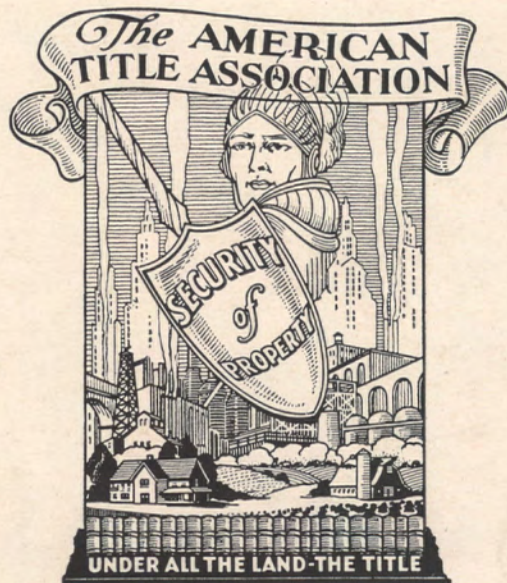

TITLE NEWS

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JANUARY, 1935

Vol. 14

No. 1

PROCEEDINGS

Twenty-eighth Annual Convention

MIAMI, FLORIDA

October 29, 30, 31 and November 1, 1934

The American Title Association

Officers and Committees—1935

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Term Expiring 1937

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J. WATIES THOMAS, *President, Columbia Title Insurance Co., Columbia, S. C.*
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W. S. BECK, *President, The Title Guaranty and Trust Co., Chattanooga, Tenn.*
W. C. MORRIS, *Vice-President, Stewart Title Guaranty Co., Houston, Texas.*
R. G. KEMP, *Vice-President, Intermountain Title Guaranty Co., Salt Lake City, Utah.*
R. H. LEE, *Vice-President, Lawyers Title Insurance Corp., Richmond, Va.*
F. L. TAYLOR, *President, Northwestern Title Insurance Co., Spokane, Wash.*
H. O. BENNETT, *Secretary, West Virginia Title & Trust Co., New Martinsville, W. Va.*
R. E. WRIGHT, *Vice-President, Title Guaranty Company of Wisconsin, Milwaukee, Wis.*
CHARLES ANDA, *President, Natrona County Abstract & Loan Co., Casper, Wyo.*

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H. LAURIE SMITH, *President, Lawyers Title Insurance Corporation, Richmond, Va.*
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LIONEL ADAMS, *President, Lawyers Abstract Co., New Orleans, La.*

Omaha District
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St. Paul District
E. B. SOUTHWORTH, *Vice-President, Title Insurance Company of Minnesota, Minneapolis, Minn.*

Spokane District
CHARLTON L. HALL, *Manager, Washington Title Insurance Co., Seattle, Washington.*

Springfield District
WILLIAM WEBB, *President, The Bridgeport Land & Title Co., Bridgeport, Conn.*

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 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-Eighth
Annual Convention
of the
AMERICAN TITLE ASSOCIATION
October 29, 30, 31 and November 1
Miami, Florida

The Twenty-eighth Annual Convention of the American Title Association was called to order by Don Peabody, of Miami, Florida, President of the Florida Title Association, hosts of the convention.

The invocation was offered by Rev. Leslie J. Barnette, pastor of the Coral Gables Congregational Church, Coral Gables, Florida.

Mr. Peabody then introduced Judge William H. Ellis, Justice of the Supreme Court of Florida, who delivered a scholarly and inspiring address of welcome.

Response was made, on behalf of the Association, by Mr. Charlton L. Hall, of Seattle, Washington.

Mr. Arthur C. Marriott, President of the American Title Association, was then escorted to the Chair. President Marriott now presiding.

Report of President

ARTHUR C. MARRIOTT

Vice-President, Chicago Title & Trust Co., Chicago, Illinois

It has been somewhat over fifteen months since your present officers were installed in office and since we last met together in convention, and it is now my privilege to report to you in brief of the conduct of your Association during those fifteen months. During that time many problems have been presented to us, in fact, looking back over that period it seems that at no time have we been without some problem or other seriously affecting, seriously threatening our business. Some have been solved, some still remain with us.

It is most difficult to compress within a brief report all of the happenings of the last fifteen months, and your other officers and the Chairmen of the Sections and of the several committees will advise you in detail of those matters which have been directly under their charge.

The reports from our Secretary and from our Treasurer as to the financial condition of the Association will, I know, be most pleasing to you, as we are in a most satisfactory financial condition. You will be advised that all bills due October 1st or prior thereto are paid and that we have over \$7,000 in the bank. We have tried hard to

handle the affairs of the Association in an economical and businesslike manner and have also tried to keep within the budget set for us last year in Chicago. Notwithstanding the many unexpected calls upon us we have been successful in that, excepting as to the amounts allowed us for telephone and telegraph expense. As to those items we were compelled to exceed our allowance, but we did make some saving on other items. With our ordinary running expenses for the balance of the year provided for; and with ample provision made for the printing of the convention issue of Title News and for the printing of our directory, we will close the year with a nice surplus.

Shortly before our last convention, on June 16th, 1933, the National Industrial Recovery Act became effective. We, at that convention, were uncertain as to our status under that Act and whether or not our business was expected to submit a code. Therefore, no action thereon was taken by the convention. Almost immediately after the adjournment of the convention the Presidential Agreement was submitted to the business men of the country for execution. Practically all of our members subscribed thereto, reduced the hours of work and adopted the minimum wage scale.

As almost all of our members had executed the Presidential Agreement and all were desirous of assisting the President in his efforts for recovery a special meeting of your Board of Governors was called in August to meet in Chicago for the purpose of determining whether or not a code should be filed for the title industry, and if it was so decided, that a tentative code be drafted. The Board met and decided to submit a tentative code and under the able chairmanship of Mr. Edward C. Wyckoff of Newark, New Jersey, after many laborious hours of consideration, a tentative code was drafted and filed. During the fall and winter numerous conferences were held at Washington in regard to this proposed code, at which meetings many of your officers and members of the Code Committee were present, going there at their own expense and at a sacrifice to their own private business.

At the Mid-winter Conference the subject was again thoroughly discussed

and a Code Conference Committee under Mr. Henry R. Robins of Philadelphia, as Chairman, was appointed. Finally, by letter dated June 25th, 1934, we were advised by the Deputy Administrator of the NRA that it was "their considered conclusion that the best interest of all concerned will be served by foregoing any further action on the proposed code for your industry." The thanks of the Association are due the members of the two code committees, and especially to the chairmen of those committees, Mr. Wyckoff and Mr. Robins, who both so generously gave us of their time and money in this behalf and to whose efforts so much of the credit is due in bringing this matter to a conclusion satisfactory to both the National Recovery Administration and to a majority of our members.

Last November an item appeared in a farm paper which has considerable circulation in the Middle West, containing the following: "The abnormal number of farm mortgages now being refinanced calls attention to our cumbersome abstract system. The expense of bringing those abstracts up to date is tremendous, and the delay in times like these is annoying. It is time to do away with the abstract system and replace it with a simpler and less expensive system of land title records. The Farm Credit Administration is working on this problem and hopes a little later to have some constructive plans to present." This item was followed in subsequent issues of that paper by editorial comments advocating the adoption of the Torrens system of Land Registration throughout the United States. In January I met with the editor and publisher of the paper. I was advised by them that this editorial policy was adopted following the receipt by that paper of many letters from farmers who had written complaining of the delays in securing their abstracts and the charges therefor. After a number of discussions it was agreed that this editorial policy of advocating the adoption of the Torrens system would be discontinued for the time being, and that all future letters of complaint as to service or charges would be referred to the American Title Association for investigation and, if unjustifiable, for correction.

For a time, thereafter, we received

such letters and investigated the complaints. In a number of cases I regret to say investigation disclosed good grounds for complaint, but I am very glad to say that in practically all cases, when the abstractor was a member of our Association, and this was called to his attention, the matter was adjusted. Again, in many cases the charges, while high, were not excessive and an explanation satisfied the owner. But, although we have in our membership a large percentage of those engaged in the title business, there are many who are not. As a rule these are men with no plant investment and who without a knowledge of the business and without sufficient capital are not eligible to membership. Many of the complaints were against the charges made by this class and there was not much we could do in correcting their unfair and excessive charges, except to call to the attention of the farmer that he should, in the future, give his business to the reputable abstractor who was a member of our Association.

This experience, however, has shown that we ourselves have not been entirely without blame. There have been many cases of complaints as to long delays, and we should keep in mind that we must give efficient, prompt and satisfactory service; otherwise our business will be put in jeopardy.

During the winter it came to my attention that much pressure was being brought to bear upon the Farm Credit Administration to sponsor, through the Federal Land Banks, the adoption by the states of the Torrens system in those states where that system is not now in force, and when so adopted to use that system exclusively on all property offered as security for Federal Land Bank loans. While it is evident to us that the Torrens system is impractical in the United States, we felt that those outside the abstract and title business were naturally not acquainted with the objections to the use of that system which our studies and investigations disclosed. We further thought that a presentation of those facts by someone not engaged in the title business would carry more weight and I, therefore, secured a competent, able counsel to study the data I had had assembled and to present these facts to the authorities at Washington. After several conferences at Washington I am advised that this danger has been averted, at least for the time being. The continued failure of the Torrens system to operate successfully in those localities where it has been adopted is not in itself, however, a sufficient answer for those Torrens enthusiasts who still believe that it will operate successfully elsewhere and so it is most essential that we continue an aggressive campaign of education to combat the misrepresentations made by them. The survey which we have made in the past year should be continued and additional ammunition thus secured.

During the past year as your representative I called upon twenty-four of

the leading life insurance companies. I was in some fear that the financial difficulties of some of our eastern title companies occasioned by their practice in past years of guaranteeing the payment of mortgages, might have done harm to the title business generally. I found that the reason for those difficulties was well understood—that they appreciated that those troubles had been caused by activities outside the title insurance field. I found also that these good customers of ours proposed to be more careful as to the financial condition of the companies with which they did business in the future, particularly as to possible contingent liabilities. I learned that they—or many of them—were beginning to make searching inquiry into the capacities of employees in our legal and law departments to examine titles—inquiry into their schooling and knowledge of the law. Generally speaking, they did not look with favor upon the idea of national title insurance, they felt that it would be better business to divide their risks among local or regional companies, that there should be some relation between the size of the policy and the financial strength of the company issuing that policy.

These visits seemed to have been appreciated and I believed cleared up some misunderstandings and I most earnestly recommend that our officers in the future keep up these contacts and also that each of you visit these good customers of ours. Those visits will be productive of much good. Although authorized prior to our last convention the HOLC did not get organized and under way until a month or so later.

What form of title evidence would be required in support of each loan was a question of much interest to all of us. It was arranged that each loan would require that kind of title evidence customarily used with loans in that locality.

Then came the question who should furnish that title evidence. We were most fortunate in having an old friend and fellow title man, William H. McNeal, appointed general manager of that corporation. He it was who issued that famous (to us, at least) Bulletin No. 63 in which it was directed that the services of the established abstractor or title man be used. During his term of service he was most considerate toward the legitimate abstractor and I am glad to have this opportunity to express on behalf of the title men and women of the United States our appreciation of his courtesy and of his efforts. After his return to private business he was succeeded by Mr. Preston Delano. Again we were fortunate in having in that position a man who was friendly and sympathetic toward established business and who has been insistent that the corporation secure title evidence which would be adequate protection in the making of their loans. In fact, our relations at Wash-

ington with the officials of the HOLC have been most friendly.

Advised by them that in three states title service on HOLC applications was distressingly inadequate and that it might be necessary if conditions were not rectified that they send their own men into those states to prepare their own title evidence from the public records. Your Secretary and myself by wire, phone and letter worked upon the leading title men of those states to the end that proper title service might be given the HOLC on their loans.

These men appreciated the danger and corrected the conditions complained of. In several other communities when we were from time to time advised of like conditions, we took similar action with satisfactory results. We welcomed being advised of those conditions and I feel that we did protect the business in general from the shortcomings of the few.

Your Secretary and myself have contacted the HOLC officials in Washington on many occasions. We feel that they desire to work with us and indicative of that, is the fact that we have with us at this convention their general counsel, Mr. Horace Russell.

As your representative, it has been my privilege in the past year to attend the national conventions of the Mortgage Bankers Association of the National Association of Real Estate Boards and of the U. S. League of Building & Loan Associations together with the conventions of some of our own state Associations. Believing as I do that our National Association should maintain as close relations as possible with our State Associations, I have had our Executive Secretary attend the State Title Association conventions in Florida, Iowa, Illinois, Wisconsin, Michigan and Indiana and to attend also called meetings of some of the title people of Arkansas and Louisiana. Our National Association was represented at the State Title Association conventions of Oklahoma, Kansas, Iowa, Colorado and Texas by Mr. William Gill, from the Board of Governors.

These contacts were most desirable. Our Secretary, through his contacts at Washington and his broad knowledge of the entire national picture, is able to bring to the State Association an intimate view of present conditions and future prospects and plans. Business today is no longer local, it is national and centers around Washington. A regulation or order there may result in no work or a great deal of work to the local title men.

Under the regulations applying to Title I of the Federal Housing Act loans may be made on an affidavit and credit report. The regulations for loans to be made under Title II of that act are now being prepared. For the past two months Mr. Laurie Smith, as our representative, has attended conferences on those regulations and during the convention you will be advised by him in detail as to that situation. In

addition there are slm clearance, rehabilitation, subsis'ence homestead, submarginal land and reclamation projects, all of which should require title work by us. It is, therefore, most important that we keep in close touch with the authorities in Washington. I would and do recommend that our Executive Secretary spend much time in Washington during the coming year.

It is the hope of your officers and those who assisted in its preparation of the program that it will be of interest to you. This is your Association. Your officers have tried hard to be of service to you. If we have succeeded in that, then do we feel amply repaid for our efforts.

In conclusion may I repeat this has been a busy year—a year filled with problems, with work and with worry. Yet it has been a most pleasant service. Pleasant in the whole-hearted support given me and our Association by our members. I have been gratified by the willingness of those busy men who left their own duties and assembled at Chicago or Washington at their own expense to work hours at a time on a solution of our problems and any organization which receives such support as has our organization is fortunate indeed. To the chairmen of the sections and of the several committees I wish to express my appreciation and the thanks not only of myself but of our Association.

I would be unappreciative indeed if I did not include in this report some mention of the service rendered the Association by our Secretary, Mr. Sheridan. He has given most efficient service and the affairs of his office were handled promptly and economically. Our excellent financial condition is in a large measure due to him and to him is due the credit for much of the good work done by the Association in the past year.

With him as our Secretary and with our new officers, I look forward to next year as being the most worth while year in the history of the Association.

Report of Treasurer

LEO S. WERNER

Vice-President, Title Guarantee & Trust Co., Toledo, Ohio

Statement of Receipts and Disbursements for period January 1, 1934 to September 30, 1934.

