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TITLE NEWS

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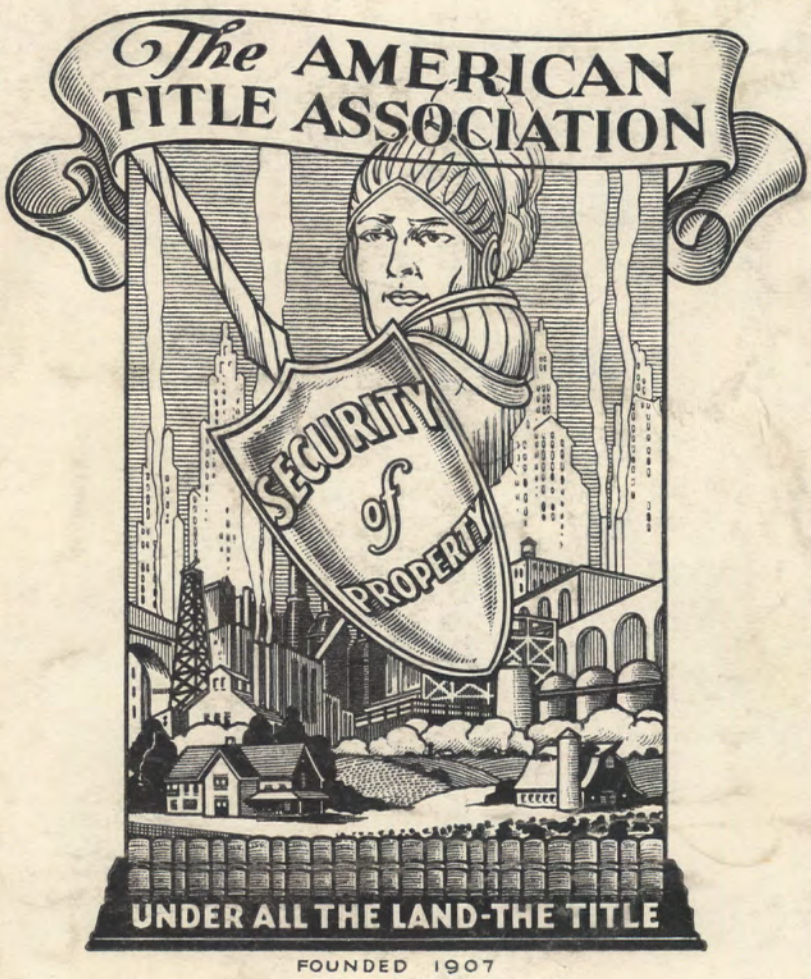

Proceedings 27th Annual Convention

Chicago, Illinois, July 11-14, 1932

TOGETHER WITH THE

CONSTITUTION OF ASSOCIATION

The American Title Association

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R. E. WRIGHT, *Vice-President, Title Guaranty Company of Wisconsin,* Milwaukee, Wisconsin.
KIRK G. HARTUNG, *Secretary, Laramie County Abstract Co.,* Cheyenne, Wyoming.

FROM THE PRESIDENT

The Directory of the American Title Association has been one of the best means yet devised of publicising our business. In 1933, distribution of this increased threefold over previous years. It is our plan and expectation to have even greater distribution of the new 1934 directory. It will become, we hope, a veritable blanket throughtout the entire United States, covering those who have need for our products. When asked by headquarters for information as to how you wish to be listed, please respond promptly.

During the winter months, we expect to do considerable work in Washington in connection with not only our Code of Fair Competition but also with reference to new business from and through agencies of the Federal Government, such as the Home Owners Loan Corporation, the Home Loan Bank, R. F. C., the Regional Agricultural Credit Corporation and numerous others.

Our new Constitution, adopted at the 1933 convention in Chicago, provides that the Board of Governors, upon determination that an emergency exists which makes such action desirable, may suspend the dues schedule established in the Constitution for any fiscal (calendar) year and may establish for such fiscal (calendar) year such dues as it may deem to be for the best interest of the Association and its members. The Constitution further provides that dues are due and payable on January 1st.

At the 1933 convention, your Board of Governors fixed for membership in the American Title Association for 1934, dues upon the following basis:

From members in counties having a population of:

25,000 or less, $3.00; 25,000 to 100,000, $6.00; 100,000 to 250,000, $12.50; 250,000 or over, $20.00.

Your Board of Governors instructed the Secretary to accept dues for 1934 only upon the basis indicated. These dues are payable to the American Title Association in January. Officers of all state and regional associations have been asked to forward to their members statements of dues for membership in the state and national association during December. Those who hold "direct" membership (membership where no state or regional association exists) will receive statements of dues from our headquarters during December.

Our activities at the present time are many; our staff is limited; our budget small. You will greatly assist both your national and state associations by forwarding promptly your check for dues on receipt of statement. You will not only assist the officers in thus relieving them of repeating their duties on matters of detail character but you will actually help in saving money.

The Board of Governors at its meeting during the 1933 convention fully considered the dearth of new business among our member companies. For this reason dues for 1934 were established as indicated above. Over and above that, careful check has been kept on all expenditures. Except on two items we are well within the figures set up in our budget for 1933. And on these two, the slight excesses were occasioned entirely by matters not dreamed of at the time the budget was created, viz: the Code, following the proclamation of the President of the United States. I can personally assure you that the Secretary and all others are spending funds of the Association with unusual frugality.

However, total receipts from dues for 1934 will not be sufficient to permit your national association to "carry on" the numerous activities in which it is attempting to engage. So, much as I regret it, it becomes necessary that we have recourse to the sustaining fund plan once again. You will find a coupon on this page. I plead with you that you do what you can so that our trade organization—which has faithfully served the title interests of America for almost a generation of time—shall continue to protect and to advance the interests of the title fraternity.

ARTHUR C. MARRIOTT,
President American Title Association.

(Tear out and mail)

Arthur C. Marriott, President, American Title Association,
1665 Union Guardian Bldg., Detroit, Michigan.

"We do our part." We hereby agree to pay to the maintenance of the American Title Association and support of its activities for the year 1934 $.....

Payable: $..... (Enclosed)

$..... on 1934

$..... on 1934

$..... on 1934

Company or Individual .....

By .....

Address .....

CODE OF ETHICS

First:—We believe that the foundation of success in business is embodied in the idea of service, and that Title Men should consider first, the needs of their customers, and second the remuneration to be considered.

Second:—Accuracy being absolutely essential in the examination of titles, Title Men should so arrange their records as to eliminate the possibility of mistakes.

Third:—Ever striving to elevate the title business to a plane of the highest standing in the business and professional world, the Title Man will always stand sponsor for his work and make good any loss, occasioned by his error, without invoking legal technicalities as a defense.

Fourth:—The examination of title being to a large extent a personal undertaking, Title Men should at all times remember that fact, and endeavor to obtain and hold a reputation for honesty, promptness and accuracy.

Fifth:—The principal part of business, coming from real estate dealers, lenders of money and lawyers, it is obvious that relations with these men should at all times be friendly. To further this friendship we declare ourselves willing to aid them in all ways possible in meeting and solving the problems that confront them.

Sixth:—We believe that every Title Man should have a lively and loyal interest in all that relates to the civic welfare of his community, and that he should join and support the local civic commercial bodies.

Proceedings of the Twenty-Seventh Annual Convention of the AMERICAN TITLE ASSOCIATION

July 11th, 12th, 13th and 14th, 1933

Chicago, Illinois

TUESDAY MORNING SESSION

July 11, 1933

The Twenty-Seventh Annual Convention of the American Title Association convened at ten o'clock in the Red Lacquer Room of the Palmer House, Chicago, Illinois, with the President, Stuart O'Melveny, Los Angeles, California, presiding.

Address of Welcome

J. M. DALL
Chicago, Illinois

Mr. Chairman and Friends: I suppose I could talk to you an hour about how glad we are to see you, but I never did like a long address of welcome and I don't think you do. So, I will say that it gives me very great pleasure on behalf of my Company and myself to extend you a hearty welcome. We are very happy to see you here. We trust your visit will be profitable and pleasant in every detail. We trust the officers of the Association will expedite the business of the sessions to give you ample opportunity to take in our wonderful Fair and take part in the entertainment which we will provide. (Applause.)

Report of President

STUART O'MELVENY
Los Angeles, California

Fellow Members of the American Title Association:

It hardly seems possible that the Del Monte Convention was only a year ago, for so much of tremendous portent has happened since then. Only a year ago many of us were together among the shady pines bordering the glistening waters of Monterey Bay, but the beauties of the landscape meant little or nothing to us. Our hearts were filled with anxiety and care. We could think of little else but a speedy return to our respective homes and business worries. The convention was hastened through and we departed. Since that time we have had a presidential election, bank holidays, moratoria of all kinds, a flood of most important and far-reaching legislation, and it seems we have lived a decade since we gazed out at the cool waters of the Pacific Ocean.

I was elected your president at Del Monte, and come now before you to render an account of my stewardship. It has not been administered very satisfactorily, at least to myself. I was fired with ambition when I started, but so great have been the calls, not only on me, but upon all of you, that not a great deal has been accomplished, at least not as much as I should have wished to accomplish. I think, however, that everything has been done that could have been done under the circumstances, a few of which we might review.

An important work undertaken at the Del Monte Convention was the preparation of a new constitution to be submitted to you at this convention. Mr. Henley is chairman of the committee which will present the draft to you for consideration. Some of the members of this association doing a national or regional title business have been in the habit of using our conventions as an occasion to gather together their representatives to discuss their common problems. Such members feel that they have questions for discussion of an entirely different nature than the rest of us who confine our activities at least to the boundaries of one state. The draft of the proposed constitution provides, among other things, for a new section to be known as the "National Title Underwriters Section," where these members may discuss their common problems. It is also proposed to change the number of the Executive Committee and rename that body the "Board of Governors." Other changes you may have noticed as drafts have been sent to you for your examination. The Executive Committee has approved this proposed change and brings it to you with the recommendation that you pass it.

The subject which took the most time in discussion at the Midwinter Meeting held in this hotel was the question of dues. Long and arduously did we debate to work out a solution between the Seattle schedule, which would support the association, but which seemed a high rate in these times, and a lower rate which we thought would be paid but which would leave us short of money. We finally decided on the lower rate and to urge a sustaining fund pledge. The Treasurer has or will report to you on the condition of the treasury. I have been surprised that we have had such a good response. It is apparent that you are fond of this association and think reasonably well of it, and that thought should warm the cockles of all our hearts. This association must amount to a good deal, and will amount to more since you support it under such adverse circumstances. Never once has any one that I have asked failed to respond whole-heartedly. If they could not give as much as was asked they at least did all they humanly could, and that is all anyone can ask. But though we didn't get all the money we needed we found a sense of loyalty and devotion which is better a thousand times than money.

The principal office of the association has been moved from Chicago to Detroit in the effort to save money. I expect if we had known what was ahead of us we would have moved it to Washington, D. C. The move to Detroit was, as I have said, in the interests of economy, and no doubt it will prove an economical move, and the ordinary duties of the secretary can be performed there just as well as in Chicago. But we must have closer contact with Washington, and some means must be found for us to obtain representation in the capitol. We are handicapped in our work by not having freer access to the governmental agencies that have been and are being established. If it is possible the traveling allowances of the Secretary must be increased for this purpose or we must find some other means of having a man in and out of Washington at regular intervals.

Title News has as you realize been almost totally discontinued in an effort to save money. Personally, I like the bulletins which Mr. Sheridan edits as well if not better, and I know I get more out of them. I am impressed that Mr. Sheridan does a good job with

the bulletins. They are to the point, not too long, and come frequently enough. It seems to me to be a better method of handling our problems than a printed magazine which costs so much more and is apt to contain matter no one desires in an effort to fill space. The longer technical discussions of our business which used to be in Title News may well be saved for conventions or printed separately.

Your officers have been busy during the past year with many others matters too numerous for me to take time here to repeat. Mr. Robins, Mr. Wyckoff, Mr. Whitsitt, Mr. McNeal and Mr. Sheridan, to say nothing of your ambassador extraordinary, Mr. Worrall Wilson, have been in Washington one time or another to contact the governmental officers or agencies which they hoped to interest in title insurance. A great deal of good has been accomplished in this direction, although the confused condition of governmental affairs has made the problem difficult to cope with in the extreme. Through my own methods I have also been somewhat closely in contact with the Home Loan Bank and the Home Owners Loan Corporation, and have the assurance of Mr. Stevenson of a favorable consideration of our evidence of title, both title insurance and abstracts.

Mr. Marriott, your Vice-President, and Mr. Sheridan have attended several of the conventions of the state associations. This is important and helpful work, as the fostering of a spirit of co-operation between the state associations and the American Associa tion is of utmost importance.

Of course our forms of evidences of title are not so important in times when the eastern life insurance companies and large lending institutions are not lending any money. Yet considerable work has been done on the owner's form of policy by Mr. McCune Gill, and you will no doubt hear from him later in the convention.

There can be no doubt in the minds of anyone that we are in for a "new deal," not only are the cards being shuffled by a new dealer, but the rules of the game have all been changed. Both the State Legislatures and the Federal Congress have enacted laws in the past few months which have added greatly to the problems confronting us. There has been some similarity in the laws passed by the states, and we must immediately not only study them but make our opinions and practices concerning them available to the members of our association. This can be done without great expense and will probably consume quite a bit of the time on your program. I urge Mr. Sheridan and the members of your committee to study and analyze these laws and make the conclusions with reference to them available to all at the earliest possible moment.

The situation with reference to the Federal government has been very confused. The Home Loan Bank was established under the Hoover administration, and just about the time your officers established a working contact the personnel of the Board of the Bank dropped out at the change of administration. Only just now are conditions reaching a stage of readjustment where something can be accomplished. The Home Owners Loan Corporation we hear is to be organized as a separate institution, but under the chaperonage of the Home Loan Bank. The personnel is still indefinite and its manner of functioning a matter of conjecture to most of us who have tried to keep informed and in touch with the situation. There are of course other agencies functioning or to be functioning shortly, the names and purposes of which you are as familiar with as I am. As I have stated, some of your officers and members have been in and out of Washington urging the adoption of rules and regulations favoring title insurance and abstracts of these Federal agencies. We have pushed ahead as energetically as seemed wise up to this point and as was practicable in view of the confusion of the organization of these agencies. The condition of our own treasury also played too prominent a part in our considerations. Now of all times it is important to all of us to have a representative in Washington. The government may soon be our most important customer. We all used to visit and confer with the life insurance representatives when they were in the field lending money. We sat in conference with them and devised forms of title evidence to suit their needs. We should be taking steps to do the same with the government now during this formative stage. We could be of immense help with suggestions, with forms, in closing deals. The government is going to be immensely interested in titles and we are the people to do the business for them. It will take some money, but you cannot expend money in a way that is more important to you. Just consider what a splendid thing it is for you that we have an American Title Association through which this expense, which is so vital to your business necessities, can be divided; and do not hesitate to do your part. If you do not you will certainly soon regret it.

The Federal Government may of course attempt in some manner to regulate our business through The Wagner Bill, commonly called the "National Recovery Act." Wages paid, hours of work, competitive prices charged are all within the scope of the act. The manner by which the government has set out to make regulations affecting businesses or trades is through the trade associations. How such a business as ours with its many divergent and conflicting circumstances can be regulated of course remains to be seen. But, at any rate, the state associations represent business or trades doing their work under more or less the same conditions, and it is possible that ultimately each of these will be the subject of rules promulgated in Washington. These problems are new and more important than any we have had yet to face. Again the importance of your association is stressed and the need of your support both financially and physically is emphasized in the greatest way.

During the past year our business has manifested some desire to obtain orders for title insurance or abstracts upon any basis. This desire has resulted in price cutting. I hope that at this time some calm consideration will be given to the dangers of such practices, and that each of you will work zealously in the years to come with your neighbors in order to build up a standard fair price and decent earnings. In some states, too, where the uniform abstracters certificate has been adopted, many of our members have for one reason or another failed to adopt such certificate for use. It seems to me that something is wrong here. If the certificate is not correct it should be changed within our own organization. If it is correct it ought to be used by all. Let us also throughout the coming year resolve to strive to decrease extravagances of government, both national, state and municipal, in order that the taxes on land may be reduced, for just so long as the present high taxes continue on real estate just that long will the real estate market be adversely affected by such a condition.

One of the older employees of the company with which I am associated came into my office the other day and said: "Congratulate me, I have been with the company twenty years today." I congratulated him, but added that in my case I considered that I was two thousand years old and had been with the company at least a thousand years, or at least it seemed so to me at the moment. I feel a little that way about the American Title Association. You are soon to elect a new president, and after a brief year on the Executive Committee, which will be mine as a matter of right under the Constitution, I will be without office among you. My mind goes back to my first convention in Denver, where I was without much acquaintance and rather lonely. I remember my debate with Mr. Dall on the subject of Marketability and the work in the preparation of the A. T. A. Mortgagee's Policy and many other matters in which I have had a part. Many pleasant recollections and thoughts too are mine. The substantial interest and support always given this association by its members shows a living and vital realization of the benefits that can be derived. As long as it exists we can accomplish anything we have a mind to do. Foremost among your members and the one most untiring in his service and wisest in his counsel

may I say is Mr. J. M. Dall, to whom it is a pleasure to pay this tribute. Since lonely Denver I have made many friendships to be cherished by me always.

A year ago as I said we had little or no heart for conventions. Now things look brighter. We have renewed hope for interest in real property. Surely it must eventually come, for there is no substitute for land. Many of our investments seem to be strengthening. There seems now to be a substantial hope where a year ago there was none. Although there seems to be more to do now than ever before, and the responsibilities seem greater, yet so also do the opportunities for accomplishment seem more bright, and it will be a pleasure in that sense to turn over the machinery of your organization intact to some one who may have a chance to do something with it.

In conclusion I wish to thank the members of the Executive Committee and the Executive Secretary and all other officers and committee members of our association for the unselfish work that they have performed during the past year in order that this convention might be held and that the work of the association should continue.

Report of Chairman of Executive Committee

ARTHUR C. MARRIOTT
Chicago, Illinois

On behalf of the Executive Committee, I wish to present to you for your consideration a few matters we have taken up in the past year. Realizing at our Midwinter Conference that something must be done in order to hold together our membership, with the thought that perhaps the present dues schedule was too high, that many of our members would not be able to pay that schedule, we, perhaps without any authority under our constitution, arbitrarily reduced the dues of 1933 to $2 with the hope that those who could pay more than $2 would contribute to the sustaining fund.

In the new constitution which we presented to you for adoption, a section has been inserted which gives to the Executive Committee the right to revise the schedule downward during the period of this emergency. This new constitution was drafted at the request of certain members of the Association and will be presented to you for your adoption with the recommendation from the Executive Committee that it pass.

Your Executive Committee has given considerable thought to the National Industrial Recovery Act and your President has been directed to appoint a committee to study that Act to determine whether or not we come under that Act, and if so, to make such recommendations as they see fit.

Report of Treasurer

J. M. WHITSITT
Nashville, Tennessee

Receipts and Disbursements—January 1, 1933 to June 30, 1933.

RECEIPTS

Individual Dues	$ 417.50
Sustaining Fund	5,371.50
State Dues	2,692.50
Title Examiner	116.00
Miscellaneous	90.14
Registration, Chicago Meeting	147.00
1933 Abstract Contest	55.00
	$ 8,889.64
Balance, January 1, 1933.	2,566.68
	$11,456.32

DISBURSEMENTS

Assistant Treasurer	$ 210.00
Executive Secretary	2,916.64
Office Rent	684.48
Stenographers	471.75
Postage	380.80
Stationery and Printing	158.68
Telegrams	132.37
Title News	127.88
Miscellaneous and Supplies	450.16
News Bulletin	265.49
Office Equipment	47.34
Traveling Expense	553.60
Checks Returned	15.00
Midwinter Convention—Chicago	142.30
	$ 6,556.49
Balance, June 30, 1933	4,899.83
July 3, 1933	$11,456.32

"I think, under the circumstances, that is a splendid report. Mr. Sheridan has tried to cut expenses to the quick and spend just as little money as possible.

"You people have honored for so long and elected me treasurer that I cannot even remember when I was elected. I appreciate it very much and it has been a pleasure for me to serve you. I just want to call your attention to the fact that I am no longer in the title business. About eighteen months ago I went out of the title business and went into the mortgage business, and for that reason I am going to ask you at this convention to elect a new treasurer."

Report of Executive Secretary

J. E. SHERIDAN
Detroit, Michigan

To the Members of the American Title Association:

For the past year, or since our last Convention, we have issued bulletins to the members on the basis of an average of two each month. We have also issued numerous bulletins to officers of state associations and to members of the sections.

We have certified to the Treasurer for payment all bills, and have cleared to the Treasurer all remittances received. We have no unpaid bills due at this time except for the month of June. We have not a single past due bill. We have operated within our budget.

In the past year we have attended the state conventions of the New York, Ohio, Wisconsin, Michigan, Indiana, Oklahoma, Florida and Iowa Title Associations. We have also attended the conventions of the American Life Insurance Council and the Mortgage Bankers Association of America.

Distribution of the annual directory for 1933 amounted to over 350 per cent over the distribution of the previous year. Over and above those sent out by our office, we have sold extra copies to 127 member companies and three state associations. Oklahoma and Michigan each took 1,000 copies and the Illinois Association 500. About 7,000 extra copies were distributed this year. In passing, we might mention that through the sale of extra copies we received back 70 per cent of the cost of printing.

As of May 1st, 1933, we moved the headquarters of the Association to Detroit, Michigan. This move has resulted in a considerable financial saving—savings in rent, salaries, printing and numerous other items.

Again we plead for bulletin material. These bulletins have been criticized (and properly so) by title people high in your confidence. Not as an alibi for their imperfections, their weaknesses, but as a plain statement of fact, we say that unless we receive material for the bulletins, we fall short of copy. "As ye give, so shall ye receive."

So much has happened in the last twelve months that it is difficult for one to analyze all these developments and reach a conclusion as to what will happen next. It is difficult for one to determine what he should do next.

Particularly in the last four or five months, we have seen evidences of the unsettled condition of the minds of men, with each succeeding day being one more day of emergency—banks tottering and falling on all sides, wholesale liquidation of industry, bankruptcies, foreclosures, not by the dozens but by the hundreds—the national budget out of balance, the finan-

cial condition of scores of municipal governments deplorable, suicidal price cutting, slashing of wages, vast increases in unemployment.

Day by day, we have seen the heroic efforts of those charged with the administration of the affairs of the country, both in Government and in private industry, in an effort to stem the tide, to give men work. Perhaps it would have been better to have permitted the two thousand year old law of supply and demand operate from the beginning of the panic; perhaps it would have been better to have let those fall who were unable to survive. That's an academic question now.

In an effort to bring about a return of prosperity we have witnessed a situation where government and industry have become more and more interlocked, where government is going more and more into fields heretofore reserved for private industry, a situation where the fabric of industry and government become more and more interwoven. We have witnessed a situation where a Democracy which fought a revolution one hundred and fifty years ago to free itself from the control of an autocrat has now given to one man dictatorial powers never before conceived in this country. Please understand I do not challenge the propriety of these moves. Emergencies demand strong measures. But we do find, as a result, that government and industry are interlocked by chains of a size and strength no man can measure.

We in the title business have watched certain of these developments closely. Through various agencies we have sought to be of service to these newly created agencies of government by assisting them whenever and wherever we could in setting up their machinery, and in attempting to protect their funds by the delivery of our products.

We have seen in the past year the creation of the Reconstruction Finance Corporation, the Home Loan Bank, the Regional Agricultural Corporation, the Home Owners Loan Corporation, the Farm Aid Program, and numerous other agencies, all having to do in part at least with matters in which we in the title business have had an acute interest; all of these, and others, having to do with land, with mortgages on land, or chattels upon crops and/or improvements. All of this is business of a type in which, in normal times, we did expect to play a part by furnishing to the lender of monies our abstracts, our certificates and our policies of title insurance.

Speaking specifically to the point of new business, we must admit disappointment over the results of our efforts to secure new business from and through the R. F. C. But, as good Americans, we all recognized the need of the hour. We realized that the banks were in distress and that if aid were to be given to them it had to be given forthwith: we realized that the demand for funds to avert runs was so pressing, so immediate, that many would have been forced to close their doors if delivery of those funds were withheld until examinations of titles to real property could have been made.

In the case of the Home Loan Bank we were aware that this was set up as a permanent proposition. We contended that it was but ordinary business prudence that before monies of the corporation be advanced upon mortgage paper that there should have been and that there should be an examination of the titles to the properties behind the mortgage paper so pledged. In other words, that there should be an extension of abstract or title guaranty policy to substantially the date of assignment of mortgage.

Numerous representatives of the American Title Association made trips to Washington to advance our interests. Mr. Henry Robins, Mr. Edward Wyckoff, Mr. J. M. Whitsitt, Mr. William H. McNeal, Mr. Arthur Marriott, Mr. Worrall Wilson, Mr. Kenneth Rice, your Secretary and others—all these contacted important personages in Washington, presenting to them rosters of our Association, presenting our offers to be of assistance in setting up machinery for handling of assignments of mortgage paper and new mortgage paper, and of course presenting to them the desirability of their using evidences of title such as are prepared by members of our Association.

We now have for consideration, in addition to the Home Loan bank, the procedure we shall follow in connection with activities of the Regional Agricultural Credit Corporation, the Home Owners Corporation and numerous other governmental agencies. At the present time, the United States Government is the biggest banker in the world. It operates 52 financial institutions. Of these, 40 are owned entirely by the Government. In 12 more, the Government has now a two-thirds interest. Thirty-seven of these are intended to be permanent. Twenty-five of the permanent ones and 14 of the temporary ones are agricultural.

The capital stock held by the United States Government in these banks has a par value of $1,380,000,000. The government's entire investment is nearly $2,000,000,000. In addition, the Government has detailed supervision over 51 mortgage banks operating under federal charter. The government also supervises 4,600 local agricultural loan associations with federal charters. All of this takes no account of the relations of the Government to the twelve Federal Reserve banks, nor of the authority recently given the R. F. C. to buy preferred stock in national and state commercial banks.

And as still another development that will require our earnest consideration, we have the National Industrial Recovery Act, NIRA. Copies of certain portions of this Act have been placed in your registration envelopes.

All these things are taking place at a time when it appears that inflation is upon us. To what extent this inflation will go remains to be seen. Can it be controlled? We all hope it can and therefore I suppose we may assume it can be controlled, but none of us knows. The fear of thinking men is that just as the drunken man always wants only one more drink, so it may be with inflation. But most of the thinking men seem to feel that the pressure to further inflate can be resisted and the guess is that it will be somewhere in the neighborhood of forty to fifty per cent. In other words, it will be an attempt to bring us back to our 1926 levels.

All these things are taking place at a time when we in the title business are facing things of this character:

1. Dearth of business brought about by the quiet condition of the real estate market and the mortgage market.

2. Price competition almost suicidal in many places. The reports which have come to the office of your headquarters about price cutting would startle you. And of course there must necessarily follow in the wake of price cutting sooner or later those other two spectres, discharging of employees and cutting af wages.

3. Operating expenses altogether too high because of the type of recordings we must set up in our plants. I refer to judgments, foreclosures, tax forfeitures, etc.

4. Practically a total cessation of advertising and publicising regarding the title business. This made necessary as a forced economy measure.

So Government has stepped into the picture, and what a step! Its paramount objective is to put men at work. To accomplish this the Federal Government is prepared to go to almost any lengths, and it has the authority now to support this ambition.

W. M. Kiplinger, of Washington, D. C. issues what he calls the Kiplinger Washington Letter. He is also an Associate Editor of "Nation's Business." Mr. Kiplinger's weekly letter is an analysis of developments in Washington and in the nation. His letter is intended for the business men of America, and is well worth its cost. Speaking about the Industrial Recovery Act Mr. Kiplinger had this to say:

> "Legislation takes this form: Government authority to DICTATE to all private trades and industry what to do about maximum hours, minimum wages, sales practices, cutthroat competition, allocation of production among competitive units, regulation of territorial competition, sales below cost, etc.
>
> "Individual unit competition is a thing of the past. In the future the thing is not you, nor your company, but your industry in its relation to public welfare. If your trade association is good enough, it will be-

come a government instrumentality. But most trade associations aren't good enough.

". . . . In the future . . . . the individual enterprise will be restricted, controlled, curbed, compelled to march as a private soldier in the whole-industry regiment with the government as commander of the regiment. This probably means YOU. . . .

"Make your own trade or industry plans in your own way. Take the initiative; don't want for government initiative.

"Trade agreements are to be voluntary. Emphasis is on voluntary. But if industry fails to agree on a code in the public interest, then the government can and will step in and dictate or 'prescribe' a code. There are real teeth in the law; don't think otherwise."

A few weeks ago, Mr. Worrall Wilson, acting in his capacity as a Director of the Chamber of Commerce of the United States, heard an address delivered by Mr. Charles F. Abbott, Executive Director of the American Institute of Steel Construction, Inc. He was so impressed by it that he arranged to have a copy of it sent to our headquarters. From Mr. Aobott's address, I quote:

> "President Roosevelt is writing a new decalogue for the trade association. When this program is carried through, we may confidently expect to see in this country an entirely new concept of the duties of management and of the rights of industry to cooperate for the purpose of putting an end to cutthroat competition.
>
> ". . . . If business men are unwilling to participate honestly in constructive programs for the advancement of their industry, then they alone must assume full responsibility if the government steps in and exerts a control over our business affairs. That is a possibility any sane man should strive to prevent.
>
> ". . . . The challenge to industry today is whether we are going to meet the issue and solve it effectively, or whether we are going to invite the Government to do it for us."

It is not my belief that we need or can use a "Czar" in our industry a la Judge Landis in Baseball. That wouldn't solve our problems. The essence of the new industry set-up is in hard work and co-operative action. That means that we must meet our own problems within our industry and fight them out. Among them, as an illustration, selling below cost might be voluntarily eliminated by ourselves.

It is without my province to tell you what we shall do about these things. Wiser men than I am have pondered these problems and have failed to evolve a workable, practical plan which meets the approval of all their associates. But, for what they are worth, I leave with you these suggestions:

1. That there be discussions on standardization of practices and of products, and of prices for our products, and that each of us sit in on these discussions with a "give and take" attitude. By reference to standardization of prices I do not mean foolish price raising by agreement, raising without thought of the interests of the public; but a study of our costs of production and the establishment of a price schedule that will show a profit on each job. Illustrative of this I need only refer to the matter of showing foreclosures. Some of us charge by the page, others by the calendar entry. Or our varying policies as to our practices and charges where a title guaranty policy is written following a deed given in lieu of foreclosure. Let us iron out within our own doors our difficulties on these and other controversial points.

2. Standardization of product.

3. A greater spirit of co-operation toward others in our industry and toward the industry itself. Perhaps the word "co-operation" is not altogether descriptive of what I have in mind; probably substitution of the words "interest and co-operation" might be better. In other words, it is my personal judgment that we might make representations to the proper authorities in Washington that we in the title business are just as anxious to stay in business as are the railroads, the banks, the building and loans and other classes of industry and citizenship which have been aided by the Government. Perhaps we could point out that we too have invested capital in our plants, have payrolls to meet, have taxes to pay, have reserves to create, have dividends to earn.

And your attention might well be directed here to the sad lack of publicising our business receives. We need publicity, need a press agent. The average officer of the R. F. C., unless perchance he has had previous contacts with title companies, knows little of our business or of the need for our products. Hence the difficulties of persuading him on the wisdom of having proper evidences of title are apparent.

At least one old officer of the Home Loan Bank had a totally incorrect conception of our business. The member of the average legislature knows little and cares less about the title business. The average insurance department of state distinguishes little between the activities of a title company and, say, a life insurance company. He is disposed to exact from one adherence to the same regulations as from the other.

It is imperative that we furnish to those in authority in the American Title Association data they can use when they go to Washington in our behalf. And I believe the Association should have facts and figures to support their arguments. That is to say, let's give them a two-edged sword—one the need of protecting the monies of these agencies (which is the taxpayer's money) through the delivery of proper evidences of title, furnished by our member companies; and secondly let's give them data that they can use in presenting to the proper authorities that it is unwise to save one industry and at the same time aid in the wrecking of another.

Most trade associations are founded in roots of defense; nearly all were formed for the purpose of protecting the group against something. Are we in the title business now at a point where we have come to the crossroads where we might consider shelving the thought of defense and instead think of our group as a power for promoting conditions advantageous to us rather than a force for preventing disadvantageous conditions?

We are charged in America with being gross individualists, of having little concern for others engaged in the same line of business. The trade association is perhaps our best evidence that there is recognition of the fact that there is interdependency between business as between individuals. The last three years have taught us much of our dependence upon others. We have come to learn that any one business prospers only in the degree that all business prospers.

One authority says that trade associations will be used as Governmental instrumentalities. This same authority says that about one-third of existing associations are considered "good, one-third semi-good, subject to reorganization, and one-third are considered total losses. That perhaps one-half of them must be overhauled." I would hesitate slightly about classifying our association, but of one thing we may be certain, there is always room for improvement.

Our Association, developed along proper lines, with maximum of co-operation on the part of the membership, under constructive leadership, and sufficiently financed, could be made into a force of strength in shaping the industry to the service of the public, in aiding in the restoration of prosperity. It, along with other industry, could mobilize the strength of industry, in connection with legislation, state and federal, where today they all stand divided and impotent.

Mr. Gerald Swope, President of the General Electric Company, New York City, in an address delivered a short time ago, had this to say:

> "I have said before, and I repeat, that if industry does not see its opportunity and embrace it, it will be done from without. The alternative therefore is not shall it be done, but by whom shall it be done; shall it be done by the government with its necessarily more rigid procedure, and therefore less efficiently, or shall it be done by industry itself, which knows its problems intimately, taking the initiative and leadership, with the co-operation of government to see that the public interest is protected."

On the breadth of view we in the title business show depends largely the answer to the question of what will happen to our business, depends the answer to the point raised by Mr. Swope, not "Shall it be done," but rather "By whom shall it be done."

Let us accept the challenge by doing it ourselves—for ourselves.

PRESIDENT O'MELVENY: Yesterday at the Executive Committee meeting Maco Stewart presented for our consideration a matter which we thought should be called to your attention at this time. Mr. Stewart is unable to remain throughout the convention and we thought rather than refer the matter to the Resolutions Committee we would like to have Mr. Stewart present the matter for your consideration at this time. It is a pleasure to call on Mr. Stewart.

MACO STEWART (Galveston, Texas): I came to the convention because I had a message I wanted to get before you, thinking that what you did might help this country, help yourselves, and help me.

We must do something to get this business from somewhere. There is little mortgage business and there is little selling of property.

What is there that can be done in this country that is going to help the title business immediately and directly? Just one thing—and that is to start a mortgage business going. It may look like a far cry from what I start out with to the direct proposition I have to present.

We must do something to put people to work in this country. What are we going to do about it? I am not talking about the authorities at Washington in the way of legislation. I want to know what *we* can do.

I went to Washington to see Mr. Moley, of the "brain trust." I laid before him these facts and he agreed with me. I said, "Moley, let's write a law that will permit the government somehow, some way, to help rebuild America." I told him that in the trip I had made in the twenty-two states inhabited by two-thirds of the population of this country, I found not only thousands but millions of houses that were not fit for human occupation. Children raised in those houses do not have a chance. Those places spread disease and bad morals, but the pulling down of those houses and replacing them would give work to mechanics in the cities, open up brickkilns and sawmills, start lines of transportation moving, and employees in those industries would have money with which to buy from farmers. The farmers would, in turn, have money, and the factories would start going and we would have prosperity.

Remember that more telephone communications pass over the wires in the United States than in all the rest of the world together. There are more telegrams sent in the United States than in all the rest of the world. More automobiles are ridden in today, more freight is being moved over lines of the United States than all the balance of the world. In other words, the 120 million people who live here have more trade between themselves than the two billion who live outside. Therefore, our business is to trade with ourselves.

