurance Commissioners have prescribed the form of policies which may be issued and the rates which may be charged,—have also prescribed the form of reinsurance contracts, underwriting agreements and the rates which may be charged therefor, and have also prescribed certain rules and regulations as to the conduct of the business. A great many of the title companies have been examined by the Insurance Department, their plants valued, their securities checked and valued and their financial responsibility looked into. The Commissioner has not as yet finished the examination of all companies.

The act can result only in great benefit to the title insurance business in Texas. It will place financially strong and responsible companies in the business. It will destroy competition as to rates and form of policies and permit a rate which will be both fair to the policy holder and remunerative to the company. It will allow the issuance of policies which furnish full protection to the holders thereof and at the same time be such risks as the companies can safely undertake. It will keep the capital of companies at all times safely invested in sound securities, prohibit the companies from taking on dangerous risks, such as guaranteeing the payment of mortgages, and build up the reserve out of which policy losses may be paid. It will also have the effect of stopping competition by small companies with no capital other than an abstract plant.

A proper administration of the act can have no other effect than the building up of title insurance, strengthening of the companies and the protection of the purchasers of policies issued by them.

CHAIRMAN LINDOW: We will now hear from Mr. Fred Condit regarding the change in the New York law.

MR. FRED CONDIT (Vice-President, Title Guarantee and Trust Company, New York City): I'm sorry to be called on to talk about the New York law because there wasn't much of a change made in it. We clarified the old bill and made it purely a title and mortgage guarantee bill. We increased the time from fifty years to perpetual. Another change was made providing for a $250,000 capital and a $125,000 surplus requirement and that must all be paid in before a policy can be written. I think that about covers the whole thing. It wasn't very drastic in that one respect.

CHAIRMAN LINDOW: We will proceed to the subject of "Boards of Title Underwriters." We have two or three gentlemen to take part in that discussion and we would like also to hear from some others who have had experience with boards of title underwriters. I will call on Mr. James E. Sheridan to start the discussion on this topic.

Boards of Title Underwriters

MR. JAMES E. SHERIDAN (Vice-President, Union Title and Guaranty Company, Detroit, Michigan): Our experience in the creation of a board of title underwriters was most illuminating, in that it was a complete and total flop.

We met in Cleveland, having invited two Michigan companies, three Cleveland companies, a company in Toledo, Columbus, and Cincinnati. That was mistake number one. We tried to take in too much territory. Ed Lindow and I and one of the fellows from Burton's wrote a seventy or eighty page manual and got together beautifully on it in Detroit, and then tried to feed it to the Cleveland, Toledo, Columbus and Cincinnati companies, and finally reached the conclusion that if we had given them soup first instead of eighteen or twenty courses and have them take it all in one mouthful, we might have gotten somewhere.

Seriously, that was the mistake we made. If you do have in mind the creation of a board of title underwriters give it to the other fellows easy. We went into such matters as reinsurance and coinsurance. There was a feeling on the part of all the companies to accept business from the other fellow, but a very decided tendency in the minds of most of them to keep that which could be kept and if it were given it would be given without any of what you might call "run around the wheel plan."

We tried to work out a distribution of reinsurance, to talk on that point for the moment, which would be reciprocal and which would adjust itself down the line through all the companies. That did not meet the approval of many of the companies that sat in. We then got on rates and the less I say to you about rates, perhaps the more pleasant would be the evening, because we didn't get even to first base.

So I should be inclined to say that if you do have in mind the organization of a board, and you should have one, start at home. If you have a competitor in your town start with him. We have worked out in Detroit now a plan that is clicking almost one hundred per cent. On titles we read and which we find are of such a character we don't want them we pass the word to the Burton Company and receive word of the same character from them. We do the same thing on bad accounts. I can remember in the few years I have been with my company, that if a certain account would go to Burton's we would stand on the corner and cheer and they would do the same thing for us. So we have a credit bureau worked out fairly well. We still look with a reasonable amount of complacency if Burton's take a certain account and doubtless they feel the same about us.

There are local organizations of the bar association, city and county medical boards, dry cleaners, and so many others. Their work has materially benefited the vocations represented. Through the efforts of these groups the respective businesses have had brought to them efficiency and uniformity of practice, profitable operation, respected and appreciated services, more cordial and actually friendly relation between those in the business, and an exchange of methods, information, and solutions of problems.

Why isn't it done in the title business?

There are a few localities where there are title boards. In other places they still stand aloof from each other, have no confidence in their competitors' work, search back of each other's policies, and sometimes take a keen delight in exposing something found away back, and have no understanding of mutual indemnity, exchange of work, and other things.

Here are some expressions about a few of the attempts toward cooperation among the title companies in certain localities.

The matters which come under the head of such a governing body are covered so much better by California that we thought we would do what they did and go one or two steps further. We found that it couldn't be done except gradually and in a limited territory. Conditions in Ohio and Michigan differ so much as to make it almost impossible to create a board which is controlled as by the California board. Mr. Jones was one of the biggest objectors at the Cleveland meeting; perhaps he might add something on this subject.

MR. PAUL D. JONES (Guaranty Title and Trust Company, Cleveland, Ohio): I don't know just what you want me to say. Why did you work to get the Cleveland and Detroit board of underwriters under the same basis as that of California? I just told Charley White that we didn't want to "sell our birthright for a mess of pottage." (Laughter)

We are not adverse to this thing or anything of that kind. One of our other officers went down there and seemed to have a cake of ice with him. He was cold and could not warm up. In Cleveland, and I think Charley White will agree with me on this, we are thoroughly together and we keep up rates. If we get more than we can swallow, let the Land Title Company and the Cuyahoga take a swallow, but if we do get something we can swallow ourselves we do want to swallow it. If we get a bigger swallow than Cleveland can swallow then we want to pick that company we want. That might be changed but that is our position at the present time.

Do you want to ask me any questions? I was just thinking a few moments ago that an actor's life is a darn sight better than title insurance life. Your death is going to be slower, but you are going to die some day. (Laughter)

Don't worry much about this. We have the best association that was ever organized. I was sitting there tonight thinking back and I believe my first attendance was at Des Moines. There was just a little crowd in the room and it is positively amazing to have noticed the growth of this Association. There is another thing about it that is appealing to me, and that is that you are getting a lot of young fellows in here and you old fellows don't need to worry a bit, because these young fellows are going to pick this up and carry title insurance through, and before we are through we are going to have title insurance all over the United States. (Applause)

CHAIRMAN LINDOW: The next person to discuss this subject is Mr. Chilcott, but I have been informed that Mr. Ben Henley will pinch hit for him.

MR. BENJAMIN J. HENLEY (California Pacific Title and Trust Company, San Francisco, California): I would like very much to see this seventy page manual which was compiled by Jim Sheridan and Ed Lindow. If we may literally construe what Paul Jones has said, I rather imagine every page had something to do with reinsurance and underwriting, and that may be "the nigger in the woodpile."

In considering the question of boards of title insurance underwriters, it is necessary to pause for a moment and ask the question as to why they should exist. Why should we have boards of underwriters when we have quite efficient and effective title associations? We have the American Title Association which has become a very potent factor in the title business. In most states where title insurance has become well established, and in most of the other states, we have active state associations. It would seem on a superficial consideration that the title association should fully fill all the requirements of the association of title men.

If you will pause for a moment and consider this history of other interests of the insurance business, I think you will readily recognize the necessity of an organization of a somewhat different type than our present title associations. The title association that is now developed considers more or less abstract, technical phases of the business. When I say "abstract" I do not overlook the recent activity of the American Title Association in the development of the A. T. A. form of policy. That in my mind is activity in the abstract rather than activity in concrete as the Board of Title Insurance Underwriters of northern California functions.

In order that business may be solidified, that its functions may be clearly fixed in the minds of us who deal with it, and also in the minds of our customers, we must have our pursuits and activities directed along definite, specific, concrete lines. Until we have an organization, an instrumentality through which we can express ourselves and in which we can formulate the expressions which are necessary to guide our business, we still more or less drift along.

The Board of Title Insurance Underwriters of California was conceived more or less as a result of the attendance of some of the northern Californians at the Atlantic City convention of the American Title Association. Enroute home from Atlantic City, several of us visited with the New York Title companies. Mr. Condit was kind enough to outline briefly the activities of the New York Board of Title Insurance Underwriters and directed us to the secretary's office. There we obtained a copy of the articles of organization.

When we returned to San Francisco we considered rather aggressively the matter of the formation of a board in northern California. As a result of some two years' activity we now have a very comprehensive and complete code of practices which prescribes the rules of the operation of our business, the rates, the policy forms in very much the same manner as the boards of fire insurance writers prescribe similar practices, policies, rates and rules for fire insurance.

We feel that the Board of Title Insurance Underwriters of Northern California has accomplished much for the business. It not only has crystallized the generalities which were present in our minds prior to its formation, but it has brought together the title men in forty-two counties of northern California for monthly discussions of their problems. By contact with each other, misunderstandings and antagonisms based upon lack of knowledge and acquaintance have been entirely obliterated, not because we are any different than other title people, but merely because we have had the opportunity to commune with those who are engaged in the same line of business. We know that their aims and their efforts are directed to exactly the same objective, that is, to establish for our business a permanent place in the economic and business life of the community.

We know that it is necessary that we do that in order that we may perpetuate our business, in order that title insurance may become an institution such as the banking business, the mortgage business, and other kindred and similar lines of business. We know that it must be a business having a definite character and a definite form. We feel now that that is not true throughout the country. We doubt that it is true to its maximum extent in California. We do believe that we are making strides in that direction in California and that eventually we will have placed the business on a basis where it will stand alone, where it will not be dependent upon the kindred lines of business from which we seek and obtain our business.

As a result of some two years' activity we now have a very comprehensive and complete code of practices which prescribes the rules of the operation of our business, the rates, the policy forms in very much the same manner as the boards of fire insurance writers prescribe similar practices, policies, rates, and rules for fire insurance.

We will not be in the position where we will have fallen asleep and permitted another line of business, such as the life insurance companies, to tell us how we should conduct our business for their benefit. Unless we do conduct our business for their benefit they should tell us how to do it. The real difficulty with us, as I view it, is that we have looked too much to our own desires in the matter, rather than to what is necessary in order that the needs and requirements of our clients may be served.

*In the formation of boards of title insurance underwriters I think * * * it is necessary that first a small area be included in the board, and that those things with which the board is first to deal should be those upon which the minds of the people involved are more nearly met. If that is done the resistance which naturally arises when you try to impose upon another your views is wiped out and a relation of confidence and a reliance upon each other is developed which will make it possible in the end to bring together these various divergent view-points on the various phases of our business.*

We will not be in the position where we will have fallen asleep and permitted another line of business, such as the life insurance companies, to tell us how we should conduct our business for their benefit. Unless we do conduct our business for their benefit they should tell us how to do it. The real difficulty with us, as I view it, is that we have looked too much to our own desires in the matter, rather than to what is necessary in order that the needs and requirements of our clients may be served. (Applause)

In the formation of boards of title insurance underwriters I think Mr. Sheridan has dropped upon one of the principal difficulties. I think it is necessary that first a small area be included in the board, and that those things with which the board is first to deal should be those upon which the minds of the people involved are more nearly met. If that is done the resistance which naturally arises when you try to impose upon another your views is wiped out and a relation of confidence and a reliance upon each other is developed which will make it possible in the end to bring together these various divergent view-points on the various phases of our business.

We have practically that situation in California today. In Northern California we have the Board of Title Insurance Underwriters which is some two years old. In Southern California a board is now in contemplation and probably will soon be formed. The Board of Title Insurance Underwriters of Southern California will undoubtedly find it necessary to adopt rules for the conduct of its business which cannot at the present time be well followed in Northern California, because of a difference in custom. Those rules, however, are not irreconcilable in any sense of the word.

We know that in the course of four or five years those two boards of underwriters will come together and probably form one board for the entire state. We will know then we have placed the title insurance business in the state of California upon such a basis that it will be so firmly entrenched it will be absolutely impenetrable to attack from the outside.

I think that, generally, tells you what we have tried to do in California and what we are now trying to do. I think eventually, as I have said, our board of title insurance underwriters will become state wide and that we will accomplish an almost complete uniformity in policy forms, practices and rates throughout the state.

Mr. Lindow has asked me to call on some of the people who are somewhat familiar with the activities of the boards of underwriters to make some remarks on the subject. Mr. Waverly P. Waggoner, who is now president of the California Land Title Association, has been most active in the development of the southern California board. I would be happy to have him give you his views on the situation out there in so far as it relates to California.

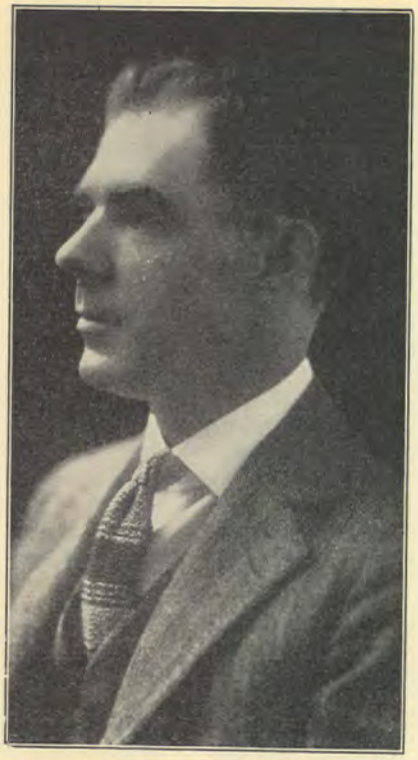
MR. WAVERLY P. WAGGONER (California Title Insurance Co., Los Angeles, California): I don't think I have very much to add to that. Practices in Northern California and Southern California differ quite a little

bit. Northern California is a buyer pay country and Southern California is a seller pay country. They have had a standard one rate schedule for some time. Our present schedule has been based on length of time and work, along with liability.

In trying to organize a board we made quite a study of prices. Mr. Bruck will talk on that in a little while. In starting to get together on a basis of ultimately having a state wide board, we have been working on a scheme of getting the companies within one county together on practices and from there spreading to other counties until we get a group of men in somewhat similar practices in Southern California on a uniform practice, using that as a basis for a board and from that board ultimately trying to join with the Northern California board. That has been our whole scheme as far as we have gone so far.

MR. HENLEY: I will ask Mr. Condit to tell us of some of the activities of the New York Board, which was the first board of title insurance underwriters so far as I know.

MR. FRED CONDIT: The New York Board is confined just to New York City so it won't help you much on state wide getting together. We have adopted, after three or four years' work, a standard condition sheet known as the New York Board of Title Insurance Underwriters Condition Sheet.



JAMES E. SHERIDAN

We have our standard practices, rules and regulations; we have uniform rates on all sorts of policies, even the guaranteed search for taxes and things of that kind. We find it very, very helpful. It helps with our clients who try to go shopping on larger titles; they find they can't get a better rate with one company than another.

We play the game very fairly; if we don't we get penalized and I suppose that is one of the reasons we do. I think since we have had the title board it has brought the title companies together in such a way that they sit down and work out their common problems whereas before each tried to get the best rate he could from any of the companies. We have found it very, very helpful and if you can get a small enough group together it would prove so to you.

CHAIRMAN LINDOW: We will pass on to the next subject, "Rates—Original and reissue." In my seven years of experience with the American Title Association I believe that topic has been up for discussion at each annual meeting or mid-winter meeting. However, it is a very vital question and it seems a great number of our people are interested as to whether there should be an original rate each time a title policy is issued or whether there should be a reissue rate in such cases where there is a policy in existence.

Mr. Porter Bruck of Los Angeles will give us some ideas and then he will lead us in a further discussion of this topic.

Title Insurance Rates—Original and Reissue

MR. PORTER BRUCK (Assistant Secretary, Title Insurance and Trust Company, Los Angeles, California): About a month ago, I believe, Mr. Stoney asked me if I would assume the burden of leading the discussion on title insurance rates. For fear I might say yes, he hastily told me it was a very delicate subject. I was somewhat disconcerted by that, but before giving him my answer I looked up the word "delicate" and found it was something not to be "hastily or rudely dealt with."

The subject of our discussion is "Title Insurance Rates—Original and Re-Issue." That does not mean abstract or certificate rates, for there are fundamentally different principles underlying them.

Two questions immediately present themselves. First, should there be original and reissue rates? Second, what should these rates be? I should like, for the purpose of this discussion, to treat the two questions separately, that is, to discuss, first, the necessity or desirability of a reissue rate, and secondly, just what the rate should be.

Before submitting the questions for general discussion may I be permitted to make a few remarks which to me seem pertinent? I have made some study of the rate schedules used in the principal centers of the country and I must confess that I am at a loss to understand what factors have entered into the building of these schedules. I believe that most people who have made such a study would arrive at the same conclusion as mine; namely, that each section has based its schedule on what it thought it could get with the least amount of trouble. How else can we reconcile the very marked differences existing throughout the United States?

New York fixes a base rate of $65, plus $6 per thousand of liability, up to $40,000, and then abruptly drops to $2.50 per thousand.

Philadelphia fixes a base rate of $25, plus $5 per thousand of liability.

San Francisco fixes a base rate of $15, plus $5 per thousand of liability, up to $10,000, and then $8.50 per thousand up to $20,000, and so on, ending with a liability charge of $1 per thousand above a million.

Cleveland fixes a base rate of $25, plus $5 per thousand of liability up to $50,000, and then graduates down.

Kansas City's base rate is $20, plus $5 per thousand of liability, with a graduated scale, but the abstract or certificate must be furnished in addition.

Chicago has such an admirably low

continuation or reissue rate that its original rate appears to be, by the same token, admirably high.

You will note that practically all of these schedules call for a decreasing rate as the liability increases. They are placating somewhat "big business" but they are doing so at the expense of the little man and the question naturally arises—"is this economically right—is not the burden falling on the man who can least afford to bear it?" These are questions we must try to answer to our own satisfaction.

In considering the reissue rate we find that San Francisco has, generally speaking, no reissue rate, neither has Philadelphia and neither has the state of Texas. Even in these localities, however, an effort is made to allow some sort of credit when the same man is paying the bill twice.

For instance, in San Francisco there is a so-called Continuation Loan Schedule which is one-half the regular schedule "for policies up to the amount of outstanding policies where there is no change in ownership."

Detroit companies seem to reverse the order, and their schedule states that "applicants for owner's policies can receive credit for premiums paid on *existing* mortgagee's policies."

Philadelphia allows a lower rate to "an owner placing a mortgage subsequent to the issuance of an Owner's Certificate."

Even Texas allows one-half rate for the issuance of a loan policy on the vendor's lien and likewise for "the renewal or extension of a lien covered by a policy, but not an increase of the original debt, between original mortgagor and mortgagee."

Such allowances as these are apparently efforts to conciliate the customer and although there is undoubtedly a logical justification for some such arrangement it is difficult to understand the limitations placed upon such allowances in different localities. Any allowance made serves to complicate the schedule and demands that a somewhat higher schedule be used than would otherwise be the case to bring the companies the same amount of revenue.

We, in Southern California, have operated upon a schedule of individual pricing, that is, the price of each order is based upon the amount of work done, the length of time covered by the search and the amount of liability desired. The theory of such a system is apparent, but its practical application is full of dangers. We have, for some time, been making a comprehensive study of prices and have almost concluded that credits in any form are not only unnecessary but undesirable.

On the other hand, New York is apparently very decided in its opinion that a reissue rate is necessary—likewise Chicago, Pittsburgh, Kansas City, Portland, Seattle, and numerous others.

To come now to the first question, the necessity or desirability of reissue rates, as those companies who have such a rate are decidedly in the majority it seems proper to hear first from one of them. I am going to ask any who want to answer or debate the question, if reissue rates are desirable.

MR. BARE: What is meant by reissue rates?

MR. BRUCK: It makes no difference whether the same man owns the property—that does not determine whether there shall or shall not be a reissue rate. The property itself determines that.

MR. BARE: Suppose I borrow from you $10,000 and I get a title policy insuring the validity of the title of the property—you lend me the $10,000 and you get that title policy—I go to Lindow and tell him you have called that mortgage and I would like Lindow to give me that money. That requires a re-examination of the title and a recording of the mortgage. You get your money and Lindow takes the status of the insured on the particular $10,000 on that property.

PORTER BRUCK

MR. BRUCK: The property itself determines whether or not there shall be a reissue. Using Mr. Condit's company or Mr. McNeal's, it doesn't make any difference, as I understand it, whether one, two, three, five, or any number of mortgages have been placed on that, each issuance of a title policy after once issued entitles the purchaser of that policy to lower rates than he otherwise would have.

Mr. J. L. MACK (Pioneer Title Insurance and Trust Company, San Bernardino, California): You don't mean to say that in issuing mortgagee or beneficiary policy there is any such thing as reissue of mortgagee over beneficiary?

MR. BRUCK: Yes. I'm speaking of reissue rates generally.

MR. BARE: Is there any distinction between the illustration I have cited and where I give you a new mortgage?

MR. BRUCK: It makes no difference to whom the policy runs. If a piece of property has once been insured, whether it is the property itself or a lien upon that property which has been insured, the New York Board will give a lower rate on subsequent insurance on the same property. That is what is meant when you reinsure.

MR. FRED CONDIT: Our method is this. We allow on the highest paid policy. If there are six policies spread around to different companies in our district we allow on the highest policy. If it is a $100,000 policy and there has been $40,000 or $50,000 before that, we allow on the $100,000, and we give back and forth information between companies so that every company will know the highest amount of insurance on that particular policy, and it is a reissue up to the amount of the previous policy and straight premium above that.

MR. MACO STEWART: Suppose that the policy is issued to Mr. Bare as an owner and then he sells that property to Stewart, and then the title is insured to Stewart, he sells it to me at the price he paid for it, is the rate paid by Bare when he first gets it insured exactly the same as I am paying, or do I get a lesser rate?

MR. BARE: Under the New York rates you get a lower rate.

MR. STEWART: Assuming for one moment that the rate charge to Mr. Bare was the original rate?

MR. BRUCK: Yes, that's the rate.

MR. STEWART: Suppose that I hold your company's policy in New York, we'll say, for $10,000 as covering a mortgage, and I want another policy issued out on the same piece of property covering the same indebtedness when this falls due, but instead of going to your company I go to Mr. Condit's company, is that a reissue? In other words if your company has issued a policy and then the same property is presented to Mr. Condit, will he consider that a reissuance and give a lower rate?

MR. BRUCK: Yes. It doesn't make any difference. It's simply this—is your policy worth anything to you after it has been issued?

MR. MULLEN: Do they require the surrender of the old policy?

MR. BRUCK: No.

MR. STONEY: Who pays the premium in New York?

MR. CONDIT: The buyer.

MR. STONEY: Suppose a buyer in New York went into your office and got a title policy for a vacant lot for which he had paid $50,000, and a month later he bought the adjoining lot in the same condition for the same price, but which had not been searched as to title, and he wanted a title policy on that, would he get the reissue rate?

MR. CONDIT: No. He would pay the original rate.

MR. McNEAL: My idea of original insurance and reinsurance is, of course, based upon the experience which I have had in the title insurance business, that experience being along the line of original and reissue insurance. I do believe, however, that the principal reason for original and reissue insurance is that in theory, at least, and I believe it will be fulfilled in practice, the greater expense in the original examination of the title justifies a lesser expense in a supplemental examination of the title. That is to say, the price which is charged on the original insurance is very largely consumed in the original examination. This will hold good very largely over the United States except in sparsely settled communities and where titles originate from the federal government through patents to homesteaders. I'm sure that that practice and that theory hold good in New York.

While I have not had actual touch with the New York business of examining titles, I have been told, and through association, have learned that in many instances the cost of examining a title originally in New York is very much greater than the prices quoted and received for such work.

Now, in order that the company doing the original work shall receive an adequate return upon its investment in the original title, he must make such a charge for a reissue title as will induce the business to come back to him first, and also such a charge as will return him a profit on the work performed.

It is not necessary to state here to you of the title profession that a reissue or a re-examination of a title is a very simple operation in ninety-nine out of one hundred cases.

The other reason for reissue insurance in my opinion is, as I intimated a moment ago, to induce repeat orders. It is true that in New York, as has been stated, a reissue price will be quoted by one company where the original title has been examined by another company, but that is the result of salesmanship very largely, because it is true that if you have a reissue rate published to the public, it is only natural for the one who is to get his title work done to go to the company who originally examined the title and get the benefit of the reissue rate.

If the title policy pays current from one purchaser to another, then naturally the new purchaser is going to the company which is going to give him the lowest rate for the work done, providing the salesman of the other company is not on the job, and, by reason of the title underwriters' agreement there, gets the customer away from the other company and issues the reinsurance himself. That is legitimate competition based upon salesmanship, as all title insurance is based upon and is a practice that can be carried on with harmony, and one which is legitimate from every point of view.

As was stated this afternoon by Mr. McCardle in his excellent paper, title insurance has become a business and it is a business that is growing and developing from the large centers out, and boards of underwriters such as have been discussed here tonight are of inestimable value to title insurance companies wherever located and wherever there are two or more companies in a community. It is a practice that is legitimate just the same as it is legitimate for the Rotary Club members to get together and talk over their business affairs or the Exchange clubs or any other social organization that has for its purpose harmony of action, good fellowship and all of those things which go for making life and business life, especially, worth living.

So, if I may just put in this suggestion here I hope that the time will come when every community will have a board of underwriters and I hope that wherever it may be my privilege to further the title insurance idea, that it will develop into such a relationship with my competitors in business that a board of underwriters will be possible.

But going back to the reinsurance business, I will repeat that to me the greatest argument for reinsurance is the fact that it induces the customer to repeat his order with the title insurance company that has given him the greatest service and that will give him the greatest service, and that will keep title insurance on the upgrade.

MR. BRUCK: May I make one more statement and call on one more person, at least? I think it is well to bear in mind in this discussion of reissue rates that if there is a reissue rate you are obliged to charge your original customer more than what might be termed a fair price. If you allow a credit, whether it be a credit upon the surrender of the policy or simply a credit by reason of the existence of the policy, you must charge more in the original instance than you otherwise would. For example, using the New York schedule again, the original charge on a certain policy is $77, and their reissue $60.10. The question is, is it better to issue at $77 and subsequently at $60, than to issue every one at $65?

Don't you run into the difficulty of explaining the original charge and the reissue charge, as to what the customer is going to say if you charge him $60 on one and $77 on the other?

Mr. Henley of San Francisco represents a locality which is one of the few in the United States which does not have a reissue rate. I think you will all be very much interested in what Mr. Henley will have to say to you about desirability or undesirability of reissue rates.

MR. HENLEY: Mr. Bruck, and Members of the Convention, I feel I owe you an apology for apparently partly monopolizing the floor tonight. I assure you it is not a matter of choice, but one of compulsion.

I think it might be somewhat easier to come to a conclusion on this very difficult question if we approach the theory of a title insurance rate schedule on the basis of attempting to analyze the reasons for it.

It occurs to me that my idea may be more or less graphically demonstrated by saying that I think our title insurance schedules are constructed very much as the man who built the Young Tower across the street would have estimated his profit on that particular building if he had said: "Well, this building is going to require some bricks, and is going to require some mortar and some concrete and a little lumber and a few nails, and those things cost a certain amount of money—well, I haven't time to figure it out but they are going to cost $1,000,000 and I will have to add twenty per cent to a million dollars, and that, then, is going to be the amount I will offer a contractor for the construction of that building."

Now, that, it seems to me, is just about what we do in the construction of a title insurance rate schedule. I think it can be demonstrated in the consideration of any title insurance rate schedule existent in the United States today. In order that there may be no hard feelings about it, I will take the San Francisco rate schedule, where we have a minimum of $20 for a $1000 policy. $5.00 a thousand additional for the first $10,000; $4.50 a thousand for the next $10,000; $4 a thousand for the next $10,000, and so on dropping a little for different brackets until we get to a million, and then we drop to a charge of $1 per thousand.

Rather extensive investigation has been made among the California companies as to the cost of production of a search on a title in California, and you would be surprised, probably, to know there is not a variance of possibly greater than $5 among ten or fifteen different companies, and the conclusion finally arrived at for the production cost of a search is approximately $25. That is not the exact figure, but is sufficiently close for my purpose.

Well, then, say that the premium for a million dollar policy, under our rate schedule, is $1,550. Now, first let us analyze this schedule on the theory that the charge is made on the basis of the work performed. If that is true, then if we are going to compute our rate schedule, as the cost and profit on almost any other type of business is computed and as the rate schedule of fire insurance, life insurance, and other similar types of business is computed, we would probably do this.

We would say it cost us $25 to produce each job. Therefore, we will start in with that charge of $25 for each job that goes out, whether it be a $500 policy or a $500,000 policy. To that we'll add a reasonable factor to cover profit and overhead expense, if overhead expense is not included. Let us assume that will be, say, fifty per cent, if you please, which certainly should be

a fairly high factor. That would give you a charge of $37.50 for every transaction whether it be a thousand dollar transaction or a five hundred thousand dollar transaction. That, we might call the loading charge.

Then, what does the life insurance company do? If we are going to parallel the life insurance company we would then add to that charge a graduated rate to carry the loss hazard. I think probably no one will disagree with me when I say that possibly 50c a thousand would be a very fair charge to add for losses. I doubt very much that any company has ever had a loss experience of ten years which would require 50c a thousand for the payment of its losses.

On the San Francisco rate schedule, and the average run of transactions in San Francisco, I estimate that it would be about twelve per cent of our premiums, would be set aside for losses. All right, adopting that schedule in San Francisco, we would have $37.50 as our cost, plus profit, to which we would add 50c a thousand for a million dollars, or $500; for a million dollar policy we would arrive at a premium of $537.50, as against $1,550 that we now charge.

Now, could we operate under such a schedule? Yes, we could, if we charge for the $1,000 transaction $37.50, plus 50c for a thousand dollars liability, or $38. Practically, we believe it is almost impossible to do that because we feel that the $1,000 transaction cannot stand a charge of $37.50 or $38 for a title policy. We feel it would have a tendency to create much disfavor for the title business and would probably result in some other development.

Therefore, instead of adopting that kind of a schedule, which is a strictly scientific schedule, taking into consideration the cost of operation, profit, and loss experience, we charge less for the smaller transaction and more for the larger transaction. When we do that we absolutely disregard the question of cost and the loss experience, except as a general proposition. What we then do, in my opinion, is to conclude that in order that we can make the necessary expense of operating our business, plus a reasonable amount to take care of losses, plus a reasonable profit, we must, in the aggregate, collect a certain amount of money in the operation of our business. We must then allocate that total charge over the business as we find it in our community in such a way that the small business will pay no more than it can reasonably carry and that the large business will take care of the shortage which necessarily results in the income that we will receive on that theory from the smaller business.

If that is the theory upon which our schedules are built, and I think it is, and I think that any careful, thorough analysis will demonstrate that as to any existent rate schedule, then I see no justification whatever for a reissue rate, because the transaction which has previously been insured can just as well stand a $325 premium, if it is a $100,000 transaction, as if it is a transaction where the property has never been insured.

It is a matter of absolute immateriality whether the property has already been insured or not. If you distribute your total income over the total run of business on a basis of what the traffic will bear, then your reissue rate has no place in your program.

I think reissue rates exist only because of a feeling on the part of those who have developed a schedule that less resistance will be created by charging a lower rate after a title has once been insured, but as Mr. Stoney has very frequently pointed out and as he emphasizes every time this question is discussed, ultimately practically every job will be a reissue.

I imagine in San Francisco, practically ninety per cent of the titles have already been insured. In the run of the day's business probably no more than five or six per cent will be new searches. Therefore, if we were to have a reissue schedule, in fact we would be operating under the reissue schedule and not the original.

By having these two schedules, an original premium and a reissue premium, you are setting up a false value which ultimately has no place or meaning in your schedule, because everything eventually becomes a reissue.

MR. BRUCK: Mr. Henry Baldwin has had a great deal to do, I understand, with the recent legislation in Texas which, among other things, fixes title insurance rates. I happen to know Mr. Baldwin had some communication with Mr. Henley and I imagine with every one else in the United States who was representative of title insurance before a conclusion was reached as to what in his opinion would be a fair rate for the state of Texas.

Incidentally, the state of Texas is, so far as I know, by far the largest locality in the country today which does not have a reissue rate. I think it would be very interesting, Mr. Baldwin, if you would be good enough to give us your reasons as to why you adopted a rate which did not have a reissue basis.

MR. HENRY BALDWIN (Guaranty Title & Trust Company, Corpus Christi, Texas): I might say, Porter, as you have stated, I have been going to school to Ben Henley for several years on this matter and all the eloquence he used here was written down and presented to the Board of Insurance Commissioners as the direct logic for the basis of our rates. I don't see that there can be very much more said.

There is just one point, possibly, that he did not bring out that is, in our opinion, in Texas, at least, that ninety per cent of the risk in any transaction is in a pending deal, in talking about the liability, whether it be reissue or original title, and from that point as well as the others which Mr. Henley so ably presented, I can't see any reason for it.

The fact he states, that all the business will soon be reissue business is certainly another. We have to charge one person too much for the service or we won't be getting enough money from the business from the others.

Mr. Stoney's point seems to me another logical reason. Let a man buy one lot for $10,000 and he gets that for one price, and the next day he buys another lot for $10,000 adjoining and there is a different price, there is always confusion. We feel in largely using the progressive steps of Northern California and especially San Francisco, attempting to arrive somewhat at a cost basis, adding something to our schedule to take care of our liability, and finally bring us some profit, we are doing the best thing possible. Those were the recommendations made to the Board and were adopted without any changes by the Board whatever. I believe that is all I can add.

MR. McKEE (Pennsylvania): We don't have a reissue rate for the reason that if you have one you are only perpetuating your liability. Why should you take a less rate to perpetuate what you are already in? Many a cycle has passed probably in which you have escaped loss by not insuring a title again. Then we look at it in this way —who is the man who pays this? The man who pays it in the first place and the man who pays it in the second place stand in the same position. The policy is just as good to the second man as the first, and why should he not pay for perpetuating this? Therefore we look at the viewpoint of the person who is paying. If we issue a policy of title insurance to a purchaser, we issue a policy to him as mortgagee at a less rate, at a very low rate, because he paid for the owner's policy and paid a fair price for that.

Another thing, if we charged a big rate, say we charged $65 or $77 for the original policy, I think it would be very desirable that we have a reissue rate, but our rate is $35 and then $5 up to $25,000, and then $2.50, and then $1.50. We don't believe our rates are excessive and if we had a reissue rate we might as well go out of business, because a greater percentage of our business is reissue. Our company has been in business for forty years issuing title policies and, therefore, most of our business would be reissue policies.

PRESIDENT WYCKOFF: I would like to ask Mr. Bruck who pays the cost of the title policy in California?

MR. BRUCK: In the northern counties of California the buyer pays and in the southern counties the seller pays.

PRESIDENT WYCKOFF: In your study of rates, has your investigation shown that the question of whether the buyer or the seller pays has anything to do with it or has any effect on the reissue rate?

MR. BRUCK: No. Answering your question, Mr. Henley now has a rate which doesn't have a reissue basis.

His counties, generally speaking, are purchaser pay counties. We in the south are proposing or hope to put in a rate similar to theirs. Ours is seller pay. We anticipate there will be no difference between the two on the question of reissue.

PRESIDENT WYCKOFF: I was more particularly interested in what might be that condition of other sections of the United States than California in which you have made a study. I am asking for a point of information.

MR. BRUCK: I know of only three localities in the United States, and those three were mentioned, that do not have reissue rates. Mr. McKee has just advised me that his company does not have a reissue rate. I was about to ask him if he had changed. Are your rates in Pittsburgh as between companies, the same?

MR. McKEE: Except on the reissue.

MR. BRUCK: Then I will have to qualify my answer and say that generally speaking I know of no locality which is together on its prices which does not have a reissue rate except the three that I mentioned.

PRESIDENT WYCKOFF: Do you think it makes any difference in the logic and justness of the charge whether the seller or the buyer is paying the charge?

MR. BRUCK: I think not. I have come rather to this conclusion that it seems to me our title insurance rates are really a heritage from our past; they were brought down on the old abstract and certificate basis, the theory being the seller paid for the abstract and the purchaser for the certificate. As title insurance came into effect, due to local conditions, certain customs grew up; for example, in New York the purchaser pays and in Los Angeles the seller pays. It seems neither is correct in theory. It seems that each should pay half. Obviously that is not a very practical way, because I don't know of any community which, as a whole, splits the charge, but I should say in arriving at a correct schedule of charge we should disregard the fact of whether the seller or the purchaser pays because in transfers of real estate each will pay his share, that is, if the purchaser pays now, his purchaser pays on the next transaction, and the reverse is true when the seller pays.

PRESIDENT WYCKOFF: Do you think it makes any difference in the use of the article whether the man buys it from the title company the first, the second, or the third, so far as each individual purchaser is concerned?

If I am buying a piece of property, does it make any difference to me in the guaranty which I get whether I am the first buyer or the second or third purchaser in the matter? Isn't the third purchaser just as much protected as the first?

MR. BRUCK: Exactly.

PRESIDENT WYCKOFF: Why shouldn't he pay just as much for the policy?

MR. BRUCK: He should.

MR. C. J. STRUBLE (Oakland Title Insurance and Guaranty Company, Oakland, California): It seems to me there is one important fact that hasn't been pointed out and that is that the charge for title insurance differs from the charge made for all other forms of indemnity, in this, that all or nearly all other forms of indemnity call for a reoccurring payment of premium, generally upon an annual basis. In title insurance you pay the fee but once so long as you enjoy the status you have at the time of the purchase of the property or make your loan upon the property.

If there has been any advance made in merchandising in the United States in the last twenty-five or thirty years, it is this that we have gotten away entirely from fluctuating prices. You go into the leading stores, and even the smaller ones, and there is one price. The public knows there is one price and there is no use in arguing there isn't. We have learned to demand a fixed price for a known commodity. The public wouldn't dream of asking for reissue rates in respect to fire insurance. They expect to pay a certain price per thousand for certain kinds of coverage. The person who buys a piece of property enjoys that special advantage of paying the premium but once so long as he remains in the status then occupied.

When a person gets a policy for a loan he has paid it for all time so long as he is in that same status. When the property is sold, it is a new enjoyment in the second case. If it is new loan it is a new enjoyment running to the second person. Why not pay the same price, it being understood that it is covered for all time so long as the status remains?

In the first place, you accustom the public to what it likes; namely, a fixed charge for a known commodity, and in the second place you undoubtedly increase the returns to the company. If we adopt a philosophy of having the policy run to the land it is only a question of time until we have nothing but reissue rates. It seems to me from a practical point that is suicide; on the other hand the public is used to that and it seems to me it is most pernicious not to run with that desire of the public and eliminate reissue.

It is said that we in northern California don't have a reissue rate. We do have on a renewal of mortgage. We give a one-half rate. I think the whole principle is wrong. I don't think there would be any tremendous difficulty in eliminating that practice entirely, whether it be for ownership or mortgagee purposes.

MR STONEY: There is one thing that doesn't seem to be clearly brought out, and it is this. A new company is going into a field with title insurance for the first time. They are getting a certain amount of monthly title insurance. The faster they fill their orders and the more business they have, the quicker they will be on a lower schedule for the same amount of business.

I can remember in 1901 in visiting Los Angeles and visiting every company and being told that when they wrote a certificate they based their certificate on the amount of work and the value of the property, but as soon as the property was sold they ran the title down for $10 and charged $5 to new owner's fee to put in the new owner. At that time it was the only company in the county, and I remarked, "The faster you get along the quicker you will be busted." If they hadn't quit it, they wouldn't have been here tonight, nor would many others of our most valued attendants at this convention.

MR. ROBERT O. HUFF: I want to understand just what your fee includes. Does it include everything?

MR. BRUCK: From the standpoint of escrow, no.

MR. HUFF: Ours includes everything. There is as much work in closing a subsequent deal as the first one. That is one reason why we do away with a reissue. We may do the same thing next week. As far as the examination of the title is concerned, that doesn't bother us.

MR. BOOTH: I would like to make a two minute talk. While a considerable majority of the companies in the country seem to have a reissue rate, no one has spoken in favor of a reissue rate. I want to bring out a point of view that hasn't been touched on, and that is the point of view of the public with which we deal.

A great argument is made to do away with the abstract, to establish title insurance. In the first place, every time there was a new deal someone had to pay for a complete examination of the title again by the attorney. It was a very effective argument against abstracts in favor of title insurance. We told them that would not be the case with title insurance. We would be doing that. We have estimated it would take one of our best men a whole day to get out an original policy. That same man will get out at least twelve reissue policies in the same time.

Now, the reissue rate may be fifty per cent of the original. We'll take the million dollar policy, which costs $1550. We get approximately $750 for the reissue and our experience has been that reissue rates will take care of the business and we can make a profit on it. It is fairer to the customer than the other; it is justified by the work we do and I don't see how a complete charge every time when we don't make a complete examination can be justified.

MR. HENLEY: I would like to ask this question. I gather the difference between an original policy and a reissue, with him, is $750—is that correct?

MR. BOOTH: Yes, approximately.

MR. HENLEY: I would like to ask what relation turning out one original policy in a day has with $750 difference in premium? In other words, is that man's time worth $750 a day so that it is an important factor? In other words a job which takes one full day is priced at $750 more than the job which can be turned out twelve in one day.

MR. BOOTH: I think it is the same; you have the original issue, that is the larger amount, take care of the smaller one.