RECEIPTS

Cash forwarded from 1933..	\$ 1,074.02
Individual Dues	403.50
State Dues	6,534.50
Sustaining Fund	8,185.50
Title Examiners	267.00
Miscellaneous	75.00
Directory Sales	934.63
	<u>\$17,474.15</u>

DISBURSEMENTS

Ass't Treasurer's Salary....	\$ 70.00
Executive Secretary's Salary	4,708.32

Office Rent	680.00	Travel Expense	1,027.13
Stenographers	727.60	Attorney fees, re: Code and	
Postage	460.25	Torrens matters	1,402.45
Telephone and Telegraph ...	470.55	Balance cash in Bank	6,615.89
Miscellaneous and Supplies..	464.43		
News Bulletins	847.53		<u>\$17,474.15</u>

CONDITION OF BUDGET

September 30, 1934

	Budget	Expended	Balance
Assistant Treasurer	\$ 300.00	\$ 70.00	\$ 230.00
Executive Secretary's Salary	6,000.00	4,708.32	1,291.68
Office Rent	1,020.00	680.00	340.00
Stenographers	1,750.00	727.60	1,022.40
Postage	1,000.00	460.25	539.75
Stationery and Printing	400.00	.....	400.00
Title News	1,000.00	.....	1,000.00
Telephone and Telegraph	500.00	470.55	29.45
Miscellaneous and Supplies	1,000.00	464.43	535.57
News Bulletins	1,200.00	847.53	352.47
Office Equipment	200.00	.....	200.00
Travel Expense	1,500.00	1,027.13	472.87
Regional Meetings	250.00	.....	250.00
Annual and Midwinter Meetings—			
Extraordinary Expense	750.00	.....	750.00
Directory	150.00	.....	150.00
Reserve—Unanticipated and Emergency			
Activities of Association	1,000.00	.....	1,000.00
	<u>\$18,020.00</u>	<u>\$9,455.81</u>	<u>\$8,564.19</u>
Advance Receipts—Sale of Directory	\$ 934.63	.....	\$ 934.63
Attorney Fees, re: Code .....	.....	\$1,000.00	.....
Attorney Fees and Expenses,			
re: Torrens matter .....	.....	402.45	.....

“Ladies and Gentlemen: I think this record speaks for itself, and indicates to you better than any feeble words of mine, the sound financial condition of our Association. Our Cash position is before payment for the new directory and Title News containing the record of this convention.

“I desire to publicly thank the various officers of state associations for their cooperation in my efforts at collecting these funds, and also to express my appreciation to those members who

made sacrifices in contributing so generously towards our treasury, either by way of dues or sustaining fund contributions, in order that we might carry on with our increased activities in a manner befitting our industry.

While their names are too numerous to incorporate in this report, I also wish to acknowledge my sincere appreciation to those members at large, as well as to those members of our Board of Governors, who assisted me in making this splendid report possible.”

Report of Executive Secretary

JAMES E. SHERIDAN

Detroit, Michigan

To the Members of the American Title Association:

For the period since we last met in Chicago in February, 1934, we have issued bulletins to the members on the basis of approximately one each two weeks. We have also issued numerous bulletins to officers of state and regional associations and to members of the sections. All told, we have issued about 45 bulletins.

We have certified to the Treasurer all bills payable and have cleared to the Treasurer all remittances received except those that came in since October 10th. We have no unpaid bills due at this time except for October. We have no past due bills. We have operated within our budget—well within as to total—and are well below the budget figures except on the one item of tele-

phone and telegraph. HOLC, Land Bank business, and other emergency matters forced the Association slightly on this item. Our cash position as shown by the Report of the Treasurer, is satisfying, but it should be borne in mind that out of this must come the expense of this Convention, printing its proceedings, printing the new directory and purchasing some badly needed equipment in the office.

We have attended the state conventions of the Florida, Iowa, Illinois, Wisconsin, Michigan and Indiana Title Associations. We also made a missionary trip in Alabama, Louisiana, Texas, Oklahoma, Arkansas and Memphis that we believe was productive of good results.

Distribution of the directory will amount to a huge increase over the previous year. Over and above those that will be sent out by our office, we have received orders from members for over 9,000 extra copies of the directory that will be distributed by them. In passing, we might mention that we cut costs considerably by the sale of

these and received in monies over \$1,100 therefrom.

Our Relations With the Federal Government

Without doubt, the two agencies in which we in the abstract and title business have the greatest interest at present are the Federal Land Banks and the Home Owners Loan Corporation. Then there are many others—the Attorney General, F. E. R. A., the Housing Administration, etc.

As to the Land Banks, control of the point of evidencing of titles seems to center almost entirely in the various home offices of the Land Banks around the country. It is also quite apparent to all of us that their executive officers, including the legal department, have full appreciation of the need of proper and sufficient evidence of title. While it may be true that occasional differences will arise, still and all when one considers the immense amount of business they have done and done quickly, one cannot but wonder that they have done as well as they have. It is our feeling that their executive officers deserve universal commendation.

Home Owners Loan Corporation

At the beginning of this organization, those vested with authority had a copy of the act. And that was all they did have. In state after state, the men appointed by Washington were instructed by Washington that their task was to "Save homes, save homes, save homes." "Do it quickly, do it quickly." The market on the bonds quickly fell to 84. That didn't help the situation. There was alarm throughout the country; unrest still existed; talk of inflation was in the air; unemployment still existed by the millions.

Making a somewhat general statement, those in charge of HOLC in each state were empowered to close loans in the manner that to them seemed wisest. The result was that there was a lack of uniformity. This state closed by using title guaranty policies; another by using abstracts purchased from old organized abstract companies long in business, and having these examined by local competent attorneys; another state empowered attorneys to search the public records.

In some states, orders for the evidence of title were placed by HOLC itself. In still other states, the county attorney placed the order.

In some states, the bill for the abstract or certificate or guaranty policy was invoiced direct against HOLC; in others, it was charged against the borrower and HOLC disclaimed any responsibility therefor; in still others, the local attorney employed by HOLC was given a definite number of dollars, out of which all expenses incident to the loan were to be paid. In the latter instance, a certain amount of chiseling developed, as, to illustrate, one state in the southwest were the HOLC attorneys offered to the abstract companies

a flat fee of \$6.00 for an abstract of title (if none existed) or for a continuation of abstract of title (if one existed) irrespective of the number of entries that might have to be included in that continuation.

In certain sections of the country, states such as the Carolinas, Georgia, Virginia, Mississippi—sections of New England, and a few other spots, it has been the custom for scores of years for the attorneys to search the public records. In fact, abstract and title companies as we of the west know them, are virtually unknown in these sections. So in these, it was quite in order that the policy should continue; in fact, there was no other way of evidencing titles except for the attorney to abstract the public records, make up his abstract, sign it as an abstracter, and then, as an attorney, make his legal examination.

Every one realizes that the panic in the title world didn't start in 1929; it started in 1926 when the real estate and mortgage markets sloughed off; no one knows better than the title man what a panic is. We ought to know. We've had one for six years. And in those six years, it became necessary to cut down forces, to wait six months and cut again—and again—and again.

And all of a sudden came this avalanche of business from the Land Banks and the Home Owners Loan Corporation. It is easily understandable that we were swamped. It is easily understandable how we scoured the country to get our old employees back. But many couldn't be returned to our organizations; they had gone from the title business and were located elsewhere. So orders commenced to pile up in our offices, with the result that deliveries to HOLC were slowed up; with the next result that complaint came out of Washington asking why loans were not closed and the natural answer that they were held up because of non-delivery of abstracts.

I have no wish to paint this as a general situation, for it was not. But the situation created by any one of our people who was slow stood out like a sore thumb; it counteracted the good work done by dozens of other abstract and title companies that were not slow.

As to these situations, the American Title Association was paid the nice compliment of being asked by HOLC to correct where correction was needed; to get behind the situation and get it cleared up.

Close investigation of each of these was made. And it was an impartial investigation. If the fact developed that our people were at fault, we took such steps as a trade organization built as we are could take. But I may add that frequently it developed that the real nigger in the wood pile was the fact that the state organization of HOLC had too much politics in it; that the appointees had not been chosen with the greatest of care; in short, that

the job was just a little too big for them.

Concurrent with these was our continued knowledge that the big board at HOLC at Washington was working day and night to put their job over. They were moving heaven and earth to keep politics out of the situation; they were seeking the cooperation of legitimate business to put the job over, and I assure you, ladies and gentlemen, they were giving cooperation in return.

As these situations were unfolding, one by one, the Board in Washington was casting about for competent men to fit into their organization.

In February, William H. McNeal, formerly of the New York Title and Mortgage Company was appointed General Manager of the Corporation. One of his early acts was to instruct all state managers and their assistants that they were to use "legitimate, existing agencies" to serve the Corporation. As to title evidences, they were to use the products of companies, "of experience, and of organization, and possessing a plant if one existed in the community; companies possessing skilled personnel and with an accumulation of data such as only a seasoned abstract company could possess."

Mr. McNeal left HOLC in May. He has been succeeded by Mr. Preston Delano, a man of capacity, and one who has been with Home Loan Bank, and Home Owners Loan Corporation, almost since its inception. Conservative, experienced and competent, no legitimate abstract and title company need fear receiving decent treatment from his hands.

In all these months of activity, during not only Mr. McNeal's administration but also in Mr. Delano's administration, reports have come to national headquarters from our member companies that, despite orders from Washington, orders as to policy as well as specific instructions, orders that came from Mr. Fahey, or Mr. McNeal, or Mr. Delano, or Mr. Stockton, or other Executive Officers to whom the gentlemen named gave instructions—despite all these, not a few of our member companies were suffering from rank curbstone competition. In certain cases, this situation came about through the fact that there was some kind of a hook-up between the HOLC attorney and a curbstone abstract office. In other cases, this situation developed through the desire on the part of the HOLC attorney to do not only the examining work but also the abstracting. As they have developed, these situations have been presented to the proper department of HOLC. Obviously, I cannot speak on the HOLC situation in each of the states. But I can speak for Washington and say there has been a whole-hearted effort to use legitimate industry.

All of the officers of your Association are continuing their efforts in re-

spect to this matter. Rome wasn't built in a day, and it is difficult if not impossible to get all these situations not to our liking cleaned up in a few days. But we can report progress, and we can add that our labors along this line will be continued.

Before leaving the subject of HOLC, I cannot refrain from making one or two additional comments, taken at random from my observations and my experiences and the mass of correspondence that has gone through my office in the last six or eight months.

Agencies of the Government should be highly technical, and I assure you they are. Therefore, I cannot urge too strongly that we be extremely careful in accepting orders for HOLC work (and this statement can apply to all subsequent work we may do for departments of Government). If we take an order from HOLC, well and good. If we take the order from the county attorney with instructions to charge it against HOLC, let's be certain that he has HOLC authority to place the order and to have it invoiced against the Corporation. If, at a later date, the account divisions shall repudiate the act of one we THOUGHT spoke for the Government, we will have difficulty—extreme difficulty—getting our money. Perhaps we will have right of action against him who placed the order, but it's a big "Perhaps." And, even if we do proceed against him, it will cause bad feeling.

In the early days of HOLC, the plan was that everybody should be paid as the loan was closed. If the loan failed to close, everybody was to be paid out of the cash position of HOLC. This works fine where the loans are closed. But day after day there develops an increasing residue of files that for one reason or another cannot close; cannot close because it is now determined that the borrower is not eligible; or because of title; or because the total of the first and the second mortgage, plus 'steen judgments, was far in excess of the amount the Government would loan. Or because of numerous other reasons.

The fact remains that all over the country, our abstract and title people have accounts on our books against HOLC, against the attorney for HOLC, against banks, building and loans, against borrowers, that are represented by files in HOLC organizations that will never be closed. And money on the books don't pay the grocery bill.

The situation grew so serious that in some sections aggressive action was taken by the title companies. Of all the plans, I think the Detroit (Michigan) plan is the best.

The Detroit companies prepare, each week, a statement of their account against HOLC for that week, preparing this on Forms 18 and 18a. These are scrutinized by HOLC Detroit office and sent to Washington. Washington issues its check to cover. So that the borrower will be charged the amount of the abstract bill, the invoices are submitted to HOLC in duplicate. One

copy goes in the file so that the closing attorney will know to make a charge for that invoice against the borrower. The other copy goes to the accounting division and is used for purposes of checking against the weekly statement prepared by the Detroit title companies on the Government voucher, Forms 18 and 18A.

Another thought, again taken at random, in connection with Home Owners Loan Corporation is this: At the present time, there are stated to be applications in for a total of five billions of dollars. It is obvious that they all can't be cared for. Knowing the citizens as we all do, it is equally obvious that there will be hard feelings on the part of those who don't get a five per cent Government loan with fifteen years to pay back, plus such additional relief as may be given from time to time by the Congress of the United States.

In other words, ladies and gentlemen, it is the conviction of those with whom I have talked that the pressure on the next Congress is going to be so great that there will be no withstanding it—and the result will be another appropriation by the Government to HOLC to make more loans.

Thinking again about the future of HOLC and our connection with it, I should be inclined to urge the delegates now meeting to give serious consideration to what we are going to do about servicing HOLC in months and years to come on this, that and the other point. Are we going to give tax information? It is going to be an annual search after taxes are certified to the county treasurer? Are we going to search for city taxes twice a year. Are we in position to make collections of principal and interest for the Government? Up to now all payments are sent to Washington but, for the life of me, I cannot see how they can continue such an unwieldy system and I think they will have to break it down into states and districts.

The Department of the Attorney General also has its feet on the ground; it has a true conception of the magnitude of work involved in the manufacturing of evidences of titles to the properties in question; the gentlemen with whom I talked frankly stated that not only did they wish to use the services of the legitimate abstract and title companies of the United States, but that they also would welcome our advice on the appointment of men to act as Special Representatives or Special Counsel for the Department to examine the abstracts which we had prepared.

This department will have in charge all of the title work on the rehabilitation projects, the slum clearances. When one considers that these will, each of them, run anywhere from 250 descriptions of land up, one can see the size of the title order. Illustrating, one of the Cleveland companies has two orders now—one 450 descriptions, the other over 600 descriptions. Some of

the New York companies has several different projects on which it is now building title evidences. I wouldn't even hazard a guess as to how many of these there will be except to say there will be hundreds.

Another project is the activity of the development entitled Federal Emergency Relief Corporation and/or Federal Surplus Relief Corporation, Sub-Marginal Land Acquisition Program. This is the program that is supposed to embrace the lands of the United States that, for one reason or another, have become barren—that is barren commercially. No need to go into the causes; the facts remain that much of our farm land is now commercially barren. The lands of Michigan that we timbered fifty years ago and left in stumps; the lands of the South that we planted year after year in cotton with no thought of rotation of crops; the lands in your section that had wheat year after year; the lands that took the type of product to which the planter had been accustomed in his own European country, irrespective of the fact that the land should or should not have had that particular things. The scope of this is almost beyond comprehension. Just to quote a few figures:

Less Productive Farming Program

Population affected...	13,560,016
Approximate land area—acres	290,828,847
Number of Farms	977,429
Land in Farms—acres	139,753,154

And a lot of other figures about the amount of crops involved that I won't bother you with. But can you imagine a source of Government from which we might receive orders for title evidences on nine hundred thousand farms? As title men we are acutely interested in whether we are or are not going to get orders for the abstracts.

Another activity on which the national association is working is something just now getting under way—the Subsistence Homestead Corporation. This, I understand, is Mrs. Roosevelt's pet scheme.

It is the plan of the Government to spot subsistence homestead corporation projects all over the United States, put these people in small homes, on small farms, on which they can raise some food products (but none to sell) and work in the cities one, two, three days a week. This program is being unfolded now. I am told these may run into the thousands. They vary in size from little communities to house say 50 families up to 500.

Then there are the activities of the Intermediate Credit Banks, Production Credit Corporations, Banks for Cooperatives, Regional Agricultural Credit Corporation and its Branches, Crop Production Loan Offices, and a host of other agencies.

It is the feeling of all to whom I talk that we of the title world will be busy for a long time to come for agencies of the United States Government. After that—???

An old Irishman once said, "I've had lots of troubles all my life, but most of them never happened."