If we get any outside trade, all right, but I say this, if we can only get going some practical scheme that will pull down these worthless shacks and shanties and replace them with livable houses, we will give employment to the millions in this country who need it.

I talked to Mr. Moley about putting this measure into the Home Loan Bank Bill which was then being amended. He said that he did not know whether it would be better to put it in that or the Public Works Bill, and because of that there is now in the Public Works Bill the provision for low cost housing. Low cost housing goes into countries and villages and gets away from the slum proposition.

For these reasons I believe if we can get this thing going it will help the title business. There is no use for me to pull down a worthless shanty I own if the people who are run out of that shack get into some other worthless shack across the street or on the corner. Therefore, it must be in communities that have a sanitary code that will protect these new houses from those shanties.

I offer this resolution:

WHEREAS, it is imperative to give employment generally; and

WHEREAS, there are several million insanitary houses now occupied by tenants;

WHEREAS, the building of sanitary places of residence to take the place of such insanitary houses would give employment, not only to the mechanics and artisans, but would reopen the sawmills, brickkilns, and bring into activity the transportation lines of the country, and the employment thus afforded would enable the workers to purchase farm commodities, and thereby the farmer be enabled in turn to purchase the output of our factories, thus creating universal employment; and

WHEREAS, under the terms of the National Industrial Recovery Act the Administrator of Public Works, under the direction of the President, is directed to prepare a comprehensive program to include the construction and reconstruction under public regulation and control of low cost housing; and

WHEREAS, the compliance with the terms of such act will afford work to millions now out of work and will improve the health, morals and living conditions of millions of our citizens;

NOW THEREFORE BE IT RESOLVED by the American Title Association at its 1933 Annual Convention, that we recommend the Administrator of Public Works, as early as possible arrange to make loans at a low rate of interest, to be used in replacing insanitary with sanitary residences in communities protected by Sanitary Codes prohibiting landlords from renting out and tenants from occupying insanitary residences; by an insanitary residence being meant one not provided with screens, bath, toilet, running water and electric lights (where obtainable); such loans to be repayable out of one-half of rents and to mature in ten years.

Seconded and carried unanimously.

The Biennial Headache

McCUNE GILL
St. Louis, Missouri

Being a Summary of what went on at the Legislatures, as reported by the State members of the Legislative Committee, to McCune Gill, Chairman of the Committee.

Our Biennial Headache (meaning the sessions of the State Legislatures) has come and gone. As usual, the title men were busily engaged in fighting their own battles as well as those of the real estate men and mortgage holders. They helped pass tax reduction measures, and helped kill (or attempt to kill) moratorium bills. (Or helped pass them if the title companies were also mortgage guaranty companies.) The title men were interested in stopping bills regulating practice of law, and, in a few instances, Torrens Acts. Abstracters' Board Bills were generally reserved to be urged at a later date.

The thanks of the American Association is due the various State members of the Legislative Committee for reporting their activities, a summary of which follows:

Alabama—Mr. J. W. Goodloe, Mobile—No regular session. The extra sessions were mainly for tax relief. One act, however, settles the insane spouse question very neatly by allowing the other spouse to convey as though single.

Arizona—Mr. L. J. Taylor, Phoenix—Somebody in this State had the bright idea that a surety bond (instead of securities) might be put up with the State to secure title policies. This was promptly and properly killed. But mortgage moratorium and no-deficiency bills passed. However, a clause in the State Bar Bill unfavorable to title companies was sidetracked.

Arkansas—Mr. M. D. Kinkead, Hot Springs—A moratorium act was passed giving judges discretionary power to delay foreclosures until a "fair price" can be obtained (which may be quite a while). An anti-deficiency judgment act was passed and held unconstitutional.

California—Mr. N. W. Thompson, Los Angeles—Here is a State which is

really legislative, no less than 3,966 bills having been introduced this year. Twenty-two of them had to do with capital stock and other qualifications of Title Insurance Companies. Four bills set up codes defining practice of law. Several established foreclosure moratoriums. Sixty-seven sought to amend the foreclosure process. Three of them would have abolished foreclosure by power of sale and would have compelled foreclosure by suit. One prohibited deficiency judgments where a deed of trust is foreclosed. The Title Association opposed almost all of these bills, including the suit foreclosure acts.

Connecticut — Mr. William Webb, Bridgeport—No bills affecting titles. There was some agitation about "practice of the law," but nothing came of it.

Delaware—Mr. J. L. Pyle, Wilmington—No bills affecting real estate.

District of Columbia—Mr. George H. O'Connor, Washington—A "Practice of the Law" Bill (with teeth) was introduced. It would have prohibited Title Companies from issuing Certificates of title and drawing deeds. It was to be a "model bill" for other States to copy. But the Washington boys did good work in stopping it in Committee. However, it seems that the American Bar Association still has the idea of including Title Companies in future Practice of Law Bills.

Florida—Mr. R. H. DeMott, Winter Haven—The Florida Association introduced several excellent bills to clarify the law of real property; but the Legislature was so busy attending fish frys and listening to the attractive proponents of the beauty parlor bill that no attention whatever was given to unimportant matters like United States Judgment and Chattel Mortgage Acts, and an act validating deeds to mortgagees in lieu of Foreclosure. But this attitude also resulted in killing a Practice-of-Law Bill, for which we should give thanks.

Georgia—Mr. Harry M. Paschal, Atlanta—All mortgage moratorium and redemption bills failed to pass. Congratulations!

Idaho—Mr. J. H. Wickersham, Boise—Moratorium and anti-deficiency bills passed. The State Association considered introducing an Abstracters' Bill, but felt that it would merely be smothered in the well-known 1933 avalanche, and wisely desisted.

Illinois—Mr. Kenneth E. Rice, Chicago—Old Man Torrens almost got loose by way of a bill to allow adoption of the Torrens law in rural counties, but Sir Robert was promptly caught and safely tied. One curious bill was to allow recording up to 5 P. M., instead of 4 P. M., as at present. (They're stylish in Illinois.) A power-of-sale mortgage bill was introduced but did not pass. Louis XIV, King of France, also got into the picture by the passage of an Act allowing the village of Prairie de Roche to sell the Commons it has owned ever since the aforesaid Louis granted them to the village in the early seventeen hundreds.

Indiana—Mr. Charles P. Wattles, South Bend—Unlike most other States, Indiana really passed some bills. One provides that Title Insurance Companies can be incorporated with a capital of $100,000. The necessity for recording assignments of mortgages has been removed. They had a curious law requiring that some one should read aloud all court records in open Court; (imagine how this would sound); the law, of course, was never observed, and has now been repealed.

Iowa—Mr. Almor Stern, Logan—The Legislature was so busy reducing expenses they forgot all about real estate.

Kansas—Mr. Fred T. Wilkin, Independence—The April number of "The Kansas Abstracter" (Association Magazine) contains a very complete digest of the new laws. A State Housing Law passed, as well as Moratorium and Upset Price Acts. Building and Loan Associations can accept their own stock for real estate. (Chance for a little profit here.) Numerous tax reduction and economy bills passed. The Abstracters' Bill (which they cleverly say would make a "profession out of a procession") was not introduced this year.

Kentucky—Mr. Watson B. McFerran, Louisville—No bad bills passed; the Legislature did not meet.

Louisiana—Mr. Lionel Adams, New Orleans—Also, no headache this year. Their Legislature meets in even numbered years.

Maryland—Mr. Charles H. Buck, Baltimore—This State should be given the prize for the best "believe it or not" legislative experience. A bill was introduced making it a misdemeanor for a Title Company to give a discount or commission! In all the years of Title Association efforts to eliminate commissions why hadn't somebody thought of that before—just make it a crime! But now comes the wonderful part. The bill was vigorously *opposed* by the Title Companies, and after it had passed both Houses, they got the Governor to veto it! It seems that the whole thing was part of a "practice of the law" movement and had to be fought, and was successfully fought, by the Title Companies.

Massacrusetts—Mr. Rufus B. Dunbar, Worcester—The economy disease was rampant in Massachusetts; they even abolished the publication of the notice to creditors in the administration of decedents' estates. (Where was the newspaper lobby all this time?) As in some other States the solons had no time to think about titles.

Michigan — Mr. John A. Brooks, Lansing—This State went Democratic for the first time in forty years. So all the bills the Democrats had been thinking of, during that period, were introduced. The riot which ensued resulted in nothing of importance being passed, either good or bad; a very fair record, we should say, for any Legislature.

Minnesota—Mr. Henry C. Soucheray, St. Paul—Moratoriums were passed and promptly held unconstitutional by the lower court, but constitutional by the Supreme Court. The abstracters in this State want an Abstracters' Bill, but each one (characteristically) wants a different kind of bill. No hits, no runs, no errors.

Mississippi—Mr. M. P. Bouslog, Gulfport—An "even numbered" State. No grief this year.

Missouri—Mr. C. B. Vardeman, Kansas City—In a burst of misguided enthusiasm one of the title men introduced all of the American Title Association proposed uniform laws that were not already in force. These bills, some ten in number, were carefully explained to the Committees. The Committee members wanted to know what was the "bug under the chip" for the title companies. When we told them we were merely trying to pass these bills for the public good, they smiled incredulously, and recommended that the bills "do not pass." A proposed uniformity bill for United States Judgments met a similar fate. The only other exciting legislative experience was the killing of all mortgage moratorium bills, which slaughter the abstracters helped to make a complete success. This was not supposed to be a propitious year to try another Abstracters' Bill; and that this idea was correct is shown by the fact that even the lawyers failed to get their Integrated Bar Bill through.

Montana—Mr. C. E. Hubbard, Great Falls—Nothing dangerous; and the Abstracters' Bill is still on the books, although vigorously attacked.

Nebraska—Mr. W. C. Weitzel, Albion—County officials in larger counties are now prohibited from making abstracts. (Hurray!) Moratorium bill being attacked in Supreme Court. Foreign insurance companies must have resident agent. Tax penalties reduced.

Nevada—Mr. O. W. Yates, Las Vegas—Moratorium bills passed but anti-deficiency bills were defeated. Acknowledgment curative acts passed and also a United States Judgment Conformity Act. A very good record considering that one House is Democratic, and the other Republican; each House naturally being opposed to anything the other does.

New Jersey—Mr. Wellington E. Barto, Camden—New Jersey's experiences were typical. Moratoriums, practicing law, mechanics' liens. One interesting bill would have prevented a salaried notary from accepting notarial fees; this was because one of the New Jersey notaries won a suit against his

company for the difference between his salary and the statutory fees he would have received if he had charged the legal rate. A bill was also introduced validating wills from foreign States (which always worry title men). Other constructive bills include various curative acts and also bills to permit conveyances by insolvent banks, and sales and leases by municipalities (whether insolvent or not).

New York—Mr. Sanford A. Baker—Albany—Once upon a time the mortgage guaranty departments of title companies were their big dividend payers, and rather looked down on the title departments. But now, how times have changed! Witness the number of bills introduced in New York to save these same mortgage departments, and preserve their "health, comfort and safety," in the present emergency. As to general property acts, one is noted which prescribes which officers may take acknowledgments in Switzerland. This will be a great relief to title men who have been too liberal in passing Swiss deeds. Another curious act provides that on the death of a trustee the title vests in the Circuit Cour (or as they call it the "Supreme" Court). Several mechanics' lien acts were also introduced.

North Dakota—Mr. A. J. Arnot, Bismarck—Somebody had the nerve to introduce a bill cutting abstracters fees in half, but the local orators succeeded in convincing the Committee that the crown of thorns should not be thus pressed down on the brow of labor and the bill went to the Committee graveyard. A moratorium on foreclosures was passed but was held unconstitutional by the Supreme Court as to existing mortgages. Foreclosure under power of sale was abolished and all foreclosures must now be in court (and presumably, the abstract must be continued to get a list of the proper defendants). Tax reducing laws were also passed.

Oklahoma—One curious bill would have forbidden a Trust Company from issuing title policies in an aggregate amount exceeding ten times its capital or five times as to any one customer. This bit of dynamite was drowned in committee. The Practice of Law Bill prohibiting the drawing of deeds passed one house but was killed in the other. A moratorium act got through, but the abstracters amended it to allow a receiver to be appointed. Our Oklahoma friends are to be complimented on their fine work.

Oregon—Mr. G. F. Peek, Portland—Moratoria (notice the classic ending) were defeated. They don't need them; the judges do that little thing themselves. Foreclosures in this State are by suit, which, the reporter says, "is exceedingly advantageous to the title business."

Pennsylvania—Mr. C. Barton Brewster, Philadelphia—It seems that heretofore the Grand Old Party in Pennsylvania has not paid much attention to the wishes of title companies. But this year the deal has been from the top of the deck—possibly through fright, but nevertheless resulting in killing many unfavorable bills, including a homestead act. Title examiners in States having no homestead laws can hardly understand how thrilling a business title insurance is in homestead States.

South Carolina—Mr. J. Waties Thomas, Columbia—All is quiet on the Saluda (except a few moratorium bills).

South Dakota—Mr. R. G. Williams, Watertown—A bill was introduced to repeal the Abstracters' Law, but the embattled title makers promptly had it steered to its proper pigeonhole. They are pushing a bill to force County officials to turn in all fees obtained from abstracting. (Not a bad idea.) A bill requiring taxes to be paid before foreclosure was defeated, as was also a bill to make personal taxes a lien on real estate. (Don't these legislators think of the queerest things!) One bill gives a mortgagor, about to be foreclosed by exercise of power of sale, the right to throw the foreclosure into court; this should mean a continuation of somebody's abstract.

Tennessee—Mr. W. S. Beck, Chattanooga—No acts passed affecting titles.

Texas—Mr. David C. Gracy, Austin—Moratorium and no-deficiency acts were passed (with enthusiasm). A Practice of Law bill was also passed—with an emergency clause! It prohibits companies from giving an opinion on the validity of a title, but allows the issuance of certificates of title or policies of title insurance and the drawing of conveyances by Notaries. (Nice work.)

Utah—Mr. R. G. Kemp, Salt Lake City—The Legislature spent most of its time trying to find something more to tax. One ingenious bill allows beer to be brewed but not sold. Thus the legislative mind was kept off of titles.

Virginia—Mr. Raymond H. Lee, Richmond—There is no Legislature in Virginia this year (except, of course, a little special Volstead session).

Washington—Mr. F. L. Taylor, Spokane—Under a bill just passed, a conditional sale contract for fixtures must be recorded as a mortgage and must contain a legal description of the real estate; (a good chance to sell the equipment boys some title reports). One act imposes a tax on all "occupations," but excludes title men; probably on the theory that they are not occupied at present. Another cheerful bill provided that every county should keep up a tract index; but the wrecking crew made short work of that.

Wisconsin—Mr. R. E. Wright, Milwaukee—Moratoriums galore, as to foreclosures, land contracts, taxes, and (lo, the poor landlord) a moratorium act providing that you don't have to pay rent on certain long time leases. An act was passed providing for upset prices in foreclosures. Building and Loan Associations can take in stock to apply on a purchase of real estate owned by the Association. Naturally in such a turmoil everybody wholly forgot about titles.

All of which goes to show that you can never tell what will happen, as the Jewish gentleman said when he discovered that the jig-saw puzzle he was working was a picture of Hitler. But at any rate, legislatively speaking, we can now throw away our bromo seltzer, the Biennial Headaches are over.

"The New Deal"

WORRALL WILSON

President, Washington Title Insurance Company, Seattle, Wash.

Director, Chamber of Commerce of the United States

I assure you that it is indeed a great pleasure to be with you again. It has not been my privilege to attend some of your more recent meetings. As it is I find myself perhaps the only attendant from the great Northwest, but in coming to you I bring to you a word of most sincere greeting from your former presidents, Jim Johns, Walter Daly, Jim Woodford, Lawrence Booth, and my associate, Charlton Hall, whom you all know.

At the recent annual meeting of the United States Chamber of Commerce, held in Washington about a month ago, there were on that program a score or more of representatives of great business interests of the country, and to give it an official tone, and official messages, there were present as speakers the President of the United States himself and three members of his Cabinet.

I am not going to recount to you all that they said; it is not within the limits of this paper, but may I mention to you that I was particularly impressed by the speech of Secretary Wallace, because Secretary Wallace, in the midst of that great meeting, spoke to us for over an hour, an intimate discussion on subjects of vital interest. At the conclusion of his address he said to the representatives of the press, "I now owe it to you to deliver to you the address which is probably already in type in your newspapers and therefore, I will read that address," and he proceeded with four or five pages of his written address, but the most important part of his talk was that in which he spoke impromptu.

I first thought I might have the privilege of chatting to you informally in regard to these things that seem most important to me, but realizing that it might be necessary to put into the bulletin some of these things I have to say, I have written out the main portion of my message to you.

March 4, 1933, is a momentous date in American history. Between that date and the adjournment of the recent memorable session of Congress, there were passed about seventeen major pieces of legislation, several of which are almost revolutionary in character, and are so far reaching in their extent and ramifications that no single paper could possibly do them justice. They will each furnish the subject matter for a great school of literature, and were the mass of articles, addresses, and pamphlets that have already appeared with regard to certain ones of them to be collected, it would require the wing of a fair-sized library to house them.

Let us, therefore, before we seek to enter the new maze and begin to study what ones of these new legislative enactments must vitally affect the title world, take a look in review and recall just what has happened to the old title world that we used to know prior to the Autumn of 1929.

There were two main sources of business, that of the realtors, and that of the mortgage men. Let us not waste time in an analysis of what has become of the real estate market—from the subdivisions on through to the home building contractors, the builders of apartment houses and hotels, of theaters, of business blocks, and office buildings, of power plants and factories, or in the rural field of the farms and orchards. They are all off on a long vacation. How long? Who knows? A speculation on this point does not come within the confines of this paper.

But the business of the mortgage men, I subject to something of an analysis because it is in the field of refinancing old mortgages or making of new ones in the smaller brackets that the title business is to see its first revival, due in large part to the oxygen which the government, through different ones of its new organizations, is endeavoring to pump into the field of distressed mortgages, or distressed land ownership. May I break down the generic term "mortgage men" into these groups:

1. The life insurance companies, great and small, nation-wide investors in mortgages to the extent of many billions of dollars.

2. The Savings and Loan and Building and Loan Associations of the country, approximately eleven thousand of them, with their billions almost entirely invested in mortgage loans.

3. The great mutual savings banks with sixty per cent or more of their assets invested in mortgages.

4. The savings departments of commercial banks, both state and national.

5. The field of guaranteed mortgages, a great field heretofore widely favored for investment by the most conservative class of investors.

6. Unguaranteed mortgage bonds and participating certificates in mortgages sold in general, with very sad results to a very wide but very inexperienced field of high yield investors who will know better next time.

7. Federal Farm Loan Banks and allied institutions; and finally,

8. The comparatively small field of private investors in small mortgages.

Brevity of time permits only of these general comments: With the insurance companies, the unprecedented demand for policy loans has cut heavily into funds which otherwise might have sought investment in real estate mortgages. Also, the freezing of mortgages and the inability of borrowers to pay not only full principal when due, but also installments of principal, and in many cases inability also to pay even interest and taxes, ties up huge sums which might otherwise enter a revolving fund which would be available to make hundreds of millions in new mortgages.

This latter reason runs on down through the operations of all the other enumerated classes of mortgage men, to which must be added in the cases of savings and building and loans, mutual savings banks, and savings departments of other banks, curtailment of lending operations due to withdrawal of shares or of deposits, and in the case of bond sellers, either guaranteed or unguaranteed, of loss in very large measure of their market so that practically no new funds are available for loans.

Just at present you can lead what remains of the investing public to the water, but you cannot make them drink, at least at the mortgage fountain.

Gloom! Gloom! Absent treatment at the order counter—freedom from wear and tear at the receiving tellers' cage! From what sources then are new hope, new business and new revenue to arise? In so far as there are new factors that may well be conducive to new hope and to new activity, I will endeavor to tell you about them in this paper. And, do not for one moment doubt that these factors exist. I am a confirmed optimist. We may well be intrigued and exhilarated as we close the sad old book of the recent past, rich in experience, poor in depreciated dollars, and enter as pioneers upon a new economic order not brought about by bloodshed or confiscation of property, but by the best thought of a group of high-minded and daring men who are willing to try out a lot of carefully considered experiments so that by well ordered evolution we may anticipate and prevent the types of political and economic revolution that have engulfed so large a part of the world. We, as title men, are to be permitted to play our part, and an important one, in weaving the plot of the new novel. If in addition to technical skill we also have constructive genius, let us experience the thrill that comes from constructive accomplishment by bringing it into play.

There are two types of new legislation that are going to bring us new business, one of them direct and the other indirect. But the two are not always distinct, as the direct and indirect types often overlap. There are also the temporary remedial organizations that are intended only as primers to get the real pumps started, and there are, too, the permanent organizations which at present are not helping the business of title men very much, but which when they become well established and in good working order promise to furnish a definitely fertile field for title business.

Purposely omitting a discussion of the Reconstruction Finance Corporation, a tremendously active and far reaching but temporary expedient, which has proven a grievous disappointment to title men, because, through haste to serve those in distress, it has omitted those precautions in making loans secured by mortgage loans which prudent investors would ordinarily demand, I pass to the consideration of a new and permanent factor in the mortgage field—The Home Loan Bank System.

Ladies and gentlemen, if I seem to dwell over long on this Home Loan Banking situation, forgive me, it is a hobby of mine. I am one, perhaps, of the few title men who is a director of one of the Home Loan Regional Banks, that in Portland, Oregon, embracing in its territory the six states in the Northwest and Alaska. It has been my privilege, by accident at first, to watch from its inception the growth of this movement, to know personally every one of the leading factors in it, including the members of the old board and the members of the new board. I have been fortunate enough to persuade, not only my regional board, but the control board at Washington, to admit as a member the Washington Title Insurance Company, which I head, so I have the privilege of being a member of the bank board and also of the system through our company.

Although brought into being as one of the closing acts of the Hoover administration it could not, by its nature, come into life until the "new deal" was ushered in, and for this reason: The Home Loan Bank System is really a second Federal Reserve System created for lending on the security of the paper of its exclusive type of members, the long time credit institutions, such as savings banks, savings and loan associations, and insurance companies, all of which are organized under state laws.

The Federal Reserve System, created by Federal enactment, applied primarily to national banks, and effective at once, it both authorized and directed all national banks to become members and to subscribe for its stock, so that it came into operation at once with the important nucleus of all the national banks of the country, and with state banks joining as members after the

laws of each state had been so amended as to permit the state banks to join and to subscribe for stock.

But the Home Loan Bank Law was likewise a Federal law, which could not, however, become operative in thirty-eight states until legislatures met and passed laws authorizing their eligible institutions to become members, subscribe for stock, and borrow from the Home Loan Banks. It was not, therefore, until February and March of this year that membership in most instances became possible, and since that time the growth of the system has progressed with a steadiness of increase that may well inspire faith in the soundness and before long of the very large measure of usefulness of the institution.

With an authorized capital of $135,000,000, all originally subscribed by the government and now available, but to be gradually replaced by member subscriptions, nearly ten per cent of this amount has already been replaced by member subscriptions. The weekly report of June twenty-sixth shows that nearly $57,000,000 of loans have already been made and 1,504 members have already been approved. The institution is less than eleven months old and it must be remembered that its first Board of Five Directors was temporary only, having been appointed by President Hoover and never confirmed; that these were all retired on March fourth, when three new members only were appointed at that time and that it was not until within the last thirty days that the Central Board was finally completed.

The lending power of the Home Loan Bank System is very great, for after the original $135,000,000 is loaned out the banks can proceed to issue and sell bonds on the basis of $190 in mortgages as security for each $100 in bonds. Thus each fresh supply of money received as proceeds of bond sales will in turn be loaned again, and the new loans secured by mortgage collateral will again become the basis of additional bond issues again secured on a basis of 190 to 100.

As at present operated, the Home Loan Banks, from the title man's viewpoint, offer the same objection as do the Reconstruction Finance Company's loan operations. In some localities they do not require title evidence behind the loans taken as collateral to be brought down to date, and our benefit from their operation is indirect, coming only from the greater lending power to individuals made possible by the new money which members secure from the Home Loan Banks. I believe that proper education supplied to the directors and management of the Regional Banks will in time bring about a different rule. At present the entire effort is to loan out as much money as possible as soon as possible and with as little trouble and red tape as possible, and therefore refinements of title protection are temporarily overlooked.

I have before me as I write a letter from my associate, Charlton L. Hall, General Manager of the Washington Title Insurance Company, setting forth the dangers incurred by a Home Loan Bank in accepting as collateral to its loans mortgages the title to which has not been brought down to date. Similar letters revised to conform to differing conditions in various states might, I believe, with good effect be sent by title men to the 132 Regional Bank directors, as well as to the members of the Central Board and their counsel. Results of this missionary work may not be immediately effective, but it will at least sink in and form the foundation for a change in practice that I believe is bound to come after losses have come in the wake of the present sins of omission.

To show the tremendous scope of possible helpfulness of the Home Loan Bank system, I wish to read into the record at this point a quotation of figures from the address made by the Hon. William F. Stevenson, Chairman of the Home Loan Bank Board, before the Seventh District Conference held in Chicago on April twenty-ninth:

"There are in the United States nonfarm homes to the number of 10,503,386. Of these, 9,939,731 are worth $20,000 or less, and are eligible to get loans, through their building and loan associations, from Home Loan Banks. It is for sustaining the ownership of these homes and enabling the coming generation of citizens to acquire them that the Home Loan Banks were provided. There are 8,693,639 homes of a value of $10,000 or less. Now, with an average of five in a family, the homes worth $20,000 or less make a population of 49,695,655 people, all potential beneficiaries of the Home Loan organization.

"The mortgages on these homes, eligible for Home Loan Bank loans, are $11,956,500,000, of which Mutual Savings Banks hold $4,393,000,000; Building and Loan Associations, $6,484,000,000; making a total held by potential members $9,877,000,000, to which I add $2,079,000,000 held by insurance companies, which are also eligible to membership.

"The total urban home mortgages are worth $21,450,500,000, making in round numbers $10,000,000,000 of home mortgages held by lenders not eligible for membership, and the insurance companies have for the present practically withdrawn from the field, leaving the building and loan associations and mutual savings banks the only source of money for long amortized loans, which are absolutely necessary to preserve and promote home ownership. The necessity for increase in funds for such loans is greatly increased by the withdrawal of the lenders from this field, because of their necessity to collect their loans to make themselves more liquid, and the pressure has been so great and the distress so acute, that the Government is endeavoring to provide an emergency relief for those who cannot obtain relief from the Home Loan Banks."

Now gentlemen, please remember that this Home Loan Bank system is something new under the sun which is capable of greatly enlarging the activities of its eligible membership, all of whom rank as our most highly prized clients.

This Act seeks to accomplish two very important things. First: It takes the Home Loan Bank system completely out of the direct lending field by repealing Section 4 D; and, secondly, it creates as a temporary expedient for three years only, and for distressed loans and distressed situations only, and those already in existence, a medium to keep the distressed home owner in possession of his home by the use of the $200,000,000 cash capital, and the two billion dollars in bonds therein provided for.

In the public mind and in the columns of the press the function of the Home Loan Bank and the Home Owners Loan Corporation are hopelessly confused. If you do not believe that, gentlemen, try the luxury of being a director of a regional Home Loan Bank, the only director in your city, and having the Federal Reserve Bank, post office, the local bankers and the newspapers send to you people who want their loans refinanced.

But in the minds of title men who in countless instances will be called upon to explain and to clarify the whole thing, it should be clear as a bell. Remember that the Home Loan Bank is the permanent thing—the bank which loans to its members only and that on the security of loans already made by these members; while the Home Owners Loan Corporation is not a bank but a temporary government lending agency confining its activities to distressed situations and under conditions and limitations as set forth in the act which you must study most carefully.

There is this confusing factor, very confusing to the ordinary mind, that the Central Home Loan Bank Board, and that alone (and not the Regional Boards), acts in a dual capacity; with its right hand it rules the twelve regional Home Loan Banks, and with its left, it sets up and regulates the direct lending agency known as the Home Owners Loan Corporation with state managers in all forty-eight states, and probably county managers and country boards in almost every county of any size in the country. These two systems are absolutely different and will, whenever possible, be established in different cities.

You can well imagine that the member of the Home Loan Bank Board in Washington sleeps on no bed of roses in view of his dual duties and the difficulties of his duties are infinitely increased by the political pressure often

brought to appoint to important posts in the new direct lending system men who are excellent as Democrats but not nearly so good as managers of mortgage refunding offices.

But it is to the various offices and officers of this new Home Owners Loan Corporation, as well as to its parallel organization in the field of farm loans, that we title men must look in the next three years for a very large part of our business. It is not ours to reason why or ours to make reply; we are facing not theories but laws that are now in existence and we must jump in and help the new officials to relieve distress and make the new law work.

It has taken years and sometimes even decades to build up the existing hosts of private mortgage loan agencies, but now we are confronted with the necessity of building up tremendous new emergency organizations out of the whole cloth, often with untried and inexperienced management. The new officials will need our own experienced help and I believe will welcome it. Let us not criticize them but help them, for they will require our service and our facilities in conducting their business.

Thus far I have spoken of loans on urban homes. Now let us see how the "new deal" affects the farm loan situation, particularly under the provisions of the Emergency Farm Mortgage Act of 1933. Prior to the passage of this Act we had: First, the Federal Land Bank system created by the Federal Farm Loan Act of 1916; the Joint Stock Land Banks created under the same Act; and the Federal Intermediate Credit Banks, created in 1923. All of these were under the supervision of the Federal Farm Loan Board.

But note what has now happened to the picture since the Congress has passed not only the Farm Mortgage Act of 1933, but also the Act empowering the President to consolidate bureaus and departments.

Under the last Act the President has abolished the Central Federal Farm Loan Board, leaving only the Farm Loan Commissioner as a department head in the Farm Relief Administration, and orders have gone forth consolidating the farm relief agencies mentioned, all to be administered through the Regional Federal Land Banks, the Federal Intermediate Credit Banks, and the Farm Loan Commissioner.

The Emergency Farm Mortgage Act of 1933 provides, for the issuance of a new series of Federal Land Bank bonds on which payment of interest is unconditionally guaranteed by the United States, such bonds to be used for the purchase of existing first farm mortgages which it is probable will all be refunded. But no such bonds shall be issued after two years from the effective date of the Act, May 12, 1933.

The Act provides for the refinancing of the mortgages purchased on the basis of four and a half per cent interest, with a five year moratorium on principal payments, and the usual long term of payment of Land Bank mortgages.

Here I might digress on this subject of moratoria as given official recognition in both the Home Owners Loan Corporation and the new Farm Loan Act. I understand that a gentleman well qualified to speak on that subject will go into it later on in the meeting. It is a tremendously important thing, this government endorsement of the moratorium. I had the privilege, or rather the duty, of representing certain life insurance companies before our legislature in Washington, endeavoring to defeat the moratorium program in our legislature which was enacted into a law but which was fortunately vetoed by the governor.

Provisions are made for like moratorium and reduction of interest rate in existing Land Bank mortgages or new loans made through the National Farm Loan Associations within two years of the effective date of the Act.

It is provided that the Reconstruction Finance Corporation shall make available to the Farm Loan Commissioner $200,000,000 which the Commissioner is authorized to use in loaning to farmers on first or second mortgages upon his farm property, real or personal, such loans to be amortized in a term not exceeding ten years. These loans are to be made for the purpose only (1) refinancing any indebtedness secured or unsecured (2) providing capital for farm operations, and (3) to redeem or repurchase property foreclosed between July 1, 1931, and the date of enactment of the Act, or after its enactment.

Agents of the Farm Loan Commissioner have been named for each Land Bank district and loans are being made through the facilities of the Land Bank organizations.

Thus far if I have dealt only with home mortgages and farm mortgages, remember that I have done so only because the government has similarly limited its activities, undoubtedly because of the special appeal to legislators of the man on the farm and the man in the home. Legislators do not seem to hold a brief for the larger property owners.

Now, gentlemen, for a few random comments before I close. I would like to mention, in passing, the fact that the Federal Securities Act, called Truth in Securities Act, is going to be immensely effective in keeping worthless securities off the market and conserving money to the extent that the exploitation of the public is prevented, both as to foreign securities of various types and worthless securities having their origin within this country.

This form of regulation will doubtless tend to conserve vast sums of money for investment in other types of securities—what will these securities be? In addition it must be noted that under the provisions of the Glass-Steagall Bill banks are to be divorced from their security affiliates and great group of investors, both large and small, who have hitherto looked to the securities affiliate of the bank where they did business to furnish them with their investments, will now be released to seek their investments elsewhere—where will they go and in what will they invest?

Another angle of the situation brought into bold relief by the new banking legislation is this: That after January 1st, 1934, deposits of Federal Reserve Member Banks are to be guaranteed under the provisions of the new law. Whether or not we favor the guaranteeing of bank deposits, this provision is with us and, as a bank whose deposits are not guaranteed will be at a distinct disadvantage in competition with its guaranteed deposit competitor, there will in all probability be a marked movement, on the part of banks which are not now members, to come within the Federal Reserve membership. Membership in the Federal Reserve System has heretofore meant a high degree of liquidity, and mortgage loans, no matter how carefully made and how sound they may be, are long-time paper and not regarded as liquid: Therefore I judge that there will be distinctly fewer mortgage loans made by banks in the future than in the past and money accumulating in the banks in the better days ahead of us will be seeking some other form of investment, perhaps not of so great interest to title men—What will the new form of investment be?

I think we will find an increased difference as between the institutions which make mortgage loans and those that do not. The institutions which make mortgage loans should properly be affiliated with the Home Loan Bank system, the second Federal Reserve system for the discount of long term paper. The Home Loan Banks will make ten year loans repayable in ten installments, one each year, whereas the Federal Reserve system requires the short term liquid paper.

I call your attention to the feature —although I will not go into it in detail at this time—of the new Home Owners Loan Corporation's provision for Federal Savings and Loan Associations, which will be under federal supervision and which will automatically become members of the Home Loan Bank system.

The first duty of Home Owners Loan Corporation is to establish in each state direct lending agencies. After that the sample charters and provisions and by-laws of the Federal Savings and Loan Associations will be set up and doubtless there will be great numbers of such organizations formed as time goes on and very likely many of the existing savings and loan associations will wish to transfer over and become members of the Federal system.

I think more and more we are going to look to the savings and loans, the building and loans, the mutual savings banks, and, of course, the insurance companies to make our mortgage loans, and less and less will they be made by the banks belonging to the Federal Reserve system.

Very briefly may I touch on a very great law, the NIRA, as it is called, the National Industrial Recovery Act, and may I read to you the comment which President Roosevelt made when he signed this Act: "History will probably record the National Industrial Recovery Act as the most important and far-reaching legislation ever enacted by the American Congress."

There has been printed in the folder you find in your registration envelope that portion of this National Industrial Recovery Act which relates to the great power and authority given to trade associations in formulating their own codes of procedure.

But that is only one part of the act. There are three other major subdivisions of this greatest law ever passed. The first of them relates to what may be called the embargo clause of the Act, and it is most important. As related to this may I say that one of the subjects which has interested me intensely, both in my service on the National Chamber and because it is important to us economically in the Northwest, as it is in so many parts of the country, has been the competition with American industry of that great influx of cheap goods, manufactured under depreciated currency conditions of countries that went off the gold standard following the departure of Great Britain from the gold standard a year and a half ago.

Perhaps few people realize the extent to which our own industry has suffered in this respect, but let me tell you that in the last year fifty-two per cent of all the imports of the United States came from countries where the currency was depreciated from five to sixty per cent and the advantages they had through manufacturing with depreciated money overleaped all tariff barriers, flooded our country with their products, closed factories and threw tens of thousands of men out of work. It is the trade associations' part to raise the price of products, the compensation of labor, and the price of goods in general.