MR. HACKMAN: It seems to me there is quite a divergence of opinion as to what constitutes a reissue rate. Let's take this situation. We'll assume that a given title has never been insured. "A" buys it and the owner applies for insurance of the property to "A" as buyer. The title insurance company then, for the first time, has before it the consideration of the status of the title. It examines it and performs all the necessary work and issues the policy. That is an original examination in the strict sense of the word. "A" has demanded and received a policy of insurance.

He then, let us assume, sells the property to "C." "C" does not demand any insurance. He does not get any. "C" then sells to "D." "D" demands insurance. Where it is the duty of the purchaser to pay the premium "C" would apply for insurance of "D" as buyer, but "C" not having been insured himself is not entitled to a reissue rate of any description.

"D" getting insurance in turn sells to "E," and having himself demanded and received insurance, is entitled, in selling to "E," to obtain a reissue rate.

When you observe that you stimulate each to obtain insurance, because when he sells he can expect and is charged less. Under that sort of a system, there is no such thing as the dying out of original examinations. There will always be an original rate charged those who themselves have not obtained insurance when they purchase and who desire to sell. That, in my mind, stimulates the insurance business rather than the condition which imposes upon every one who applies for insurance this same rate.

Now, you can see that if "A," in the original case, in the first case, should sell to "B" and "B" to "C" and "C" to "E" and so on, there are twenty-six individuals that when "Y" comes in to get this insurance he is, so far as the title is concerned, much in the same situation of "A," the original. It becomes, so far as he is concerned, an original insurance covering a long period of time and a great number of examinations.

I think, myself, under the principle I have just stated, the reissue rate becomes a stimulus and not a handicap to business, and that a like charge through successive applications rather hinders business.

Now, so far as losing the charges or income through reissue, I don't see that any one need worry about it because whether the charge be higher for an original and less for the subsequent issue, it is always going to be enough to make the business profitable. The company ought to see to that and, no doubt, will see to that.

MR. WAGGONER: In the statement just made, the man who pays for the policy doesn't get the credit. If "C" pays for it "D" gets the lesser rate and not "C."

MR. HACKMAN: There is the other theory that there is no such thing as a reissue rate except that the applicant for the policy to be issued has himself obtained the insurance. Then the rate is given to him.

MR. WAGGONER: No change in the policy is insured.

MR. HACKMAN: You are not insuring a change. You give the reissue rate because there has been no change in the title without insurance.

MR. LIONEL ADAMS (Union Title Guaranty Company, New Orleans, Louisiana): There is one factor which influences our rates in the city of New Orleans which I feel reasonably sure must apply elsewhere, and yet it has not been touched on. In the city of New Orleans we are operating a title company in the face of what I might call competition in some fifty-nine building and loan associations, with attorneys whose principal income in these associations is the examination of titles, and the fees from such examinations.

This is a very difficult proposition for us in a community where title insurance is not thoroughly sold. As enthusiastic as I might be about title insurance I am not satisfied it is so thoroughly sold throughout the country, or even in the principal cities that it means that the bar no longer furnishes competition. The bar has been a very large factor in the fixing of our rates, for although we charge a materially higher rate than fixed by the bar, we cannot charge one which I personally believe would be adequate for the reason that in so doing the business which we have at present, even with all its insurance features, would go back into the hands of the lawyers who are our true competitors. We happen to be one of two competing companies in the city of New Orleans. The other company is a very small one and offers no competition. You can't, in fixing rates, entirely disregard what your present bar rates happen to be.

MR. HUGH M. PATTON (Union Fidelity Title Insurance Company, Pittsburgh, Pennsylvania): In Pittsburgh we have had variant rules on the matter of reissue. Our company has never granted a reissue rate although our competitors have. At least, one is still doing it and I believe Mr. McKee's company did for a while. We have never found it a particular handicap not to do it. No doubt we have lost some business. I think we have gained, however, and it hasn't been difficult for us to maintain our position that a reissue rate was not the proper rate. We argue that we are selling insurance and not selling our work. Our charge isn't for our work but for the policy of insurance.

Our business has been increasing, not as rapidly as we would like, but from 1886, when our company was originally formed, we have never granted a reissue rate, and don't believe we need to. I simply mention that as explaining the question possibly in the minds of a great many in the matter of competition. I don't believe you do have to have reissue rates and our history, I believe, has demonstrated that.

MR. TALBERT TAYLOR (Photo Abstract Company, Miami, Oklahoma): It seems to me that the thing Dick Hall said about the abstractors yesterday would apply to the title insurance people. He said every abstracter thought he had the best plant in America. It seems as though each person in the title insurance business thinks his rate is the right rate.

I merely want to point out this advantage. If we can all have the same rate, it stabilizes the business. I think the long horn from Galveston really sounded the keynote in the whole situation, that we are selling insurance. It is different from the abstract business. We are selling insurance and it ought to be upon the basis of insurance, so much per thousand, regardless of where it is bought, when it is bought, or who buys it. You are selling insurance—when you put it on that basis you make it easier to sell.

CHAIRMAN LINDOW: The next subject is also of vital import. Your Chairman, during the past two years, has had a great number of inquiries, especially from the title companies ranging from $100,000 to a $1,000,000 in capitalization, about this subject. One of the big factors of today is the question of being able either to coinsure or get reinsurance. As far as I know, there is no definite solution. However, as indicated in my report this morning, a paper was read at the mid-winter meeting at Chicago, that I think was one of the finest papers I have ever heard in any section regarding any topic. For that reason, it was deemed advisable not only by me but the other members of the Title Insurance Section, as well as member companies throughout the country, to discuss again the question of coinsurance, and it led the Chairman to go back and get the fellow who, I believe, has given more thought to the subject than any one I know of, to appear on our program. I am pleased to introduce to you Mr. H. Laurie Smith of Richmond, Virginia.

Coinsurance and Reinsurance

H. LAURIE SMITH
Executive Vice President, Lawyers Title Insurance Company, Richmond, Virginia

It's a lucky thing for me this convention is being held in Texas. Texas is a big state. There are plenty of places to go if things get too hot! Texas does things in a big way, whether it is a matter of extending hospitality or killing an elephant. When they want to kill an elephant in Texas, the militia is called out, that is, except the regiments kept busy down in Borger trying to close the great wide open spaces.

Some of the Texans, running on an economy platform, were in favor of deferring the execution for this convention and letting our speakers talk the elephant to death, but the humanitarians' plea for mercy prevailed over the parsimonious and they sprayed him with machine guns. The point is this: when they want to kill an elephant in Texas, they don't pick at him with bean shooters—no sir—they unlimber the artillery and get some action.

Mr. Lindow, in his correspondence relative to the subject under discussion, intimated that it would take several years to get the American Title Association to take definite action. Doubtless he is right, but bean shooter tactics leave me cold. Constant pats with a powder puff never wore the tip off a retrousse nose. Remember our five years struggle with the standard mortgagee policy—and our consequent humiliation. I am for immediate advance under artillery barrage with Texans for shock troops.

As I say, it is mighty lucky for me that this convention is held in Texas, since Texas, by reason of a strong, cooperative state title association, under wise leadership, and by reason of recent legislative enactment, is an exception to the scathing denunciations with which you are to be favored.

There are other exceptions among the feudal barons, who rule the destinies of certain plutocratic institutions of Philadelphia, New York, Newark and Chicago, so rich and powerful as to fall in the exceptional class. I wasn't worried about those fellows, anyhow, because they are a long way from home and perspective is a wonderful thing. Set them down in a state as big as Texas and they don't look any bigger than you or I.

But this Texas crowd was different. The propaganda which the convention committees sent out definitely assured us timid fellows from the East that the two-gun men would be herded on a reservation with the long-horned steers, but they didn't say anything about bowie-knives and I couldn't get pepped up with enthusiasm over the prospect of making personal and aspersive allusions to a bunch all saturated with the spirit of the Alamo—and what have you? It was a distinct relief when a Texas friend sent me a copy of House Bill No. 153 and I realized I could give the balance of you fellows hell while I patted the Texans on the back and held them up as shining examples.

With the exceptions above noted in Schedule B1 and B2, the following remarks are addressed without subterfuge, equivocation, or fulsome flattery to the average, common or garden variety of title insurance man like

H. LAURIE SMITH
Executive Committee
Title Insurance Section

me, who has the same problems I have, and isn't doing a darn thing about it. Rally round, Texans, let's go!

Coinsurance and reinsurance—sounds deadly dull, doesn't it, and all gummy with soporific statistics? Allah knows, we title men, being in the insurance business, can't be bothered with statistics! Cheer up, I'm not a statistician! I can't keep the stubs on my check book. Every once in a while one of the banks, which I favor with my patronage by permitting them to discount my negotiable promises of protracted curtailments and renewals, informs me that it has paid out too much money for my account. Of course, the bank is wrong, but I can't prove it. If I could, I would be a statistician.

This intrusion on your time is at the instigation of your Chairman and with the design of selling the idea of reinsurance to the Title Insurance Section of the American Title Association. Does that sound funny? It isn't meant to be humorous. It is the literal truth. Gentlemen, the fact that any one should be engaged in the endeavor to sell insurance men on the idea of reinsurance is an amazing commentary on the present status of the title business and constitutes for many of us a terrific indictment of our vision, our knowledge of fundamental principles and our business judgment.

One of the most fascinating things about the title business is the philosophy of the type of man drawn to this field of alleged activity. We title men, as a group, combine the improvidence of the grasshopper, the fatalism of the Buddhist, and the laissez-faire of the Arkansas Traveler. We know that the winter of adversity must surely come with its icy chill of some terrific title loss, but let us enjoy the bright balmy weather when no title cloud darkens the horizon. Besides, if fate has some title disaster in store for us—Kismet. We cannot escape. Let us be resigned and hope for the best. And furthermore, when it is not raining title troubles our financial roof doesn't need to be patched with any reinsurance shingles. We carry this philosophy into our everyday life.

What do we title men come most intimately and frequently in contact with? Liquor and lipstick! Both poisonous! What do we do? You know! "Set 'em up again. We can't hope to live forever."

What are our constantly recurring business griefs? Hidden title defects and hazards disproportionate to premium compensation. Both poisonous! What do we do? You know! More of the same, please. Dealer's choice, deuces and one-eyed Jacks wild.

After all, what is reinsurance but an application of the principle of diversification of risk by joint underwriting—a principle as old as insurance.

When the Lombard Merchants from Northern Italy in the 13th century introduced into the English trade the custom of insurance, it was in the form of joint underwriting. In the 16th century came the first attempt to regulate the business of insurance by legislative enactment. The preamble to the Statute of 43 Elizabeth c. 12 reads in part as follows:

"And, whereas, it hath been, tyme

out of mynde, an usage among the merchants, both of this realme and of forraine nacyons, when they make any great adventure (especially in remote parts) to give some consideration of money to other persons (which commonlie are in no small number) to have from them assurance."

Please observe that as early as the 16th century it had been the custom time out of mind to write insurance by the joint undertaking of persons, commonly in no small number. By the 17th century, Lloyd's Coffee House had become the center of insurance for the English speaking world. Here, one desiring insurance, would pass around among the assembled insurers a slip upon which was written a description of the risk for which protection was desired. Those desiring to participate in the insurance would write at the bottom of the slip under the description of the risk, their names and the amount for which they were willing to be liable. This was the origin of the term "underwriting" as applied to insurance. Please note that the underwriting was joint undertaking.

From such a modest and informal beginning, insurance has developed to become an integral part of the life of almost every civilized person, with coverage for practically every hazard incident to modern civilization.

In 1876, title insurance was introduced to cover the hazards incident to the transfer of titles to real property. But in our infinite wisdom, based on an experience of fifty-three years, for which period the facts are not available, many of us see fit to ignore or disregard the underlying basic essentials of insurance. For more than seven centuries, the principle of diversification of risk by joint underwriting has been the very foundation of safety upon which every type of insurance has rested.

It is the purpose of this talk to mildly intimate in the most diplomatic language that this same principle should find application in our own business of our own volition and not under legislative coercion.

Just recently a delightful little book issued from the press. Almost overnight is sprang into popular favor. From coast to coast it has been widely read—perhaps, not so widely discussed. I refer to Chic Sale's homely contribution to the philosophy of life—The Specialist.

We cannot all be "specialists" on reinsurance or any other phase of title insurance, but we might with profit borrow something from the philosophy of Chic's humble hero. We should be imbued with a profound and abiding conviction of the dignity, the integrity, the worthwhileness of our calling. Are we?

Are we, when we sell our product, title insurance, by lurid tales and harrowing pictures of the distress and disaster which may overtake the unfortunate who fails to protect his real estate investments under our beneficent and all-sheltering coverage? Are we sincere in our protestations of lurking dangers, or are they but pretty tales to frighten the widow and dupe the unsuspecting layman?

In the correspondence relative to the subject under discussion, it was intimated that it would take several years to get the American Title Association to take definite action. Doubtless that is right, but bean shooter tactics leave me cold. Constant pats with a powder puff never wore the tip off a retrousse nose.

Co-insurance and re-insurance—sounds deadly dull, doesn't it, and all gummy with soporific statistics? Allah knows, we title men, being in the insurance business, can't be bothered with statistics!

They combine the improvidence of the grasshopper, the fatalism of the Buddhist, and the laissez-faire of the Arkansas Traveler. We know that the winter of adversity must surely come with its icy chill of some terrific title loss, but let us enjoy the bright balmy weather when no title cloud darkens the horizon. Let us be resigned and hope for the best. When it is not raining title troubles our financial roof doesn't need to be patched with any re-insurance shingles.

As insurance men, we know that our protection against these hazards lies in the vigilant and eternal observance of certain sound and fundamental principles: first, the rating of risks in the light of the compilation and analysis of statistical data covering loss experience; second, premium compensation commensurate with the risk assumed; third, reserves, more than adequately commensurate with mortality experience, held sacredly inviolate from other liabilities and from commingling with other funds; fourth, fixed retention limit of a reasonable percentage of capital resources for each risk underwritten; fifth, reinsurance of all risks in excess of retention limit.

Do we, by the observance of these principles, pledge our sincerity of purpose? Do we, in the conduct of our business, evidence our conviction of its dignity? How many title insurance companies in all this great and glorious land of Volstead freedom and pacifist bravery observe the fundamental principles underlying their business? There are some. Some responsive to the dictates of experience, knowledge and sound conservatism. Some obedient to legislative club. But how many? I blush to answer. In fact, I decline to answer, since the record of the proceedings of this convention has circulation outside the title fraternity. But let us do a little quiet checking up just among ourselves.

Rating our risks? Why, whoever heard of such foolishness in the title business? New construction, unsurveyed premises, wild lands, mineral lands, lands passing under court decree or will of doubtful construction and ad infinitum. Well, they do look like "sorter" different problems, but we will be good fellows and rate them all alike and once in a while throw in an adverse possession or tax title just to show our liberality. Who knows any better? Some of us sense a degree of unsoundness and dodge the issue by declining the risk or apply the panacea of all saving exceptions in the title man's friend, good old Schedule B. or resort to the doubtful expedient of arbitrary excess hazard premiums.

Why have we no rating bureau? No statistical data? Despite tremendous, persistent, untiring efforts on the part of certain officers and members of this Association, we have scarcely sufficient data to be worthy of mention. Why? A hundred reasons may be given, some of which are good. No uniformity of coverage and therefore no basis of compariosn of loss experience. No uniformity of laws affecting land ownership and therefore no basis of comparison of risks covered. And other valid alibis to cover our sins of omission.

But the real reason is found in the reluctance, the amazing reticence of the average title man to imbibe or impart information concerning his business. We guard our business secrets like a debutante her shoulder strap. If it fails all will be revealed. As a matter of fact, our competitor probably knows as much about our business as we do. I sometimes wonder if our reticence does not cover up slip-shod methods that would be all the better for being dragged out in the daylight and taken for an airing.

How about our second principle: premium compensation commensurate with risk assumed. Try to laugh that off! Generally speaking our premium compensation is a protoplasm which, in its evolutionary development from a jellyfish slime, has, by careful nurture, attained in favored spots the dignity of a tadpole. Frequently, all too frequently, premium rate bears no relation to risk, but is fixed by cut-throat competition or by our own supine eagerness for business, when we, like fawning, cringing hounds, permit the client to fling us what bone he will.

At our various conventions, we have concerned ourselves mightily over the tribulations of the abstracter. A super-sensitive person might almost think we title insurance men have arrogated unto ourselves the role of self-constituted Moses, divinely commissioned to deliver the poor abstracter out of the bondage of cheap rates, free him from the plagues of curbstone lice and cut-throat vermin, roll back the Red Sea of supplementals and lead him into the promised land of fair pay for honest work. "Now,

I ask you very confidentially, 'aint that sweet?' " Gentlemen, under the circumstances the spectacle of a title insurance man buzzing around distilling the nectar of altruism to salve the sores of Jim Johns' lowly abstracter is a noble sight.

In the matter of reserves, we are making a pretty fair showing—thanks largely to the constructive activities of this Association. When one considers how inadequate our information, the progress we have made is a fair criterion of what we may hope to accomplish. Some of us are setting up reserves as a matter of common sense and some because required by law. Some of us are waiting until compelled by law and will probably get fool legislation as our reward.

As for a fixed retention limit, some of us have a conscience or a bump of caution. Others see no impropriety in setting the sky as the limit.

You may think that this talk has wandered far afield from the topic of reinsurance into a discursive and vituperative vilification of the conduct of the title business. Not at all. These fundamental principles are essentially prerequisite or corollary to the principle of reinsurance. Our non-observance of one is but incidental to and consequential upon our ignorance or omissions of others.

Any check up within the time allotted, of necessity, must be wholly superficial. Yet it may lead to further reflection whether we title men as a group are imbued with a profound and abiding conviction of the dignity, the integrity, the worthwhileness of our business. When we sell insurance against risks and flaunt in the face of the public our derisive contempt of the hazards involved, do we uphold the dignity of the business?

The physician who hath not faith in his own prescriptions is sometimes called a charlatan. When we enter into a solemn contract of insurance, obligating ourselves to pay an amount in excess of our total resources, the contract may be sound in the light of our specialized knowledge of the attendant circumstances, but it is not the finest pledge to the public of the integrity of the business. The man, who, for monetary consideration, promises that which he cannot possibly perform, knowing he cannot perform, is sometimes called dishonest. When we fail to diversify and minimize our risks by reinsurance and to set up adequate reserves against losses, we are sowing seeds of suspicion as to the worthwhileness of the protection we sell.

Gentlemen, this tirade over our failure to observe fundamental principles is not merely the vaporings of a theorist. This harping on reinsurance is not merely the phobia of a few individuals. The handwriting is on the wall for those who care to read.

Are we blind to the significance of the historical background of the statutory regulations which vex, harass and hamper other lines of insurance? May I quote a statement made by one of the foremost authorities on insurance, Mr. William Reynolds Vance, in tracing the developments of insurance in the United States? Mr. Vance was not talking about the title insurance companies today, but of the life and fire insurance companies at a time, many years ago, when their stage of development approximated our present condition. Mr. Vance said in part:

"This unfortunate ignorance of the fundamental principles upon which the conduct of insurance is based has manifested itself in a great mass of legislation, much of which is undiscriminating. Certain hardships bearing upon the insured in the enforcement of the common-law principles of insurance have been apparent to the unlearned legislator, and have been sufficient to induce him to apply, without regard to the serious consequences that may ensue, such superficial remedies, by sweeping enactments, as may have suggested themselves either to him or to his even less knowing constituents. It is admitted by all persons having any adequate knowledge of the nature of insurance that it is one of the most beneficial inventions of society, and it is peculiarly unfortunate that it should have excited such pernicious activity, on the part of legislative bodies, in the effort to regulate the administration and conduct of companies engaging in insurance. . .

"The unhealthy influence exerted by the rapid growth of insurance business shortly after the close of the Civil War resulted in the establishing of a large number of unsafe companies, which, after more or less extended struggles for existence, suffered the collapse that might have been expected from their reckless methods. The occurrence of such frequent failures on the part of insurance companies had the double result of entailing very considerable loss upon numerous innocent policy holders, and also of exciting a deep public distrust in the integrity of the management of all insurance companies. From this condition the step to government inspection and supervision was a short one."

As insurance men, we know that our protection against hazards lies in the vigilant and eternal observance of certain sound and fundamental principles: first, the rating of risks in the light of the compilation and analysis of statistical data covering loss experience; second, premium compensation commensurate with the risk assumed; third, reserves, more than adequately commensurate with mortality experience; fourth, fixed retention limit of a reasonable percentage of capital resources for each risk underwritten; fifth, re-insurance of all risks in excess of retention limit.

Rating our risks? Why, whoever heard of such foolishness in the title business? New construction, unsurveyed premises, wild lands, mineral lands, lands passing under court decree or will of doub ful construction, and ad infinitum. Well, they do look like "sorter" different problems; but we will be good fellows and rate them all alike and once in a while throw in an adverse possession or tax title just to show our liberality.

Why have we no rating bureau? No statistical data? A hundred reasons may be given, some of which are good.

But the real reason is found in the reluctance, the amazing reticence of the average title man to imbibe or impart information concerning his business, We guard our business secrets like a debutante her shoulder strap. If it fails, all will be revealed.

What are we going to do about it? Well, how do we get over a mountain —jump over or climb one laborious, painful step after another? It would appear that the first step is to focus our attention on the unhealthy conditions prevailing in order that our energies may be concentrated upon remedial measures. That has been the underlying purpose of the diatribe which you have so patiently endured.

The next step is to bring about a more adequate financial support of this Association by the members of the Title Insurance Section. The Association has done wonders—thanks to the unflagging energy of Dick Hall and to the unselfishness of certain individuals among you who, year after year, have given so generously of their time and their talents. But the Association cannot work miracles. The solution of our problems lies in concerted cooperative group action, but much of the work must be done by experts paid to devote their entire time and energy to the task.

The next step is to provide for the specific allocation of a definite percentage of the aggregate contributions of title insurance members to the extension of the activities and the attainment of the objectives of the Title Insurance Section. I do not propose to amplify this suggestion lest a criticism be inferred where none is intended. It is merely respectfully submitted that we cannot otherwise go forward with the work essential to our continued welfare or hope to realize the potentialities of this Association.

The next recommendation is that the establishment of a statistical and rating bureau for the title underwriters of this Association be set as an objective. In order to expedite the attainment of this objective, it is suggested that a committee be appointed to investigate and make recommendations relative the establishment of such bureau with a competent full time actuary in charge, to ascertain the approximate cost for a given initial period, and to report its findings to

the Executive Committee at the mid-winter meeting of the Association. It does not appear expedient to plan further until the feasibility and desirability of the bureau has been ascertained and its fate determined, since it is on the work of this bureau or some alternative instrumentality that the solution of our problems must rest. In the absence of exhaustive study in the light of adequate statistical information, there can be no final satisfactory determination of the questions of adequate reserves, fixed retention limits, or premium compensation. The ultimate disposition of the problem of reinsurance is contingent and predicated upon the determination of these questions.

While our leaders are determining our future course of action, we buck privates need not remain quiescent. If we are ourselves converted we might preach the gospel of reform to our brother titlemen. When you meet a title man content to drift with the old order of haphazard guesses and casual gambles, back him out of the traffic, park his ears at an angle of forty-five degrees to the concrete curb which protects his cerebral ivory from the intrusion of a new idea, saturate him with the gospel that the fundamental principles of insurance are applicable to title insurance—saturate him, brother, saturate him, and then set him on fire. If he burns up he ought to be a total loss, because he didn't believe in insurance.

We might, with much pecuniary profit and many incidental advantages, busy ourselves with the establishment of state or regional title underwriters conferences, modeled on the splendid California Conference.

We might immediately begin to set up reserves, adequate in the light of our present knowledge.

We might immediately fix a retention limit of a reasonable percentage of our capital resources.

We might immediately adopt the policy of reinsuring all risks in excess of that limit.

Many of us will assert that the records of the title companies do not indicate any vital need for reinsurance. May I repeat a statement I was privileged to make at the mid-winter meeting of the association? "When we title men say that loss experience does not necessitate reinsurance we mean to say: 'My company has never had a big loss. Big properties are better risks than small ones, because the titles are better known. I have never heard of many big title losses. I don't think it very likely a big loss will hit my company.' "

Gentlemen—that is not insurance. That is speculation. Such an argument does not take cognizance of such vital factors as the changes wrought in the moral fabric of the nation by the influx of hordes of yet unassimilated aliens; nor the social problems incident to the swing of the population from rural to urban; nor the economic changes wrought by the trend from agriculture to manufacture as the chief source of the nation's wealth. Such an argument ignores the dynamic changes wrought in title insurance itself in its development from a local to a regional or national service. It is not analytical deduction. It is ostrich philosophy.

How about our second principle: premium compensation commensurate with risk assumed. Try to laugh that off. Frequently, premium rate bears no relation to risk, but is fixed by cut-throat competition or by our own supine eagerness for business, when we, like fawning, cringing hounds, permit the client to fling us what bone he will.

In the matter of reserves we are making a pretty fair showing—thanks largely to the constructive activities of this association. Some of us are setting up reserves as a matter of common sense and some because required by law. Some of us are waiting until compelled by law and will probably get fool legislation as our reward.

In order to place before you, for consideration, the establishment of reinsurance facilities as a definite objective, some of the more cogent supporting reasons are summarized.

Reinsurance will permit added protection to our policy holders and stockholders while writing an equal volume of business with no appreciable dimunition of net revenue. Reinsurance will permit us to retain the confidence of our clients and inspire confidence in distant lending institutions and investment bankers who so frequently control the placing of title insurance.

Reinsurance will go far towards preventing the loss of large orders by local title companies to some distant company whose sole claim on the business is the amount of its capital resources. Reinsurance will bring new business through added prestige and new sources of revenue through opportunities to reinsure for smaller companies. Reinsurance will give a mighty impetus to our efforts to attain uniformity of coverage—one of our most crying needs. Reinsurance will prove a powerful factor in obtaining standardization of sound title insurance practices.

Some of you may be interested in the practical question of how reinsurance facilities are to be obtained. Time does not permit a discussion of possible future developments. At the present time, it is largely a question of the size, responsibility and management of the originating company. The small companies will probably find it necessary to have risks in excess of their retention limit underwritten by some large company sufficiently established in the regional or national field to be acceptable to the large users of title insurance.

This plan suffers the disadvantage that the reinsuring company receives the greater part of the premium. Furthermore, it may be unsound, if the reinsuring company is competitive since reinsurance may be denied at a critical period. To be weighed against such disadvantages is the fact that not only is the small company enabled to write business which it would otherwise have lost, but frequently the abstract business which it receives by virtue of its affiliation with the large company more than compensates for insurance premiums surrendered. For obvious reasons, it does not appear feasible at this time for a group of small companies, primarily abstract companies, but qualified to write title insurance, to effect a satisfactory solution by joint underwriting.

For the company of modest but adequate capital resources of half a million dollars and up, the problem is essentially different. For such companies the organization of reciprocal reinsurance treaty associations affords the simplest, most practical and most effective plan of establishing reinsurance facilities.

I outlined this plan at the mid-winter meeting in Chicago. Mr. Lindow felt that it would be proper to submit it to the convention, even though a certain amount of repetition could not be avoided.

Such a plan contemplates that a group of companies, preferably not less than five, nor more than ten, may be drawn together by their mutual acceptability, as determined by mutual investigation of financial responsibility, methods and practices, and personnel of management. It is desirable but not essential that the companies should have approximately the same retention limit in order to simplify the rotation and equalization of excess risks ceded. They should afford substantially the same coverage for substantially the same premiums.

When such a group has determined to enter into a reinsurance association it may evolve its own treaty or adapt features from successful existing treaties to their special requirements.

The more or less essential provisions of such a treaty are as follows:

(1) That the amount of risk to be retained by each member company for its own account shall be determined by conference agreement and such retention limit or net line shall be definitely set up in a schedule made a part of the treaty.

(2) That the originating company shall be exclusively liable for all loss under its policy up to its retention limit and that the reinsuring companies shall pay together all loss in excess of the retention limit of the insuring company in proportion to the amount of risk assumed respectively by the participating companies.

(3) That a classification of all title business is to be made into standard

risks and facultative risks with provision for maximum coverage as to each class of risk and for maximum rention by the company originating the business.

(4) That as to standard risks, each member company will cede the amount in excess of its maximum retention to the other member companies up to the amount covered by the aggregate reinsurance facilities of said member companies. Such cessions to be in rotation and in amounts and on terms and conditions established by the reinsurance treaty.

(5) That on standard risks each member company agrees to accept such cession without question up to but not exceeding the amount of its own retention limit, providing the conditions established by the reinsurance treaty shall have been met by the company originating the business.

(6) That as to all facultative risks, member companies shall not be required automatically to accept reinsurance, but that all such cases must be submitted by the originating company to the member companies for approval. This proceeding may be simplified by designating for each member company a corresponding company which will have power to approve a risk and to bind the other member companies up to an amount equal to one-half of the net amount retained by the originating company provided this amount does not exceed its retention limit.

(7) That each member company shall keep rotation tally sheets for the purpose of carrying out the scheme of distribution of reinsurance and determining as each case comes up to which of the member companies and in what order they are obligated to distribute reinsurance, since the scheme contemplates that the amount in excess of the maximum retention of the originating company shall be submitted to the other member companies in rotation in units of certain specified amounts and that if any company is left out on a particular list, by failing to receive the same number of units in the division, it shall receive an extra unit of the next succeeding case to bring it even with the other companies who received more units on the preceding case.

(8) That the premiums to be paid by the originating company to the reinsuring companies are to be as specified upon a schedule made a part of the reinsurance treaty covering all standard risks; that so far as possible a schedule of "extra hazard" premium shall be established for facultative risks, and that in all other cases the premium rates shall be determined by agreement between the originating company and the reinsuring companies; that no commissions are to be allowed by the reinsuring companies to the insuring company.

(9) That the reciprocal association shall maintain an approved list of non-member companies which have been approved by members of the treaty; that member companies may solicit reinsurance from such approved non-member companies; that reinsurance contracts by the member companies and non-member companies must be approved by all member companies before same becomes effective and such reinsurance contracts with non-member companies must be terminated upon request of any member company.

(10) That any member may withdraw on thirty days notice and that new members may come in by unanimous consent of the member companies.

When we title men say that loss experience does not necessitate re-insurance, we mean to say: "My company has never had a big loss. Big properties are better risks than small ones, because the titles are better known. I have never heard of many big title losses. I don't think it very likely a big loss will hit my company."

Gentlemen, that is not insurance. That is speculation.

We are all united in a common desire to building our respective companies safe and strong, conservative in our undertakings, progressive in our ideas.

*May we not borrow further from the untutored wisdom of The Specialist? Don't build on the slippery path of inadequate premiums. Don't build under the apple tree of excess risks. When a man is sitting pondering, there is no sound in nature so disconcerting as a title loss thudding down on his financial roof. Dig your foundation of reserves plenty wide and deep. Don't depend on spool and string methods to protect you from disastrous surprise. Put the strong latch of re-insurance on the door. Cut your ventilators star-shaped or * * * * * * * as you will, but plenty of them so the light of statistical data may keep pouring in. Build as a Specialist. Then when trouble comes, as it surely may, you will be sitting mighty, mighty pretty!*

Whether you agree or disagree with this diagnosis of the situation, whether or not you find any merit in the suggestions offered, we are all united in a common desire to building our respective companies safe and strong, conservative in our undertakings, progressive in our ideas.

May we not borrow further from the untutored wisdom of The Specialist? Don't build on the slippery path of inadequate premiums. Don't build under the apple tree of excess risks. When a man is sitting pondering, there is no sound in nature so disconcerting as a title loss thudding down on his financial roof. Dig your foundation of reserves plenty wide and deep. Better a little loss over a big reserve than a big loss over a little reserve. Anchor your structure deep and strong with a four by four retention limit. Don't depend on spool and string methods to protect you from disastrous surprise. Put the strong latch of re-insurance on the door. Cut your ventilators star-shaped or crescent or twining hearts, as you will, but plenty of them so the light of statistical data may keep pouring in. Build as a Specialist. Then when trouble comes, as it surely may, you will be sitting mighty, mighty pretty!

CHAIRMAN LINDOW: I know it is very late and there has been a few suggestions as to whether we could carry a little more of the title insurance section's program over to come later on in the meeting. I don't think it is possible and if there are any in the room at this time who have any questions in mind regarding unfinished business or any of the papers, let's have them. I don't think it is going to do any harm to us to stay here for another fifteen minutes.

MR. A. D. ANDERSON (National Title and Trust Company, San Antonio, Texas): The A. T. A. form has been presented to this Association by this section by Mr. O'Melveny and his Committee. They have done fine work but I don't believe that form has been formally adopted by this association.

One of the insurance companies not among the five big companies wrote to me that it would not recommend the use of the A. T. A. form until it had been formally adopted by the American Title Association at its October meeting.

I therefore move that the A. T. A. form receive the approval of the American Title Association and be recommended for use by title companies in those states where, by law, its use is not prohibited.

Upon being seconded and put to vote, the motion was carried . . .

CHAIRMAN LINDOW: If there is nothing further to come before the Section, the meeting will stand adjourned.

The meeting adjourned at twelve-fifteen o'clock a. m.

ADJOURNMENT

Thursday Morning Session

Abstracters Section

The meeting convened at ten o'clock with President Wyckoff presiding.

PRESIDENT WYCKOFF: At this time I want to appoint Mr. S. S. Booth, Mr. Howard Searcy, and Mr. W. S. Beck on the Resolutions Committee. I would like to have them meet in time so as to have the resolutions ready for tomorrow morning's session.

Perry Bouslog got in this morning and we will again postpone consideration of the report of the Committee on Constitution and By-Laws until the opening of the afternoon session, at which time the proposed amendments will be presented.

I take pleasure in turning over this meeting to Jim Johns, whom you all know so well.

. . . President Wyckoff retired and Mr. James S. Johns of Pendleton, Oregon, Chairman of the Abstracters Section, assumed the chair . . .

CHAIRMAN JOHNS: The first thing on the program this morning is the address of the Chairman, and I notice that very few of you are here, which indicates that there are few of you care to hear the address of the Chairman.

Since I am to be relegated to a position of innocuous desuetude, I want first to appoint the Nominating Committee to nominate the officers of this Section. I will appoint on that Committee: Fred T. Wilkin, Independence, Kansas, Chairman; Frank A. Lenicheck, Milwaukee, Wisconsin; Jess K. Payton, Springfield, Illinois; Vera Wignall, Pauls Valley, Oklahoma; and A. L. Bodley, Sioux Falls, South Dakota.

Some time during the day I would be glad to have them get together and select the officers for next year. It needn't be done immediately because if it is there will be scarcely any one left in here. We are going to meet this morning, this afternoon, and this evening and any time during the day will be time enough.

Annual Address of Chairman

JAMES S. JOHNS

President Hartman Abstract Co., Pendelton, Oregon

Really, I have been elevated to a position of honor and dignity inasmuch as I am to be an officer of the American Title Association from now on. I can no longer go up and down and back and forth through the United States and harangue you about the deplorable and pathetic condition of the spineless jellyfish engaged in the title profession. From now on I must assume dignity. I am gagged, muzzled, hog-tied and put in a cage of respectability and from now on must cease all my former activities.

Really, though, the abstracters are not in as bad a condition as they might be, in some of the states. I thought when I assumed office that the abstracters were all dead and didn't have the decency to let themselves be buried but I have found that in some states they were merely sleeping. The miracle has happened; they have come to life. In some states they are actually beginning to make a living, but, now, folks, we have a long way to go to catch up with the title insurance people.

I was interested in what Dick Hall said yesterday about the title insurance people not making any money. The title insurance people I know have something they use in place of money. Coming to this convention, we were invited to travel with the California delegation and I just want to tell you folks that they traveled in drawing rooms. Do you know what a drawing room is? They didn't bring their lunch with them; they went into the dining car for every meal.

I'll tell you something else. They are not staying at rooming houses and cheap hotels, but they are all at this hotel and

JAMES S. JOHNS
Executive Committee

a lot of them have corner rooms. So, we have quite a way to go before we catch up with them.

If title insurance people, these folks who are making no money, don't add twenty-five per cent to their surplus each year, the year is a failure. Now, title insurance is in a bad way, but as near as I can figure it out, they are only about one-tenth as bad off as we are. There are about 250 title insurance companies so there are only about 250 different rates and 250 forms of policy. There are 2500 abstracters, so there are 2500 different rates and 2500 different forms of abstracts. That isn't saying a whole lot for the title insurance people but I have come to the conclusion that we country abstracters have to work out our own salvation. We can't look to the title insurance people for all the help. They have done well by us, but we will have to do a little something for ourselves.

We travel in no drawing rooms; we think we are fortunate if we have a a second-hand Ford. I have been in altogether too many abstract offices that looked exactly like the one Paul Jones was running in the play day before yesterday. There are many of them—one old second-hand desk with all of the records on top of the desk or on the floor, one part time stenographer, the wife of the proprietor and never having a new dress. I have seen too many of them.

The situation during the past two or three years has been disheartening and

discouraging; upon many occasions, I have felt like throwing up the job and going back home and getting a job in a bank or somewhere. I have been comforted at times like that when I have realized that there is no unsolvable problem, that there is a solution to the problems that have confronted us and that it was up to us to work and struggle along until we found out what the solution was, and then, unlike the weather, do something about it. So, when I have been most discouraged and when I have thought that there was no way out, then I have heard of an abstracter somewhere in the United States who has had the vision and the intestinal fortitude to put into effect something or other, and I have seized on that like a drowning man seizes on a straw, and do you know that it has worked—it has helped.

I have brought these things to the attention of the abstracters over the United States, first of all trying them out on my folks in my home county—and heaven help the customers of title service in my county, because I have tried out everything on them—first trying them out at home and then trying them out on the rest of you.

We found out that in going to state title meetings, abstracters' conventions and talking to them, while if we were able to find some new jokes, it was a pleasant thing, yet nothing was accomplished. There never has been anything accomplished—I say, almost without exception—at a state abstracters' meeting. Like the well known weather, we do a lot of talking and do nothing about it, so we couldn't reach the abstracter at the state meeting. We couldn't get to him. For one reason, most of them didn't have money enough to get there, so we started holding regional meetings. We divided the state up into such regions that the poorest abstracter could get there, and then sat down with eight or ten of them and thrashed out their problems.

Dick Hall and I have held regional meetings in six states this year. You title insurance executives—the few of you who are here—sit in your offices and people come to you. You don't know what it means to go into a town, harangue the abstracters and wrestle with them all day long, take a night train to the next town and do the same thing the next day, do that for eight or ten days in succession, and then take a train back to the Pacific Coast and travel three or four days each way. The brotherly love of the abstracters is marvelous.

Do you know that in holding regional meetings in these six states I have stopped three fist fights—three—among competitors? That shows how much they love each other.

At Parson, Kansas, Grant Stafford of Winfield and his competitor, Mr. Mueller, were hardly on speaking terms. Grant weighs over three hundred pounds and having lots of avoirdupois here (indicating his stomach) isn't always successful in keeping the gravy from dropping on his vest. His competitor was a dapper little fellow weighing one hundred and twenty-five pounds and they had a very serious problem of competition between them. Each thought the other was unethical and wasn't doing the right thing. Grant kept interferring with my speech. He is the best heckler I have ever known and he was getting the best of me all the time until finally I advised him to try kissing his competitor, and I understand they have been getting along better since. Probably Mr. Mueller is afraid Grant will kiss him again.

In holding regional meetings we have a formula which we go through. First, we ask each abstracter sitting around the table: "Have you a car which cost over $1,500 and which is less than four years old?" We have found a few instances where they have such a car. Mr. Stafford has one, but he owns some land on which oil was discovered. Another man had such a car, but his wife

---

Officials, Abstracters Section

DONALD B. GRAHAM
Chairman
Denver, Colo.

ARTHUR C. MARRIOTT
Vice Chairman
Wheaton, Ill.

HERMAN EASTLAND, JR.
Secretary
Hillsboro, Texas

was very well to do and the car was in his wife's name, I found out.

The next question we ask them is, "Are you raising your son to be an abstracter?' and no one is. They want their sons to be stone masons, bricklayers, ditch diggers, anything, but not abstracters.

Next we ask them, "If you went home from this meeting and found you had overlooked a judgment, and that you would have a loss of $500, would you get goose-flesh or not?" And, you know, it is a pathetic thing; almost no abstracter in the United States had a reserve fund for losses.

The next question we ask them is, "Can you write a check for $500 and get the cash on it without seeing the banker first?" And you'd be surprised at the number of abstracters who can't do that—or couldn't three years ago.

So, we get right close to home with them. The first thing we aim to do is to cut out the giving of discounts and commissions. I always ask, "Do you know of any other profession where they give discounts or commissions, excepting that your home town doctor gets a cut when the city doctor cuts you?" But remember, those people keep it within the profession, and I have never found but one instance of any one other than doctors giving commissions. One man at Grand Island, Nebraska, said that the undertakers of his town gave twenty-five per cent commission to the doctors who referred business to them.

Do you know that right now, in the city of Blank, where there are three title companies and if you would look at any one of the three men—they are all here—you would say they are high-minded, upstanding citizens, those "birds" are paying thirty per cent commission—thirty per cent? If they are making a fair return on their money at the net amount they are receiving, is there any difference between what they are doing and gross dishonesty when they charge you $40 for some work and give $12 secretly to your lawyer or your real estate agent or your loan broker? The owner of the property is being stung. They should either reduce their prices, if they are getting too much and have to give some of it away, or they should keep it all. They're in the class with the undertaker in Grand Island, Nebraska.

Now, folks, we are in the position of undertakers to some extent. The undertaker gets one shot at us. During the life time of the average American citizen, the title company gets two shots at him. We get only twice as many chances to charge the American people as the undertakers do, and do they turn out their work for $2.98 or for $9.60? They give a professional service and they charge a professional fee.