We of the United States are without a doubt one of the worst nations on the face of the globe. We're the result of a pouring into the pot of a lot of English, Spanish, Bohemian and Scandinavian—and a hundred other nations. We're the most extravagant, wasteful, improvident, careless, neglectful, shortsighted people on the earth. And in the same breath, one can say we're the most aggressive, resourceful, intelligent, ingenious, hard working people that ever existed. As a nation, we've conquered again and again and again, even to the point of conquering ourselves. As an industry, we of the title world have fought, and we've survived for scores of years. We have struggled through depressions and panics, and as an industry we are still existent. And we'll come out of this matured by the experiences of the last six years; seasoned by them; bet-

ter qualified by them to carry on our duties as citizens of the United States, and as an integral part in our magnificent Industrial America.

This report would be incomplete were I not to say a word or two of gratitude to officers of the association who have served you well—committee men and chairmen of committees, chairmen of the sections, officers of state and regional associations, and many others. And I wish the record to also contain this word of my personal appreciation to and personal affection for two men with whom I have worked this past year—Art Marriott, as your President, and Lee Werner, as your Treasurer. To both, I am indebted. From both I have received help and counsel whenever I asked for it (and that was often), both have given unselfishly of their time and energy to the affairs of the Association.

I wish you a most successful convention.

Report of National Councilor, Chamber of Commerce of the United States

KENNETH E. RICE

Vice-President, Chicago Title & Trust Company
Chicago, Illinois

Gentlemen of the Convention of the American Title Association:

Shortly after the last convention I was appointed Councilor of our association to the Chamber of Commerce of the United States. Although the company which I represent is a member of the Chamber and as such receives the bulletins on present conditions and the activities of the Chamber, as Councilor I was placed on the mailing list for all these publications. This organization, in case you are not fully informed, is the representative organization in Washington of business. It represents business in the same manner that other organizations represent banking, labor, fraternal organizations and in fact most large groups of the country. It is governed by a Board of Directors who are selected by the National Councilors. It employs a staff of economists, research experts and statisticians whose duty it is to accumulate facts and statistics regarding matters in which business is interested, making an analysis which is transmitted to the members of the association. On account of the exceptionally high quality of personnel of the Chamber it is perhaps the most powerful body in Washington and by virtue of the excellence and soundness of its position regarding public affairs has a great deal to do with the shaping and molding of opinion both inside and outside of the Government.

As your representative I attended the annual convention held in Wash-

ington the first week in May, 1934, and had the privilege of casting a vote for the election of the Directors of the Chamber, including our own Worrall Wilson of Seattle. During the convention week there were many papers read and discussions had regarding most of the serious problems confronting business and government today. As might be expected in a group of this kind there was some considerable difference of opinion regarding the activities of the many agencies working for recovery and reform. Unquestionably these discussions have been of great benefit to those having to do with such activities.

Mr. Fahey, Chairman of the Board of the Home Owners' Loan Corporation, spoke one evening regarding the formation and activities of that body. He is a man who has been unusually successful in business, has high ideals and under his management we can be sure his organization will function in a manner so as to reflect credit both upon himself and the Administration.

The convention was closed with the annual dinner which was presided over by President Harriman at which there were present approximately one thousand people including many of the large industrialists and financiers of the United States.

May I present my thanks to the association for having delegated to me an errand which was very pleasant and profitable indeed.

"Know Thyself— Sell Thyself"

GUY W. ELLIS

Vice-President, The Keyes Company
Miami, Florida

Mr. President, Ladies and Gentlemen:

When I was on my vacation I received a telegram from Don Peabody, saying that Jim Sheridan wanted to know if I would take a place on this program. I could not refuse because I would do anything in the world Jimmie wanted me to do. May I say as a real estate man that not only the friendship but the close relationship that exists between the title companies and the real estate men should be fostered in every possible way. Sometimes I have felt it would be lovely if we could work it out so as to examine all the titles to pieces of property before they were sold.

I want first of all to say a word to you about the important part that land ownership has played in the history of the world. I know men in your business have been used to searching records. And I suppose you are as familiar with your Bible, not as I am, but as many others should be. I am sure you will realize that it all started back in the first book of the Bible, Genesis, because there you find the story of the first lease. Divinity leased to Adam and Eve a chosen piece of ground, the Garden of Eden, of which they enjoyed possession until they broke the restrictions, then judgment was executed and they were evicted from that land. There you have all the elements of a modern lease. You also find the story of the first land grant—all the land from the Nile to the Euphrates was granted to Abraham. And the first subdivision, when Abraham divided the lands between himself and Lot, occupying for himself the farm lands and giving to Lot for his occupancy all the cities. I have often wondered whether our practice of terming pieces of land in cities "lots" came from that old incident.

But back in that part of the Bible we read about the congestion of the cities and wonder why, when there was so much land to be had. We read about the city walls; that was the only way to protect your goods and lands then, from the attacks by the Medes and Persians. Most land was acquired by might and held by might; some was acquired by exploration and some by merit, but most of it was acquired by might and held by might. Out of that came feudalism, which was the system of land tenure immediately preceding the one we enjoy today.

You may remember that after the battle of Hastings in 1066, William the Conqueror lined up all the lords of the land (landlords we call them today) because they were the only ones he was interested in. He made them kneel down before him and touched them on the shoulder with his sword, and gave

them a title, but the only thing that counted was the title to the land; as he said, "I swear allegiance to you and I will forever more warrant and defend your title"; and those same words are in most of our warranty deeds today. Of course in the olden days that meant defending it with the sword. It has a different meaning today.

As most of you know, the title to the land of the original thirteen colonies goes back to a crown grant. No one, I believe, denies or questions the desirability of land ownership, but the man who buys some of it, while it is a tangible thing and he can see it, also wants to be sure the title is clear. That is your job, your responsibility; I believe it is a great responsibility, and I believe that you feel that it is a great responsibility, and are endeavoring to discharge it to the best of your ability.

We are all working to get money, whether we are professional men or business men. I don't remember who said, that all there was to work was—to get money to buy bread and to get strength to work to get money to buy bread, etc. Some sell merchandise, some sell products of various kinds, some sell services that are manual and some sell services that require a great deal of brains and knowledge. In this economic system of ours the average man very frequently finds it necessary to employ and pay for the knowledge of one whose particular knowledge is superior to his own. Because he does not know it himself, he has to have confidence in the other man. If he were not sure of that he would not employ him. They get that knowledge from their attorney, engineer, architect, broker, abstractor and others. Speaking particularly of my own business, because of course that is the one thing that I pretend to know very much about, I think the real estate brokers should know a great deal more than they use to feel they should know in the past.

I do not believe that any one parcel of real estate stands alone, when we think of selling it to someone else for what it will do for them. Of course the broker in presenting the property to a prospective purchaser should know all about it—its exact construction, exact size, the lay of the land, any restrictions there may be against it, any city ordinances which may affect its use, the factors which have been influential in bringing it to its present value and some knowledge of the possible factors which may affect its future. He should have knowledge of the recent sales of properties of like character in the same neighborhood, something about the prices asked for neighboring properties. He should have made a careful analysis of the neighborhood, the location of churches, schools, stores, playgrounds, transportation lines and everything else that may add to the desirability of that particular piece of property which he is offering. He should know if there is any threatening encroachment. I have long since

ceased to believe that any piece of property stands alone.

Sometimes in the past we have been too prone to consider one isolated piece of property and I believe I can make you understand what I mean when I ask you to think of some desirable home in your home town; think what you consider it worth today and then just imagine that you could pick it up and set it down in the Sahara Desert—what would it be worth there? Practically nothing.

Then a large part of the value of the property the man buys depends on the things that surround it, and I think that we should give great attention to those outside influences. All these things, I believe, a broker should know, and much more before he offers a piece of property to a purchaser.

He should know that in order that he may sell his services to the seller and in every particular help him to find a satisfactory buyer. He should sell his services to the buyer in order to help that buyer buy that parcel of real estate best suited to his needs, desires and his pocketbook. Personally I have no use for the old so-called "high-pressure" salesmanship. I believe the real estate broker today is selling service and the greater service he can achieve is to help people buy that parcel of real estate best suited to their needs and desires.

Let us suppose that a sale has been made and that you fellows came in to protect that buyer, and he needs that protection. That is the service that you are rendering. The buyer wants the property, he has agreed to pay a goodly sum for it—maybe it represents his life saving and maybe it is going to fulfill his ambitions; to own his own home. It is very important to him. He wants to enjoy quiet and peaceful possession. He wants to be sure that the title is clear, and that is the splendid work which you men are engaged in.

As you are all pretty well aware, we have just passed through a rather serious period of—I don't like that word—let's call it the period of "lessened prosperity." It taught many lessons, some of which I think should be remembered for a long time to come. As we look back over these immediate years just passed we see many relics of inefficiency during the period of prosperity before the crash. There were many men, and I am sorry to say, many in high places, that accepted trusts they were totally incapable of

administering. Men gave advice upon hunches rather than upon facts and definite knowledge. Many professional men attempted to step outside of the thing they knew and advised about the thing on which they were poorly posted. But I hope this next era of prosperity on which I feel we are definitely launched will change that situation in many ways, not only in your business and mine, but in many others. I think today there are many bankers in this country who will agree with you that a thorough knowledge of a little is better than superficial knowledge of a lot. There is a place for the expert, the man who really knows, and the time has come when we must stop guessing and base our operation upon known facts. I think the lesson to be learned is that we do need greater efficiency.

In what branch of our activity in this country did efficiency appear first? The manufacturing industry. They are the fellows who put efficiency in their business many years ago. I have tried to analyze this and found a reason for it and I believe that it is because manufacturing requires a lot of capital to go into business; consequently that business does not become the haven for the derelicts of inefficiency and ignorance. But there is another group of service business, if you want to call it that, that is still the haven for derelicts of inefficiency, incompetency and ignorance—I am speaking of the real estate brokers, stock brokers, insurance brokers and others. It is strictly a service and yet it is not always strictly a service calling for specialization, and so we have become the haven for the human derelicts. Those are the things your Association and your Association of Real Estate Boards have to guard against. We have license laws in many states now.

I believe that in this next era of prosperity that we should accept no substitute for positive knowledge in any line of business and if you would ask me to give you what I think might be a good recipe (I'm taking this medicine myself), for the next decade I would say this—"Do not try to take in too much territory; only try to do that which you can do well. If you want to enter one of the unprofessionalized services that you do not know, serve your apprenticeship first under expert guidance; know your business and know it thoroughly—"Know Thyself, Sell Thyself."

What Title Service Means to the Mortgage House

C. W. KISTLER

Federal Bond & Mortgage Company
Miami, Florida

(Director, Mortgage Bankers Association of America)

Mr. Chairman, Ladies and Gentlemen:

Before I begin to any extent to speak to you about the relationship between your very necessary and specialized business and the mortgage business, I

want to take this opportunity to tell you how happy and how glad, as a Miami business man, I am to see you here and to have you here with us. After you have listened to a Miami real

estate man, and now to a Miami mortgage man, perhaps you can enjoy the luncheon better and the rest of the convention, knowing these two items are behind you.

In the first place, I doubt if there is any business, any kind of a business aside from those purely technical businesses such as chemistry and allied service companies, connected with manufacturing in its higher types, that can compare to your business in its technical relationship to the business of a mortgage man and a mortgage banker.

Briefly, I will go back and summarize what I mean by that, and lead up to that point:

Somewhere about the time that Guy Ellis' Lord of the Land was arising from his knees after William the Conqueror had hit him on the shoulder with a sword, men began to prize a piece of land, not only for its occupancy by them but for what they could do with that land in having their men work it. The difference was then, as today, the same; i. e., the home owner and the landlord—and a true landlord is one who has someone living on his land. That old landlord-and-tenant feudal system went on through the centuries up until about fifty years before the American revolution. Then there developed a class of people in the world who acquired and valued other possessions in the world besides a mere piece of land from which benefit was derived by other men's labors in working that land.

Then arose that hero of all the old melodramas—the old squire on the hill, that lent the widow some money. The old squire didn't need any legal advice, he didn't need any abstracts or any of the services of you gentlemen; he knew everything! He just knew, about to the minute, when he would foreclose on the widow's land and put her out. That sort of business just went on long enough to make good stock-in-trade for the stage. We can all remember in our favorite play when the widow's mortgage was about to be foreclosed and she was put off her farm—I can remember I thought that the villain was just the meanest man in the whole world, missing the point, of course, that the man had actually let that woman have some money on that farm.

Then we developed what I will term "institutional lending" and it began to take its place in the financial history of the country. There were associations like the old Presbyterian Ministers' Fund, and other educational and religious funds were started. And these men had money to lend, sometimes more money to lend than the little village in which they happened to live had requirements for—it couldn't use it all. Then they began to go outside the home territory. And the moment they went into a strange town, what did they have to do? They began to worry about the titles in this strange village. In their own home town they could remember when old Judge Hill bought

a particular piece of land before the Revolution, and so on; but they didn't know about the titles to the land in this strange place, who had owned the property and whether or not the title was good.

Now, after getting away from this preliminary talk, bringing before you a picture of the beginnings of the mortgage when one man loaned money to another, hoping he would not be able to repay it—now, for years men have loaned money to others with the sincere hope that every man they loaned to would be able to meet his payments at the appointed time.

The part the title men play comes in biggest just with this lending abroad, in the next village, in a strange territory. You title men are a kind of three-headed man in a way: abstracters, lawyers, and title insurance men, all in one, and you have a very paradoxical sort of business. The lawyer is not supposed to solicit any business at all, yet the abstract and title man has to solicit business and you have to give us various services along with title insurance and perhaps the same time do abstract work. These things make your service absolutely indispensable to a properly run mortgage house. No mortgage house could exist for six months, or even sixty days, without the technical cooperation of a first-class title company. It cannot be done in our system of land titles and it never will be done in the U. S. without that cooperation. Now, the mortgage men appreciate the title men very much. They save us a lot of trouble. It used to be before we had title insurance as highly developed, that we would tell some man to whom we would not want to lend money to, that our attorney had not passed the title, but before long the public got on to that sort of evasion—now we have a more satisfactory arrangement along that line. We can blame it on the title company, and they are way off somewhere generally so the refusal of a loan goes through more satisfactorily than it used to.

It's an amazing thing when we think about it, the cooperation between the abstracter and the title insurance company and the lending company. I have been in the mortgage business twenty-five years and to show you how an outsider would look at the thing at the beginning, I shall never forget the reaction I myself had when I first went into the mortgage business and they brought me an abstract for a good-sized loan. I looked at the thing and read a little of it, then turned it over to the attorney. He gave me a written opinion, containing some objections, and started out to clear up the objections. Finally I asked, "you mean to tell me that on a piece of property I have never seen, on that abstract, and with your opinion that you want me to lend the sum of \$25,000.00?" That was back when \$25,000.00 was pretty nearly as much money as it is today!

Only our personal reactions are true, the things that happen to us are the

true things of life—we can hear about things, outside things, but the things that are real to us are the things that happen to us—that was my first big mortgage and I thought quite a lot of that. And that is the meat of the matter, so far as the title business is concerned—the truly earned confidence. I mean by that, the mortgage people and the mortgage houses and loan men predicate and build millions and billions of mortgages on your say-so. It has been that way for years and years, and will always be so. I cannot see any other way to handle it, and in the highly specialized field of mortgages now, it has become simplified through the title insurance methods. But back of the title insurance you know there is the work of an abstracter, and the technical knowledge of a good attorney in the giving of an opinion that makes it possible for the title insurance company to assume that risk; and thus makes it possible for me to pass the mortgage with some feeling of security regarding the title.