It is strange, therefore, that in the first draft of this Act they entirely overlooked the fact that in spite of even our low prices these goods from foreign countries were pouring in, and that if they raised the level of our prices they would only be inviting still greater quantities of these cheap goods to come in and displace our own manufactured products if they left the back door open, and in the original draft they did leave the back door open. Before the Act was passed they added this embargo clause which, strangely enough, with a Democratic Congress, President, and party wedded to the lowering of tariffs we see it made possible to establish by the authority of the President the highest tariffs ever made in this country, even to the extent of complete embargo or of putting on a quota basis the products that come from other countries.

This supplements the first part of the Act and enables this country to an extent never before possible to become self-contained. I was told by Mr. Underwood, the capable Washington representative of the Seattle Chamber of Commerce, and a man who with his organization led the fight to secure this embargo amendment, that the plan is now to work every factory in America to the fullest extent that is needed to supply the demands of our domestic market and after that, if there remains a demand which cannot be supplied from our own mills and factories, then foreign-manufactured goods will be admitted sufficient to fill the void.

I mention this; it is technical, but vitally important, because to the extent this new provision works it is going to be immensely important in getting our people back to work and in supplying the payrolls that, after all, make for prosperity, which naturally includes renewed activity in real estate.

The third section of this Act is that tremendous provision of $3,300,000,000, an appropriation for great public works. You can imagine the influence that is going to have on employment and production in this country. In our own state, in the far Northwest, under this Act we will get nearly one hundred million of this public money to be expended in public works this year and the next. In a great state like Illinois I have no idea how much will be given, but it will doubtless be a great deal more.

The fourth part is also highly important and affects us through new forms of taxation. Since the country does not own bottomless gold mines somehow we must repay all this money which is being appropriated for all these munificent operations, and so the act provides for a system of new taxes, many of which will affect you, by which it is proposed to raise the sums which are thus to be appropriated.

Gentlemen, you have been very patient in listening to me for this long time. I hope that I have said something that may have been interesting to you and if I have wandered too far from the subject assigned to me, please forgive me as it is a big subject. (Prolonged applause.)

PRESIDENT O'MELVENY: I am sure we are all very deeply grateful to Mr. Wilson for what he has told us, and, Mr. Wilson, may I express the thanks of the Association to you for this most interesting and delightful paper.

"New Deal" Discussion

PRESIDENT O'MELVENY: We have asked Mr. Wilson to chat with us informally about the "new deal" and what it means to the title business. When he has finished, perhaps there are some questions you want to ask, and I am sure he will answer them for you.

WORRALL WILSON (Washington Title Insurance Company, Seattle, Washington): I will mention two or three topics and I hope that will start you off. You will ask me questions, most of which I shall not be able to answer, but perhaps some one else will.

Just by way of opening this discussion, I am going to mention the subject we were talking about just before the group came together here, and that is relative to the operation of the Home Owners Loan Corporation, and the willingness of lenders to take in payment for their mortgages the proposed bonds of the Home Owners Loan Corporation.

Opening up the subject, you will recollect that the law provides for three ways in which this Home Owners Loan Corporation may benefit mortgagees in distress. The first class is those persons having mortgages in excess of forty per cent of the present appraised value of their land and building, such mortgages being in distress, and where the operation is supposed to be.

Let me call it "direct lending company," as that is a shorter name. The direct lending company will buy that mortgage and pay therefor in its bonds providing that the entire amount involved, that is, the mortgage, the delinquent interest, the accrued taxes and assessments, and the cost of the operation do not exceed eighty per cent of the present appraised value of the land and building.

If they do exceed eighty per cent, then if the direct lending company is to enter into the picture the mortgagor must so scale down his mortgage that the entire indebtedness against the property and consequent government advance will not exceed eighty per cent. As I have understood it and have been so advised by Horace Russell in the Washington office, if all those do not exceed eighty per cent they need no scaling down, but there is another possible scaling down to be considered, and that is in event that the owner of the mortgage is willing to take those four per cent bonds, tax exempt, interest only guaranteed by the government. He may want to sell those. Where is the market going to be and what price is it going to be? Remember that part of the question and that problem.

The second class of help by the direct lending company is where there is no encumbrance on the property by way of a mortgage or another lien, but that there is a lot of delinquent taxes and possibly delinquent assessments and the house may be in a bad state of repair. The law provides that in such case the

direct lending company may lend in cash up to fifty per cent of the present appraised value of land and building for the sole purpose of paying up the taxes and assessments and making needed repairs to put the property in good condition.

The third case, also involving cash, is where a mortgage has been paid down to a point where it is forty per cent or less of the present appraised value and is threatened with foreclosure. You may think there are few such cases. In my own experience I have run into a number of such cases.

As a fair illustration I mention the fact of an old lady who come into the office the other day saying she was threatened with the loss of her home by reason of foreclosure of a mortgage on her home which had been reduced to the amount of $800. The mortgage had originally been $2,500, which, by monthly payment had been steadily decreased until it was $800. She was unable to obtain money from a bank or mortgage company and she was threatened with foreclosure and loss of her home on account of that small mortgage of $800.

You can see whether or not the facilities of this direct lending company are going to be valuable in this case. In other cases they are going to be wonderful where the loan is in the forty per cent limit where there is no money available from other sources to refund it. Then the direct lending company will step in and not take an assignment of the mortgage but by some legal process to be outlined by counsel is to loan to the distressed individual the money, to himself, to pay off that mortgage, meanwhile having taken a new mortgage or escrowing the transaction so that immediately the mortgage is paid off a new fifteen year, five per cent mortgage on that property runs to the direct lending company.

TOM SCOTT (Paris, Texas): On that loan you mentioned of that woman, would not a local building and loan association borrow from a Home Loan Bank to make loans of that kind?

MR. WILSON: Mr. Scott, I think I can answer you in this way. In a great many jurisdictions the local building and loan associations are on notice. Every cent they get must go to their shareholders to pay them off, and there are many instances where they cannot borrow to make new loans. I know that is true in our jurisdiction. They are all on notice and if they borrow they have to do it to pay off their notices and not for loans.

MR. SCOTT: Have you heard of or know of a ruling whereby if a local building and loan association sells certain of its loans, or rather goes to the borrower and asks him to apply to the Home Owners Corporation for a loan, encourages him in it, then takes those bonds? Can those bonds be used to repay their debt to the Reconstruction Finance Corporation at par?

MR. WILSON: I doubt if there has been a ruling on that as yet.

MR. WILSON: I think they have no legal right to do it, but it may well be that a course of business will be arranged that may permit them to do it.

J. T. KENNEY (Madison, Wisconsin): It was announced in the papers lately that in making these loans they will be made on the basis of normal values, not depression values. Just what is meant by that? What sort of a rule can they apply to determine normal values, that is, at what time?

MR. WILSON: From what I have heard, but, of course, what you hear doesn't make as much difference as the rules which are actually established when these things come into being, it is a very difficult thing to know what values are at the present time and I imagine the rule will be that the value to be placed on the property, on the improvements, will be the present day cost of reproduction less depreciation on account of age and that the front foot value or square foot value of the land will be based on sales in recent years rather than on the impossibility of selling at the present time. In other words, I think they will try to be as reasonable as they can and realize there practically has been no market for the past two years and try to figure out what it is worth rather than what it would bring under pressure of sale.

HARRY M. PASCHAL (Atlanta, Georgia): Has there been any discussion on the possibility of creating a cash market for these bonds to be issued by the Corporation?

MR. WILSON: There again you ask me something that I, myself, have been trying to find out. I had a talk last week with Mr. Russell Hawkins, the latest appointee to the Home Loan Bank Board at Portland, Oregon. He feels these bonds will have a value of par or better from the start, partly from the reason they are tax exempt, partly from the reason the government guarantees the interest for eighteen years, and that the principal is supposed to work itself out, because they are all monthly payments in such sums as will pay off the loan in full.

They are acceptable at par in payment of mortgages so there will always be a market for them if they go to discount, and in part because there will be so few new things to be invested in under the strict provisions of the new Truth in Securities Act; under limitations placed on securities he thinks they will be eagerly sought. Whether that is true or not I do not know. His view does not accord with that of many bankers.

Those bonds are made legal investments for the Reconstruction Finance Corporation and the Federal Reserve. While they may not normally choose to buy them, the government can do almost anything and might create a market. My thought is they will endeavor to do so. I am no better guesser than you are but you have to apply this course of reasoning. In the first place there will be only $200,000,000 in cash put into the corporation. In these days $200,000,000 is a mere trifle, but as applied to the vast hundreds of millions of dollars delinquent that two hundred million will not go very far.

There are two of these cases I have described which will require cash, the forty per cent and fifty per cent loans. After the first $200,000,000 is gone they must have money. Presumably when they go to sell those bonds they will go to governmental agencies. When they hold them they will be held as semi-permanent investments.

MR. PASCHAL: Can those bonds be redeemed by the issuing company at any time?

MR. WILSON: I do not think the law specifies that. You know it is the general tendency of laws in these days to put a vast amount of power in a certain individual and a certain board. My thought is that the rules of the game in this matter will be made up as they go along.

FRED A. HALL (Cleveland, Ohio): Can you tell us if the government is going to oversee these appraisals? I ask that question particularly because the appraisers have been appointed for our district.

MR. WILSON: I think you will have to realize this in regard to the entire management of this: It is going to be created out of whole cloth. In some instances they will have, both as appraisers and in charge of the affairs, men who are comparatively inexperienced. I think they are going to do the best they can. Not having the long training and being called into the business suddenly they may make mistakes. Whether the government will have any overseers to reappraise the original appraisal is not provided for in the law.

MR. HALL: Is there a method of appraisal made?

MR. WILSON: Not in the law. I think you will find that the Board in Washington has a great many rules and plans up its sleeve. I was told by the Board a month ago that they had very definite plans and were ready to go, but that they preferred not to announce their plans and rules of the game until everything was all set up, that they didn't want any discussion of it in advance.

It might interest you to know that today I went out to the Evanston Home Loan Bank (Illinois) and visited with Mr. Gardner, who, I hope, will be my guest here tomorrow night. He is a very able, fine man and has a wonderfully set up bank there. The loans made by his bank up-to-date are a little bit short of eight million dollars in this district. He has about 6,500 mortgage loans up as collateral representing eight million dollars of money he has loaned out. There is no question but what he has an excellent system and

that his is one of the well organized banks. It is on a going basis, has paid all expenses of its set up and is yielding a substantial profit. There are seven or eight of the regional Home Loan Banks already operating at a profit.

McCUNE GILL (St. Louis, Missouri): Do you understand that the bonds have to be amortized? The loans have to be. Will a holder of the bonds have to take payments monthly or any other time? The bonds run fifteen years straight.

MR. WILSON: I think not. The bonds run from fifteen to eight years straight. As to callability on those bonds run from fifteen to eighteen years able, but I do not think they will be amortized. So far as I know there is no provision for that.

MR. GILL: Then as those come in they will create a large fund.

MR. WILSON: I imagine the difficulty you suggest will be met in another way. If the funds are coming in fast enough to make a working fund the amount of bonds to be issued will be that much less. They will not put these bonds out in one fell swoop. They will issue them as they may become necessary and if it is not necessary to issue them all by means of new funds coming in there will be that much less in bonds.

Perhaps the Board itself would be quite surprised at some of these answers I am trying to give.

I wonder if you gentlemen have noticed the new form which legislation has taken since the fourth of March. It comes very strongly to your attention as you analyze the laws or as you are in Washington and see what is going on. Take, for instance, the provisions of the Farm Relief Bill—instead of arguing and debating endlessly in Congress as regards which one of several forms of proposed relief shall be adopted, the plan now seems to be to adopt all the leading forms and then to vest, in the case of agriculture, Secretary Wallace with powers to choose between them and use or not use the whole or any portion of those plans. The same thing and on a far larger scale applies to the vast powers that have been given to the President of the United States. It applies also to the powers that have been given to Secretary Ickes. It is a new style in legislation.

In regard to this particular law, there are vast powers left to the discretion of the Board itself. To take one subject, Federal Savings and Loan Associations, which I merely mentioned by name, there is a great difference in the type of savings and loan and building and loan throughout the country. A Federal savings and loan association is going to mean the kind of thing that Board and counsel establish it to be. When the time comes for organizing those associations I think we will find a sample article, rules and by-laws that are for the conduct of the business not prescribed by the law, but from that board and their counsel, and they will be handed out for new federal savings and loans to take or to leave. We are going to have so many new law making bodies in this country all the rest of us may have to be judges to decide on things.

To move over for just a moment to the National Industrial Recovery Act, each trade association filing its code of fair procedure which has been accepted by the President or his representative is in actual fact establishing laws which may be enforced by the district court of the United States at the instance of the United States District Attorneys. That is a new law making body. There are 19,000 of those trade associations. There will probably not be 19,000 that file their codes of fair procedure and come in, but the larger ones, like the textile, lumber, rubber, electrical, automobile, and so forth will file their codes of fair procedure, and when adopted by them, amended as may be necessary, and finally approved by the President and a license issued for the members of that trade to go to work, then if any one of their members or any non-member violates those rules, the violation may be enforced or the offender punished in the way stated.

Are there any other alleged words of wisdom I might be called on for?

JAMES E. SHERIDAN (Secretary, A. T. A., Detroit, Michigan): May I ask one question, largely for the record and for the benefit of those not here, as to what the American Title Association could do toward the procurement of business from these agencies of government?

MR. WILSON: Gentlemen, if we sit on the doorstep and ask or deliver briefs and show why we should have certain things done, I frankly don't think we are going to get very far, but these gentlemen who are called into new positions to enforce new laws and new rules are not experts themselves. They are humans; they want help and guidance, and I think if approached in a friendly and helpful manner they will be very glad indeed to receive that help and assistance, and if, as incident to that help and assistance they get sufficient confidence in you, I think they will be very good customers. They want help and I think if you approach them from that standpoint of working with them, working in their behalf, the casting of bread on the waters will prove profitable later on.

They are asked for everything under the sun. I was called by the branch Federal Reserve office just a day or two before I left. They did not know whom else to call. They said, "Can you tell us where to deliver about a ton of mail to the Home Owners Loan Corporation addressed to the manager in Seattle?"

I said, "I regret I cannot because we do not know who the state manager will be and cannot tell until he is appointed."

Those were, no doubt, applications for loans and jobs equally divided, perhaps more for jobs. Those people are overwhelmed by perhaps everything under the sun and in this stage of turmoil when they, themselves, are not initiated into their duties, if we come right after them and say, "Please take title insurance or our abstracts," we are just another beggar at the door, but there are so few people trying to help that it stands out and I think they will appreciate it.

MR. KENNEY: Something was said yesterday, I do not remember by whom, with reference to this organization or some other government organization taking loans, buying mortgages without abstracts being brought down to date. I wonder where that was or if it perhaps was not some place where they have no abstract facilities.

In our State, Wisconsin, I remember that it was announced that a representative of the Federal Land Bank of St. Paul was, I think, supervising or working with the appraisers or marketers in our state. I have heard nothing up there at all about anybody taking mortgages or buying anything of that kind, any government agency, without proper information as to the title. I called on the head federal man who came a couple of weeks ago to take charge of the appraisals there, and asked him what was the procedure. He said it was not absolutely certain, that it was not exactly in his province to say, but he thought they would require proper abstracts.

MR. WILSON: I think we must distinguish between the two different forms of the Act. Of course, in the case of the Federal Land Banks, which have and will continue to make loans direct, they demand not only abstracts and title insurance, but the best. They get our state and national directories and see who is listed and qualified. I imagine, and I have reason to believe, that the same process will be used in the case of the Home Owners Loan Corporation, which will be buying mortgages or lending directly.

I asked Mr. Gardner this afternoon, in connection with their 6,500 mortgages they have out at the Evanston bank as collateral, how they knew the taxes on the property securing those mortgage were kept up-to-date. I also asked him whether those mortgages were placed of record so they showed in the Home Loan Bank.

He tells me this, while the oldest mortgages are only six months back, that is, the first six months' interest has just come in, he was very pleased that out of some $75,000 interest which had accrued on the gradually increasing body of mortgages for the first six months, only $500 of that interest was delinquent. That is very good for these times.

Where they have any reason to suspect they are having their men search the records or get in touch with the county clerk to search the records.

That indicates a service we may render. They are going to need our help, and realizing we are after business may discount the value of our suggestions in the first instance, but the first time they get hit, and they are going to get hit before they get through, then we shall have our opportunity to step in and help them.

MR. KENNEY: What agency is starting this matter of mortgage appraisals?

MR. WILSON: To the extent that the Home Owners Loan Corporation has had designated representatives or managers in the states, I suppose they are starting to do it, because the applications are coming in.

MR. KENNEY: I understand Wisconsin is the first state to do that.

MR. WILSON: Mr. Scott, didn't you tell me they had started in Texas?

MR. SCOTT: Only in the selection of state agents and the appointment of the city and county appraisers.

MR. KENNEY: As I understand the work up there—I am not sure what it is called—but special attention is being given to banks that are in trouble.

MR. WILSON: Might not that be the Reconstruction Finance Corporation?

MR. VAN VLACK (Rapid City, South Dakota): What did Mr. Gardner tell you about recording the assignments?

MR. WILSON: At the present time the assignments are not of record. As far as I saw them they were properly made out but they were not placed of record. There are many reasons for following that practice. They are dealing with institutions which are under state supervision, in the first instance, whose personnel is checked into, who file their statements originally and each subsequent six months with them, and have many other assets besides those assets that are hypothecated, therefore, they do not feel it necessary to record the assignment of those mortgages. Under the circumstances where there are rascals in the organization they could cancel those mortgages and do a good many things.

From what I was told I can see they are developing a very careful system of checking. As the months and years go on I think they will co-operate with other agencies and county offices and be able to keep a very close check.

PRESIDENT O'MELVENY: At this time it is customary to appoint the Resolutions Committee. I appoint on that Committee, as Chairman, Harry M. Paschal, and W. P. Waggoner, Walter Schwab, J. K. Payton and Fred A. Hall as additional members. The Committee will meet at the call of the Chairman.

As Chairman of the Nominating Committee I appoint Mr. E. B. Southworth. It is, as you know, provided in the constitution that the president shall appoint the general Chairman, and the delegates present from the various states will confer and select a member from each state to serve on the Nominating Committee. I will ask the delegates from each state to meet after this meeting adjourns to elect the members of the Nominating Committee. As each representative is selected he should immediately register with the Executive Secretary so that the Nominating Committee can be recorded. That Committee will meet at eight o'clock tonight in Room 10 on the third floor.

. . . The meeting adjourned at twelve-fifteen. . . .

TUESDAY LUNCHEON SESSION

July 11, 1933

State Association Officers and State Councillors

At the conclusion of the luncheon, James E. Sheridan, Executive Secretary, called the meeting to order and acted in the capacity of Chairman.

CHAIRMAN SHERIDAN: I would like to ask for some criticism on the bulletins, as to what you would like in them. I am not going to conclude that the bulletins are perfect, but I want to ask what topics you would like covered. Is the study of cost accounting worth going into? I am speaking now more on abstracts than title insurance.

R. G. WILLIAMS (Watertown, South Dakota): Most of them are one-man abstract companies out in our state.

CHAIRMAN SHERIDAN: Do you want to talk about bulletins by state associations?

E. C. WYCKOFF (Newark, New Jersey): What states have bulletins?

CHAIRMAN SHERIDAN: New Jersey, Oklahoma, Kansas, Colorado. These have monthly bulletins.

JACK RATTIKIN (Fort Worth, Texas): Texas will have one.

CHAIRMAN SHERIDAN: The Oklahoma bulletin is mimeographed to save expense.

MR. WYCKOFF: By way of experience I would like to say that bulletin service in New Jersey has materially increased the interest of the members, and it is a service for which they will pay their dues in order to have. Their dues are fairly high.

MRS. PEARL K. JEFFERY (Columbus, Kansas): Our cost is $19.75, plus fifty cents a month, practically $20 a month for the distribution of 450 copies.

CHAIRMAN SHERIDAN: Do the states that issue a bulletin put the officers of all the state associations on their mailing list?

Several said "No."

CHAIRMAN SHERIDAN: I think those bulletins would be gladly received by the state officers of all the state associations. If those who issue bulletins are willing to put them on the mailing list I will see that they have the address of the secretaries.

G. P. CHITTENDEN (Woodstock, Illinois): Who gets up the bulletin?

CHAIRMAN SHERIDAN: Mrs. Jeffery does it in Kansas.

WILLIAM GILL (Oklahoma City, Oklahoma): We have nine associate editors.

MR. RATTIKIN: We are going to have a number of member associates contribute each month.

CHAIRMAN SHERIDAN: I would like to leave this thought with the state secretaries, particularly because we are doing so much work that is semi-political in character, that we want to build in the national office a record of connections of title people.

To illustrate, when President O'Melveny took office, he asked me for such information as I could give him to help in selecting men for appointment on certain committees. Our office is in sad need of data of men who have, for instance, served on the Legislative Committees.

I think if the state secretaries will build a file of that type and then relay it into headquarters it would help new administrations tremendously. It would also be a help in our work at Washington, particularly if we need to appeal to Congress, to this senator or that senator.

JOHN T. KENNEY (Madison, Wisconsin): I want to take this opportunity of commending Kansas on its abstract paper. I have been receiving it free for a long time and I appreciate it very much. I think it is one of the best papers of that kind there is now or has ever been published. If we had more like that I feel it would be of a great deal of benefit to everybody in the business.

I also want to suggest that wherever and whenever possible this paper should be printed. We have not now any regular publication in Wisconsin, but we did for a while. It was printed; it did not cost very much. I have never looked into the matter, but I think wherever possible it should be sent out in printed form. Most of us do not have time to work on something that is typewritten or mimeographed that is not attractive. It is too much of an effort, and I think it would not be very expensive to have it printed.

CHAIRMAN SHERIDAN: Mr. Kenney, you recognize the only reason for getting out our bulletins on the horrible green sheet we use and the form was for the purpose of saving money. I agree with you it is difficult to read and not attractive in appearance.

MR. KENNEY: I did not have special reference to your paper. What you say is true and it is too bad you cannot get it printed.

MR. RATTIKIN: On the contrary I read the bulletin more than printed paper. There is not so much of it and it is more direct.

ARTHUR C. MARRIOTT (Chicago, Illinois): Our boys in Illinois told me they read the bulletin more.

CHAIRMAN SHERIDAN: On the matter of the directory and the distribution of it, I believe the directory is one of the best activities for new business that we engage in. Some member from Texas bought one hundred copies of the directory, and sent word to us of acknowledgments they received. Thirty-seven acknowledged by letter, many with statements that they appreciated the directory, that they bought lands or handled mortgages in counties other than the county of their home office, and used our directory constantly.

I believe we could distribute many more than we do if the state associations, as such, would get behind the picture aggressively. Perhaps I exaggerate the importance of the directory (I am trying not to), but we are not in many activities, as you know, and that is the only one of publicizing character in which we are.

How can we improve the directory besides using larger type?

L. S. WERNER (Toledo, Ohio): Advertising.

CHAIRMAN SHERIDAN: There is a pretty strong feeling that we should not permit advertising in the directory.

MR. WERNER: It could be put in the front and in the rear.

CHAIRMAN SHERIDAN: The directory is simply to be a roster, and advertising of any kind would merely emphasize one company over another.

Would state associations be willing to distribute the directory? Do you believe in the plan adopted by Oklahoma last year and as Illinois did? Distribute 500 or 1,000 of these?

MR. RATTIKIN: I think they should. I sent out a bulletin a while back and stated to our membership that we were going to furnish these to all of the mortgage companies and all individuals as far as we could find out who had a large number of loans in Texas. I received considerable response from it—from a number of fellows who had not paid their dues in the last two years, stating that if they could come back in and pay their dues they would like to do so in order to have their names on this roster.

CHAIRMAN SHERIDAN: We will throw this meeting open for discussion by state councillors and officers on any question they might want to bring up.

WILLIAM GILL: We conceived the idea of writing every member to furnish us with a list of those to whom he would like to have the directory sent. The Association distributed them with a sticker on the front to the effect that the directory was being sent by the Association. We distributed one thousand in that manner, very satisfactorily.

CHAIRMAN SHERIDAN: How can the national Association help the state associations? What would you think of this idea? We all know our financial condition, both in the national and the state associations as well. We run a bulletin. Some would be of particular interest to abstracters, for instance, that long bulletin on the matter of personal property tax on our plants.

Instead of running 2,000 to take care of our regular mailing list, we could run 4,000 and send those out to non-members, thus contributing to a membership drive. Do you think a series of seven or eight copies of the bulletin to potential members would increase our membership enough to warrant state associations assuming the expense of such circularization?

LEO WERNER: I don't think so. We have many abstracters in Ohio, and attorneys as well, who would take any amount of material as long as you send it to them free.

CHAIRMAN SHERIDAN: How do you think that would work in Florida, Mr. Peabody? Do you think if we put thirty or forty on the mailing list and sent them that, it would help?

DON PEABODY (Miami, Florida): As far as Florida is concerned locally, I think it would be a big help.

LEO WERNER: I think that should be controlled through the officers of the state associations and not send them out promiscuously. We should select a list of names prepared by the state officers who know the situation on probable members and the former members who can likely be brought back.

CHAIRMAN SHERIDAN: I intended to say that. We are doing that in Indiana now, with ninety potential or former members.

How else can the national Association help the state associations?

MR. PEABODY: I think that bulletin sent out from national headquarters should be supplemented by one from the state officials. Incidentally, when we get back we are going to start publishing a bulletin in Florida.

MR. CHITTENDEN: I would like to send out some of those bulletins.

CHAIRMAN SHERIDAN: Most assuredly. We distributed several thousand bulletins containing that article which was prepared by Ray Trucks on execution and notarizing of deeds. Leo Werner had it printed on his letterhead, and said it was the best piece of advertising he had ever used.

LEO WERNER: Our Company is greatly interested in this advertising business and used some pieces of advertising that cost us up to four figures, but the one thing, I believe, that brought us more goodwill, more real tangible results, was that chart prepared by Ray Trucks and presented to all the members. We made an exact take-off of the chart itself on our own letterhead, legal size. The total cost of paper and printing was $12.50.

We distributed about 3,000 of those to the bankers, building and loan associations, realtors, and attorneys in Toledo, and distributed them personally: It was a means of getting an interview, and invariably with a firm of two or three fellows, if one of the other members of the firm happened to come into the office of the man being interviewed he would ask for a copy for himself, also.

I have had a daily report on it, extending now over a period of about six months, and there is not a day goes by that out of five, four very warmly express their appreciation, and the other will accept it in a matter-of-fact way and make no comment, but very regularly do they, right in the presence of our contact man, instruct their secretary to file that paper in a convenient place in their file, and say it is one of the finest things we have ever put out, and we have been advertising now extensively for ten years.

I think of all the things the American Title Association has put out in the last several years to which we can point that gave us a contact and did us a great deal of good and was the cheapest, was this. Another simple thing was one of those little measurement cards, on a simple piece of cardboard. We distributed those about ten years ago. They are out of print now, but we see them regularly in the office of attorneys, and occasionally we get a request for another. That is a very cheap thing. To my surprise sometimes the cheapest things go over better and do the most good.

CHAIRMAN SHERIDAN: Getting back to our point, I wonder if on some of these things, a valuable paper, perhaps an exhaustive study on a deed in lieu of foreclosure, might not be run on the state association stationery and distributed by the state secretary who has better local contact. In other words, as far as your clients are concerned, would it not be better to distribute them in this manner than from national headquarters?

The meeting adjourned at two o'clock.

In the afternoon, the delegates and their ladies visited the Century of Progress Exposition as guests of the Chicago Title and Trust Company.

WEDNESDAY MORNING SESSION

July 12, 1933

The meeting convened at ten o'clock with President O'Melveny presiding.

The first order was report of Councilor to the Chamber of Commerce of the United States.

Report of National Councillor to Chamber of Commerce of the United States

EDWARD C. WYCKOFF
Newark, N. J.

Gentlemen of the Convention of the American Title Association:

It has been my privilege, through appointment of your President, to represent the American Title Association as its National Councillor in the Chamber of Commerce of the United States.

In pursuance of my duties under such appointment, I attended the meeting of the United States Chamber of Commerce held in Washington on May 2-5, 1933.

There was nothing outstanding in the programs of the Chamber which had direct bearing upon the title industry. Matters having a collateral influence upon the source of title business were, of course, prominent on the program.

Perhaps the matter of greatest moment was that portion of the convention which dealt with Federal expenditures and taxation. The Chamber joined with other civic groups throughout the country in bringing home the fact that the country as a whole cannot continue to bear the burden of excessive government cost. The natural reaction to the discussion of this question tended to send the councillors back to their respective groups convinced of the necessity of urging the members of their groups to do their share in bringing about a proper consideration of this question.

The following resolution concerning the Federal fiscal situation was adopted to wit:

> "A balanced budget is essential to the recovery of business and to the orderly fiscal operations of the federal government. This objective should be realized through reduction in expenditures rather than by increased taxation. The large accomplishments in reductions in expenditures are most gratifying. Expenditures for usual capital purposes, such as public works from which the government normally expects no income or reimbursement, should not be placed in a separate budget and financed by bonds issued for that particular purpose but, as has been the established policy, should be met from current income. Bonds to finance extraordinary expenditures should not be issued to such an amount that their carrying charges will preclude a balanced budget during the next fiscal year, without additional taxation."

To me the recognition of the fact that our whole system of taxation, national, state and municipal, should be co-ordinated was one of the outstanding conclusions, and one of the incidental facts developing was that there were more than 200 duplication of taxes through national, state and municipal sources.

Excessive taxes upon real estate unquestionably make real estate less desirable and, therefore, has a tendency to reduce a number of homes occupied by their owners. That such a tendency is un-American I think we will all agree. The more homes occupied by owners the stronger our government will be in the resistance to radical measures.

One thought which I also wish to bring home to every member of our association is that the people themselves are very largely to blame for excessive taxation. I am thoroughly convinced that if taxpayers generally would object to expenditures which seem unnecessary, though possibly desirable, that we would find our public officials responding cheerfully to the public demand for retrenchment.

We must not overlook the fact that certain protective measures, such as police, firemen, health inspectors, etc., are necessary; but we must not forget that excessive employment in any of these groups is unsound economically.

In line with measures looking toward economy, the Chamber advocated the development of a budgetary procedure for the Federal government. This was inaugurated about ten years or so ago and a committee of the Chamber has presented recommendations of measures which will make more definite the fiscal program of the Federal government, will afford public information of a kind that can be readily understood, will point the way to economies, will provide for Congressional participation in the development of a budget system under which the fiscal operation of the Federal government may be conducted with a maximum of agency and economy.

Definite information as to the various recommendations of the Chamber can be procured by any interested member who will address Mr. D. A. Skinner, Secretary, United States Chamber of Commerce, Washington, D. C.

My attendance at the meeting gave me an opportunity to meet delegates from different parts of the country, and to get a general idea of how matters were progressing toward a re-establishment of real estate values, in which this industry of ours is not particularly interested. Even at that time there was a growing feeling of optimism.

Mr. Worrall Wilson and I had intended to visit together the offices of the Federal Home Loan Bank, but in the pressure of various enegagements we missed our contact. We, therefore, visited that institution's offices separately.

I learned, however, that the new Federal Home Loan Board would unquestionably, in relation to any regulations which were made for the operation of any loan facilities the Government might prescribe and which might come under the control of that Board, recognize the current evidences of title prevalent in the various sections of the country.

I was informed that there would be no prejudicial regulation against title insurance or abstracts of title.

I also learned that it was contemplated when the legislation which has since developed into the authorization of the Home Owner's Loan Corporation, was completed that the administration of that body would be through State agents acting under regulations of the Federal Home Loan Board.

It was also intimated that no attempt would be made to set up a vast governmental organization of appraisers, title examiners and lawyers; but that the existing agencies in the various states would be utilized; that the state agent of the corporation would probably control the persons or corporations whose work would be actually used.

This is substantially what was actually outlined later in a statement relative to the method and procedure of procuring loans from the Federal Home Owner's Loan Corporation, which was issued through Mr. William F. Stevenson, Chairman, on or about June 6, 1933, the date it was to be promulgated.

It is, therefore, probable that our industry will benefit from the operation of this federal corporation.

I am inclined to believe that in many sections of the country the abstract will be the form of evidence of title used, when it is accompanied by the opinion of an attorney. It was indicated, however, that in sections of the country where title insurance was prevalent that that would probably be the major evidence of title used in that section.

I appreciate the opportunity of having served the association as councillor because I feel that I personally benefited in the ability to contact people from all over the country.

THE NEW CONSTITUTION

After lengthy discussion, the Constitution of The American Title Association was amended. The committee having this matter in charge was headed by Mr. Benjamin J. Henley of San Francisco.

Constitution of the American Title Association

ARTICLE I—NAME

The name of this Association shall be the "American Title Association."

ARTICLE II—OBJECT

The purpose of this Association shall be to promote the acquaintance, mutual advantages and general welfare of its members by the interchange of ideas, and by protective, remedial or other measures to advance the common interests of its members and the general public in harmony with their respective rights, interests and duties.

ARTICLE III—MEMBERSHIP

Section 1. The following persons shall be eligible to active membership in this Association:

(*a*) Any member in good standing of a state or regional title association. In order that its members may be eligible any regional association must comprise the whole or any part of two or more contiguous states, and none of its members in territory which is then included in an affiliated state association shall be eligible to membership in this Association by reason of membership in such regional association;

(*b*) Any person actively engaged in the title business in any part of the United States in which there is no affiliated state or regional title association who owns and operates a substantially complete abstract or title plant and has an established business reputation and responsibility;

(*c*) Any person admitted to practice law who shall be actively engaged in examining abstracts or other evidence of title and rendering opinions upon the title to real property or the validity of liens or encumbrances thereon;

(*d*) Any person qualified for membership under the provisions of Section 2 of this Article.

Section 2. In case a state or regional title association—

(*a*) shall make no provision for admission to membership therein of a person otherwise eligible to membership in this Association; or

(*b*) having joined this Association shall thereafter fail to pay as herein provided annual dues for its members, thereby terminating membership in this Association of a person otherwise entitled thereto, such person may be admitted to membership in this Association upon presentation to the Executive Secretary and approval by the Board of Governors of an application and payment of dues as herein provided.

Section 3. Any state or regional title association may affiliate with, and its members in good standing may join this Association upon filing with the Executive Secretary an application signed by its President and Secretary, together with a list of such members, setting forth therein that the members so listed are eligible for membership in this Association under its constitution and by-laws, and that applicant will pay to this Association annual dues for its members. Upon approval by the Board of Governors and payment of the dues, such affiliation shall become effective and such members shall become active members of the Association.

Any affiliated state or regional title association which shall fail to pay to this Association prior to July 1st of any fiscal year the annual dues of its members for that fiscal year, shall, at the option of the Board of Governors, be deprived of such affiliation and its members shall thereupon forfeit their membership in this Association.

Section 4. Approval by the Board of Governors of this Association shall in all cases be a prerequisite to admission to active membership, and upon such approval of an application and payment of the requisite dues, the applicant shall become an active member of this Association.

Section 5. Honorary membership in this Association may, upon recommendation of the Board of Governors, be conferred at any convention meeting for distinguished and meritorious service rendered to this Association by any person not otherwise eligible to membership. No dues shall be required of an honorary member and he shall have no vote.

ARTICLE IV—SECTIONS

Section 1. The following sections of this Association are hereby established:

(*a*) Abstracters Section, which shall include all abstracters except those, who by reason of affiliation with a member of the National Title Underwriters Section, elect to join that Section;

(*b*) Title Insurance Section, which shall include all title insurance members who customarily transact title business only (1) within the area comprising the state in which their principal office is located, or (2) within such area and also adjacent states in which there are no state or regional title associations, it not being intended, however, that an occasional or incidental issuance of evidence of title upon property in other states shall prevent membership in this Section;

(*c*) National Title Underwriters Section, which shall include all title insurance members regularly operating outside of a single state (except those who elect to join the Title Insurance Section) and abstracters who elect under the provisions of paragraph *(a)* hereof to join this Section;

(*d*) Lawyers Section, which shall include attorneys individually eligible for active membership in this Association under the provisions of this constitution.