In going around, we have attempted to establish the prices. We find out what they think they should get per entry. The minimum we have ever found is $1 per entry. So, we attempt to establish each region at the highest price we can get them to establish it, at the price per entry, $1, and in some places $1.50. There was one place where they had nerve—those boys are close to my heart—enough and were willing to charge $2 per page for court work. We can get such prices as that and they are not out of line.

We found that all over the United States they were giving away their captions. Why should we give away captions? Why not charge? We found they were not including plats in the abstracts or, if they were, they were giving them free. Do four hours work on a plat and then give it away! I found we could get them to charge from $1 to $25 for plats, the complicated ones at high prices. They were giving a service which was appreciated and which the customers were glad to pay for and the attorneys rose up and called them blessed.

Do you know what happened to me in Wisconsin? I'm sorry to use Wisconsin so frequently. I talked to them; I pled with them; I cried over them; I showed them plats. It is a beaufitul thing; I don't know what it means; our draftsman made it and we put it in with the abstract and charge $10 apiece for them. It looks like an architect's plat. A man argued that it was dishonest to put in a plat—it would be gouging the public. I thought, for heaven's sake, I'll just lay off this.

Now, the plats, many of them—I want to explain to you title insurance men—are matters of record, and when one is making an abstract it is not a complete abstract unless the record is shown. It must be, and yet that poor, weak-kneed, spineless cactus had the nerve to stand up and tell me he would be gouging the public to put a plat in!

We found that they were making their searches without charge, so we got them to make a charge for searches.

One of the most beautiful things in the whole abstract business is the valuation charge. The valuation charge is patterned to some extent on title insurance. We extend an abstract on this hotel building, for instance, worth what—$3,000,000 or $4,000,000? And I found by asking that the extension of that abstract on the Lowrie Hotel in St. Paul, where the Minnesota meeting was held, a three or four million dollar building, would cost $4.85. Now, maybe their work wasn't worth over $4.85 but I submit to you that the liability assumed, if they made any mistake at all, if they overlooked a tax, tremendous proportions, and yet they would extend an abstract on that hotel building just as cheaply as they would on a vacant lot way out in the stock yards district.

Is that fair? I say that it isn't. Therefore, the valuation charge came into being. So we now—I say "we," I do it and it is being done generally over some states—charge so much for the work, and that is a reasonably high fee, but in addition to that we charge them $1 a thousand on the value of the property.

Kicks—I know spineless abstracters say it everywhere, "We have a peculiar condition in our town and we couldn't do that." There "ain't no such animal" as a peculiar condition. I'll come to that later.

While I was attending the Seattle convention an abstract was extended in my office to a flour mill. There was a release of a mortgage and a deed of trust to show in the extension. Figure up what you would have gotten for it. How much would it be in Milwaukee?

MR. LENICHECK: $7.50 in Milwaukee.

CHAIRMAN JOHNS: We got $12 for the work and $100 for the valuation. Do you know what happened when I came home from Seattle? The owner of that flour mill came up and thanked me that I had an organization that could get out such a complicated piece of work in my absence. I tell you that I try these things out at home before I try them on the rest of you.

Some of the states are now making valuation charges on certificates. Where every abstracter in the business is getting a reasonable fee for the work he is doing and a reasonable charge for the valuation he is certifying to, we certified abstracts for nothing, gave them tax items for nothing, complete attorney's requirements for nothing. How many of you here have ever heard of Albion, Nebraska? Mr. Weitzel of Albion, Nebraska, is here. Mr. Weitzel attended the Seattle convention. Mr. Weitzel had hardly been outside his town since he went into the abstract business but from one idea he got from a speech I made in Omaha he went into the escrow business and the escrow business in one year's time more than paid the expenses to Seattle and back. He is here at this convention, if you don't believe me, I'll have him stand up and tell you so. The general public paid his way down here.

We can handle an escrow business. We need to learn how to do these things, but first of all we need to have our backbones stiffened. I want to read a wail to you. I went into a state and I stiffened their backbones, not very much, I was thoroughly disappointed in them, but they did have the nerve to raise just a little, I think about an average of 45c per order. Here's the wail they got. This is from a customer:

"I feel that the time has come when I must inform you that your recent change in prices has produced conditions that are obnoxious to me and unless I can work with you under the conditions that have governed our relations for going on thirty-nine years, I shall deal with another abstract company.

"For the past nine months of this year, your bills as rendered to me have averaged $196.30."

They must do a tremendous business because the jobs averaged only $7 an order.

"Perhaps this business is not worth while to you but I am aware of several abstract companies which would be most pleased to receive that business. For some time past the abstract bills have been altogether out of proportion in amount to that charged previously."

This is the conclusion:

"Sufficeth to state that our relations will either be governed by dealings as in the past or my business will be turned over to some other abstract company. Nor do I intend to enter into any discussion about the matter with any person whomsoever. I pay my bills promptly."

"I ask no favors of others," (yet he was receiving twenty-five per cent commission. That isn't a favor, he is entitled to it.)

"All I ask is a square deal, such as has governed our relations in the past. If I can count on that sort of treatment, well and good. Otherwise our business relations of over a third of a century's duration will be at an end."

I would like to ask some of you how you would answer a letter like that. We have a man in our town, who when he gets extremely angry says, "Come to hell." I would like to ask if that wouldn't be a pretty good answer.

Now, folks you are going to hear the results of these regional meetings. That wasn't enough. We could go into these states and we could get them to revise their prices, perhaps upward to a certain extent, but the country abstracter was afraid to charge a professional fee. He was afraid to consider himself a specialist, because any stenographer with a second-hand Oliver typewriter could go in and compete with him.

Friends, we are specialists. We have a highly specialized department of the law which is ours—I'm speaking about the country abstracter now—and unless you have in your town a lawyer who specializes in land title work, you know more about the law than any practitioner of law in your county. We are specialists. I wish we had somebody to write an epic about it. Mr. Chic Sale wrote a book—The Specialist. Some of you have read it. It was the life of an artisan, a carpenter, if you please, who specialized. Those of your who have not read it will find that it is deep in places, you will find that it is holey but the point of it is that even a man who works with his hands can specialize. That was the lesson I got out of that—even the man who works with his hands can specialize and achieve a dignity beyond the average run of folks.

Now, we are specialists. Why can't we attain the dignity of character displayed in Mr. Sale's book? Why can't we realize that we render a professional service and are entitled to professional pay?

The abstracters were afraid to consider themselves specialists on account of the potential competition from stenographers who were out of work. In order to remedy that defect, after long and arduous arguing with myself and many others, I finally changed my basis of operation completely. I'm not completely fossilized yet because I am willing to change my mind eventually.

I had always felt we should never go near the legislature; we should stay away from it; we should have no legislation. I had always felt that we should kill any legislation adverse to us but that we should never get near the legislature. Do you know, folks, you can't shave a man for hire because the barbers are licensed? You can't cut anybody's toe nails except you be a chiropodist. I have completely flopped on this business of legislation. Every trade, every profession—you can't practice law, you can't cut out anybody's appendix, you can't fill a tooth, you can't engage in any profession unless you have taken a course in school, passed the examination and been admitted into the secret order of that profession. So, why should abstracting, which is a highly specialized department of the law—why should we be in competition with every stenographer out of work?

So, in my despondency over this question I learned that the title people of North Dakota had done something and I went there to find out what they had done. You paid my expenses. They have a law in North Dakota, which Mr. Hall and I copied, made general in its terms—we didn't expect it to be adopted verbatim in any state—but we generalized it to be a model to be worked on in each state.

Now, the terms of the North Dakota law—and I want to pay tribute to the ability of the North Dakota title people—are something like this. An abstracter has to put up a bond to guarantee against loss on the part of anybody who relies on the abstract or anybody for whom the work is done. When you consider that the average abstracter can't write a check—couldn't three year ago—for $500, couldn't sustain a loss of $500, what did the people who were relying on that abstract have back of it? Absolutely nothing. If the abstracter made a mistake and left out a judgment—well, "that's too bad; I'll insert the judgment in the abstract for you." That happened week before last in a case I know of. That isn't fair. I believe in giving the public a run for their money, but heaven help them in the amount of money taken from them.

I believe that you should put up either a bond or security to protect them against loss. You should have a title plant with some minimum requirements before you engage in the business. You should pass an examination so it can be found out you are qualified to engage in the abstract business but I also hasten to add that already the law has a joker—anybody already in the business doesn't have to pass the examination, otherwise you might have legislated out of business most of the abstracters, because I know that many of them couldn't pass the examination. You know there are examinations and examinations.

ELIZABETH OSBORNE
Executive Committee
Abstracters Section

I have a friend who, before he got into war, saw it was coming. He was a very successful physician in my town and wanted to get into the army as an officer so he could advance. He took an examination that lasted the most part of a week and got a grade of 38 on it, I think. The reason that examination was given that way was so that if his friends went down and raised merry hell with the War Department, they could say, "It's too bad, but your friend didn't pass the examination." They found out he had some social graces, could roll the bones and a lot of other qualifications that would fit him for army life, so he got in.

On the other hand, our present ambassador at the Court of St. James wanted to become a colonel in the engineers. They had to give him an examination. It consisted of one question: "Here is a field; the dimensions were given; they were irregular. How would you ascertain the area?"

Colonel Dawes' answer was, "I would hire a surveyor." The learned board said, "The answer is correct." So, I say to you, don't be afraid of the examination.

You say, "We can't do much with our legislature; we have a peculiar legislature." There "ain't no such animal" as a peculiar legislature, and every country abstracter without exception is in politics. I have never gone to a regional meeting yet, and I have gone to a good many, where I didn't find an abstracter who had one legislator, at least, who was under obligation to him. In the South Dakota Legislature, every member except three was under deep obligation to some abstracter, so they voted for the bill and would have whether it had merit or not—but it had merit. You see they are getting good fees, valuation charges and they are not afraid of curbstoners' competition. They are protected by law just as the lawyers are.

They are beginning to ask, "What shall we do next? where all these recommendations we have made have been put into effect. They have a task of three meals a day and they have heard that title insurance people get as high as $100 to $125 for one order, and they want to know, "What can we do now?" They are title insurance minded.

I have never kidded myself that the things I hoped to accomplish would reach the millenium. When you get all through with this program that I am outlining, you are just beginning, and

my successor and his successor have their work cut out for them for years and years.

Some of these states where they have learned rapidly, where the miracle has happened and they have come to life, want to know, "How about title insurance?" In one state I know of, every abstracter, but one—and it is a state of about sixty counties—is ready, when the Executive Committee of the association gives the word, to do whatever the Executive Committee of that state association suggests.

They come to me asking, "What shall we do?" Here's the question: "Shall we organize our own title insurance company?" There is the question of management. They are good abstracters but they don't know the title insurance business. They have to learn.

Along with that, there are the people who used to promote banana plantations, the people who used to sell oil stock. A good many of them are now organizing title insurance companies. So far as I know now, there are dangers of them being purely stock selling schemes.

There is a danger that the country abstracter—you know we have never been out much and we are a little bit gullible—won't be able to distinguish between legitimate, honorable title insurance men who are organizing a company to give service and the man who is coming to spread banana oil and take him into camp.

There is a danger so far as the American Title Association is concerned that if a number of stock selling outfits are organized and then go broke, title insurance in general will suffer. And I want to warn you about it. There are three horns of the dilemma—organize your own company or go into an organized company. There is the other outlet, which is to tie up on an agency basis with an existing company.

Unfortunately there are not many title insurance companies which have had the vision to give a nation wide or state wide service. I am not competent to advise what should be done. I don't know.

Strange as it may seem, I would like to pay a tribute to a man. I went to a convention several years ago, a green country boy. I had heard there was such a thing as title insurance and I wanted to know about it. I had a lot of questions to ask. Somebody introduced me to one of the leading exponents of title insurance in the United States, introduced me to a man who has done a great deal for the title insurance business—probably as much as anybody in the United States.

I was on holy ground. I had a lot of questions to ask. That man was Donzel Stoney. I asked him a question. I told him I had a lot to ask and I asked him one. He said to me, "Now, you just ask me all your questions." So I asked him all my questions: "Should I go into the title insurance business?" I had a few dollars I had made out of the mortgage loan business. "Should I go into the title business all by myself? Should I tie up with an existing company? Should I try to interest an outside Company? Would I have a lot of trouble with the lawyers?" I asked all the questions that I might possibly have asked.

He said, "Johns, what do you know about title insurance?"

I said, "Nothing."

Then he said, "Keep your ears open while you are here this week, and go back and start in the title insurance business next week. I don't care how you start. It doesn't make a bit of difference. Whatever mistakes you make will work out—but start next week." I haven't regretted it yet.

What has been done in one state can be done in all the states. Some of the states are out of the dumps as you will see from the papers to be given. My successor must work to consolidate the gains we have experienced in some states, that is, to bring all of the states up to the high standard of one or two or three or four that have put the entire program into effect.

South Dakota, two years ago, was probably, so far as title work was concerned, worse off than any state in the Union. Today they have put everything into effect and they want to know about title insurance.

So, you will use my successor, you will abuse him, and you will bruise him, but he is going to do the best for you that he can. He is going to have no feelings. He will find every place he goes that the abstracters will tell him, "We have peculiar conditions; we have to make our abstracts on a certain basis because the lawyers demand it. We have to give commissions because our competitors do."

I have never yet found an abstracter who didn't blame his competitor for the beginning of commissions and for everything else that was wrong with him. I have never found one willing to assume the slightest degree of blame. They all are individual. It sounds a good deal to me like the way our title insurance people have acted. Everybody had his own form of policy and nobody would do anything until the life insurance companies got out a form that was a stem winder, and then they got together after somebody from the outside forced them to do it, and they are not together much better than the abstracters are, even at that.

Do you know in a state not very far from Texas—no state is very far from Texas, I don't believe—a young fellow got his diploma from a correspondence school and started out as a salesman for a paper house? He called on abstracters for two or three weeks and then he wondered why there shouldn't be a uniform certificate. So this young correspondence school graduate gathered four or five certificates, worked one out and had his house print a lot of them and went around and sold the abstracters their certificates, and that state got uniform certificates written by a man who had never heard of an abstract a month before he wrote the certificate.

When we get high prices, we have not finished. When we get to know about title insurance we are not finished. We have to learn how to build our plants and use them economically. We have to have uniform forms of abstracts and certificates. We have to learn to give complete service. We have to be like the bootlegger who wrapped up each bottle in revised braille for his customers.

It has been said that we have a loose, sketchy organization. We have to get together a complete service, get adequate prices, no rebates. One man can't do it by himself. Each blames the other. I have talked to them all. We have to have legal protection for the public and for ourselves.

I want to talk to you abstracters about helping to prevent injustices to others. I have shown you how nearly every country abstracter is in politics. Our best customers are the mortgage bankers. No mortgage banker sitting at his mahogany desk in New York City can get very far with a country legislature. The country legislature is apt to put over a bill that is unjust to him.

I want to cite to you the example of a bill that is now the law of the state of Idaho. This is over our heads—we abstracters—but in an attempt to tax money in competition with national banks, they passed a law taxing building and loan associations and foreign corporations lending money. That bill was "conceived in iniquity and born in sin" very likely. It probably had a good purpose but the working out of that bill was such that a grave injustice has been done to the mortgage bankers. I have the law here. I will not take your time to try to explain it to you, because you couldn't understand my explanation anyhow. I have a number of letters from mortgage loan people doing business in Idaho, but this one letter gives the information quite briefly.

"You have the law as it is. You know that the Federal Court held that the law might be obscure but it was not necessarily unconstitutional."

Three federal judges last month, sitting in Boise, Idaho, said in very polite language, "This is a damn fool bill but we can't find anything unconstitutional about it."

"The remarkable part about this law is that it differs from any similar law in the other states. In any other state if a foreign corporation does not comply with certain laws, it can be fined, but under this law they simply would declare invalid all the mortgages and investments.

"Now, to show you how it would work out, under the law the assessor of the county in which the statutory agent is located, which happens to be for us, in Ada County, will assess as personal property a certain proportion of the capital after certain deductions. We made, under protest, a statement. We added, as requested, the capital and surplus and undivided profits. We deducted expenses and taxes paid, which gave then the cash value of the capital stock. Then we gave them a statement of the total investments in the state and the total investment outside of the state. Out of the investments in the state should be deducted the real estate, which is assessed, and paid taxes.

"The assessor came back for reasons best known to himself, disallowed the real estate taxes and everything else and assessed us for $226,178, which he considered seventy per cent of our moneyed capital.

"We drew his attention to these different matters on July 11th and the assessor stated he would bring it up before the board of equalization, and that we would hear from them, but we never did.

"On the assessment made by the assessor we would pay six and a half per cent, or $14,701.47. As our total investments in Idaho amount to $864,736, our taxes would be seventeen per cent on our investments, or about three times the amount of the revenue.

"The law simply means a continual series of law-suits on every assessment and besides a continual series of blackmail suits by lawyers declaring investments invalid.

"Our expenses will be considerably over $10,000. The danger in the law is in the fact that any court can declare invalid any mortgage or investment of any company that does not comply with the law, which would mean a series of blackmail law-suits, and enormous danger to all investors."

Then he said that he hoped I would bring that to the attention of the title insurance people, because he didn't want them stuck in insuring mortgages in Idaho, but that is not my purpose at this time. The title insurance people can get along pretty well by themselves.

The mortgage bankers have not the contact with the country legislators and I want to ask you folks if the American Title Association offers to the mortgage bankers association its cooperation, because we as abstracters are in politics, that we will help them, and if we offer to the real estate boards that we will help them to kill unjust legislation, will you back us up? Think about it. I know five abstracters in Idaho, any two of whom could have killed that bill if they had been properly informed.

We have been in a shell a long time. Are we going to help our business customers, or are we going to continue to damn them? I don't think there is any question about our answer, and we are going to get a little broader vision.

I want to say one word about finances to the abstracters. I know there are very few of you here, but those who can't afford to come will all read this and I am speaking very largely for the record. The country abstracter has had a great deal of benefit from the American Title Association, if you can call the roaring I have been doing a benefit. The title insurance people have footed the bill.

The title association is completing a new financial arrangement so it will no longer be necessary to pass the hat like is done for a blind beggar, and I want to urge upon all of the abstracters that we, from now on, carry our part of the burden. Escrows have brought some abstracters a lot of money. They will bring every other abstracter who has the nerve to do it just as much or more. All of these things will help you; they will make you money. They will help you to get rid of the sense of inferiority which you have in your community. You will no longer feel like the rabbit being chased by the wolf into your warren, but you will come out of your warren and bite the wolf and drive him away.

WALTER THOMPSON
Executive Committee
Abstracters Section

The American Title Association will continue to help the abstracter and we must pay our share. There will be a letter go out requesting money for the sustaining fund, requesting money from the abstracters. The big fellows contributed the $250, $500, and $1000, but our little $5, $10, and $15 are going to help tremendously.

In my swan song I want to thank everybody for the wonderful cooperation that I have received. I want to thank you for the faith you have had in me. I want to thank you for trying the innovations and accepting the recommendations that I have made, sometimes hardly believing in them. I rejoice with you in the progress that has been made, and I know that the progress has just been started.

I regret that in some states there has been no interest whatever shown in this program. That may be due to lackadaisicalness on the part of the individual abstracter; it may be due to the inattention of the state associations, or to the indifference they feel to their own well being. They feel like a cur dog; they are down; they can't get up, and everybody is kicking them, and yet it may be there is somewhat of a distrust of the methods which I have pursued. There may be a feeling that they should be approached in a little more dignified and proper manner. There may be a feeling I shouldn't come to a state association, for example, and tear up the program and tell them they are not entitled to hear such wonderful speeches as that, but they ought to sit down and see where their bread and butter is coming from, and try to get some jam. They may want a more dignified approach.

I don't blame them. I think if anybody came to me as I have to a lot of the states, I wouldn't like it. They may not believe that it was a desperate situation and required a desperate remedy, but I hope and I trust my successor may be able to reach them and bring those abstracters who think this is a purely title insurance association into line. Where I have erred you have borne with me in my mistakes, and they have been mistakes of the head and not of the heart. However misguided my efforts have been they have been strenuous efforts. My efforts have not been because I have a high regard for the title business and think that it has a place in the sun, but it has been in getting acquainted with the title people that I have learned to love them and that has been my actuating motive.

I would like to bespeak for my successor—and he is going to have a difficult task—the same cooperation you have given me and I think and I know the abstracters' section will boldly assert its rights and will take its rightful place in the councils of the American Title Association.

The next thing on our program is an address, "Supplementing Abstract Earnings," by a simon pure abstracter, a man who doesn't write any title insurance but who knows how to make money in a purely abstract plant—Major Arthur C. Marriott of Wheaton, Ill.

Supplementing Abstract Earnings

ARTHUR C. MARRIOTT,

Vice-President DuPage County Title Company, Wheaton, Illinois

It has been most refreshing today to listen to Jim's talk in language we all can understand. As an abstracter, I wandered last evening into the Title Insurance Section meeting and listened to their remarks. After a time I went into a daze; I couldn't figure out what it was all about. I concentrated with the deepest attention. I forgot for the moment how I would be able to pay my rooming house bill in trying to figure out what these gentlemen were discussing. At last a great light dawned upon me and I realized what the situation was. None of the members knew what they were talking about either. Then I went home to my rooming house and went to bed.

To those of us who are charged with the responsibility of showing profits in the abstract business it is clearly apparent that we must supplement our earnings from some sources other than from the preparation of abstracts alone.

We can assume that our potential customers have been educated to the highest degree to the need for abstracts, that no loan is made or land is purchased without an abstract or guarantee policy. Beyond that point the abstracter cannot appreciably increase the demand for his product. Seldom is an abstract ordered unless there is an existing need for it, yet the abstracter must maintain his organization and keep his plant at the point of highest efficiency. All of us must, therefore, be on the alert to find additional uses which may be made of this plant, broaden our activities, increase our services to our customers, and incidentally, increase our income.

We, who know the information we have readily accessible within our plant, should not wait for our customers to ask these services of us, but we should anticipate their needs, develop these services and then educate our customers to make use of them. Do we feel impatient when our customer asks us to do something other than prepare an abstract? We should not, but rather should welcome the opportunity of broadening our service, and making a legitimate charge therefor.

Of what shall these services consist? The answer to that is that their scope and extent depends upon our ingenuity, our knowledge of what we have to offer, and an appreciation of our customers' needs.

An exchange of ideas as to what services we each are rendering to our customers would probably disclose a multitude and diversity of services, many of which each of us could use and profit by the use thereof.

As my contribution toward this exchange of ideas I submit for your consideration services which we have used and found profitable in supplementing our regular income. Doubtless, all of you have other ideas which you, too, have found profitable.

Our company prepares only abstracts of title. We are located in a small county lying immediately west of Cook County in which Chicago is located. We have to deal, therefore, with both city and country customers, with the city broker and the farmer.

When we took over this business from our predecessor we found a pretty general feeling that our tract books should be open to the public, and that we should cheerfully give them everything we had at our disposal. After some effort we now have limited the use of our tract books to county officials, lawyers, bankers, and real estate men. To all others a charge of $2 is made for the use of the books.

In order to separate those who are entitled to the use of the tract books free of charge from those who are not, we issue on January of each year courtesy cards extending to the person named thereon, and to the members of his organization, the privilege of examining the books without charge providing our own use of them is not interrupted. The rules under which the books may be used are printed on the back of the card. Those who have the cards feel we are accommodating them, when prior to the institution of this system, they either felt they were only getting something every one else got or never thought of it at all.

These cards are good for only one year and are revocable at any time. An intimation that the privilege card will be withdrawn has been found to be of assistance in securing payment on slow past due accounts.

We have developed a service for material men and others in preparing for them ownership reports. These reports give the legal description of the property, the last deed of record to the fee and all unreleased trust deeds or mortgages and statement of claims for mechanic's liens of record against the property. We distinctly limit our liability by stating in this letter that these reports are prepared from our indices only. These reports are not to take the place of an abstract of title, and when we are aware of the fact that they are to be used for that purpose, we show the customer how inadequate they are for that purpose.

The form of these reports is mimeographed on paper with spaces left to be filled in to suit the individual case. Intentionally, these reports are made to look like informal memoranda and are on flimsy paper, as we do not wish them to have the life of one of our abstracts. They are designed primarly for the material man who may wish the correct legal description before filing his lien, or who may wish to see that his lien properly shows against the property, or who may wish to be advised of the condition of the title before the delivery of his materials, or for those financial concerns which are considering buying the account the material man has against the owner for materials already delivered; or for the purpose of enabling a credit man to check up on an applicant's request for credit, or where a small second or third mortgage is to be placed upon the premises.

However, this service is not limited entirely to the foregoing, but care must be exercised in that these reports do not instead deprive one of orders for continuations or extensions of his abstracts. For there reports we receive $2.

We prepare, at the request of our customers, judgment searches for which we receive $2 for each name that is searched. These are called for by judgment creditors seeking to ascertain what other judgments there may be against their judgment debtor, or by credit men investigating the standing of a new customer or of an old customer whose financial condition they are beginning to question, or by lawyers with clients about to file petitions in bankruptcy who wish to schedule any judgments which may have been obtained in the past.

We also prepare special assessment searches for which we make a charge of $1 for each special assessment shown, with a minimum charge of $3. In showing these special assessments we show the property covered by the search, the warrant number, the date of confirmation, the nature of the improvement, the number of installments the same is payable in, the number of installments paid and when the next becomes due.

Whether the various installments of special assessments are being paid as they become due is of vital interest to the holders of notes secured by trust deeds. If not paid the property may be sold at tax sale because of this non-payment and the holder of the notes forced to redeem from the sale to protect the security for his loan. Occasionally this service is used by parties owning a number of parcels

of land who wish to assure themselves that payments of the current installments of specials have not been overlooked in error.

To be able to show payment of the current installments of special assessments is quite a task. It necessitates sending men to each of the twenty-nine towns, villages and sanitary districts in our county to mark on our indices payments made to the Village Collector; then, later, the payments made to the county collector are entered on our indices so that when this work is completed we have all the payments made on each special on every parcel of land in our office. As there are as many as seven special assessments in force on some of the property in our county it makes quite a difference with the loan man as to whether or not he will make a loan on that property if the owner is in default in the payment of those specials.

Occasionally, we are called upon to make a search of the grantee index in the Recorder's office for property thought to be in the name of a designated person. For such a search we make a charge of $5, and go back in our search the number of years requested by our customer. These are generally ordered by attorneys representing estates of deceased persons seeking property to include in the inventory or by creditors endeavoring to locate assets.

For a mechanic's lien search we charge $2 for each parcel of property searched. In making these searches we include not only notices of claims for mechanic's liens and suits to establish and enforce them, but we also search through intervening petitions and cross bills for liens which might possibly be brought forward in that manner.

We are often called upon to place on our abstracts marginal notations, for which we charge at the rate of $1 for each notation. These marginal notations are for the purpose of showing satisfactions of judgments, releases of mechanic's liens, payment of tax forfeitures, cancellation of tax sales, payment of all or a part of subsequent installments of special assessments or the deposit of money with the county clerk to redeem from tax sale with the amount of subsequent tax, if any, paid.

We furnish reports as to tax sales or forfeitures which remain uncancelled or unredeemed at the rate of $1 for each year searched, plus a charge of $1 for each sale or forfeiture set up. These are generally called for by customers who wish to check the estimate of redemption.

We are endeavoring to build up a service among the loan houses, banks and building and loan associations by having them send to us each year, after the tax sales and forfeitures of that year have been posted on our indices, their loan card records covering their real estate loans, so that we may endorse on that card the disposition of the taxes and specials due that year. This endorsement is in the form of a rubber stamp which says: "General taxes for the year 1928 and installments of specials due in 1929 paid." If not paid the sale or forfeiture is shown. A price of fifty cents a description is made for each year searched when a quantity of cards is sent in to us. On single orders of that kind a charge of $1 is made.

Property which has been sold for taxes is poor security for a loan and mortgage houses are quick to see the benefits derived from this service. This information, by giving them an opportunity to redeem before the tax buyer secures a deed, enables them to protect their security. We, with our indices, can furnish this information much more quickly and accurately than some minor employee of theirs searching through the records at the court house can secure it. Until we brought a realization of the chances they were taking home to them many financial houses had never concerned themselves as to whether the taxes on property covered by their loans were being paid or not. We have found this service at these rates to be very profitable to us.

Notwithstanding the items enumerated, we still give away a lot of free information. Perhaps, we still give away too much, but we find, on the whole, that our customers are willing to pay for this work, that they appreciate it and value it, and from these miscellaneous sources we have gathered in much revenue to supplement our regular abstract earnings, and the nice thing is the fact that it carries with it no increased expense, that it is all absorbed along with our regular abstract work and that it is all profit.

CHAIRMAN JOHNS: Major Marriott is President of the Illinois Title Association.

We have another address by an ex-president of a state association, Forrest Rogers, past president of the Kansas Association, and he is on the program for, "Why, How and Where the Abstracter and His Business."

Forrest has a plant that is one of the best in the United States. Everybody thinks his own plant is the best, but Forrest's really is better than everybody's but mine and he has a plant in such shape that he can turn out a lot of work in a very short time. Also, he does not drive a second-hand car. Why, How and Where the Absertcor

Why, How and Where the Abstracter and His Business

FORREST M. ROGERS

Secretary, Rogers Abstract and Title Company, Wellington, Kansas

When I got here and looked on the program, I saw that subject there of "Why, How and Where the Abstracter and His Business," and I wondered what they meant. When Chairman Jim sent the subject to me, he told me the subject was "The Method by Which Title Companies Can Begin to Make a Living." I wouldn't feel that I was capable of speaking on why an abstracter because I think most of us wonder why we are abstracters.

I feel somewhat like the young man did who was in the debating society. Every time he entered a debate he had a pet phrase which he used. He used Patrick Henry's saying of "give me liberty or give me death." That got awfully monotonous to those who had to hear him, so they tried to find a subject where he couldn't use that phrase. They finally selected the subject, "Resolved That Colic in a Horse Cannot Be Cured." They thought they had him stumped on that.

The debate came off fine and he was the last speaker. He hadn't used the phrase yet and was winding up his argument and they all felt that surely he was stumped that time. Finally, just as he was closing his argument, he stepped forward on the platform and said, "Ladies and Gentlemen, after all is said and done, colic is no more than a bunch of hot air pushing out on his side, crying 'Give me liberty or give me death.' "

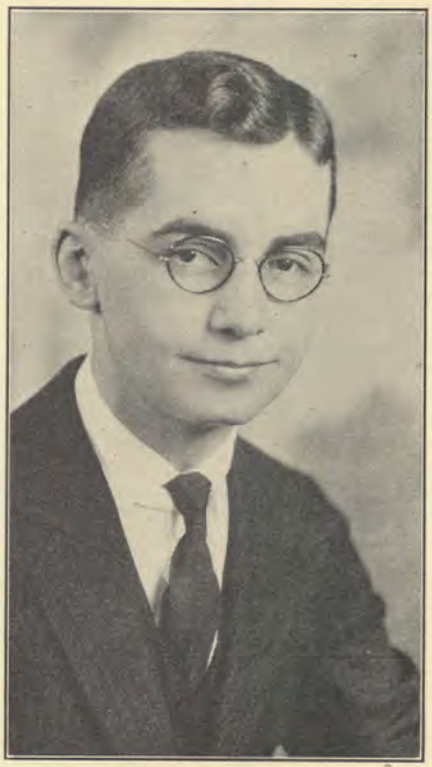
What I have prepared here I know doesn't apply to many of you attending this convention. It applies to the small town abstracters who have never attended a convention or are attending their first convention.

The abstracters throughout the country must realize that the abstract business is facing a crisis because those in it have permitted it to become ground down into the place of an inferior, unnecessary, cheap proposition. This is evidenced on every hand by the consideration given the abstracter and the abstract in every transaction. Some of the reasons for this are definite and are brought upon us by no one except ourselves.

Before we can begin to make a living in the business we must try to find out why the business is in such disrespect and see if we can find a remedy for the trouble.

There are three principal sources of economy practiced in every abstract office but most abstracters carry each one to the extreme in the direction of economy and it is this extreme economy which gives the public a bad impression of our business and prevents us from getting a living wage for our work. The first one is rent, and the average country abstracter usually gets in some cellar on a side street or way upstairs out of sight, or takes desk room in a junk shop or undertaking establishment quarters, just so it's cheap.

Last fall I was chauffeur for our Executive Secretary when he conducted a series of regional meetings in Kansas. We made it a point to visit



FORREST M. ROGERS
Executive Committee
Abstracters Section

the abstract offices in every town we traveled through. I had heard Dick Hall tell of his experience in trying to find the abstract offices in the various towns which he had visited over the country. He said that he always began the hunt by finding the narrowest and darkest stairway in town and then after a perilous flight upwards, and after going through a labyrinth of dirty hallways, he came to the choicest location fronting on the alley. And there, in a dirty untidy office, he found one of God's chosen children and the salt of the earth, pecking away on an old Oliver typewriter or one of the Smith Premier forty row keyboards. I thought Dick was stretching his imagination a bit in telling that story but, I am sorry to say, my trip last fall proved that his story applied in a lot of cases in Kansas and I presume likewise applies in other states. In the average town or city the cost of getting a good location and keeping a clean tidy office is not great but it does take some initiative and energy. We must leave those out of the way untidy offices first before we can begin to gain respect for ourselves or hope to gain the confidence of the public.

The trouble with most abstracters is that they have never been out of their county and do not realize that their office is a disgrace to their business. They have never seen anything different. Dick and I drove in to a fair sized city last fall which was about thirty miles from the place we were going to hold a regional meeting the next day and called upon the leading abstracter urging him to attend the meeting. He was so busy writing his abstracts with pen and ink that he could not attend the meeting, reminding us that he had been grinding away at the same old station for over forty years. As we were leaving we asked him the direction and distance to the next town. He said he did not really know because he had never been there. Think of it, a resident for forty years in a county and never been to his adjoining county seat. If that abstracter would have attended the meeting the next day which was held in an up-to-date, well located and tidy abstract office, he would at least have had the inspiration to go back and improve his surroundings—but he did not.

The next place abstracters economize is in the matter of equipment, and you can find more soap box desks, orange crate filing cabinets and antiquated desks and particularly worn out typewriters in an abstract office than in any other place in the world. I have seen many abstracts, and you have too, written on typewriters where some of the letters were at a thirty degree angle, all battered down and so dirty you could hardly read them. After you get a good location, get some equipment which will match the location even if you have to buy it a dollar down and a dollar forever. You would be surprised how cheap you can get good second hand furniture and how it will shine when a little elbow grease is applied after working hours.

And, whatever you do, get a typewriter that will write a straight line. The typewriter is the worst place you can economize because it is your living. A good clean cut typewritten page gains the confidence of the examiner and the respect of your clients and a typewriter can be kept up and replaced regularly for about thirty-five cents a day. A good typewriter is a mighty fine place to begin your advertisement for better abstracts.

Our third principal source of economy is in the material used. A majority of the abstracts turned out are on such cheap paper and are gotten up so slovenly and ornery looking that one couldn't think they were very important. The thought of a printing bill or using decent paper seems to scare an abstracter to death. A five years' supply of the average small town or country abstracter's blanks printed upon good paper instead of cheap flimsy paper would not represent an added cost of $15.00 or $20.00, and yet they hold up their hands in horror at the thought of using well known brands of good paper. I have seen abstracts made within the last five years which are torn and the sheets yellow because the paper was a sulphite bond and had no rag in it. Abstracters should look to the future when they buy paper supplies because if the abstract holds up and the paper does not turn yellow or tear easy the owner is more apt to return it to you for extension. The same care should be taken in buying your second sheets which go into your files. This too should be a high grade paper because if you use a sulphite bond, when you take it out of your files in ten years you will have to carry it in a plate. It will crumble in small bits if handled much after a few years. If you do not care to have your name printed on the sheets you use, be sure to get as near a 100% rag paper as you can and then cover the abstract with an attractive cover made either from a high grade paper or cloth. Too much stress cannot be laid on your abstract cover because it is your best advertiser. Never let an abstract go out of your office with a dirty cover on it.

I think these three elements—dingy quarters, antiquated equipment and cheap paper and materials—have done more than anything else to put us in an inferior frame of mind ourselves and have taken away all semblance of a respectable front and command of respect from our customers. And before we can expect to begin to make a living we must rid ourselves of these three ways of extreme economy. We must get a respectable office in a good location, some decent equipment and first class material with which to work, even if we have to get the money from the banker and give him a mortgage on the layout.

After we have accomplished these three things, we can then begin to command the respect of our customers and start charging enough for our work so we can get a few dollars to buy the wife a new dress and the kids some decent shoes. The idea of making more money appeals to all of us but we are not going to get more money unless we stiffen our spine a bit and make ourselves realize that our work is important and charge what it is worth.

In the first place, no one thinks the abstracter's part is necessary and above all not worthy of any compensation. If there are any economies to be practiced in a deal, it is to come off the abstract or the title part of the transaction. This is evidenced by the fact that everyone, even banks, building and loan associations and agents for the largest and most conservative life insurance companies who well know the safety of their funds depend upon the abstract, will nevertheless patronize the fellow who may or may not be qualified either with equipment or brains, but who will cut prices or give the biggest commission. Many times lawyers desiring to bring foreclosure suits or bankers making individual loans will entirely do without an abstract, thumbing through the records themselves. It is the custom in many communities for a buyer to see his lawyer on the street and tell him that he is buying a certain property and that he would like to have the title looked up. The lawyer will check the records and report that the title is OK and refuses to take any money for his services feeling that they are not worth charging for, and at the same time gaining the goodwill of his client. If they do not check the records themselves, they ask for a pencil abstract or ask that you leave off the certificate. Just last week a man came in the office and asked us to bring the abstract up to date and leave off the certificate. These people first try every subterfuge to eliminate the services of an abstracter and when that is not possible, then they will get the cheapest in the world, regardless of the quality and responsibility back of it. What is the cause of this situation, you may ask. It is our own fault because very little, if any, attempt has been made by the abstracters themselves to advertise or overcome this proposition by apprising people of the importance and responsibility of their work, that it takes books and indexes to make a good abstract. We have failed to impress upon people the value of a real abstract instead of just any kind.

This indifference toward the abstracter and his work exists mostly in those counties where there is no up-to-date title plant. If you have an attractive office and corresponding equipment and have established self-respect and confidence in yourself, you will find that the public will treat you the same.

Our own customers have set the pace and created the styles of our business, as well as dictated its output by talking us into letting them have anything they want. In a lot of places over the country a new complete abstract at full price is almost unknown. There seems to be an abhorence among some abstracters at the idea of charging regular prices for a complete abstract and the general practice is to have a certain maximum or give about half of it away. Another practice just as bad, and much more general, the abstracters either give away the title up to the plat or make a flat charge of $5.00 or $10.00 and only charge for the entries after the plat. The same holds good for the cut and dried titles such as those for irrigation projects, the railroad titles and other similar instances where there is a canned chain down to a certain point. Abstracters usually shrink in horror at the thought of charging for these and give them away or furnish them at a much reduced rate. Why should this work be furnished for nothing just because it is routine? Doctors do not reduce the price of their services just because the work is easy or duplicated. Just within the last month we had a diphtheria scare in our town and the State agreed to furnish the antitoxin serum free provided the doctors did not charge over $2.00. The doctors had an agreed price of $5.00 for injecting this serum and they did not reduce their charge. Abstracters are a peculiar lot. Just because the writing up of these canned chains of title is easy, they do not have the nerve to make the regular charge. Their conscience is guiding them wrong or their customers have them bluffed. The charge for entries before the plat should be the same as for other entries. In our office we feel that the entries prior to the plat are "velvet" and we do not hesitate to charge the regular price for them.

Another leak in our profits is the method in use generally of putting the mortgage and everything on the margin in as one entry. If the mortgage is assigned and released on the margin a notation to this effect is made directly after the mortgage and charge made for only one entry. I was surprised just recently to receive an abstract from one of the leading abstracters in Kansas where this practice is still in existence. We cannot expect to keep the hungry wolf from the door if we continue to give three or four entries for the price of one and especially when all we have to do is to make a separate entry of the mortgage, assignment and release and charge for them. A few folks might notice it and complain but the complaint will soon wear away and you will have established a practice that will make you a lot of money each year.

I have mentioned only a few of the leaks in our profits, each one of us can think of others all of which are indirectly our own fault, but are now deep-rooted and those of us in the business, the victims, spinelessly agreeing to do anything anybody asks us to do.

We can get a well located office, equipped accordingly, and eliminate

the leaks in the profits as discussed but to really make any money we must get our charges up where we can make a profit. The little experience I have had in trying to get a uniform schedule of prices established in Kansas has revealed to me the reason why most abstracters do not make money. It repeatedly happens that two apparently intelligent men in the abstract business in the same town seldom speak to each other much less ever get together to discuss the possibility of cutting out discounts and raising prices. If there were ten or twelve abstracters in one county there might be some excuse for not getting together on these various points but why two people in a county cannot agree when it is to their mutual benefit is a puzzle to me. We were going to a regional meeting in Kansas last fall and had to go through a city where two companies were notoriously on the "outs" and neither knew what the other was charging but had a hunch that the other was giving his work away just to get the business. We succeeded in getting one of the men to agree that he would drive over to the meeting the next day and went to see the other abstracter. He finally agreed to go and rode with us to the town where the meeting was to be held but said that the other abstracter would not show up because he had promised to attend other meetings but never did. The other man did get to the meeting and after the session where it was agreed that commissions should be discontinued and prices put up to a reasonable level the two men rode home together in the same car and have been prospering ever since. Similar situations exist in many counties in Kansas and no doubt generally over the country. Just the other day I received a letter from a man in western Kansas asking the price we charged for final certificates stating that his competitors only charged fifty cents and he had to meet their price. I wrote and told him what we charged and suggested that he get the other two abstracters, eat a square meal together, and raise their prices so they could make some money. They were having an oil play at the time. He wrote back that I didn't know his competitors or I wouldn't have suggested such a thing, because even if his competitors did agree to a price they would not stick to it. I told him that I was surprised that a man as smart as he was would take the attitude he had taken and I hoped he would starve to death as long as he felt that way about it.