Again I want to express my appreciation of this opportunity of talking to you, also the opportunity of talking to you at home. I like to have people come to Miami so we can talk to them here. I am not going to say anything about the climate because the climate takes care of itself—I can guarantee it. The local committee will take care of you, and I hope you all have come here with a great capacity for enjoying yourselves—you are going to have four days here in which to enjoy yourselves and I hope your convention will be highly successful.

The President then appointed the following to serve on the Committee on Resolutions:

John Henry Smith, Chairman, Kansas City, Mo.

Jack Rattikin, Fort Worth, Texas.

George Loewenberg, Syracuse, N. Y.

Waverly P. Waggoner, Los Angeles, California.

The President appointed as Chairman of the Committee on Nominations James W. Woodford, of Seattle, Washington.

All delegates attending an American Title Association convention for the first time were then introduced. By special instruction of the President, each was instructed to make himself or herself at home with every one at the Convention.

Report of Judiciary Committee

C. H. BARSCH, Chairman

Title Officer, Title Guarantee & Trust Co., Toledo, Ohio

Your committee respectfully submits its report:

The provisions of the new Federal Corporation Bankruptcy Act are of interest to all members of the Association. This is the second recent amend-

ment of the National Bankruptcy Act of 1898.

The Legislatures of many states have within the past year enacted new legislation pertaining to banks and building and loan associations. These laws are of great local interest. No doubt the majority of the members of the Association have encountered titles which are in, or come through, the trust departments of closed national and state banks. Your committee has read several scholarly briefs on the effect of title brought about by such closings. No recent decisions have been found on this important point.

The members of the Association are familiar with the Federal Act passed a few years ago allowing the United States to be made a party to foreclosure suits. Many states have passed no such enabling legislation. Suits to foreclose a senior lien and to bar a state's junior lien for, for instance, franchise taxes, will be ineffective. A sovereign cannot be sued without its permission.

The Supreme Court of the United States in a decision made in January of this year upheld the constitutionality of the Minnesota statute establishing a moratorium in mortgage foreclosure cases. This was a "5 to 4" decision, the minority of the Court writing a long dissenting opinion. The decision however, may be looked upon as pointing to the probable future sustaining of the legality of the "New Deal" legislation.

The present emergency has brought forth much legislation enacted in stress and turmoil which will require much judicial interpretation. The trend that the courts have taken and will take in the future should be carefully studied by members of the Association.

Report of Committee On Constitution And By-laws

SENATOR N. W. THOMPSON
Chairman

*Title Insurance & Trust Company,
Los, Angeles California*

Dear Mr. Sheridan:

Upon being advised of my appointment, I communicated with other members of the Committee. One member suggested that a reduction should be made in the number of sections, expressing the opinion that two divisions would be sufficient. In view of the fact that the present plan of four sections had only recently been adopted, it seemed to me and to others of the committee, perhaps inadvisable to attempt to change the present set-up, at least for the present.

Briefly, the only report which I can submit is that no recommendations for amendments or changes have been prepared for submission to the forthcoming convention.

Report of Code Conference Committee

HENRY R. ROBINS, Chairman
*President, Commonwealth Title Co. of
Philadelphia, Philadelphia, Pa.*

At the Mid-winter Conference of the American Title Association, following reports and discussion of positions taken by representatives of The National Recovery Administration at conferences, which positions are hereinafter briefly set out, the following resolutions were adopted by the Board of Governors:

"NOW, THEREFORE, BE IT RESOLVED, That the Officers of the Association are directed to respectfully petition the National Industrial Recovery Administration for leave to file a brief, and to have a hearing for determination of the question whether the title business comes under the provisions of the Industrial Recovery Act."

"RESOLVED, That no action shall be taken by the Officers of the Association to carry out the provisions of the resolutions just adopted until they have first obtained the written opinion of disinterested counsel to the effect that the business does not come within the provisions of the National Recovery Act. If the opinion of counsel is to the effect that the business does come within the National Recovery Act, that the Code as amended by the Board of Governors at the February 1st and 2nd, 1934, meeting be filed as the Code for this business.

"That if the opinion of counsel is to the effect that the business does not come within the National Recovery Act, that the provisions of the resolution be carried into effect to obtain final determination by the highest authority of the National Recovery Administration.

"That if that decision is adverse to our request, that the Code Committee, acting under advice of counsel, be authorized to take such action as it may deem proper, including the power to file the Code as amended at the February 1st and 2nd, 1934, meeting."

"It was moved, seconded and carried that the Code Committee theretofore appointed be discharged with the thanks of the Board for their valued services. It was further moved that a Committee of five members of the Association be appointed by the Chairman, of which Committee the President of the Association shall be Ex-Officio, a member, and that this Committee shall be hereafter known and designated as the Code Conference Committee, that said Committee shall be charged with the duty of securing the approval by National Recovery Administration of the Code as revised today, if and when said Code is filed, and shall appear at any conference and hearings as may be held or called on said Code, or on any other Codes purporting to affect this business, and shall use every effort to

secure the adoption of this Code in the form as approved today by this Board."

In pursuance of the above resolution, the Chairman appointed the following Committee:

Henry R. Robins (Pennsylvania),
Chairman

H. Laurie Smith (Virginia)

Porter Bruck (California)

William Gill (Oklahoma)

J. E. Morrison (Illinois)

Arthur C. Marriott, President, Ex-Officio.

The matter was referred to Edward B. Burling, Esq., of the firm of Covington, Burling and Rublee, of Washington, for a legal opinion, pursuant to the resolution cited above. On March 9, 1934, Mr. Burling rendered a twenty page opinion, discussing the subject exhaustively, and concluded with the following statement:

"Disregarding general objections to the Act, and confining myself to the title business, it is my opinion that action by the President under the applicable provisions of the National Industrial Recovery Act, in reference to the title business, would be without legal effect because: (1) The business is of an intra-state nature and does not effect interstate commerce according to existing judicial interpretations; and (2) The title business is not, nor does it involve "commerce" within the meaning of the commerce clause of the Constitution, so as to make it subject to Federal regulation."

During the time that Mr. Burling was giving the matter consideration, many conferences were had with the representatives of the National Recovery Administration, who were most pleasant and cordial in all their relationships with the Committee. At the first conference, permission was given to the Committee to submit the matter to disinterested counsel for a legal opinion, pursuant to the resolution of the Association. During the several discussions, the following facts were definitely ascertained:

1. That under no consideration would the National Recovery Administration permit to be included in the Code, any clause or provision providing for the establishment and enforcement of a schedule of rates or fees, nor any provision including a merit clause regarding the employment, advancement, or discharge of employees.

2. That the American Title Association, or its representatives, would not be entrusted with the Code enforcement unless its membership be thrown open to all parties in the business, including so-called curb-stoners.

3. That the problem in connection with lawyers would have to be worked out in some way to make a Code applicable to them as far as their business might include title activities. This question gave birth to considerable difficulty, and many suggestions were made and discussed, but neither of the

parties could arrive at any conclusion as to how to cover this point.

Subsequent to the receipt of the opinion from Mr. Burling, the Committee notified the Deputy Administrator in the Real Estate Section of the National Recovery Administration of the conclusions arrived at by Mr. Burling, and that in view of all the facts, no further steps would be taken to place the title business under a Code. At the same time that such formal notice was given, the Chairman of the Committee got in touch personally with one of the representatives of the Department and stated that he was willing to continue further discussions should the Administration so desire. No further word was heard from the National Recovery Administration until receipt of a letter dated June 25th, 1934, from the Deputy Administrator of the National Recovery Administration referring to our conversations and correspondence of last February, March and April, and stating that the Administration had been giving a great deal of thought to a proposed Code for the Abstract and Title Industry, and that in the light of recent developments, they question whether it is wise to consider going any further. He stated further that it is "Their considered conclusion that the best interests of all concerned will be served by foregoing any further action on the proposed Code for your industry. We believe that the sound course to follow is to continue to rely upon the P. R. A. for preservation of the minimum labor standards now in existence. While we do not stand irrevocably committed to this course, any change in attitude could only be affected by the submission of convincing facts that a different course on the part of the National Recovery Administration is essential to the public welfare. Abstracters and title companies should use the Blue Eagle which they are authorized to do by continuing under the P. R. A. or by signing and living up to that Agreement in case that has not already been done."

Respectfully submitted,
By the Committee

Arthur C. Marriott,
H. Laurie Smith,
Porter Bruck,
William Gill,
J. E. Morrison,

By HENRY R. ROBINS,
Chairman.

The business session of the Convention adjourned at 12:30 Noon to Tuesday morning.

On the afternoon of Monday, October 29th, all the delegates and their ladies were taken by the hosts, the Florida Title Association, on an Aero-car tour of beautiful Miami and surrounding country, terminating the trip with a Cabana party at the Roney-Plaza Hotel, Miami Beach. Many of the delegates enjoyed pool or ocean bathing; some both. Other loafed in the Cabanas or in the Palm Garden—or otherwise amused themselves. Not un-

til dusk did the party end. We are sure it will live in the memory of all who attended it.

Most of the delegates returned to the Miami Biltmore Hotel for dinner, induced in no small part to make the return by the fact that one could dance during dinner. Evidently, there is something in the Florida atmosphere to make one feel (at least temporarily) that his youth has returned for we saw, among those dancing, many who had confined their ambitions at previous conventions to bridge and other forms of entertainment of less vigorous character.

One the evening of Monday, October 29th, the members of the Executive Committees of our Four Sections, the Abstracters, Title Insurance, Legal and National Title Underwriters, separated themselves from the festivities long enough to hold meetings of purely business character.

Business Session

TUESDAY, OCTOBER 30TH, 1934

At 9:30 a. m. the convention was called to order by President Marriott.

Report of the Finance Committee

PORTER BRUCK, Chairman

Vice-President, Title Insurance & Trust Co., Los Angeles, California

Mr. Chairman, Ladies and Gentlemen:

I think I am perhaps as much confused as to what the Chairman of the Finance Committee should say as the Congressman whose wife awakened him one night saying, "Wake up, dear, there's a burglar in the house"; to which he replied, "Certainly not, my dear—maybe in the Senate but not in the House."

I would call your attention to the fact that at the midwinter meeting in Chicago the budget was approved by the Finance Committee was your Board. We were very fortunate to effect collection of sufficient amount to cover all expenses and leave a surplus. You should realize that although we have this surplus on hand, yet we have two months of this year to go and perhaps two or three months of next year before we can count on any substantial income. The fact that we have done so well is, it seems to me, a tribute to the good work of your Executive Secretary and your President. If the administration is so fortunate as to have the help of these two gentlemen we will continue to go forward at a great rate.

I urge that the chairman of the incoming Finance Committee lay his plans for the financing of the Association for the coming year. I wish to thank the state officers, the Board of Governors and particularly the administrative officers—in fact I think

the entire Association owes them a vote of thanks for the efficiency which has been shown this year.

PRESIDENT MARRIOTT: "The next speaker on our program has been for many many years a member of this Association, a speaker at many of our conventions, chairman of numerous committees, and a member of our Board. It would be presumptuous indeed for me to presume to introduce him to an Association of title people.

"During his service in Washington he was friendly to our interests. He realized the problems of the title people. We owe him a debt of gratitude for his courtesy while he was in that office, and we are fortunate in having him with us today. I hope he will attend all future sessions of this Association. So I shall not introduce but rather I shall present our friend, William H. McNeal."

Perspicacity and Progress

WILLIAM H. McNEAL

President, Allied Mortgage Companies, Inc., Baltimore, Maryland

(Formerly General Manager, Home Owners Loan Corporation, Washington, D. C.)

Oliver Saunders was a crippled boy whose nearest approach to the band concerts given regularly in the park was the strains of music borne to him upon the stifling summer air. Oliver was always cheery in his affliction, so much so that his neighbors and friends determined upon a plan—not to take him to the band concert but to bring the band concert to him. Paper lanterns were strung in his yard, tables were set and chairs arranged for what reason he knew not. Suddenly, out of the night, arose a great commotion. Motorcycles bearing patrolmen roared on the street in front—scores of boys and girls ran from the Park followed by grown-ups. The ice cream cone man, the popcorn man, the balloon man—all came with their offerings of cheer, and finally the band boys came with braid and brass buttons shimmering in the pale light—and how they played. As the evening bore on, Oliver called to the bandmaster and said: "I'm having such a good time, Mr. Kendrick." "Son," the bandmaster said, "we are having a good time, too, the best we ever had." Thus is exemplified the words of Edwin Markham, who said: "All that we send into the lives of others comes back into our own."

I will be content if there is reflected in the hearts of the members of the Florida Title Association the joy that Mrs. McNeal and I experienced when we received your cordial invitation to be your special guests at this convention. Upon us no greater honor could have been bestowed. It was like the song of a lark in the night—an echo

as though from the great beyond calling us in reunion with those we once mingled with and loved. To be here and experience the warmth of your welcome is proof enough that friendships are made not of things material but of the things of the spirit which do not perish but kindle unto an everlasting burning fire. Our gratitude will be life-long and our salutation is "HAIL, FRIENDS!"

And your Association, Mr. President, has also greatly honored me, a layman in your midst, by suffering my participation in your proceedings. I am humbly grateful that my demeanor while a member of your organization was considered such that I am now welcome to your councils.

Since we last met in solemn conclave, tragedy has followed in the wake of some of us—tragedy, the like of which has not been experienced by men and women since the Christian era began. Proud heads have been bowed and stout hearts crushed by a tide of events, the origin of which is traceable in the last analysis to wrong thinking—not deliberate, not designing, but wrong thinking enmass which created, as it were, whirlpools of discontent and fear, which developed successively into groundswells of hate and distrust with respect to men and institutions; breakers of greed exemplified by frantic effort for self against the common weal; then followed, as inevitably as tide follows tide, the undertow of destruction.

From one of many similar tragedies came the subject for this paper. Through a combination of conditions which had no relation to the business which once identified me with this Association, one of the great institutions of this country with which I was connected, closed its doors.

When the fatal hour struck on August 4, 1933, I arose from my desk and stood looking out with unseeing eyes upon a city filled with troubled hearts and knitted brows. From that same window I had seen crowds gather around prostrate forms, who, in life, had hurled themselves to death from dizzy heights because vision had not out-distanced tragedy. A group of my fellows, men and women, gathered around me as children are wont to gather around the old hearthstone to discuss the affairs of a broken family. There was a tendency toward condolences, a tendency to look back with regret as upon the end of the most glorious ten years of a life-time up to then. Ten years of exploring—of developing—of building. Ten years of association with a group of people, the like of which enmass cannot be excelled anywhere at any time. Ten years of contact with the flower of the title profession throughout the country.

That was a time for vision forward—I realized for the first time in my life what it means to be a leader. Those same men and women had theretofore looked to me for material leadership, but like the "Treasure which moth and dust doth corrupt," that support had

failed them. I was then and there face to face with the test of what real leadership is—that leadership which shapes the spiritual destinies of human beings. I had trained myself to think in terms of the future, for only through perspicacity and forward thinking had my business progressed. To have waived at that crucial moment might have filled the hearts of some of them with such fear and despair for the future as would set them adrift, without anchor or rudder, amid the storm then breaking around them.

Instead, I summoned the old fighting spirit that had sustained me so many times before when the going was rough, and commanded that we not look back. That we then and there possessed all of the knowledge, all of the co-operative spirit, all of the will to work that had been engendered during those years of association, and that our next ten years would be but an enlargement of those qualities and qualifications in the work we would be called upon to do. That gathering of troubled and distraught minds faced about as if wakened from an incubus, and with joy I saw one after another of them absorbed into gainful employment without loss of time. Today I have personal knowledge of the whereabouts of almost 100 per cent of them and for the most part they are experiencing that larger outlook on life which augurs for mental development and the realization of work well done.