Subject to the foregoing provisions, any member of this Association may elect which of these Sections he shall join. On section matters each member shall vote only as a member of such section.

Section 2. Each section may adopt such by-laws and conduct such activities as are not inconsistent or in conflict with the constitution and by-laws of this Association.

Section 3. Administration of the affairs of each section established hereunder shall be vested in an Executive Committee composed of eight members, seven of whom shall be elected annually from their respective memberships at the annual section meeting held concurrently with the annual convention of this Association, and one of whom shall be the President of this Association, ex officio. From the Executive Committee so elected the members of the section shall, at the same time, elect a Chairman, Vice-Chairman, and Secretary, respectively, of the section, who shall also be Chairman, Vice-Chairman and Secretary, respectively, of the Executive Committee of such section.

ARTICLE V—DUES

Section 1. Each active member of this Association who is not a member of an affiliated state or regional title association shall pay dues in accordance with the schedule set forth in Section 2 of this Article, except that a person who is eligible to membership under the provisions of paragraph (*c*) of Section 1 of Article III but not through membership in an affiliated state or regional title association shall pay annual dues of $5.00.

Section 2. Each affiliated state or regional title association shall classify its membership and pay annual dues for each member to this Association upon the following schedule based upon the population of the county in which the principal office of such member is situated as shown by the most recent Federal census, certifying these facts to this Association:

Class A. In counties having 25,000 population or less $5.00

Class B. In counties having over 25,000 and not exceeding 50,000 population $10.00

Class C. In counties having over 50,000 and not exceeding 100,000 population $20.00

Class D. In counties having over 100,000 and not exceeding 250,000 population $25.00

Class E. In counties having over 250,000 and not exceeding 500,000 population $30.00

Class F. In counties having over 500,000 population $35.00

Provided, however, that in case of admission to membership in any affiliated state or regional title association of a person eligible to membership in this Association under the provisions of paragraph (*c*) of Section 1 of Article III the dues shall be $3.00 per annum.

Section 3. In order that this Association may be adequately financed and thereby enabled the more effectively to carry out the objects and purposes for which it was organized, provision is hereby made for the creation of a sustaining fund to be paid by voluntary annual subscriptions of the members on such basis as the Board of Governors may recommend. Members who contribute to this fund shall be additionally designated in publications of this Association as Sustaining Fund Members, in recognition of the service rendered. The Sustaining Fund shall be subject to the same provisions regarding control and expenditure thereof as are all other funds of this Association.

Section 4. Should the Board of Governors determine that an emergency exists which makes such action desirable, it may suspend the dues schedule established by this Article for any fiscal (calendar) year, and may establish for such fiscal year such dues schedule as it may deem to be for the best interests of the Association and its members.

ARTICLE VI—MEETINGS

Section 1. This Association shall hold an annual convention meeting at such time and place as may be fixed at the preceding annual convention meeting or by the Board of Governors. The officers of this Association shall hold an annual business meeting at such time and place as may be fixed by such Board.

Section 2. Each section of this Association shall meet annually in connection with its convention meeting, but only during such periods as may be assigned therefor, or will not conflict with, the regular convention program.

Section 3. At a time designated by the Board of Governors at the annual convention meeting, a joint meeting shall be held of the officers of this Association and of each affiliated state and regional title association.

ARTICLE VII—OFFICERS

Section 1. The active members in attendance at each annual convention meeting shall by ballot elect a President, Vice-President and Treasurer to serve for one year and two members of the Board of Governors to serve for four years, provided however, that the tenure of members of the Executive Committee of this Association in office at the time of the adoption of this amendment to or revision of the constitution shall not be affected by such amendment or revision but such members shall become members of the Board of Governors herein established and in that capacity serve for the remainder of the term for which they were respectively elected or appointed; provided, also, that the number of elective members of the Board of Governors is hereby fixed at eight, two of whom shall (except as hereinafter provided) be elected at each annual convention meeting for a four year term commencing with the last day of the convention meeting during which they are elected, and continuing until their successors are elected and assume office; and provided, further, that in order to establish the four year term for elective members of the Board of Governors, there shall be elected at the convention meeting at which this amendment or revision is adopted one member of the Board for a one year term, two members of the Board for a two year term and two for a three year term and at the following convention meeting two shall be elected for a three year term and two for a four year term. No member of the Board who shall have served a full term of four years shall be eligible to re-election or appointment to membership on this Board for a time or service commencing less than one year after expiration of his former term.

Section 2. The Board of Governors shall consist of the President, Vice-President and Treasurer, together with the retiring President, the Chairman of each Section and the eight elective members. The Board shall appoint an Executive Secretary and prescribe his duties, compensation and term of employment.

Section 3. The President shall within thirty days after his election appoint the following Committees, designating one member of each Committee so appointed as chairman: Finance, Judiciary, Co-operation, Membership and Organization, Legislative, Advertising and Publicity, Constitution and By-laws and such other Committees as he may have been authorized to appoint by the Board of Governors or by the members at any convention, each to consist of such number of members as he shall deem advisable unless otherwise provided. The term of office of members of each of these Committees shall be contemporaneous with the term of office of the President by whom they are appointed.

Section 4. Each of the officers above named, except the Executive Secretary and each of the Section officers must be an active member or an accredited representative of an active member of this Association and shall hold office for one year commencing with the last day of the convention meeting during which he is selected and until his successor has been selected and has assumed office.

ARTICLE VIII

DUTIES OF OFFICERS

Section 1. The President shall be the executive head of this Association, a member ex officio of all committees, including the Executive Committee of each section; and except as otherwise herein provided shall appoint all committees of this Association and preside at all meetings of this Association.

Section 2. The Vice-President shall perform the duties of the President in case of his absence or inability to act and shall also be Chairman of the Board of Governors.

Section 3. The Executive Secretary shall have charge of the Association office and correspondence, keep accurate record of all meetings, collect all monies due and remit the same to the Treasurer on or before the first day of each month following receipt thereof and perform such other duties as may be necessary for the proper conduct of the business of this Association.

Section 4. The Treasurer shall duly account for all monies of this Association received by him, and, subject to the control of the Board of Governors, perform such other financial duties as may be necessary for the proper conduct of the business of this Association.

Section 5. The Board of Governors shall have the care of the welfare of this Association and shall have authority to perform all acts or duties necessary for its benefit. It shall transact such business for this Association as shall arise between annual convention and business meetings and perform such other duties as shall be directed at any annual convention or business meeting. It shall have power to fill vacancies in the office of President, Vice-President and Treasurer or among its own members, such appointees to hold office until the end of the next annual convention meeting and thereafter until their successors have been elected or appointed and have assumed office. If any member of the Board shall be unable to attend a called meeting of the Board, he may appoint an active member or an accredited representative of an active member of this Association as his substitute who shall have the same powers at such meeting or any adjourned session thereof as the member would have if present. A majority of the Board shall constitute a quorum.

Section 6. The Finance Committee shall have general supervision of the finances of this Association. It shall present to the Board of Governors at the annual business meeting of officers of the Association a budget covering proposed expenditures for the ensuing fiscal year, and shall approve all expenditures of the Association.

Section 7. The Judiciary Committee shall investigate and annually report decisions rendered in federal and state courts of record relating to the duties, liabilities and responsibilities of abstracters and insurers of title to real property or liens and obligations thereon and other decisions relative to land titles. Such report shall cover the period which has elapsed since the last previous report.

Section 8. The Committee on Co-operation shall work and co-operate with such bodies as the American Bar Association, the National Association of Real Estate Boards, the United States Building and Loan League, the Mortgage Bankers Association of

America and the Commissioners on Uniform State Laws, or with committees or authorized representatives from these or similar bodies for the purpose of securing uniform action by the several associations to promote good legislation, and to prevent bad legislation to the end that security of land titles and facility of their transfer may be attained in the highest possible degree.

Section 9. The duty of the Committee on Membership and Organization shall be to obtain new members of this Association and assist in the organization of state and regional title associations.

Section 10. The Legislative Committee shall consist of the Chairman and one member from each state and shall, subject to the approval of the Board of Governors, have power to act with regard to legislation pending before the Congress and any state legislature on matters affecting or relating to the interests of abstracters and title men and the title business generally and shall submit a report of such action at each annual convention meeting of the Association.

Section 11. The Committee on Advertising and Publicity shall consider and recommend to the Association ways and means of effectively advertising and publicising the title business, and securing a more widespread understanding and knowledge of the functions and purposes of Title Insurance and Abstract Companies.

Section 12. All motions and resolutions involving any change in, amendment to, or revision of the constitution and/or by-laws shall be referred to the Committee on Constitution and By-laws. This Committee shall make a report at each annual convention meeting.

Section 13. At each annual convention meeting there shall be a Nominating Committee to nominate officers of this Association which shall consist of one member or an accredited representative of a member chosen from each affiliated state or regional title association, such member to be elected by the members of such affiliated association then present. In making such selection preference shall be given to those who have attended three or more annual convention meetings of this Association. If none so qualified be present, then preference shall be given to those who have attended two such meetings, If none so qualified be present, the selection shall be made from those then in attendance. The President of this Association shall appoint the Chairman of the Nominating Committee who shall preside over its meetings but have no vote therein except in case of a tie.

Section 14. The above named officers, committees and Board shall perform such other duties as may be requested or directed by the active members at any annual convention meeting.

ARTICLE IX—REPRESENTATION

Section 1. Each active member present or represented at any meeting of this Association shall have one vote. Each firm, partnership or corporate member shall select its accredited representatives. Each affiliated state or regional title association may send one or more delegates to each meeting of this Association or of any section thereof who may attend and participate in the deliberations and discussions at such meetings, but shall not have the right to vote upon any question considered at any such meeting.

ARTICLE X—FISCAL YEAR

Section 1. The fiscal year of this Association shall be the calendar year and any person who shall pay annual dues or membership fees in the manner herein prescribed shall be qualified as a member of this Association for the calendar year for which such payment is made.

ARTICLE XI

DEFINITION OF TERMS

Section 1. Whenever used in this constitution or in the By-laws of this Association or the By-laws of any Section of this Association the words herein enumerated shall have and be given the meaning and effect herein defined:

(*a*) The word "person" or "member" shall be construed to mean and include any natural or artificial person or persons;

(*b*) The words "Accredited representative" shall be construed to mean and include any individual who is either a partner in a firm or partnership, an official of a corporation or an authorized employee of a firm, partnership or corporation which is an active member of this Association.

(*c*) The words "title association" shall be construed to mean any association, body or organization, incorporated or unincorporated, composed of persons eligible to active membership in this Association.

(*d*) The word "year" when used with reference to the term of office of any officer or member of a committee or board of this Association, shall be construed to mean and include the period of time which has elapsed or shall elapse between the last day of an annual convention meeting of this Association and the last day of the immediately following convention of this Association.

(*e*) The term "fiscal year" when used in this constitution shall be construed to mean the calendar year.

ARTICLE XII

AMENDMENT OR REVISION

Section 1. This constitution or any part thereof may be amended or revised at any annual convention meeting by a vote of two-thirds of the active members in attendance and voting thereon.

Section 2. This Association may determine to incorporate by a vote of two-thirds of the active members in attendance and voting thereon at any annual convention meeting.

Section 3. Unless otherwise specifically provided therein no amendment or revision of this constitution or any part thereof shall affect or change the term or tenure of office or the power or authority of any officer or any member of any committee or board of this Association previously elected or appointed or the functions and powers of any such officer, committee, board or council.

Report of Committee on Co-operation

The Committee on Co-operation of the American Title Association makes the following report of its activities during the first six months of the year 1933:

This Committee consists of—

John Henry Smith, President, Kansas City Title & Trust Co., Kansas City, Missouri;

Waverly P. Waggoner, President, Security Title Insurance & Guaranty Company, Los Angeles, California;

Charlton L. Hall, Secretary, Washington Title Insurance Company, Seattle, Washington;

Frank I. Kennedy, Executive Vice-President, Union Title & Guaranty Company, Detroit, Michigan;

Together with Odell R. Blair, President Title & Mortgage Guarantee Company of Buffalo, acting as Chairman of the Committee. Frank L. Westheimer, Assistant Secretary of the Title Guaranty & Trust Company, Cincinnati, Ohio, was originally appointed on this committee, but upon his own motion was relieved by the President of the Association and Mr. Kennedy substituted in his place.

We understand that Section 5, Article VI of the Constitution of the Association governs the activities of this Committee and reads as follows:

> "Section 5. The Committee on Co-operation shall work and co-operate with such bodies as the American Bar Association, The National Association of Real Estate Boards and the Commissioner of Uniform Laws or with committees from similar bodies with the purpose of securing uniform action by the several associations, to promote good legislation, to prevent bad legislation and to the end that the security of land titles and the facility of their transfer may be performed to the highest possible degree."

We have received no specific instructions from the President or Secretary of the Association and, by reason of the fact that the members of this Committee are spread out over the whole country, the committee has held no meeting. The Chairman of the Committee, on receiving his appointment, immediately communicated with each member of the Committee, asking for such suggestions as they might have in mind for the Committee to work upon. One of the members of the Committee writes as follows:

> "It is my belief that the Committee can accomplish much for our Association and its members by urging and inducing members to form contacts outside their own business. These contacts may be formed in many ways, such as memberships in service clubs, real estate and mortgage men's associations, etc. These should not be passive contacts but should take the form of active participation in the programs of these organizations. Such contacts will furnish opportunities of spreading knowledge of the useful and vital function of title service. Education of the public to the specific service we render and its value to the investor in real estate is necessary to the growth of our business."

Our Committee has recently written the Mortgage Bankers' Association, The National Association of Real Estate Boards and the American Bar Association, calling their attention to the objects of the Committee on Co-operation as above referred to and requesting each one to answer directly to Mr. J. E. Sheridan, Executive Secretary, at the Palmer House, Chicago, such communications to be annexed to and made a part of this report.

It would seem that under the present business conditions and particularly under the plans recently inaugurated by the President of the United States and the legislation passed at the last Congress, that the spirit of co-operation will grow and develop during the coming years to a greater degree, perhaps, than ever before.

Your Committee, therefore, asks leave to have such communications read in connection with this report and attached to and made a part of it. Your Committee would welcome suggestions from the President and Secretary of the Association and from individual members, to the end that during the coming six months this Committee may render some real service to the American Title Association.

All of which is respectfully submitted.

JOHN HENRY SMITH
WAVERLY P. WAGGONER
CHARLTON L. HALL
FRANK I. KENNEDY
ODELL R. BLAIR, Chairman

Dated July 5, 1933.

NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS

Sioux Falls, South Dakota
July 14, 1933.

Odell R. Blair, Esq.,
36 Church Street,
Buffalo, New York.

Dear Mr. Blair:

Re: American Title Association.

Your letter of July 5th to the American Bar Association, marked for the attention of the Secretary of that Association, written by you as Chairman of the Committee on Co-operation of the American Title Association, was referred to me in the absence from Chicago at the time of the Secretary of the American Bar Association (of which I am the treasurer), because of my knowledge of the subject as Secretary of the National Conference of Commissioners on Uniform State Laws. Unfortunately, I did not receive your letter in time to enable me to write to you and have my letter reach you in time for the meeting in Chicago this week of the American Title Association.

Practically the only Uniform Act which has been prepared by the National Conference of Commissioners on Uniform State Laws and in turn approved by the American Bar Association which pertains to the subject matter of your letter is the Uniform Real Estate Mortgage Act. That was adopted by the Conference a few years ago, but so far as I am advised has not yet been adopted in full by any State Legislature, though many of its provisions, of course, are in effect in many of the states. I am sending to you under separate enclosure a copy of this Act.

Perhaps I should say, however, that in addition to the Real Estate Mortgage Act the Conference prepared and adopted several years ago a Uniform Land Registration Act, which was based upon the Torrens Act, so-called. It was hoped that this Uniform Act would meet with general favor and tend to promote the adoption by the states of the Torrens System. That has not proved to be the case.

It may interest you to know that the Executive Committee of the American Bar Association has under consideration the question of the advisability of recommending to the Association at its coming meeting at Grand Rapids, Michigan, which convenes on August 30th, the creation of a Section of the Association on Land Title Law for the consideration of various questions pertaining to the titles to real estate, which would, of course, include the question suggested by your letter. Whether such a section will be created this year I have no idea. I can see how such a section, if it were properly conducted, might aid in the accomplishment of some of the objects mentioned by you.

If there is any further information I can give to you regarding this matter, I will, of course, be glad if I can to furnish it.

Sincerely yours,
JOHN H. VOORHEES,
Secretary,

MORTGAGE BANKERS ASSOCIATION OF AMERICA

National Headquarters
111 West Washington Street, Chicago

Office of Secretary-Treasurer
GEORGE H. PATTERSON

July 11th, 1933.

Mr. J. E. Sheridan, Executive Secretary
American Title Association,
Palmer House, Chicago, Illinois.

Dear Mr. Sheridan:

The Chairman of your Committee on Co-operation, Mr. Odell R. Blair, has requested that we set forth our ideas on how the organizations existing for the development of real estate finance may co-operate more efficiently in these times of economic stress. Although we feel that the Mortgage Bankers Association can offer no suggestions on the procedure to be followed by your Committee, we are pleased to have the opportunity of expressing our approval of your efforts to form a closer contact between the various Associations.

On behalf of the officers and Board of Governors of our organization, we offer the co-operation of our Association in any program which your Committee may formulate to promote better legislation or better uniform methods.

In view of the many unsatisfactory legislative measures passed by Federal and State legislatures during the last two or three years, we have reached the conclusion that more is to be gained by introducing measures which are acceptable to our members than by combating unfavorable legislation after its introduction. Thus legislation proposed by politicians and others who are not in position to realize the disastrous effects produced by the passage of unfair measures, may be eliminated to some extent. Preliminary work has been done by the Mortgage Bankers Association in an effort to draft legislation which would meet with the approval of all those affected and although such endeavor must necessarily proceed slowly, it is our belief that ultimately much good can be accomplished thereby.

We of the Mortgage Bankers Association extend our best wishes for the success of your Committee and reiterate our desire to assist and co-operate in every way possible.

Very truly yours,
GEORGE H. PATTERSON,
Secretary.

Report of Advertising Committee

HARVEY HUMPHREY
Chairman
Los Angeles, California

The old axiom, "You never miss the water till the well runs dry," has been brought home forcibly to the country at large since the hectic days of 1929. As money became scarcer, and it became necessary to make it stretch further, people began to watch expenses —not only their own but public expenditures as well. Hardly a branch of our government—local, state, or national—has escaped the pitiless glare of public investigation. Many interesting facts have been brought to light, some serious and some even ridiculous. Falling in the last category was an incident in connection with a public school investigation in one of our larger communities in which it was learned that a class in animal life was teaching mice to tap on a bell to indicate that they were hungry. In this same community an investigation of charity conditions brought out the fact that the unemployed, poor, and starving did not even have a bell to tap on.

I am wondering if, in considering the advertising of our business, we can not draw an analogy to this case. Almost without exception we have had to reduce our advertising budgets. In so doing we have cut out those things we felt least essential, and held to possibly one or two forms of advertising. Perhaps we have eliminated advertising by direct mail, or newspapers, or novelties and specialties, or billboards, or publicity, or any one of a dozen other methods of placing our names before the public. I'll hazard the guess that in ninety per cent of the limited campaigns still continuing, the theme being stressed is the service which those particular companies are rendering. "Forty-Eight Hour Title Service," or "Three-Day Escrow Service," or "The Same Excellent Service Uninterruptedly for Fifty Years." What of it? Is two-day title service or three-day escrow service or the same service for fifty years going to do any good if we have no title orders on which to use it? At the risk of being called crazy, I believe such advertising in times like these is sheer waste of money.

Why shouldn't the title and abstract companies of this country pool their advertising budgets and embark on a campaign which would stimulate the title business? Never has the time been so opportune. In the past most of us have taken the attitude that there is only so much title business and there is nothing we can do to produce any more. Like the undertaker who has said that people do not generally buy a coffin or arrange for their funeral until the necessity arises, some of us have said that people do not have their titles examined or insured until the necessity arises. While we admit that this may be partially true, we also maintain that *right now* a co-operative campaign pointing to real estate as today's outstanding investment value would hasten the return of activity in the real estate market, and as a result increase and improve our business.

Never has real estate been a better investment than at present prices. A "Buy Real Estate Now" campaign initiated by the title companies would have the solid and whole-hearted backing of the realtors, the bankers, the lending institutions, the contractors and builders, and scores of other lines of endeavor which would benefit by an active real estate market.

People are looking for a safe and sane investment. They have seen stock prices collapse, bond values shrink, even cash savings impounded and frozen. Where shall they turn? To real estate, of course. Ask any man who has owned unencumbered real estate during the recent depression, or who sold or encumbered his real property in order to invest in other securities, and he will invariably tell you that even though real estate did drop off some, still it was by all odds the least affected of any of his investments. An added incentive for investment now is the shadow of inflation hovering on the horizon. People are going to spend their dollars before they shrink in value. Show them something tangible and concrete, something safe and secure, something at rock bottom so reasonable in price that even those of modest means may get in on it and they'll buy. Real estate on today's market is the answer, and with the return of activity our business would surge upward. As it comes back all of us will benefit. When it does, with something to work on, you can put up your billboards, send out your direct mail, pass out your pencils, telling of the merits of your individual service.

To our way of thinking the coming months constitute a period when it will be necessary for all abstract and title companies in America to co-operate. It is apparent that the Federal Government is to be the largest source of title and abstract business. That business will be ours only if through co-operation we are able to prove our right to serve. While co-operating on business promotion, would it not be simple and logical to co-operate on advertising as well through the launching of a "Buy Real Estate Now" campaign which would play a large part in stimulating real estate activity and bringing back better times to all of us. As to the form such campaign should take we point to the fact that here in Chicago the Chicago Title and Trust Company is releasing a campaign which exactly illustrates the point. Due to the fact that years of study and research were spent in preparing the Chicago data, it is naturally local in scope, but some of its salient features could be adopted on a national scale and would accomplish for the country at large what the Chicago campaign is accomplishing for real estate in this city. This is one thing we can do that would be absolutely unselfish, would create thousands of friends for us, and would in the end be of untold benefit to each company individually.

In closing, let me call your particular attention to the contributions of the committee members hereto attached, which constitute this report. May I urge that these papers dealing with various phases of title and abstract advertising either be made a part of the proceedings of this convention or released from time to time during the coming year by the Executive Secretary in his news letters to members.

My sincere thanks is extended to each member of the Advertising Committee and to James E. Sheridan, Executive Secretary, for their invaluable help. We wish also to express our appreciation to the membership of this Association for their contributions to the advertising exhibit. As stated in our recent letter, your officers did not think it wise to go to the expense of an elaborate display this year, particularly in view of the fact that due to conditions little of a new and constructive nature has been done in the field of advertising. Those campaigns which are beginning to make their appearance, however, such as the local campaign herein referred to, undeniably indicate that advertising is going to be one of the most important factors, if not THE most important, in overcoming the depression in the title business.

Respectfully submitted,
HARVEY HUMPHREY,
Chairman.

Fitting Promotional Plans to New Conditions

FRED N. BORGESS
Assistant Secretary, The Title Guarantee and Trust Company
Toledo, Ohio

Events of the past two years have confronted title companies, like all other businesses and professions, with problems heretofore unknown. One of the chief of these is the greatly reduced service income and that co-related problem of diminishing sources of every type of order. The many streams which normally contributed their quota to the volume of waters operating the mill have either become brooks or dried up altogether.

In our city we have experienced all factors of the depression: Bank closings, freezing of building and loan

associations, lack of financing, unemployment, a minimum of real estate sales and almost complete cessation of building; a combination of factors which inevitably produced a sharp reduction in the volume of title orders and, of course, greatly limited the fields of potential business.

When the sources of orders are abundant, when the stream is running full, there are various forms of publicity one may employ to direct the stream into one's own channel. Not only are varied types of advertising available, but required funds are also then at hand. But when conditions described above prevail a new plan of action must be evolved. Of necessity, cash expenditures are curbed. And the wisdom of any considerable expenditure for newspaper, direct mail or other forms of advertising, when one's potential volume is so greatly curbed, is open to grave question.

Our company believes it has met these new conditions squarely and effectively. Personal contact with attorneys, realtors, bankers and mortgage brokers has been maintained at more regular intervals. In these meetings of our representatives and clients, full opportunity has been had for discussion of mutual problems; for selling our facilities to those unacquainted with the scope of our equipment and services; for justifying seemingly high title prices with clients who are forgetful that the reason for any large title fee bill is due to increased litigation of the times. The seed sown at these personal contacts frequently bears fruit months later. In this manner our relatively limited field of clients has been, we believe, more thoroughly and effectively covered than would have been possible through any form of advertising.

State control of several of our closed banks and borrowing operations of banks and building and loan associations have, at times, entailed extensive title search requirements. Frequently situations developed which required prompt and tactful handling. In these cases, senior officers of the company have, through personal effort, developed considerable new business.

Much as we have relied upon what may be termed field work in our sales and promotion efforts, printed advertising has not been entirely abandoned. Our messages still appear in our daily publications, reaching attorneys, mortgage brokers, bankers and realtors, and at intervals we have distributed printed matter designed to provide helpful information for attorneys. One effective piece carried a timely discussion of "Acquiring Title Without Foreclosure," and was enthusiastically received.

Our most recent effort in print is a chart showing requirements for the execution of instruments in all states of the union. This chart which was so well compiled by Ray Trucks, of Michigan, came to us through the regular channels of James E. Sheridan, Executive Secretary of the American Title Association, who apparently was fully alert to its possibilities. It has been our fortunate experience that the chart, delivered personally by our representatives to members of the Bar, is beyond question the most effective piece of advertising matter we ever have distributed. In bulwarking good will this chart has proved invaluable, having commanded warm appreciation and enthusiastic comments wherever presented. It is interesting to note that while the cost of an elaborate calendar we published about four years ago aggregated a sum in four figures, the reprint of the American Title Association's chart cost but $15.00. And in contrast with the calendar, the chart will continue its generation of good will through many years. We heartily recommend its use.

The maintenance of our painted bulletin boards throughout our country also has been continued. We consider these boards, with their title insurance messages, worth while institutional advertising.

In brief summary, it may be noted in the above discussion that it has been the conclusion of this company, in view of prevailing conditions, in consideration of the limited potential business, that personal contact is more immediately effective in retaining old clients and gaining new business, and so this form of promotional endeavor has been accorded the greater emphasis.

A New Deal--Perhaps--In Title Insurance Plant Maintenance

HARRY M. PASCHAL
Vice-President, Atlanta Title and Trust Co.
Atlanta, Georgia

When Mr. Sheridan, our Executive Secretary, was in Atlanta in March of this year, we imposed on his good nature to the extent of showing him through our plant. In the course of our conversation, Mr. Sheridan asked whether or not we were still keeping up our daily "take-off," and also whether or not we were engaged in the installation of any new plant betterment or maintenance ideas. I told him that we had originated what we thought was a new idea in plant betterment or maintenance, and that we had been working on this plant betterment job for about a year. We outlined this idea in full detail to Mr. Sheridan, and upon his return to Chicago, we received a letter from him requesting that some one in our organization prepare a paper on this subject for delivery at this Convention.

Before attempting to outline to you in detail this idea, I deem it well to first acquaint you with the system in operation in our plant.

To begin with, our company is engaged solely in the title insurance business. We do not prepare abstracts for our customers and for the general public, unless there is some special reason for the preparation of an abstract, such as a condemnation proceeding, or a land title registration proceeding. In such cases, it might become necessary for the interested parties to have a full and complete abstract of title. Let me add, however, that we have made not more than a dozen abstracts in the last ten years, and when we do make one, we charge more for the abstract than we would charge for the issuance of a Title Guarantee Policy on the transaction. We feel that when we sell an abstract, we are selling just that much of our Title Insurance Plant.

In recent years, the daily "take-off" of abstract and title insurance companies has become somewhat standardized. There are, of course, variations in the routine of the various companies, but the general plan in use in the larger companies throughout the country is about the same.

Our system is along the line of the general plan, and is about as follows:

As soon as deeds and mortgages are filed in the Office of the Clerk of the Superior Court and entered on his filing docket, they are then handed to our clerical force at the Court House, who stamp a serial number on each instrument. These serial numbers are also entered on a daily sheet for future use. These instruments are abstracted and verified, arranged according to serial number, and sent to our main office for posting. As soon as they reach our main office they are docketed in serial order number. Instruments are located to Land Lot and Land District, in pencil, and so arranged. A list of the tract books containing the required land lots is mad, and the books placed on the desks for the posting department. The serial numbers of the instruments are posted in pencil to the proper outlines on our tract books, and these outlines are designated as unit numbers. Any change in outline is platted according to metes and bounds, and any instrument covering two or more outlines is duplicated as to parties and dates, and a skeleton duplicate posted to each outline affected. Each skeleton duplicate shows the locality of the original, and each original shows the locality of each duplicate. The instruments are then stamped with numbering machines, duplicates written and verified, and rearranged to serial number. As the clerical force in the Clerk's Office record the instru-

ments, the original papers are handed to our clerical force, and then the volumes and pages are entered on the sheets containing the serial numbers. Once a week these sheets are sent to our main office and the volumes and pages transferred to the abstracts of the various deeds and mortgages, and the take-off slips, or abstracts, are then arranged according to volume and page and sent to the Court House to be checked against the record. Any discrepancies between our abstract, or take-off, and the records are noted on our take-off slip, or abstract. The deeds are then returned to our main office, and every instrument (originals and duplicates) entered on the registers in volume and page order. The instruments located by metes and bounds are arranged according to District, Land Lot, square, unit, and number, reread and checked as to locality, and the serial number on the tract book (which, as before stated, is written in pencil) is erased and the volume and page of each instrument is inserted in ink on the tract book instead. Each process is indicated by a check mark, so that any one familiar with the system can tell by looking at the slip the extent to which it has been treated.

After the index check is put on (when the volume and page is substituted for serial number) the index check is rechecked by the file clerk, who then files the slips, or abstracts, in permanent files according to locality, where Land District, Land Lot, square, unit and number are indicated, or to volume and page, where the matter is indefinite.

These slips, or abstracts, are written on what we call "Standard blanks," size 5½ x 8½ inches, and a very good grade of paper is used, as these are permanent records.

Court suits are abstracted and located and filed to locality, or cards made for names (if indefinite) and filed to case number. A register, according to case number, is kept showing the locality of the property affected.

Wills, probate proceedings, lunacies, etc., from the Ordinary's Court are abstracted and attached to such matter as has already come in concerning such wills, estates, etc., and new matter is treated by card for each estate, and both cards and abstracts are filed to name.

Executions are abstracted, and cards made for every defendant. Tax and municipal assessment cards are blue, and general execution cards are yellow. These executions are checked against the records for transfers, cancellations, etc., and entries of transfers and of cancellations made on the fi.fas. and cards. The blue cards remain in file for seven years; the yellow cards are destroyed at the time of cancellation. Uncancelled fi.fas. are kept in volume and page order.

All recorded plats are obtained from the surveyors or traced from the records. Unrecorded plats are obtained from various sources. All plats are given a serial number in the Map Register, and located as deeds and filed to locality, except where the plat is too large to be folded to standard plant size, it is laid out flat, according to number, in a steel drawer file. Cards of names, dates localities, etc., are made and filed by name. Bankruptcies are noted by name, date and number. The cards made are filed by name, the bankruptcy slips by case number.

Transfers of mortgages and deeds to secure debt are copied from the original papers filed at the Court House, volume and page of record noted, and sent to our main office to be attached to corresponding slip, or abstract, book and page of record of transfers being kept in registers for the purpose.

All affidavits, certified copies of wills, etc., are given a "not recorded" number and indexed by cards to name; these cards being filed in our "omnibus index."

Each title search is filed away by serial number, and also indexed to names of parties interested. These searches are, of course, posted to locality, and are used as base searches for reissues. In addition, the foreign county searches are indexed by serial card for each interested party, each land lot, each street, and each subdivision.

All instruments incapable of being located by metes and bounds, by reason of being indefinite or general, such as general powers of attorney, receiverships, divorces, bankruptcies, or instruments covering any property "now owned" or "hereafter acquired," are stamped "O. M. I." (meaning "omnibus"), and cards made and filed in a general index according to the names of the parties.

A card showing parties, date of instrument, due date, rate of interest, and description of property (in brief) is made for every security deed or mortgage where $500.00 or more is due at one time, and filed away according to due date. This file is subdivided into years and months, and is what we call our "Loan Maturity Register."

In normal times, we publish a loan maturity list, which is mimeographed and sold to loan correspondents and loan brokers. I might add that we have not made a great deal of money from the sale of this information during the past two years.

Under our plan of operation, upon receipt of an order for examination of title, our Plant Department assembles all pertinent slips, or abstracts, of deeds, mortgages, mechanics' liens, etc., together with all pertinent information in our omnibus index. In case we have ever had an order for examination on the unit affected, the old search (or closed notes) is used as the basis for the current examination. Searches are posted by serial number in the unit or units affected, and a skeleton slip showing such search (that is, the serial number, date of issue, parties, etc.) is located to the current unit or units affected. If we have never had an order for examination in that locality, however, all pertinent information is assembled back to the State land grant. The title examiner then makes the examination and dictates the preliminary report, or settlement certificate. This report guarantees the vesting of the title, and has incorporated therein all liens, encumbrances and objections to the title. The report is verified by the examiner, and is then reviewed by the Title Officer, or by an assistant title officer. The report is then ready for delivery to the customer.

I believe this gives you a general idea of our system in maintaining our title insurance plant.

Now for the departure from our old system:

Mr. William J. Davis and his associates acquired control of our Company in the early part of 1918. I became connected with the Company in 1919. Mr. Davis was not then, and is not now, a "Title man," but he has the happy faculty of being able to get more work out of his organization and make more money for his Company, than any of his predecessors, so I would say that, while he is not a "practical" title man, he has certainly been a "successful" title man. I had not been with the Company long before Mr. Davis confided his plans to me, about as follows:

"Harry, we waste too much time in examining titles, and in getting out our preliminary reports. What we need is 'speed' and more 'speed.' There must be some system we could devise by which we could examine every title in the county right up to date, and keep it up to date, without materially increasing our plant maintenance expense; then, when a customer comes in and places an order for examination, we could almost reach down under the counter and hand him his report." Frankly, I began to feel like some of Christopher Columbus' friends must have felt when he was walking around the streets talking about a western route to India. I thought this was merely a temporary condition, however, and that we could talk Mr. Davis out of it in a short time. But the idea seemed to stick with him, and he would bring it up at practically every meeting. At various times, Mr. Davis has sent practically all of his department heads and executive officers all over the United States in search of new plant maintenance and money making ideas. As the result of these trips, we have adopted a great many ideas to improve our plant, but we never could seem to run across an idea that we could work in with Mr. Davis' line of reasoning. So far as I know, the system which we are now installing is a new departure in title insurance and abstract plant maintenance, and if this system is now in use in any title insurance or abstract plant in the

United States, I do not know of it. One of our men, who had given a great deal of thought and study to the matter, simply suggested to Mr. Davis one day that if we would examine and close all of our units, except the current units (current units, of course, being the present outline) and write on the face of each unit the opinion, or rather, show the vesting of title as to that unit, with a list of the objections to the title to the property in such unit, he would have what he wanted, that is, the title to every tract of land in the county examined up to date, and by having our Plant and Legal Departments co-operate (the Plant Department giving the Legal Department a memorandum of each unit as it went out, either in whole or in part, and the Legal Department closing such unit and writing the opinion, or objections, thereon), we would keep all titles in the county examined up to date at all times. You understand, of course, that it is still necessary in all cases for us to check the current unit and run what we call a "current" record search at the Court House, in order to be certain that our plant is in perfect harmony with the Court House.