The American Title Association has done a wonderful work in the last two years conducting regional meetings and it seems that the only way the abstracters can be made to see their shortcomings is for a stranger to go in their midst and get them to realize that their competitor is a fine fellow after all, and ready to do anything to their mutual advantage.

Once you get your place of business looking respectable and your prices in line with reason you will begin to make some money and you should then buckle in and build a real abstract plant. Do not stop with indexes only. Most abstracters seem to think that their plant is complete when they have completed their indexes but that information is not complete enough to make you independent of the court house and does not give you the opportunity to furnish the information from the office you should. The basis of your entire plant is the daily take-off. You can start the take-off now and then gradually work up the old records until you have a take-off of all the records. This take-off should be in the long form with sufficient information so you can make the abstract from your office. Deeds and mortgages and similar instruments should be abstracted but affidavits should be copied in full. This is ready information for your office and you will then find that one person in the office can easily do what two persons are doing without the take-off and at the same time give better service.

Your office should also have duplicate plats of the government survey so you can tell the acreage of any section without trekking to the court house. Plats of all city additions in the county reduced to a scale so they can be used in the abstract should be in the office so you can advise the length and width of any lot in the county. Compile these plats into maps of your various towns and place them in a map case and when your country banker comes in to order an abstract on property located so many blocks from his bank he can show you the location on the map and thus save a lot of searching. Then secure right of way plats of all the railroads in your county. You will be surprised how often they will serve you to advantage. An abstract office cannot have too many plats and maps and without a system of plats and maps your office is not complete.

While you are building the plant keep in mind that you are building for the future and that when it is done you will practically be independent from the court house. In a great many counties the abstracter's office is in the Court House to save office expense, and while it might have certain advantages, yet there are many people in the county who think the public is furnishing him with free office expense and which is only added fuel to the fire of that crowd which thinks the abstracter has all his information and facilities for conducting his business furnished by the taxpayers by reason of the public records.

There is no greater boon to an abstracter's business than the announcement to the public that you have complete take-offs of the public records together with all indexes used in an abstract office and invite the bankers, real estate men and brokers to come to your office for information. An advertisement "Our Records are for your Convenience" sounds good to those using records often and will show their appreciation for the service extended to them by sending their business to you. It was surprising to me to find that there were comparatively few abstract offices in Kansas that could boast of a complete abstract plant and I presume the same condition exists in other states.

A complete up-to-date abstract plant gives the owner that confidence which he cannot otherwise have and is a wonderful reason why you should charge more for your work. If a customer complains of the charges take him through the plant and explain to him that you have worked days, months and years in building the plant so you could take care of his business as promptly as you did and invariably he will agree that you have to have reasonable compensation to keep up such a plant when as a matter of fact you can operate with much less overhead than you could before the plant was built.

The subject assigned to me really is "A method by which title companies can begin to make a living," and I am firmly convinced that the real method by which we can begin to make a living is to build real title plants. When we do have real title plants then the problem of prices and profits will take care of themselves, we will no longer give away entries prior to the plat, make complete abstracts for half price, or crowd three entries into one. We will have gained enough confidence in ourselves to charge the regular price for all of our work and the public will have confidence in you and cease trying to tell you how to run your business.

This matter of building a title plant is vital to the future of the abstract business and those who wish to remain in the title business had best begin to build a plant if they do not already have one. If those men are right who prophesy that all title transactions will soon be handled by title insurance, the abstracters who do not have a title plant when that time comes, will find themselves looking for a job in the offices of those who were farsighted enough to build for the future.

Let us then, if we seek a method by which we may make a living, move out of our old dingy quarters, get respectable equipment, use first class materials and build us a complete title plant, and when we build let us think that we build forever. Let it not be for present delight, nor for present use alone. Let it be such work as our descendants will thank us for, and let us think as we lay stone on stone, that a time is to come when those stones will be held sacred because our hands have touched them, and that men will say, as they look upon the labor and the wrought substance of them, "See! This our fathers did for us."

Discussion

MR. R. E. WRIGHT (Milwaukee Title Guaranty and Abstract Company, Milwaukee, Wisconsin): As the unwilling victim of Mr. Johns' satire I felt a little embarrassed, like the young man of seventeen years of age who appeared at the marriage license registration desk with a young lady of about sixteen and said, "We want to get a license to get married." The clerk said, "How old are you?" He said, "I'm seventeen and she's sixteen." The clerk said, "Don't you know you have to have permission from your parents before you can get married at that age?"

The young man pointed to a six-footer with a double barreled shot gun and said, "Say, do you think that is a Daniel Boone standing over there?"

I have been in the abstract title business six months.

This being my first attendance at any convention I have enjoyed it very, very much, and I want to pay tribute to the help Mr. Johns gave us at our Wisconsin convention.

CHAIRMAN JOHNS: Is there any discussion of points brought up this morning?

MR. McKEE: These remarks on abstracts are old stuff for us. We graduated out of the abstract business into the guaranteed title business. We in the title insurance business think that is the ideal way of examining and issuing certificates of title, but I can see from Mr. Johns' satire that there are ways in which the abstracter can improve himself very much.

In the first place we were very loath to go into the title insurance business and get out of the abstract business. We didn't know how it was going to work, but when we finally concluded to go into it, it was very simple. We simply equipped ourselves with a good lawyer and got our blanks and advertised our business and it gradually came to us, and I am glad to say that we are doing a successful business and a profitable business on a very small capital.

Our capital is only $125,000, yet we have doubled that in ten years and paid our stockholders from fifteen to twenty per cent dividends. Now, how was this done? We have abandoned a great many of the things we had done when we were abstracters. When you go into the title insurance business you are your own master. You don't have to look up to anybody. You don't have to dot your "i's" and cross your "t's" to satisfy some lawyer or somebody on the outside.

That was one thing we accomplished. We said, "We will not step into the shoes of the lawyers nor take away their business by writing paper making deeds, but if we are compelled to write a deed, it will be at a legal fee." We tell them to go to a lawyer and have a deed written; we don't want to do that. That is $15, $1 for every instrument written. That brings in an income.

Then, again, we said, "We will not allow a certificate to go out of the office and be closed out of the office." In other words we have the escrow business tied to our title business at one charge, sufficient for both.

In this talk this morning I can't see any reason why the abstracters can't do the same thing and issue certificates the same as the title insurance business, if they organize it on the same plan. An abstracter doesn't need to have a title insurance business, but he can concentrate the business in his own office instead of sending the cream of it out to the lawyers. That may not sound very good to the lawyers examining titles, but why should a lawyer get $500 for issuing a continuation of an abstract? Why can't you concentrate that in your own office, have an escrow department connected with your office and make all the settlements in your office? Nine out of ten of the abstracters are better able and more competent to pass on titles, especially if only to certify the records, than nine-tenths of the lawyers.

I see lawyers every day making the most horrible mistakes, showing that some of them don't know anything about land titles. You all know that. Why should they get the cream of the business, when by taking your abstract you can get $15 and they get $500?

I think Mr. Johns has made some wonderful suggestions to the abstracters this morning.

MR. GEORGE H. CROWELL (Linn County Abstract Company, Albany, Oregon): I was entertained last night by hearing from the writers of title insurance that they are making no money, because I came to Oregon just twenty years ago and bought a small interest in a small abstract plant, and for twenty years I have been told we were making no money and that it was about the last of the abstract business.

This morning Mr. Johns exposed the family skeleton and told us a few other things, but I would like to say in respect to you and your honor that I think you are the one who inaugurated or assisted in inaugurating regional meetings. We had one a little over two years ago. I'm not certain you attended this particular one, but we had your ideas thrust upon us at that time. I wasn't at the meeting but my associate in business was there. He came home after office hours and I didn't get to discuss the matter with him. The next morning we were busy and I didn't get a chance to speak to him until about ten o'clock and then he told me what they had done at the regional meeting, that they had agreed upon uniform rates, that they had decided to make a valuation charge, that they had decided to charge for the certificate, the plat, and the caption.

I said, "Well, are we going to put these rates into effect?"

He said, "Just about five minutes ago I signed a certificate and gave the bill to the stenographer and gave her the new rates." And we have had them ever since. The objections that have come to us have been very few and far between. We received one letter about like the one you read. It's good to get a letter like that once in a while, because if you haven't any spunk such a letter will give it to you.

We probably aren't making much money but we have paid the government income tax for the last two years.

MR. MARRIOTT: I might give a little testimonial. At our convention last June, Jim and Dick were there and sold to us the idea of having regional meetings. We have had two in the last month prior to our coming down here. We had sixteen counties represented at the two meetings. We had seven at one and nine at the other, with one hundred per cent attendance. Every abstract man who attended those meetings is thoroughly sold on the idea. I think we accomplished a lot of good.

We found one man in one of our districts giving forty per cent discount; he was doing that because some curbstone lawyer was giving fifty per cent. He promised he would cut out the forty per cent and make it ten. The balance were giving ten for paying the bill by the tenth of the month, or no discount at all.

From another town two competitors were present and both were charging at the rate of seventy-five cents per number and $2 per certificate. We showed them the error of their way and they raised their price to $3. Both have continued doing it and are satisfied.

When we get back we plan to go through the state with those regional meetings. The good we have accomplished at those two meetings has convinced us we can go on to the rest of the state and have the state organized.

Donald B. Graham, who is president of the Colorado Title Association, was to handle that subject. Mr. Graham, unfortunately, became ill a few days before the convention and he passed that subject on to Carl E. Wagner of the same state who is the immediate past president.

The Colorado folks have surely done wonderfully and they tell me that Mr. Wagner is a "catch as catch can" scrapper, and if you want to stop and ask him questions he doesn't object, and I just hope you have a good half or three-quarters of an hour of conversation back and forth.

Mr. Wagner will address you on "Found: What the Abstract Business Needs."

Found: What the Abstract Business Needs

By CARL E. WAGNER

Morgan County Abstract and Investment Co., Fort Morgan, Colorado

I'm going to surprise the abstracters —I'm not going to roast them in this paper one single bit. I'm not going to suggest any means of further income. I'm going to give you just a little history, something in which I hope you will be interested, because I believe that every state is going to develop this proposition sooner or later.

As Mr. Graham has been a very active worker not only on the Colorado abstract licensing and bonding law, but also in the regional meetings, he probably has found many things the abstract business needs. However, this talk will be limited to one thing, which the abstract business needs. It is a license and bonding law, the license to protect the abstract profession and the bond to protect your customers.

No unusual conditions existed which made this law necessary in Colorado. Our executive secretary, whenever he addressed an annual meeting of the Colorado Title Association suggested that such a law be passed in Colorado, stating, as you heard him here yesterday, that any person with a misguided ambition and a typewriter could start in the abstract business.

Two or three such persons had already appeared. Also, two abstracters had used their abstract profession to defraud loan companies out of money. Several bogus abstracters had appeared during the past five years. If such a condition increased the abstract business would rapidly deteriorate.

In the spring of 1928, letters were sent to several of the large abstract companies of Colorado suggesting that a law be started. All were afraid to act. Their replies were: "Don't wake a sleeping dog." "Why stir up a hornet's nest?" "Why bring that up?", and other such remarks. Nothing more was done until the 1928 state convention at which Dick Hall again stressed "misdirected ambitions and typewriters."

An informal vote showed that all persons present favored such a law, so a committee of three was appointed with full authority to act and introduce the bill in the General Assembly that winter. The American Title Association model abstract law was taken, changed but very little to better suit Colorado laws, and the bill was introduced in the House. It was like feeding food to hungry fish when they got hold of that bill. Riders were hung on to it at every chance and suggested changes left no abstract law at all, and many attempts were made to shelve it.

In clearing up this situation, full credit is given to the Judiciary Committee and their friends, many of whom were attorneys, for the many days of tiresome, hard work spent on it. But the bill came through with but one or two minor changes, and was made a law July 1, 1929, a remarkable feat, considering that out of two thousand bills that were introduced, less than ten per cent became laws.

So much for the cause of this law. What about the effects of this law? This law has been printed in full in TITLE NEWS and I have a copy here for any person interested in it, and to answer any questions you would like to ask. I will not read that law at this time. In the first place, I do not believe that even fifteen per cent of the voters of Colorado know that such a law has been passed, and two-thirds of these were indifferent. Real estate men all said it was a good thing. Loan firms, bankers and attorneys held the same opinion. In fact, what else could they say? It was a law to protect the citizens of Colorado, contained no "jokers" and was free from politics.

Governor Adams appointed the board of two democrats and one republican, all members of the American Title Association. This board sent out questionnaires and in due time, after bonds were given, the licenses were issued to abstracters qualifying.

The Abstracters' Board, last week, held its first protest meeting. I have not heard the result of that meeting.

This new law seemed to have a revivifying effect on the abstracters. They were optimistic and felt the future had something in store for them. Several companies combined; many are now planning extensive changes in their system so as to give better, more efficient and quicker service to the public.

The Abstracters' Board warned us at our last state convention in September that the ethics of our members would determine their future actions, and that it was absolutely up to us to act in a professional way.

Some new members were added to our association and many delinquent members paid their back dues.

We also feel that in cases of dispute, one can appeal to the Abstracters' Board. These are only a few of some of the effects of that law which, as before stated, became effective July 1, 1929. So far, no adverse criticism has come up. The abstracters of Colorado already feel certain that one of the things the abstracters' business needs is now proving successful.

That is all of the history of that bill. If there are any questions I would be glad to answer them.

MR. A. L. BODLEY (Getty Abstract Company, Sioux Falls, South Dakota): I would like to ask you what you mean by "protest meeting"?

MR. WAGNER: There were some people who did not qualify and could not get their licenses. Unofficially, I think there were six in Colorado. They had a meeting that week in conjunction with the Abstracters' Board.

MISS GRACE BOWMAN (Avery-Bowman Company, Santa Fe, New Mexico): Were the people protesting in counties where there were competitors?

MR. WAGNER: Yes. This is unofficial; I don't know positively but I know of two cases where they had competitors.

MR. J. R. KIRKPATRICK (Guaranty Abstract Company, Tulsa, Oklahoma): Did the law regulate the pricing?

MR. WAGNER: No.

MR. WOODFORD: I wish to ask whether there was any considerable expense attendant upon the examination given these abstracters before they were given their licenses? Generally, when a state board is created, it is a part of the political machinery of the state. The political machinery is paid for by the fees of the poor unfortunates who have to appear before these boards.

MR. WAGNER: It costs us a nominal sum to get our license.

MR. WALTER THOMPSON (Bryan County Abstract Company, Durant, Oklahoma): How long does that last?

MR. WAGNER: One year.

MR. THOMPSON: Is there a licensed abstracter in every county?

MR. WAGNER: There are some counties which have no abstracter.

MR. THOMPSON: How do you get an abstract?

MR. WAGNER: That law provides that where there are no abstracters operating at the present time, the county collector is allowed to make the abstract. When an abstracter comes in, that automatically eliminates the county collector.

MR. R. O. HUFF: Are there any requirements made as to the kind of plant?

MR. WAGNER: An abstracter must

have a complete plant in every way before a license is granted.

MR. HUFF: Are those plants examined by the Board?

MR. WAGNER: Yes.

MR. HUFF: How much do they charge for that?

MR. WAGNER: No seperate fee is charged.

MR. MIMI KOESTER (Alamo Abstract and Title Guaranty Company, San Antonio, Texas): Is there any liability to a county collector's certificate on an abstract?

MR. WAGNER: No.

MR. TAYLOR: Does the county collector have an abstracter's bond?

MR. WAGNER: No, he doesn't come under this law. He is allowed to practice until such time as a licensed abstracter comes into the county.

MR. TAYLOR: What is the amount of the bond?

MR. WAGNER: In counties with a population up to 25,000, it is $5; 25,000 to 50,000, it is $10; and for 50,000 or over, it is $15.

CHAIRMAN JOHNS: We are very much obliged to you, Mr. Wagner. Are there any more questions at this time on the abstract law?

MR. ED LINDOW: Are the members of this Board of Examiners abstracters?

MR. WAGNER: Yes, they are men active in the profession and all members of The American Title Association.

CHAIRMAN JOHNS: Do they have to be, under the law?

MR. WAGNER: Yes, they have to be abstracters appointed by the governor, who have been in business for at least five years.

CHAIRMAN JOHNS: If we have more questions we can bring them up later or this evening.

We will next have a speech by A. L. Bodley of Sioux Falls, South Dakota, on a subject which I wish I had had the intelligence to word. It is "Up From the Depths to Sublimity." I can truthfully say that in South Dakota, they are up from the depths. By that I mean that three years ago they were so low that they would have had to have a fireman's ladder to get up on the back of a rattlesnake. Now, they are up so high, from the letters I have received from my friends in South Dakota, that they think that the millennium has almost arrived.

So, I would like to present A. L. Bodley of Sioux Falls, South Dakota, who is a regular fellow, and who accompanied me last year when I conducted regional meetings in that state. He is also president of the South Dakota Title Association.

Up From the Depths to Sublimity

A. L. BODLEY,

Secretary, Getty Abstract Co., Sioux Falls, South Dakota

It is easy for me to understand why fellows get sick when they are notified they must appear before this organization. I wish to state that I come before you with a feeling of a lot of responsibility, not for the time it takes of my own, but the fact that when one appears before the group, it is the combined time of the group he takes, and I will say to you frankly that feeling is not lessened in any sense when I realize we have received so bountifully from your hands as members of the American Title Association, when we in South Dakota have given so little in return.

There are two reasons, ladies and gentlemen, why I do this, and two reasons only. Both of those reasons are here and they are: Jim Johns and Dick Hall.

We felt, in South Dakota, that a representative should make a report in consideration of the benefits we have received. I want to change my subject just a little bit in these remarks. In the program it appears as an address. It will not be that; it will be just a report, and the subject, "From the Depths to Sublimity," is not quite right. It should to "From the Depths to Resurrection." Outside of that, the program is correct as far as I am concerned.

There was a time in South Dakota when we were getting along peacefully and quietly and we thought we were getting along all right until these two fellows, members of your Association, came up there and proceeded to break one of our very common laws, known as disturbing the peace. They were tried by the South Dakota Association and found guilty and it was necessary that I come here in order that you folks might deal out the penalty they so richly deserve.

In South Dakota, prior to one year ago in November at the time we had our meeting in Sioux Falls, any one could enter the abstract business. All he needed, as the boys have told you, was that typewriter and certain ambitions. He had to have an uncle's bond or some personal bond, good or bad, whether competent or incompetent, crooked or straight, it made no difference. The only inducement they had to offer the public to do business with them was a commission and a cut fee, and our fees were at that time fifty cents an entry, and had been that way for sixteen years.

We have been successful in meeting that competition, through argument, through persuasion, and through the standing of permanency of the company which I represent. If Mr. Getty and I would not be with this company for ever and a day, yet our successors would be there and the corporation would go on and a certificate signed today would be as valuable fifty years from today as now. Where a curbstoner is here today and gone tomorrow, and six years after, the responsibility on his bond lapses or expires and it is necessary for an existing company to recertify that title and charge a new fee. In such cases we had to meet the competition with commission and cut fees.

I am frank to admit right now that I have been in the abstract business in South Dakota for twenty years and up to last November I attended, I think, four meetings of the state association. Since November a year ago I have attended more meetings in South Dakota than I ever attended at any time before of all the organizations to which I belonged.

Going back a little about our abstracters' meetings, up until that time we always had a one day session. We got the abstracters from the locality around the town where the meetings were held. We would get the president's report on the activities during the year, which was necessarily short, the treasurer's report on money spent, the balance on hand, those who had paid dues or not. Then we would have an address from an attorney on how to make abstracts and adjourn and go to lunch. After dinner we would have some contests and prize offered for the best abstract. We were disgusted.

A year ago Paul Rickert wrote to us and asked if we would have the meeting in Sioux Falls. There was nothing we could do but have it there. I knew I would have to attend; it was my own town and I couldn't get away from it. So we held the meeting. At that meeting came Dick Hall. He had been at meetings before, but I hadn't met him

because I had never attended. I want to say to show Dick's activities and how much we owe him, he used to print the notice with the South Dakota name on it and call the state meetings without any effort on my part. He held a meeting in Mitchell. It was ten degrees below zero and Dick had one man present for each degree below. Dick carried on through it all. Some of the boys carried on, too, but I didn't.

Dick came to Sioux Falls and talked an hour to us about the spineless abstracters and the possibilities that existed. He told us about the North Dakota law. He knew more about it than we did and we were just across the border. Then I began to see the silver lining. When he talked about the grandfather clause, it seemed a little more. It looked to me like a grandfather's law. We had a very nice meeting, the same as all of the rest except for Dick's speech.

Following this meeting, "Stub" Williams—he has attended these meetings before, at Chicago and at Seattle—phoned me from Watertown and said that we should have a meeting of the Board to arrange for regional meetings. So, we went to Brookings, South Dakota, and had a meeting. At that time Dick started to talk to me about regional meetings. I said, "What are they?"

I was told that the state was divided into sections or regions and the abstracters in these various sections were asked to attend the meetings. Now get my slant on that when of all of the state meetings I had ever attended had never amounted to anything. I thought if they had never amounted to anything that surely by dividing nothing into six parts, we could get no benefit.

I said, "All right, we'll go ahead." And then the national association paid Jim John's expenses into South Dakota. He started at Selby, went from there to Watertown, from there to Pierre, then to Sioux Falls. Stub Williams phoned me the night before he got to Sioux Falls and said, "Here, now, Al, here's a tough cookie and I don't want you to get sore at anything he says." I knew that the more deep-seated your ailment was the more drastic must be the cure, and that sounded good to me.

Jim came in there and when I opened the meeting with a few very appropriate remarks, Jim says, "There'll be no speeches," and the first thing he said was, "How many of you own an automobile that you have paid for out of your business that is less than four years old?" Then he said, "How many of you are teaching your boy to be an abstracter?" and there were no hands.

He said, "What I want to do for you is this, you (I can't think of the names he called us), bring you to the point where you can demand recognition from the ladies' auxiliary of the horseshoers union and get it."

I don't know what Jim would have done had he taken up evangelism instead of the abstract business, but I have often thought, since knowing Jim and attending that meeting, if he had gone into that line of work instead of the one which has befallen his lot, he would have made Billy Sunday sound like a rank amateur. That day I walked down the sawdust trail and I got religion as to the possibilities of the abstract business.

I put on my coat and went with Jim to Chamberlain, South Dakota, where we held a meeting of about twenty abstracters in southern South Dakota, and listened to Jim talk to them. It sounded as good to me then as it had at Sioux Falls. We went to Rapid City and had a meeting of twenty-five abstracters and at both meetings they passed a resolution that the Board of Directors of the South Dakota Title Association should immediately meet, following these meetings, and draft a law patterned after the North Dakota law and the model the national association prepared in order to suit the South Dakota situation, and send copies with instructions what to do.

A. L. BODLEY
Executive Committee
Abstracters Section

Following this meeting, we had a session at Watertown for two days and drafted the South Dakota law and had copies of it printed. I intended to bring a copy with me. Many of you saw this model law sent out—it was just a pamphlet form. In this pamphlet was drafted a law we proposed to present to the legislature. We sent to each abstracter in the state from two to four copies, as many as would be needed where the county might have two representatives and one senator for two counties.

We sent with this a questionnaire asking them to interview their representative or their senator and report to us, and before the legislature ever met, we had a report on eighty per cent of the legislators in the state as to how they stood on the proposed bill. I am frank to say to you that out of the eighty per cent that reported, practically ninety per cent was favorable. That was encouraging, but it wasn't enough.

With copies of this law we also sent a two page letter presenting our arguments to them, which we hoped they would use in presenting this law to their members of the legislature. We stressed the idea that the law was an attempt to raise the standards and not the fees, that it was to protect the public. We argued that a man had no more right to start in the abstract business without any records and certifying only to the index the girls prepare in the office of the registrar of deeds over a period of years, and say, "Come on, I am an abstracter and back of me is my uncle's bond of $500," than a real estate broker or mortgage broker would have the right to sell mortgages in that manner, with the only security back of him being a man's signature.

During this time the mobilization of the abstracters in South Dakota for an attack on the legislature had been prepared. Now the question was to steer this thing through the legislature.

I'll stop here long enough to say—never hire a lobbyist, never hire an attorney, never hire a politician unless he is a member of your organization and is sold on the merits of your bill and has it at heart.

We went to Pierre and the thing to do as we saw it was to get hold of some friend. I knew that the bill would be referred to the State Affairs Committee in the house or in the senate and whenever it was referred to either committee would get a favorable report. You do that by contact and proper preparation.

We got the bill introduced in the house by one selected as proper to do it.

It was referred to the State Affairs Committee, and I went home. When the legislature reassembled, following the recess, I went back, thinking to get through in a week. It took two weeks. It appeared before the State Affairs Committee and got favorable action. Then we commenced to work on members of the house, and tried to get the A's, B's, C's, and D's, the first ones who would be called on in the house, friendly to the bill. It got a favorable vote of 87 to 11 and was carried in the house.

It went to the senate and the Chairman of the State Affairs Committee introduced it and said it was passed in the house 87 to 11, had the unanimous support of the house, and that he thought it was a bill of a lot of merit

that was attempting to raise standards and not fees, and thought it would be a good bill to pass. There were eighteen speeches made on it, thirteen for and five against. It passed the senate 35 to 10 and a "cinch" motion was put.

We knew the governor would sign the bill. It was passed and signed.

Since the law went into effect we have had one application for a license from a curbstoner who had no records, who lived in a county where there were thirteen full congressional townships and five fractional.

Before I finish that, I want to say that at the Mitchell meeting this year, for the first time in our lives, we had seventy-two present both days of the two-day sessions as a result of Jim's and Dick's work.

In South Dakota, our law provides that in case the records are destroyed, the abstracter must furnish a copy of his records to the county at the cost and expense of copying the same. That got into our law because of a peculiar situation but we are not worrying about it.

In conclusion, I want to say, folks, you can understand when I say we have received so much at your hands and have given you so little, that through this effort of mine, I hope you understand that when I say that, I mean it, and we are very, very much indebted to the American Title Association.

CHAIRMAN JOHNS: This is a subject that is very near and dear to the hearts of a great many abstracters, how to approach the legislature and how to come away successful.

Are there any questions any one would like to ask of Mr. Bodley about going to the legislature, or is there any discussion on that subject? Your approach is very, very important and he said a good many mouthsful in the advice he gave you.

MR. C. D. SEARS (Amarillo Abstract Company, Amarillo, Texas): We had a regional meeting up at Amarillo this past year and we had about eighty per cent of the men in our district present, and they went on record as favoring a license law for the abstracters.

While I am on my feet I want to say one other thing and that is we have had a thorn in our side for some time in reference to the collection or payment of the fee received for our work. It seems we receive an order from a real estate man and he won't feel like paying the bill until the deal is closed. The deal might fall through and we would have our work for nothing.

Again it might be ordered by some loan man and the loan wouldn't go through, or this, that and the other, and it resulted that no deal was handled without anywhere from three to six persons being involved. The result was that often there was confusion as to who was to pay for it.

Then again, we had our accounts to carry for a long time. We decided to remove that thorn in our side and we have gone to a strictly cash basis. Now when any one gets an abstract he shells out the cash before he gets the work done. It took quite a little nerve to do that, especially did it take considerable nerve to tell a man worth a half million or a million dollars that we were not running any accounts. It was difficult to do that, but when they understood it we found there was not much opposition, at least, not as much as we anticipated and the idea has gone over fine and we have no trouble now.

CHAIRMAN JOHNS: One of the most assinine things abstracters do is to work for a low fee and then not get that. Which reminds me, I conducted meetings in my western state and I expressed myself very forcibly, just as the Texans did, and as a result a couple of weeks after I ordered some title work done in one of the counties and I had to pay the bill before I could open the package, and I was tickled over it.

MR. CHARLES P. WATTLES (Northern Indiana Abstract Company, South Bend, Indiana): We have a practice wherein we assume no responsibility on this abstract until the same is settled for and paid. There is a receipt at the bottom of the certificate which says, "Received Payment," with a place for the signature. There were four companies there and we got an agreement from all of them to do it, and that they would not continue an abstract unless that receipt appeared on it.

To show you how it works, I picked up a continuation last week that I should have done about ten years ago.

MR. HOWARD SEARCY (Waggoner County Abstract Company, Waggoner, Oklahoma): I find there are a few abstracters who don't know that Uncle Sam gave the abstracters a break the first of July, and you can now send an abstract collect, which you couldn't do up to that time. We are doing that quite often with satisfactory results. I believe it doesn't leave quite as much of a bad taste in the man's mouth to have the expressman come in and explain and say, "pay me."

CHAIRMAN JOHNS: We are deeply indebted to J. Emery Treat, a Colorado abstracter for initiating that law.

CHAIRMAN JOHNS: We were to have had the free pictures, as mentioned before, but that is postponed until tonight. Instead of that we will advance a couple of discussions that we were to have had this evening to this afternoon's program. These are surprises for you. We have endeavored to have presidents of state associations, or past presidents, on the program, and there is a past president of the Michigan Association present, who has been running a tax service very quietly and unobstrusively and has done more with that, I think, than anybody in the United States, and he is an abstracter who did not have to pack his lunch to come to this meeting.

So, I want to introduce Ray Trucks, who will talk about another way to begin to make a living.

A Tax Reporting Service

By RAY TRUCKS,

Lake County Abstract Company, Baldwin, Michigan

I just want to say a word to Mr. Johns. In case you see Mrs. Trucks and me leaving town in a Ford today, we really left another car at home with the children, which costs over the price you mentioned, and one of the side lines I have is a large stock in the Ford Agency, and consequently it would be quite necessary for me to drive a Ford. Another thing, Mr. Johns, I think if you are driving anything around the $1500 class or up and you don't drive a Model A Ford, you are just kidding yourself. That's sales talk and I would like to sell you one.

This matter of the tax collection service is something which will be of importance not only to abstracters but to the title insurance people as well, and I am sorry so many of the title people are playing golf. I notice that not many of the abstracters can afford to play golf.

A tax collection service is a medium of contact with your clients by which they unknowingly subscribe to and provide a sustaining fund for your abstract company. The more members you have in your tax collection service, the larger will be your sustaining fund. The tax collection service is really a tax notification service. This subject is listed as a side line for the abstracters, but, as you will see before I am through, the matter of a tax collection service is really not a side line but something which is an intimate part of the abstract business.

The trouble with a lot of side lines that the abstracters have is that they interfere with the business of some of their clients, for instance, in the matter of side lines of insurance, real estate, or mortgage loans. Some of your customers are engaged in those businesses, and I don't imagine it would go very well with them to have the abstracter a competitor in some of these side lines of endeavor.

It has been my practice not to handle any side lines which would interfere with the legitimate business of a possible client. That has worked very well, and in that way we can send business where it belongs, and we, in turn, will get ours.

Another thing, we never quibble with any one—not even the grocer—over his prices, because we don't want people to quibble with us. This has worked very well with us and we have been able to increase our prices when we had the nerve.

I might say that Lake County, Michigan, where my home is, has probably next to the smallest population of any county in the state. We have a great many lakes and streams and there is considerable resort business there in the way of selling resort property.

Back in 1918, the developer of one of our largest subdivisions came into the office and asked us whether we would make some arrangements whereby we could notify the non-resident property owners of their taxes when they came due. The idea was entirely new and foreign to us. We didn't like side lines and wanted to be simon pure abstracters, but we took the business.

They sent us a list of the lot and block numbers of the people to whom they had sold. Our taxes become due the first of December in Michigan. We prepared tax statements and sent them to each lot owner, and added thereto, in addition to the county treasurer's fees, our service fee. At that time it was sixty cents, but we have it up to $1 now.

We did so with much fear and trembling; we doubted whether the non-resident property owners would stand for a service fee on top of the regular taxes. We had the surprise of our lives, after the first of December, at the amount of mail coming in. It looked like the mail of a mail order house.

Since then we have taken on each resort as it was platted, getting the cooperation of the promoter by having him give us a list of names, addresses, and descriptions. At the present time I think we have something like seven thousand non-resident property owners on our list who look to us for the payment of their taxes.

The tax collection service the first year is a very simple matter. You have only the one year to look after, but as time goes on you have one, two, three and four year taxes. You have to follow the tax sales and it becomes more complicated, but if your system is all right it will work out very nicely.

Now, for starting out, in counties where everything is practically developed you will find you will have more success with your non-resident property owners than your local property owners. About the first step to take is to go to the county treasurer or tax collector, whoever he happens to be in your particular state, and get the names and addresses of the property owners. You can then start in either by sending them the bill for the taxes and adding your fee on to it with a letter of explanation, or you can announce your tax collection service and send an enrollment blank by which you will agree for the sum of whatever you decide, $1 or $2 per year per description, you will examine the tax records for a period of three years back, we'll say, to start it out. They will sign the enrollment blank and send you the money.

That is one way. The other way would be to get your list and send the tax statement with your fee added. We are adding to our list right along on acreage descriptions. We get these names from the people who have made their payments direct to the tax collecting office.

We know this is appreciated because every once in a while non-residents come in and tell us of the trouble they have in paying their taxes, and when we tell them of our service they certainly appreciate it.

Above all, in getting started in the tax collection service, it's like the talk we heard this morning of having a

Should the abstracter have such side lines as real estate, insurance, loans and others that put him into competition with his prospective abstract business customers? Mr. Trucks thinks no, but that the abstracter can find legitimate fields in title work alone. This has been a muchly discussed question and his showing of other opportunities is worthy of study.

Another very keen suggestion is made—never quibble with your grocer, merchant, or any other over their prices, because then they will not have any opportunity to quibble over yours.

Mr. Trucks wanted some tax information about property owned in Florida. He received a tax collection service notice from a Florida abstract company, showing him that others were in the tax service field, and that it was a valuable thing for the non-resident land owner. However, the Florida company offered him a discount on any abstract work if he would join the tax service.

Why the discount? Such an offer is certainly unwarranted and poor business, but reflects the complex of the average abstracter in giving things away.

But most of all, Mr. Trucks shows that there is a lot of business for the abstracter outside of sticking his nose down in the records making abstracts; that the abstracter should get the department store idea, branch out; that the abstracters can get business if they will just go after it.

good looking office well equipped. Your tax collection service should be started out with a good visible loose-leaf record, a record sheet on which you can keep the record of tax payments of a particular piece of property from one to twenty years on one particular sheet of paper put up in the visible form.

In connection with this you will need your multigraph to print your forms. You will need an addressograph outfit to print the names, addresses and descriptions; emboss them on an addressograph plate. You will find this will save you a lot of trouble and time.

Then as new subdivision work comes on, get the cooperation of the subdividers. Get the names and addresses. You will get a certain number of local owners on your service list, but the big field of operation is the non-resident property owners.

Every state has different tax collection laws and if you own a piece of property in Florida, you are at a loss, if you live in some other state, to know how, when, and to whom to pay taxes.

My father owns a couple of lots in Florida and I have been attempting to pay the taxes for him each year. I will have to write from two to three and four letters to different people to find out what the taxes are and to whom to pay them, and then when I get through I'm not satisfied whether to pay them or not. I just received a letter from an abstract company in Florida in which they announced a collection service, and that happened to be in the county where my father's lots are. I am going to stop and give this company $2 to be put on their list and be notified every year of the taxes.

The only thing I see wrong to that company's proposition is that if you join their service for tax information and pay them $2 annually in advance, they will give you a discount of fifteen per cent from the regular abstract rates. Why on earth did they have to put that in? I wasn't asking them for it. I was tickled to pay the $2 to know I would be notified each year of the taxes. Then that wasn't enough, they agreed to give me a discount of two per cent on brokerage charges for the sale or lease of the property. I guess we'll have to send Jim Johns down there to talk to them about discounts.

We are all specialists in keeping an accurate check on each record title and the tax, which is a direct lien on the land, is one thing which gives the owner the most concern, and we, as abstracters, are the logical persons to offer such service. By keeping in touch with the owners each year through the tax collection service, we can make them think of us and our business as an institution of service, and it is the best advertising the profession could adopt.

RAY TRUCKS
Executive Committee
Abstracters Section

In addition, we are building a tax record system which will be invaluable to us in later years. Just visualize the tax record system to each parcel of land in a tax history form for from ten to twenty years at once glance at a sheet.

Now, by having a tax collection system you will not only make this sustaining fund for your own office, which is the number of people who belong to your service multiplied by one or two dollars, whichever you charge, and which is a fee that comes in annually and will gradually increase as other people know of the service, but in addition to that you will have a record of the names and addresses of all the non-resident property owners, and this list can be sold and used in a great many ways. It can be used in getting new abstract business. You can write letters asking them to have the abstract sent in for recertification, or whether they have an abstract, and possibly get new abstract business in that way. You can give out tax reports, circularize, and if you have anything to sell you can use the list. You can use this list in increasing your other side lines. You can even sell Ford cars through the list.

In wild-cat oil territory you abstracters can go out and take leases. I don't know whether an abstracter ever thought of it or not, but this spring up in our county our office was pestered with lease hounds who regarded names and addresses as being as free as water. I don't so regard them. I looked over a great many of the lease hounds and I came to a conclusion I was as much of an oil man as a lot of them were, so I thought of an experiment of taking oil leases by mail. I had considerable success and I was able to consolidate the leases in one section and get a wild-cat well started. I am terribly afraid before we get away we may get a wire telling us oil has been struck, but I'm not going to lose any sleep about it.

When some of the larger companies wanted to come in and take leases they found we had all the names and addresses. They came into our office to make peace with us and in a certain section we were able to turn over to them our efforts, the names and addresses, and get a nice rake-off on all leases they took. That has been a

---

TAX STATEMENT

Amounts due if paid before

1926—$

1927—$

Taxes on lands described below, (Including our Tax Service Fees) 1928—$

1929—$

NAME LOTS BLOCK

TOTAL AMOUNT—$

PLAT OF CHAIN O' LAKES
LAKE COUNTY, MICHIGAN

RETURN THIS NOTICE WITH REMITTANCE PAYABLE TO RAY TRUCKS, BALDWIN, MICH.

Form printed on our multigraph; name and address, lot and block numbers printed with addressograph, and the amount of taxes and fees included, either typewritten or put in with pen and ink. By using a different color statement for each resort much time may be saved in sorting when tax payments come in.

November 28, 1928.

Dear Lot Owner:

Enclosed you will find statements of taxes due on your Lake County property, and we urge your prompt payment so that you will not have to write in later to get the amount of additional penalties for late payment.

We believe that a new development, in addition to our natural woodlands, lakes and trout streams, will soon be in evidence, and suggest that you follow the Michigan papers relative to the oil and gas fields at Muskegon and the Logan Township-Taggart-Welch gas wells located 3½ miles west of the Lake County line. One well is being drilled in the northeast part of this county and many leases are being taken and proposals made to drill other wells. Our suggestion is that you give no lease until after careful investigation and upon the advice of someone familiar with oil matters.

OUR TAX COLLECTION SYSTEM is recognized as the only complete and efficient means of promptly and properly taking care of tax matters, for the reason that neither the County nor the Township officials regularly send out tax statements of ALL taxes. Should you write in now to either of the above officials, neither from his own records could give you a statement of all your taxes, if you happened to owe more than one year. Should you get a statement of only one year's tax you would naturally suppose that was all you owed, yet if a prior year's tax was unpaid, very soon someone else would have a tax deed to your property. This happens very often where non-residents endeavor to take care of their own tax matters. Under our system, we have a record of both the taxes payable to the County and township before us, and can tell at a glance just what year or years you owe for, and send you statements accordingly.

Only by the volume of the business can we give you this service for $1.00 per year, per description. We thank you for your past patronage and trust that you will continue to let us serve you.

IF YOU HAVE NOT ALREADY sent your deed and abstract to us for record and continuation, do so before they are lost, at our special price of $3.90.

Our service relative to drawing up joint deeds, deeds, mortgages and other papers necessary for the sale or conveyance of property, has been favorably received and much used, especially by those not familiar with Michigan Laws.

IMPORTANT: When writing to us, always give your Lot and Block numbers and the Name of the Resort.

RETURN TAX STATEMENTS with remittance made payable to Ray Trucks, Baldwin, Michigan.

Very truly yours,

RAY TRUCKS.

CHANGE OF ADDRESS BLANK

REMEMBER, we cannot reach you unless you tell us when and where you move.

Lots ..... Name .....

Block .....Plat of (IDLEWILD) Street .....

CIRCULAR LETTER

This letter is enclosed with tax statement, and is printed on the multigraph.

---

beautiful side line which came out of the tax collection service. In other words, if we hadn't had the names and addresses, they wouldn't have come near us.

By having the names and addresses you can keep in touch with the non-residents and your legal department can handle estates. If they are non-resident, the estate will have to be probated in your county and your legal department can do it.

You see our clients in the abstract business think of us only when they need an abstract. By keeping in touch with them every year, they will begin to look upon us as an institution of service and by paying us a little money every year it won't seem so bad when they have to pay us a chunk when they want an abstract.