The story does not end there. Much perspicacity is needed to stimulate one of the branches of business represented in this Association. Some will say that events of the past have crippled the business of title insurance and have turned the hands of the clock of development back. My conception of the matter is that they have shown the way to a fuller realization of the possibilities not only for a greater demand for, but profit in sound title insurance. Simon pure title insurance companies will rise out of the ashes of past experiences. Proper reserves will be set up so as to properly safeguard the insured; title insurance will be put on an insurance basis and underwriting privileges will be available for companies assuming disproportionate risks; policies will be liberalized and put on an annual premium or term renewal basis. Title insurance has not lost its appeal but one cannot catch fish trolling with a piece of red flannel. I pay tribute to those companies whose vision is forward, whose fidelity is to the cause and not to self. Title insurance stands today a vital pulsating force waiting to be developed upon a foundation composed of its own constituents. I have not lost courage, and as I see those companies whose business was title insurance, and title insurance alone, growing and expanding, I know that the roots of title insurance are more firmly imbedded than some realize.

Bulletin No. 63 which was one of my early instructions as General Manager of the Home Owners' Loan Corpora-

tion, was more than an idle gesture. It was an expression of my faith in title insurance—an expression of my faith in the ability and integrity of the members of the American Title Association who alone are equipped to supply the service demanded, and it was an evidence of my intuitive concern for the safety and well-being of the corporation which I was serving. The effect of that bulletin was to release political shackles in many instances to the end that desirous but timid state and district officials, with backing in Washington, placed title work where it belongs, and the Corporation profits thereby in service and better titles.

There is, however, a great deal of work yet to be done. One swallow does not make a summer, neither did one bulletin, with all the support given it by the General Counsel's staff, turn all title work to the channel in which it should flow. You title people have your work to do. There is not now at the head of HOLC, nor of any other governmental agency that I know of, an outspoken exponent of title insurance or of title organizations. The General Counsel's staff of HOLC has not had the contact with members of this Association that I have had and cannot evaluate the work they do, as I can evaluate and appreciate it. Dissension among members of state associations will not be suppressed as I caused it to be suppressed by appealing to constituted authority, but such if engaged in will re-act on the fraternity as a whole. Here and now is the time to convince the representatives of governmental agencies present that the wealth of title knowledge possessed by the members of this Association should be made the bulwark of government title departments, and that it can be availed of only through you. More and more will government agencies use you as your worth is recognized. They need you even more than you need them and I commend both you and them to mutual understandings.

But why do I so easily follow my old thought processes by extolling the virtues of a group with which I am not identified. A traveler once stood in the bow of a large ship looking out upon the gathering haze of night. On watch stood the first mate peering intently ahead as the vessel made rapid progress through apparently uncharted seas. Presently the officer turned and called out to the helmsman, "Steamer on the starboard bow, sir!" The traveler looked long into the dark hoping to discover what his guardian had heralded, but saw neither light nor movement—then addressing the watchman, asked him to indicate the position of the steamer. He pointed and said, "Do you see the dim speck of red light yonder? That is the sailing light of a ship approaching across our bow." The traveler still watched vainly for a moment, then suddenly catching a fleeting glimpse of it exclaimed, "How remarkable that you should see it so far away." Whereupon the mate explain-

ed, "For years I have been accustomed by practice to look through the haze for such lights." Having for so many years searched the horizon of title insurance for signs of approaching demand, it is little wonder that my mental vision is acute in discerning through the mist its progress toward its honored place in the realm of title evidence.

We must not, however, confine our perspicacity to the one little groove in which we operate. There is the larger aspect which demands of us today more than ever before a broadness of vision, a keenness of intellect and a sincerity of purpose not comprehended in trade association groups of yesteryears. *Man must claim his individuality and reflect it into his business.* When a sculptor chisels out of marble his work of art, there is nothing in the rough block to indicate the model he has in thought. But he cuts away all that is *unlike* his mental model until only the model remains depicted there. That is his individuality expressed in stone. As human beings behold and love man's true individuality they learn to disregard personal concepts which, like the rough stone hides man's true self. Chisel away from your business conduct all that is unlovely, all that is selfish, all that will prevent a competitor from developing along legitimate lines letting your individuality, lovely as it is when uncontaminated with greed or jealousy stand forth as your model, and a satisfied public will beat a path to your door.

We are being carried too far afield today through lack of perspicacity, and our willingness to let someone else chisel out our models. It is not quality, accomplishment nor conviction, but voice, appearance and slogans that soothe us, deceive us and carry us along to what destiny we know not, as is attested by the now famous EPIC slogan in California which is vocalized in End Poverty in California. This is only one of a myriad of smooth sounding phrases that have as a background, self. Self-interest is fighting hard for what is termed advantage. It is chiseling out for us to look upon, models of hatred and malice against, and disdain for, our government and our institutions. It is setting brother against brother and class against class. It has long since destroyed statesmanship and made demagogues of our politicians. I quote the words of a candidate for the governorship of Maryland as printed in a recent issue of the Baltimore Sun: "I advocate old age pensions, children's aid, mothers' relief, assistance to the destitute, work for the unemployed and appointment of women to office. I believe in fair treatment of the veterans of our state, of the school teachers, the policeman, the fireman and other civil employees." Does any one doubt that these are the words of a demagogue? Although heading the ticket I ordinarily vote I cannot look upon the model he chiseled with any degree of

confidence because upon its face he fashioned the mark of insincerity. If that man is elected it will, in my opinion, be because, in the words of Arthur Brisbane, "The human race is largely a servile race, wants to be ruled, to bow down to a king, a dictator, a demagogue—anything rather than stand erect and independent upon its own feet."

As I look back over past events and follow current trends, I ponder to know where the path of man lies, and when the motives of men will be analyzed and judged in the light of truth—when Justice will be denuded of her blindfold so that she can look into men's hearts to discover the impelling impulses which direct their words and acts, and, on the basis of what is revealed, judge. Nor will that time come until we as individuals collectively bestir ourselves to a realization of what we are doing. For a long time past we have allowed politicians and political machines to chisel away on our granite, and as a result we have been presented with models of statesmen that are in fact pigmy politicians. I know full well that could we today go into Statuary Hall, at the Capitol in Washington, and from the models there select ten of the past's great men and restore them in life to the halls of Congress, ere the cock could crow thrice there would be a new realization in this country of that precious thing we call progress. Fear would abate, confidence would return to this fair land of ours and men and women would again obey the "still small voice" which says, arise, go forward—build—demonstrate the allness of mind which is the source of all true ideas, and brings them to fruition.

I implore you to watch your thinking, and by so doing you will not only experience for yourselves a more resplendent life, but you will bring to those who would destroy our institutions and violate our civilization a modicum of reason to the end that the lion and the lamb will lie down together and a little child shall lead them.

Report of Legislative Committee

MORE QUEER LAWS

McCUNE GILL, Chairman

*Vice-President, Title Insurance Corp.
of St. Louis, St. Louis, Mo.*

In odd numbered years the Chairman of the Legislative Committee writes to the very efficient State Chairman to find out what the legislatures are going to do to us. And in even numbered years the self same committee-men pore through tons of Session Acts, to see whether what we feared actually happened. Looking under such index headings as deeds, titles, mortgages, etc., here's what did happen in 1933 and 1934.

ALABAMA. The only new law in Alabama that is indexed under "title," says that the title to all fish is vested in the State. A new tax law was passed providing that the Probate Judge (of all people) gives you a tax deed; then any minor or insane person can redeem within one year after his disability is removed; do you suppose they expect us to insure such tax titles?

ARIZONA. Forgot to appropriate money to print the laws so nobody knows what acts were passed.

ARKANSAS. One of the new laws in this State brings out the fact that up to this time the father has inherited before the mother, and gentlemen collaterals before ladies; but this is changed now; we suspect the Women's Voters League had something to do with it. One very good law was passed; it says that the Probate Court must keep open all the time like a chili parlor, tap room, or other public utility; in most States the Probate Court is usually in "vacation" when you want anything done.

CALIFORNIA. Twenty-five hundred pages of new laws! Most of them, however, do not involve real estate—like the one making it lawful to shoot whales from airplanes. One of their new laws says that any title company with assets of less than \$100,000.00 is insolvent. Aren't you glad they don't have that law in your State? The Californians actually passed a statute to get around Judge Taft's U. S. Judgment decision. It will be years before we can get most legislatures to understand what this is all about. Mortgage guaranty companies got an act providing that if they cannot collect their mortgages because of a moratorium, their guaranty holders cannot collect from them; sort of a reverse golden rule—"you can do to others what others can do to you."

COLORADO. A very tragic and acute situation arose in this State. Somebody not only moved the Denver Court House but forgot to put a front door on the side where it used to be. All of which cast serious doubt on the validity of foreclosure sales under deeds of trust. But the legislature very obligingly passed an act to the effect that any door on any side of any Court House is the right door on the right side of the right Court House—hereafter and heretofore. Feeling that the "heretofore" part was just a wee bit unconstitutional they added a characteristically Western (that is, short) period of grace—if you don't object in 90 days you can't object at all.

CONNECTICUT. This State said nothing whatever about real estate—except that "tobacco drying poles" are fixtures. Now who in the world do you suppose ever thought of such a law!

DELAWARE. If you think the Delaware corporation laws are queer you should read the other ones. For example, an act providing that each legislator may take his chair and desk home

with him after the session of the legislature is over. They also have a cheerful habit in Delaware of passing private acts that are really private—not even published. And if you don't record them in time they'll give you more time. One of their new laws changes the rule against perpetuities so that the permissible period is measured from the date of the exercise of a power and not from the date of the deed creating the power. This is a really bright idea; to attract the wealth of New York and the rest of the country to Delaware by offering the big boys a law allowing them to perpetuate their fortunes forever (or until the Soviets get 'em).

FLORIDA. Passed an entirely new chapter on wills and administrations. So our Florida friends will have to learn their Probate Law all over again. One curious feature is that the widow can elect to take dower in lieu of a child's share. In most States it's just the other way around, child's share in lieu of dower.

GEORGIA. No title laws except one very good one—all plats must be drawn on the same sized sheets before they will be accepted for record. Some long-suffering title man probably suggested that one.

IDAHO. Another Western statute of limitation—mortgages are barred ten years after maturity unless a renewal agreement is recorded (they might have added, "and abstract continued"). Another act provides that courts can construe deeds and wills. In States where the courts always took it for granted that they could do this, we don't see how they get along in places where such a decree cannot be had.

ILLINOIS. Hereafter an Illinois corporation cannot sue in the courts unless its franchise tax is paid. That's putting teeth in the law—sharp ones. Here's an awful act; a building and lot are subject to the lien of an (undiscoverable) judgment against a tenant saloon keeper (pardon me, tavern keeper), in favor of the wife of a customer who imbibed not wisely but too well.

INDIANA. Can you imagine a State where they forfeit 10 per cent of your mortgage if the assignment is not recorded within 45 days? They just repealed such a law in Indiana. One of their new laws (which was not intended to be humorous), provides that bathing beaches and swimming pools must be "self liquidating" before limited dividend money can be spent on them.

IOWA. Any tall structure near an airport is a nuisance and can be abated. It seems that tall buildings (as well as "tall corn") grow in Iowa. Tax sales are "adjourned" and foreclosures "continued" (polite words, those) Iowegian newspapers have a wonderful law; that all emergency acts must be published in two newspapers anywhere in the State.

KANSAS. Invalidated all existing farm leases if the tenant had agreed to

pull up thistles, clear ditches, trim hedges or pay taxes, these activities being against public policy in Kansas.

KENTUCKY. The Kentucky legislature didn't pass many real estate laws in its 1934 session. They were too busy discussing the nudist colony bill. As finally passed this bill provides that each colony must pay a license of \$1,000.00 a year and build a fence 20 feet high of brick, stone or cement. The lumber lobby put up a strong fight for board fences but the legislators were afraid of knot holes and augers. They did provide, however, that the nudists should be inspected regularly by a committee from the legislature.

LOUISIANA. The Louisiana legislature met in 1934, but as you may have suspected from the newspapers, the smoke of battle has not sufficiently cleared to enable us to say whether any bills were passed, and if so, which.

MARYLAND. Here you can't foreclose unless you own one-fourth of the notes; but you must pay your recording fee in advance, and, curiously enough, have all of your charitable devises and legacies confirmed by the legislature.

MICHIGAN. Hardly any changes. But reversionary interests (created hereafter) can be conveyed. Also a very good act that defects in signing, sealing and acknowledging deeds do not invalidate them, and that deeds to charitable corporations are valid even though the name is erroneous. They should have passed an act prohibiting the Dean boys from playing baseball in Detroit!

MINNESOTA. Here we see a perfect flood of curative acts—they seem to have gathered all their bad titles together and disinfected the whole lot at once. The act curing defects in mortgage foreclosures under power of sale, lists 52 different kinds of errors—it seems incredible that one State could make so many mistakes—wrong date, wrong notice, wrong description, name wrong, amount wrong—no matter what you got wrong it's O. K. in Minnesota now. Incidentally they are all puffed up about their moratorium law and the nice things the U. S. Supreme Court said about it; (that is, five-ninths of the Supreme Court).

MISSISSIPPI. This State now has one of those new "privilege" taxes, affecting some 200 occupations and businesses, including (of course) abstracters and title companies to the tune of \$25.00 to \$50.00 per year.

MISSOURI. Also considered a "service" tax in St. Louis (two per cent on the gross income of title companies), which could have been passed on to the customer; and almost passed a one per cent City income tax which could not have been passed on. Encore for the "St. Louis Blues." A new State general tax law was also passed; it had so many teeth in it that it bit both political parties and everybody is now looking for some excuse not to enforce it. Among the good laws passed was one throwing extraordinary safeguards

around mortgages by providing that notes must be identified by the Recorder when the mortgage is filed, and afterward produced and cancelled by him whenever the deed of trust is released or foreclosed. Reforestation laws "helped up" some of the out State abstracters in re "new business."

MONTANA. Under the head of "titles" in the Montana Act we read that you can acquire title to fur bearing animals there by merely tattooing them. And mortgages are barred in eight years unless you tattoo them by recording an extension. And furthermore, a clause in a mortgage waiving the right of redemption and possession is void (whether tattooed or not).

NEBRASKA. We see some new ideas here. One is that service of process in law suits can be by registered mail. Another law makes an affidavit as to heirs conclusive even on those not mentioned in it. All of which is very convenient—if valid.

NEW JERSEY. Our New Jersey friends ground out 1,300 pages of new laws and about all they did for title companies was to let them quiet titles—after sixty years! One of their general acts that sounds a bit illogical (but is quite comforting), says that a deed executed by a corporation after it has expired is good. Another abolishes the famous rule that Ed Coke pushed over on the English courts in the Shelley litigation (and probably got a fat contingent fee out of). A peculiar custom in New Jersey is to pass a special act and declare that you are an heir of a certain rich old lady—whether you are or not. Senator, have another "old fashioned."

NEW YORK. This busy little State passed 1,700 pages of law. Second only to California in verbosity. But no laws harmful to title companies; some people must know their way around Albany.

NORTH CAROLINA. This State passed a very interesting act validating (or attempting to validate) previous partition suits that were void because they were between life tenant and remaindermen. It will be interesting to see what the Supreme Court does to this.

NORTH DAKOTA. Another one of those laws requiring record of renewals of mortgages every 15 years. A good way to rid the record of old mortgages but dangerous for unsuspecting investors. Another sign of the times is the adding of a 25 year period to the "life" period of the rule against perpetuities. One by one the States that copied New York are coming back to the good old common law.