When we considered the amount of work involved, however, in closing all of our units (except current), the task seemed almost impossible of fulfillment. To begin with, after a very careful check, we discovered that we had something like 280,000 units (exclusive of current) in our files. At the time we started this plan, however, (about fifteen months ago) time did not mean a great deal to us, and to date, we have closed about 60,000 units. We have not employed any outside help, but are doing the work with our regular force, and, of course, we are having to do it at odd times, so that it will not interfere with our regular business.

Our Legal Department is particularly enthusiastic about the great time saving possibilities of this plan, and when you can get the Legal Department of any concern enthused about anything, it must be a good idea.

We have experimented at considerable length with this plan, and we find that where one examiner can examine, dictate and verify from three to five titles each day under our old plan, this same man can examine, dictate and verify from fifteen to twenty titles each day under the system we are now installing. This means that, after this system is completely installed, we will be able to turn out from one hundred to one hundred and fifty orders a day (provided, of course, we get them) without increasing our personnel, and we will be in position to give our customers a twenty-four hour service, whereas, under our old plan, the reports were not ready for delivery (except in case of a "rush" order) until from two to three days from the date of the placing of the order.

While "speed" was the dominant factor which induced us to install this system, yet there is another very vital factor that deserves consideration, viz.: Filing space. We moved to our present quarters about five years ago, and already we are beginning to be cramped for filing space. Under the system we are installing, we will be in position to store our old units in permanent files in almost unlimited quantities. Up to the present time, we have had to have all of our slips, or abstracts, in file at all times, because we never knew when we would have an order on a particular parcel. By bringing objections forward, so that the unit immediately preceding the current unit will have a sheet attached showing all objections up to that date, or by making a base search on all preceding units, we will be in position to store all such units. This will, of itself, effect a considerable saving in time and money. It will also serve to minimize, to a very marked degree, the loss or erroneous filing of these slips, or abstracts.

When we started out on this plan, we intended examining and closing the units, and gluing, or bradding, the opinion, or objection, sheet to the face of each unit; but we soon found that this plan was not altogether feasible, on account of the fact that some of the slips, or abstracts, had skeleton duplicates which were still current units, and therefore could not be closed, as it is necessary, in these cases, to refer back to the original slip, or abstract. We have therefore modified our plan so that, while we examine the title to the unit and close it on our tract book, we do not actually blue or brad the opinion, or objection, sheet to the unit, but leave it loose in the front of the unit. We would much prefer to glue or brad together all slips, or abstracts, in the unit, including the opinion, or objection, sheet, and we are leaving this open for future consideration.

I understand some of the title companies have paid rent as high as $50,000.00 a year for the space they occupied. It seems to me that this plan, modified to fit local conditions, would effect a considerable saving in the item of rent alone, to say nothing of other items.

This plan could, of course, only be adopted by the title companies which use a complete "take-off." It certainly could not be adopted by the companies which use a "skeleton take-off."

In addition to the advantages herein pointed out, we have the satisfaction of knowing that we have been able to retain our examining department almost intact, and this would perhaps have been impossible had we not been working on this plant betterment or maintenance plan.

It will probably take us from three to four years to finish this job, but if, in the meantime, we should become "swamped" with orders, we can always keep in mind that it is solely a plant betterment idea, and that it is not compulsory that we complete it by any given date. Unlike most plant betterment ideas, this plan does not have to be finally completed in order to be effective as a time and money saving device; everything we do on it simply tends to increase the efficiency of our plant.

The realtor who negotiates a sale is only interested in one thing, i. e., getting the deal closed and collecting his commission. This system will certainly expedite final closings.

In conclusion, we estimate that it will require an average of thirty minutes additional work each day by two men in our Legal Department and one girl in our Plant Department to maintain our idea of closing units, after all units (except current ones) have been examined and closed. You understand, of course, that a current unit today will become an origin tomorrow, and we will then have a new current unit to deal with.

Real estate is really beginning to "come back" down our way. May and June were the best months we have had in the past twenty months. We have a deep and abiding faith in real estate, and when it does come back, we are prepared to meet it more than half way.

PRESIDENT O'MELVENY: Any one who can turn a closed bank to his account and get some good out of it is well worthy of our attention. Judge Oshe, Chief Title Officer of the Chicago Title and Trust Company, and Leo Werner, Vice-President of the Title Guarantee and Trust Company, of Toledo, Ohio, are going to handle the subject of "Business from Conservators, Liquidators, Receivers of Closed Banks." We will hear from Judge Oshe first.

Business From Conservators, Liquidators, Receivers of Closed Banks

JUDGE M. M. OSHE
Chicago, Illinois

When I read the announced subject given to me I could not ascertain whether it meant how to obtain the business, going out and getting it, or how to handle it after it had been obtained.

My idea was that the happy medium would be that by following Mr. Wilson's suggestion of giving these conservators, receivers, and liquidators the best assistance we could in all probability we would be able to obtain this business.

The closing of the various banks during the past three years has brought to the title world numerous questions with which before we had very little experience. It is not my attempt tonight to answer those questions.

I expect merely to suggest those questions to you. As you all know, the course is absolutely uncharted and in many instances these are questions which pertain to your local state statutes, so I shall merely touch upon them briefly.

As you know, upon the closing of a bank we find various parcels of real estate owned by that bank in the individual capacity. Of course, this includes the bank building and parcels of property which the bank of necessity has taken in on foreclosure of mortgages and in satisfaction of debt. In respect to this class of property we have very little difficulty, because your state statute ordinarily provides the receiver of that bank becomes either vested with the title to the assets of the bank or he is given control and possession of those assets, and the state statute regulates the manner in which that property may be sold.

However, the problem which concerns us greatly relates to the property which the bank held in a fiduciary trust capacity. It certainly is inconsistent with the closing of a state bank that that bank could continue to operate its trust department and function, since the duty of the receiver of practically every state bank is merely to take control of the assets of the bank and, of course, the trust property is not an asset of the closed bank; without some special statute in any particular state the receiver of that bank has no control over the trust property.

And I venture to say that even though a statute attempted to delegate to the receiver of a closed bank the right to function and take over the duties of a trustee, the state legislature has no authority or power to delegate the exercise or administration of a trust function to a receiver of the bank. As we all know, in so far as national banks are concerned the receiver of the assets of the bank—and I am talking about the individual assets of the bank—may apply to a board of competent jurisdiction and receive permission to sell and dispose of that property.

As you perhaps all know, the law relative to national banks engaging in a trust business permits that national bank to engage in such trust or fiduciary business as the local state bank may engage in. That is under the Federal Reserve Act, the idea being to place the national banks, as far as exercising trust capacity is concerned, on an equal footing or in competition to be the intention only to give the national bank such authority as to engage in competition with the local state bank in the same capacity where the national bank is located, it would be rather inconsistent to feel that upon the closing of the national bank there would be no longer any necessity of competing with the state bank, for that national bank to attempt to exercise trust powers.

It would be all very well relative to this property held in trust by your state and national banks if in the creation of that trust a successor trustee had been appointed, but the idea of a corporate trustee takes us away from the idea of a successor trustee. By that I mean that it was far from the idea of any of us that any of these institutions we have had with us for years would today be closed.

As I have stated before, it would be a simple matter if we could get a simple deed from the successor trustee. In our particular territory hundreds of thousands of lots are held in trust by both state and national banks which have been closed. Of course, it would be an easy solution to go into a court of chancery and have a new trustee appointed.

We have been rather successful in this jurisdiction in so far as both state and national banks are concerned in that the comptroller has permitted our national banks to make a conveyance and his receiver has okayed these conveyances where the beneficiaries are capable of giving a letter authorizing the corporate trustee to convey, and this, together with a confirmation by the receiver of the bank to indicate that property is in no way the asset of the bank, has been sufficient, and, as I have said before, we have been very successful in disposing of several pieces of this property, that is, getting them out of the trustee. The same thing applies to our state banks.

I do think that in other jurisdictions, where property is held by a national bank, it has been necessary in many instances to go to a court of chancery and appoint a new trustee for that purpose, immediately upon the closing of the bank that the authority of the trustee to convey is gone.

With the closing of these various banks, and with the moratoriums, many reorganizations of banks were necessary. That brings us to a problem which undoubtedly is local and that as a result of the closing many reorganizations have been entered into. Those reorganizations, in many cases, consist in a consolidation of a state and a national bank.

I am not going to spend much time in discussing that question except to say that under the National Banking Act, a national bank may consolidate with a state bank so long as the consolidation does not contravene the laws of the particular state where the national bank is located. That, of course, means that in all these cases where we have a consolidation of state and national bank, each particular state has to go into that question and, of course, if the consolidation is not good the trust powers that follow are not capable of being exercised.

Again, in connection with the closing of these banks we have had a problem recently. Inasmuch as our many banks, shortly prior to closing, as a last effort to save themselves, went to the Reconstruction Finance Corporation and borrowed money and pledged all the mortgages and so forth which the bank had at the time. Shortly after—of course, the bank was not saved—a receiver was appointed for the bank, and we find the receiver being the owner of the mortgages, but they are pledged to the Reconstruction Finance Corporation.

Of course, following the idea of the American Title Association and the various articles we read from time to time, and relative to which Mr. Scranton is going to speak tomorrow, many of the individual owners of those mortgages where the loans were made with the bank are now wanting to surrender their property to the receiver of the bank in satisfaction of that mortgage. Of course, the receiver is in no position to satisfy that mortgage because that mortgage is now pledged with the Reconstruction Finance Corporation.

We have met that problem in a happy manner here inasmuch as we have a three party agreement. The owner of the property joins and recites he wants to convey that property in satisfaction of the mortgage. The receiver states he is willing to accept that property, and the Reconstruction Finance Corporation joins and says they are willing to take that property in substitution of the security being the mortgage which is pledged. The receiver of the bank nominates the Reconstruction Finance Corporation as their nominee. The property is conveyed by the owner thereof to the Reconstruction Finance Corporation. The Reconstruction Finance Corporation takes a title.

At the time of taking title the Reconstruction Finance Corporation executes a short declaration which states it is merely taking this property in substitution of the mortgage which it held and it is merely in place of that mortgage. We attach this declaration of the Reconstruction Finance Corporation to the deed and when our title policy is issued we call attention to it. We find the title in the Reconstruction Finance Corporation, subject to the right title and interest to the receiver of the bank as disclosed in that interest, and the mortgage is cancelled.

You have all these questions where administrators, trustees of estates, conservators, guardians, and so forth, hold mortgages and the mortgages are now in default. It is easy enough to say that property may be conveyed in satisfaction, but you always have a nice question as to what the authority is of that person acting in a fiduciary capacity, that is, that the administrator, trustee, or whoever he may be, after he gets the property, to dispose of it. Our own practice has to do with the equity, conservation, and along the line of giving him the right to invest or reinvest so that he may dispose of it. (Applause.)

PRESIDENT O'MELVENY: We will now hear Mr. Werner discuss this subject.

LEO S. WERNER
Toledo, Ohio

Judge Oshe has touched upon many technicalities of this subject, and I have rather felt that it would be wise to handle this subject from the standpoint of my own personal experience in dealing with closed banks in Toledo. I am sorry I must confine my experience to Toledo, but that is as far as I can touch upon this subject.

I must apologize for repeating whatever was said by me at our recent Midwinter Meeting for I know no more now than I did then about the matter.

In Toledo we have had a little break on the rest of the country in so far as in August of 1931, four of our five largest banks failed on the same day, one bank with assets of $60,000,000; one, of $35,000,000; one, of $25,000,000; and one, of $12,000,000.

To my great surprise I was appointed a special deputy superintendent of banks by the Superintendent of Banks of the State of Ohio to assist in the liquidation of the Commercial Savings Bank and Trust Company.

It might interest you to know that at my first meeting as a civilian liquidator of the bank, serving without pay, supposedly for $1 a year, and taking up over onehalf of my time, I was surprised and dumbfounded that the first question we had before us was one of forgery by a real estate operator of Toledo involving a $3,500 mortgage. It amused me that I had tried to sell this bank for five years on title insurance and was told repeatedly by their officers that they never had any losses, either by way of forgeries or questions involving surveys. They did not need surveys, so they said, or title insurance either, for everything was going fine on mortgage loans, but at my first meeting the very first question that was presented to us was what course of action we should pursue with reference to this forgery matter. The mortgagor who forged this mortgage is now serving time at Columbus.

As I say, I can do nothing but repeat what I said at the Midwinter Meeting, that perhaps from the standpoint of you people and myself who must contact bank liquidators, conservators, and examiners, you are interested in selling your service, and I think you would be interested to know what type of service you can offer to them, and the type of service in which they are most interested.

We all know, of course, to begin with, they are interested in foreclosure reports. They are interested in real estate or mortgage loans held by them as collateral to a loan, and they will want to know what the status of title or validity of lien actually is.

They are again interested in the status of collectability of those stockholders who owe double liability. They are interested in cases where the bank holds a mortgage loan and some one else has assumed and agreed to pay that mortgage. They are interested in any number of types of reports, such as tax liens and similar situations, where the examiner in charge of the bank, or the conservator as we call him today under the present federal statute, desires to know the status of the bank's lien. They are interested in knowing the names of lien holders subsequent to their interest in property so as to contact them and determine if such junior lien holder is collecting the rents.

You would probably be interested to know that in handling extensions of titles in our closed banks in Toledo we have reached an agreed price with our superintendent of $13 per file. The Superintendent of Banks is the only client we have who has a flat fee. Our fees in Toledo are based on the number of years of examination, and the amount of work we have to show. Our average fee for 1931 was $12.96; for 1932 it was $13. We quoted the Superintendent of Banks a flat fee of $13 for extensions. That takes them as they come, good and bad, whether they are ten years' examinations or one month examinations.

We have had no serious difficulty under this arrangement and I just mention it here because I feel you are interested in knowing what you can do in your own community with your own closed bank.

Immediately following the closing of our banks, which, as I say, was in August, 1931, Mr. Sheridan kept in close contact with me and I with him. Since we in Toledo were one of the first cities to be seriously affected by the closing of the majority of our banks and had these bank problems, all of which have been handled here by Judge Oshe as to the technical end, I want to give Mr. Sheridan full credit for the fact that he has been keenly alive to the situation and kept in touch with me as to what was going on, and the new problems we had to meet, and all of those things are in his file, and available to you for the asking.

Report of Nominating Committee

The nominating committee, Mr. E. B. Southworth, brought in its report. Upon motions, duly seconded and carried, the following officers were elected:

ARTHUR C. MARRIOTT, President
Chicago, Illinois

BENJ. J. HENLEY, Vice-President
San Francisco, California

LEO S. WERNER, Treasurer
Toledo, Ohio

BOARD OF GOVERNORS

Charles Buck, Baltimore, Maryland, for the term of one year.

Porter Bruck, Los Angeles, California, for the term of two years.

H. Laurie Smith, Richmond, Virginia, for the term of two years.

McCune Gill, St. Louis, Missouri, for the term of three years.

Wm. Gill, Oklahoma City, Oklahoma, for the term of three years.

Harry M. Paschal, Atlanta, Georgia, elected to fill the unexpired term of Mr. Wm. H. McNeal.

Pearl K. Jeffery, Columbus, Kansas, elecetd to fill the unexpired term of Mr. Benj. J. Henley.

The Wednesday evening session adjourned at ten o'clock. We were then favored by a presentation ot the moving picture, with sound, "To Have and to Hold." This was shown through the courtesy of the California Land Title Association.

THURSDAY MORNING SESSION
July 13, 1933

Abstracters Section

The meeting was called to order at ten o'clock by the Chairman of the Section, S. Earl Gilliland, Sioux City, Iowa.

Report of Chairman

S. EARL GILLILAND
Sioux City, Iowa

Without doubt the year 1933 will stand apart from all prior years as the one which has caused more concern among the members of our profession. The first part of this year will probably show the least amount of revenue to abstracters for many years, while the latter part of the year is charged with hope for better business and better business methods.

Through lack of funds our Association has not been able to enter into extensive activities. Much active work is needed under the various enactments of the new deal. If proper attention of our Association is given to these matters, certain expenses are necessary and those who represent us cannot be expected to bear such expenses individually when their work and accomplishments are for the good of our entire association. While we realize it is difficult for our members to pay dues and sustaining fund contributions, the very lifeblood of our association is in the balance and under such conditions we should pay 'til it hurts.

State legislation inimical to the interests of abstracters has not come to the attention of our section. The activities of our members individually prevented or aided in the prevention of legislation concerning our profession. In one state a bill making it unlawful for any person to demand an abstract back of a twenty-year period failed of passage. Its author died during the session as did the bill. He never missed introducing bills adverse to the interests of abstracters. He championed the Torrens act for years. Peace to his ashes.

Various forms of moratoria with respect to foreclosures were enacted throughout these United States. The constitutionality of these laws has been questioned but we have no information that it was tested in any of the higher courts.

The constitutionality of the abstracter's law in Montana is being tested. You will hear from our good friend, Bill Clarke, on this subject.

Nationally, several acts were passed by Congress affecting the abstract business, notably the creation and establishment of the Regional Agricultural Credit Corporations, the Home Loan Banks, the Home Owners Mortgage loan fund and the National Industrial Recovery Act. Your Executive Secretary and Chairman have had considerable correspondence with abstracters from various parts of the country with respect to requirements of the various R. A. C. C. institutions. This subject will be discussed at one of our section meetings.

The policies and procedures of the R. A. C. C. are to all appearances completely established. The corporations have been in active business for some six months and from quite close contact, your chairman has noted the activities of the one in Sioux City. The Sioux City corporation is completely organized. Its officials have its functions well in hand and are working harmoniously with abstracters, in the mind of your chairman. It has come to the attention of the association that this is not universally true. This situation will be disclosed and discussed at this convention.

Much active work was done by certain members of the American Association with respect to the Home Loan Bank Act. You have been apprised in the various bulletins of our Executive Secretary, concerning work and results of the efforts of such members who, at their own expense, represented us at Washington. Their work was strenuous and their efforts should be commended by our section even though the results are not wholly satisfactory.

Without doubt the National Industrial Recovery Act is the topic of more conversation and concern to us than any other enactment of our Congress. At the time of preparing this report, practically no line of procedure is available for the guidance of industry in preparing codes of fair competition. As this subject was before this convention prior to the time of reading this report, nothing more need be mentioned herein.

A novel idea for "dolling-up" abstracter's certificates is advanced by former president, C. L. Clark, of the Iowa Title Association. It consists of incorporating the certificate of qualification of the member issuing the abstracter's certificate within an outline or boundary-line map of the state. A copy of this certificate is or will be on exhibition at this convention.

An idea for securing more revenue to abstracters comes from a contact by one of our members with an attorney for a Federal Land Bank. This particular attorney prefers chattel mortgage abstracts made by abstracters to those issued by county officers, and, for the bank he represents, is willing to pay a fee of $1.00 for a chattel search, fifty cents for personal tax search and an additional fifty cents if two or three chattels are shown on the abstract. These fees may not be satisfactory to all abstracters. In counties of lesser population they may be deemed sufficient, but it is doubtful if they would be sufficient in more densely populated counties.

Your chairman mailed quite a number of letters asking for subjects and speakers for our section. He is thankful for the very few replies received. It is the hope of your chairman that the program, as prepared, will prove of interest and benefit to all our members.

CHAIRMAN GILLILAND: At this time it is in order to appoint the Nominating Committee for the election of the officers of the Abstracters Section. On this Committee I will appoint William Gill, of Oklahoma City; Harry Pearson, Danville, Illinois; and R. A. Edmondson, of Akron, Colorado. This Committee will report at the beginning of tomorrow morning's session.

I will call now for the findings of the judges of the Abstract Contest. Judge Oshe, of Chicago, is Chairman.

REPORT OF FINDINGS ON ABSTRACT CONTEST

JUDGE M. M. OSHE, Chairman

Mr. Chairman, Ladies and Gentlemen of the Abstracters Section: There were three judges to judge these various abstracts. Those judges were Leo Werner, of Toledo; Frank Kennedy, of Detroit, Michigan; and myself. I suppose it is not out of order for me to compliment the two men who worked with me upon the conscientious manner in which the work was done.

The grades were made by each of us in our home community and later we met in Chicago and we were all so near alike in our grades that it was self-evident that each man had given his best effort to the matter.

Before awarding the prizes, I want to say that there were two or three matters that occurred to all of us in going over these abstracts. First, if the abstracts, as made, could be more of the same size and shape for convenience in filing by those who take the abstract, it would seem to be of considerable advantage. If you look at the abstracts on exhibition you will notice the dissimilarity in size.

There was also another matter that came to our attention. Although the paper, in most instances, was fairly good, the writing on some of them in five years, or at any rate, in ten years, will be absolutely illegible. I do not say that about all of them, but some of them.

I shall not make a talk about a uniform certificate. It has been discussed so many times, but I can say it would have been much easier if the certificates were uniform.

THE WINNERS:

1st Place—The Guarantee Bond and Mortgage Co., Grand Rapids, Michigan.
2nd Place—Title and Trust Company, Portland, Oregon.
3rd Place—Guaranty Abstract Company, Tulsa, Oklahoma.
4th Place—Custer Abstract Company, Miles City, Montana.
5th Place—Hight-Eidson Title Company, Harrisonville, Missouri.

HONORABLE MENTION

The Abstract and Title Corporation, South Bend, Indiana.
Johnston Abstract and Loan Company, Claremore, Oklahoma.
Mower County Abstract Co., Austin, Minnesota.
The Guarantee Title Company, Mansfield, Ohio.
Vermilion County Abstract Company, Danville, Illinois.

CHAIRMAN GILLILAND: We thank you very much, Judge Oshe. I am sure the members of our Association appreciate the great amount of work these judges have done in order to judge the abstracts that are submitted.

Business From Regional Agricultural Credit Corporation

C. E. VAN VLACK
Rapid City, South Dakota

When we, in South Dakota, started in on the Reconstruction Finance Corporation work, we found that we derived considerable abstracting in the way of chattels and real estate abstracts, a couple of years ago, from that work, and we were in hopes that when the Regional Agricultural Credit Corporation started out we would derive some work from that, but so far that has not materialized.

We find this to be true, as has been brought out here before in our meetings, there seems to be quite a divergence of opinion as to how the different managers shall handle their different offices, and that has had a tendency to make it difficult for any one to get any satisfaction out of them along the line of business.

We find in the case of the Sioux City office, when they got out their forms for bonded abstracts, we thought that no one but bonded abstracters would be used, but when they went out to the different offices often they did not take

them to abstracters and the county officials took it upon themselves to mark out the bonded abstract and put their own on, which, as you know, had no bonds back of them to recover any losses or damages that might be sustained.

Immediately upon finding this was going on, we wrote to the different offices having jurisdiction over our territory, Omaha and Sioux City, and they reported, especially Sioux City, that they preferred to have one of the abstracters sign the chattel abstracts, but that in case one came in from a county recorder or registrar of deeds they did not feel inclined to return it and refuse it.

On my way to the convention the other day, I talked with the manager of the Sioux City office, and he said that fully eighty per cent of their chattel abstracts were certified by bonded abstracters and that he wished all of them were. He said that I might tell you that you are free to inform your customers that bonded certificates on chattel abstracts have a tendency to cause the loan to go through more rapidly and without any interruption, because they were inclined to feel there was more security back of a bonded certificate. They know there is no bond covering a recorder's certificate but their hands are tied in so far as being able to refuse them.

We were not so fortunate in the case of the Omaha office, which indicates that it is a matter which is being left to the discretion of the local managers instead of it being a policy for the head office in Washington to set up a plan and make them all conform to it.

When the manager at the Omaha office sent out his form it was prepared to be signed by the county recorder, registrar of deeds, or county clerk, depending on the state served, and for that reason it has been very difficult for the abstracters in the district served by the Omaha office to get their share of the chattel abstracts. If any of you know of any way in which to bring pressure to bear that would cause those managers to see the light, in so far as they could be made to realize that they should have bonded abstracters' certificates on those chattel abstracts, it would be a good stroke of business for all of us.

We are losing a great deal of the business and the county recorders are getting it and doing it for a little or nothing, where we could obtain a little revenue. It is not a particularly desirable business but it does help out during the lack of better business.

Another thing with which we had to contend was that when the Sioux City office sent out their instructions they mentioned $1.50 as being the filing fee and chattel fee. In talking with the manager at the Sioux City office on my way to the convention, I asked him why that was done. He said, "I found that was an average cost," and I asked him if he realized that such a charge had been taken as a maximum cost.

When they come into your office with a sheet like that and you tell them the chattel abstract is going to cost $3.50, and the filing fee in addition to that, they think you are getting more money from that than should be charged for it. The manager at Sioux City said that he did not realize that would give them an erroneous impression, but it has done that and it has made the matter a little difficult.

I asked him why it was necessary for him to specify any amount so that we would have any arbitrary figure to combat. He said that he had no idea it would cause us trouble, but that he was merely trying to give the applicant some idea of what it would cost when he started out. He said there had been some cases where the applicants had figured there was going to be no expense to them, and he wanted to prepare them for some charge before they made application.

I am not so proud of the fee schedule we get for making chattel abstracts. I have found since I came to the convention that our charge is very inadequate compared to what some abstracters are getting, but at the same time it is from four to five times as much as the recorders are getting for the work. We get $1 for a certificate and one entry, twenty-five cents for each entry thereafter, and twenty-five cents for taxes and judgments, which, if you know very much about it, you will readily realize is entirely inadequate, especially when you realize the laws in our state require us to search back for six years; in cases of certain names it entails entirely too much work for the amount of money we get from it.

If conditions were normal in the title business we would prefer not to do any work of that kind, but confine ourselves to abstracting. I am in hopes that the new Home Owners Loan Corporation that is going to function will bring us some business. I can conceive of no way in which they will be able to avoid giving us some business as was true in the case of the Home Loan Bank. As you have been told, in the case of the Home Loan Bank, the loans were handled by assignment and the government decided that the mortgage had the same status on assignment as it had before, but in the case of direct loans to home owners, we do not think that will apply and we hope to get some business from that.

Going back to the matter of the Regional Agricultural Credit Corporation, the reason for bringing this subject before you here is to find out if any of you have had any luck with the field men in getting them to designate or insist on abstract work.

There was some revenue from it in South Dakota, in cases where they would go to the field office and look up some deed and then turn it over to the office and then our recording and index would lie there until they were finished with the work. Then, there was a law which some one put into our legislature last winter trying to make it compulsory for a county officer to turn the fees in to the county or state treasury for making such abstracts, but it failed to pass.

We thought that would have a tendency to keep them from making abstracts because it would do away with the profit to them. They would have nothing but work and would be compelled to turn in the fees.

We would like to have a discussion of this matter and find out if any one has been successful in contacting the field man and getting that business. We would like to know how it is done.

(Applause).

CHAIRMAN GILLILAND: We thank Mr. Van Vlack for the enlightenment he has given us on this subject.

Another of our members, Mr. Frank Canavan, of Gallup, New Mexico, has corresponded with your Chairman and the Executive Secretary on this subject. He was requested to appear on the program and was expected to do so, but he was taken ill in May and is not able to be here. He did not prepare a paper but there are certain portions of his correspondence which I will ask Mrs. Jeffery to read to you.

"In this State, a Judgment does not constitute a Real Estate Lien unless a transcript of the Judgment is made from Court Record and recorded in a book known as 'County Clerk Judgment Docket' in County Recorder's office. This record is indexed and it is not a difficult record to check. This refers to so called money judgments. In the same manner, Judgments affecting real property do not constitute a Real Estate Lien unless a Certified copy of Judgment is recorded on County Recorder's Records. These Judgments I enter in my tract books under description shown as I would any instrument of conveyance, mortgage, etc., when they are so recorded.

"As to my charges, I set a minimum fee of $1.50. Then I make a charge of 50 cents for every Chattel Mortgage, Real Estate Mortgage, etc., checked, whether released or not. This charge also applies to Tax search, and Judgment search. As the form asks for all unreleased mortgages, I include all auto conditional sale contracts which are entered in this State in the same record as Chattel Mortgages. The average report runs around a $3 fee and I can complete it in about an hour and a half. As a usual thing too, the Corporation seems to require a preliminary report before they consider the loan. If this report shows favorable, the Corporation forwards their form of Chattel Mortgage for the new loan to be placed on record (this before they ever advance a cent on

loan), and they then require a second report which is similar to the first of course, with the addition of the new Chattel Mortgage. This method practically doubles the fee for the one search as I keep a copy of the first report.

"But what I can't get through my head is why the Corporation is so free in handing out their money to others making loans and so reckless of their security, and then are so very careful to see that the Abstracter doesn't get a smell.

"I only want to add that it appears to me that the abstracters associations have been asleep on the job as far as government work is concerned and now when work is scarce and the government has to lay awake nights trying to find places to get money into circulation, would be a good time to help out by circulating a little of it for them."

CHAIRMAN GILLILAND: We also have a letter from Mr. Donald B. Graham, a former Chairman of this Section, written to our Executive Secretary and he has turned it over to me thinking perhaps it would be well to have it brought into the program. He encloses a copy of the certificate issued by the abstracters of Colorado. "Abstracter" appears in this certificate as it does also in the form issued by the Sioux City office.

In connection with the Sioux City office, I might say that this certificate was prepared, printed, and sent out and no abstracter knew a thing about it until some applicant for a loan brought it into our office. We immediately contacted the head of the Sioux City corporation and were told that they required our certificate, that they would not accept certificates of county officials, nor have they in our county accepted county officials' certificates.

"Any judgment of record in Colorado is a lien on any and all real estate owned by the judgment debtor. This, however, does not make it difficult for our abstracters to comply with the request of the R. A. C. C. in compiling certificates on chattel loans. I will enclose a copy of the certificate which we finally worked out with R. A. C. C. committee here in Colorado. (See Page 35)

"You will note that the County Treasurer furnishes and is liable for the condition of the taxes, his charge being fifty cents for each certificate.

"We do not make ourselves liable for suits or suits pending in the District and County Courts, nor are we liable for any mistake made by the Sheriff, but merely collect this information to the best of our ability. We are liable for chattel mortgages which have been *properly indexed* and which have been executed by *the parties applying to* R. A. C. C. for loans. We are liable for missing any judgment of record in the Recorder's Office. This judgment search is made from our abstract record and is the easiest part of the whole procedure.

"Our legal R. A. C. C. committee also wanted to establish a very low price for this service, but we have made the following Schedule of Fees which we believe are quite fair:

$500.00 or less, $3.00, plus 50c for each instrument shown;
$500.00 to $1,000.00, $5.00, plus 50c for each instrument shown;
$1,000.00 to $3,000.00, $7.00, plus 50c for each instrument shown.
Above $3,000.00 add $1.00 per thousand, plus 50c for each instrument shown.

"We expect R. A. C. C. to make approximately five thousand loans this year which will bring in excess of $30,000.00 to the abstracters of this state.

"We find that some of the banks in farming communities are following the lead of the Government in this matter and are now asking us to make like certificates for them. We were able to secure this business because of the co-operation of our members and believe it possible for other states to obtain the same results if they will work hard enough for them.

"I anticipate a good deal of abstract work from the passage of the new farm loan and urban loan bills. Certainly the Association should do everything possible to see that the Government has all abstracts extended, and if possible to promote the use of title insurance in all localities where it is available. It would be a great thing for the title insurance business if we could persuade the Government to use it at this time. Certainly we never will get the business if we sit back and wait for them to bring it to us."

EDGAR JENKINS (Littleton, Colorado): Before we leave Mr. Graham's letter, I want to say that there have been some changes in that schedule. We have had several set-to's with the officials. The fifty cents for each instrument shown has been cut out and the lower cost has been cut from $3 to $2. In fact, several have been cut. On the eastern slope of the state they are small, $300, $400, and $500 in amount. On the western slope they have larger pieces of property and they make more money.

Since the time this letter of Mr. Graham's was written the manager took it into his head to take these away from the abstracters and give them to the recorders. The recorders in Mr. Graham's and my counties said they would not touch it. The recorders in the smaller counties decided they would be glad to do it for fifty cents.

The day before I left I got a letter from Mr. Graham saying he had been over there to talk to them about it and while they would like to take it away from the abstracters and give it to the recorders they didn't know how they would be able to do it, but as I say, they have made quite a little reduction in the prices.

CHAIRMAN GILLILAND: Do I understand that the heads of these banks are going to dictate to any extent the fees which shall be charged for these certificates?

MR. JENKINS: They endeavor to do so, yes. The local manager of the Regional Agricultural Credit Corporation came to a local meeting which we called, at which ninety-five per cent of the abstracters were present, and presented a schedule which he wanted us to put into effect. It had so many grades in it that it was not worth bothering about. He didn't care how much we charged in the higher brackets, but the abstracters themselves put a maximum of $10 into effect.

Mr. Graham, another man and I were appointed as a committee to confer with him and try to work out a schedule of charges. He would not accept our schedule, so we charged according to the old one. He delayed the matter for several weeks and tried to get the recorders to do it. An agreement has been made with him in each case.

We submitted some suggestions to them whereby they might cut down the expense. They had been recording all chattel mortgages, which ran from $1.50 to $4.00. We suggested that it be fifty cents. We made several suggestions that would help in reducing the expense. In everything we have done, we have endeavored to agree with the local manager on charges.

CHAIRMAN GILLILAND: Is there any further discussion? It would seem that these Regional Agricultural Corporations were organized on perhaps the same general lines, that is, in the same general manner, that some of these other organizations have been formed. It would appear that these managers have been appointed and large sums of money placed in their hands with instructions to loan safely. The manner in which they operate, as far as I have been able to determine, has been devised by each organization.

I believe in the Corporation in our city we were particularly fortunate in having a man appointed as the head of that institution who was a former banker, a former loan man, a man of wide business experience, and appointed, I would say, on account of his qualifications more than through any matter of politics. He has been very fair, I believe, with the abstracters in our particular section. I believe he will be willing to help us with the corporation of any particular locality. I have had some assurance from him to that effect.

I think if any of you have any particular grievances along that line that something probably could be accomplished. We should sell ourselves, at

(Continued on Page 36)

CERTIFICATE

.....

.....

doing business in.....County, Colorado, hereinafter called "The Abstractor," hereby certifies that it has caused a careful examination to be made of the proper indices of the chattel mortgage records, the County Court records and the District Court records of.....County, Colorado, and has made inquiry of the Sheriff of said County concerning executions.

That it finds from such examination and inquiry that there are no live and existing chattel mortgages recorded or filed in the office of the County Clerk and Recorder of said County, which have been executed by .....reciting or describing any of the personal property mentioned in that certain chattel mortgage given by.....

.....hereinafter called the "Mortgagor," to Regional Agricultural Credit Corpo ation of Wichita, Kansas, as mortgagee, dated..... and recorded.....at.....o'clock.....M., in book.....at page.....of the records of.....County, Colorado, save and except the following:

Mortgagee	Date	Date Filed	Book and Page or Filing Number	Amount	When Due

Covering the following:

Mortgagee	Date	Date Filed	Book and Page or Filing Number	Amount	When Due

Covering the following:

Other chattel mortgages:

That a certificate from the County Treasurer of all the taxes assessed against the real and personal property (separated as to realty and personalty) of the above mentioned Mortgagor up to and including the general taxes for the year of 1932, due in 1933, is hereto attached.

That the Clerks of said Courts state that, except as noted herein, there are no suits pending, no unsatisfied judgments, and no existing liens against the said Mortgagor in either the District or County Court of.....County, Colorado. That there are no unsatisfied judgments of record against said Mortgagor remaining in the office of the County Clerk and Recorder in said County, except:

That the Sheriff of said County informs us that there are no executions in his hands remaining unsatisfied against said Mortgagor, except:

In Witness Whereof, The Abstractor has executed and delivered this certificate this.....day of....., A. D. 193..., at.....o'clock.....M.