There is no reason why we abstracters should patiently wait for business when we can go out and get it, and it is waiting for us through a tax collection service.

CHAIRMAN JOHNS: Are there any questions?

MR TALBERT TAYLOR (Photo Abstract Company, Miami, Oklahoma): I would like to suggest this. I had a business similar to what this gentleman has described when I was a Missouri abstracter, and in addition to paying the taxes, I assessed their property each year for them and collected another fee for that.

MR. THOMPSON (Oklahoma): I would like to ask a question:

How do you find out who the non-resident owners are?

MR TRUCKS: In our county we go to the tax collector's office. When he writes the receipts they are written in triplicate. One goes to the man who pays the taxes, the other to the auditor general, and the third is sent to the county treasurer's office. We copy the receipts up there. Every two or three weeks we send a girl up there and she copies them.

MR. THOMPSON: Does he keep a record of what it is for and the names and addresses?

MR. TRUCKS: Yes, that is a part of the records.

MR. THOMPSON: You have it on us. Our treasurer writes a receipt and doesn't even keep a record of who pays the taxes.

MR. TRUCKS: Does he keep the letters?

MR. THOMPSON: No. He throws them away.

MR. TRUCKS: You might make arrangements to have him keep the letters for you.

MR. THOMPSON: There is one other thing I might say that I think is worth while considering. This gentleman spoke about getting into the oil lease game. I'm not sure but what he is right, yet we took the other attitude and profited by it. We had a good many oil fields in our county and we talked it over and decided we would keep out of the oil business, first, because it is a game of its own, and quite speculative; and second, because we might create the ill will of the oil men, and we profited materially by it because one of the large companies who had been doing business with our competitor, who did get into the oil business, came to us. He said that he had noticed we didn't get into it and if we wouldn't he would give us all his business. We have had that business for fifteen years and there were a number of years when their bill alone ran $200 a month.

IDLEWILD—YATES TOWNSHIP

Name	Lots	Block	1928 tax	1927	1926	Fees
Minnie Floyd,	14 to 17	26	$2.52			$1.00
Earl McGowan,	22 to 25	26	2.52			1.00
Laura C. Parrish,	26-27	26	1.27	1.59		2.00
Total 1928 taxes			$6.31	$1.59		$4.00
Total Delinquent taxes			1.59			
Total amount of taxes			$7.90			
Total amount of fees			4.00			
Total amount deposit			$11.90			

TAX BOOK ENTRY.

Names and lot and block numbers printed with the addressograph. The amounts of taxes and service fees are typewritten. The amount of fees added to total amount of taxes, making the total amount of deposit, in bank. Amount of current year's tax is mailed by check, with the carbon copy, to the Township Treasurer. The amount of the delinquent year's tax is mailed with typewritten list to the County Treasurer; always making deposit before checks are written.

LAKE COUNTY ABSTRACT CO.

RAY TRUCKS, ATTORNEY-AT-LAW, MANAGER

BALDWIN, MICHIGAN

Dear Lot Owner:

We have paid your taxes on your property and enclose the official receipt therefor; this is also to acknowledge payment of our $1.00 service fee charged per year for each description.

We wish to thank you for your co-operation and patronage in having us take care of these matters for you and will endeavor to justify same by prompt and efficient service in future. The 1929 taxes will not be due until Dec. 1st, 1929, at which time we will be pleased to send you statements of same.

Too much stress cannot be placed on the importance of having taxes paid as soon as possible after they become due to avoid the payment of penalties, or the chance of the property being sold for delinquent taxes. You will help any resort property owners whom you may know by reminding them that 1928 taxes are now past due, and advising them, if they have not received a statement of same to write us at once.

Yours very truly,

RAY TRUCKS.

CIRCULAR LETTER.

Mailed with the tax receipt to the tax payer.

1918 to 1924-pd.
1925-pd.R.T.
1926-pd.R.T.
1927-pd.R.T.

LAURA C. PARRISH, 26-27 26

4133 CALUMET AVE.,
CHICAGO, ILL.

IDLEWILD

YEAR	VAL.	TAX	
1928	20	1.25	1928/29-1
1929			
1930			
1931			
1932			
1933			
1934			
1935			
1936			
1937			

These Sheets Are Being Used in the *National* Binder Showing a Tax Record of Ten to Twenty Years

CHAIRMAN JOHNS: Mr. Thompson seemed to have made money by staying out of the oil business and Mr. Trucks made money by going into it. Whichever way you jump you are going to make money.

Another discussion we are to have is on the escrow business by a man who has done a marvelous job of it, Fred Wilkin. Fred, I might say, is from Independence, Kans. You probably all know him. Fred assured me he would not lead the discussion, that he had absolutely nothing to say, but he has done a tremendous lot in developing an escrow business in an abstract office. If he rides in a Ford it is because he has an interest in an agency.

An Escrow Business for Abstracters

By FRED T. WILKIN

Security Abstract Company, Independence, Kansas

With regard to the escrow business being done by abstracters, I am a good deal like Mr. Trucks, in that I can see no reason why the abstracters do not do the escrow business in so far as it affects real estate in their counties. They most certainly are the logical people to handle it.

Some seven or eight years ago we broke loose from abstracts exclusively and attempted to do a title insurance business in conjunction with our abstract business. This turned out fairly well considering the size of our county. About two years ago, particularly at the Detroit convention, I became very much interested in adding the escrow business to the abstract business.

Returning home from Detroit, I called, as is my custom in Chicago, upon the Chicago Title and Trust Company, and there I received the real idea on how I was to start an escrow business in a small county where all the escrow business had been done for a number of years by the different banks in the different counties, gratis.

Upon returning home I went over the data and advertising matter then used by the Chicago Title and Trust Company, and while I followed their plan I reduced it to, or tried to reduce it to the size of my county.

I might say here that the county in which I am located has some sixty thousand people. We have four fair towns. The town in which I reside has a population of about fourteen thousand people. One of the other larger towns has seventeen thousand people, and the other two towns have about five thousand each. So we are merely a typical abstract county.

I can say that we have increased our escrow business right from the start, and it is growing. The real surprise to us was that instead of the fees that we were to receive through escrows, the real money that we make out of this line is not the escrow fee, but the additional matters with which we are in immediate, personal, first-hand contact through means of the escrow, and can make the charge.

Ninety per cent of all abstracters handle in bulk, possibly complete, at least one escrow, through their offices, every week—and that is a conservative estimate.

How many times does the real estate man, the lawyer, the banker, tell you that the money and the deeds will be exchanged just as soon as you can finish the abstract and the title is found OKeh. How many times do you draw the deed and watch it, with the other title papers, exchanged for the buyer's check—and in your own office and over your own tables or desk. Does not that happen at least once a week. Sure it does—almost daily.

How many times do you receive an order to file instruments and extend the abstract, PROVIDED, the title has not changed, the taxes are paid, and that there are no judgments or mortgages, or royalty deeds, or what have you, since the abstract was last certified.

What is an escrow? The definition given by the standard dictionary is no more or no less than "An instrument placed in the hands of a third person for delivery.' I have read and heard many definitions and of them all the one that to me seems the most appropriate to the real estate escrow is—

FRED T. WILKIN

"Where two or more persons deposit money and instruments with a third person to be delivered upon a certain contingency, or on the happening of a certain event, such money and instruments are said to be in escrow, and the person with whom they are deposited is said to be the escrow holder."

That's all. That is what it is.

Within the past few months a building and loan company residing outside but loaning money in my county, suggested that we could secure more business, at least from them, if we would assume the responsibility of the closing of their loans in our county. In brief their plan was this. After the property had been inspected and the loan tentatively approved and the application and abstract had been forwarded them by their agent, their own attorney examined the abstract as to title and made his requirements. Then they were to forward either to us direct, or through their agent in this county, all of the papers including the note and the mortgage to be executed by the borrower, and the draft itself, payable to the borrower and ourselves, for the loan.

Our only responsibility and all that we had to do was to see that the papers were properly executed, that their attorney's requirements as to title were met, that there was no intervening record liens, that their mortgage was a first one on the porperty, that the proceeds of the loan were properly applied and a few other similar small items.

We were perfectly willing and stated that we wanted that class of business (handling of escrows) and would do it—for a fee. We were answered with a smile and the information that other abstracters were doing it as a part of their services and that the only fee that the other abstracters were receiving was the fee for extending the abstract.

Happy days! A whole multiplication table of opportunity for liability and grief for the abstracter under the misnomer of service, gratis, yet, they tell me that abstracters are doing it and in having them do it the building and loan company is very sensible, for there is no one who can do a better job of the details of closing without error than the abstracter, and there is also no one, except the abstracter, who *would* shoulder such a liability and spend his time without a fee.

"It's a little thing to do
Just to think.
Any one, no matter who,
Ought to think.
Take a little time each day
From your minutes thrown away;
Spare it from your work or play—
Stop and think.
You will find the men who fail
Do not think.
Men who find themselves in jail
Do not think.
Half the troubles that we see,
Trouble brewed for you and me,
Probably would never be
If we'd think.

Shall we then, consider this
Shall we think?
Shall we journey hit or miss,
Or shall we think?
Let's not go along by guess,
But rather to ourselves confess,
It would help us more or less,
If we'd think!"

From our experience in the handling of escrows I am certain that none of you need fear of your ability to successfully conduct this side line in conjunction with your business. All of you are now performing the important functions of the escrow and with the printing of a few forms and a little publicity you are in the escrow business.

The handling of land escrows is so obviously a function of the abstracter that you yourself are the hardest to convince.

Escrows do create both liability and detail on your part, but of all classes of folks none are so greedy to assume liability at a ridiculously inadequate fee, or no fee at all, as the abstracter, while the prerequisite for admission into our ranks is to be "a hound for detail."

Two or three years ago a brother abstracter in an adjoining county, Bill Fink, called me on the phone and asked me about the price received and the form used by us for oil and gas statements. At his request I mailed him a copy of the form we were using. At that time a merger of several of the shale gas companies operating in the southeast Kansas fields was in progress and we having had sufficient call had multigraphed the form of statement we used to save typing and time. About six months after that I saw several of the statements that Mr. Fink had made. The form he had followed was word for word our own, but my how Bill had dolled them up. Any one of them could properly be entered in this year's "Pretty" abstract competition which they persist in miscalling a contest.

Bill told me afterwards that considering the lack of his liability under these statements the seventy or eighty he made was to him one of the most profitable bits of abstracting he had done for some time, and that his client when he gazed upon Bill's work of art was so nearly overcome with appreciation that he all but broke down and cried, paid Bill in full on the spot and became a walkie-talkie that even today is ready and willing to travel all of Wilson County in Bill's behalf.

You may not have noticed that during the past four or five years our mortgage companies no longer advertise to the investor that "In our forty years of experience no client has lost a single dollar of either principal or interest," and should you be an investor in that class of securities, you will likely now find rubber-stamped on the back of the note the guaranty of the mortgage company, or its subsidiary, that interest will be paid on the due date and the principal within sixty days after the expiration of the mortgage.

Should you make inquiry to the mortgage company it is likely that you will be told that they now guarantee the payment of interest and principal to their clients and after listening on how they are now protecting your dollars you can not but congratulate yourself on the wisdom of your choice and go out a booster for that particular mortgage company.

> *We were perfectly willing and stated that we wanted that class of business (handling of escrows) and would do it—for a fee. We were answered with a smile and the information that other abstracters were doing it as a part of their services and that the only fee that the other abstracters were receiving was the fee for extending the abstract.*
>
> *Happy days! A whole multiplication table of opportunity for liability and grief for the abstracter under the misnomer of service, gratis, yet, they tell me that abstracters are doing it and in having them do it the building and loan company is very sensible, for there is no one who can do a better job of the details of closing without error than the abstracter, and there is also no one, except the abstracter, who would shoulder such a liability and spend his time without a fee.*

Ten years ago before the advent of "Guaranteed mortgages" this same mortgage company did guarantee the payment of principal and interest to its investor clients, for no mortgage company can have investor clients long unless that mortgage company is prepared to and does protect their investor's dollars. Ten years ago they made the guaranty as a matter of business or service and without charge. During this period the mortgage companies have made a discovery and today their guaranty is made in black and white and they collect one-half of one per cent annually for so doing, and in addition receive the plaudits, bouquets and additional confidence of their client investor.

You, as an abstracter, during your entire length of servitude in your profession, have and will continue to handle escrows, for land escrows can not be handled except through your expert services. Whether or not you will continue to handle them gratis as a matter of business or service or will doll them up, call them by their proper name and make a charge is for you to decide.

A land title escrow is so common to the average abstracter, and he performs the principal functions of the escrow so frequently that he neither sees or recognizes it as such, and consequently making no charge overlooks his opportunity for fame as a title expert and to supply his family with cake in addition to their daily requirement of bread and potatoes.

I do not wish to leave the impression that with each order for an abstract, or its extension, that you are handling an escrow. You are not. However, you are handling in so doing the principal part of it—the title, and in the majority of escrows all the balance of it is mere detail.

I have found that most abstracters shy at the thought of writing an escrow agreement—and from the questions asked that seems to be the stumbling block. Much of what has been written on escrows stress that point, and it is important, though there is nothing whatever difficult about it. What abstracter is there that does not draw deeds, mortgages, leases, simple contracts and other documents pertaining to the title to real property. The actual fact is that the drawing of an escrow agreement is no more intricate than the drawing of an affidavit. All on earth it amounts to is reducing to writing the agreed instructions of both buyer and seller relative to the deal. These signed instructions together with the purchase and sale agreement of the parties, the instruments to the deal and the money together with the abstract or title policy is all there is to any land title escrow. Merely carry out the instructions in a businesslike way, collect your fee and go on to the next. It is as simple and as easy as it sounds.

We prepared a suggested escrow agreement blank and have spread them fairly well throughout the county, but except when we ourselves draw up the agreement and instructions in our own office, our experience has been that in the majority of cases coming from outside our city to us our escrow instructions are written in the form of a letter and the parties never call at our office. While we would prefer and are of the opinion that all would be better served and satisfied had either our blank been used or the parties present and we drew the instructions, we do not object to act as escrow holder where others have drawn the instructions, nor do we insist or even suggest that in future cases they use our blank.

As escrow holder we receive the money and the deed along with the letter of instructions and having the money and deed in our possession we have never had any trouble to secure prompt replies, signatures or corrected supplemental instructions for a better understanding or our protection from the parties in interest. Insufficient instructions to us only means that the bank has the money a little longer—we do not close the deal until we have in writing just what we are to do. All parties to the deal giving you their instructions in writing it is neither necessary or essential that they be present either at the start or the closing through escrow.

Another apparent stumbling block and about which many seem curious is how to advertise to your public that you are in the escrow field. Well, I can not tell you how you should advertise for what secures results in one community is not always sure-fire in another—even in Kansas. I can tell you how we advertised and you can judge whether or not it will work in your county.

I woke up some five or six years

ago that my firm was doing an increasing escrow business for our clients under the heading of service, and we were not getting paid for it either. Making up my mind that we were going to do an escrow business and be paid for it I started in to figure out—how. For two years I studied and read all that I could about escrows. At the national conventions I examined all of the advertising displays with particular interest as to escrow advertising and there asked any number of dumb questions about escrows in conversation with the representatives of the larger title companies of the east and of the Pacific coast. At the Detroit convention there was a display of blotters and maybe three or four letters on escrows by The Chicago Title & Trust Company, and in reading them I knew what I was going to do.

It took me about two months to make up a leaflet and an escrow form with which I was even partially satisfied. We then composed four letters. One for the real estate men, one for the lawyers, one for the bankers and one as a follow-up for all three. We sent the leaflet to the printer, multigraphed the escrow form and typed these first three letters.

We appealed to the real estate man that our State and Supreme Courts had repeatedly stated that the real estate broker earns his commission by getting the parties to agree to sell and to purchase and not by closing the deal; to the lawyer that far too many real estate deals are made in which no attorney is employed and that under our escrow the buyer must name an attorney to pass upon the title. To the banks that our sole and only business was title service and that since we were not a bank all moneys deposited with us in escrow would of necessity be by us redeposited in some bank in the county. In each of the three letters we stated that we had multigraphed a simple escrow form and that we would be pleased to forward them a copy or copies for their file or for use upon request, and with each of the letters we enclosed the printed leaflet.

The response was very gratifying and pleasing to us and the week following the first letters we sent out the second or follow-up letter which was more or less of a broadside and calling attention that the parties need not be present in closing; oral agreements cause delay and trouble and that escrow closes deals only on the written word; that the escrow agent should be disinterested and that our sole business was titles and title service. This letter being general in its nature was multigraphed and with it we enclosed one of our escrow agreements.

In neither letter, nor the leaflet, had we mentioned price, and the week following we sent each to whom we had directed letters a blotter on which was quoted our escrow charges.

After that, as rapidly as we could, we called upon each party to whom we had mailed a letter and talked escrows, abstracts and title insurance. We are still talking escrows, abstracts, title insurance and distributing blanks.

Abstracters, more than any other class of people, are prone to cross bridges before they come to them, and in preparing the leaflet, the escrow blank and the letters we crossed many bridges.

I believe that all of the banks in my county handle escrows without charge and as they had been doing it for years we imagined that they wanted that business—after talking with them we found that they do not want it or say that they do not, so long as the money is deposited with them, and I believe this true. The lawyers were the only people that we doped out in advance correctly, and they apparently are indifferent and not much interested. We had imagined that our real estate men would have welcomed escrows with open arms as it certainly is a real service and saving to them. They did not fight it but they were not enthusiastic about it either, but this must be my fault and I have failed to get the message across for of all folks it means more deals closed and more money it is the real estate man and he should be your biggest booster. It seems to us like we almost have to force him into an escrow before we can secure his cooperation—but once you land him it is not so hard.

Let me say this. These abstracters seem to be scared to death of escrows. They seem to think an escrow is something that should be, or is, surrounded with a cloak of mystery. I will admit that for several years I had that idea myself but when Walter Daly showed up with his form it was nothing more or less than a blank piece of paper with a few lines, which he called an escrow form, and I commenced to change my mind. All our form amounts to is a very simple contract on one side and instructions on the other. There is nothing difficult about it.

There is no question but that in advertising an escrow business, or any kind of business in our line, your greatest returns will be secured through personal talks, solicitations and suggestions. Be awake to it.

On Halloween evening I had collected in the porch furniture, the mail box and the ice card, had finished supper and was enjoying a smoke and the evening paper when the front door bell rang. I know it was some of the neighborhood children intending to play a prank on our kids so kept on reading the paper and told our kids to leave the door alone. When we did not answer the bell the second time they rang and as I was in plain sight of the door they knocked, which proved too much for our curiosity boxes and they went to the door.

At the door was the abstracter from our adjoining county and after my profuse apologies and explanations had been accepted he briefly explained that he was combining a social call that he and his family were making on friends in my home town with business. The business being to tell me of a jam he thought he was in through examining, finding and pronouncing a title OKeh and then having about a third of the bar in his county shake their heads and recommend nothing less than a quiet title action.

It seemed that our abstracter friend passed upon the title and after his client had purchased the property and took possession the neighbors commenced talking, with the result that the new owner took his abstract to another attorney, had it re-examined and then found that he had two conflicting opinions as to his title. Both our abstracter and the other attorney started in calling upon members of the bar—the question in point was fastly becoming public property—with the two examiners and their respective followers approaching the stage of strong language as to their personal opinion of the legal ability of the other.

Bad situation that would mean loss of future business for our abstracter even though he was right in his law.

I asked our friend the names of the attorneys who had agreed with him and he started right in, along about the third named was one whom I thought I remembered as being one of the attorney's he had recommended for approval when he signed up with an eastern title company to write title insurance. My interruption with the question verified my memory and I then suggested as the most simple and satisfactory way to end the controversy and at the same time keep all of his attorneys sweet was to insure the title. Our friend stopped, looked at me for a minute, reached over and grabbed my hand and said—Well, I'll be damned.

Opportunity is dressed in working clothes and that is probably the reason why many do not recognize the thing. They expect to see opportunity in a "tux."

Whenever one of the parties to the deal lives outside of your state or county, whenever a deal is held up to secure the signature to a deed, or a release of a mortgage, or attorney's requirements are to be secured, or a real estate friend tells how he just lost a commission, the mere mention by you that that deal should have been or does belong in escrow invariably grants you the opportunity to extremely receptive listeners of explaining the wonders of escrow. What more do you want—you yourself are the limit as to the volume of escrow business you handle—all profitable.

"It's a little thing to do
Just to think.

Any one, no matter who,
Ought to think.
Take a little time each day
From the minutes thrown away;
Spare it from your work or play—
Stop and think."

MR. JOHNSON (Oklahoma): What could you offer to a real estate man located in another town, and how can you induce him to load up a crowd in his town and come to your place to close a real estate transaction?

MR. WILKIN: If we have a man in an adjoining community, we ask him to fill in a simple form which we furnish. We give all instructions as to closing the real estate transaction and there is no necessity, as far as I can see, for him to come to our town.

MR. JOHNSON: One service you would offer is your ability to write a binding and good escrow contract that the real estate agent is familiar with?

MR. WILKIN: Yes. We have forms for that.

CHAIRMAN JOHNS: On account of the noise outside of the room I believe we will have to put off the discussion on this subject until tonight.

I have here the report of the Nominating Committee which Mr. Wilkin handed me.

Report of Nominating Committee

They have presented for your consideration for officers of this Section: For Chairman, Donald B. Graham, Colorado; Vice-Chairman, Arthur C. Marriott, Illinois; Secretary, Herman Eastland, Jr., Texas; for the Executive Committee: Elizabeth Osborne, Washington; A. L. Bodley, South Dakota; Ray Trucks, Michigan; Forrest M. Rogers, Kansas; and Walter Thompson, Oklahoma.

What will you do with the report?

MR. FRED T. WILKIN: I move that the nomination be closed, the rules suspended, and the assembly cast its vote for the officers as nominated.

The motion was seconded and was carried unanimously.

CHAIRMAN JOHNS: If there is nothing else to come before us, the meeting will stand adjourned until eight o'clock.

The meeting adjourned at four o'clock to reconvene at eight o'clock, p. m.

ADJOURNMENT.

Open Forum, Abstracters Section

Thursday Evening, October 24, 1929

The meeting convened at eighty-thirty o'clock with Chairman Johns presiding.

CHAIRMAN JOHNS: It was the intention of those in charge of the program this year to have as one of the main events of the program the building of a title plant. We searched the whole country and picked on Charlton Hall of Seattle, who has had a tremendous amount of experience in building title plants. Mr. Hall found at the last minute that he could not be present but he completed his article, had slides prepared and prevailed upon James W. Woodford to give the paper and explain the slides.

This is of great interest to the entire title fraternity and as we go along with the pictures and the paper, if you would like to stop and ask questions Mr. Woodford has consented to answer them as best he can, but he wants you to remember he is reading another man's paper and not his own, and will not guarantee to give you one hundred per cent correct answers. So, I'll call on Mr. Woodford to take part in the proceedings at this time.

Building a Title Plant

By CHARLTON L. HALL

Secretary and Manager, Washington Title Insurance Co., Seattle, Wash.

While I realize that no title plant can be perfect, I want to take you through the work, step by step, of building what I would consider an ideal title plant. But before proceeding on that subject I want to lay the ground work for my talk and show you how some title plants (which I consider far from perfect) have been built. Parenthetically will state that Washington Title Insurance Company, of which I have the honor to be secretary and general manager, owns or controls nineteen title plants in the State of Washington. Several of these plants are combined with others in the same county so that we are only operating eleven offices in ten counties. And some of these so-called plants (now only used for checking purposes) were built with so little thought of future usefulness that you present-day title men will wonder at the primitive methods once used.

For instance—we entered into a contract with the Long Bell interests to cover their land operations in Cowlitz County, Washington, and in order to do so were compelled to build a plant. But, before building a plant, we purchased what was said to have been the best plant then in Cowlitz County, although at that time there were four or five men (calling themselves abstracters) operating with plants presumably of less value than the one we bought.

The alleged plant we purchased had no take-off of any kind but consisted of a facer, or guide card, for each block of every platted addition in the county, back of which facers were filed a single sheet of soft tablet paper about five by seven inches in size upon which had been noted in pencil references to suit numbers and the books and pages of records. The donation land claims and section accounts were similar—except the facer was followed by a pencil sketch upon which was delineated the County Assessor's tax lot subdivision by number.

When we built our new set of books we used the references on the plant

purchased to check from, but unfortunately, it was of little help as many instruments were incorrectly posted and we almost never found an instrument posted to the old set that had been missed on the new set of books. At the time we built this Cowlitz County plant there were 7000 court cases in the Clerk's office and 146 volumes of records in the Recorder's office. We estimated that the plant could be built for $10,000 or at an outside figure of $15,000, but it may interest you to know that the cost mounted up to $25,400 or equal to $174 per volume of records. In fairness to my colleagues and myself I want to explain that there are more donation land claims in Cowlitz County than in any other county in Washington and because of that fact the proportion of instruments containing descriptions by metes and bounds was unusually large which increased the cost of take-off, location and posting of such instruments.

Another title plant we bought was none too good either. The take-off was fair, but the tract index was a joke. Fortunately we bought a better tract index, covering the records of the same county, and then combined the two plants. We then laid out an entirely new set of tract indexes, began a good take-off and from the date of purchase to the present, have a first class tract index. We then spent about $1,000 in "jazzing" up the office by the purchase of bright linoleum and new furniture, raised the local manager's salary, sent him a real title examiner and offered the customers title insurance (in addition to abstracts) with the following result: During our first month of operation one-seventh of the orders were for title policies while in July of this year (after two and one-half years of operation) one-half of the orders were for title policies while the revenue was more than double. The abstract orders produced an average gross earning of only $9.40 while the policy orders produced an average gross of $22.14.

But to get back to that joke tract index. In my opinion, the first consideration in building an ideal title plant is simplicity so that in case of a boom a large number of inexperienced persons may be employed and readily learn enough so that they will be a real help in getting out the work. In Washington all the County Recorders use a consecutive file number, but in this joke plant instead of posting the real document number as given it by the County Recorder, they gave each instrument arbitrary volume and page numbers and then posted the arbitrary numbers to the tract index with a numbering machine. Of course it was impossible for a poster to check his chain on this set. And imagine trying to look up an owner when the nature of the instrument isn't even noted.

And again referring to simplicity,—I want to take you back to 1905 when I went to Seattle for the purpose of rewriting a set of tract indexes just previously bought from the Seattle Abstract Company by the Title Trust Company. I was told they had a complete take-off, a fair set of tract indexes, but no general index and that all I needed to do was to have some real arbitrary maps made, rewrite the accounts covering the land to be mapped, get the general instruments assembled for the general index, have it written up, and then I would be through. I will tell you now that with the help of about fifty people this work was completed in three years. Why?

Can you imagine why anyone would use sign language for the take-off when five times as much time will be wasted (by every person who thereafter tries to read the thing) as was saved by the man who took the instrument off, when he used symbols instead of abbreviations.

As you may imagine a great deal of the take-off had to be done over again and although some of the court proceedings appeared to be posted, the original take-off sheets had not been saved so all had to be taken off again and the postings checked or supplied. We learned that in the original take-off of suits only those describing property were taken and no notation made of a divorce decree by which a woman resumed her maiden name. Also, in the original take-off of probate proceedings, that no mention was made of the name of surviving spouse, in spite of our community property law under which title to real property vests in both husband and wife even though only one appears as grantee in a deed. We also found many affidavits posted to the name of the affiant instead of the name of party concerned. Judgments, city ordinances, commissioners' records of street and plat vacations had never been taken off: so you can imagine there was much preliminary work done before actually starting the new set of books and, incidentally, I was finally successful in convincing the Board of Trustees that the only thing to do was to rewrite all the books on loose-leaf sheets so that the postings could be chronologically arranged. The final result was a set of books requiring no index (because the additions are arranged alphabetically in the binders) by the use of which a successful business has been operated during the past twenty years.

Another title plant we bought was none too good either. The take-off was fair, but the tract index was a joke. Fortunately we bought a better tract index, covering the records of the same county, and then combined the two plants. We then laid out an entirely new set of tract indexes, began a good take-off and from the date of purchase to the present, have a first class tract index. We then spent about $1,000 in "jazzing" up the office by the purchase of bright linoleum and new furniture, raised the local manager's salary, sent him a real title examiner and offered the customers title insurance (in addition to abstracts) with the following result: During our first month of operation one-seventh of the orders were for title policies while in July of this year (after two and one-half years of operation) one-half of the orders were for title policies while the revenue was more than double. The abstract orders produced an average gross earning of only $9.40 while the policy orders produced an average gross of $22.14.

You will agree that the posting isn't much and may be surprised when I tell you that the take-off on which the posting was based was made from the Recorder's grantor and grantee index instead of from the record itself.

There is another set in Washington which has been described to me but which I have never seen. The system of posting is to group the titles according to ownership rather than according to the recorded map. Thus a new account is opened each time a lot or group of lots breaks from a common ownership. Under such a system the preparation of a chain of title may be somewhat facilitated but the necessary work in posting instruments or assessments that cover the whole block is greatly increased and the accounts are certainly more difficult to work from when preparing a list of parties for condemnation proceedings or other searches involving all the lots in the block. I don't approve of that system either.

Then there are a couple of so-called modern or improved systems which I want to comment on.

I saw a plant being built in California without any idea of ever posting a tract index. They are making a typewritten take-off of the daily filings on sheets about four by seven inches in size. The sheets are punched on the left-hand margin and then filed according to description in small ring binders, there being a binder for each addition and eventually, I suppose, there will be a binder for each block of each addition. No one can imagine a more simple system than this, for when the parties building this plant get all the instruments now of record taken off (they plan to work backwards as well as keep up the take-off of the daily filings) each binder will contain all the instruments for each block of each addition and all they will need to do, in examining a title, will be to pull down the binder on the property under search, examine the instruments and write the opinion (their take-off men pass on the legality of each one at the time of transcription).

While I would prefer a complete plant of this kind over a plant having a tract index but no take-off, I

recognize its hazards and disadvantages. We will assume that all the instruments are in the binder but an examiner must read the descriptions (at least) in all of them even though he may be working on only one lot; he must write up his chain of title, but what if some instrument is filed away in the wrong binder or if someone has taken several instruments out of a binder where they were originally correctly filed. I think the system unsafe as the chain of title cannot be readily checked when the instruments are originally filed and for the further reason that the instruments may be incorrectly filed in the first instance or removed thereafter. And as no provision is made for making any notation of filings, any instruments removed would be permanently lost.

The other so-called modern system is the photographic take-off and this should be divided into two classes: Photostatic copies and moving picture reels of films of the record. Either method is for the take-offs, which must in either case be supplemented by an index or allocation scheme of some kind, either by tract index books or "slips."

It would seem that the odds are all in favor of the slip system of title plant construction and I shall now attempt to describe how, in my humble opinion, an ideal title plant should be constructed. It is what is called the "slip system."

This description will be most applicable to counties in our Western States where we have a Government Survey:

First: Determine the township and range numbers of each township in the county which the plant is to cover, then order certified photographic copies of township plats from the Commissioner of the General Land Office, United States Department of the Interior at Washington, D. C., and remit by certified check or post office money order at the rate of 75c for each township plat.

Second: Procure copies of all platted additions in the county.

Third: Lay out tract indexes on loose-leaf sheets, a sheet for each section, donation land claim, or rancho, and for each block of every platted addition.

The section accounts should be laid out on sheets with a column for each forty acre tract, the ruling to be as shown so that postings may be made by the A, B, C, D System of tracts as small as ten acres without the use of arbitraries.

For donation land claim or rancho accounts, lot book sheets should be used as the descriptions are all by metes and bounds and arbitrary maps must be prepared. The different tracts are arbitrarily numbered on the maps and posted to the tract index under such numbering. Be sure and have your arbitrary maps made on sheets so that they may be bound in the tract book just ahead of the account. Our experience has proven that if the maps are made on larger sheets and filed elsewhere they soon wear out. Also much time is lost in operating the plant if maps are filed separately from the tract index. Draw your map on what appears at first to be the wrong side of the sheet, for if this is done, the map will appear in the tract index binder just ahead and in full view of the first page of that account.

The lot and block account is simple, but before determining how many lot columns to provide, make a careful survey of plats of record and see what the average number of lots in each block may be, and if possible, provide that number of columns ruled on your lot book paper. As you will see, we have sixteen columns, as that more than covers our average block. However, we have some with a great many more, and you will note there is a space for doubling back, so that Lots 17 and 33 would also fall in the same column with Lot 1. Whatever you do, don't make the mistake of posting part of the lots in the same block on one sheet and the remainder on another, for such a system will increase your posting cost and lead to many errors.

In laying out your lot book, provide a sheet at the first of the account, or rule off the first fifteen lines of the account for Block One as a place to post instruments covering the whole Addition. This will save you much posting and will care for all curative instruments and many special assessment postings. I assume, of course, that you will use loose-leaf binders, and while you are having your tract index sheets ruled, printed, headed and the lot book accounts alphabetically arranged, so that no index is necessary, you should organize your take-off force.

First, decide that you will make at least two copies of the take-off and as many more as there are separate descriptions in the instrument, and an additional copy for each instrument containing a general clause; one to bind to correspond to the record binding or to be kept numerically arranged if your recording office has a consecutive file number, and the other to be filed back of facers or guide cards representing each Section, Donation Land Claim, Rancho or Block in the County.

The take-off force should be in charge of a competent abstracter and the typists employed should, if possible, have previous abstract experience.

The take-off sheets should be thirteen inches long, eight and one-half inches wide and the sheet to be used as the original should be punched for future binding, and black lines should be printed across it, dividing it into three parts, so the typists will skip space enough to allow for cutting the carbon sheets. The originals can be bound in your own office in a binder similar to the one exhibited, by using Chicago screws. The binders cost only 75c each in lots of five hundred.

The carbon copy can then be cut on the dividing lines and where the take-off of an instrument extends to a second sheet, the two can be pasted together on the left hand edge.

The typists should be instructed to follow a form, so that the same information will always appear at the same place on the sheet and especially that each separate description in an instrument should be set off by a paragraph. They should also learn abbreviated typewriting, so that they will always write—Fn cy and wrr to sp the fd re, for "First parties convey and warrant to second party the following described real estate."

Fourth: Build or buy a set of drawers the right size for filing the carbon copies of the take-off sheets. Prepare a set of facers, or guide cards, for each section, donation land claim or rancho, and each block of every addition in the county. As the take-off is made, the carbon sheets will be cut and after locating the sheets will be filed back of the proper facer. Also prepare facers for general index slips, such to be alphabetically arranged.

Regardless of whether the take-off is of deeds, mortgages, court proceedings, vacation ordinances or what-not, they will all be on the same size sheets and can be filed back of the proper facer, and when the take-off is complete and all the filing done, the sheets back of each facer can then be chronologically arranged and the posting may be started. And, as said before, just as many posters can be used as there are accounts to be posted and each poster will work alone, do his own reading and complete the entire posting of one account before he goes to another.

The lot and block accounts are simple and, unless the ownership is badly split up or new streets are condemned through the block, it is seldom necessary to have arbitrary maps for such accounts.

As above stated, before the donation land claim accounts or rancho accounts are written up, the sheets for the whole account should be sent to the drafting department and an arbitrary map made by which each separate ownership is given an arbitrary number and the account should be posted on lot-book paper according to the showing on the map. Very often a tract in a section, donation land claim or rancho which has been given an arbitrary number is split up and it is necessary to make a new arbitrary.

In such an instance the tract taken out of the original arbitrary is given the next arbitrary number for that account and the posting is made as shown. For instance, the new arbitrary is number seventeen and it is taken out of arbitraries fifteen and sixteen; the instrument is therefore posted to arbitraries fifteen and sixteen. File Number 2566901 conveys the north 40 feet of arbitraries fifteen and sixteen, and we wish to designate this portion by a new arbitrary number. At the date this deed was filed, the highest arbitrary number in this account was number sixteen. Therefore, we added the next number (which in this case was seventeen) in the next vacant col-

umn at the top of the sheet. We then drew the new arbitrary on the map and labelled it seventeen. The regular posting of this deed was then made and the number seventeen entered in the fifteen, sixteen and seventeen columns, and the seventeen column labelled "out of fifteen and sixteen." All subsequent postings affecting the north 40 feet of arbitraries fifteen and sixteen would then be posted to the seventeen column. File number 2567563 which conveyed the remaining portion, or the south 40 feet of arbitraries fifteen and sixteen, was treated in the same manner, except that in this case the arbitrary number is eighteen.

The same is true as to complicated section accounts. So as to make the maps on a large enough scale and still bind them in the tract index binder, we ordinarily put no more than forty acres on one map sheet, and very often there will be a separate map for a much smaller tract taken out of the forty acres where the land is cut into small building lots. And when one of these building lots is still further cut, we then use the continuous arbitrary system of taking the new arbitrary out of the old. Thus to make a complete chain of title on what is now a small building lot, we may run the title from arbitrary one out of which is taken arbitrary twenty, out of which is taken arbitrary forty, down until we have the final arbitrary number covering the small building lot numbered sixty. In this way we find it unnecessary to rewrite accounts as we used to do before adopting this continuous arbitrary posting system.

Fifth: And now the building of the General Index: In addition to all the instruments containing general clauses which have been found in the take-off of deeds and mortgages, all probate proceedings, insanity, bankruptcy, divorce, powers of attorney, articles of incorporation, lists of officers, judgments, community property agreements, revocations of powers of attorney and other general instruments or proceedings which may affect the title to real estate but which cannot be located to any particular property or even may be located to property and in addition thereto may affect other property not described, must be taken off and filed back of facers according to the names of the parties affected. In the first instance a facer will be made for each surname, but before the General Index is posted a combination of all the names covered under the legal term of idem sonans will be combined in one account, the slips for each name or combination of names, arranged chronologically and then posted to loose-leaf General Index sheets similar to this illustration.

In case of a combination of names, each name should be numbered at the top of the page so that the posting will appear only as the given name followed by a number, the number indicating the spelling of the surname in that particular account.

After the General Index Accounts are all posted an index to the General Index should be made along the lines of this illustration.

Having completed the posting of all of your tract indexes and of your General Index, a complete chain of title can be made to cover any property in the county by simply running the tract index on that property and running on the general index the names of the parties who have dealt with that property.

If the system of filing the carbon copy of the take-off back of the facer of the property affected, is kept up you will then have a plant which can be more economically operated than any other. For, if you are making abstracts, you take your chain of title from your tract index and General Index and take the whole file from your drawer and turn the chain of title and the file over to the typist who does the abstracting. She will not need to leave her chair to write all the instruments for the abstract. The court proceedings will, of course, have to be abstracted in the office of the county clerk, and the tax and assessment searches will have to be made in the proper offices, but these can all be sent back to the certificate writer during the time the instruments are being abstracted by the typist and the abstract certificate can then be written and the whole job turned over to the final checker.

In title insurance work, the same method can be pursued except that the instruments will be examined by the examiner rather than copied as in the case of preparing an abstract and the whole file can go along to the re-examiner who, of course, will also check as to taxes, assessments, judgments, etc.

I imagine there are a good many "Doubting Thomases" who will say that it would not be safe to examine the title for title insurance where the examination was made from the take-off of the instrument made the day the instrument was filed; that the only safe method would be to have the examiner examine the record (itself) of the instrument, but the method used by our company is to employ competent men who make the take-off every day as the instruments are filed, and we have been making examinations in our offices from our regular take-off for eighteen years of our title insurance experience and we have yet to suffer a loss because of a difference between our take-off and the record itself. Under our method we never post the book and page of an instrument to our tract index, as our County Recorder has a consecutive file number and our entire system is based on that file number. We do add the book and page to our bound copy of the take-off, but have never found it necessary to post the book and page to the tract index.

A plant, as above described, can be built (in a county having only the average number of metes and bounds descriptions) for $125 per volume of records in the Recorder's office; and bear in mind that this plant has both a tract index and two complete copies of the take-off.

If you contemplate building a plant and will follow the system last above outlined, I believe you will have a plant with the facilities for giving the best of service, with the least chance of error, at the most economical cost, and one which can be operated on the largest margin of profit of any ever built.

MR. HENLEY: Mr. Woodford, do you happen to know how the progressive arbitraries are handled in that account where a sixty acre tract is taken out and sub-divided into city lots? Do you give each one the next successive number? Say there is going to be one hundred lots, do you take the next consecutive hundred lots and give them the next consecutive numbers?

MR. WOODFORD: Do you mean in the instance where the sixty and hundred lots don't constitute a subdivision?

MR. HENLEY: Yes.

MR. WOODFORD: The numbers run from the government.

MR. HENLEY: How many lots would it carry?

MR. WOODFORD: We never have reached a high enough number to discontinue an arbitrary system. I don't recall offhand. We will have as high as 123. I checked one the other day in looking for ownership which ran as high as 123. You go across to the auditor's file number and grantor's and grantee's names, and then have the metes and bounds described.

MR. HENLEY: In that particular column you might be carrying ten different lots?

MR. WOODFORD: You might carry as many as there are lines on the page. You simply run down that arbitrary column until you catch the number you are looking for.

MR. HENLEY: We have some of those accounts running fifty or sixty pages and find it takes a long time to run those accounts.

MR. WOODFORD: We still think in our section of the country it is the system to use. Of course, we haven't the voluminous number of transfers as you have in your section or probably in the section south of you. So far as our experience has been up there, it is satisfactory. There are those there who have been there longer than I have who are still sold mighty strong on the arbitrary system.

MR. WALTER DALY: We use the same system that Charlton describes in his paper and carry it out in the same way.