OHIO. Landlords allowing persons on the relief rolls to occupy their houses without rent get ten dollars per month off of their taxes. Here is the first break the landlords have had for years.

OKLAHOMA. One would think that a new State like this would be reasonable about technicalities but we see by a law just amended that corporate deeds are void unless signed by

the Secretary (or assistant) with a seal attached, in addition to the signature of the President (or Vice-President).

OREGON. This State passed the most extraordinary curative act you ever heard of. All defective acknowledgments, judicial sales, administrators sales, and proofs of publication, dated even recently (at any time before the date of the act), are nicely cured. It would seem at first thought that curative acts like this would always help title companies but on more mature reflection it will be seen that validating an invalid deed or proceeding that had been ignored as worthless might injure rather than help the title. Strong medicine like this must be given in doses that are not too large. Oregon passed another beautiful act making the liability of owners of bank stock a lien on real estate (even before notice of such liens are recorded in the Recorder's office). Another exception on title policies.

PENNSYLVANIA. Hail to Pennsy; one of the few States that passed any of the American Title Association's fourteen recommended laws—this one providing that where a conveyance is made to a trustee without disclosing the beneficiaries or powers of the trust, a deed by the trustee (only) passes the complete title. One of the Pennsylvania acts brings out a refinement almost too subtle for the human mind to comprehend. In 1791 an act was passed saying that a notary's seal must show his name and office and the "Arms of the Commonwealth." In 1931, this Statute was re-enacted and the provision as to arms was omitted. Query: Could a notary having an "arms" seal before 1931, upon being re-appointed after 1931, continue to use his old seal? Evidently not in Pennsylvania, as in 1933 another act was passed which provides that his acts are good, arms or no arms, if he was appointed before 1933. But woe to the notaries appointed or re-appointed after 1933 who try to beat the seal companies out of the sale of a new seal.

RHODE ISLAND. The legislature is attempting to eliminate (or perhaps encourage) "handbill" newspapers for trust deed advertisements; so the title companies don't know what ads to pass.

SOUTH CAROLINA. Did you ever hear of any other State having a State stamp tax on deeds and notes? Here's another queer law—one authorizing a State Court to adjudicate that a judgment has been barred by a Federal Bankruptcy proceeding. It would seem that such an act is either unnecessary or ineffective—or both.

SOUTH DAKOTA. Foreclosures of mortgages owned by non-residents must be handled by resident attorneys. Keep the home fires burning.

TENNESSEE. Among the 898 Private Acts passed in Tennessee are some

sixty acts "removing the minority" of various persons, so that they can execute deeds. It seems that courts in Tennessee also have this convenient power of making youngsters grow up overnight.

TEXAS. All adoption papers prior to 1923 are made valid even though not recorded. Good news for title companies who have insured titles on affidavits of heirship by persons who didn't know of such adoption papers! A complete law of cemeteries was enacted providing for fee ownership and descent of lots (contrary to the usual idea that only an easement is created).

VIRGINIA. Is quite up to date with an act authorizing guardians to sign HOLC mortgages. Also a large number of other acts on title questions, such as appointments of trustees, receiverships, acknowledgments by defacto notaries, photostating, recording bankruptcy orders, seals, barring of old mortgages, validating Sunday advertisements, ratable lien of notes, lis pendens and others. Somebody who is title minded must have been astir in Richmond. They are also letting in Title Insurance Companies on their deposit in other States. Oh, Oh!

WASHINGTON. When an Easterner reads the alien land laws in force in the Western States he wonders how title insurance can be written there. Perhaps laxity of enforcement is the answer. But it's not for lack of the most drastic laws, as that just amended in Washington which says that even though the alien inherits the land or takes it for a debt, he will forfeit it to the State after sixteen years. Then there's their new tax law—payable in *twenty* semi-annual installments. Another forceful act just passed validates defective irrigation tax titles. Validation is by suit based on an advertisement showing the name of the "reputed" owners. But there's some satisfaction (and dismay) in noting that title companies and abstracters have been included among the "occupied" (and so taxed a half per cent of the gross).

WEST VIRGINIA. Not many new title laws: One, however, prescribes a form of corporation acknowledgment. It's curious how many States have no such statutory form.

WISCONSIN. One new law provides that husband or wife can by deed convey his or her property so as to create a joint tenancy between them without the use of an intermediary. Another says that a bank employee even though a stockholder, can take acknowledgments of deeds to and from the bank. Still another act allows a title insurance company of another State to do business on its deposit in its home State. But the law that will probably affect title men most seriously is a new act forbidding free lunch with beer or free beer with lunch.

Report of Committee On Advertising And Publicity

HARVEY HUMPHREY
Chairman

*Assistant Secretary, Security Title Insurance and Guaranty Company,
Los Angeles, California*

To the Members of the American Title Association:

One day a man in shabby clothes hired a box in one of London's safe deposit vaults and placed a single penny in it. It was his lucky coin, and he was haunted by the fear of losing it. The penny stayed there thirty years and year after year the attendants at the door saw the man grow better dressed, his manner more assured. When he died, he left a fortune of One Hundred Thousand pounds. Then his heirs came and took the penny away.

An unofficial nation-wide survey, as Chairman of your Advertising Committee, has led me to believe that advertising is that penny, and too many of us in the title business, like the heirs, are "taking the penny away." Out in our section of the country, as a result of the flood of Federal activity, most of the companies have done no advertising during the past year except to carry "rate holders" to which they were committed by contract in local papers and magazines. The only subject receiving attention since last October, it seems, has been Federal business. No thought for advertising, but rather all attention to Government business, the principal (and in some cases only) source of title orders. When advertising was mentioned the usual reaction was "Why advertise? There is one chief source of business now—the Government, and advertising would do us no good there." Contacts with abstract and title companies in other sections of the country, during this period, indicate a like attitude elsewhere.

Are we not making a mistake in doing away with this penny which has meant so much to the successful growth of our business in the past? Let us pause and consider.

We are entering a new era in the conduct of the abstract and title business. As we do so, it is going to be necessary for us to readjust our ideas and practices—to fit ourselves into the new scheme of things. A man, one day was startled to meet his dearest friend walking down the street, twisted all out of shape as if by rheumatism or a catch in his back. "Gee! I'm sorry, old man. What's the matter? Did you wrench your back?" "Nope!" replied the friend. "My wife made the shirt I have on and I have to walk this way to fit it." And so it is with us. We're faced with the necessity of changing our gait to fit and learning to speak a new language.

Yesterday we could trace approximately seventy-five per cent of our

business to four or five sources; namely, the attorney, the bank, the building-loan association, the mortgagee or mortgage company and the realtor. The other twenty-five per cent originated with the public. Today things are materially changed. A large portion of our business is coming, and will continue to come, from government lending agencies.

When will this situation readjust itself? Probably not soon. Practically all of the government lending is long term financing, and while Uncle Sam as an active lender may retire from the field, he will most likely leave behind him the Federal Land Bank, the Federal Savings and Loan Associations, several of the Federal Housing Agencies, and other organizations set up for the financing of real property. It is our hope of course that such institutions, while operating under Government supervision, will take on more and more the aspect of private institutions.

It's up to us to prepare for this new era. So rapidly has the title business developed through the past two decades that advertising, education of the public, and the building of good will have not kept pace. As a profession, we have been woefully lacking in any concerted, uniform program of acquainting the public with how we can serve them, what we can actually do, or our problems in keeping up with the changing requirements.

Let us cease living in the past and look to the future. Let us benefit by our past experience and resolve here and now to launch a campaign of advertising, education, good will and understanding—so that regardless of whether we meet prosperity or adversity, the public will look to us with friendliness and accord to our business the respect and admiration it merits in the community because of the useful and necessary function it fulfills.

I hear two questions. "How can we best do this?" and "Without funds available, how can my company do any advertising whatever?"

In answer to the first query, there are a hundred and one ways of advertising the title and abstract business that will not only keep your name before the public but will create good will as well as educate and mold public opinion. For example:

One company in New England devotes the major part of its appropriation to booklets and reprints which are placed in the hands of its clients both by direct mail and over the counter.

A company in New Jersey uses direct mail exclusively, sending out blotters some months, calendars other months, but most frequently personalized letters.

In this connection, one eastern company directed one mailing to a group of 12,000 attorneys, using the finest of engraved letterheads, typing all letters by automatic typewriter and signing all of them by hand. This campaign consisted of three letters, the

first enclosing a financial statement, the second a printed folder, and the last containing a carbon copy of the second letter and a reply card. The last letter brought 804 replies, or 7%, which, as anyone knows who has tried direct mail, is extraordinary. This was due to the personal appearance of the campaign, many of the replies indicating that the prospect believed, he alone was being written.

A company in Washington uses the house organ exclusively; one in California uses nothing but billboards; while two other California companies use newspaper and magazine space and as patrons of the advertising columns of these publications find the news columns open without charge to their free publicity items.

Here particularly can much be done of an educational nature, as people read and believe what they see in the news columns of newspapers and magazines. The advertising exhibit at this convention contains an example of the amount of publicity which one company received as a result of patronizing the daily press as an advertiser and releasing to those papers timely items of publicity.

An Oklahoma company possibly leads the title companies of the nation in both quantity and quality of publicity received. This is accomplished by submitting to the papers only those items which are timely, and in sparing no pains in the preparation in order that all stories may be readable and not too obviously publicity.

A Kansas abstractor believes primarily in a well-rounded program which in the final analysis is, of course, wisest if you can afford it. This includes billboards throughout the country, a neon clock and a neon sign for the office, a regular news bulletin covering legal happenings at the county court house, and advertising novelties and specialties for clients, both men and women.

All good ideas! So much for advertising, education and good will building where and when you have ample funds for the purpose. Now for the question, "Without available funds, how can my company do any advertising whatsoever?"

Here we suggest a five-point plan: (1) Personal Contact augmented by personal letters; (2) Talks; (3) Invitations to the public to visit your plant; (4) Publicity; (5) the "partnership spirit" toward your customer.

Very few factors are as successful in securing orders and cementing business relations as a personal call on your customer. He appreciates the time you have taken to visit his place of business. He often has matters in connection with a title order which he wishes to discuss with you. In his own place of business he will break down and speak his mind, giving you criticisms and suggestions of value in improving your service and he MAY give you some leads to other possible business. He may hesitate to tell you these

same things in YOUR office because he feels that you are too busy to listen or because he doesn't feel as free there. A visit and heart-to-heart talk with your customer will do a lot to help your business. It is of course impossible to contact all of them as often as you should and you may therefore augment these calls by personal letters. A few years ago your name in the phone book alone would bring in the orders. Today the reverse is true. In the present "buyers market" every prospect is also followed up by your competitor. You cannot be everywhere at once, therefore, personal letters are the answer to your problem. They can be written not only to keep contact with your customer but also to create good will and subtly educate him.

As to talks as a form of advertising, more and more every day the opportunity is being presented to the abstractor and title man to tell the public of his business. Craft talks before your Kiwanis, Rotary, Exchange or Lions Club, various business groups and Chamber of Commerce offer the opportunity to educate the public and create good will. Make it a point when you return to your home to prepare a good 15-minute talk on your business. It's intensely interesting when approached right and coming straight from your lips carries conviction making the public realize how we can and do serve them, what we are equipped to do and our problems in keeping abreast of changing requirements. We'll even hazard the guess that after you have given this talk two or three times, news of it will spread and you may be invited to present it before the schools in your community.

Invite the public to visit your plant. Ask them separately; ask the various luncheon clubs to make a tour of inspection; or ask the instructors in your public schools to bring commercial classes to your plant. Don't pass up a single opportunity of this kind. One look behind the scenes of your business will give them an understanding of what it is all about. They will see the mass of detail, the completeness of your plant records, the picture of every piece of property in the county, the vital statistics relating to every person in the community as disclosed by the General Index. Once they grasp the general idea you will have fewer complaints about service and price.

As to publicity, while we have pointed out that in order to get regular releases it is almost necessary to contract for advertising space with your local papers, yet there are good stories from time to time which the papers will be glad to carry for their sheer news value. Stories showing really activity as compared with previous periods, facts concerning building permits, large property transfers, litigation, items about the time and method of paying taxes and assessments, all are welcomed as news by the newspapers and all should carry a line crediting your company. Thus an edu-

ational program may be carried on which will not only create good will but also time after time will get the name of your company before the public in the news columns where it will do the most good.

Last, the "partnership spirit." Someone has said, "A pleased and satisfied customer is your best advertiser. You are pleasing to him personally and he is satisfied with your goods. He will take pains and trouble to do his trading with you, and he will go out of his way to make business for you with his friends and acquaintances. Make friends with your customer by doing things for him that you would do for others without thought of profit. Be honest with your customer. Give him your best advice based upon your knowledge. . . Sell him what he can use to his profit—and don't let him overbuy. In a way, you are actually a partner with him; you will profit from his future business and from the trade of others he will see that you get. The "partnership spirit" toward a customer is the secret behind the success of many a man whose prosperity is mystifying to those who do not have it."

And so I say whether you have funds available for advertising or not it's up to all of us to meet this new era in the conduct of our business with foresight, energy and the knowledge gained from

past experience. Our opportunity is before us. "A misconception of the meaning of opportunity is that it is something that comes only once to each person and that the entire future of an individual depends upon how he uses his hour of opportunity. Happily this disheartening belief is being proved foundationless. People are coming to realize that opportunities are constantly being presented to them." No one in the title business said that but it is true nevertheless. Are we in the title profession going to pass up these opportunities which are daily presenting themselves to us or are we going to immediately commence a concerted, uniform program of acquainting the public with the importance of our business in the daily business world—a program based on timely advertising, education and the building of good will? I leave the answer to you.

In closing, may I call particular attention to the advertising exhibit at this convention? My sincere thanks is extended to the members of the advertising committee and to James E. Sheridan, Executive Secretary, for their invaluable help during the past year, in the preparation of this report, and in setting up the exhibit. We wish to also express our appreciation to the Membership of the American Title Association for their contributions to the Advertising Exhibit.

Home Owners Loan Corporation Titles

HON. HORACE RUSSELL

General Counsel, Home Owners Loan Corporation, Washington, D. C.

The problem confronting us in the Home Mortgage field as it affects recovery, had to be solved. Our people owed about twenty-one billion dollars on their homes and about five or six billion dollars of this debt was seriously in default and there were no mortgage lenders to assume and carry the burden. Therefore, the necessity of Home Owners' Loan Corporation. If nothing were done two or three million families would be thrown out of their homes with the loss of their savings of a life-time in the equities, thereby discouraging our people, discouraging efforts at home ownership and weakening the nation. Also, so many foreclosures would break the real estate market, thereby injuring other home owners and property owners. Also, such process would so depress the value of all mortgage collateral as to break nearly all mortgage institutions and thereby seriously injure the savers in these institutions and thus discourage thrift. Some did not see this problem and did not recognize the dire consequences of a do nothing program and some such people criticised severely in 1933. I am glad to say that many of these people have now re-adjusted their view and commend the effort.

The solution of this problem was simple. It involved refunding a large

volume of these debts so as to give the home owners a fair opportunity to pay their debts. Nearly a million of these owners will have their debts refunded on a basis, so that their total monthly payment on the average for principal and interest will be less than \$25.00 per month. The Home Owners' will pay out on this basis. They will pay because home owners as a rule are honest and pay when they can and they can make these payments. Furthermore, their homes are worth more for rent than the payments in nearly all cases. It was necessary for the Government to furnish its credit to carry through this program, but the Government is not likely to lose on its guarantee. The Corporation is organized on a basis of sound finance and can probably absorb such losses as it will be compelled to take.