.....

By.....

.....

(Official Capacity)

least to those managers, or rather I should say, sell our services. We should show them there is a responsibility behind what we issue, whereas, in many cases of county officials, there is absolutely no responsibility, and for the efficiency of their own institution they should have the best service.

R. S. JOHNSON (Newkirk, Oklahoma): I do not know that I understand entirely the type of certificate you are talking about, or the type of abstract. Are you talking entirely about an abstract of the chattel record?

CHAIRMAN GILLILAND: The certificate covering the necessary points. In our state we must certify to all chattel mortgages of record which are unsatisfied during a five year period, personal taxes for a period of their lien, which is ten years in Iowa, and unsatisfied judgments against personal property.

MR. JOHNSON: Is it customary, outside of the Regional Agricultural Credit Corporation, for the other institutions to get an abstract made of the man's chattel property to see its condition before making a loan?

CHAIRMAN GILLILAND: I do not know how the bankers in Iowa have worked. They have apparently made their own examinations. The abstracters have not been called on for anything but certificates.

MR. JOHNSON: I do not know that we have ever been called on to furnish such service. It is very interesting to know that they are interested in such a thing. When you take that off, do you take an abstract of that instrument, or do you copy in full when you do find a chattel mortgage against it?

CHAIRMAN GILLILAND: We take the essential points, the date, and what it covers.

MR. JOHNSON: Is it any more than what you can fill in in this blank?

CHAIRMAN GILLILAND: Six or eight lines, depending on the personal property included. The Regional Bank is anxious to know what it covers so that they may determine whether their loan will cover the same personal property.

B. McCARN (Anamosa, Iowa): I am from Iowa, and we have had a number of these blanks in our office. It seems to me that this has not been made quite clear, because along with this pink blank there come two applications and a duplicate. The abstracter looks up these chattel mortgages here (indicating on blank) and certifies down here (indicating). We get $2 for it. Those blank applications which go with this are usually filled out by the county agent of the Farm Bureau.

CHAIRMAN GILLILAND: There is merely a property statement.

MR. McCARN: It comes along with this to the office. They want to know what his land is. You have to look it up and give it to them from the books.

MISS LAURA ROHRER (Junction City, Kansas): I think I can answer one of Mr. Johnson's questions. If he has had any business from the Federal Land Bank on farm loans, he will have those. All those Home Loan Bank loans and farm commissioner loans that ask for chattel mortgages will have this certificate attached, and they require an abstract.

They require an abstracter's certificate on chattels and a county treasurer's certificate on taxes. All those farm loan commissioner mortgages and Home Loan Bank loans that come from the Wichita bank have that.

CHAIRMAN GILLILAND: Is there any further discussion?

J. L. BOREN (Memphis, Tennessee): How do you keep your record of these chattels in your tract books?

CHAIRMAN GILLILAND: It specifically covers buildings or such property as might be determined to be a part of the realty. We do not index them on our books. We merely examine the chattel mortgage indices of the record for chattels issued by this particular person.

We are furnished the name of the man, what his land is, in which township he may live, or where he has lived during the five years last passed, and then search the chattel indices accordingly.

THURSDAY MORNING SESSION

July 13, 1933

Title Insurance and Title Examiners Joint Session

Mr. H. Laurie Smith, Chairman, Title Insurance Section, and E. B. Southworth, Chairman, Title Examiners Section, acted as chairmen for this meeting.

CHAIRMAN SMITH: This meeting is a joint session of the Title Insurance Section and the Title Examiners Section. The labors of the Chairmen of the respective Sections were divided very satisfactorily in that Dick Southworth did all the work and made all the arrangements for the program, and I think the address to which we have just listened is about the best evidence of the judgment of the Title Insurance Section Chairman. (The address referred to by Mr. Smith was an extremely interesting paper on "Moratoria" by Mr. William E. Jones, Assistant Counsel, The Northwestern Mutual Life Insurance Company, of Milwaukee, Wisconsin. Our reporter unfortunately could not be present to report all of the meetings of both sections, and hence missed this. Mr. Jones said as that note to the Northwestern will bring a copy of his study on this subject.)

I say we are sitting in a joint session, but as a matter-of-fact, since yesterday, we are in effect sitting as the triple section, the Title Examiners Section, the Title Insurance Section, and the National Title Underwriters Section. Of course, no space was provided on the program for the newly created National Underwriters Section. Therefore, there will be no session of that Section.

However, I think it will be appropriate at this time to make an announcement of the officers of that Section for the coming year. Mr. W. H. McNeal, of the New York Title and Mortgage Company, is Chairman. Mr. Lionel Adams, President of the Lawyer's Abstract Company, of New Orleans, is Vice-Chairman. Mr. C. B. Vardeman, Vice-President of the Missouri Abstract and Title Insurance Company, of Kansas City; P. R. Robbin, President of the Guaranty Title Company, of Tampa; Mr. Charles P. Wattles, South Bend, Indiana; Mr. P. Matthews, President of the Lawyers Title and Abstract Company, of Atlanta, Georgia; and Mr. Don Peabody, President of the Guaranty Title Company, of Miami, Florida, are members of the Executive Board.

I think it would be very appropriate at this time to recognize the Chairman of the newly created Section of the National Underwriters, Mr. W. H. McNeal.

W. H. McNEAL: Mr. Chairman and Friends: I suggested to the Chairman a while ago, when we were discussing whether or not I would be asked to make any remarks as the Chairman of the newly created Section, that if I made any remarks they would be in the way of a safety razor speech, because while I was shaving this morning I was thinking what I might say should I be called on.

That is one of the most important periods of the daily life of every man. Without that period each morning we would go to our offices and to our work and to our friends not in the best of condition, not in the best of thought, and not in the best of personal appearance, and therefore not in the best of spirit.

Therefore, ladies and gentlemen, I come before you this morning in the best of spirit. I am happy to be the first Chairman of the newly made Section of the American Title Association, which is the National Title Underwriters Section. To me that is a great honor, because I have lived with and worked with national title insurance for a great many years. I have made it a hobby, if I may use that expression.

I have attended the meetings of the American Title Association and supped with them to learn all that I could about title insurance. For whatever I

have learned I hope I have given something back to the fraternity at large, because in my association with abstracters and title people all over the country I have had a very wide contact.

During all these years in national title insurance work, which has spread throughout the United States by reason of the activities of the various companies doing a national title insurance business, I have accepted the hospitality, the friendship of the American Title Association, its officers and its directors, without making any effort to become one of its official family, and only last year was national title insurance recognized as an integral part of the Association by the election of two members of national title insurance companies to officialdom in the American Title Association.

Yesterday, a greater thing was done for national title insurance by the recognition of it in the embodiment in its constitution and by-laws of the National Title Underwriters Section. Those of us in the national title insurance group believe we will be able to bring to this Association a great deal of ability, a great deal of financial support, and help the rest of you to develop this Association into a national association, which complexity it just took on yesterday, because heretofore a very large section of the United States has never been represented in the American Title Association.

It includes the great southern states section, the great Atlantic states section, the New England states, and a large part of the old original colonies, Maryland, Virginia, Pennsylvania, and so forth. There is a great field there for membership in the American Title Association.

The climate which I might designate as the title insurance and abstract climate of the American Title Association has become rather arid. There is not a great deal of opportunity to develop new membership from the abstracters section, because it is highly represented; from the title insurance section, because it is highly represented; and from the examiners section, because it is highly represented, but in the national title insurance activity there is developing daily the ability, the knowledge, and the effective operation of a new principle of evidencing title, which is bound to reflect to the credit of the American Title Association, when we, as members of the National Title Underwriters group put our shoulders to the wheel, which we intend to do, with good purpose to bring that element of ability and power into this organization.

When we asked for recognition as a section, some very few of the membership looked through the glass darkly and could see no benefits which might arise from a National Title Underwriters Section. I report that we who are working with national title insurance and hope to be in that line of business for a great number of years feel we can bring, and we pledge to you our efforts to bring, to this organization an increased membership, a spirit of loyalty and a purpose which will redound to the benefit of the American Title Association as a whole. (Applause).

CHAIRMAN SMITH: We have a few minutes we can spare at this point in which to ask questions of Mr. Jones. Mr. Jones has very kindly consented to answer questions about moratoria legislation, and if any of you have those questions this is your opportunity.

JOSEPH KNAPP (Baltimore, Maryland): From your study, what is the effect of the moratoria laws on the guaranties of payment of principal and interest by the guaranty mortgage companies and how does it affect a separate contract as differentiated from the mortgage itself?

MR. JONES: I cannot answer that. I have had no case like that come to my attention.

WORRALL WILSON: I wonder if I might be allowed two or three minutes to make a statement in regard to the way a moratorium situation was met in our State of Washington after a very difficult fight, which might be of aid to others confronted by a similar situation.

That the moratorium menace is a very serious thing, I believe, cannot be denied, for the very reason, among others, that the moratorium is distinctly provided for in the new laws relative to farm relief and urban loan relief, that the principle has been held up before the people as regards moratorium on farm debts, that we had a moratorium on the payment of bank deposits, that the Commissioner of Insurance in New York State, and other states, imposed a moratorium on loan values and cash surrender values on life insurance policies for a time.

With those examples before the people, it was very apparent that those seeking to fight the moratorium laws in the legislatures had a particularly difficult task. In our own state, the advocates of the law had as their counsels, a judge of the Supreme Court, who had resigned to run for senator, and a retired judge of the Superior Court. Based on certain decisions to which they referred, all were insisting that these laws were legal and should be adopted.

One man, who was overwhelmingly for moratorium has been appointed to the Circuit Court of Appeals in San Francisco. This was one thing that really won out and persuaded our Governor to veto the moratorium bill, which was passed by an almost unanimous vote of our Senate and House, namely, this; a reduction to the absurd, that is, the moratorium was made applicable only to the mortgage situation, as the law was originally drawn, but the idea spread among the legislators, an amendment was introduced, and the bill was rewritten so that a two year moratorium was made to apply to all obligations for the payment of money.

When it applied only to the mortgage situation only a comparatively small group could combat it. The logical way was to make it fair and make it apply to everything. The bankers, the grocers, and so on, and the retailers of all groups combined with these mortgage men to combat it, and the Governor's life was rendered absolutely unlivable until he vetoed that bill. Why not follow this out to that conclusion when the moratorium laws are again put forward? (Applause).

C. H. HALO (Memphis, Tennessee): The State of Arkansas has attempted to beat the situation on the unconstitutionality of the moratorium. It has declared an emergency exists in the courts, that the courts are congested. That is not so at all. Therefore, every judge, before a foreclosure suit comes up, is authorized in the aid of the proper function of the court to postpone it for two years. Have you heard of any similar arrangements?

MR. JONES: That is a favorite method in some of the states. I do not know now in just what states that is in operation. You say it is in operation in Arkansas, but I believe that no matter what cloak you put around this moratorium, if there is an unconstitutional feature in it, if they find it or ground it upon an unconstitutional feature, ultimately the Supreme Court of the United States is going to say whether or not it is constitutional.

Justice Holmes wrote the decision on the Rents Act, which, as I take it has no bearing on the mortgages. Justice Holmes is no longer on the bench, having been replaced by Judge Cordoza. He was on the Supreme Court of New York. In this modern age, the Supreme Court is apt to take a very different view of those matters.

CHAIRMAN SMITH: It is time to take up the report of the Chairman of the Title Examiners Section. We will take up further questions on this matter in the forum hour.

Report of Chairman of Title Examiners Section

E. B. SOUTHWORTH
Minneapolis, Minnesota

The Title Examiners Section has, of necessity, through the last year sat on the side lines and watched what the legislatures are doing. We have tried to keep in contact with the examiners throughout the United States in order that we could get information such as was furnished us this morning by Mr. Jones.

However, during the last year we have had a large number of bills passed but very few decisions. We have not had a very good response to our in-

quiries for novel cases or novel defenses. I think the reason has been that everybody is sitting on the fence and waiting to see what the various legislatures are doing.

I believe that the new Chairman of the Title Examiners Section will find that he is flooded with requests for information on requests for novel defenses and novel cases. I believe if you people co-operate with him and furnish him this information, it will be of value of all the Association.

(Applause).

CHAIRMAN SMITH: The Chairman of the Title Insurance Section will undertake to make a report of the activities of the Section during the period of his tenure of office.

Report of Chairman of Title Insurance Section

H. LAURIE SMITH
Richmond, Virginia

You have heard the report this morning of Mr. McCune Gill on the uniform policy which was one of the carry-overs from the preceding year.

When the Chairman of your Section took office the first of the year, he found himself confronted with this situation with which you are all familiar, that on account of the financial condition of the country and of the membership of the Association dues had been cut, the budget of the Association had been cut, and there was barely sufficient money to maintain an existence.

In the light of later and subsequent developments, it seems to me it was almost a tragedy. Hardly had the Mid-winter meeting adjourned and the members returned to their homes before it became apparent that the new legislation would seriously affect the title business. You have heard Mr. Wilson's wonderful presentation of the purport of the legislation recently enacted, and an interpretation of the effect it might have on the title business.

The Title Insurance Section of the American Title Association was wholly without funds to attempt to exercise its influence for the benefit of title men in general. What was done had to be done by individual efforts without expense to the Association, except, of course, the efforts of the Executive Secretary.

I say that it was a tragedy for the reason that after a lean period of four years with title men all over the United States. whether abstracters, title examiners or title insurance men, struggling for existence, the newly enacted legislation made available, or purports to make available, approximately $4,200,000,000 for mortgage loans, refinancing of existing loans, or transfer of ownership, or possibly new direct loans.

The newly created governmental agencies were without knowledge of this Association and what it stood for, the type of its membership, or the services which it could render, and we were shackled by the lack of funds for properly presenting our case for consideration, and sometimes that may be a serious thing, as we all found out in attempting to get business from the Reconstruction Finance Corporation or the Home Loan Banks.

When your Chairman took office he consulted with various title men as to what this Section could do to benefit the membership during this year in view of the absence of funds. It was suggested that perhaps much could be accomplished by enlisting the co-operation of the membership. An attempt to do this was made. Letters were written to representative title men in various parts of the country. Others were seen personally, but all of us had our individual problems at this time. We were going through the period of the bank holidays and few had any time or inclination to respond to such requests.

A second suggestion was made that an effort should be made to retain the interest of the existing membership and, if possible, to increase the membership to make up the mortality which has resulted through the failure of title companies or abstract companies during this period of depression.

An effort was made with, I think, a fair measure of success, considering the times. Your Chairman undertook to organize a regional association, provision for which was made at the Del Monte convention, such association being located in the south Atlantic area. In the beginning no interest could be awakened whatever. There was no title business at that time and no one was interested in becoming a member of any new association, no matter what the dues were.

Following the recent legislation, it seemed possible to go forward with the efforts and the association has been organized with a present membership of 90.

Your Chairman feels very much encouraged at the results of the very short period available for that work, and particularly encouraged by the high type of membership obtained. I think that as those men are brought into your Association you will welcome them as valuable additions to the Association. Some of them are of exceptionally high type. I know personally of at least twenty men in that group who could qualify as title officers of almost any title insurance company represented here. Perhaps we may find in that group the future "McCune Gills and Charlie Whites" of the Association.

The third suggested activity for the Section was to continue efforts to contact representatives of governmental agencies. I think all of us who have had the opportunity have undertaken to do that. It so happened that your Chairman was located near Washington and it was possible for him to make repeated trips there for the purpose of contacting the officers of the Home Owners Loan Corporation, the Land Commissioner, and others.

If any one has anything to report along that line we should be very glad to have him tell us about it.

P. R. ROBRIN (Tampa, Florida): Recently and about a week before the Home Owners Loan Corporation Act became a law, I was in Washington and was fortunate enough to obtain a conference with Mr. Russell, of Atlanta, Georgia, General Counsel of the Federal Home Loan Bank Board.

I asked him a good many questions, but the main thing was this—that they were going to require some form of title evidence on every loan they made. I did not particularly touch the subject of title insurance, but I do think, as Mr. Smith has stated, that wherever title insurance is a dominant factor in the evidencing of title they are going to use title insurance, and where abstracting prevails they will use abstracters, but I feel sure that some kind of title evidence is going to be required.

MR. MORRIS: In reference to our situation in Texas I wish to say this, that we have, of course, had a state manager appointed. He opens his office today in Dallas, Texas. We have tendered him offices in our building in Houston. They will probably have the bank at Houston housed in this building.

Texas has a representative of its own; it is not in a district, just as we have a Federal Land Bank all by ourselves. Texas has been divided into about three districts. We have three of these sub-banks in the different cities.

A good many of you know that in Texas title insurance rates are fixed by our Board of Insurance Commissioners, and that where a mortgage policy has been issued, upon a reissue the charge is onehalf of the original rate.

A great many loans are covered by title policies in Texas. I have talked to Mr. Steinhart, at Washington, the assistant to Mr. Russell, the attorney for the Home Loan Bank Board, and they assure me the title insurance companies will get the business there provided it meets with the approval of the state manager. Our state manager is Mr. Shaw, who was formerly banking commissioner of our state.

I believe we will be able to give them a satisfactory rate.

CHAIRMAN SOUTHWORTH: We have on our program an old-timer, one who spoke to us at Tulsa, and gave us very valuable information about losses which he had encountered in previous years, mainly unusual cases, especially with regard to forgery. During the last couple of years he has studied a portion of the title business which we find up in Minnesota to be very lucrative, namely, the insurance of titles where a deed is taken by a mortgagee I take great pleasure in introducing

in lieu of foreclosure of a mortgage. to you Mr. Cassius A. Scranton, of the Chicago Title and Trust Company, who will speak to you on the subject of "Deed in Lieu of Foreclosure."

Deed in Lieu of Foreclosure

CASSIUS A. SCRANTON
Chicago Title and Trust Company
Chicago, Illinois

Mr. Chairman, Members of the American Title Association and Friends:

I greatly appreciate the compliment of your invitation. It is always an honor to me to be invited to a meeting of the members of the American Title Association, so it gives me special satisfaction to appear before you today in this manner. The subject of "Taking a Deed in Lieu of Foreclosure" is not new in this State or this country. This question has been considered innumerable times by the courts of last resort and by many text writers, and it is well settled in this State that it can safely be done, provided that it is the intention of the parties and the mortgages has dealt honestly and fairly with the mortgagor.

The present crisis, I suppose, suggests this subject, as this is a time of sifting, a time when all truths and laws are being challenged and tested and the comparative influences of different elements of human society revalued.

On account of the antiquated chancery procedure required by the laws of this State for foreclosure of mortgages, the large expenses in connection therewith, the long period of redemption, and the belief of the mortgagor that he has a margin in the property over and above the mortgage, the practice of taking a deed in lieu of foreclosure is receiving greater attention in this State by mortgagees and lending institutions during this depression than ever before. This is because of its obvious economy, apparent simplicity and the earnest desire of many mortgagees and lending institutions to lessen the burden of the mortgagor so far as it is convenient to do so without sacrificing anything on the amount due on the mortgage.

I believe that you will find the instances to be rare where the mortgagee really prefers to receive title to the property instead of the payment of the amount due on the mortgage. The mortgagee is not in the business of acquiring, holding and selling real estate. He is not equipped for that purpose. He is in the business of lending money, with the expectation that the same will eventually be repaid, and it is in this manner that he anticipates making his investment profitable.

In numerous cases the mortgagor is willing to waive his right of redemption in consideration of being released on the mortgage debt, or, believing that there is some equity in the property, is willing to make the deed and take back an option to repurchase. In this way, if he desires to repurchase, he will save at least the amount it would have cost to foreclose.

In this State, as between the mortgagor and the mortgagee, the mortgagee is the owner of the property, subject to the right of the mortgagor to redeem. Upon default in the performance of any of the covenants and agreements contained in the mortgage, the mortgagee is entitled to possession, to collect the rents, etc., subject to the right of the owner to redeem from the mortgage, and if the mortgagor refuses to deliver possession, the mortgagee may obtain possession by a suit in ejectment. (*Rohrer* vs. *Deatherage*, 336 Ill. 450-5. *West Side T. & S. Bank* vs. *Gerstein*, 270 App. 250-2-3.)

Some time ago, by reason of the doubt raised by many mortgagees and lending institutions, as to whether good title could be acquired by deed in lieu of foreclosure, I formulated a set of rules or requirements, which I shall take up later, governing transactions of this kind, which I think should be adhered to when acquiring title by deed instead of foreclosing.

In acquiring title to property in this manner, one of the important questions to be considered is whether the parties intended that the deed should be an absolute conveyance of the fee simple title and of the full ownership of the property. A deed given by the mortgagor to the mortgagee in satisfaction of the mortgage debt is conclusive, provided the mortgagor intended permanently to divest himself of the title, but where the trouble may arise in case of an attack is in convincing the court of this intent. For this reason, the procedure incident to the acquiring of the title must be exacting and stringent. The person handling such a transaction, drawing the papers and closing the deal should be careful to be sure that the mortgagor understands the transaction and knows that he is permanently parting with his title, and, if an option is given back, that if he fails to exercise the option in the manner and within the time agreed upon, he has no further claim to the property.

A contract for repurchase made contemporaneously with a conveyance of real estate, absolute in form, is sometimes strong evidence tending to show the conveyance was in fact a mortgage, but where it appears the parties really intended an absolute sale, and a contract allowing the vendor to repurchase, such intention must control. (*Hanford* vs. *Blessing*, 80 Ill. 188.)

Some of the circumstances which may defeat the object of the grantee are: mental incapacity of the grantor; the form of the deed; when the mortgage debt has not been satisfied or a new debt has been created; fraud, deception or oppression; inadequacy of price; and oral testimony when all agreements of parties have not been reduced to writing.

To make a valid contract, each party must not only be of sufficient mental ability to appreciate the effect of what he is doing, but must also be able to exercise his will with reference thereto. (*Weller* vs. *Copeland*, 285 Ill. 150; *Heiligenstein* vs. *Schlotterbeck*, 300 Ill. 206.) Mental capacity to compete with an antagonist and understanding to protect his interest are essential in the transaction of ordinary business. (*Ring* vs. *Lawless*, 190 Ill. 520.) The mere fact that the owner of the equity comprehends that he is making a deed is not in itself sufficient to sustain the transaction. (*Green* vs. *Maxwell*, 251 Ill. 335.)

As a general rule, it would be well to insist upon a warranty deed or a special warranty deed. This deed should not be subject to the mortgage held by the grantee, but only to the other liens against the property. I prefer that the deed make no mention that the consideration for the making of the same is the cancellation of the mortgage debt, unless it is disclosed of record that the grantee is the holder of the mortgage. If it is disclosed of record, then I advise stating in the deed that the consideration (or part of the consideration) for the making of the same is the full cancellation and discharge of all debts, obligations, costs and charges heretofore existing under and by virtue of the terms of a certain mortgage (describing the same) and of the note or notes secured thereby.

If the papers are deposited in escrow, the escrow agreement should provide for the cancellation of the mortgage papers when the Title Company is prepared to guarantee the title in the grantee, subject only to such objections as agreed to by the parties.

In addition to taking a deed to the property and cancelling the mortgage papers, an agreement containing all of the promises, undertakings and agreements *should be signed and sealed by all of the parties and the agreement should contain a clause stating that all of them are expressed and embodied therein.* This clause is inserted for the purpose of preventing the parties from afterwards claiming that certain other promises, undertakings and agreements were made, which in fact were not made. If the promises, undertakings and agreements are not reduced to writing and do not plainly show the intention of the parties, the courts may open up the whole subject and receive parol evidence for the purpose of determining the intention of the parties, i. e., whether the deed is absolute or is in fact a mortgage.

The Supreme Court of this State has said: "While upon the face of the papers, the transaction may appear to be a sale and not a mortgage, the grantor is not precluded thereby from

showing that the transaction was in fact intended as a mortgage and not an absolute sale, and for the purpose of determining the intention of the parties the whole subject is open to inquiry, and parol evidence may properly be received to show that the deed and agreement for repurchase, though plain, unambiguous and absolute upon their face, are in fact but a security for a loan of money—a mortgage." (*Crane* vs. *Chandler*, 190 Ill. 588.)

That is the reason why ALL promises, undertakings and agreements of the parties should be expressed and embodied in the agreement. A court of equity cannot substitute a different contract from the one the parties made. There is nothing left for the court to do but enforce the contract as the parties have made it. (*Clark* vs. *Muir*, 298 Ill. 560; *Decatur Lumber Co.* vs. *Crail*, 350 Ill. 319; *Gunter* vs. *Standard Oil Co.*, 60 Fed. (2nd) 389.)

A debt may be cancelled and payment abandoned and a deed treated as an absolute conveyance, although originally intended as a mortgage (*DeVoigne* vs. *C. T. & T. Co.*, 304 Ill. 184, and cases cited).

By reason of the provision of the Bankruptcy Act, some lending institutions have been keeping the mortgage alive for a period of four (4) months after delivery of the deed, but in my opinion this is dangerous procedure and is of doubtful value when it is realized that the court would not set aside the deed as a preference under the bankruptcy law, unless the value of the property was substantially in excess of the mortgage lien, whereas the retention of the uncancelled notes and mortgage may influence the court in holding the deed to be a mortgage.

Some other institutions also require every debtor offering to convey mortgaged premises to list under oath all other creditors secured or unsecured, and where it is found that such other debts are in an amount or of a character that might give rise to a suit to set aside the deed on the ground of preference, consent to the taking of such deed in lieu of foreclosure is required from all such creditors. Where the mortgagee has no knowledge of the mortgagor's financial condition or that he has other creditors and he acts in good faith, the deed cannot be set aside by other creditors. A debtor has a right to prefer one creditor, when he acts without fraud, even though he devotes all his property to the preferred creditor, leaving nothing for his other creditors to resort to. (*Third National Bank* vs. *Norris*, 331 Ill. 230-4-5.)

In the last mentioned case, the Court in its opinion, on pages 233 and 234 said: "The conveyance was a preference of the $10,000 debt over E. J. Norris' other debts, but a debtor has a right to prefer one creditor, when he acts *without fraud*, even though he devotes all his property to the preferred creditor, leaving nothing for his other creditors to resort to. There must be evidence to show a *fraudulent intent* before a conveyance made upon a valuable consideration may be held fraudulent. (*Tomlinson* vs. *Matthews*, 98 Ill. 178; *Hughes* vs. *Noyes*, 171 Ill. 575; *Earl* vs. *Earl*, 186 Ill. 370; *Nelson & Co.* vs. *Leiter*, 190 Ill. 414.)"

In determining whether a deed from the mortgagor to the mortgagee is a sale or a mortgage, one of the first questions into which a court of equity will inquire into is, did an indebtedness exist between the parties at the time the transaction took place—as no mortgage can exist without an indebtedness to be secured.

In *Keithley* vs. *Wood*, 151 Ill. 566, where the deed was held to be a mortgage, Wood owed Keithley $550 and had recovered a judgment for same. Wood applied to Keithley for an additional loan to make a total of $900, and as a result of the negotiations, Wood executed and delivered to Keithley a deed to the property, and Keithley executed an agreement to convey the property back to Wood, provided he first pay him $937.50, said agreement to be void after 31 days. Thereupon, Keithley cancelled and discharged said indebtedness due from Wood to himself and paid Wood $350, the difference between the debt he owed and $900. When they got all through with this transaction, the Supreme Court thought that Wood owed Keithley $900, and so held the deed to be a mortgage. You will see from this case that, in taking a deed in satisfaction of a debt, it is important to be sure that no debt is created at the time the transaction is closed.

A general criterion has been established by an overwhelming consensus of authorities, which furnishes a sufficient test in the great majority of cases, and whenever the application of this test still leaves a doubt, the American courts, from obvious motives of policy, have generally leaned in favor of the mortgage. This criterion is the continued existence of a debt or liability between the parties, so that the conveyance is in reality intended as a security for the debt or indemnity against the liability. *If there is an indebtedness or liability between the parties, either a debt existing prior to the conveyance or a debt arising from a loan at the time of the conveyance, or from any other cause, and this debt is still subsisting, not being discharged or satisfied by the conveyance, but the grantor is regarded as still owing and bound to pay it at some future time, so that the payment stipulated for in the agreement to reconvey is in reality the payment of this existing debt, then the whole transaction amounts to a mortgage, whatever language the parties may have used and whatever stipulation they may have inserted in the instruments.* (*Illinois Trust Co.* vs. *Bibo*, 328 Ill. 252-9.)

Another test for telling when a deed and agreement for reconveyance will be held to be a mortgage is if the mortgagee, after the time for reconveyance has expired, could sue the mortgagor in an action at law and recover the amount of the original indebtedness. Where a plea of payment would operate as a bar to an action at law of that character, the transaction will be regarded as an absolute sale. In taking deeds and giving back an agreement for reconveyance, be sure that the contract for reconveyance does not provide that the *mortgagor agrees* to pay a certain sum. If you do, the courts will very likely hold the transaction to be a mortgage (*Rue* vs. *Dole*, 107, Ill. 275-82).

Another important question to be considered in taking a deed in lieu of foreclosure is fraud and oppression. The mortgagee should not use his position as mortgagee for the oppression of the mortgagor, in depriving him of the equity of redemption. No deception, fraud or oppression should be used in getting the deed from the mortgagor. The offer to make the deed should come from the mortgagor. The mortgagee must act honestly and fairly in dealing with the mortgagor, and when he does this, although its full value may not have been paid for the property, the contract will be sustained. (*Rue* vs. *Dole*, 107 Ill. 275-83-4.) If deception, fraud or oppression is used by the mortgagee in acquiring the title, the whole transaction will be set aside at the instigation of the mortgagor. Fraud vitiates everything.

If the value of the property is substantially in excess of the mortgage debt, the satisfaction of which constitutes the only consideration, and the mortgagor is illiterate or has not the mental strength to compete with the mortgagee or his attorney and protect his interests, the courts will be very apt to construe the deed as an equitable mortgage—additional security for the debt. That is why I always suggest that the mortgagor be represented by counsel of his own choosing. If the mortgagee wants his deed to stand up in court, he should be sure that the mortgagor understands the transaction and that his rights are properly protected. If a mortgagee purchases the equity of redemption for a grossly inadequate price, under circumstances which show that the mortgagor was induced to make the sale by threats from the mortgagee, a court of equity will allow a redemption. (*Brown* vs. *Gaffney*, 28 Ill. 149.)

One of the leading cases in Illinois on this subject is *Rue* vs. *Dole*, 107 Ill. 275. In this case the owner of the property had given trust deeds for a large sum of money borrowed, and had failed to pay taxes for four years. The owners of the indebtedness notified the owner of the property that they would proceed to foreclose the trust

deeds and sell the premises unless the interest was paid. The owner of the property replied that he preferred to make a deed for the property rather than to have a foreclosure and sale, and after some negotiations the amount of the indebtedness due was agreed on as $64,340, and it was agreed that the owner of the property should deed the same to the holders of the indebtedness, who would cancel the claims against him and give him a contract under which he could repurchase on or before March 1, 1879. He conveyed the property by a deed absolute in form, dated March 17, 1878, and the grantee gave him a contract (dated the same day) under which he could repurchase on or before March 1, 1879, for the sum of $69,046 (which was the amount of the debt, to which was added interest at the rate of 7-3/10%) and such other sums as they might, after the date of the contract, have expended on the property in insurance, taxes and repairs. (*You will note in this case that the grantor did not agree to pay this sum.*) Upon the execution of the deed and contract, the notes and trust deeds were cancelled and surrendered to the grantor, and the possession of the property was delivered to the grantee. The Supreme Court held that the transaction was not in the nature of a mortgage, but was an absolute sale of the equity of redemption, and that the contract given back to the grantor was a resale.

In conclusion, I suggest that the following safeguards be observed in closing a deal of this nature.

1. The proposal to convey the property in payment and satisfaction of the mortgage indebtedness should come from the owner of the property.

2. Be sure that the owner understands that his deed is a full and absolute conveyance of the fee simple title and if an option is given to him to repurchase, that if he fails to exercise the option within the time specified, he will have no further claim to the property.

3. No deception, fraud or oppression should be used in getting the owner to make the deed.

4. Be sure that the mortgagor is mentally competent to understand the effect of the transaction. The relative value of the property to the mortgage debt is an important element to be considered.

5. In most cases it would be wise to see that the owner is represented by counsel of his own choosing.

6. The deed should be absolute on its face.

7. At the time of delivery of the deed to the grantee or in escrow, have a written agreement signed and sealed by the parties, showing all the promises, undertakings and agreements and stating that all of them are expressed and embodied therein.

8. Have said written agreement state the interest of the parties, the intention to cancel and discharge the indebtedness and the personal liability and to vest the full and absolute fee simple title in said real estate, and the full and absolute ownership thereof, in the grantee, in payment and discharge of the entire mortgage debt.

9. Deliver possession of the property to the grantee and have all persons remaining in possession attorn to him.

10. If the grantor is to remain in possession during the option period (which should be avoided if possible), have the written agreement cover this right. The rent, if any, to be paid should not be equal to the interest on the indebtedness which is supposed to be cancelled by the conveyance. (Jones on Mortgages, Vol. 1, Sec. 324.)

11. Take usual affidavit from vendor as to judgments, mechanics' lien claims, etc.

12. Revenue stamps should be placed on the deed by the grantor, for the full amount of the mortgage indebtedness, including unpaid interest, plus any additional consideration paid to the grantor for the deed.

13. Deliver abstract, guaranty policy, title deeds and papers, etc., to the grantee upon the closing of the deal.

14. Have the insurance policies transferred to grantee.

15. Have all the leases assigned to grantee, and see that all rents in the future are collected by him, and that all taxes, insurance and repairs are paid by him and in his name.

16. Be sure that the indebtedness and personal liability is cancelled and discharged, and *that no new debt is created at the time of the conveyance.* If the mortgage and note or other paper evidencing the debt are uncancelled and remain in possession of the mortgagee, the court will very likely hold the deed to be a mortgage.

17. Be sure that there is no other than the owner of the equity of redemption in possession of the property under an unrecorded deed, lease or other contract.

18. Anything else that should be done to show that it is the intention of the parties to be what it purports to be—an absolute conveyance of the title, and not a mortgage.

19. When an option is given to the grantor to purchase, estimate the probable income and expenses for maintenance during this period, and after this has been done, determine upon the option price. Do not use a certain sum in dollars and cents, including interest on the mortgage, less the net income from the property. If you do this, it may require an accounting by a court of equity to determine the option figure. Specifying an option price "with *interest* thereon" to date of payment should in all cases be strictly avoided. The term "interest" should not appear anywhere in connection with the option price. Interest is compensation for the loan of money and presupposes the existence of a debt. However, there is no serious objection to adding to the stated option price all sums paid by the party giving the option for taxes and assessments with interest on such payments at a given rate from the date of payment. In fixing the option price, be careful that it is not exactly the same amount as the debt with interest for the option period, as the grantor may urge this as a pretext for claiming that the deed is a mortgage.

20. Several dates may be given for exercising the option and the option prices fixed accordingly.

21. If you have any reason to believe that the title of the grantee may be attacked, it may be advisable, in addition to the deed, to have a decree of strict foreclosure. Strict foreclosure, under certain conditions, is recognized in Illinois and the law is well settled. To a proceeding of this nature all parties interested must be parties. To entitle a mortgagee to a decree of strict foreclosure, the general rule is that the mortgagor must be insolvent, the property is scant security for the debt, the mortgagee is willing to take the property in full satisfaction of his debt and there are no other creditors, but there are exceptions to this general rule, and the Courts have recognized these exceptions. Usually a period of 90 days after the entry of the decree is given to the creditors to redeem.