MR. W. H. DOXSEE (San Mateo County Title Company, Redwood City, California): We use the continuing arbitrary system in San Mateo County which Mr. Henley's company uses, I think. We use only a column to a lot, where there is an account that is

not actively used or possibly more than one lot on a column, but for active accounts, we have discovered it is better to have one lot in a column, even though they are arbitrary lots.

MR. LAURENCE PTAK (Cuyahoga Abstract and Title Company, Cleveland, Ohio): I notice Mr. Hall seemed to think more favorably of typewritten take-offs than photographs. We haven't had any experience with films and are using typewritten take-offs at the present time. We have been experimenting with photostatic take-offs and I think at the time the recorder adopts photostatic take-offs we will, too. Mr. Hall's objection seems to be on the score of bulkiness.

Our experience has shown that we can make photostatic copies directly from the original instrument, making a reduction from the standard to five and a half by eight and a half, which we are using now in typewritten form. We have found it necessary to make a comparison between our typewritten slip and the original instrument and then again by the examiner when he makes an examination. Of course, the photostat would be an exact copy of the original instrument and wouldn't include any such comparison. It is costing us approximately eleven cents to get a copy of the original instrument into ours.

We are informed by the photostater this can be photostated at the same cost. This would make a great saving on account of not having to compare them.

Photostats are useful, especially in our community, for the purpose of comparing signatures of parties to signatures in mediation in court cases. I don't know how effective it would be in other counties, but we have a metropolitan district and have several different families of names that sound the same and are spelled differently and names that are spelled the same of different families, and, of course, having photostatic copies of signatures we might be able to eliminate certain judgments by comparing the photostatic signatures.

With regard to report indexes, I want to say I understood from Mr. Hall's paper that he indexed various court proceedings with the general deeds of mortgages which are not indexed to locality. I can't understand, unless it is on the score of having so many lease references to contend with than we have, why a flexible card index is not used. For instance, in the index of which we had a slide here he would group one page with all the names from "b-a-b" to "b-a-g" and "w-a-b" to "w-a-g." With flexible card indexes, having separate cards for each, all cases affecting the same name may be grouped on cards absolutely together and can be instantly referred to without running a column of names. If you are looking for "B-r-o-w-n" and "B-r-a-u-n," we would hold those altogether, whereas under that system the entire column would have to be run.

CHAIRMAN JOHNS: In reducing your photostatic copies from the legal size to five and a half by eight and a half, is your copy legible?

MR. PTAK: Very legible. Signatures and seal and everything on the instrument appeared very plainly.

MR. A. N. ALT (Columbia Title and Trust Company, Topeka, Kansas): I would like to ask Mr. Woodford how it is handled on the indices when they have the indices pages divided for the town lots, numbers 1 to 16, for example, when those lots are split up and part of the lot goes with another lot?

MR. WOODFORD: Take, for instance, Lot No. 15, of which the south half is sold. The mark is made in the column for 15; then a little cross above it is made, and in the right hand column, which is the remark column, the south, north, east, west—whatever it is that is conveyed in that instrument—is noted.

MR. ALT: I might say further that our company has just completed a set of records for our county, Shawnee County, Kansas, and we have completed them by the photostatic method. It may be the difference in the grade of paper but our photostats cost us fifteen cents apiece.

MR. DALY: In reference to photostatic take-offs, suppose you had a trust deed of 125 pages, does that mean the cost is eleven cents per page for 125?

MR. PTAK: Our cost was figured on an average on a great many instruments. At the time I figured it, it was done over about six months' figures. Individual instruments would cost a great deal more.

Another thing I want to say with regard to the bulkiness of photostatic copies of take-offs, I have been informed that a double-coated paper is now being developed by which we may print our photostats on both sides of the same sheet of paper, thereby reducing the bulkiness by one-half.

CHAIRMAN JOHNS: What I now have to say is for the benefit of the record. Would you like to have this article printed with all the instruments used as cuts in an issue of TITLE NEWS? Would that be a benefit to the title fraternity? Would it be a benefit to the abstracters and title men not represented here at this time?

. . . It was the sentiment of the assembly that it would be of great benefit . . .

I want to call your attention to the fact that if that is published, the cost will be very high because a great many cuts will have to be made, and if the American Title Association is going to give increased service to its members, the members must kick through with their dues schedules and sustaining fund and whatever is required.

I shall recommend to the Executive Committee that this be published in an issue of TITLE NEWS, and I hope it will be done. I want to call your attention to the fact it is costing us over $150 a minute to conduct a convention. I am not applying that to any one in particular, but some statistics show that it is costing the companies represented $150 a minute to conduct the convention.

PRESIDENT WYCKOFF: What percentage of the instruments photostated were in such shape that the photostatic records were not complete and you had to make a typewritten copy?

MR. ALT: None whatever.

PRESIDENT WYCKOFF: Were your instruments handwritten?

MR. ALT: Some of them.

PRESIDENT WYCKOFF: About ten per cent of the photostatic copies were not legibly typewritten.

MR. ALT: Our records started in 1853.

MR. LEO S. WERNER (Title Guaranty and Trust Company, Toledo, Ohio): In Toledo we have a photostatic system we have had in operation for eighteen years. Our records start in 1830. We have 1800 volumes of photostats. They cost us about ten cents a page, with an average of about two or three deeds to the page. For that one page of photostats our records show an expense of about ten cents.

As I said, the records go back to 1830 and we have a one hundred per cent take-off. The early records up to 1895 or about that time are hand written. Some are printed with handwriting filled in, but they are all legible. The original take-off we had was made with a Rectigraph machine. Some of that faded a little bit due to the fact it had to be ironed, but with the new machines, the photostats which we now use, and have used for twelve years, iron themselves. We don't have to use a hot iron to them and there is no fading whatsoever. The only records we have that are not one hundred per cent legible are those that were handwritten back in the thirties and forties, where they used poor ink, which ink faded and at the time of the transcribing of the record the penman spread his pen very thin. In the recent records, if we have a faulty photostat, it is due entirely to a poor mixing of the acids, and we have had no trouble along that line for over ten years.

MR. TAYLOR: I didn't talk about photostatic copies before; it was about the printing of this paper. I can't let this photostatic business go by without saying something. All of my take-offs are photostatic. I have photostatic copies of all the records filed under the description. I want to say the simplest way to get your photostatic copies is to get a copy from your county. You do the work of making the photostatic copy for them and have them pay you a profit over and above the cost of producing both. That is not a good joke but a fair proposition. That is what every county in the United States ought to do. We have a law which makes us furnish a copy of our records at a cost not fifty per cent more than

it costs the county to produce it in the first case. Property owners have two complete records, either one of which is absolutely the same. Our cost is about ten cents per page for producing that record.

With regard to the question Mr. Daly asked, with us the more pages there are the greater our profit. We make a duplicate whether the instrument has one or five hundred pages.

With regard to using duplex copy for your records, I understand you file them under descriptions and if you had two separate instruments on each photostat, one on each side, you wouldn't be able to file them that way. You might be able to file the front and back of one deed and use it that way, or where there is more than one page, you might show the first page on one side and the other on the back.

With reference to the take-off, Jess Payton has a very good system, the one recommended by our friend Woodford, also. In my office I have the photographic copyist and she has to be an abstracter before she can make them. However, if you are going into the title business it seems it would be better to have the photographic copies rather than records made by somebody else. In that case you have an absolute duplicate and it is up to the man who makes the examination to get it right. We all hope sometime to become title insurance people and we are handling originals rather than copies made by hand in which there are bound to be some errors. Each system has its good points.

CHAIRMAN JOHNS: Mr. Taylor has the proper idea; he gets the photographic copies for less than nothing.

CHAIRMAN JOHNS: Is there anything further on the subject of Mr. Hall's paper presented to us by Mr. Woodford?

MR. W. H. PRYOR (Pryor Abstract Company, Duluth, Minnesota): Mr. Hall's paper makes reference to take-off sheets eight and a half by thirteen in size. I notice there were shown take-offs of three or four instruments on one sheet. I would like to know the particular advantage of having one take-off on each sheet. I use a five by eight with only one instrument on a sheet of take-off.

MR. WOODFORD: That binder (having it held up to view) is, when it is full, approximately five-eights to an inch in thickness, and each one of those contain a thousand file numbers. It abbreviates the body of the take-off and your ability to get four and sometimes five instruments, with complete information on one sheet, and using a good rag base paper, gives you a chance to minimize on space, and in counties like Los Angeles, for instance, where nobody seems to have an adding machine large enough to compute the number of filing sheets per day, the question of space on your shelves is of big importance. It is to us and our filings run only about three hundred a day.

CHAIRMAN JOHNS: Is there anything further?

MR. LINDOW: I would like to know the real reason for two copies of every paper.

MR. WOODFORD: I don't know of any reason except that Mr. Hall gives a reason that it enables him to keep a duplicate record. I know, as a matter of fact, that Mr. Hall's company makes five copies of the take-off, and I know from sad experience that in order to get one copy of that take-off we have to pay half the expense, but at that it is half what we would have to pay to maintain the take-off force ourselves. They have two offices in Seattle, and as I understand it, they have a complete take-off in each office. In their engineering department they have another complete take-off so that the engineers, in making arbitrary plats or maps of any kind, don't have to interfere with the examiners in the use of the take-offs. What the additional ones are for I can't tell you.

MR. LINDOW: I'm wondering why two people would be using the same paper at the same time.

MR. WOODFORD: That occurs many times in a little office, where you have four instruments on a page and a bunch of examiners examining them and your engineering force wanting the same instruments for work in the engineering department.

MR. LINDOW: The trouble is you have four on one page rather than having them split up.

MR. WOODFORD: It is economical in one way and it might be a little detrimental in another way.

MR. LINDOW: I think it would be better to split the page.

MR. WOODFORD: That would make four books instead of two.

I don't agree with Mr. Hall that this is a perfect plant. I don't think any perfect plant has ever been made any more than a perfect man has ever existed.

MR. LINDOW: I would like to ask one more question. I would like to know whether the eleven cents per copy cost at Cleveland means that they make a photostatic record and use that copy for posting or do they transcribe the brief notes daily before the photostatic copies come into their office for their plant purposes?

MR. PTAK: We are not using photostats now. We are using the typewritten copies, an original and three carbons, and that eleven cents is one third that entire expense of typing. We won't use photostatic copies until the recorder starts, because in order to keep our plant up to date, we, as a rule, stay no further behind the recording date than eight hours, and in order to photostat we have to have a copy of what the recorder has.

MR. LINDOW: You mean the day you are typing your copies, the three companies get copies, each eleven cents a copy?

MR. PTAK: Yes.

MR. LINDOW: We have two companies in Detroit that have a joint take-off and it is costing us between seven and eight cents a copy, over a period of years. We have all men making the take-offs. I don't know if there is anything wrong, but that looks like some difference. If we had three companies it would cost us in the neighborhood of four cents.

CHAIRMAN JOHNS: What shall we take up next—escrows? Are you all through with that subject? Has any one any question to ask on the subject of escrows?

MR. WILKIN: Let me say this. These abstracters seem to be scared to death of escrows. They seem to think an escrow is something that should be, or is, surrounded with a cloak of mystery. I will admit that for several years I had that idea myself but when Walter Daly showed up with his form it was nothing more nor less than a blank piece of paper with a few lines, which he called an escrow form, and I commenced to change my mind. All our form amounts to is a very simple contract on one side and instructions on the other. There is nothing difficult about it.

CHAIRMAN JOHNS: Did Mr. Wilkin's charge get into the record?

MR. WILKIN: We charge a minimum of $7.50 on the ordinary or usual escrow. That includes any sum up to $7,500. For each additional $1000 or fraction we charge $1.

MR. TAYLOR: Is that split between the two parties?

MR. WILKIN: Yes. It is split.

CHAIRMAN JOHNS: Has any one any questions to ask of Mr. Wilkin? He said he had no trouble getting the banks lined up but had great trouble getting his real estate dealers lined up. My experience was just the opposite, and it came about very much by accident. A real estate dealer took me down town one morning in his car and told me about a deal he had just lost, because the wife of the purchaser of the property backed out before he could get any money up.

That was the time when I was wanting to break into the escrow business, and I said, "Gee, Bill, I'm sorry you didn't put that in escrow and I would have saved your commission." He had $250 commission. He said, "What's that?" I explained it thus: "When people say they will take the property, you rush them right into our office and have them give us a check and we will give them an escrow receipt. Then you go and get the people selling the property to come up and prepare the deed and by the time they get there, I will have the deed prepared. That's $2.50. I'll give them an escrow receipt and neither can back out without suing us, and thereby we will save your commission."

He said, "That listens good." So, we tried it. A few days after that he made another sale and put it in escrow. That is the first I ever handled. I didn't let anybody know I was scared

to death, but the service we gave on that deal was marvelous. Everything else in our shop stopped. We did nothing else but work that deal through and we got it through in less than twenty-four hours, and the first thing we did when the deal was closed was to take the real estate man our check for the commission. I don't know why it is but they half think we are paying the commission.

I had a great deal of difficulty with another real estate man—getting them lined up. One of their men had formerly been a conveyancer, but he had a tough one he put in escrow which we closed up about a week before I came here. He had two commissions coming, one from each side, and he didn't want either side to know he had a commission coming—one of those complicated things with a lot of mixups. I got the deal to the place where I knew it would be worked out but nobody else knew it. They thought the deal was going to fall through. So, I went to him and told him, "This is a very complicated deal and it is going to take very tactful handling. I think I can put it through for you but we are going to lose lots of money and we want twenty easy escrows if we put this through for you." He agreed and we have had a couple of them already.

If you just weep on the real estate man's shoulder every time he loses a commission, I think it is going to help you.

MR. WEITZEL (Nebraska): You know Jim is considerable of an optimist. He told you this morning I went to Seattle, took my family with me, and made it all out of escrows. How that all came about was while he was at Omaha, he suggested this escrow business to the abstracters, and naturally being of a kind that wanted to show my appreciation of what a man does, rather giving a man roses while he is living than putting them on his grave, I told him when I was at Seattle I got the money out of the escrows and I thought the next time I went to a convention I would do the same thing.

I find it a very easy thing; when you talk to your banker, your real estate man, you explain to them that they leave all their papers with you. You have something to go on. You don't have to go to one place to get the release of the mortgage, another to get the mortgage, another to get the deed, and another to get the money. Have them put all of it in your hands. When you get through you draw your check to each one. You have done away with any arguments. You have all of it in your own hands at the time they get ready to close up the deal, and when you hand the real estate man his check and the seller his check, it doesn't take very long for both of them to tell the other fellow just what an escrow agreement means. I find that I have added considerable revenue to my office by reason of it.

Now, with the permission of the Chairman, there are two other matters I would like to call to your attention. Possibly a number of you have these same things in your office. I have a list of every real estate mortgage in my county, when it is due, the rate of interest, and the grantee, and I sell that to each county where either the banker or the real estate man is located. I find it quite an item of receipts after the county is thoroughly worked. I get ten cents for each expiration, for each person. In one town I have two lists; in another, three lists; and at home, another. A great many use the court house records.

Another thing is the publication of chattel mortgages, together with a real estate record. I publish that daily, publish it on a ditto sheet. Some use the mimeograph but I use the hectograph. That is a constant income and is not very expensive to put out, for the reason that if you are running a set of abstract books, you have all the real estate and you have the record there before you run those off each day.

MR. TAYLOR: How much do you get for that?

MR. WEITZEL: I get $1 a month; it ought to be about $3. At other places it runs from $1.75 to $3 a month for this information. If you are publishing anything of that kind and want it in the mail at newspaper rates, all you have to do is to change your type so you haven't typewriting type on your machine.

MR. C. D. SEARS (Amarillo Abstract Company, Amarillo, Texas): We publish a report of that kind and we get $3 a month for it. However, we put that out under a two cent stamp. We formerly put it out under a half cent stamp but a great many of our customers complained it was pushed back and didn't come out in the first mail, and they were very anxious to get it. Rather than have it wait until the second delivery we put the two cent stamp on it.

CHAIRMAN JOHNS: Is there anything further about this daily report gotten out? That is a pretty good money maker if you don't do like Weitzel does and give it away.

Some title man, some abstracter, who was afraid to speak up in public, wanted a discussion on the subject of taxation of title plants. That seemed to me to be a pretty big order but if there is some one who has some information on that subject that would be of benefit to everybody concerned I would be glad to hear from him.

Is there anything else you would like to consider at this time? Inasmuch as this is an open forum and is a chance for the country boy to speak his mind, we would be glad to hear from any of you.

MR. TAYLOR: This escrow business, I think, offers a very good opportunity. The bug bit me; I was inoculated by Wilkin at Detroit. I have had a hard time getting any business developed under it; however, last month I got ten escrow contracts. I think every real estate deal that is made in my county ought to be put in escrow with me or my competitor. I think our charges for all our work should include an escrow fee. If they don't avail themselves of it, it is just their hard luck. That is the basis we are going to try to work on.

PRESIDENT WYCKOFF: There has been a great deal of talk about raising prices for abstract services. Along with that, what else have you accomplished to warrant a realization from customers, of its being fair and logical?

CHAIRMAN JOHNS: What have we accomplished in addition to raising prices?

PRESIDENT WYCKOFF: Yes. Along with advocating higher prices, have you advocated doing anything else to the business? Have you caused them to give increased service? Haven't you encouraged them to use uniform certificates and have a better form of abstract for the money they are now charging?

CHAIRMAN JOHNS: That has been encouraged but hasn't been insisted upon. The reason is this. We found the abstracters in a very deplorable condition. They not only did not have money enough to get to regional meetings but in some cases didn't have money enough on which to eat. The first thing we had to start them on was to get enough money to eat and then get to a regional meeting. We hoped it would and it has proven true in our experience that after they got the idea of getting more money, they have gone to regional meetings and have found out how others do things, and they have gone back home and not only have given the good wife a new dress, but have gone as far as Rogers explained this morning; they have bought some second hand furniture to replace the orange crates. They have improved the appearance of their office; they are using a better class of paper; they are giving better service; they are giving escrow service, in some cases conveyancing and giving a more complete service than formerly.

There is another important thing being done. It is urged on the abstracters; it is being insisted that when they increase their fees they put at least ten per cent of the fees received into a reserve fund for losses, thus establishing a financial guarantee back of their work. Every abstract made increases the outstanding liability of an abstracter by just that much. As his total liability increases he should put aside a little money every day to meet that outstanding liability, and that is being urged on him, and I think that is a great benefit to the public.

PRESIDENT WYCKOFF: You think you have demonstrated through regional meetings that by reason of the increased compensation they have had, naturally and preforce they have done

their work in a little better manner than before when the consideration was not paying for the labor involved? Do you feel that out of the campaign with the abstracters which you have conducted and which has resulted in increased prices, there has resulted a natural inclination on the part of these abstracters to produce a better service?

MR. HOWARD SEARCY (Wagoner County Abstract Company, Wagoner, Oklahoma): I would like to answer your question for Oklahoma. I think that raising the prices in Oklahoma has increased our own self-respect. We are getting a dignified price for the work we do, and we are putting more into it than we ever put into it before.

The Oklahoma Title Association was the first association to adopt the uniform certificate. We did adopt a uniform certificate that was good enough that a number of loan companies have copied as their own final certificate and some make the requirement that we attach our certificate or the uniform title insurance.

When I was an officer of the Oklahoma Title Association, I had occasion to see what they were doing and the abstracters of the state were doing better work; because they could afford to, they were using better material. I noticed a number of abstract offices were brightened up, and, as I say, we increased our own self-respect and I'll say that is part of what came as a result of increasing our prices.

PRESIDENT WYCKOFF: Thank you, Mr. Searcy; it is something like that I wanted to get on our record. If there is other testimony of that kind to go into the record it would be very much worth while.

CHAIRMAN JONES: Mr. Kemp of Sale Lake City is acquainted with the situation in Utah, Idaho, and one or two of the other states out there.

MR. R. G. KEMP (Intermountain Guaranty Company, Salt Lake City, Utah): The past year and a half we have had some experience in three states. The state of Utah, however, has no association and the American Title Association has done no work with the abstracters. They are in a deplorable condition and are doing rather poor work.

In talking with the different institutions that do business through those states, I find that the work of the American Title Association with the abstracters of Idaho has increased their efficiency and so bettered their progress that the different institutions comment very favorably upon their work.

At the recent state association meetings of Montana, in July, they adopted a uniform certificate for their abstracters, and I believe that the work of this Association has improved the abstracters in all cases where the regional and state meetings have been held, and I, personally, notice the vast difference in the work turned out in Idaho and Montana as against that in Utah, where the abstracters are working against each other and who are producing about all they can do for the poor fees they get, turning out a correspondingly poor abstract.

MR. JAMES R. GREER (Greer Abstract, Fayetteville, Arkansas): I regret to say that in Arkansas we have had no regional meetings and our state association hasn't been doing very much work for the past year or two. We had a very good state association there up until about two years ago when Mr. Bruce Coulder was the secretary of the association and the life of the association. He became ill and had to give up that work, and our association has suffered because of lack of leadership during the past year.

We have had no regional meetings since they have been inaugurated. There is not a great deal of uniformity in our state in abstract work.

CHAIRMAN JOHNS: I will say to Mr. Greer that it has been the policy of Dick Hall and myself not to force ourselves upon any state association, not to ask that it hold regional meetings, but that the impulsion for them had to come the other way, that the states themselves had to request of us, and almost had to urge it of us, and in the case of South Dakota it was a matter of begging it of us, because we had so many states ahead of them that it was a physical impossibility to get there. So, until the state association wants the services of the American Title Association, we don't force it on it.

PRESIDENT WYCKOFF: I would like to ask Mr. Greer if from the testimony which he has heard in this convention he feels he would be justified in going home and recommending that they urge upon the American Title Association the adoption of regional meetings in his state?

MR. GREER: I certainly would. In our last state meeting a year ago the matter of regional meetings was brought up and discussed, and it was suggested at that time that our state association take the matter up with the national Association, but it seems it was not done. I know the fault is not with the American Title Association, but is with our own association. I will be glad to do what I can to see that the matter is brought up.

PRESIDENT WYCKOFF: In justice to Mr. Greer, I wish to say that my questions with reference to Arkansas were made with no intention to embarrass the representatives of Arkansas who are here, but rather to bring out the point that your service with this abstracters' section had been such that its fame had spread to adjacent states where people who hadn't thought much about it now were getting into the attitude of mind where they wanted the work done.

I wanted that brought out for two reasons. I wanted the record to show the work that has been done and to guide the Executive Committee for the money to be spent during the coming year.

I would like to know if there are any other states which haven't had meetings and feel they would like to have them conducted.

MR. HERMAN EASTLAND, JR. (Eastland Title Guaranty Company, Hillsboro, Texas): You know at Detroit some people said we Texans tried to put ourselves before the convention too much and we have been quiet here.

Today the Texas Executive Association met and decided to put out a monthly publication to go to all the members. This publication will go only to members who have paid their dues.

We hope also to establish an exchange between the employer and the employee whereby the employer will know the qualifications of the different employees wanting positions. Then in the spring we hope to continue the meetings in the different sections of the state. Our state is a very large one and we find that one of the criticisms of the members is that they can't go to the meetings because they are too far away. We hope to continue the effort of our president of a year ago who had these meetings. We found them very profitable and we hope to follow up on them and continue those meetings.

MR. A. S. MOODY (Texas Abstract Company, Houston, Texas): We started in our large cities in Texas before Jim Johns started out, and wondered how we could make some money. I am glad to say that my competitors and I got together in 1918 and decided we were going to make some money. Our service is in Houston. Up to that time our help was paid with checks post dated three months ahead, and we would ask them not to cash them.

We are rendering service better in every respect, not only in the quality of the stuff turned out, but we are making more careful abstracts. We have improved the relationship between ourselves so that I am welcome to go into any plant in Houston and find what I do not have, and they do the same thing in mine. I don't think it is good for the abstract business to turn out bad abstracts. If a deed or mortgage or anything is left out of an abstract, it has a reflection on other abstracters, just as when a bank fails, other banks get a blow. If any of us make "bum" abstracts it hurts all of us. If I run into something in my string of titles about which I am in doubt, before I turn it out and say it is all right, I go to my competitor and say, "What does your record say?" When we cooperate that way we get better abstracts and give better service.

CHAIRMAN JOHNS: New Mexico and Arizona are represented. I didn't go to New Mexico or Arizona. We would like to hear from them.

MR. A. I. KELSO (Southwestern Abstract and Title Company, Las Cruces, New Mexico): I want to say that this past summer with the aid of the American Title Association, New Mexico held four regional meetings in our state and it has done more than

anything else that has ever been done to put the state association on its feet. I don't know of anything that can be done in a state to help the abstracters more than regional meetings.

The abstracters in our state have been more or less asleep and we have had a great deal of difficulty in getting them to attend meetings. I would like to see regional meetings held in our state next year. We held a state convention last month and regional meetings are to be a part of our program for the coming year.

CHAIRMAN JOHNS: Thank you, Mr. Kelso. Is there any other state that wants to add its testimony or wants to ask any question?

CHAIRMAN JOHNS: Mr. Wagner, how about Colorado? Mr. Hall did all the work in that state.

MR. CARL E. WAGNER (Morgan County Abstract and Investment Company, Fort Morgan, Colorado): The abstract business in Colorado was practically a side line in the outlying counties until we did raise the prices. Now the abstract business is becoming the main business and their once main line is now their side line. These meetings proved to be very successful all over Colorado. We raised our dues at our last state convention to almost three times what we had been paying, just for the purpose of supplying money to carry on these regional meetings. We have an officer of the state association attend them to keep them enthusiastic.

CHAIRMAN JOHNS: Does that answer your question?

PRESIDENT WYCKOFF: Yes, I think it does.

CHAIRMAN JOHNS: The policy of the Abstracters' Section of The American Title Association has been established or founded upon the experience of Mr. Hall and of myself, largely through the mistakes we have made. It has now been determined that the most successful way of conducting regional meetings, and in fact, probably the only successful way of conducting them, is for the officers of the state association to cooperate fully with the Chairman of the Abstracters' Section and the Executive Secretary.

Great preliminary work must be done by the state officials. A desire to attend the regional meetings must be developed in the consciousness of each abstracter. This can be done only by urgent invitations from the officers of the state association, invitations from the one who is to act as host in that district, and probably from the Chamber of Commerce or other local organizations.

Experience has shown that no local abstracter can put over a regional meeting as well as an outsider can do it for the reason that the local people know their own folks too well. Consideration must be given only to the following questions: Increasing your earnings and bettering your service.

When ever any state association signifies its willingness to do the preliminary work in order to get all abstracters to attend regional meetings, whenever its state officials properly divide the state into regions, and whenever they express a willingness to have an officer of the state association accompany the officer of the American Title Association in his tour of the state, then the American Title Association will send its representative to conduct such regional meetings, the American Title Association paying all the expenses of the one who conducts the meetings.

In concluding this meeting, I think it is a very fine thing to close the meeting of the Abstracters' Section in the way it has been closed, with rather a benediction, saying something good for what has been accomplished and looking to the future with confidence to what can be accomplished for the abstracters.

If there is no further business we will stand adjourned.

The meeting adjourned at ten-fifty p. m.

ADJOURNMENT

Friday Morning Session

The meeting convened at nine-fifty o'clock with President Wyckoff presiding.

PRESIDENT WYCKOFF: The last session of the general convention will be completed after Mr. O'Melveny has completed his Examiners' Section program. At that time the unfinished business, resolutions, amendments, and so forth will come before us. I would like to urge all of you to stay if you can. There are several prominent speakers at the last of Mr. O'Melveny's meeting.

I am pleased now to turn the meeting over to Mr. O'Melveny, Chairman of the Title Examiners Section.

Mr. Stuart O'Melveny, Los Angeles, California, Chairman of the Title Examiners' Section assumed the chair and President Wyckoff retired.

TITLE EXAMINERS' SECTION

CHAIRMAN O'MELVENY: The first matter on the program is the appointment of the Nominating Committee to nominate officers for this Section. On that Committee I will appoint: N. W. Thompson, California, Chairman; Joseph R. West, Tennessee; and Raymond Edwards, Texas.

Senator Thompson is on the program this morning, the first one we have, and I suggest that the Nominating Committee meet in the room at the rear immediately following Senator Thompson's paper, because it will be necessary for the Committee to make a report before the meeting of the Section adjourns.

In Los Angeles when we want to know anything about titles, we all go to Senator Thompson. He has been very helpful in the past in offering advice to the middle western states concerning title insurance for oil and mineral leaseholds. The convention program committee took a great deal of pleasure in asking Senator Thompson to prepare a paper on this subject for your consideration at this time, thinking it would be helpful to hear a paper along these lines. It is with a great deal of pleasure I ask Senator Thompson to give us his paper.

Title Insurance for Oil and Mineral Leaseholds

N. W. THOMPSON
Title Officer, Title Insurance & Trust Co., Los Angeles, California

Issuance of policies of title insurance upon leases of oil and mineral rights logically followed the procedure previously established of issuing similar policies on long time commercial leases which ordinarily were so drawn as to require construction by the lessee within a fixed period of building upon the leased property. About twenty-five years ago, the law of California, which previously had fixed twenty years as the duration of a lease of property for commercial and business purposes, was changed to extend that period to forty-nine years and at a still later date to ninety-nine years which is the maximum period for which a lease of that character can now be made. This form of lease was usually considered an asset of substantial value although the building requirements imposed rather heavy obligations on the lessee. Funds to defray construction costs were usually secured from the proceeds of a bond issue upon the leasehold estate. In order to market these bonds or to consummate a transfer of the lease, it was necessary to convince the prospective investor or purchaser that the lease was valid. Experience soon demonstrated that the most effective means of accomplishing the desired result was to furnish a leasehold policy of title insurance.

Extension of the leasehold period, as above outlined, was followed by a rather general adoption in the larger cities of that method of assuring the construction of buildings upon available property with consequent increase of income from the accruing rentals. The use of this procedure was considerably extended in the post war period because of the very substantial tax which would have been due the government from the owner had the land been sold at a considerable profit instead of being leased.

Oil has been produced in Southern California for more than fifty years but for a long period the production was relatively small, the enterprise local in character, and the industry did not assume anything like its present proportions. When oil production, with its affiliated interests such as refineries, pipe lines, gasoline plants and other similar though perhaps less important projects, finally became recognized as one of our substantial industries, the practice of obtaining title insurance upon long time commercial

---

Officials, Title Examiners Section

ELWOOD C. SMITH
Chairman
Newburgh, N. Y.

McCUNE GILL
Vice Chairman
St. Louis, Mo.

ANDREW M. SEA, JR.
Secretary
Louisville, Ky.

leases had become well established, and therefore it was considered an entirely consistent procedure to cover oil or mineral leases in the same manner. For after all, regardless of how much the provisions of these different contracts may vary in detail, the leasehold itself is the entity which is the subject of insurance.

Admittedly there is no direct or accurate method of ascertaining the value of an oil lease. The whole enterprise of drilling for and producing oil or minerals is largely speculative. The question naturally arises at to what amount of liability a title insurance company should assume on one of these risks. How can the value of the leasehold entity itself be fairly determined? Generally speaking, the viewpoint of officers of the oil companies seems to be that their companies should be fully protected against actual loss from title defects to the full value at least of the original investment. Ordinarily, if the land subject to the lease lies in or near proven territory, a considerable bonus is paid for the lease, the provisions of which likewise require that drilling shall be commenced within a comparatively short period of time and if a producing field is found that further development work shall continue until the whole area subject to the lease has been fully tested.

The cost of drilling a well varies considerably in different localities. One of the main factors in this expense is the depth of the oil sand. It is obvious that much more powerful and expensive machinery and equipment are required in developing and working these lower levels. This applies to the permanent installation for operating purposes as well as to drilling machinery. It is stated that the expense of bringing in a well reaching the seven thousand foot level may be conservatively estimated at not less than $100,000. In some instances this amount is greatly exceeded. It is further stated that a limited number of wells have been drilled below the nine thousand foot level and that a few of them are producing in satisfactory volume.

It seems entirely logical for an oil company to ask for and receive title insurance in an amount sufficient to equal at least the bonus payment and the estimated cost of the first well. If the terms of the lease do not require immediate drilling, the approximate amount of the bonus paid would usually determine the amount of liability desired. Incidentally these bonus payments are frequently very substantial. While actual figures are not easy to obtain, items of $200,000 or $300,000 are occasionally mentioned and there is good authority for the statement that an amount in excess of half a million dollars has been paid. If a company having procured coverage for the original cost subsequently determines to drill, it is quite customary to obtain additional insurance for an amount not less than the estimated cost of the well. If the field is considered very promising, a substantially larger coverage is sometimes requested. In one instance, the title company received an order for a leasehold policy with a liability of $50,000. Shortly thereafter other developments in that locality indicated an unusually promising outlook. When the policy was finally written some weeks later, the liability, fixed at the request of the oil company, was $1,000,000.

It should be clearly understood that the title insurance company is not furnished by the oil company nor does it ask, the basis of calculation or estimate upon which the protection desired in any case is determined. Title companies, realizing the extreme difficulty heretofore mentioned of ascertaining actual value, have been willing to assume and have felt justified in assuming liability in the amount desired by the oil company for the particular lease, making an extra charge whenever any unusual liability or risk is covered. In any event, under the terms of the policy, liability of the insurer can not exceed in all the actual loss of the insured, plus costs of litigation.

A leasehold policy is always written subject to the conditions, covenants, agreements and obligations imposed upon and assumed by the lessee and the rights and privileges reserved by the lessor. Performance and recognition of these is not disclosed of record and is an obligation resting upon the lessee. The policy normally insures the lessee in the enjoyment of leasehold rights, contingent, of course, upon compliance with the covenants and terms of the lease, shows the ownership of the land subject to the lease at its date, sets out matters affecting the title to the land at the date of the policy which are superior and prior to leasehold rights and also shows subleases or other matters relating purely to the leasehold entity. Numerous incidental elements enter into the transaction. Zoning and other governmental limitations and regulations which have a direct effect upon the right to drill and develop are to an increasing extent being examined and shown at the urgent request of the oil companies. In Los Angeles County there are forty-four incorporated cities. Thirty of these have City Planning Commissions and there is also a County Planning Commission which has jurisdiction over the area lying outside of these municipalities. Establishment of zoning or a more simple form of districting is steadily progressing. This complex situation has induced one of the larger oil companies to require in every leasehold policy issued to it a definite showing as to what, if any, zoning or similar public restriction is imposed upon the land covered by the lease insured.

Many difficult problems are encountered in connection with issuance of this form of policy. Reference has previously been made to requirements resting upon the lessee to comply with the provisions of the lease. Many leases provide that in order to effect a valid assignment, either the consent of the lessor must be obtained in writing, the lessee must have a satisfactory credit rating, or the assignee must assume in writing all the obligations imposed upon the original lessee and agree to perform the same. Otherwise, the assignment is invalid and the lease subject to forfeiture. Not infrequently, particularly where a well has been very productive, the lessors feel that they are not obtaining a proper percentage or share of the production and frequently decline to approve a transfer or to admit in writing that the transferee is financially dependable and acceptable. These limitations upon the right of the lessee frequently interfere with an encumbrance, particularly a bond issue, because such an issue is usually secured by a deed of trust which is in itself a conditional assignment of the interest of the lessee. In some cases a mortgage could be executed in lieu of a deed of trust, except that its use is not acceptable to the lenders by reason of the much longer period required to foreclose in case of default.

Important requirements in writing a policy of this type may be briefly summarized. It is essential to determine that title to the land which is to be leased is not subject to any reservation of oil or mineral or limitation of the right to develop or remove these by (a) any provision of state or federal law, or (b) any limitation or reservation in the land patent, or (c) any reservation, condition or covenant incorporated in any conveyance of the land. The lessee likewise, if a corporation, must have duly qualified to transact business within the particular state. The lease must not be for a period in excess of that allowed by law and code provisions frequently limit the period for which property belonging to an estate, a minor or incompetent person, or a public corporation, can be leased. If there are no limitations of this character it is usual in California to draw a lease for a period of twenty years and so long thereafter as oil, gas or other hydrocarbon substances are produced from the land in paying quantities.

The enormous development of oil properties in California about ten years ago first introduced to the state the use of instruments of the character usually referred to as a common law or Massachusetts trust. These forms we are advised were brought to the state from Oklahoma and Texas and many instruments of this general type were executed and recorded. Apparently little thought was given to the possibility that these forms would not comply with the provisions of California law. As a matter of fact the trusts sought to be created by these declarations were in a majority of cases void, principally on account of the period fixed for the duration of the

supposed trust, the law of California in that respect being very strict and with severe limitations. One result of this situation was that many of these instruments were held in effect to constitute partnerships or else to create a resulting trust only, in which latter event the trustees were without any legal power or authority to deal with the property, merely holding the bare legal title for the persons who were the equitable owners. Following the organization of these trusts many small fractional interests in the leasehold rights were sold. Sometimes these purported to deal with or transfer an interest in the mineral or oil in place in the land. At other times they contemplated an ownership only in a fractional part of the oil produced from the land so leased or an equivalent interest in the cash proceeds of the sale thereof. Still another form dealt with a similar interest in oil or proceeds under a specific lease or any subsequent lease which might be placed upon the same land. Various plans have been adopted in the effort to assemble or collect under one control a majority of the interests thus transferred. This became necessary, of course, in the event of an effort to make future leases or to drill to deeper sands or to institute further development in case the land so leased appeared to justify such procedure.

At a comparatively recent date trustees under one of these trusts applied to the court in an equity proceeding in behalf of about twenty-four hundred beneficiaries under the trust for authority to execute a drilling agreement with an oil company, under which a well could be sunk on the land subject to the lease of which these beneficiaries were the equitable owners to a newly discovered deep sand which was lower than the particular sand from which the wells then in operation were pumping. The order was granted and the new well put down with the result that a very good production was obtained. One condition of the granting of the permit was that the well be so placed is not to interfere to any extent with existing and earlier developed wells. The order is broad enough to allow still further contracts of a similar character and it is now proposed under its terms to make another contract for a still deeper sand with sufficient or similar protective clauses against interference with any well theretofore drilled upon the property. Recent developments show that there are in that locality seven well defined sands, each separate from the other and at differing depths. Under the terms of the court order and the contract executed pursuant to its provisions, the drilling company in consideration of financing the cost of the well was to receive a substantial percentage of the oil produced. A title insurance policy with a liability of $100,000 was written for the drilling company upon the interest it acquired under the agreement in and to the oil and gas produced, saved and sold or in the value or proceeds of such oil, gas and other hydro carbon substances produced from the well so drilled.

Another difficult situation is occasioned by the fact that some of the most productive oil sands underlie areas which had previously been subdivided into small lots. This is particularly true of the Signal Hill and Santa Fe Springs fields. Leases were made of either one or more lots with the result that derricks almost literally touched. This condition of affairs proved very undesirable as well as uneconomical, greatly increasing the fire hazard, decreasing the yield because the number of closely located wells speedily diminished gas pressure, thus exhausting the field before a normal time. Litigation has also resulted from the fact that in drilling sometimes a well started on one lot crossed the line of another before reaching the productive sands. While numerous claims of this character have been asserted from time to time, it would appear that no decisions of broad application upon the rights of the interested parties, including, of course, the owner, and lessee if any, of such adjoining land, have been rendered.

A community oil lease brings another set of problems. Sometimes these are executed in counterparts, a provision of each counterpart being that such others as may have been signed are valid as between the parties. This naturally raises the inquiry whether there are extant, though not of record, any such instruments. If such be the case apparently the property described therein would participate in the pooling agreement, although the record would not disclose that fact. A community lease can not be cancelled without the joinder of all parties. Such a lease usually covers lots in one or more subdivisions. Title to these lots frequently changes. The original lessors are sometimes parties holding under a contract to purchase, not the fee owners. Frequently the only method by which the record title can be cleared, if the lease proves unprofitable, is by an action to quiet title, owing to the practical impossibility of obtaining the signatures of all interested parties to a cancellation.

R. ALLAN STEPHENS
Executive Committee
Title Examiners Section

The State of California some years ago established the policy of reserving an interest in the oil in certain lands which it owns as and when these lands were patented. A law was also passed providing that the state could lease the right to drill on the tidelands along the line of the Pacific Ocean. This latter law has now been repealed but several companies are operating under leases executed while it was in force. The Federal Government also grants certain permits preliminary to leasing, and upon discovery of oil permits for development. Title companies in California do not as a practice insure these rights. The most that is done is to guarantee or insure the condition of the record relative to these matters.

Not infrequently a policy is requested upon a sub-lease. If this sub-lease covers the entire property included in the principal lease and is for the same period, then the sub-lease is in effect an assignment of the original lease, subject, however, to any overriding royalty that may have been reserved by the assignor. If it is for a shorter period, then care must be taken to show in the evidence of title the liability of the interest of the sub-lessee to any failure on the part of the original lessee fully to perform the covenants of that instrument as well as to the necessity of full compliance with the provisions of the sub-lease.

Shortly after the original discovery of oil in California, the oil or mineral rights in many holdings then usually of a large area, were purchased and in some cases separate ownership of these rights is still outstanding. It is generally conceded that such ownership, even though the instrument of grant does not expressly so provide, carries with it the right on the part of the owner thereof, to use so much of the surface of the land subject to the grant as may be reasonably necessary for the development, production, storage and disposition of the oil or mineral. That right, however, is subject to the obligation to reimburse the owner of the surface rights for any damage to buildings, improvements or trees resulting from the removal of the oil or similar substance. Title policies are issued when requested upon such vested mineral or oil rights.