But you are particularly interested in the mechanics of this operation and especially the land titles involved. In order to solve the problem it was necessary to take a large view. It was well recognized in the beginning that the title problem was one of the large problems. Not many realized that we would pay for the account of our borrowers more money to lawyers and title companies than the total gross expense of the Corporation during the period of the acquisition of the loans.

Not many people realized that the legal department had so large a task in securing good title and closing loans properly.

The first position of the Corporation was its present position in the performance of its task—that position was that the State Counsel, with the approval of the State Manager, should select the best title facility available to do the volume of work to be done and to pay a reasonable price for the services to be rendered. The only change that has been made is to require that the selection of the title facility and the price to be paid shall be submitted to and approved by the head of the Legal Department in Washington. All see the necessity for the slight change. It was necessary to get into action at once in the beginning. It was later possible and advisable to get somewhat away from local influence in order to get uniformly a satisfactory result. No responsible title company or law firm have failed of approval, although many irresponsibles have either foiled of approval or been removed.

There was some disappointment in our early operation in reference to the selection of title facilities. It is submitted that the position originally taken was right. If any title company or any lawyer was the best title facility in the community, such facility was directed to be employed. If any title company or law firm wishes to fare better next time, let it build up its reputation and get the business. Mistakes were made, of course, but the job is being done on the schedule that was necessary. Extreme efforts are being made to avoid new mistakes and to correct those of the past.

There has been great question as to the titles we would accept. The original rule was that we would accept such titles as the better class of first mortgage lending in the community had been accustomed to accept. To undertake a more exact definition from Washington would prevent us from accomplishing our purpose. I regret that many lawyers and many title companies made efforts to furnish us with certificates with such exceptions as to make them all but worthless. Great progress has been made in securing better certificates and policies.

The mechanical process of reporting on titles and closing loans has been especially difficult. General directions had to be given from Washington. Their directions were made as general and broad as possible to avoid interference with local custom and practice. Dealing with as many kinds of title facilities and conditions as we were, we concluded to have an original title search, which is our principal reliance for our protection. We also have our State Counsel and his staff to review the work, however, to avoid errors and to attain greater uniformity of protection. This is as far as most mortgage institutions had gone—that is, to employ adequate title facility and review

in its own offices. We, however, decided that in view of our emergency operation and the difficulty of developing uniform protection, we would chiefly, for purposes of supervision, review again in Washington. We have found even some of the best title companies sending us title policies which had so many exceptions that they were next to worthless. It is hard to see why such responsible institutions would treat a good customer in this manner. It is harder to see why our State Counsel would accept such policies. In order to supervise and to know what was taking place we have required that the preliminary title report should be furnished to us and that the closing officer or attorney should indicate thereon the disposition of each exception to the title. It has been extremely difficult to get this process followed and yet it is quite necessary to follow this procedure if we are to get our loans properly closed and to be able to know that this was done. There are many other requirements made in connection with closing, some of which are re-

quirements of departments of the Corporation other than the Legal Department.

Among the results are that we have paid title companies and lawyers over \$20,000,000 in a lean year. We have employed about 20,000 people on salary. We have saved already about 600,000 homes from distress and thereby not only saved the owners, but the mortgage and real estate market. We will have a portfolio of mortgages by far the largest in the world and the average total payment will not exceed \$25.00 per month for interest and principal. We have an anticipated income from interest sufficient in excess of our cost of money, plus operating cost to absorb losses beyond anything to be conceived.

We hope that shortly we will have relieved the mortgage market to a sufficient extent that private institutions can and will carry on and assist in our recovery to normalcy.

The Meeting adjourned at 12:15 p. m.

LUNCHEON MEETING

Report of Officers of State and Regional Associations

Chairman presiding—Leo S. Werner of Toledo Ohio.

Mr. Werner stated that Mr. William Gill, Chairman of the Abstract Division was unable to preside, being detained because of a meeting with Mr. Russell and other distinguished guests of the Association.

CHAIRMAN: Mr. Gill has handed me a list of certain topics which the members are requested to discuss at this meeting. . . . We will have to limit this somewhat—I will go through this report and wherever some subject of special interest comes up we will try to allow proper time for it. After these questions are covered you can bring up anything you care to from the floor.

First we should like to hear from Mr. Trucks of Baldwin, Mich. He is now serving his third term as President of the Michigan Title Association. He will tell us how to hold the interest of the members of the Association and a brief report of the Michigan Title Association.

MR TRUCKS: During the last three or four years we have been centering our efforts on keeping our membership up in the Michigan Title Association. We held regional meetings; one meeting in the Spring and another in the Fall. This last year we held a series of regional meetings. The thing that I believe interests the people of Michigan most is just the common everyday subject of Abstracts—how we can make a better abstract.

During the last year we have issued bulletins to the membership. The reason was our belief that lawyers, bankers and real estate dealers (our prin-

cipal clients) could know more about our business. Bulletins were drafted along the lines that would interest them. First we issued a bulletin on the subject of Requirements of Instruments in Foreign States. This bulletin was well received. Another bulletin which was well received was one on Tenancies. The only trouble with these bulletins was the work usually falls upon one person. I think we have the same trouble along that line that you do in other states, i. e., not enough suggestions from other members.

This year we have been able to get our membership back to almost one hundred per cent. I believe, however, the reason we have been able to keep constant interest in our membership is because we pursued the common subject of "How to Make Better Abstracts."

The Chairman then called on Mr. R. A. Furr, of Indianapolis, Secretary of the Indiana Title Association and asked him to give his experience in Indiana as to uniform certificates and uniform abstracts and the necessity for them.

MR. FURR: The fact of the cause is we used to have about 170 forms; I do not know how many there are now; there are just as many forms as there are companies to the best of my knowledge. That question of uniformity of certificates and of abstracts has been discussed at our Association meetings, but there have been some reasons for not adopting it. Partly this is because there is an individuality to each company that would be lost in case of uniformity of certificates and abstracts.

It is my opinion that you should center your policy around your State

Association, then you will get your strength. I think these gentlemen here of Title Insurance companies can tell you why we should have uniformity better than I can.

At the Indiana Association meeting, October 8, we held a contest on abstracts. The judges of this contest were examiners of the Metropolitan Life Insurance Company and one from the Prudential. We picked these gentlemen because of their wide and varied experience. They emphasized the lack of uniformity on both the certificates and the abstracts—in many of the instruments, they noted it was necessary to read the whole instrument to determine whether it was an affidavit or what it was. They said, 'It would be a nice thing if you could put your instrument in such form that at a glance you could tell what the instrument was.'

The Chairmen introduced Mr. E. P. Edwards of Hollis, Okla.

MR. EDWARDS: "I think there is one state that is very well organized along that line, the State of Oklahoma. I think Mr. Edwards can tell you our experience of Oklahoma Title Insurance Company not only regarding Title Insurance, but along the line of bulletins. We put out a bulletin and I think in addition to telling you about these bulletins we can give you a lot of information on uniformity of certificates, abstracts, can tell us of the regional meetings. In addition to that, details of a Title Course, which Oklahoma has found very valuable."

"I am of the opinion that a uniform certificate would not lose any of the company's individuality, because I believe that a title company ought to cover the whole thing anyway.

Our uniform certificate is used, I believe, by every abstract company and title company belonging to the Oklahoma Title Association. We have some abstracters who do not belong, who do not use uniform certificates, but not many. We are doing our best to induce them to become members of the Oklahoma Title Association. We have had no objections; in fact we have had many splendid compliments about the uniform certificates of the state of Oklahoma. I am telling you that because the uniform certificate is one of the very first steps to getting recognition, or getting a uniform abstract. I maintain then if for no other reason, uniform abstracts are a good thing. I am sure every abstract in the state of Oklahoma could be made substantially alike without inconvenience to anybody. They are not all uniform yet, but it is one of our aims and ideas to have uniform abstracts within the next few years.

We are instigating a Title Course in Oklahoma now. We are making progress under the leadership of William Gill. I believe he is one of the best Presidents the state has ever had. There are two in our office studying the Title Course. It is restricted to mem-

bers of the Title Association. All employees are urged to take this Title Course and we are going to give a loving cup to the one who makes the best grade and pay his or her way to the state convention. We expect to begin at the very beginning of the Title Course and have two lessons each week. Questions on the Lecture are printed and a sealed question is mailed out with every lecture. The lesson is supposed to be returned in three or four days. After you have read over the lecture until you know your lesson, you open the sealed questions and find a slip and you promise not to refer back to the lecture. Then the lessons are graded and the best grade will be given a loving cup and expenses of a student paid to the Association meeting. That is a new experiment with us.

Titlegram

Many of you are familiar with our Titlegram. It takes the cooperation of all the Title companies in the state to make it go over. It contains many things that are of interest to all abstracters in the State. This is gotten out at a very small expense. It is well worth the time, money and effort we put forth in producing it.

Public Relations Committee

We have that all set up and have been using it now for three or four years. We make it a point in every county (and it is almost mandatory) that our representative of that county go before organizations in that county and talk title insurance and abstracts before a group of business men. I have been before the Rotary Club twice this year and some of the other boys have been before some of the other clubs. We are thinking now of inviting the leading business men and prominent owners of real estate of the town to a luncheon and tell them about Title Insurance and Uniform Certificates, what kind of service we render for them and how necessary it is for them to go to a member of the State Title Association for their abstracts and title insurance.

Regional Meetings

I believe our regional meetings are one of the best assets of our association for promoting friendship and cooperation and putting over many things we want done. Our state is divided into fourteen districts. I think that is entirely too many. We are thinking of dividing the state into four districts. We try to have a regional meeting twice a year in each of these districts. At these meetings we plan to have the program prepared on the order of a State Convention program and have a night session of entertainment. Nowadays we don't mind driving 75 or 80 miles in one night to attend some convention. We have put over many things by going around and having these small regional meetings. We put the right idea before a man and then we don't have so much trouble. It takes work and lots of us

don't like to do it and I am one of those—I get disgusted and worn out, but sometimes something bobs up which makes one feel his efforts have been paid many times over.

We have discussed Uniform Certificates and Uniform Abstracts in the Regional meetings for the last five years and only last year was every member of the Oklahoma Title Association using the uniform certificate. Not all of them as yet are using Uniform Abstracts.

One other thing. This year we have effected price stabilization in Oklahoma. We do not give any concessions but charge the regular price, with no rebates or commissions.

At these regional meetings you get cooperation, widen your acquaintance and make friends. These things are fine for an association in any state. Many of us do not have many friends and the reason is we are not willing to pay the price. We have gotten some of our biggest cases through friends throughout the state. I know all the abstracters all over the state and can call them by name and I have received a number of nice orders because of this.

Chairman then introduced Jack Rattikin, President of the Texas Title Association.

MR. RATTIKIN (Fort Worth, Texas): "One thing omitted by the Oklahoma gentleman that keeps up interest there is something I think is well for every state to follow. That is to organize all the Past Presidents of the Title Association into a Club. They have a Past Presidents organization called K E G. I don't know what that means—they say it is a secret organization, but they use this club to help maintain interest in association meetings. I had the pleasure of attending their convention last January in Oklahoma City. In fact I saw about as many abstracters and title men as I see at any national meeting. We can very well use Oklahoma methods as an ideal to look forward to, accomplishing such things in our own state.

"Bill Gill was present at our last State Association meeting and we were swapping ideas right along. I think if you will put this organization of Past Presidents into effect it will help more than any one thing to keep your Association alive."

MR. JOHN UMSTED (Philadelphia, Pa., President of Pennsylvania Title Association): "The Pennsylvania Title Association was formed thirteen years ago due to the efforts of John E. Potter, who at that time was a member of the American Title Association. He designed the Association much after your lines and during his thirteen years in our state has developed the most tremendous advance in uniformity, both as to forms and practice. One of the first provisions in the Association was the formation of a committee on practices and procedure, which acted as a clearing-house for the members of the Association, including all the title companies of Pennsylvania.

"I might say that title insurance in our cities has supplanted all other forms and we have little fear of any other system coming in to disturb this system established with us. The work of the committee on uniform policy was productive of established forms and practices and I can say now that our state has a uniform policy that is adopted by all the insurance companies with very little changes.

"In HOLC matters we use the American Title Association form and that is acceptable to the government. There is very little abstracting done in our state. Financial institutions and investors invariably insist on a Title insurance policy. We feel that title insurance is as strongly entrenched in Pennsylvania as in any other state in the Union. I hold out to you the example of thirteen years of accomplishment. The development, security and uniformity of this practice is one that may be followed in any other state and I volunteer gladly information, forms or anything else to our brethren of the American Title Association."

On the afternoon of Tuesday, October 30th, 1934, the ladies were entertained by the ladies of the Florida Title Association at a bridge and card party held at the Miami Biltmore Hotel. We are not informed on the names of the best players, as disclosed by the distribution of prizes; it probably is just as well that the Editor (so-called) should not enquire too closely into the details of the bridge party except to mention that, from all the reports received, it was a delightful affair.

The gentlemen of the convention staged, on Tuesday afternoon, their annual golf tournament. We saw some of the scores turned in. From a scrutiny of these, it is our conclusion that our people must be good title people; certainly as a group, Bobby Jones has little to fear from us.

New Jersey has contributed much, in years gone by, to the American Title Association. Prominent from New Jersey in our circles has been Edward C. Wyckoff, of Newark, N. J. Your national secretary has played golf with Mr. Wyckoff several times. We will concede that when he gets those shoulders into a No. 3 iron that ball certainly does travel. As to the balance of Mr. Wyckoff's game—well, let's be charitable and say he's one of the best lawyers we've ever known.

At the Miami convention, New Jersey stepped to the forefront—this time in the person of a gentleman from Westfield, New Jersey, named R. B. Nichols, Jr. His nickname seems to be "Nick." Nick certainly nicked the rest of the title people at the Miami convention. Not only did he seem to be able to handle a No. 3 iron well, but also a No. 7, a No. 2, and in fact any iron in his bag; and for good measure, we'll add that all his wood clubs and his putter seemed to be under the control of a master mind. Anyway, Nick knocked

all competition and walked away with the first prize.

On the evening of Tuesday, October 30th, all the delegates and their ladies were again the guests of the Florida Title Association—this time at a Water Sports Carnival, Miami Biltmore Hotel. Space does not permit a recitation of all the events but we cannot pass the opportunity of mentioning two—one the chap who dived into the tank after it had been fired with burning oil. And the other event, the capture with bare hands of a seven foot live alligator.

The chap who captured this alligator with his bare hands was not the President, nor the President-elect—nor the Treasurer—nor your national secretary. But we all applauded the feat.

Business Program

WEDNESDAY, OCTOBER 31ST, 1934

The meeting was called to order by
President Marriott.

Farm Credit Administration

HON. A. S. GOSS

*Land Bank Commissioner,
Washington, D. C.*

I have been asked to speak upon the work of the Farm Credit Administration in financing agriculture. While this work has only an indirect bearing upon the problems before your convention, I have been assured that your members are greatly interested in agricultural finance and the work in which we are engaged. We should first note that financing agriculture is quite different from financing any other industry. The average farmer who becomes a land owner goes through a period of heavy indebtedness at some time in his career. The usual course is for the young boy to start working for wages until he can accumulate enough to acquire an outfit. His next step is to rent a farm. If successful in this venture, he then purchases, and at that point he usually assumes a heavy obligation of debt. His future success or failure frequently depends very largely upon the terms of his purchase contract or mortgage—the rate of interest and terms of repayment—for if the mortgage is correctly adjusted to his ability to pay, he will win out. If, on the other hand, the interest is more than he can support, or the terms of repayment are heavier than he can meet, he may struggle under an overwhelming burden of debt for years, finally losing his property and becoming a member of the permanent tenant class.