The foregoing safeguards which I have suggested to be observed are not intended to prescribe any fast rules in these cases. They are intended to show that transactions of this sort may be made in such a way as to be free from successful attack. Where it can be shown that it was the intention of the parties that the deed was to be a full and absolute conveyance of the fee simple title; that there is no debt existing after the transaction is closed; that no fraud, undue advantage or oppression was used in procuring the deed; that the value of the property is not greatly in excess of the debt, and there is no question about the mental capacity of the mortgagor, the courts will uphold the transaction, and the Title Company should be willing to guarantee the title of the grantee.

The Annual Banquet and Ball of the Association was held Thursday evening, July 13, the entire assembly being guests of the Chicago Title and Trust Company. We were favored with inspiring addresses by General Abel Davis and Mr. Holman D. Pettibone, Chairman of the Board and President, respectively, of the Company.

The Annual Ball followed.

The following resolution was considered and passed by the written endorsement of all attending the Convention:

The Committee on Resolutions of the American Title Association, in its Convention in 1933, held in the City of Chicago, reports as follows:

WHEREAS we, the Committee on Resolutions, have pondered many hours on the matter of worthily presenting the following matter: and

WHEREAS, we, and all members of the Association, have received an accumulation of assistance, year by year from the gentleman of whom we speak; yet find an inadequacy of words to express on behalf of the Association the deep debt of gratitude owed by the American Title Association and its members to him; and

WHEREAS, he has served the Association as a director for many terms, has guided successfully the financial destinies of the Association as Chairman of its Finance and Budget Committee; has undertaken the responsibility year by year of each and every office assigned to him by the Association; and has given unselfishly of his own time to the affairs of the Association; and

WHEREAS, he has sponsored, year by year, the midwinter meetings of the officers and Executive Committee of the Association, and has developed them from purely business of a routine character into meetings of a general and great value to all members of the Association; and

WHEREAS, his ideals, his inspirations, his high character, his counsel, his unselfish motives have builded into each individual member of this Association not only an abiding respect, but also a deep love for him of whom we speak;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

That there be read into the minutes of this Association the deep love and admiration we have for our friend and counsellor, Mr. Justin M. Dall, sometimes referred to as Vice-Chairman of the Board of the Chicago Title & Trust Company, but more familiarly known to all of us in the American Title Association as "J. M."

That the original of this resolution be, and it hereby is, signed by all of the delegates attending the Convention of the American Title Association held in Chicago in 1933.

That the original of this resolution be delivered to Mr. Dall.

That it is the hope of all signers hereof to enjoy the Eternal Reward certain of bestowal upon Justin M. Dall—"For of such is the Kingdom of Heaven."

FRIDAY MORNING SESSION

July 14, 1933

Abstracters Section

The second session of the Abstracters Section was called to order at nine-thirty o'clock by Mr. Gilliland, Chairman of the Section.

CHAIRMAN GILLILAND: In looking over our program for this Section, it is the judgment of your Chairman, in view of the fact that our time for having the reporter is limited, that perhaps the most important subject we have before us is the matter of the National Industrial Recovery Act.

Our Executive Secretary informs us that perhaps we have as large a representation in the room as we will have during this session today, so I believe we will proceed with the discussion of the National Industrial Recovery Act.

In that connection I attempted to secure and digest all matters pertaining to this subject as I was able to obtain. In this connection I have attempted to gather everything whether it indicated we should or should not come under the National Industrial Recovery Act.

A letter received from the Executive Secretary, quotes from a prominent service, as follows:

"Eventual legislation will take this form: Government authority to DICTATE to all private trades and industry what to do about maximum hours . . . sales practices, cutthroat competition. . . regulation of territorial competition, sales below cost, and so forth.

"This is dictatorship nominally but not actually. Your trade or industry must get busy soon and create a government advisory committee."

"This committee will stand between you and the government and advise the government what to order your industry to do. Your brains, plus the government's authority, will order your industry to do what you have always known your industry ought to do.

"Is this revolutionary? YES. But it is practically the thing you have been advocating for years. . . .

"Individualized unit competition is a thing of the past. In the future the thing is not you, or your company, but your trade or industry in its relation to public welfare. If your trade association is good enough, it will become government instrumentality. But most trade associations aren't good enough."

I have several other quotations I might give you but I do not want to consume too much of the time of this meeting in reading them. However, the question of our being an intrastate business is a matter which I think demands serious consideration on our part. I think we are very largely intrastate, at least those of the interior communities.

On the other hand, when we make an abstract for the Federal Land Bank, when we make even the chattel abstracts for Regional Banks, and many other abstracts we prepare, perhaps for the insurance companies, even under their foreclosure, not to speak of any loans which they have made or possibly may be making.

If we are strictly intrastate, it would appear from what I have been able to get together, we would not necessarily come under the Recovery Act.

I have one little short statement about the manner of proceeding which I would like to read to you.

"Note well the following brief outline of procedure in preparing to appear at these hearings:

"(1) File your request to be heard in advance of hearing.

"(2) Any change in a pending code must be requested in writing prior to the hearing.

"(3) Oral arguments upon issues of law will be prohibited, but written arguments may be filed with the Deputy Administrator.

"(4) Opposing interests can not cross-examine witnesses.

"(5) No procedure resembling a 'law suit' will be permitted."

In addition to this service, there are the bulletins of the United States Chamber of Commerce.

Naturally, the first determination we should make is whether, if the government determines that we do come under the National Industrial Recovery Act, we should not have a representative body as indicated here, a government advisory committee.

MR. LINCOLN: Would that be handled by our Secretary alone, or would it come under the entire Association committee on that subject?

CHAIRMAN GILLILAND: Primarily, I believe it should come from the American Title Association. There may be those who are in disagreement on that point, but at the first meeting of the Executive Committee of the American Title Association, a motion was passed whereby the president of the Association was instructed to appoint a committee of three to determine whether the American Title Association comes under this Act. Most of you probably heard Mr. O'Melveny remark yesterday that he had not appointed that committee. He named those whom he anticipated he might appoint.

MR. LINCOLN: I think we ought to have a committee to see if it is not advisable to come in on it. There may be something we would want after we study it. This committee we have is to determine whether we are to be forced under it.

CHAIRMAN GILLILAND: You must realize one thing, that it takes a majority of the craft to represent the Association before this committee at Washington. There are teeth in this law, vicious ones at that. If we desire

to come under it we should proceed cautiously or we might possibly get something we are not looking for.

On the other hand, they assure us this, that abuses of trade practices will be eliminated under this Recovery Act. The policing will be within the industry or trade associations. It is a serious move, but I think we should by all means be prepared in so far as possible to act in case we are brought under it. Whether or not we should voluntarily go into it is a matter for deep study.

MR. PEABODY: It seems to me this is a matter of education more than anything else. I am going to take my state of Florida because I am more familiar with it than the others, but perhaps the condition is the same in other states. In my state association we have seventy-five per cent by volume and fifty per cent by number of the title boys in the association.

According to the law, we must sell all those Florida people on this idea, that is, the majority. It seems to me the thing we should do now in this Abstracters Section is to appoint a committee to investigate whether or not it is desirable to attempt to come under this Act. This committee should make a careful study of it and should report not only to the members of the Association, but to the abstracters, and advise them.

I would like to move that the Chair appoint a committee to make such investigations and carry out such an educational campaign.

MR. KENNEY: I second that motion. With reference to the matter of going under this Act, it seems to me it would be very wise for us to see how it will work out with some of these others who must go under it. I know that most of us know that usually when legislation is undertaken by others than ourselves, and this will be under the control of others than ourselves, whether in the beginning or not, they do not know much about our work, and while they may do things all right, again they may do things altogether wrong.

MR. KENNEY: It seems to me this committee will consider the interests of the whole association, title insurance and all the rest of it, and some of those other sections may be willing to do something which we would not want to do, and their idea might be different from ours. So, I think we ought to have a committee to consider the abstract point only, and have them report, perhaps, with the general officers and to us. I think our interests are likely to be somewhat different from those of some of the other sections.

CHAIRMAN GILLILAND: We could still have a minority report from that committee. In other words, Mr. Morrison is the only member from the Abstracters Section on this committee, and he could make a minority report to our Section. I wonder if there is not a possibility of working at cross purposes.

MR. PEABODY: I have two reasons for making the motion as I made it. The first would be to give the abstracters the benefit of the study being made by the committee. The second thing is that if we contact those men who are not members of the Association, render them this service and show them the benefits of the American Title Association, it would be a good thing to do.

R. G. WILLIAMS (Watertown, South Dakota): I think the title insurance proposition is entirely different from the abstracters. Their fees throughout the country are practically the same, but the abstracters' fees vary widely. It might be they would try to force a standard basis. It might be we would be forced in and would have to regulate those fees and that is the reason I think a committee of abstracters would be advisable.

MR. JOHNSON: There is no question but what the committee will be appointed and there is no question but what the committee will act representing the entire Association. I do not think there is a particle of doubt but what the committee will consider the problems of the Abstracters Section as well as the title insurance companies.

It seems to me it is a duplication of work until such time as we determine whether we come under the Act. If we do then we will undoubtedly have to have an abstracters committee to look after our interests.

MR. SCOTT: Suppose some of the states act in reference to it, thinking they will help their local situation. I do not think they should do anything that would be detrimental to a neighboring state.

MR. JOHNSON: I think it might be well to have our secretary notify the state associations that this is being investigated to see what is to be done so they will not do anything about it.

MR. RATTIKIN: As I understand it, this committee is or will be appointed by the president of the Association to take up only one question, and that is—Do we from a legal standpoint come under the provisions of this Act? It is not to decide whether we want to do so or not. I think the important question is whether we want to or not. If we do not legally come under the Act I think we would not be prevented from coming under it any way. In Texas we would like to do that.

Being principally an abstract business in Texas, I think it would be a good thing for us to form a code and submit it to the Industrial Commission, or whatever authority they have in Washington to consider this matter.

CHAIRMAN GILLILAND: It is my information that tentative codes are desired from any and all associations and those tentative codes should deal first with the matter of minimum wage schedules and next with maximum hours. An agreement not to produce at less than cost, together with the necessary essentials pointed out in the law, must be contained in all codes. I really believe it would be a simple matter to draw such a code, but the question is whether we want it or not. This Administration is really the law in itself. They are authorized to make the law. What they do depends entirely on them.

B. F. HILTABRAND (Bloomington, Illinois): It seems to me very unwise to invite government supervision of an industry that has operated rather independently. If we in our own trade organization cannot bring pressure enough on these sinners where there is price cutting in order to regulate the proper prices, then it would seem to be very unwise to invite supervision or even to suggest that we come under this Act, because of the varying conditions that exist even within a very small radius, cost conditions and all those things that go with it. My own opinion is that it would be wise to leave the investigation to our committee of the American Title Association, which will, no doubt, be very much on the job. If that committee is in need of further information then I believe we as the Abstracters Section will be called on further.

CHAIRMAN GILLILAND: Is there further discussion?

MR. JENKINS: I am very much in favor of Mr. Peabody's motion, not with the idea to contradict the Association, but if the government decides we should come under this Act, then we would have a committee to consider our interests. I am in favor of having this committee appointed from our Section, not to go ahead and act, but to assist Mr. Morrison in anything he needs and to prepare a code if we need it later on. I think that was what Mr. Peabody had in mind.

. . . The motion to appoint a committee from the Abstracters Section in connection with investigations on the National Industrial Recovery Act upon being put to vote was carried. . . .

The Attack on the Abstracters Law

W. B. CLARKE, President
Montana Title Association
Miles City, Montana

The June letter from the Executive Secretary brought me the news that I was to talk to the convention on "The Attack in the Courts on the Abstracter's Law."

The Montana Abstracter's Law is known as Chapter 105 of the 1931 Session Laws. Its provisions and requirements are to a great extent similar to those contained in the bill proposed by the American Title Association, to be

sponsored by the different state associations in an effort to have enacted by their respective legislatures a law which would protect the public against loss through the use of incomplete and incorrect abstracts and also protect the legitimate abstracter against curbstoners.

Our law is similar to the North Dakota law which was the model for the proposed bill of the association, and is also similar to the South Dakota and Colorado laws. All of these laws provide for a bond, seal and abstract records but our law goes a step further and provides for the registration of the individual abstracter and requires that every company, before receiving a certificate of authority from the state board of examiners, must be in charge of a registered abstracter. It also contains the so-called "Grandfather's Clause" and provides that all persons, firms or corporations, who were the holder of a certificate of authority under Section 4140 of the Revised Codes of Montana 1921 and who shall comply with the other requirements providing for a registered abstracter, bond, etc., shall be issued a certificate of authority under the provisions of the Act, whether they had for use in such business a set of abstract books or other system of indices or not. It also provides that all persons who were on the first day of March 1931, in charge, either individually or jointly with other persons, of an abstract office which was the holder of a certificate of authority under Section 4140 Revised Codes, should be granted a certificate of registration without examination.

The Montana Audit Company, a copartnership consisting of Jack Ricker and George O. Freeman, being the holder of a certificate of authority under Section 4140 on March 1, 1931, qualified under the provisions of this act and received a certificate of authority to compile abstracts in the county of Lewis & Clark; both partners having made application for and receivinig certificates of registration at the January, 1932 meeting of the board. In July, 1932 the partnership was dissolved, Freeman retiring from the firm and within a short time making application to the Abstracter's Board for a certificate of authority to engage in the abstract business in that county. On January 28, 1933, the board rejected Freeman's application for a certificate of authority for the reason that the application did not show that he had for use in his business a set of abstract books or other records as required by Chapter 105. This refusal of the board to grant Freeman a certificate of authority was made the basis of an application for a writ of mandate which was filed in the early part of March this year; an alternate writ of mandate was issued and made returnable on March 25; the realtor alleging in his affidavit that the requirement of a set of abstract books or other system of indices is invalid, void, unlawful and unconstitutional in that said requirement deprives him of his right to pursue a lawful and useful occupation for which is he amply qualified by training, experience and skill and that said requirement is void as contrary to Sections 3, 11, 14, 27, and 30 of Article III and Section 26 of Article V of the Constitution of the State of Montana and that said requirement is void as in violation of and contrary to the 14th Amendment to the Constitution of the United States.

The Sections of the Montana Constitution referred to are:

ARTICLE III

Section 3. All persons are born equally free, and have certain natural, essential, and inalienable rights, among which may be reckoned the right of enjoying and defending their lives and liberties, of acquiring, possessing, and protecting property, and of seeking and obtaining their safety and happiness in lawful ways.

Section 11. No ex post facto law nor law impairing the obligation of contracts, or making any irrevocable grant of special privileges, franchises, or immunities, shall be passed by the legislative assembly.

Section 14. Private property shall not be taken or damaged for public use without just compensation having been first made to or paid into court for the owner.

Section 27. No person shall be deprived of life, liberty, or property without due process of law.

Section 30. The enumeration in this constitution of certain rights shall not be construed to deny, impair, or disparage others retained by the people.

ARTICLE V

Section 26. The legislative assembly shall not pass local or special laws in any of the following enumerated cases, that is to say: For granting divorces; laying out, opening, altering or working roads or highways; vacating roads, town plats, streets, alleys, or public grounds; locating or changing county seats; regulating county or townsnip affairs; regulating the practice in courts of justice; regulating the jurisdiction and duties of justices of the peace, police magistrates or constables; changing the rules of evidence in any trial or inquiry; providing for changes of venue in civil or criminal cases; declaring any person of age; for limitation of civil actions, or giving effect to informal or invalid deeds; summoning or impaneling grand or petit juries; providing for the management of common schools; regulating the rate of interest on money; the opening or conducting of any election or designating the place of voting; the sale or mortgage of real estate belonging to minors or others under disability; chartering or licensing ferries or bridges or toll roads; chartering banks, insurance companies and loan and trust companies; remitting fines, penalties or forfeitures; creating, increasing or decreasing fees, percentages or allowances of public officers; changing the law of descent; granting to any corporation, association or individual the right to lay down railroad tracks, or any special or exclusive privilege, immunity or franchise whatever; for the punishment of crimes, changing the names of persons or places; for the assessment or collection of taxes; affecting estates of deceased persons, minors or others under legal disabilities; extending the time for the collection of taxes; refunding money paid into the state treasury; relinquishing or extinguishing in whole or in part the indebtedness, liability or obligation of any corporation or person to this state, or to any municipal corporation therein; exempting property from taxation; restoring to citizenship persons convicted of infamous crimes, authorizing the creation, extension or impairing of liens; creating offices, or prescribing the powers or duties of officers in counties, cities, township or school districts; or authorizing the adoption or legitimation of children. In all other cases where a general law can be made applicable, no special law shall be enacted.

The Abstracter's Board in this case is represented by the Attorney General's office of the State, the Honorable E. K. Matson, Assistant Attorney General, handling the matter. He is being assisted by Attorney D. H. Morgan of Anaconda, who is also chairman of the Abstracter's Board of Examiners.

The board filed a demurrer and motion to quash the application for writ of mandate and the alternate writ of mandate on the ground that neither the affidavit nor the writ stated facts sufficient to show that the relator was entitled to a writ of mandamus. A hearing was had on this demurrer and motion to quash and, after oral argument, time was given for the filing of briefs. A brief was filed in behalf of the board, stressing the point that there were no facts alleged by the relator substantiating the particulars in which the provisions of this law are unconstitutional. After the filing of this brief, the attorney for the relator, rather than file a reply brief, chose to file an amended affidavit for alternate writ of mandate, setting forth practically the same allegations as were contained in the original affidavit but elaborating on the reasons why said requirement is unconstitutional, setting forth among other things:

> That the law not only registers abstracters upon the basis of qualifications or competence but also regulates the business of abstracting independently of the right of fully qualified persons to engage in such business, that the statute aims at the business rather than those

conducting it, that abstracting is not a business affected with a public interest and is not, therefore, subject to the power of the state to regulate, limit, certify or otherwise restrict as a public utility; that the business of abstracting is not one charged with a public use or interest as to justify or warrant the particular restrictions and regulations attempted by the law;

That said statute seeks to authorize the grant of a franchise from which other persons, firms, associations or corporations are excluded and the business of abstracting is removed from occupations of common right exercised independently by any competent person conformably to reasonable regulations; that abstracting is not a paramount industry but is an ordinary business essentially private, and monopolistic, in nature and bears no relation to the public as to warrant its inclusion in the category of businesses affected or charged with a public use or interest; that the control sought to be imposed by said law does not protect against monopoly but tends to foster it and the aim of said law is not to regulate the business but to preclude persons from engaging in it and to insulate the particular abstract agencies and offices at present doing business in Montana from competition and to prefer said existent businesses, through self-perpetuating regulation, against any and all persons who might assert the right to commence said business;

That the law is a denial of the inalienable right to follow a common occupation of life; that the law does not fall within the reasonable exercise of the police power of the state in that it is not intended thereby to subserve the public interest, but a purely private interest i. e., to entrench existing abstract offices against invasion by qualified abstracters, and in any event the means employed in the act are not adopted or intended to effectuate or promote the public good;

That said law is an unwarranted and unjustified interference with private business; that as a result of the operation of the statute, private individuals or others desiring abstracts or the services of an abstracter must select only and exclusively from those licensed by said board; that said law imposes unwarranted and unlawful regulation of private business and the right of the owners and operators thereof to control their own business;

That said law is void, unlawful and wholly invalid as a denial and deprivation of property and liberty without compensation and without due process of law; that said law is an attempt to restrict and deny the inalienable rights of property and liberty to follow a common occupation;

That the requirement of said law that, before duly qualified and registered abstracters may engage in the business with the public, they qualify for a "certificate of authority" by having a plant in the form of a "set of abstract books or other system of indices" is, in fact, a property requirement and qualification and is also, in effect and operation, the requirement that a person otherwise qualified must have and possess an already established and going business; that said requirement of said law is also a requirement that abstracters do their work or practice their profession in a particular manner and from books and records kept in their own offices rather than directly from public books and records;

That the provisions of the law, requiring duly qualified and registered abstracters as a prerequisite to doing business with the public, to own, have and possess a set of abstract books or other system indices, is void as in violation of the provisions of the Constitution of the State of Montana and of the United States, in that the said provisions bear no relation to the public welfare and do not tend to promote or improve the same;

That the sufficiency of the work of registered abstracters is already guaranteed by the required bond which has been duly secured and tendered by the applicant George O. Freeman and which protects those who may do business with him in the same amount and to the same extent as the bonds of the now duly "certified" abstracting offices; that the best and primary records from which abstracts of title to real property may be made are the files and records in the offices of County Clerks and Recorders, Clerks of the District Courts and other public offices to which all registered abstracters have access and said records alone are the only records from which abstracts can be made and are the only official records in the compilation of abstracts; that any registered abstracter is duly qualified and able to compile as complete and correct an abstract from the public records as can be compiled by any "certified" abstract office;

That said law exempts from the requirement of "a set of abstract books or other system of indices" those persons, firms, associations and corporations already possessing "certificates of authority" though they do not have the required or any books, records or indices and also exempts from said requirement "County Clerks and Recorders or persons employed by counties in the preparation of abstracts of title"; that by reason of these exemptions the requirement of a "set of abstract books or other system of indices" is shown to be unnecessary, the business is shown to be one not affected with a public interest or use, and the requirement is unreasonable;

That said requirement in effect and in purpose confines the business of abstracting to those already engaged in the business; that those not already engaged in the business with the public are, because of said requirement, precluded from qualifying for said business under said law; that said requirement can be met only in the course of a long period of actual practice of abstracting during which records and indices can be built up and that in no other way can said requirement be met save by the expenditure of prohibitive, unreasonable and impossible sums of money before any business is one or returns realized; that said requirements sets up and provides the means for the maintenance of a monopoly in the business of abstracting; that said law, in view of said plant requirement is special legislation for the benefit of a privileged class and without reasonable classification.

This is the present status of the case. I have not been advised as to what procedure of defense will be taken by the board.

Immediately upon learning of the commencement of this action, I advised the Executive Secretary of this association of the fact and have furnished him with copies of the pleadings as they have been filed. We have had fine co-operation from the officers of the association and have obtained through them for the use of the board two briefs on the questions involved which show able research work on the part of the authors and will be a great benefit in the defense of the case.

I can best give you the results of these searches by quoting the conclusions arrived at by the authors of one of the briefs which are:

As we view the case, the principal question is whether the requirment of Section 1 of the Montana Abstracter's Law, that one applying for a certificate of authority must have for use in his business an abstract plant as therein mentioned, taken in connection with Section 12 exempting from the plant requirements of the act those engaged in the abstract business on March 1, 1931, is a requirement having a reasonable relation to the promotion of the general welfare of the public, and thus within the competency of the State to enact in the exercise of its police power.

Assuming that an abstract is otherwise made and compiled in accordance with the provisions of the law, i. e., under the supervision of a registered abstracter who has been examined pursuant to Section 8 of the act with respect to his competency, or who has been registered without examination under Section 9, and where bond has been given as required in Section 13 of

the act, it is not easy to perceive in just what respect the welfare of the public is promoted by the requirement that the abstracter have an abstract plant as specified in the act for use in his business.

Assuming, as one must under such circumstances, that an abstract when ordered will be properly compiled under the supervision of an experienced and competent abstracter, it would seem to make but little difference to the public or concern the public welfare whether it is compiled from records in the Recorder's Office directly or from memoranda in the abstracter's office compiled from such records. The only circumstance which occurs to the writer to justify a conclusion that the public welfare will be promoted by the abstracter having possession of an abstract plant, is the fact that one who has an abstract plant will not have occasion to make as much use of the Recorder's Office in compiling abstracts as one without the plant, and thus the general public will be given greater facilities for the transaction of their business in the Recorder's Office. This circumstance has a counteracting disadvantage in that the use of the Recorder's Office by the abstracter for the purpose of making an abstract plant and keeping it up to date practically will interfere as much with the general public transacting business in the Recorder's Office as would the making of abstracts directly from the records when and as ordered.

While tract indices, such as are usually maintained by abstract companies and abstracts of recorded documents which they ordinarily make, save considerable time in the preparation of an abstract, and are a great convenience to the owner of the plant, who is thereby enabled more promptly to supply an abstract when called for, that alone, in our opinion, does not justify the legislature in prohibiting one who is willing to do so from employing an abstracter, competent and experienced, who because of his failure to have an abstract plant, may require more time to make the abstract. That, it seems, is a question in which the public is not interested. If the employer is willing to wait the additional time, the public should not be concerned.

When it is further considered that under Section 12, one who was engaged in the abstract business on March 1, 1931, might continue therein without having an abstract plant for use in his business, it would seem that there is some basis for the contention that the act tends to create a monopoly in the abstract business in those who were engaged in the business on March 1, 1931, or, who engaged in business thereafter, possess the capital to acquire an abstract plant. We do not mean to intimate that the legislature may not require financial responsibility of one engaged in the abstract business. Quite the contrary. We believe that such a provision alone would be within the competency of the legislature to provide as being in the public interest, and we believe that it was provided in the instant statute by the requirement of Section 13 for the giving of bond or securities by one asking for a certificate of authority.

Smith vs. Texas, 233 U. S. 630, 1915 D. L. R. A., 677, we regard as the leading authority which would tend to uphold a decision that the abstract plant provisions of the Montana Abstracter's Law are unconstitutional.

On the other hand, a forceful argument in favor of the constitutionality of those provisions of the law may be made, based upon the contention that the public is interesting in obtaining abstracts of title, cheaply and expeditiously, by those who have the equipment to render the service, that the public in interested in obing abstracters make as little use as practicable of the records of the public offices, consistent with the proper compiling of their abstracts, thus minimizing the expense of maintaining the offices and the inconvenience to the public of having to consult the records in competition with large numbers of employees of abstracters; that abstracters, as such, have no constitutional right to use the public records for their own profit and if the statutes of the State authorize the use of the public records in the abstracting business, the use to be made thereof may be limited in such manner as the legislature may direct, viz., for the purpose of compiling and maintaining an abstract plant; that the welfare of the public will be promoted by legislation adequately accomplishing those objects; that the discrimination embodied in the law between those engaged in the business on March 1, 1931, and those not so engaged, was but an exercise of the power of States to classify the subjects of legislation based upon reasonable distinctions, permissible under the "due process" and "equal protection" clauses of the Fourteenth Amendment.

We have been unable in the time at our disposal to find any authority in which was involved the question of the constitutionality of a statute requiring one to have certain equipment in order to practice a profession or conduct a business, where the business was not that of a public utility. We have not given consideration to the authorities considering statutes requiring public utilities, or those engaged in a public service, to have and maintain equipment suitable to conduct the business.

We have found no authority which we regard as clearly decisive or highly persuasive upon the question of either the constitutionality or unconstitutionality of the plant provisions of the law. We regard the question as a highly debatable one. If the solution depends upon either the "due process" or the "equal protection" clause of the Fourteenth Amendment, it is difficult to foretell the result."

From these conclusions it would seem that if the board was able to show sufficiently that the requirement of a set of tract indices or other abstract records is a matter of public welfare the chances of having the constitutionality of the law upheld will be greatly improved. This I believe we will be able to do. There is a Montana decision which should have a desirable bearing in the matter. This decision was rendered in an action brought to determine whether or not county commissioners have the authority to employ the services of an abstract company in the preparation of title reports upon which the county clerk should give notice of application for tax deed. The Montana law requires that the county clerk, in all instances where a county is the holder of the tax sale certificate, shall give notice of application for tax deed to all owners, mortgagees and assignees of mortgagees as disclosed by the record in his office and he shall make proof of the giving of such notice by affidavit. It was contended in this action that inasmuch as the county clerk had in his possession the original records of the county he was able to obtain therefrom the information necessary upon which to give the required notice and make the required proof of service. Name indices are the only indices authorized by the statutes of our state and there are but few counties that have installed tract indices. It was brought out in the trial of the case that there were numerous instances where from name indices the true status of the title could not be determined and that such condition could obtain in any title. In its decision in this case the court said:

"From all thereof (the evidence introduced at the trial of the case in the lower court) it was shown clearly, we think, that as required by law, the county clerk keeps in his office record books in which are recorded deeds, real estate mortgages and assignments of such mortgages and alphabetical name indices to such records; that the only feasible way in which he can obtain information, in his office, as to title to real estate is by the use of his indices; that that method is not reliable and there cannot be learned therefrom, with any reasonable certainty, the facts necessary to be known in giving notice of application for a tax deed; that there are frequently breaks in chains of title which are not revealed by the county clerk's indices; that, owing to change of name, death, lack of recordation of a

link in chain of title or other cause, there are sometimes of record instruments, necessary to be known in giving such notice, which are not ascertainable from his indices; that the only way in which all the information necessary to be had in giving notice of application for a tax deed can be obtained, in many instances, is from a tract index, a record system used by abstracters; that a tract index is a book in which, by daily entry, is indexed, as a charge against each subdivisional tract of land in a county, every recorded instrument affecting it; * that the county clerk is not required to and does not keep one; * * * Plaintiffs contend (1) that the county clerk can get from his records, as well as can an abstracter, all the information to be used in giving notice of application for tax deed * * * With the first contention of plaintiffs we do not agree. It is shown by an overwhelming preponderance of the evidence, practically undisputed, that, in many instances, the county clerk cannot obtain, with reasonable certainty and expedition, from his records knowledge of the facts required for giving legal notice of application for a tax deed, because it can be obtained, with reasonable certainty and expedition, only from a tract index, which is not required to be and is not kept by the County Clerk * * * It is true that the abstract company gets from the daily filings for record in the county clerk's office, in part, the information necessary to keep up its tract index but it uses that information upon a system not authorized to be used and not used by the county clerk. * * * There are three ways in which the county clerk may learn the facts to which he must swear: (1) He may rely upon his indices. The evidence shows that method to be uncertain and unreliable. It shows that there are instances in which mortgages are of record which are not disclosed by the indices; likewise assignments * * * (2) The county clerk and assistants could inspect every book of record in his office and every instrument recorded. That would require an enormous force, great expenditure of money and untold time. The evidence shows it would not be expeditious or feasible. (3) The information may be obtained from an abstracter, by means of his tract index. It appears that the latter is the only safe, reliable and feasible method."

Similar evidence can be introduced in the pending case as to the instances in which the true status of the record title cannot be determined from the county clerk's records by the use of his indices, either by the county clerk, by a registered abstracter or by anyone else. Further, I believe it will be relevant to introduce testimony to the effect that abstracts made from the alphabetical name indices are often incomplete and unreliable and that by reason of the fact that abstracts pass from party to party and usually the party relying upon their contents has no voice in naming the company which prepares the abstract; that all abstracts should be required to be prepared from tract indices which will be the ultimate result of this law if it is found constitutional and allowed to remain on the statue books for a number of years. This evidence would also tend to prove that the tract index requirement is a matter of public welfare.

Another angle from which the defense might proceed would be the fact that the relator is not deprived of his right to earn a livelihood by the inclusion in the act of the tract index requirement prior to the issuance of a certificate of authority for the reason that the law recognizes Freeman's ability and experience in that it has granted him a certificate of registration which permits him to take charge of any abstract office in the State which has obtained a certificate of authority from the board.

The outcome of this case is of utmost importance to the abstract business throughout the nation inasmuch as an adverse decision would undoubtedly effect the present laws in the states of North Dakota, South Dakota and Colorado, and would also have a bearing on the endeavor of this asscia-tion to have such a law enacted in other states.

FRIDAY MORNING SESSION
July 14, 1933

Title Insurance and Title Examiners Sections—Joint Session

Report of Committee on Uniform Policy

McCUNE GILL, Chairman

"At the outset the Uniform Policy Committee would like to explain that the policy form which it suggests is in nowise compulsory, but is simply set up as a model form approved by the Association to be used in the future by companies who wish to enter the title insurance field, and by companies now in that field who wish to remodel their forms.

"The Uniform Policy Committee was appointed three years ago and submitted a form of policy to the Tulsa convention. As the limitations of our efforts were not clearly understood, there was some objection raised to that form. The Committee was reappointed and during the next year wrote another form embodying practically the same ideas which were culled from a study of a tremendous number of forms throughout the country.

"We used a new method of approach, however, in that we decided it was best to take the present American Title Association mortgage policy form, which is well-known and generally approved, and change it so that it will be an owner's policy simply by removing those sentences which refer to mortgages.

"This form was submitted to the Del Monte convention, and consideration was postponed on it for another year. During that year the Committee feared that some members might contend that the action of the convention would not be truly representative, and hence a questionnaire was sent out to all title insurance companies asking their reaction to these forms.

"The replies received indicate that a large majority of the companies approve the Del Monte form, that is, the American Title Association mortgage form changed to constitute an owner's policy.

"Mr. Chairman, in view of this explanation, I wish now to move that the Association adopt as its official owner's policy form the form of the Del Monte convention, which is the present American Title Association mortgage form adopted for use as an owner's policy."

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

The Gold Coin Clause Resolution

McCUNE GILL
St. Louis

One of the surprises of the Special Session of Congress was the passage of the so-called "Gold Coin Clause Resolution" whereby clauses in mortgages, notes and other contracts calling for payment in gold coin or its equivalent were rendered ineffective. While this is only a "resolution" and not an "act" it is supposed to have all of the effect of a formal act. The Chairman has asked me to answer, or attempt to answer, three questions in this connection that are of interest to title attorneys and title companies.

The first question is whether we should recommend the continuance of this clause in mortgages and notes now being drawn. My answer to this is that we should continue to use the clause for the reason that while the Resolution states that no such provision shall be contained in any obligation in the future, there is no penalty for inserting it and the doubt as to the constitutionality of the Resolution would surely excuse anyone from censure by continuing to use the clause.

The second question is whether a title insurance policy should be issued guaranteeing that title is clear of a bond issue mortgage, upon deposit of cash with the title company in an amount equal to the principal and interest of the mortgage. It would seem that this

is dangerous because if gold is ever actually quoted at a premium and the Resolution is declared unconstitutional, the title company will be compelled to pay the premium to the bondholders. This being the case, it appears that we cannot safely issue such a policy but must wait until the bonds are actually paid and cancelled. The same principle applies to escrows where money is deposited to take up mortgages.

The third question is as to the effect of payment into court of the amount due under a mortgage, the payment being in legal tender and not in gold or its equivalent with the premium. This, too, is dangerous unless the parties are all in court by proper summons and the court decree specifies payment in legal tender. In that event, such payment, no doubt, will be binding upon them if they do not appeal.

Of course, in connection with all of the above questions, the theory of the Government is that the Resolution will prohibit the quotation of gold premiums, and hence there will only be one sort of dollar without regard to the question as to whether that dollar is represented by a certain number of grains of gold or by any other token.

Another question of considerable practical importance is the effect of the Resolution on the market for mortgages. The answer, of course, is rather problematical. But if the value of the dollar is really pegged it is probable that lenders will be entirely willing to accept notes payable in legal tender.

I am appending hereto (as Exhibit "A") a verbatim copy of the Resolution, which will appear in the printed proceedings; also Exhibit "B" which is a brief abstract of the debates in Congress upon this Resolution. Exhibit "C" is a more extended brief of the various decisions heretofore rendered in the United States Supreme Court and the various State Courts, all of which are to the effect that the former Legal Tender Acts did not apply to contracts for payment of gold or its equivalent, although they do apply to contracts for payment of dollars merely.

EXHIBIT "A"

Full Text, Gold Coin Clause Resolution, House Joint Resolution No. 192 (Senate No. 56).

"Joint Resolution to assure uniform value to the coins and currencies of the United States.

"Whereas, the holding of or dealing in gold affect the public interest, and are, therefore, subject to proper regulation and restriction; and whereas, the existing emergency has disclosed that provisions of obligations which purport to give the obligee a right to require payment in gold or a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, obstruct the power of the Congress to regulate the value of the money of the United States, and are inconsistent with the declared policy of Congress to maintain at all times the equal power of every dollar, coined or issued by the United States, in the markets and in the payment of debts. Now, therefore, be it

"Resolved, by the Senate and the House of Representatives of the United States of America in Congress assembled, that

"(a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount of money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred.

"Every obligation, heretofore or hereafter incurred, whether or not such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States, is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

"(b) As used in this resolution, the term 'obligation' means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term 'coin or currency' means coin or currency of the United States, including Federal reserve notes and circulating notes of Federal reserve banks and National Banking Associations.