Many perplexing questions arise in examining title to property which has been leased for oil development and the project afterwards abandoned. The record is practically always incomplete and unsatisfactory. The lease may provide for service of written notice of default or cancellation but there is no proof that this has been done. It may contain provisions for extension of time upon making certain cash payments. Whether this has been done is a question of fact not disclosed by the record. Complications of almost every conceivable nature are found.

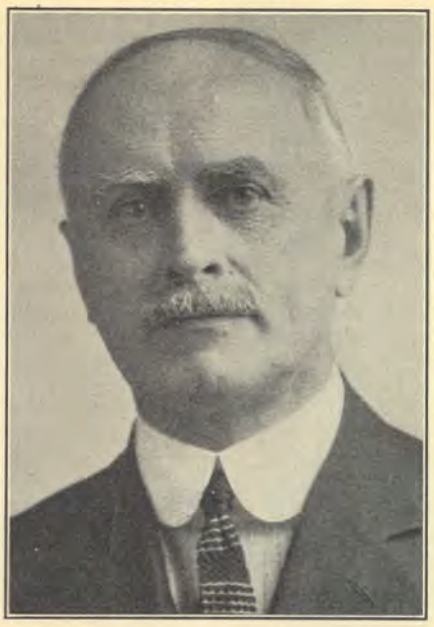
The major question involved and the point of interest to all concerned is have the covenants of the lease been complied with? If not, unless there is some saving clause in the contract, the lessee's rights have in fact terminated. Realizing that full information of the actual situation can not be secured from the record, outside investigation and research frequently are undertaken. A ground inspection is made. Statements or affidavits of the interested parties are obtained whenever available. If there was a trust or escrow, the true status may be learned through these sources. The records of the Corporation Commissioner or the State Mining Bureau sometimes are helpful. Finally, the decision rests almost wholly upon a determination from all the facts developed as to whether the leasehold estate has actually been forfeited.

It is my observation that in Southern California more reliance is placed upon information outside the record in making an examination of this character than in reference to any other matter. However, too much caution can not be exercised and a conservative attitude must uniformly be maintained.

Policies covering bond issues of oil companies secured by a trust indenture upon the leasehold estates owned by the trustor are also issued. The property subject to such obligation usually includes, in addition to such leasehold interest, that held in fee simple and not infrequently pipe lines, a portion of which are sometimes constructed in public highways under official permits or franchises. In such an issue there must be complete compliance with the requirements of the Corporation Commissioner's permit, the terms of which very fortunately have recently been considerably modified and now require in substance that the new obligation be a lien upon all the interest of the trustor in the property subject to the trust indenture, and that a title insurance policy upon such property, substantially in the form submitted to him with the application for a permit, be issued prior to issuance of the bonds.

It might be of interest to quote at this point a few of the exceptions incorporated in such a policy:

(a) "The right or claim of any person, firm, trust or corporation under any agreement, contract or other



OLAF I. ROVE
Executive Committee
Title Examiners Section

instrument not shown by the official records of the county within which the property thereby affected is located, to any overriding royalty, interest or share in any oil, gas or other hydrocarbon substances produced or to be produced from any of the lands herein described or under any lease, sub-lease, contract or agreement herein referred to, whether payable in kind or in cash."

(b) "The effect of the violation of or failure to perform or comply with any of the terms, covenants or conditions of any lease, sub-lease, contract or agreement hereinbefore referred to by any party to any such document or the successor or successors in interest of any such party, except terms, covenants or conditions as to assignments of leases appearing of record respecting which assignments defects are not referred to elsewhere in this policy."

The following extract from the descriptive part of a trust indenture recently executed by a well known oil company shows the extreme care exercised in its preparation to avoid the consequences of even any apparent violation of the conditions or limitations imposed upon the transfer of any leasehold right owned by that company and constituting a part of the trust estate securing payment of the bonds:

"AND ALSO all other property, real and personal, of every kind and nature which the Company now owns or holds or may hereafter acquire, whether the same is hereinbefore specifically enumerated or not, (except leasehold and other interests and/or rights in property which are now held or which may hereafter be acquired by the Company under leases, franchises or other instruments or authority requiring consent and/or approval by or on behalf of the lessor or other party thereto or of the assignee or transferee thereof for the transfer of the interest of the Company thereunder or imposing any other condition upon such transfer of interest as to which such consent and/or approval shall not have been previously obtained or such other condition not performed; provided, however, that the Company hereby grants, assigns, transfers and sets over to the Trustee, subject to the terms, conditions and provisions of this indenture, any such leasehold and/or other interest and/or right now held or which may hereafter be acquired by the Company, upon the express condition precedent that such consent and/or approval as may be so required shall first be obtained and any such other condition performed)."

Another interesting condition arising in issuance of such a policy is that of the direct liability of the insuring corporation. If, for instance, there are a large number of leasehold and other entities subject to the lien, the mere fact that one or more of these, even if of some considerable value, should be lost through title defect does not necessarily mean that the holders of the bonds are ultimately to sustain any loss. It is entirely reasonable to suppose that the remainder of the property will produce enough revenue within the life of the bond issue to meet all payments falling due under its terms, in which case it is clearly apparent there is no liability on the part of the title insurance company to the bondholders. To meet this situation, in addition to the usual conditions and stipulations set forth in this form, the following provision was incorporated in a recent policy covering a bond issue of $10,000,000:

"and/or in case the security for payment of said bonds shall be diminished by reason of any defect, lien or encumbrance insured against by this policy, the amount of such diminution and the value as of the time of the determination thereof of the land or leasehold estate in respect to which such diminution has occurred shall be ascertained and determined and the amount of such diminution to an amount not exceeding the value as thus determined of such land or leasehold estate shall be payable by this company to the trustee under said trust indenture for the benefit of the insured only after sale under, or in enforcement of, said trust indenture and then only in case loss has occurred to the insured."

It has previously been stated that mineral or oil in place comprise a portion of the land. It is, therefore, real property and as such capable of being held in separate ownership apart from the remainder of the realty. Numerous applications have been received for issuance of policies on royalty interests. These interests are sometimes sold by the land owner but more frequently by the lessee. A permit from the Corporation Commissioner is now required to be obtained prior to any

such sale. There is no standard form for the instrument by which it is sought to transfer this right from the owner or lessee to the buyer. Naturally the provisions of these documents vary widely. In the majority of cases it is quite apparent that the transaction is not entered into specifically with reference to the oil or gas, either while contained in the ground or after its removal therefrom but substantially and really with reference to the right to receive the money realized from the sale of the particular undivided interest described in the instrument. It is often difficult and frequently practically impossible from a record viewpoint to determine whether the rights thus dealt with are real property or personal property, although it seems reasonably probable that the majority are in fact of the latter class. Under these circumstances, the public record does not furnish sufficient protection to a title company to justify it in the issuance of a policy of title insurance upon this right or interest. If the substance being dealt with is in fact personal property, then recordation of a transfer, assignment, bill of sale or other appropriate instrument relating thereto does not protect the title company or the parties against the effect of a similar unrecorded instrument of a prior date delivered but not disclosed by the public records. Therefore, the company in covering such an interest, issues only its guarantee, which under the provisions of California law, is a policy of title insurance based solely upon the record. This form of title evidence has been accepted in view of the impossibility of obtaining the ordinary form of policy.

Title insurance should be made available for every legitimate risk. The more complicated the problems involved, the greater the need for such protection and the more beneficial the results attained. Such a service is in accord with the accepted modern business trend and its rendition reflects credit upon the responsible organization. To each member of this Association comes the opportunity and privilege through a determination of these vexing questions to cooperate and contribute toward the realization of this ideal.

CHAIRMAN O'MELVENY: We thank you, Senator, for a very able paper. Are there any questions any one would like to ask Senator Thompson?

MR. E. M. WEAVER (New York Title and Mortgage Company, New York City, New York): I was very much interested in Mr. Thompson's paper. I think I missed a part of the information I would like to have. How do you arrive at the amount of your title policy on the oil lease?

MR. THOMPSON: The executives feel that primarily they should be protected to the amount of their initial investment. If it is near proven territory, they pay a good bonus. If it is not in proven territory they get a policy of the amount invested. They don't disclose that but it is the policy.

If they decide to drill later and the well is going to cost $50,000 or $60,000, they will be covered for that. If it is a proven field a substantial company doesn't ask for further protection, but several smaller companies have asked for very large protection.

MR. WEAVER: Assume you issue a title policy of, say, half a million dollars on an oil lease, and at the time oil is struck the title is attacked by an unknown lawyer and the title lost. How would you measure the damage caused to your insured in the event you are unable to settle with that lawyer?

MR. THOMPSON: The full liability, then, of course, is half a million dollars, but on the terms of our policies it is only the actual sum insured. We would have to compel them to show their loss.

MR. WEAVER: You charge the same rate of premium for title insurance on oil leases as on regular policies?

MR. THOMPSON: There are, I think, in more cases unusual risks. The standard rate is the same.

CHAIRMAN O'MELVENY: The next paper on the program is entitled "Reversionary Interests," and we will have the pleasure of having the paper read by Mr. McCune Gill, Vice President, Title Insurance Corporation, St. Louis, Missouri.

Reversionary Interests

McCUNE GILL,
Vice-President Title Insurance Corporation, St. Louis, Missouri

I wonder whether, in going about this beautiful convention city, it has occurred to us that whenever we see a plaza, or railroad, or river, or cemetery, church, school, factory, street, or a subdivision protected by building restrictions, we see an opportunity to apply the law of reversionary interests. Wherever you find an abstracter, you will see one whose task it is to find the clauses in deeds, that create these reversionary interests, clauses hidden away, usually, under mountains of words. Wherever you see an examiner, you will know that he is the fellow who must say whether the particular clause is harmless conversation, or dynamite. And wherever you see a title insurance company, you see the boys who must pay the bill because somebody, somewhere, didn't know the law of reversionary interests.

In order that this somewhat prosy subject may be made a little more presentable, I propose to tell you some true stories about reversions that I have met in my reading journeys up and down the country.

Public Squares

In Austin, the capital city of this great state of Texas, there is a block of ground or plaza that was given to Travis County for a court house. A building suitable for such purpose was maintained thereon for some thirty years. Then these activities were moved elsewhere. If you were asked to pass title to this block through a deed from Travis County, would you do so? Before answering, it might be well to read the case of State of Texas vs. Travis County, 85 Texas 435, where the court held that your deed would be valueless because the block had reverted to the grantor.

A similar situation arose in Pemiscot County, Missouri, where two enterprising citizens laid out towns in different parts of the county, and each sought to have the county seat located in his town, and the court house built on the square dedicated by him for that purpose. One site was selected and later the question arose as to whether the county owned the other square that had been given to it. Here, too, the court decided that the unused square reverted or returned to the original owner, Gaskins vs. Williams, 235 Missouri 563.

In San Francisco, where lives our president, it was held that the city could not even compromise its claim to Hamilton Square, City vs. Stoell, 80 California 57.

In St. Louis, if I may be permitted to "Chamber of Commerce" my own town a little, a very interesting question has arisen and some equally interesting litigation is imminent, because the government has announced its in-

tention to move the federal offices to a new site, and to sell the old block that it acquired some fifty years ago by condemnation. And a similar question will arise shortly when the state courts will be moved from a square donated, almost a century ago, "for court house purposes," although in neither case was there an express reversionary clause.

Railroads

In Mitchell County, Kansas, the Chicago, Kansas and Western Railroad acquired title by warranty deed to a strip of land on which a railway was to be built but which was, in fact, never completed. The company sold the land and the purchaser contended that as the deed to the railroad contained no conditions or reversionary clauses, he owned the fee simple. The court held, however, that in that state a railroad can never acquire more than an easement in such a strip, whether the acquisition be by condemnation or by deed, Abercrombie vs. Simmons, 71 Kansas 538. Startling law, perhaps, but similar decisions will be found in Michigan, Indiana, New York, Missouri, and Iowa.

The Galveston, Harrisburg and San Antonio Railroad ran into Houston over a right of way that the railroad had not acquired by deed, but which it had occupied for more than twenty years. Upon moving its line to another location, can the railroad convey a fee simple title in the strip of land? The Texas Court held that it had only an easement, Galveston, etc., Railroad vs. McIver, 245 SW 463, and that the land, in the words of Moses, Leviticus 25-31, "revertetus ad dominum."

But if there are reversionary rights under railroads, to whom do such right belong? To the original owner or to the present owner of the abutting land? In another Texas case, a tract near Beaumont was described by lot number and by metes and bounds along the outside line of a railroad right of way. Does such a deed carry the grantor's reversionary interest under the railroad? It was so held, Rio Bravo Oil Company vs. Weed, 300 SW 171. Also in Kansas, a deed for abutting land passes the reversion even though the description says "less three acres taken by" railroad, Barker vs. Lashbrook, 279 Pac. 12, and a deed for the west half of lot 22 carries the reversion under the east half of lot 22, Roxana vs. Jarvis, 273 Pac. 661.

Railroad reversions are of a special importance in the new air right developments now going on in many of our cities. Before insuring titles to warehouses, office buildings, or apartments built over railroad tracks, particular care should be taken to extinguish any possible reversionary interests arising because of such non-railroad use, or because of a possible overburdening of the railroad's easement. If the abandonment is complete the title will revert; if partial, the original owner will be entitled to payment for the additional use. As, for example, use of railroad strip by a power company, Agostini vs. Gas Company, 163 NE, 745 (Massachusetts).

Rivers

The abandoned beds of rivers present many questions of reversionary or riparian rights. If you want a good example, look about you and out of the window, for this hotel, I understand, is built on part of the former bed of the San Antonio River. Here are some of the title questions beneath your very feet. Is that river a navigable stream? Believe it or not, it's navigable. Who owns it—the state of Texas, the city of San Antonio, the abutting owners, the School Board, the

O. M. FULLER
Executive Committee
Title Examiners Section

King of Spain, or what have you? Your Supreme Court, on June 22, 1927, decided in one case that a grant from a former government does, and in another case, very similar as to facts, does not include the bed of such a river, State vs. Grubstake, 297 SW 202, Anderson vs. Polk, 297 SW 219.

Cemeteries

As towns and cities grow it frequently happens that cemeteries are moved to more suitable locations farther out in the country, whereupon the supposed owners of the former cemetery will wish to sell it for commercial purposes. These transactions are particularly dangerous because it not infrequently happens that the abandonment creates reversionary right in the heirs of some long forgotten donor. An example of this is found in Newark, New Jersey, home of our retiring president. There the Old Burying Ground, at Broad and Market Streets was abandoned and the title reverted to the donor; or would have reverted except for the fact that he had delayed asserting his claim so long that it was barred by limitation, Mayor vs. Presbyterian Church, 56 N. J. L. 667.

Kansas City, Missouri, home of our genial secretary, is another place where the title to the reversionary interest in an old cemetery was the subject of much litigation, Campbell vs. Kansas City, 102 Missouri 326. We needn't be afraid of the cemetery lot owners; they have merely a sort of license, like a seat in a picture show, only they stay there longer. When the show is over they go out quietly enough. The reversioners, however, won't leave at all but fly around these abandoned graveyards like a lot of spooks. It's terrible.

Churches

In far off Maine, one Jesse Washburn, in 1834, conveyed land to trustees for a meeting house, "so long as said lot shall be occupied for a house of public worship." The church was maintained for fifty-six years. Then the church was moved to another location, and the title reverted, Pond vs. Douglass, 106 Maine 85. In Seward County, Nebraska, a similar provision was upheld, this time in a will, Estate of Douglass, 94 Nebraska 280. I can't imagine anything more uncomfortable for a title insurance company's officers than a reversioner's suit for a few hundred thousand dollars against a guaranteed downtown church title, used or practically used for business purposes.

Schools and Colleges

College and school properties present interesting problems. Thus, in Glenn County, in northern California, a reversionary claim was successful, where the property was "to be used solely for a college or school," and this even though there was no re-entry or reversion clause in the deed, Papst vs. Hamilton, 133 California 631.

Danville, Illinois, made famous by Uncle Joe Cannon, has a celebrated decision involving reversionary rights, the Danville Seminary Case. It seems that a certain lady, charitably disposed, had conveyed land by deed of gift to a college corporation. Although the deed contained no condition or reversionary clause, the charter of the corporation was construed as implying such a condition. Hence, title under a conveyance by the corporation, shortly before the school was discontinued, was held invalid. It is easy to forget that even corporate powers can create reversions, Mott vs. Danville, 129 Illinois 403.

Factories

Tucked away in the most unusual places in deeds we sometimes find, or don't find, exceedingly treacherous conditions subsequent, as to the maintenance of factories or other business on the property. Thus in a case arising in Los Angeles, an attorney named O'Melveny, father, I believe, of our learned Chairman, succeeded in getting the California Court to declare a forfeiture because the grantee had not maintained a lumber yard on the land for five years as his deed said he should, Parsons vs. Smilie, 97 California 647.

Illinois is the locus of a case where a factory site in West Frankfort reverted because the deed declared that the property was to be used "for mill purposes only," McElvain vs. Dorris, 298 Illinois 377. Texas has a similar decision, Perry vs. Smith, 231 SW 340, and in some states there are even statutes to the effect that tracts donated by towns to factories, although the conveyance contains no recital or condition, shall revert, if the factories are discontinued, Rev. Stat., Mo. 1919, Sec. 9796.

Streets

The vacation of streets always raises doubtful questions of ownership. Does the city own the streets, or the original dedicators, or the abutting lot owners? And in what proportions do they own them? In some of our jurisdictions there was formerly, and perhaps still is, a tendency to make the city own the fee, but the majority now give the city only an easement, and also hold that a conveyance of an abutting lot by the original proprietor conveys his reversion by implication even though the description runs only to the side line of the street, and gives the street, when vacated, back in the proportions in which it was dedicated. If your predecessor gave all the street, you will get back all of it, and not merely half.

The Supreme Court of Missouri passed through all of these phases of doubt in connection with the streets of Kansas City, but finally in 1928 saw the light, Neil vs. Independent, 298 SW 363. Illinois is still in the fog, holding that if the plat is "statutory," title reverts to the dedicator, but if "common law," to the abutter, although nobody seems to know why there should be a difference, Waterloo vs. Voges, 316 Illinois 450.

One curious exception to the easement rule is sometimes made where the road was established before the adoption of the English Common Law and while the particular locality was under the Continental Civil Law. Two widely separated instances of this might be mentioned, one involving the leagues and labors of Gonzales, Texas, and the other the corner of 102nd Street and Broadway in New York City. In each case the state was held to own the fee to the street because as to it we are still governed by the Spanish and Dutch laws. The same point was raised in Louisiana, but that Court, which ought to be very "Civil Law," held, quite correctly, I think, that while the principal may have been just enough in the days when the military leaders of Rome were building the Via Appia, it has nothing whatever to do with Southern Avenue in Shreveport, 33 Tex. 35, 201 N. Y. 14, 132 La. 70.

A little experience in my own family demonstrated to me the importance of reversionary interests in streets. One of my remote ancestors laid out a subdivision in Baltimore dedicating certain strips as streets, but providing that if they should ever be abandoned they should revert to the dedicator or his heirs. Almost two centuries elapsed and nothing happened. Then along came the Baltimore fire and destroyed all of the houses in the subdivision. The city seized upon this opportunity to condemn all of the blocks for wharves and warehouses and, of course, built all over the streets. Result, some heirs who had never even heard of great grandpa's real estate activities got some easy money out of a clear sky. I hope none of the local title companies had insured the title.

Restrictions

Building restrictions are a frequent source of reversionary troubles. And if you think the courts won't take away a man's property because he sells to colored folks, or even because he lives in a shed instead of a regular house, read the two classic Los Angeles cases on the subject, Los Angeles Land Company vs. Garry, 181 California 680, and Firth vs. Marovich, 116 Pac. 729. And also the Missouri decision that such a reversion destroys not only the ownership of the fee, but also the lien of any mortgage on the land, Koehler vs. Rowland, 275 Mo. 573.

These reversionary or re-entry clauses following restrictive covenants gave rise to the famous amendments to the New York and New Jersey Insurance Laws passed in 1919 and 1922, respectively, probably as a codification of the New York Attorney General's ruling of 1891. There is also a similar ruling in 1925. These provisions forbid life insurance companies lending on real estate that is subject to building restrictions "containing any condition or right of re-entry or forfeiture, under which the lien of the mortgage can be cut off, subordinated or otherwise disturbed." This is evidently due to the fact that in that state such base fees are not considered "marketable titles."

The motive behind this act was no doubt a laudable one, to secure for the investment of insurance funds the safest loans possible. The practical result, however, is the exact opposite, to shut out insurance lenders from the safest loans in the community, those on substantial homes of prosperous owners in highly restricted neighborhoods. Can you imagine rejecting a loan on a high class residence because you might put a stockyard there; or on an office building because you might use it for a slaughter house? If the law were amended, by legislation or construction, to prohibit loans only in obsolescent sections where there is a probability that restrictive covenants will be violated during the life of the loan, the statute would be made sensible and workable. As it stands, it defeats its very purpose; that is, it forces lenders into neighborhoods that are likely to deteriorate because not protected by reversion clauses.

In order to comply with this statute, the local representatives of insurance lenders are kept busy trying to get waivers from the owners of these reversionary interests. Frequently these grantors or their heirs cannot be found, or perhaps may refuse to waive because of hostility, or the chance to charge an excessive price for the waiver. In New York, by the way, the Supreme Court has held that a waiver by the first grantor is binding on subsequent grantors who had inserted the same reversionary clause in their deeds, McArdle vs. Hurley, 172 N. Y. S. 57.

Of course, we should always advise those about to subdivide property that they omit reversionary clauses from their restrictions, or at least make them inapplicable to mortgages and to title through foreclosure or mortgages. This, however, is of little comfort in connection with those already in existence.

I might mention here that I am indebted for much of this information concerning restriction reversions to the New York title experts, Mr. Burdette, Mr. Bottoms, Mr. Amerman, and Mr. Chittick.

It might occur to you that if these possibilities of reverter are of such value one could buy up the reversion covering a whole subdivision, and then peddle it out to the various lot owners, at a profit, but if you will read the report of a case arising in Oregon in 1916, Wagner vs. Wallowa County, L. R. A. 1916 F. 303, you will find a comprehensive note showing how most of our courts have, blindly and without reason, followed old precedents in declaring that a possibility of reverter not only cannot be conveyed, but that it will be extinguished by an attempted conveyance.

As to whether possibilities of reverter can be devised by will the courts, as usual, are divided. In the East such possibilities cannot be devised, and hence the heirs and not the devisees of the original owner must be called upon to waive them, Upington vs. Corrigan, 151 N. Y. 143. But in the West these interests can be devised and hence it must be the devisees and not the heirs who must waive, Johnson vs. City, 168 Pac. 1047 California.

I trust that these little stories of reversionary interests may serve to fix more firmly in our minds the importance of such rights, so that those of us who are abstracters may more diligently search them out in their hiding places, and those of us who are examiners, or insurers, may not overlook the dangers that lurk in these seemingly innocent situations. One of the ways to make more money out of the title business is not to lose so much.

MR. McNEAL: If Florian Slappy were a title insurance man, he would say "hot damn."

MR. WHITE: McCune Gill and I are sort of the academic department of this Association; whenever he gets up I would like to heckle him. First I would like to call attention to the fact that "our lady" Supreme Judge in the state of Ohio has rather recently made a decision that is bad law, but the more I think about it, I think it is good sense.

There was a situation over there where property had been conveyed a number of years ago to a certain district for a church "so long as it was used for church purposes." You people who remember your old common law know there is a difference between "states of condition" and "states of limitation," so long as it makes one kind of state, and condition another. "Our lady" Supreme Judge didn't know the difference between those two and she decided that unless in a deed had been injected a re-entry or reversionary clause, they had a good fee simple title. As I say, while it is bad law, it isn't law anywhere unless in the state of Ohio, and not there until the next case comes up, still I don't know but it is pretty good sense.

The more I listened to some of the proceedings here, the more I thought that what we need in this country is a lot of legislation along real estate lines. The only way to complete reform of real property law is by legislation. They talk about legislation, that there are too many laws passed. There are too many of the wrong kind, but not enough along real estate lines.

Take the situation as to streets. It happens in Ohio, we have, I think, a very sensible proposition there. In all cases of dedicated streets, the property does not revert but goes to the abutting owner. It is pretty well established; you can't dig up an old reversion on the street.

MR. JOHN F. KEOGH (Title Guaranty and Trust Company, Los Angeles, California): It may be interesting to know that our California Appellate Court recently sustained a decision of the Superior Court of Alameda County to the effect that where the holder of reversionary interest in certain lots of the subdivision quit claimed the interest to certain lot holders for the purpose of permitting them to violate the restriction, in a case where he attempted to recover the property on account of the violation, the Superior Court held he was to be stopped and was not permitted to enforce his reversionary interest. That has given us a great deal of comfort recently.

CHAIRMAN O'MELVENY: It is with a great deal of pleasure that I read the following telegram addressed to Richard B. Hall:

"The Mortgage Bankers Association of America extends greetings and best wishes to Title men assembled in convention this week. May your convention be the best on record and your business be profitable and enjoyable during the coming year. We invite you to be with us in New Orleans next week.

"E. E. Murrey, President,
"Walter Kester, Secretary."

The Mortgage Bankers Association of America deliberately set its meeting in New Orleans for next week hoping that members of this convention would assemble with it. Some of the members of this Association here are going to New Orleans to be with the Mortgage Bankers Association there. Our Executive Secretary is going.

We have with us a representative of the Mortgage Bankers Association and he will be the next speaker on the program. It is, of course, useless for me to tell you of the infinitely close association that exists between the mortgage bankers' business and our own. It behooves us to pay close attention to what they say, because there are many matters which need our cooperative efforts in order that they may be satisfactorily worked out. It is also a great pleasure to hear from the representatives of the Mortgage Bankers Association. We delight in having them with us and we welcome them to our convention. It is with a great deal of pleasure that I call on Mr. Zinn of Kansas City, Vice-President of the Commerce Trust Company, and President-elect of the Mortgage Bankers Association of America. (Applause)

Address

A. A. ZINN,
President-Elect Mortgage Bankers Association of America, Kansas City, Missouri

When your Secretary, and my friend and fellow-townsman, Dick Hall, called me recently and asked if I would address this meeting of the American Title Association, I was both awed and flattered by the invitation, for I have always been intrigued by the facility with which an abstracter can skillfully trace a chain of titles from the Treaty of Dancing Rabbit Creek down through the various transfers to the final end of a fractional interest in the holder of a participation bond on a sandwich lease.

Likewise, I have been amazed at the ability of those title attorneys, who, hurriedly running through an abstract and merely glancing at the written pages, discern every uncrossed "t" or undotted "i," who write lengthy and weighty opinions without committing themselves to a definite approval, or whose objective, it seems to some of us, is the strict observance of a motto, which must read,

"Count that day lost whose low descending sun,
Sees from our hands no title damned and done."

and I have marveled at the business acumen of those writers of guaranty title policies, who are able so to limit their liability, by Schedules "A" to "Z" inclusive, and miscellaneous "Conditions and Stipulations," that the layman purchaser, is undecided whether he has purchased protection or engraver's art.

But then I decided that I was invited not as a mortgage dealer, but as a representative of the Mortgage Bankers Association of America, and, as such, I bring you greetings from our Association and its expression of interest in the good work that you are doing toward the simplification of laws, the standardization of forms, and the promotion of better business practices.

I wish here to second the invitation to our meeting at New Orleans next week. I want all the title insurance people to come, all the title attorneys

and all of those poor abstracters with the second-hand Fords and Oliver typewriters—you are all invited.

In the preamble to the Constitution of the Mortgage Bankers Association of America there is emphasized, among others, these objectives: (1) the encouragement of intelligent legislation affecting business; (2) securing uniformity of practice where uniformity is desirable.

I am informed that the American Title Association for the past several years, recognizing the benefits to be derived from uniform land laws, has been working to have such laws enacted by the various states as will simplify and unify the statutes pertaining to real estate title and conveyances.

I pledge you the cooperation of our Association in the good work that you are undertaking and express our readiness to render such assistance as may be in our power, to the end that you may be successful in having such laws enacted. A general national committee from our association, of which William H. McNeal of New York City is chairman, is now at work on standardization of mortgage forms and securing approval of our leading investors of such forms as may be adopted.

A feature on the program of our association at its annual convention to be held in New Orleans, October 29th to 31st, 1929, inclusive, is an address by General F. M. Bass of Nashville, Tennessee, General Counsel of the Mortgage Bankers Association of America, on the subject, "The Uniform Mortgage Law."

A uniform mortgage law in the several states of the Union may be too idealistic for early achievement, but no journey is ever accomplished without taking a first step, and even though we may never achieve our whole ambition in respect to The Uniform Mortgage Law, obtaining a simplification of the laws governing the mortgaging of real estate will tend to popularize mortgage investments through the assurance that it will bring, both to the investor and the borrower, equity to contracting parties.

Speed now seems to be the watchword of individuals and institutions. A few weeks ago I received a letter from a sixteen-year old boy. It read: "Dear Dad: Drove the flivver 460 miles today and got here in time for supper. P. S. Please send me $25.00."

About the same time I received a letter from a twenty-year old boy, which read in part: "Dear Dad: Ten of the last thirty days I have spent in the air—a total of 100 hours. I have flown more than 10,000 miles. I have come to think of distance in the terms of hours and minutes rather than in terms of miles."

More recently we have read that in the near future travel in airplanes at the rate of 250 to 300 miles an hour will be common. We follow literally the injunction: "Don't write—telegraph." We are speeding up our machines, we are speeding up our businesses, we are speeding up our lives. Speed gets into our blood. Careful, conservative operations are discarded for the sake of quantity production with the hope of increased profits.

Old men risk thousands saved through a lifetime of toil in the hope of making a million. Young men discard the time-worn axioms of industry and thrift and recklessly risk their patrimony on the turn of the dice, the speed of a dog or horse, or the whim of the stock market.

We read that brokers' loans on the stock market of New York Exchange at the present time run nearly seven billion dollars—more than double what they were three years ago. According

A. A. ZINN

to the best statistics available, the total outstanding farm mortgage loans in the United States at this time does not exceed four billion dollars. The amount of brokers' loans on the stock market of New York is sufficient to retire the entire farm mortgage indebtedness of the whole of the United States and have sufficient left over to replace every farm building in the United States.

The pulling power of attractive rates, together with reputed liquidity of funds placed in the call money market, has induced innumerable country and city bankers to send to the great financial centers funds that rightfully should be employed in building up the local communities.

I wish to relate a little incident right here. A man wrote a few weeks ago and said he would like to rent 320 acres of land in central Kansas to put out a crop. He said he had all the machinery necessary—tractors, harrows, drills, but didn't have the seed wheat and would we please finance him with the seed wheat and take a financial mortgage on all the machinery and the crop? We referred him to the local bank. He informed us that he couldn't get it from that bank. I happen to know that they had $100,000 out of a million out on call money.

Farmers are finding it difficult at this time to renew maturing loans or to finance the growing of crops. Building operations in many of our cities have fallen off very markedly the last few months, with the principal reduction in the residential type.

The factors responsible for the break in construction activities are advancing money rates, rising costs and declining rentals. History shows that building usually suffers a relapse after money crosses the five and a half per cent line in the upward movement. Old-time, conservative mortgage investors are not content with returns of five and a half and six per cent interest and safety of principal, but must invest—if the term may be used in connection with such transactions—where the speculative element predominates.

Our smaller industries are suffering from this orgy of speculation. Either they must pay more for their borrowed money or must over-capitalize and list their stocks on the Exchanges. Real estate, both farm and city property, is a drug on the market because of the hope of so many that through the turn of the wheel of fortune they may run a shoestring into a competence.

We even hear of abstracters and title guaranty companies infected with the virus of the times, seeking through the agency of legislative enactment or administrative dictum a monopoly on business at increased prices, which must necessarily be an added burden on real estate.

Basic value is in real estate. A community, a state, or a nation of land and home owners is a contented, happy and prosperous people. True, they may plod along, owning no speed boats, palatial yachts, monumental residences, or magnificent estates through which to express their individuality, but they buy abstracts, employ title lawyers and buy title insurance, borrow money, pay taxes and interest, improve the farms, build homes, erect office buildings, school houses, churches, and colleges and beget doctors, lawyers, teachers, artists, the Washingtons, Lincolns, Wilsons, and Coolidges, as well as their own kind.

You, as title men, we as mortgage bankers, are vitally interested in the activities of the people in whom there continues the urge of anchorage to a portion of God's footstool. Our own economic success is joined up with such people and we serve our own in-

terest well when we fight the battles of the real estate owner and real estate dealer.

Stocks and bonds have a lure by reason of the facility with which transactions in them are handled. The purchaser rarely questions the genuineness of the issue or the title to the underlying security. Contrast the ease with which one may become the owner of a stock certificate or an industrial bond with the detail involved in the making of a mortgage loan or the transfer of a piece of real estate.

Our archaic system of real estate title transfers, the cost of the compilation and examination of bulky abtracts, the frequent heavy costs of opinions on title, the losses through work of careless conveyancers, untrained and irresponsible abstracters, and incompetent title attorneys are all factors that cause the timid and inexperienced to shun the intricacy of a real estate deal.

I do not wish to take your time to detail those processes, so well known to you all, that must be undertaken by the contracting parties; nor to call to your attention the ever increasing size of abstracts of title necessary to show the various transfers of interest, probate or court proceedings, which become more common as our country grows older; nor to the necessity of a complete abstract of title to every sub-division of the original tract; nor to the lack of uniformity in the work of different abstracters or title searchers within a single country or state; nor to the various forms of certificates used and lack of responsibility of many abstracters.

Nor do I need to bring to your attention the practice of mortgage dealers and others of requiring a new attorney's opinion on the abstract with every transaction regardless of the number of times it has previously been examined by other attorneys; nor to tell you, who are versed in such matters, that it is entirely possible and even probable, if a lengthy abstract be submitted to several different attorneys, for one to get as many separate and original objections, none of which would vitally affect the sufficiency of the title.

No one can know better than a mortgage loan dealer of many years experience how great is the cost in time and money of closing what in the beginning appeared a very simple real estate transaction. If real estate securities are to regain their popularity, the processes of change of ownership must be simplified.

Title insurance is a step toward reducing the problems of real estate transfer, but, in my opinion, in its present form, has not reached its full possibilities. Nor can title insurance working under present handicaps of obsolete laws, miscellaneous systems of closing transfers, and the inherent awe of so large a number of our people for anything pertaining to a legal transaction, meet the needs of the times until much preparatory work is done.

Our archaic system of real estate title transfers, the cost of the compilation and examination of bulky abstracts, the frequent heavy costs of opinions on title, the losses through work of careless conveyancers, untrained and irresponsible abstracters, and incompetent title attorneys are all factors that cause the timid and inexperienced to shun the intricacy of a real estate deal.

* * *

Title insurance must come to be sold on the basis of the protection it affords the mortgage investor or real estate owner. One does not buy life insurance from fear of death, but as a protection to those dependent upon him when he is no longer able to provide for them in person. Title insurance, to become popular and universal, must be sold on a scientifically prepared schedule of rates based on the protection given to the insured and must be as freely competitive as other forms of insurance.

Title insurance must come to be sold on the basis of the protection it affords the mortgage investor or real estate owner. One does not buy life insurance from fear of death, but as a protection to those dependent upon him when he is no longer able to provide for them in person. Title insurance, to become popular and universal, must be sold on a scientifically prepared schedule of rates based on the protection given to the insured and must be as freely competitive as other forms of insurance.

No title company or group of title companies should be permitted to have a monopoly on a business so vitally affecting such a large portion of people. There is no more of a basis for an arbitrary schedule of fees applying to all title risks alike than there is for a uniform rate of insurance for fire, theft, health, or life.

Selfish interests of the individual must always give way to whatever is for the greatest good of the whole people. Transactions in real property must come to be handled with the ease and dispatch with which one would buy a bond or stock, with equal faith and assurance that the purchaser is protected in his title.

An assignable evidence of title, guaranteed by companies of unquestioned financial strength at premium rate commensurate with risk involved, renewable by payment of additional fees to cover additional transfers, may be the answer to the need, and may be the final punch necessary to reestablish the real estate mortgage on a parity with other forms of investment.

The title business must advance to keep pace with the speed of the times. Either the title men must, out of these conferences, evolve some plan to meet the needs of the age, or the task must be taken over by governmental agencies and some new plan, revolutionary in effect, be devised to replace the present system.

CHAIRMAN O'MELVENY: Thank you very much, Mr. Zinn, and I assure you what you have expressed will be given great consideration by this convention.

I will call for a report of the Nominating Committee of the Title Examiners' Section.

Report of Nominating Committee

The Nominating Committee recommends the following named persons as officers of the Title Examiners Section for the ensuing fiscal year of this Association: For Chairman, Elwood C. Smith, New York; Vice-Chairman, McCune Gill, Missouri; Secretary, Andrew M. Sea, Jr., Kentucky. For members of the executive committee: O. M. Fuller, Georgia; Charles C. White, Ohio; F. C. Hackman, Washington; R. Allan Stephens, Illinois; and Olaf I. Rove, Wisconsin.

Mr. Chairman, I move that the nominations be closed, the rules be suspended, and the vote of the members be cast for the names recommended by the Committee.

The motion was seconded and was carried unanimously.

CHAIRMAN O'MELVENY: I will declare those gentlemen whose names were recommended by the Nominating Committee to be duly elected to the offices as respectively named.

This concludes the program of the Title Examiners' Section and I will turn the chair over to President Wyckoff.

Chairman O'Melveny retired and President Wyckoff assumed the chair.

PRESIDENT WYCKOFF: We have for the conclusion of our convention program the acting upon some proposed amendments to the constitution. I would like to ask Mr. Bouslog, the Chairman, to make his report upon recommending some changes as agreed by the Executive Committee.

Report of Committee on Constitution and By-Laws

M. P. BOUSLOG, *Chairman*

Mr. President and Convention Members: The Executive Committee of the Association and the various Sections have given quite a good deal of thought to a further strengthening of our constitutional provisions in order to more effectually carry out the constantly growing business end of The American Title Association, and in line with their deliberations, the Committee on Constitution and By-Laws has prepared the following amendments to the existing constitution and by-laws in order to accomplish the purposes which your executive officers have had under consideration and have now in mind.

Amend Article V of the Constitution by the addition of the following section, which shall be Section 4 thereof:

"Section 4. There shall be a States Council in which each state having a state association shall be represented by one councillor. Such councillor shall be known as a State Councillor and shall be elected for a term of one year by each state association at such time and in such manner as each state association shall determine. Certificates of election shall be filed by the state association with the Executive Secretary of this Association before November 15th of each year.

The term of office of a State Councillor shall begin with the first of January next following the date of his election. Should any state association fail to so elect and certify its councillor to the executive secretary of this association, as herein provided, then the president of this association shall appoint the councillor from such state; and the president of this association is also empowered to fill by appointment any vacancy on the States Council, unless provision for filling such vacancy is otherwise made by the title association of that state wherein the vacancy shall occur; and such appointee shall serve for the unexpired term of the State Councillor whom he succeeds, or until a successor has been duly elected by the state association.

The States Council may select a chairman and a secretary, and, in conjunction with the executive committee of this association, shall have the power and authority to provide from time to time all necessary rules and procedure for the conduct of its sessions and deliberations and for the proper and efficient functioning of the States Council.

The Council shall meet twice each year at a time designated by the executive committee of this association and in conjunction with the annual business and convention meetings of this association. A report of the proceedings of the States Council shall be made to the executive committee of this association."

In connection with this amendment, I will also read the amendment which will necessarily follow to Article VI, by the addition of the following section, which shall be Section 11 thereof:

"Section 11. The object in the creation of the States Council is to provide a medium for the establishing and fostering of understanding and contact between the state associations and this association; to study and develop the work and conduct of state and national associations so that there may be a greater coordination of effort and a strengthening of their united activities. To that end said States Council shall make recommendations, suggestions and otherwise act in an advisory capacity to the executive committee of this association respecting such matters."

These are open for discussion and deliberation of the convention. I move the adoption of the amendments as made to Articles V and VI, respectively.

M. P. BOUSLOG
Executive Committee

The motion was seconded.

PRESIDENT WYCKOFF: Unless there is objection the amendments will be considered separately.

Does any one wish to speak to the motion?

MR. R. F. CHILCOTT (Western Title Insurance Company, San Francisco, California): Do I understand the State Councillor will change automatically each year throughout the years?

PRESIDENT WYCKOFF: Yes.

MR. CHILCOTT: Doesn't that change the personnel of the Council each year?

PRESIDENT WYCKOFF: It would probably not work out in that way. At a meeting of the presidents and secretaries of the state associations, the idea was expressed to have the term of office one year. We have conceded to the desires of the state associations.

MR. HENRY R. ROBINS (Commonwealth Title Company, Philadelphia, Pennsylvania): There is nothing to prevent a Councillor from succeeding himself.

PRESIDENT WYCKOFF: Each state will promulgate its own rules as to how these Councillors shall be selected.

Does any one else wish to talk to the motion?

Upon being put to vote the motion was carried and the amendments officially adopted.

PRESIDENT WYCKOFF: Mr. Bouslog has another amendment.

MR. BOUSLOG: Another is to amend Article V of the Constitution by the addition of the following section, which shall be Section 5 thereof:

"Section 5. There shall be a National Advisory Board consisting of not less than nine members, appointed by the president of this association and chosen from among the most representative executive officers and directors of abstract or title companies, title examiners, and counsel of nationally known institutions having direct or indirect contact with the title business; and such appointees shall not necessarily be active members of this association. One-third of the membership of the National Advisory Board shall serve for two years, one-third for four years and one-third for six years, beginning with the first of January next following their appointment, and upon the expiration of the terms for which the members of the first selected Na-

tional Advisory Board were appointed, the succeeding appointees shall serve for six year periods. Vacancies in the membership of the National Advisory Board shall be filled by the president of this association for the unexpired term.