"Section 2. The last sentences of paragraph (1) of subsection (b) of section 43 of the act entitled 'An act to relieve the existing national economic emergency by increasing agricultural purchasing power to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness to provide for the orderly liquidation of joint stock land banks, and for other purposes,' approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal reserve notes and circulating notes of Federal reserve banks and National Banking Associations), heretofore or hereafter coined or issued shall be legal tender for all debts, public and private, public charges, taxes, duties and dues except that gold coins when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight."

Approved June 5, 1933 at 4:40 p. m.

EXHIBIT "B"

Debates in Congress on the Gold Coin Clause Resolution.

(From the Congressional Record)

(Passed in the House on May 29, 1933, and in the Senate on June 3, 1933; approved June 5, 1933.)

The argument in the House was started by Mr. Rankin who said it would "enable people to pay their debts and usher in a new era in the civilization of mankind."

Mr. Mapes, however, thought "it could not be defended either in law or morals."

Mr. Steagall claimed that there can be no substantial question as to the constitutional power of Congress to enact this law and to make it apply to past and future contracts, public and private. He then reviewed the Legal Tender Cases (12 Wall. 457, 548), Juillard v. Greenman (110 U. S. 421), Irving Trust Co. v. Hazelwood (N. Y. County Supreme Court 1933), Bronson v. Rodes (74 U. S. 229). In re Societe, Belgique, etc. v. Company (British Weekly Notes 14-104). L & N RR v. Mottley (219 U. S. 467) and Horowitz v. U. S. (267 U. S. 458), and found nothing in them to indicate that the Resolution is unconstitutional.

Mr. Luce said that "the gentlemen at the other end of the Avenue got the idea from the recent New York decision which was copied from the preposterous British decision."

Mr. McFadden reminded the House that "the Ship of State has women and children aboard and should not be guided into unchartered waters."

Mr. Gray, however, thought the bill would release "the imperiled debtors from conscienceless contracts calling for the relentless pound of flesh."

Mr. Beck thought the Presidential "Pied Piper was leading the Democratic children to the well-known hole in a rocky wall," and that the resolution violates the commandment "Thou shalt not steal" just as much as would an act of Congress that said that "pebbles could be delivered to satisfy an order for diamonds."

Mr. Deen, however, thought that voting for this bill was like "Moses grinding the golden calf into powder and strewing it upon the water and making the people drink it," the people meaning Wall Street.

Mr. Hooper took the opposite view that every one voting for the bill would "hang his head in shame for bartering away the honor of the nation."

Mr. Shoemaker said the "only thing you can use gold for is to fill a tooth, and other materials are better than gold even for that purpose."

After three hours of similar remarks the vote was taken, 283 For and 248 Against or Not Voting. Over a hundred of the representatives, consider-

ing discretion to be the better part of valor, evidently ran out into the corridors, as legislators will do occasionally.

Subsequently the bill went to the Senate.

Mr. Fletcher opened the argument in favor of the amendment and declared it to be constitutional under the power of Congress to regulate the value of money. He cited the same cases used by Mr. Steagall in the House (both having been furnished by the legal department of the Treasury).

Mr. Reed contended that under Dewing v. Sears (11 Wall. 379), Bronson v. Rodes ((7 Wall. 229) and Butler v. Horwitz (7 Wall. 248) and the Legal Tender cases (12 Wall. 457) the resolution is unconstitutional.

Mr. Borah, however, thought the decisions of the United States Supreme Court established the constitutionality of the Resolution and pointed out that while the States are prohibited from impairing the obligation of a contract, Congress is not and might even change weights and measures to defeat contracts. He thinks that as "the Sabbath was made for man and not man for the Sabbath, so the bondholder was made for the country and not the country for the bondholder." He said that the appreciation of the gold dollar which would occur without such a resolution is like "Shylock's jot of blood which the bondholders cannot have; they must share with others a part of the loss."

Mr. Fess, however, pointed out that "stamping a piece of paper a dollar does not make it a dollar; if so, the Government should print thousand dollar bills instead of one dollar bills." Why bother with mere dollar bills!

Mr. Gore wanted to amend the measure so that "if he owed somebody 100 eggs he could pay the debt with 100 eggshells."

Finally the vote was taken, being 48 For and 48 Against and Not Voting. Again the "not voters" took no chances.

EXHIBIT "C"

Citations on Gold Coin Clause Resolutiton.

See Generally, 48 C. J. 597.

DECISIONS OF UNITED STATES SUPREME COURT

Bronson vs. Rodes, 7 Wallace (U. S.) 229.

Mortgage note contracting to pay $1,507.00 "in gold and silver coin lawful money of the United States" cannot be paid in U. S. Legal Tender Notes worth only $670.00 at the time of payment.

Butler vs. Horwitz, 7 Wallfl 258, to the same effect; note was payable "in coin of the present weight and fineness."

Trigg vs. Drew, 10 Howard (U. S.) 224.

Paul vs. Drew, 10 Howard (U. S.) 218.

Note agreeing to pay "in specie gold or silver coin or its equivalent" cannot be paid in currency less valuable than specie.

The Emily S. Souder, 8 Federal Cases 4456.

If drafts are payable "in gold," a judgment on them must be paid in gold.

Gregory vs. Morris, 96 U. S. 619 (1877).

Judgment payable "in gold coin" can be paid in currency but only if of the value of the gold at the date of payment.

Trebilcock vs. Wilson, 12 Wall. 687.

Notes payable "in specie" cannot be paid in legal tender notes.

Dewing vs. Sears, 11 Wall. 379.

Judgment on Contract to pay "in coined gold," cannot be paid even in treasury notes of like value at the time of payment.

DECISIONS OF STATE COURTS

State vs. Hays, 50 Mo. 34.

Bond payable "in gold or silver" cannot be paid in legal tender currency.

Foster vs. Atlantic, 1 Mo. App. 390.

Bond payable "in gold" must be paid in gold and not in bank notes of value of gold.

Belfor vs. Woodward, 158 Ill. 122.

Judgment payable "in U. S. gold coin" cannot be paid in legal tender notes.

Dorr vs. Hunter, 183 Ill. 432 (1900).

Mortgage payable "in gold coin of the United States of the present standard of weight and fineness" is valid and cannot be paid in legal tender notes (2 dissents).

Stark vs. Coffen, 105 Mass. 328.

Mortgages payable "gold coin or its equivalent in value in current money" is valid and is not usurious.

Chrysler vs. Renois, 43 N. Y. 209.

Judgment should be for gold if notes are payable in "gold dollars."

McColla vs. Ely, 64 Pa. 254.

If mortgage is payable in "lawful silver money" is must be so paid, with interest in such coin, even though previous payments in bank notes had been accepted.

Bakers Appeal, 59 Pa. 313.

Payment to be made "in gold coin or its equivalent in lawful money of the U. S." can be paid in currency notes but only by adding the premioum on gold at the date of payment (in this case 42 per cent). This also applies to the interest.

Holt vs. Givens, 43 Ala. 612.

Note for certain number of dollars "payable in gold or its equivalent" may be paid in gold or in U. S. legal tender notes equalling in value the number of gold dollars as determined by the Court and this applies to the interest.

Bridges vs. Reynolds, 40 Tex. 204.

Notes payable "in gold or its equivalent in U. S. currency" must be paid in gold or in currency in amount equal to the price of gold at maturity.

RECENT DECISION IN NEW YORK CIRCUIT COURT

Irving Trust Co. vs. Hazelwood (N. Y. Co. Supr. Ct. 1933).

Debtor need pay only in legal reserve notes even though contract contains gold clause.

RECENT DECISION IN ENGLAND

In re Societe Belgique, etc. vs. Company (British Weekly Notes 14-104). Bonds payable in gold can be paid in any legal currency without premium.

MR. HENLEY: I think you are giving too much weight to those decisions of the Supreme Court of the United States, because there has never been a condition which existed prior to the enactment of the resolution to which you refer, and after the first proclamation which closed the banks created a condition in this country which had never existed before.

In all cases to which you refer, gold was available. The Belgian case involves the same thing. There was a free market in gold in Great Britain. There is not now. You have a condition which is entirely different than that which existed in previous times, at least, according to the contention of the Executive Department of the Government of the United States.

There is no question of the construction of the proclamation of the President, because it referred to practically every type of gold—gold bullion, gold certificates, gold coin, all types of gold were to be surrendered to the Federal Reserve Bank, and in the United States you could not obtain gold.

As a matter of fact, before the resolution was signed, we had a case involving an amount of $80,000, and the obligation called for payment in gold coin. This particular action did not involve foreclosure but was a mortgage. The deed was entered on the seventeenth day of March, at a time when the plaintiff in the action knew that gold was not available.

The California law contains a provision where a decree of a court orders the real estate sold in satisfaction of a judgment that the selling officer, either the commissioner or the sheriff, must obtain for the property the type of currency specified in the judgment. We therefore had a different situation than a sale under ordinary deed of trust. The judgment called for payment in gold coin.

The commissioner therefore published the notice of sale in gold coin of the United States. The property was about to be sold and we were to be called upon to insure the title. We made a thorough investigation to determine whether we could obtain gold in any form with which to make a bid. There is a Federal Reserve Bank in San Francisco. We went so far as to urge the bank to provide us with the coin to make the purchase, because we pointed out it would be impossible for any one to bid for this property under

the law of California, any one except the judgment creditor unless some one else were provided with gold coin.

I talked to the banker myself and he pulled out a sheaf of bulletins about a foot thick, having received one almost every minute from the seventh of March to the fifteenth, and every one reiterated the prohibition of the payment of gold by any bank in the country. In other words, you may recall the stringent prohibition against banks doing business which was contained in the original Presidential proclamation was relaxed gradually by resolutions issued by the Secretary of the Treasury. There was one list giving the banks permission to do certain things; on another day, another came out about money to pay wages, and in each of these there was a prohibition against the use of gold for any purpose.

McCUNE GILL: Was it possible to get it?

MR. HENLEY: No, it was not possible. I made a very strenuous effort to get it. I might say it was more or less theoretical, although the banking people to whom I talked didn't know it. We were not asked to bid on the property. We declined to insure until the quit title judgment had been secured after the sale was made.

If you are interested in the subject, you will find in the Yale Law Journal a very comprehensive article on this, considering the question you raised a moment ago as to fine shades of meaning given to words used in different forms of gold clauses, and also considering at length the cases of different state courts, as well as the United States, as to whether a given gold clause is a commodity clause or a value clause. I think it is difficult to discuss the question in the abstract. Some have been held to be commodities and others value.

McCUNE GILL: The ordinary gold coin clause can be easily made to be of value. If the courts are going to say that we are going on to the theoretical fixed value idea of money, then they will say at once that gold coin means a measure of value.

MR. HENLEY: That is what the British said. The contract did not provide for gold, but did for pound sterling of given measure of fineness and weight.

McCUNE GILL: Of course, the British court missed the point of the whole thing when they said that gold coin means a measure of value except in so far as that metal may establish the kind of value they are talking about. When a man says payable in gold coin he means payable in the amount of legal tender at the time of payment, which will represent the amount I mentioned, in other words, provides against deflation.

Your remarks in connection with free market for gold moves the present question from the effect of the previous decisions. Assuming that were so, you go just a little further around the circle and the question is raised as to whether Congress has the power to prohibit a free market for gold. The whole thing, I take it, will be a very interesting study, whether the law looks back to precedent or forward to the socialization of the community, whether Judge Brandeis and Stone, and the others, are going to go one way or the other.

The final general session of the American Title Association was convened at eleven-thirty, with President-elect Arthur Marriott presiding.

PRESIDENT MARRIOTT: At the meeting of the Executive Committee, held this morning, dues for 1934 were fixed by the Committee, and the Executive Secretary will read to the members the schedule of dues for 1934.

SECRETARY SHERIDAN: The dues for 1934 are as follows: Counties having a population of 25,000 and less, $3.

Counties having a population from 25,000 to 100,000, $6.

Counties having a population from 100,000 to 250,000, $12.50.

Counties having a population of 250,000 or over, $20.

The Executive Committee has instructed the Secretary to accept dues for 1934 only upon that basis.

PRESIDENT MARRIOTT: Is the Chairman of the Resolutions Committee ready to report?

Report of Resolutions Committee

HARRY M. PASCHAL
Chairman

WHEREAS, through the good offices of Mr. E. B. Southworth, we have been favored with an address on the subject of "Morotia," a matter of acute interest to the Title Insurance and Title Examiners' section of the Association.

NOW, THEREFORE, BE IT RESOLVED, that we extend our deep appreciation to Mr. William E. Jones, Associate Counsel, the Northwestern Life Insurance Co. of Milwaukee, Wisconsin, for his splendid address on this subject—a subject of such great interest to the Title fraternity.

WHEREAS, once again in the history of our Association, we have had the great pleasure of convening in Chicago, and again as guests of the Chicago Title & Trust Company, and their officers,

NOW, THEREFORE, BE IT RESOLVED, that we ask the convention by a rising vote to approve this resolution of thanks to the officers of the Chicago Title & Trust Company, and to express the deep appreciation of all present for their many courtesies. We particularly wish to have the records show our thanks to the following named gentlemen of the Chicago Title & Trust Company: J. M. Dall, Kenneth E. Rice, Arthur C. Marriott, Judge M. M. Oshe, C. A. Scranton, A. T. Myren, Kenneth Moore. We are deeply appreciative to them for their arranging for our comfort, our transportation, and our entertainment; and by the use of the word "entertainment" we would desire to have specific reference made to the numerous features for the ladies, as well as for the gentlemen of the convention.

This resolution would fail of its complete purpose were we to omit reference to the Century of Progress Exposition, as to which congratulations of the entire membership of the American Title Association go to the City of Chicago and to our host company.

WHEREAS, Mr. J. M. Whitsitt of Nashville, Tennessee, has been an active member of the American Title Association for a number of years, the count of which is not within the knowledge of the members of this committee; and

WHEREAS, Mr. J. M. Whitsitt was at some time or another during his time of membership in the Association, elected to the position of Treasurer of the Association—the exact date being unknown to the members of this committee, but according to the best information obtainable, being in the forepart of the 20th Century; and

WHEREAS, Mr. Whitsitt has served faithfully and conscientiously in the interest of every member of the Association and has labored for the advancement of our interests, often at great personal sacrifice; and

WHEREAS, Mr. Whitsitt, to our deep regret, has voluntarily resigned his position as treasurer and declined to accede to our request that he continue in that office;

NOW, THEREFORE, BE IT RESOLVED, that we of the American Title Association want to pay, by a rising vote, a tribute to our good friend and adviser, J. M.—Mack—Whitsitt of Nashville, Tennessee; that we wish to him success and comfort in his new endeavor; that we hope with all our hearts he will some day return to the title business; that irrespective of that return, he will consider himself one of us with us.

WHEREAS it has become advisable that close contacts be established with various agencies of the Federal Government in Washington and elsewhere, for the dual purpose of assisting those agencies in setting up their machinery for operation of the newly created departments, and also for the purpose of presenting to those agencies the wisdom of protecting the monies of those corporations by a proper evidence of

title to real property, such as is issued by the membership of the American Title Association;

NOW, THEREFORE, BE IT RESOLVED, that we of the American Title Association extend our sincere thanks to those of our membership who did yeoman service in the capital of the United States and elsewhere. We would wish to name all who served the Association, but that is impossible. However, our attention has been directed to the names of a few of the individuals who thus served the Association, and we desire to have the record contain a list thereof, as follows:

Henry R. Robins, Chairman of our Federal Legislative Committee; Worrall Wilson, Past President of our Association and now a Director of the Chamber of Commerce of the United States; Edward C. Wyckoff, another Past President of our Association and now our Counsellor to the Chamber of Commerce of the United States. To Mack Whitsitt, to Maco Stewart, to H. Laurie Smith, to Arthur C. Marriott, to W. H. McNeal, and to our Executive Secretary, J. E. Sheridan.

WHEREAS, the hand of Providence has been visited upon us in the removal from our circle of Colonel Sheldon Potter of Philadelphia, Pa., Chairman of the Executive Committee of the Pennsylvania Title Association; and

WHEREAS, it has been a great satisfaction to us to have as one of our group a citizen distinguished as was he, who served his country as a soldier for its protection, who served his city and state as Director of the Department of Public Safety for the City of Philadelphia, and in numerous other active capacities in matters of civil interest, and was also an important factor in the advancement of the Title business;

NOW, THEREFORE, BE IT RESOLVED, that we recognize the loss visited upon us, but that we humbly bow to the will of Him Who rules us all; that this resolution be spread upon our records and that the secretary of this Association be directed to forward copy of this resolution to his family.

MR. PASCHAL: I move the adoption of these resolutions.

MR. McNEAL: I second that motion with the admonition that we rise in honor of our host, the Chicago Title and Trust Company, and Mr. Whittsett, our retiring treasurer.

. . . The motion was carried and the assembly arose in expression of appreciation. . . .

PRESIDENT MARRIOTT: The next matter to come before the convention is the selection of the convention city for our 1934 convention. Are there any invitations to be presented to the convention?

DON PEABODY (Miami, Florida): As the representative of the Florida Title Association, and also the representative of the Dade County Title Association, it is my pleasure to extend to you an invitation to hold your 1934 convention in the City of Miami, Florida.

Your education will not be complete until you have seen Florida and Miami. If you come to Miami in 1934, I predict that we can show you a land boom in the making. Please make a note of that.

We have all the necessary facilities for entertaining your convention, beautiful hotels, and everything to make a perfect convention. All of the abstracters of the State of Florida will do all in their power to make your stay pleasant and worth while.

Don't get the idea that we do nothing but play. The soft southern breezes are very conducive to ample thought. You will have ample time for your business meetings and ample time to see all the worth while things in Miami, which is saying a great deal. (Applause.)

PRESIDENT MARRIOTT: Are there any other invitations?

MR. McNEAL: I know it to be a fact that there are other invitations in the making for the 1934 convention. I do not interpose these remarks to obstruct the invitation to Miami, because knowing Miami as I believe I do, it is a beauty spot in the country and one where those who like to fish can catch real fish, as was evidenced by the picture I had on my wall of the sailfish, the smallest thirty-five pounds, and the largest fifty. I caught all of them.

I know, therefore, that Miami would be a delightful place for a convention and let us hope this year, or some other year, the convention will meet in Miami. However, in view of the situation as it is at this time, there being a little chaos existing as to invitations presented by other cities, and in view of that, with Mr. Peabody's permission, I would like to present a motion that the invitations for the convention city for 1934 be renewed with the Executive Secretary, to be acted upon finally at the midwinter meeting to be held in Chicago some time during the month of January.

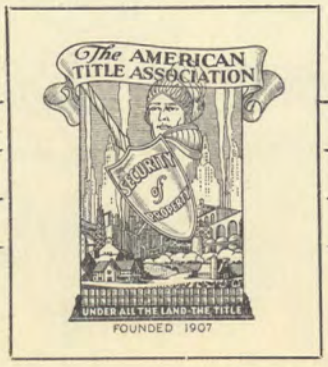
PRESIDENT MARRIOTT: This concludes the regular program of the convention with the exception of such matters of new business as you may wish to bring before the convention. There being nothing of that nature, the chair wishes to announce a meeting of the Executive Committee immediately upon the adjournment of this meeting.

The convention is now about to adjourn, and I want to say, on behalf of our Company, that I hope you all have had at least half as good a time as we have had in having you here with us, and we all hope that some time soon you will give us again the opportunity of having you with us as our guests.

The chair will entertain a motion to adjourn the convention.

. . . Upon motion, duly seconded, the convention was adjourned at twelve o'clock, sine die. . . .

ADJOURNMENT SINE DIE.



Subscribers to Sustaining Fund, American Title Association, 1933

ALABAMA

Title Guarantee Loan & Trust Co. ..... Birmingham

ARIZONA

Tucson Title Insurance Co. ..... Tucson

CALIFORNIA

Simonson-Harrell Abstract Co., Ltd. ..... Merced
East Bay Title Insurance Co. ..... Oakland
Oakland Title Insurance & Guaranty Co.... Oakland
Colusa County Title Co. ..... Colusa
Contra Costa County Title Co. ..... Martinez
Richmond-Martinez Abstract & Title Co.... Martinez
San Joaquin Abstract Company..... Fresno
Bakersfield Abstract Co. ..... Bakersfield
Kings County Abstract Co. ..... Hanford
Lake County Title & Abstract Co. ..... Lakeport
California Title Insurance Co. ..... Los Angeles
Security Title Ins. & Guarantee Co. ..... Los Angeles
Title Guarantee & Trust Co. ..... Los Angeles
Title Insurance & Trust Co. ..... Los Angeles
Nation Title Insurance Co. ..... Los Angeles
Realty Tax & Service Co. ..... Los Angeles
San Rafael Land Title Co. ..... San Rafael
Monterey County Title & Abstract Co..... Salinas
Orange County Title Company..... Santa Ana
Security Title Ins. & Guarantee Co. ..... Santa Ana
Placer County Title Co. ..... Auburn
Plumas County Abstract Co. ..... Quincy
Riverside Title Company..... Riverside
Capital City Title Co. ..... Sacramento
San Benito Title Guarantee Co. ..... Hollister
Pioneer Title & Trust Co. ..... San Bernardino
Southern Title & Trust Co. ..... San Diego
Union Title Insurance Co. ..... San Diego
California Pacific Title & Trust Co..... San Francisco
Title Insurance & Guaranty Co. ..... San Francisco
City Title Insurance Co. ..... San Francisco
Northern Counties Title Insurance Co..... San Francisco
Stockton Abstract & Title Co. ..... Stockton
San Mateo County Title Co. ..... Redwood
Consolidated Title Guarantee Co. ..... Santa Barbara
San Jose Abstract & Title Ins. Co. ..... San Jose
California Pacific Title Co. ..... Santa Cruz
Shasta County Title Co. of Redding..... Redding
Solano County Title Co. ..... Fairfield
Title Guaranty Co. of Solano County..... Fairfield
Sonoma County Abstract Bureau..... Santa Rosa
Sonoma County Land Title Co. ..... Santa Rosa
Pitts Title Company..... Modesto
Stanislaus County Title Co. ..... Modesto
Tehama County Title Co. ..... Red Bluff
Abst. & Title Guarantee Co. of Tulare Co... Visalia
Tulare County Abstract Co. ..... Visalia
Southern California Title Co. ..... Ventura
Ventura Abstract Co. ..... Ventura
Yolo County Title Abstract Co. ..... Woodland

CONNECTICUT

Bridgeport Land & Title Co. ..... Bridgeport
Wakeman Title & Mortgage Co. ..... Fairfield

GEORGIA

Atlanta Title & Trust Co. ..... Atlanta

IDAHO

Bonner County Abstract Co. ..... Sandpoint
Idaho Title Service..... Twin Falls

ILLINOIS

E. J. Tupper Co. ..... Galesburg
Champaign County Abstract Co. ..... Champaign
Chicago Title & Trust Co. ..... Chicago
Taylor Abstract Co. ..... Clinton
Du Page Title Co. ..... Wheaton
Jo Davies County Abstract Co. ..... Galena
Kane County Abstract Co. ..... Geneva
Kankakee County Title & Trust Co. ..... Kankakee
Illinois Title Co. ..... Waukegan
Logan County Title Co. ..... Lincoln
D. W. Larimer..... Salem
S. Bartlett Kerr..... Metropolis
McHenry County Abstract Co. ..... Woodstock
Richards, Jewett & Wright Abstract Co.... Woodstock
McLean County Abstract Co. ..... Bloomington
Montgomery County Abstract Co. ..... Hillsboro
Rock Island County Abstract & Title Guaranty Company..... Rock Island
Sangamon County Abstract Co. ..... Springfield
Stephenson County Abstract Co. ..... Freeport
Vermilion County Abstract Co. ..... Danville
H. B. Wilkinson Co. ..... Morrison
Asa S. Chapman ..... Champaign

INDIANA

L. M. Brown Abstract Co. ..... Indianapolis
Kosciusko Abstract & Title Guar. Co..... Warsaw
Abstract & Title Corporation..... South Bend

IOWA

Security Abstract Company..... Iowa City
Talley Harvey & Co. ..... Sioux City
C. A. Batman Abstract Co. ..... Nevada
Black Hawk County Abstract Co. ..... Waterloo
Buchanan County Title & Loan Co. ..... Independence
Clay County Abstract Co. ..... Spencer
Abstract & Title Guaranty Co. ..... Clinton
Carlton Abstract Co. ..... Spirit Lake
Linn County Abstract Co. ..... Cedar Rapids
Plymouth County Abstract Co. ..... Le Mars
Fidelity Abstract Co. ..... Pocahontas
Des Moines Title Co. ..... Des Moines
Livingston & Eicher..... Washington
Mr. C. L. Clark..... Corydon
Engleson Abstract Co. ..... Sioux City

KANSAS

Mrs. Pearl K. Jeffery..... Columbus
Rogers Abstract & Title Co. ..... Wellington

KENTUCKY

Kentucky Title Co. ..... Louisville

MARYLAND

Maryland Title Guarantee Co. ..... Baltimore

MICHIGAN

Grand Traverse Title Co. ..... Traverse City
Guarantee Bond & Mortgage Co. ..... Grand Rapids

MINNESOTA

Mr. Edgar E. Waite..... Breckenridge
Isanti County Abstract Co. ..... Cambridge
Consolidated Abstract Co. ..... Duluth
Title Insurance Co. of Minnesota ..... Minneapolis
Villa Collyer McDowell..... Olivia
Winona County Abstract Co. ..... Winona

MISSOURI

Kansas City Title & Trust Co. ..... Kansas City
Hight Eidson Title Co. ..... Harrisonville
Cole County Abstract Co. ..... Jefferson City
Jackson County Title Co. ..... Independence
Jasper County Title & Guarantee Co..... Carthage
Title Insurance Corp. ..... St. Louis
Mechin & Voyce Title Company..... St. Louis
Charles H. Groom..... Forsyth
Williams & Pottorf..... Nevada
Otto F. Leffner..... St. Louis

MONTANA

Custer Abstract Company..... Miles City
Blaine County Abstract Co. ..... Chinook
Gallatin County Abstract Co. ..... Bozeman
Toole County Abstract Co. ..... Shelby
Northwestern Title Co. ..... Forsyth
C. M. Kelly..... Lewistown

NEBRASKA

Gage County Abstract Co. ..... Beatrice

NEVADA

H. S. Taber..... Elko

NEW JERSEY

New Jersey Title Association ..... Newark
Fidelity Union Title & Mtge. Guar. Co. ... Newark
Real Estate Title Co. of New Jersey ..... Trenton

NEW MEXICO

Frank Canavan ..... Gallup
Security Title Abstract Co. ..... Socorro
Gessert Sanders Abstract Co. ..... Roswell

NEW YORK

New York Title Association ..... New York City
Abstract Title & Mortgage Corp. ..... Buffalo
E. W. Merrill ..... Little Valley
Home Title Insurance Co. ..... Brooklyn
MacFarlane & Harris ..... Rochester
New York Title & Mortgage Co. ..... New York
Central New York Mortgage & Title Co. .. Utica
Hudson Counties Title & Mortgage Co. ... Newburgh
Mr. Elwood C. Smith ..... Newburgh
Empire State Abstract Co. ..... Bath
Mr. E. Lee Ferguson ..... Bath

NORTH DAKOTA

Treuman Abstract Co. ..... Grafton

OHIO

Mr. Charles C. White ..... Cleveland
Mr. W. E. Peters ..... Athens
Bankers Guarantee Title & Trust Co. ..... Akron
Trumbull County Abstract Co. ..... Warren
Thraves Abstract & Title Co. ..... Fremont
Title Guarantee & Trust Co. ..... Toledo
Land Title Guarantee & Trust Co. ..... Cleveland

OKLAHOMA

Title Abstract Co. ..... Nowata
Overton Abstract Co. ..... Mangum
Sulphur Abstract & Title Co. ..... Sulphur
American-First Trust Co. ..... Oklahoma City
Lacey-Pioneer Abstract Co. ..... Anadarko
Edwards Abstract & Loan Co. ..... Hollis
Albright Title & Trust Co. ..... Newkirk
Security Abstract Co. ..... Newkirk
Kiowa County Abstract Co. ..... Hobart
Eufaula Abstract Company ..... Eufaula
Meurer Abstract Company ..... Pawnee
Sater Abstract & Loan Co. ..... Stillwater
Slief-Vaughn Abstract Company, Inc. ..... Cheyenne
Rogers County Abstract Co. ..... Claremore
Duncan Abstract Co. ..... Duncan
Stephens County Abstract Co. ..... Duncan
Wagoner County Abstract Co. ..... Wagoner
El Reno Abstract Co. ..... El Reno
Washita Valley Abstract Co. ..... Chickasha
Pioneer Abstract & Title Co. ..... Buffalo
McClain County Abstract Co. ..... Purcell

OREGON

Linn County Abstract Co. ..... Albany
Baker Abstract & Title Co. ..... Baker
Hartman Abstract Co. ..... Pendleton
The Abstract & Title Co. ..... LaGrande

PENNSYLVANIA

Lawyers Title Co. ..... Pittsburgh
Margaret Potter ..... Norristown
Commonwealth Title Co. of Philadelphia .. Philadelphia

SOUTH DAKOTA

Getty Abstract Co. ..... Sioux Falls
Belle Fourche Realty & Abstract Co. ..... Belle Fourche

TENNESSEE

Guaranty Title Trust Co. ..... Nashville
Bluff City Abstract Co. ..... Memphis
Union Planters Title Guaranty Co. ..... Memphis
The Title Guaranty & Trust Co. ..... Chattanooga

TEXAS

W. A. Hensarling ..... Uvalde
Guaranty Title & Trust Co. ..... Corpus Christi
The Guarantee Abstract Co. ..... Georgetown
Texarkana Title & Trust Co. ..... Texarkana
Texas Abstract Co. ..... Houston
Stewart Title Guaranty Co. ..... Galveston
E. F. Lokey Abstract & Title Co. ..... Fariwell

VIRGINIA

Lawyers Title Insurance Corp. ..... Richmond

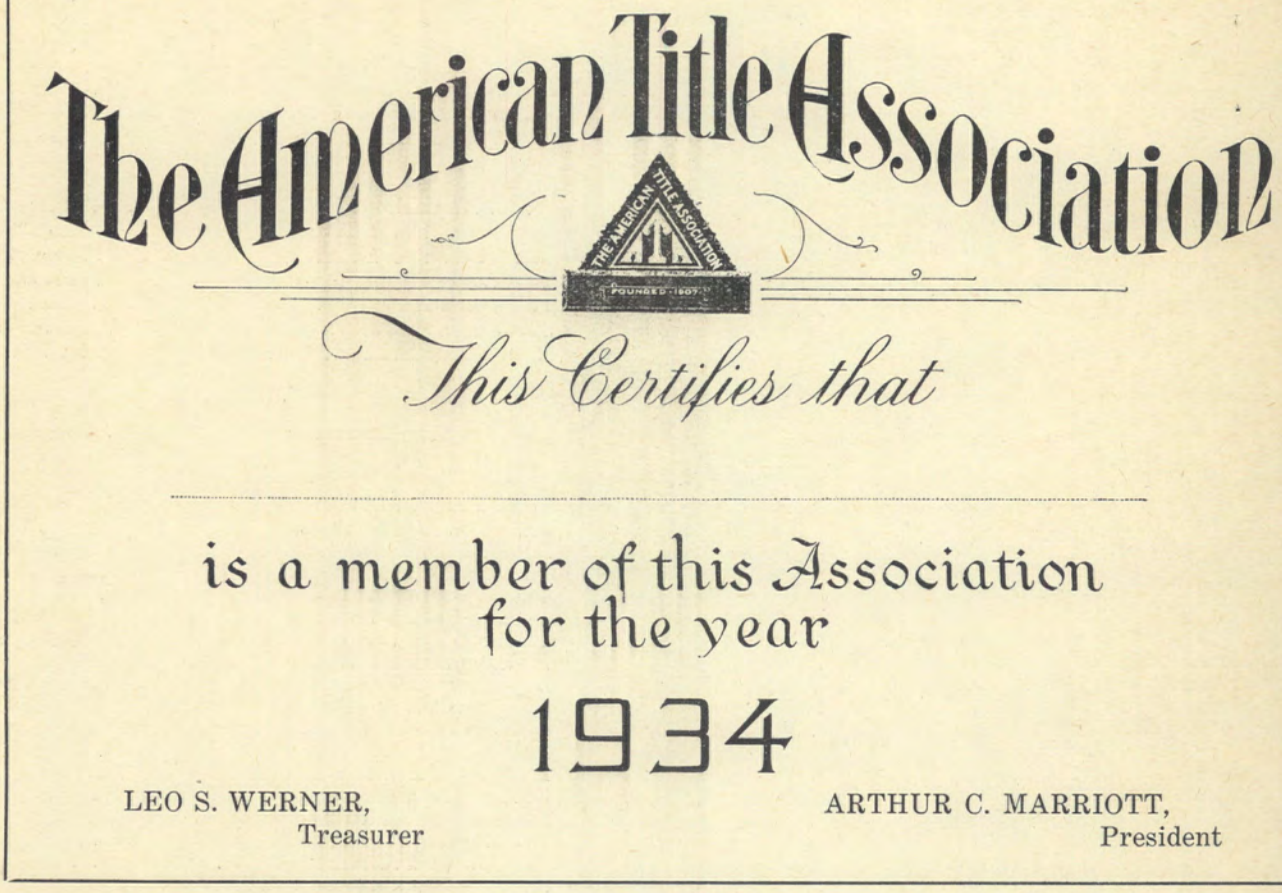
WASHINGTON

S. W. Peach & Son ..... Port Townsend
Jefferson County Abstract Co. ..... Port Townsend
Mr. Thomas Ross ..... Port Orchard
Tacoma Title Company ..... Tacoma
Chelan County Abstract Co. ..... Wenatchee
Clallam County Abstract Co. ..... Port Angeles
Clarke County Abstract Co. ..... Vancouver
Fletcher Daniels Abstract Co. ..... Vancouver
Longview Title Company ..... Longview
Douglas County Title Abstract Co. ..... Waterville
Citizens Abstract Co. ..... Pasco
Pacific Title Co. ..... Montesano
Lawyers & Realtors Title Insurance Co. ... Seattle
Osborne Tremper Company ..... Seattle
Seattle Title Company ..... Seattle
Washington Title Insurance Co. ..... Seattle
Port Orchard Abstract Co. ..... Bremerton
Mason County Abstract & Title Insurance Company ..... Shelton
Kittitas County Abstract Co. ..... Ellensburg
Commonwealth Title Insurance Co. ..... Tacoma
Skagit County Abstract Co. ..... Mt. Vernon
Snohomish County Abstract Co. ..... Everett
Northwestern Title Insurance Co. ..... Spokane
Whatcom County Abstract Co. ..... Bellingham
Whitman Abstract Co. ..... Colfax
Yakima Abstract & Title Co. ..... Yakima

WISCONSIN

Dodge County Title & Abstract Co. ..... Juneau
Barron County Abstract Co. ..... Barron
Citizens Abstract & Title Co. ..... Milwaukee
Title Guaranty Co. of Wisconsin ..... Milwaukee
Walworth County Abstract Co. ..... Elkhorn

AN EMBLEM OF DISTINCTION



DISPLAY IT!

Membership in the American Title Association is a privilege. Belonging to a trade organization has a distinct significance. Your clients are entitled to know of your affiliation with your national business association. It is to your advantage to display your membership certificate.

In a frame, 6x9 inches, with heavy plate glass, rubbed mahogany finish, with panel back so cards can be quickly and easily inserted each year. The frame is priced at $1.00.

Tear off and Mail

American Title Association,
1665 Union Guardian Bldg., Detroit, Mich.

Enclosed find check for $1.00, for which please send one frame for Membership Certificate.

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Address.....

City.....