"The president and the executive secretary of this association shall be respectively ex-officio the chairman and the secretary of the National Advisory Board.

"Neither the officers nor executive committee of this association shall take any action on any matter submitted to the National Advisory Board until approved by a majority of said Board. In the event of an adverse report by said Board, no action shall be taken by the officers or executive committee of this association without the approval of the Association in convention assembled.

"Appointment on the National Advisory Board shall carry with it honorary membership in the American Title Association."

In connection with that amendment I would then read the amendment to Article VI of the Constitution by the addition of the following section, which shall be Section 12 thereof:

"Section 12. It shall be the duty of the National Advisory Board to give consideration to any proposals or matters affecting the stability, integrity and business operations of title companies or members of this Association that may be submitted to said Board by the president or by the executive committee, as well as to advise and counsel with the officers of this association upon matters of association welfare or business policy."

I move the adoption of the amendments.

The motion was seconded.

PRESIDENT WYCKOFF: Does any one desire a separate consideration? Is there any one who desires to speak on the motion?

The motion upon being put to vote was carried and the amendments declared officially adopted.

MR. BOUSLOG: These two amendments make necessary just a few minor changes in numbering and addition of authority to create a National Advisory Board to be appointed by the president, so I present this amendment to Article VI, Section 1 of the constitution by inserting therein after the phrase, "a committee on Constitution and By-Laws," the following: "A National Advisory Board."

That simply authorizes the president to appoint a National Advisory Board along with other committees.

I move the adoption of the amendment.

The motion was seconded.

PRESIDENT WYCKOFF: Is there any discussion?

There being no discussion the motion was put to vote and was carried and the amendment declared officially adopted.

MR. BOUSLOG: That makes necessary the changing of numbering from the present number Section 3 to Section 4 of Article V, therefore I move the adoption of the amendment to Article V, Section 3 thereof as the same as amended and adopted at the 1925 convention so as to bear the number Section 4.

The motion was seconded.

PRESIDENT WYCKOFF: Does any one wish to speak on that motion?

The motion being put to vote was carried and declared officially adopted.

SELECTION OF CONVENTION CITY

MR. H. LAURIE SMITH (Lawyers Title Insurance Corporation, Richmond, Virginia): I shall first read a telegram: "The Governor, the Mayor, and the Chamber of Commerce would appreciate your acting as personal representative in extending an invitation to the American Title Association to hold its next meeting in Richmond, Virginia."

I am somewhat at a disadvantage since I have to make a ballyhoo for my city and state and I am not a "specialist" in that field. In fact in the presence of the California delegation I am an amateur in the presence of professionals, a novice sitting at the feet of his master. Of course, we have as much to boast of in Virginia as they have in California, but we just haven't learned the art.

Seriously, I am not going to take up at any length the time of this convention in extending to you an invitation to make Richmond your convention city for the coming year. I would like to give you some idea of what we have to offer in the way of an inducement to you to make the trip to that city.

As you know, Virginia affords a very interesting cross section of the development of this nation. As title men you may be interested in knowing that on Gamble's Hill, at Richmond, a monument is erected marking the spot where the first English settlers landed at the head of Tidewater, and negotiated from a cow pen the purchase of the tract of land at the foot of the falls, which was one of the first real estate transfers by the English speaking race in this country.

If you make the trip to Richmond, you will have the opportunity to visit places that are sacred not only to Virginians but to the people of the United States. At Jamestown, you will see the site of the first English speaking settlement in the United States, founded in 1607. The old church and part of the early work of the settlers are still there. Jamestown is preserved by the Virginia Association for Preservation as a shrine to the American people.

In Richmond, itself, you will find many spots of interest. Bacon's Quarter, the home of Nathaniel Bacon, one of the first Americans to stand up against a government which they were already beginning to deem tyrannical, is located there. At Yorktown you will find the monument commemorating the surrender of Cornwallis, which was really the deciding battle in the fight of this nation for its independence.

I think there is a rather general feeling that Virginians are somewhat inclined to boast of their famous men and perhaps try to live somewhat on the claims of their ancestors' recognition. In presenting these things to you, I am doing so in order that you may know some of the spots which are easily accessible, and because those men belong not merely to Virginia but to the nation.

There is Mt. Vernon, the home of Washington; Monticello, the home of Jefferson; Studley, the home of Patrick Henry; St. John's Church, where Patrick Henry made his most famous speech which I believe is known to every school boy in all this land; Montpelier, the home of Madison; the home of John Marshall; the shrine of Edgar Allan Poe; and many other interesting places that you have heard of and perhaps have desired to visit.

I think one of the most interesting possibilities of such a trip would be the opportunity to see the remarkable work that is being done at Williamsburg. Williamsburg, as you know, was the first seat of colonial government in Virginia, and when the capital was transferred from Williamsburg to Richmond, the town settled down to a two hundred year sleep. Very recently Mr. Richards conceived the idea of restoring Williamsburg as it was in colonial days in order that the people of the United States in their mad rush of progress, the erection of sky-scrapers, and so forth, might have preserved a replica of what this country was in its earliest days. He enlisted the support of Mr. Rockefeller, and that work has been under way now for some time and the town is being restored just as it was before there was a United States of America.

The modern buildings are being torn down and removed and the old buildings are being rebuilt as they were in the beginning. The work will not be completed for several years but already so much has been done that I think all of you will find it of interest.

I think all of us are interested in the history of the Civil War. Perhaps nowhere else in America can you find as many interesting battlefields as are around Richmond, for the obvious reason that Richmond was the capital of the Confederacy and all effort was made toward breaking through and capturing that city. You will find the battlefields of Seven Pines, Mechamesville, Cold Harbor, Crater and many others.

You will find there the monuments and shrines of men who are very dear to the hearts of southerners and who are at this date being recognized as great Americans, although their views, perhaps, were not in accordance with the views which finally prevailed. I refer to Robert E. Lee, Stonewall Jackson, Jefferson Davis, J. E. B. Stuart, and many other men of the Confed-

eracy.

Gentlemen, I don't want you to think every time I get up I have to stay until midnight. I want just to leave this final word with you, that in Richmond you will find the mingling of the charm of the old civilization and the progress of the new. We can't boast of the wonderful buildings, the wealth, and all of the advances that some cities have made, but we do offer to you a friendly, courteous meeting, who want you to come and visit, who want the opportunity of extending you the most cordial welcome. We believe that we can make your stay very pleasant and let you carry away pleasant memories of Virginia hospitality.

MR. JOHNS: Not because of the fact that Poet Laurie Smith filibustered so long that no other invitation can be given before lunch, but because of the fact we would all like to visit him in Richmond, I would like to move that his gracious invitation be supported.

The motion was seconded with enthusiasm, and passed.

PRESIDENT WYCKOFF: Personally I am very much pleased that Richmond has been selected as the place of the next convention because I believe that the conventions have been held in the West so often that the time has come for the Easterners to have a short trip to the convention. Also, because I think we will all enjoy the opportunity of viewing and reveling in the historic richness of the Richmond area.

Are there any other invitations for succeeding years that are to be presented at this time.

MR. C. J. STRUBLE (Oakland Title Insurance and Guaranty Company, Oakland, California): I have extended an invitation for 1932 on behalf of California, for this Association to meet in Del Monte.

MR. STONEY: We are still here and in the same frame of mind.

PRESIDENT WYCKOFF: Is there any other business to come before the convention?

I believe that our affiliation with the National Chamber of Commerce is a valuable contact.

I wish to extend at this time my sincerest appreciation to every officer, person and committee, whom I have asked to work during my administration.

If there is nothing further to come before the convention, we will stand adjourned.

The meeting adjourned at twelve-twenty p. m.

ADJOURNMENT SINE DIE

Registration, San Antonio Convention

Alabama.

David P. Anderson	Alabama Title & Trust Co.	Birmingham
Alan M. Smith	Title Guarantee, Loan & Trust Co.	Birmingham
Mrs. Alan M. Smith		Birmingham
J. W. Goodloe	Title Insurance Co.	Mobile
Mrs. J. W. Goodloe		Mobile

Arkansas.

James R. Greer	Greer Abstract Co.	Fayetteville

Arizona.

L. M. Brown	Gila County Abstract Co.	Globe

California.

E. M. McCardle	Security Title Ins. & Guarantee Co.	Fresno
Mrs. E. M. McCardle		Fresno
W. S. Porter	Security Title Ins. & Guarantee Co.	Los Angeles
John F. Keogh	Title Guarantee & Trust Co.	Los Angeles
Mrs. John F. Keogh		Los Angeles
Porter Bruck	Title Insurance & Trust Co.	Los Angeles
Stuart O'Melveny	Title Insurance & Trust Co.	Los Angeles
N. W. Thompson	Title Insurance & Trust Co.	Los Angeles
Mrs. N. W. Thompson		Los Angeles
W. P. Waggoner	California Title Insurance Co.	Los Angeles
L. E. Mullen	Contra Costa County Title Co.	Martinez
F. J. Soares	Napa County Title Co.	Napa
Mrs. F. J. Soares		Napa
M R. Green	East Bay Title Insurance Co.	Oakland
C. J. Struble	Oakland Title Ins. & Guaranty Co.	Oakland
W. H. Doxsee	San Mateo County Title Co.	Redwood City
Mrs. W. H. Doxsee		Redwood City
Morgan E. LaRue	Sacramento Abstract & Title Co.	Sacramento
J. L. Mack	Pioneer Title Insurance & Trust Co.	San Bernadino
Mrs. J. L. Mack		San Bernadino
James D. Forward	Union Title Insurance Co.	San Diego
Mrs. James D. Forward		San Diego
Benjamin J. Henley	California Pacific Title & Trust Co.	San Francisco
Mrs. Benjamin J. Henley		San Francisco
Donzel Stoney	Title Insurance & Guaranty Co.	San Francisco
R. F. Chilcott	Western Title Insurance Co.	San Francisco
Mrs. R. F. Chilcott		San Francisco
Leonard P. Edwards	San Jose Abstract & Title Ins. Co.	San Jose
Mrs. Leonard P. Edwards		San Jose

Colorado.

Carl E. Wagner	Morgan Co. Abstract & Investment Co	Ft. Morgan
Mrs. Carl E. Wagner		Ft. Morgan

Connecticut.

William Webb	Bridgeport Land & Title Co.	Bridgeport

Florida.

O. W. Gilbart	West Coast Title Co.	St. Petersburg

Georgia.

O. M. Fuller	Georgia Title & Guaranty Co.	Atlanta

Illinois.

J. M. Dall	Chicago Title & Trust Co.	Chicago
K. E. Rice	Chicago Title & Trust Co.	Chicago
Wilbur C. Gerke	Madison County Abstract & Title Co.	Edwardsville
Mrs. Wilbur C. Gerke		Edwardsville
W. A. McPhail	Holland Ferguson & Co.	Rockford
Mrs. W. A. McPhail		Rockford
J. K. Payton	Sangamon County Abstract Co.	Springfield
Mrs. J. K. Payton		Springfield
A. C. Marriott	Du Page County	Wheaton

Indiana.

E. J. Eder	Lake County Title & Guaranty Co.	Crown Point
Willis N. Coral	Union Title Co.	Indianapolis
Charles P. Wattles	Northern Indiana Abstract Co.	South Bend

Kansas.

Pearl K. Jeffery		Columbus
Fred T. Wilkin	Security Abstract Co.	Independence
C. C. Porter		Russell Springs
Mrs. C. C. Porter		Russell Springs
A. N. Alt	Columbian Title & Trust Co.	Topeka
F. M. Rogers	Rogers Abstract & Title Co.	Wellington
Mrs. F. M. Rogers		Wellington
E. L. Mason	Guarantee Abstract Co.	Wichita
Mrs. E. L. Mason		Wichita
Grant Stafford	Stafford Abstract Co.	Winfield
Mrs. Grant Stafford		Winfield

Kentucky.

Voris Coleman	Louisville Title Co.	Louisville
Charles A. Haeberle	Louisville Title Co.	Louisville
Mrs. Charles A. Haeberle		Louisville
Andrew M. Sea, Jr.	Louisville Title Co.	Louisville

Louisiana.

Solomon S. Goldman	Pan American Life Insurance Co.	New Orleans
Lionel Adams	Union Title Guarantee Co.	New Orleans

Maryland.

Charles H. Buck	Maryland Title Guaranty Co.	Baltimore
Mrs. Charles H. Buck		Baltimore

Michigan.

Ray Trucks	Lake County Abstract Co.	Baldwin
Mrs. Ray Trucks		Baldwin
E. H. Lindow	Union Title & Guaranty Co.	Detroit
Mrs. E. H. Lindow		Detroit
J. E. Sheridan	Union Title & Guaranty Co.	Detroit
Mrs. J. E. Sheridan		Detroit
Stewart Baxter	Union Trust Co.	Detroit
Mrs. Stewart Baxter		Detroit

Minnesota.

W. H. Pryor	Pryor Abstract Co.	Duluth
E. B. Southworth	Title Insurance Co. of Minnesota	Minneapolis
Mrs. E. B. Southworth		Minneapolis

Mississippi.

M. P. Bouslog	Mississippi Abstract Title & Guaranty Co.	Gulfport

Missouri.

H. F. Kirkpatrick	Scott County Abstract Co.	Benton
H. O. Rodgers	Scott County Abstract Co.	Benton
A. A. Zinn	Mortgage Bankers Asso. of America	Kansas City
Mrs. A. A. Zinn		Kansas City
James M. Rohan	Land Title Insurance Co.	St. Louis
Mrs. James M. Rohan		St. Louis
Ralph C. Becker	Mechin & Voyce Title Co.	St. Louis
McCune Gill	Title Insurance Corp. of St. Louis	St. Louis
Mrs. McCune Gill		St. Louis

Nebraska.

W. C. Weitzel	W. C. Weitzel Abstract Co.	Albion

New Jersey.

Jay C. Kline	South Jersey Title & Finance Co.	Atlantic City
W. E. Barto	West Jersey Title Co.	Camden
Mrs. W. E. Barto		Camden
Edward C. Wyckoff	Fidelity Union Title & Mtg. Guaranty Co.	Newark
Mrs. Edward C. Wyckoff		Newark

New Mexico.

A. I. Kelso	Southwestern Abstract & Title Co.	Las Cruces
Mrs. A. I. Kelso		Las Cruces
J. M. Avery	Avery-Bowman Co.	Santa Fe
Grace Bowman	Avery-Bowman Co.	Santa Fe

New York.

Fred P. Condit	Title Guarantee & Trust Co.	New York
Ralph M. Cooper		Albany
Mrs. Ralph M. Cooper		Albany
Harold W. Beery	Home Title Insurance Co.	Brooklyn
Odell R. Blair	Title & Mortgage Guarantee Co.	Buffalo
Mrs. Odell R. Blair		Buffalo
Elwood C. Smith	Hudson Counties Title & Mortgage Co.	Newburgh
Mrs. Elwood C. Smith		Newburgh
H. R. Chittick	Lawyers Title & Guaranty Co.	New York
William H. McNeal	New York Title & Mortgage Co.	New York
E. M. Weaver	New York Title & Mortgage Co.	New York

Ohio.

Laurence Ptak	Cuyahoga Abstract Title & Trust Co.	Cleveland
Paul D. Jones	Guarantee Title & Trust Co.	Cleveland
Mrs. J. L. Chapman	Land Title Abstract & Trust Co.	Cleveland
T. L. Hitz	Land Title Abstract & Trust Co.	Cleveland
Charles C. White	Land Title Abstract & Trust Co.	Cleveland
Chas. [illegible]ner	Title Guarantee & Trust Co.	Toledo
Leo S. Werner		Toledo
Mrs. Leo S. Werner		

Oklahoma.

W. G. Methvin	Cochran Abstract Co.	Chickasha
Mrs. W. G. Methvin		Chickasha
H. N. Mullican	Washita Valley Abstract Co.	Chickasha
E. O. Sloan	Duncan Abstract Co.	Duncan
Mrs. E. O. Sloan		Duncan
Walter Thompson	Bryan County Abstract Co.	Durant
Mrs. Walter Thompson		Durant
Jean Thompson		Durant
Clotilde B. Haynes	Haynes Abstract Co.	Marietta
Talbert Taylor	Photo Abstract Co.	Miami
Mrs. Talbert Taylor		Miami
Roy S. Johnson	Albright Title & Trust Co.	Newkirk
Mark Brewer		Oklahoma City
Mrs. Mark Brewer		Oklahoma City
Wendell Foster	American First Trust Co.	Oklahoma City
William Gill	American First Trust Co.	Oklahoma City
Vera Wignall	Guaranty Abstract Co.	Pauls Valley
Edyth A. Wilson	Pioneer Abstract Co.	Pauls Valley
Mrs. C. I. Jones	Sayre Abstract Title & Guaranty Co.	Sayre
G. R. Kirkpatrick	Guaranty Abstract Co.	Tulsa
J. F. Kirkpatrick	Guaranty Abstract Co.	Tulsa
Mrs. J. F. Kirkpatrick		Tulsa
Howard Searcy	Wagoner County Abstract Co.	Wagoner
Mrs. Howard Searcy		Wagoner

Oregon.

George H. Crowell	Linn County Abstract Co.	Albany
Mrs. George H. Crowell		Albany
James S. Johns	Hartman Abstract Co.	Pendleton
Mrs. James S. Johns		Pendleton
Walter M. Daly	Title & Trust Co.	Portland

Pennsylvania.

Harry C. Bare	Merion Title & Trust Co.	Ardmore
Henry R. Robins	Commonwealth Title Co.	Philadelphia
Mrs. Henry R. Robins		Philadelphia
William C. Byrnes	Integrity Trust Co.	Philadelphia
Mrs. William C. Byrnes		Philadelphia
S. H. McKee	Title Guaranty Co.	Pittsburgh
Hugh M. Patton	Union-Fidelity Title Insurance Co.	Pittsburgh
Mrs. Hugh M. Patton		Pittsburgh

South Dakota.

A. L. Bodley	Getty Abstract Co.	Sioux Falls
Mrs. A. L. Bodley		Sioux Falls

Texas.

H. A. Tillett		Abilene
A. B. Jones	Guaranty Abstract & Title Co.	Amarillo
Ruby O'Malley	Amarillo Abstract Co.	Amarillo
C. D. Sears	Amarillo Abstract Co.	Amarillo
Mrs. C. D. Sears		Amarillo
R. M. Means	Andrews Abstract Co.	Andrews
Lee McCaleb	Jones County Abstract Co.	Anson
J. M. Sosebee	Panhandle Abstract Co.	Anson
David C. Gracy	Gracy-Travis County Abstract Co.	Austin
W. A. Tarver	Board of Insurance Commissioners, State of Texas	Austin
R. B. Cousins	San Jocinta Life Insurance Co.	Beaumont
Mrs. J. E. Hale	S. W. Hughes & Co.	Brady
S. W. Hughes	S. W. Hughes & Co.	Brady
Mrs. S. W. Hughes		Brady
Carrie Newsom	S. W. Hughes & Co.	Brady
Ross Elliott	Stephens County Abstract Co.	Breckenridge
C. C. Henderson	Brownsville Title Co.	Brownsville
H. M. Skelton	Skelton Abstract Co.	Brownsville
H. M. Hughes	Brown County Abstract Co.	Brownwood
James L. White	Brown County Abstract Co.	Brownwood
John B. Henderson	Milam County Abstract Co.	Cameron
A. P. Johnson	Vandervoort Abstract Co.	Carrigo Springs
Jack R. Smith	Eastland Title Guaranty Co.	Cliburn
Betty McCulloch	Standard Abstract Co.	Coleman
W. S. Stoneham		Colorado
Henry Baldwin	Guaranty Title & Trust Co.	Corpus Christi
T. E. McMillan	Guaranty Title & Trust Co.	Corpus Christi
Leona Witherspoon	Guaranty Title & Trust Co.	Corpus Christi
H. S. Guy	Southwestern Title Guaranty Co.	Corpus Christi
W. A. Wakefield	Stewart Title Guaranty Co.	Corpus Christi
A. H. McCulloch	Dallas Title & Guaranty Co.	Dallas
R. F. Bowles	Fidelity Union Abstract & Title Guaranty Co.	Dallas
Lyle Saxon	New York Title & Mortgage Co.	Dallas
Mrs. Lyle Saxon		Dallas
George T. Burgess	Stewart Title Guaranty Co.	Dallas
Louis Turner	Stewart Title Guaranty Co.	Dallas
Louis J. Hexter	Union Title & Trust Co.	Dallas
Mark Cowsert	Mark Cowsert Abstract Co.	Dimmit
J. R. Norvell	Hidalgo & Starr Counties Abstract Co.	Edinburg
J. C. Hall	Stewart Title Guaranty Co.	Edinburg
A. Oliver	Jackson County Abstract Co.	Edna
Mrs. A. Oliver		Edna
N. H. Gillott	Pioneer Abstract & Guarantee Title Co.	El Paso
M. A. Vogel	Stewart Title Guaranty Co.	El Paso
C. R. Hart	Pecos County Abstract & Title Co.	Ft. Stockton
F. J. Ellyson	Stockton Realty & Abstract Co.	Ft. Stockton
Lewis D. Fox		Ft. Worth
A. C. Heath	Guaranty Abstract & Title Co.	Ft. Worth
Jack Rattikin	Home Abstract Co.	Ft. Worth
Mrs. Jack Rattihan		Ft. Worth
John C. Roberts	Stewart Title Guaranty Co.	Ft. Worth
Zeno Ross	Union Title & Trust Co.	Ft. Worth
Ben C. Love	Love Abstract Co.	Franklin
Maco Stewart	Stewart Title Guaranty Co.	Galveston
Maco Stewart, Jr.	Stewart Title Guaranty Co.	Galveston
J. N. Ellyson	Guarantee Abstract Co.	Georgetown
O. R. Kendall	Live Oak Title Co.	George West
S. H. Burchard	Burchard Abstract Co.	Gonzales
Ferd Lacy	Peoples Abstract Co.	Halletsville
J. E. Arnold		Henderson
Herman Eastland, Jr.	Eastland Title Guaranty Co.	Hillsboro
Emil Britsch	Medina County Abstract Co.	Hondo
H. E. Haass	Medina County Abstract Co.	Hondo
F. J. Breaker	American Title Guaranty Co.	Houston
Mrs. F. J. Breaker		Houston
J. F. Duncan	American Title Guaranty Co.	Houston
H. P. Stonum	Harris County Abstract Co.	Houston
W. C. Morris	Stewart Title Guaranty Co.	Houston
L. O. Weison	Stewart Title Guaranty Co.	Houston
A. S. Moody	Texas Abstract Co.	Houston
D. B. Mizell	Kaufman County Abstract Co.	Kaufman
Guthrie Allen	South Plains Abstract Co.	Lamesa
Will C. Hurst	Longview Title Co.	Longview
C. L. Adams	Guarantee Abstract & Title Co.	Lubbock
Sue Perry	Guaranty Abstract & Title Co.	Lubbock
Zelma White	Guaranty Abstract & Title Co.	Lubbock
George W. Brewer	Standard Abstract Co.	Lubbock
Herbert Stubbs	Standard Abstract Co.	Lubbock
Clyde Benedetto	Big Bend Title Co.	Marfa
J. P. Corregan	Palo Pinto County Abstract Co.	Mineral Wells
L. S. Barron	Bailey County Abstract Co.	Muleshoe
Mrs. Willie O'Neal	O'Neal Abstract Co.	Panhandle
A. A. Abernathy	Scott Title & Trust Co.	Paris
Mrs. Nell Pryor	Scott Title & Trust Co.	Paris
T. M. Scott	Scott Title & Trust Co.	Paris
W. W. Dean	Pecos Abstract Co.	Pecos
W. W. Dean, Jr.	Pecos Abstract Co.	Pecos
Rupert C. Allen	Allen Abstract Co.	Perryton
Mrs. Rupert C. Allen		Perryton
W. B. Martine	Hale County Abstract Co.	Plainview
H. F. Banker	Port Arthur Abstract Co.	Port Arthur
Mrs. H. F. Banker		Port Arthur
Marie Huber		Port Arthur
Mrs. L. R. Saunders		Port Arthur
Mrs. Charles L. Pickett	Charles L. Pickett Abstract Co.	Post
H. L. Fannin	San Angelo Abstract Co.	San Angelo

Mrs. Alpha Fread	San Angelo Abstract Co.	San Angelo
Abbie Belle Jones	San Angelo Abstract Co.	San Angelo
C. C. Crocker	Stewart Title Guaranty Co.	San Angelo
Ida Gerber	Stewart Title Guaranty Co.	San Angelo
Katherine McDermott	Stewart Title Guaranty Co.	San Angelo
W. A. Stroman	Stromon Abstract & Title Co.	San Angelo
C. W. R. Duvall	Alamo Abstract & Title Guaranty Co.	San Antonio
Dixon Gulley	Alamo Abstract & Title Guaranty Co.	San Antonio
R. P. Ingrum	Alamo Abstract & Title Guaranty Co.	San Antonio
R. C. Metting	Alamo Abstract & Title Guaranty Co.	San Antonio
Stella Mumme	Alamo Abstract & Title Guaranty Co.	San Antonio
Mary Louise Murray	Alamo Abstract & Title Guaranty Co.	San Antonio
Frank Simmang	Alamo Abstract & Title Guaranty Co.	San Antonio
C. G. Tierney	Alamo Abstract & Title Guaranty Co.	San Antonio
Ivy Wallace	Alamo Abstract & Title Guaranty Co.	San Antonio
Edward G. Wood	Alamo Abstract & Title Guaranty Co.	San Antonio
Frost Woodhull	Alamo Abstract & Title Guaranty Co.	San Antonio
A. D. Anderson	National Title & Trust Co.	San Antonio
C. E. Tolhurst	National Title & Trust Co.	San Antonio
A. G. Uhl	National Title & Trust Co.	San Antonio
Ned M. Wells	National Title & Trust Co.	San Antonio
Albert Buss	Security Title & Trust Co.	San Antonio
Gus B. Mauermann	Security Title & Trust Co.	San Antonio
John P. Pfeiffer	Security Title & Trust Co.	San Antonio
Grover Wells	Security Title & Trust Co.	San Antonio
Leone Anderson	Stewart Title Guaranty Co.	San Antonio
Luella Bisbey	Stewart Title Guaranty Co.	San Antonio
Rhoda Connevey	Stewart Title Guaranty Co.	San Antonio
Raymond Edwards	Stewart Title Guaranty Co.	San Antonio
Mrs. Raymond Edwards		San Antonio
Ethel Finck	Stewart Title Guaranty Co.	San Antonio
Fannye Friedrich	Stewart Title Guaranty Co.	San Antonio
Henry Grun	Stewart Title Guaranty Co.	San Antonio
Tillie Kircher	Stewart Title Guaranty Co.	San Antonio
Herman Knopp	Stewart Title Guaranty Co.	San Antonio
Mrs. Herman Knopp		San Antonio
Bess McDougall	Stewart Title Guaranty Co.	San Antonio
V. C. McNamee	Stewart Title Guaranty Co.	San Antonio
Mrs. V. C. McNamee		San Antonio
Ellen Moss	Stewart Title Guaranty Co.	San Antonio
Martin Pankratz	Stewart Title Guaranty Co.	San Antonio
Samuel Peterson	Stewart Title Guaranty Co.	San Antonio
Walter Schultze	Stewart Title Guaranty Co.	San Antonio
M. Riley Wyatt	Stewart Title Guaranty Co.	San Antonio
J. E. Wilson	Stewart Title Guaranty Co.	San Antonio
Mrs. J. E. Wilson		San Antonio
J. S. Conway	Texas Title Guaranty Co.	San Antonio
C. O. Haymie	Texas Title Guaranty Co.	San Antonio
R. O. Huff	Texas Title Guaranty Co.	San Antonio
Mrs. R. O. Huff		San Antonio
Mrs. H. E. Jopling	Texas Title Guaranty Co.	San Antonio
Rose Kirby	Texas Title Guaranty Co.	San Antonio
A. H. Lumpkin	Texas Title Guaranty Co.	San Antonio
Mrs. A. H. Lumpkin	Texas Title Guaranty Co.	San Antonio
R. G. McDaniel	Texas Title Guaranty Co.	San Antonio
A. J. Parker	Texas Title Guaranty Co.	San Antonio
Mrs. A. J. Parker	Texas Title Guaranty Co.	San Antonio
Roy B. Poage	Texas Title Guaranty Co.	San Antonio
Mrs. Roy B. Poage		San Antonio
James K. Stuart	Texas Title Guaranty Co.	San Antonio
Mrs. James K. Stuart		San Antonio
W. Boyd Smith	Texas Title Guaranty Co.	San Antonio
Mrs. W. Boyd Smith		San Antonio
Rose Schlesinger	Texas Title Guaranty Co.	San Antonio
David A. Turner	Texas Title Guaranty Co.	San Antonio
Andrew Dilworth	Union Title & Trust Co.	San Antonio
Mrs. Andrew Dilworth		San Antonio
P. G. Gonzales	Union Title & Trust Co.	San Antonio
Arthur C. Jones	Union Title & Trust Co.	San Antonio
Mrs. Arthur C. Jones		San Antonio
Forrest Reed, Jr.	Union Title & Trust Co.	San Antonio
Mrs. Forrest Reed, Jr.		San Antonio
Grady Evans	Evans Abstract Co.	Sherwood
John D. Cochran	Brown & Cochran	Sinton
Mrs. John D. Cochran		Sinton
M. C. Bailey	M. C. Bailey Realty & Abstract Co.	Sulphur Springs
Mrs. M. C. Bailey		Sulphur Springs
J. R. Watlington	Texarkana Title & Trust Co.	Texarkana
Grady Mahaffey	Mahaffey Abstract Co.	Uvalde
Mrs. Grady Mahaffey		Uvalde
Tom Dilworth	Dilworth Abstract Co.	Waco
E. P. Harding	Central Abstract Co.	Wichita Falls
L. W. Riesen	Fidelity Abstract & Title Co.	Wichita Falls
J. E. Wheat	Wheat & Thomas Abstract Co.	Woodville

Tennessee.

W. S. Beck	Title Guaranty & Trust Co.	Chattanooga
Mrs. W. S. Beck		Chattanooga
Guy P. Long	Union Planters Title Guaranty Co.	Memphis
F. A. Washington	Guaranty Title Trust Co.	Nashville
Joseph R. West	Guaranty Title Trust Co.	Nashville
J. M. Whitsitt	Guaranty Title Trust Co.	Nashville

Utah.

R. G. Kemp	Intermountain Title Guaranty Co.	Salt Lake City

Virginia.

H. Laurie Smith	Lawyers Title Insurance Corp.	Richmond

Washington.

J. W. Woodford	Lawyers & Realtors Title Insurance Co.	Seattle
L. S. Booth	Washington Title Insurance Co.	Seattle
F. C. Hackman	Washington Title Insurance Co.	Seattle
Elizabeth Osborne	Yakima Abstract & Title Co.	Yakima

Wisconsin.

W. S. Rawlinson	Forest Abstract Co.	Cramdon
Esther H. Turkelson	Kenosha County Abstract Co.	Kenosha
Frank A. Lenicheck	Citizens Abstract & Title Co.	Milwaukee
Harold A. Lenicheck	Citizens Abstract & Title Co.	Milwaukee
R. E. Wright	Milwaukee Title Guaranty & Abstract Co.	Milwaukee
Mrs. R. E. Wright		Milwaukee
O. I. Rove	Northwestern Mutual Life Ins. Co.	Milwaukee
H. M. Seaman	Security Abstract & Title Co.	Milwaukee
Grace E. Miller	Belle City Abstract Co.	Racine
Hazel K. Miller	Belle City Abstract Co.	Racine
Vina Norton	Racine County Abstract Co.	Raci

The American Title Association

Officers, 1929

General Organization

President

E. C. Wyckoff, Newark, N. J., Vice President, Fidelity Union Title & Mortgage Guaranty Company.

Vice President

Donzel Stoney, San Francisco, California, Vice President and Manager, Title Insurance and Guaranty Co.

Treasurer

J. M. Whitsitt, Nashville, Tenn., President, Guaranty Title Trust Company.

Executive Secretary

Richard B. Hall, Kansas City, Mo., 905 Midland Building.

Executive Committee

(The President, Vice President, Treasurer, Retiring President, and Chairmen of the Sections, ex-officio, and the following elected members compose the Executive Committee. The Vice President of the Association is the Chairman of the Committee.)

Term Ending 1929

Walter M. Daly, Portland, Ore., President, Title and Trust Company.

Henry B. Baldwin, Corpus Christi, Tex., President, Guaranty Title Company.

J. M. Dall, Chicago, Ill., Vice President, Chicago Title and Trust Company.

Term Ending 1930

Fred P. Condit, New York City, Vice President, Title Guarantee and Trust Co.

M. P. Bouslog, Gulfport, Miss., President, Mississippi Abstract, Title and Guaranty Co.

Paul Jones, Cleveland, Ohio, Vice-President, Guarantee Title and Trust Company.

Councillor to Chamber of Commerce of United States

Fred P. Condit, 176 Broadway, New York City.

Sections and Committees

Abstracters Section

Chairman, James S. Johns, Pendleton, Ore., Vice President, Hartman Abstract Co.

Vice-Chairman, W. B. Clarke, Miles City, Mont. President, Custer Abstract Co.

Secretary, E. P. Harding, Wichita Falls, Tex. Manager, Central Abstract Co.

Title Insurance Section

Chairman, Edwin H. Lindow, Detroit, Mich. Vice-President, Union Title and Guaranty Co.

Vice-Chairman, Harry C. Bare, Ardmore, Pa. Vice-President Merion Title & Trust Co.

Secretary, R. O. Huff, San Antonio, Tex. President, Texas Title Guaranty Co.

Title Examiners Section

Chairman, Stuart O'Melveny, Los Angeles, Calif. Executive Vice-President, Title Insurance & Trust Co.

Vice-Chairman, Elwood C. Smith, Newburgh, N. Y. President, Hudson Counties Title & Mortgage Co.

Secretary, R. Allen Stephens, Springfield, Ill., Brown, Hay & Stephens.

Program Committee, 1929 Convention

E. C. Wyckoff, (the President), Chairman, Newark, N. J.

Edwin H. Lindow, (Chairman, Title Insurance Section), Detroit, Mich.

James S. Johns, (Chairman, Abstracters Section), Pendleton, Ore.

Stuart O'Melveny, (Chairman, Title Examiners Section), Los Angeles, Calif.

Richard B. Hall, (the Executive Secretary), Kansas City, Mo.

Judiciary Committee

William X. Weed, White Plains, N. Y., Chairman Westchester Title & Trust Co.

Harry Paschal, Atlanta, Georgia Atlanta Title & Trust Co.

George Batchelor, Indianapolis, Indiana, State Life Insurance Co.

Olaf I. Rove, Milwaukee, Wisconsin, Northwestern Mutual Life Insurance Co.

R. K. MacConnell, Pittsburgh, Pa., Title Guaranty Co.

John F. Keough, Los Angeles, Calif., Title Guarantee & Trust Co.

J. W. Woodford, Seattle, Washington, Lawyers & Realtors Title Insurance Co.

Committee on Constitution and By-Laws

M. P. Bouslog, Gulfport, Mississippi, Chairman Mississippi Abstract & Title Guaranty Co.

N. W. Thompson, Los Angeles, California, Title Insurance & Trust Co.

Cornelius Doremus, Ridgewood, New Jersey, Fidelity Title & Mortgage Guaranty Co.

Committee on Cooperation

E. F. Dougherty, Omaha, Nebraska, Chairman, Federal Land Bank.

W. P. Waggoner, Los Angeles, California, California Title Insurance Co.

L. S. Booth, Seattle, Washington, Washington Title Insurance Co.

Chas. C. White, Cleveland, Ohio, Land Title Abstract & Trust Co.

W. H. McNeal, New York Title & Mortgage Co., 160 Broadway.

Kenneth E. Rice, Chicago, Illinois, Chicago Title & Trust Co.

Committee on Advertising

James E. Sheridan, Detroit, Mich., Chairman, Union Title & Guaranty Co.

Golding Fairfield, Denver, Colo., Title Guaranty Co.

Harvey Humphrey, Los Angeles, Calif., Security Title Insurance & Guarantee Co.

C. A. Vivian, Miami, Fla., Florida Title Co.

Paul P. Pullen, Chicago, Ill., Chicago Title & Trust Co.

Transportation Committee

James M. Rohan, Clayton, Mo., Chairman, Land Title Insurance Co.

James E. Sheridan, Detroit, Mich., Union Title & Guaranty Co.

Donald B. Graham, Denver, Colo., Title Guaranty Co.

Fred Hall, Cleveland, Ohio, Land Title Abstract & Trust Co.

Committee on Membership

Donald B. Graham, Denver, Colo., Chairman, Title Guaranty Co.

President and Secretary of each state association.

Legislative Committee

R. O. Huff, San Antonio, Texas, General Chairman.

District No. 1: (Wellington E. Barton, Camden, N. J., District Chairman).

New Jersey—Wellington E. Barto, Camden, West Jersey Title & Guaranty Co.

New York—H. R. Chittick, New York City, Lawyers Title & Trust Co., 160 Broadway.

Connecticut—Paul S. Chapman, Bridgeport, Kelsey Title Co.

Rhode Island—Edward L. Singsen, Providence, Title Guarantee Co. of Rhode Island.

Massachusetts—Theo. W. Ellis, Springfield, Ellis Title & Conveyancing Co.

District No. 2: (Pierce Mecutchen, Philadelphia, Pa., District Chairman).

Pennsylvania—Pierce Mecutchen, Philadelphia, Real Estate Title Insurance & Trust Co.

West Virginia—George E. Price, Charleston, George Washington Life Insurance Co.

Virginia—H. Laurie Smith, Richmond, Lawyers Title Insurance Co.

District No. 3: (Richard P. Marks, Jacksonville, Fla., District Chairman).

Florida—Richard P. Marks, Jacksonville, Title & Trust Co. of Florida.

North Carolina—D. W. Sorrel, Durham.

South Carolina—J. Waties Thomas, c/o Thomas & Lumpkin, Columbia.

Georgia—Hubert M. Rylee, Athens.

District No. 4: (Coit L. Blacker, Columbus, Ohio, District Chairman).

Tennessee—John C. Adams, Memphis, Bank of Commerce & Trust Co.

Kentucky—Chas. A. Haeberle, Louisville, Louisville Title Co.

Ohio—Coit L. Blacker, Columbus, Guarantee Title & Trust Co.

Indiana—W. O. Elliott, Terre Haute, Vigo Abstract Co.

District No. 5: (David P. Anderson, Birmingham, Ala., District Chairman).

Louisiana—W. E. Nesom, Shreveport, Caddo Abstract Co.

Alabama—David P. Anderson, Birmingham, Alabama Title & Trust Co.

Mississippi—F. M. Trussell, Jackson, Abstract Title & Guaranty Co.

District No. 6: (W. A. Mercer, Little Rock, Arkansas, District Chairman).

Arkansas—W. A. Mercer, Little Rock, Arkansas Abstract & Guaranty Co.

Missouri—C. B. Vardeman, Kansas City, Missouri Abstract & Title Insurance Co.

Illinois—Arthur C. Marriott, Wheaton Dupage Title Co.

District No. 7: (Ray Trucks, Baldwin, Mich., District Chairman).

North Dakota—John L. Bowers, Manden, Manden Abstract Co.

Minnesota—E. D. Boyce, Mankato, Blue Earth County Abstract Co.

Wisconsin—Julius E. Roehr, Milwaukee, Milwaukee Abstract & Title Guaranty Co.

Michigan—Ray Trucks, Baldwin, Lake County Abstract Co.

District No. 8: (Frank N. Stepanek, Cedar Rapids, Ia., District Chairman).

South Dakota—A. L. Bodley, Sioux Falls, Getty Abstract Co.

Iowa—Frank N. Stepanek, Cedar Rapids, Linn County Abstract Co.

Nebraska—Leo J. [illegible] Omaha, Midland Title Co., Peters Trust Bldg.

Wyoming—Kirk G. Hartung, Cheyenne, Laramie County Abstract Co.

District No. 9: (Ray McLain, Oklahoma City, Okla., District Chairman).

Kansas—Ernest McClure, Garnett, White Abstract & Investment Co.

Oklahoma—Ray McLain, Oklahoma City, American First Trust Co.

Colorado—Milton G. Gage, Sterling, Platte Valley Title & Mortgage Co.

New Mexico—J. M. Avery, Santa Fe, Avery-Bowman Co.

District No. 10:

Texas—Mildred A. Vogel, El Paso, Stewart Title Guaranty Co.

District No. 11: (C. J. Struble, Oakland, Calif., District Chairman).

California—C. J. Struble, Oakland, Oakland Title Insurance & Guaranty Co.

Utah—Robert G. Kemp, Salt Lake City, Intermountain Title Guaranty Co.

Nevada—A. A. Hinman, Las Vegas, Title & Trust Co.

Arizona—H. B. Wilkinson, Phoenix, Phoenix Title & Trust Co.

District No. 12: (A. W. Clarke, Driggs, Idaho, District Chairman).

Washington—Elizabeth Osborne, Yakima, Yakima Abstract & Title Co.

Oregon—P. M. Janney, Medford, Jackson County Abstract Co.

Montana—C. C. Johnson, Plentywood, Sheridan County Abstract Co.

Idaho—A. W. Clarke, Driggs, Teton Abstract Co.