It will readily be seen that the ordinary short-term bank credit is not in any way fitted to meet a situation of this kind. Neither is it fitted to meet

the production or marketing problem of the average farmer. The farmer with plenty of feed, wishing to raise livestock, cannot be expected to borrow money for 60 or 90 days for such a purpose. Neither can we expect any normal system of marketing our wheat over a 12-month period, as the market is ready to absorb it, unless we have a system of credit adapted to just such needs.

Lack of such credit facilities played a large part in bringing about the depression, as I believe I could demonstrate to you if time permitted. Suffice it to say that when the present Administration took office on March 4, 1933, there was a complete breakdown in credit of all kinds. Every bank in the nation was closed; insurance companies and mortgage companies had been out of the market for months; business was at a standstill and it seemed that no one knew which way to turn. There were over a million and a half farmers facing foreclosure and loss of their farms. Not that any such number of foreclosure cases had been started, but the delinquencies in taxes and interest were such as to warrant foreclosure in normal times. In other words, over a million and a half farmers had no assurance whether they could get money to put in the season's crops, or whether they would be permitted to stay upon their places to harvest a crop if raised. Something had to be done and had to be done immediately.

However, the Administration did not come unprepared to cope with the emergency. Almost from the day following election a number of authorities and economists had been studying the situation. Among those who conducted the studies in Washington was a professor of farm finance from Cornell University who had done extensive research in Europe, who was himself farming upon a substantial scale, who had had direct experience as secretary-treasurer of a national farm loan association, and who had studied this particular problem for years. I refer to Dr. William I. Myers, now Governor of the Farm Credit Administration. In their studies these men found that there were already existing many different agencies or funds for extending credit to agriculture, but most of them were of an emergency nature, and they were scattered all over Washington. There were the Federal land banks and intermediate credit banks under the supervision of the Federal Farm Loan Board. There were farm board loans under the supervision of the Federal Farm Board. There were R. F. C. loans and R. A. C. C. loans under the supervision of the Reconstruction Finance Corporation. There was credit extended on reclamation projects through the Department of the Interior. There were crop loans and seed loans under the supervision of the Department of Agriculture. There were

loans for financing agricultural rediscount corporations also under the supervision of the Department of Agriculture. Crop and livestock loans had been made through the War Finance Corporation and emergency cases had been handled through the Red Cross.

It will be observed that practically all these funds and agencies were of an emergency character. They were a sort of patchwork made necessary to prevent the complete breakdown in our agricultural industry. Most of them represented a direct loan by the Federal Government and many of them smacked somewhat of charity. For a dozen years the increasing breakdown in agricultural credit was being met by such temporary or makeshift arrangements. It was but natural that the overwhelming demand from farmers, bankers, mortgage companies, and the public generally was for the immediate extension of more "makeshift credit." I sometimes call it "subsidy credit." By that I mean a form of loan made by the Federal Government direct, and which, too frequently, the borrower feels does not have to be repaid until it suits his ready convenience.

I think it is to the everlasting credit of these men that they resisted this overwhelming demand for direct government loans. They said, "We have had enough of this kind of credit during the last dozen years and it has been getting worse and worse. The time has come to establish a permanent system of credit definitely designed to meet agriculture's needs." It was their aim and purpose to set up a system of credit upon a business basis which would obviate the necessity of continually calling upon the Government for direct aid. There is a vast difference between Government aid and Government supervision.

In studying this problem they had studied the Federal land bank system which had seen 16 years of comparatively successful operation. They had found in this system a self-supporting co-operative system of finance which had operated through 16 years, 12 of which represented a decided and steady decline in farm prices and farm values. They found in it a system which had weathered the worst depression in the history of the nation, maintaining its security on a plane far higher than the average industrial securities and ranking practically next to Government securities themselves.

Now let us look into this Federal farm loan system and see just what it was these investigators found. Before we look at the system itself, let us go back a little further and see what conditions gave rise to it.

Most of you will recall that twenty-five years ago there was no dependable source of long-time credit for agriculture. It is true that many of the insurance companies and mortgage companies were making loans upon favorable terms in the preferred sections of

the Nation, but a large portion of the Nation was practically without adequate credit facilities. Undoubtedly this situation was aggravated by the passage of the Federal Reserve Act and the increase of the short-time credit practices on the part of banks which followed. Farmers generally protested against high rates and short terms but they were told that it was necessary to charge eight, ten, twelve, and even fifteen per cent interest because of the heavy losses; and that frequent renewals of three years or five years were also necessary because of the need for closely watching the security and taking possession of it if the farmer were not following sound farm practices.

Efforts were made individually and through organized groups to get better rates of interest and better terms but without success. Among the plans proposed was a cooperative credit association. The farmers said to the investors, "A hundred of us, all living in a community and all needing credit, will form an association and guarantee each other's loans. If one of us fails to pay his interest or taxes, the rest of us will chip in and meet the bill. If necessary, we will take over the property and farm it, or sell it, and stand between the mortgage company and loss." They thought that surely such a joint guarantee should give enough protection to lenders of money to warrant their lending on longer terms not only because of the joint guarantee but also because of the basic character of the security, but their efforts proved unsuccessful.

In the meantime, these organized farmers, through the Grange, had been carrying their fight to Congress and finally a commission was appointed to go to Europe to study the European systems of rural credit. To make a long story short, the Federal Farm Loan Act was finally passed by Congress in June of 1916 and the Federal land bank system was created, based upon the *same cooperative principles* which the farmers had tried to get put into effect voluntarily.

Twelve Federal land banks were created, authorized to make loans on farm mortgages and to sell their bonds to the investing public based upon these farm mortgages. Cooperative farm loan associations were authorized to assemble the mortgages, endorse them, and thus enable their members to borrow from the Federal land banks. Let me illustrate how the system works.

John Smith wishes to borrow \$5,000 upon his farm. He goes to the secretary-treasurer of the local national farm loan association and files his application. His application is referred to a loan committee made up of members of his own association, probably his own neighbors, who know more or less about Mr. Smith and his farm. They first determine whether he is a reliable sort of individual, one who will make every possible effort to re-

pay the money which he borrows, and whether he is a capable farmer. If he passes muster in this respect, they will then take a look at the property to see if it has sufficient value to secure such a loan. Under the law they may not lend more than 50 per cent of the value of the land, plus 20 per cent of the value of the insured improvements thereon. If they are satisfied with the applicant and the security, they forward his application to the Federal land bank indicating their willingness to endorse his note for \$5,000—or possibly for \$4,000 if they feel that the \$5,000 is too much.

Upon receipt of the application the Federal land bank sends a Federal appraiser to check up upon the property. This appraiser is not an employee of the association or the land bank, but is an employee of the Farm Credit Administration in Washington. He is a government official whose duty it is to pass upon this security from an entirely impartial standpoint. The reason he is employed by the FCA is that he represents the investing public and is sent out to protect its interests. He makes a very complete appraisal and analysis of the property and he also looks up the character of the applicant. If his report is favorable, it is acted upon by the executive committee and later by the board of directors of the Federal land bank. If the applicant and the security pass all these tests, the loan is made, the note is endorsed by the farm loan association and the mortgage is given to the Federal land bank. The borrower subscribes for stock in the farm loan association to the amount of 5 per cent of his loan, just as all the other members have done, and the association takes a similar amount of stock in the Federal land bank.

However, it does not end there. The mortgage is finally sent on to Washington, D. C., where it must pass the review of the examining division under the Land Bank Commissioner. If it passes all these tests it is finally placed in the hands of another government official, a trust officer called "the Registrar." Then, and not until then, is the Federal land bank permitted to issue bonds against this mortgage. These bonds are then sold to the investing public, and that is where the money comes from. Except for some emergency funds which I will touch upon later, *not one dollar of government money* is used in the transaction. The system is merely a machine set up by Federal statute and operated under Federal supervision, which enables the farmers to pool their mortgages, make joint endorsements through their associations, and issue bonds which are sold to the investing public.

I might say that most of the loans are made for twenty or thirty-four years, and they are all made on the amortized basis—that is a portion of the principal is paid off at every interest-paying date. Most of them are

payable in semi-annual installments of equal size, which pay off both the principal and interest. The whole thought behind every type of loan in the Farm Credit Administration is to enable the farmer to *get out of debt*.

Now I have outlined the cooperative set-up which our investigators found in the Federal land bank system. Its soundness and its success led them to construct their whole farm credit structure upon this same cooperative basis, the pooling of local credit under local guarantee in order to reach the money markets of the Nation and borrow at reasonable rates of interest and on terms fitted to the needs of agriculture. Unlike the first plan presented by the farmers, the guarantee of each borrower is not 100 per cent. It consists of his investment of 5 per cent in stock, which, joined with the investments of his neighbors, makes a substantial fund under the control of his local cooperative association. His association thereupon endorses the note of each member.

Now with this picture before them, our investigators had to decide what to recommend to Congress. Their first decision was to build upon a cooperative basis such as I have described. Their second decision was to assemble all the various kinds of funds and credit agencies which were scattered through a half dozen departments, which were overlapping in character and sometimes inadequate to meet the needs, and put them under the control of one agency, which is call the Farm Credit Administration. They determined to divide credit into two main groups, consisting of a permanent system and emergency credit. The emergency credit was to be supplied by government funds and was to be of a temporary character designed to meet the needs which had arisen by reason of the disaster of the depression, drought or similar causes. The permanent credit was to be built up strictly upon a business basis, and was to be cooperative in character, enabling the farmers cooperatively to reach the money markets of the Nation on favorable terms. The permanent credit structure was to be divided into three main groups, consisting of long time land mortgage credit, short time production credit, and credit for cooperative marketing of farm products.

To supply the long time farm mortgage credit, the Federal farm loan system was adopted and taken over with but minor changes. The Federal Farm Loan Board was abolished and the land bank system was placed under the control of a Commissioner in the Farm Credit Administration called the Land Bank Commissioner.

To provide the short time production credit, local production credit associations were authorized to be built on the same principles as the national farm loan association. They were to be supervised by production credit corporations, one of which is located in

each Federal land bank district. These associations are to make the loans to the farmers on adequate security, and then rediscount the notes so received with the intermediate credit banks. The production credit work is under a second commissioner in the Farm Credit Administration known as the Production Credit Commissioner.

The intermediate credit bank was first created by statute in 1923 and has been carried into the Farm Credit Administration with very few changes. It is authorized to discount notes for agricultural loan agencies, for banks, or for production credit associations. Just like the land banks, it issues its securities which are sold in the money markets of the Nation. These securities, however, are of a shorter term ranging from ninety days to a year or two. By reason of the short term they have always found a ready market largely among the financial institutions of America. The securities thus issued are called debentures, and the notes and securities upon which they are based are also held by the registrar in trust before any debentures are issued, just as land bank bonds are handled.

The fourth division of the Farm Credit Administration is the Bank for Cooperatives. This bank is capitalized by the Federal Government and lends money direct to cooperative marketing institutions for capital purposes or upon their physical facilities such as warehouses, creameries, cotton gins, and so forth. There is a bank for cooperatives in each Federal land bank district, and these banks may also discount their securities through the intermediate credit bank.

Time will not permit me to go into the detail of the organization of the production credit association, their capital structure and their methods of operation. Neither will it be advisable to take time to describe the intimate workings of the intermediate credit bank or bank for cooperatives, for you are particularly interested in the matter of farm loans and the title problems which arise therefrom.

So we will return to the farm loan system. No system, no matter how soundly conceived or how conservatively operated, could have withstood the effects of the extreme price depression of the last five years without losses and delinquencies. The farm loan system was no exception. There occurred *serious* delinquencies. Congress recognized the system as sound and believed it should be the basis for new credit legislation, but the fact remains that delinquencies were accumulating at such a high rate that it either became necessary for the Federal land bank to foreclose on thousands of mortgages or to be provided with means to carry these delinquencies along because, you will recall, the Federal land bank's only source of money is from the proceeds of the sale of their bonds, and the interest on these bonds must be paid promptly if

the bond market is to be preserved. Congress determined that it would be contrary to the public interest to permit wholesale foreclosure of mortgages, and therefore appropriated money to assist the Federal land banks in carrying these delinquencies as a matter of sound policies. This brought up the question as to what should be done in the case of hard pressed borrowers who had borrowed through other agencies, such as insurance companies, banks or private individuals. There was but 12½% of the farm mortgage debt of America held by the Federal land banks and the problem was what was to be done about the other 87½%. Obviously, Congress could not advance money to individuals or mortgage companies over whom they had no supervision, so two steps were taken to meet this situation. First, all creditors were urged to be lenient with their borrowers and to carry along with the farmers who were doing their honest best to work out. However, many of the creditors were as hard pressed as the borrowers themselves and could not extend leniency, and it therefore became necessary to provide another agency. A special fund known as the Commissioner's fund was created for the purpose of helping borrowers, who could not be carried by their creditors, to refund their debts through the Federal land banks. I have told you that all Federal land bank mortgages are based upon 50% of the value of the land plus 20% of the value of the security, and must be first mortgages. The Emergency Farm Mortgage Act provided that Commissioner's funds might be loaned upon second mortgage security and might be loaned up to 75% of the value of the farm property. Let us assume that Bill Jones owes the First National Bank \$4,000 upon his farm, and that the bank wants the money. He makes application through a farm loan association and the property is appraised at \$5,000 for the land, and \$1,000 for the buildings. He could borrow but \$2,700 from the land bank upon such security. Right there is where the Commissioner's fund comes in. He could borrow \$2,700 from the land bank, and he could make a second mortgage borrowing the difference from the Commissioner up to 75% of the value of the property. The property is appraised at \$6,000 and he is therefore eligible to borrow \$4,500. The loan would be split into two loans, the first being \$2,700 to the land bank, and the second \$1,800 to the Land Bank Commissioner. I am assuming that he would need the other \$500 to pay other debts. Thus, you will see that it immediately became possible for thousands of farmers to pay off their existing debts which were of a pressing nature and refund on a sound basis.

I have referred to the Emergency Farm Mortgage Act. This Act went into effect May 12, 1933, and had two main purposes. The first aim was to

enable borrows from the Federal land banks to carry on, and the second purpose was to enable borrowers who were outside of the Federal land bank system to refund through this system. There are some special features of this Emergency Farm Mortgage Act which I wish to call to your attention.

First, in order to assist the farmers in carrying on, all interest rates were reduced to 4½% for a period of five years, thus giving the farmers assistance during a reasonable period for recovery.

Second, extensions were provided to carry delinquent interest and taxes for those farmers who were doing their honest best to make good.

Third, it was provided that if a farmer was not otherwise delinquent, he could pay the interest portion of his loan only, for a period of five years, allowing the principal payment to stand, thereby lengthening the eventual maturity of the loan. It will be noted that these provisions were to aid borrowers through the land bank system.

In order to assist borrowers from other systems to refund, the Commissioner's fund of \$200,000,000 was appropriated, and this was later increased to \$800,000,000. In addition to this, probably the most constructive step was taken in declaring that all appraisals should be based upon normal values. Right here I should comment upon our basis of appraisal.

Loans are based upon the agricultural value of the land, and this value is determined largely by its production. For example, there might be a 40 acre farm within two miles of the city limits of Chicago which was worth \$1,000 an acre, because some day it is apparent that this land will be used for residential or business purposes. However, if this land will produce but 40 bushels of corn, it may be worth only \$75.00 per acre, or even less by reason of high taxes, because it could not pay the interest on a higher value. Ordinarily, the production of the land will be the only source of income to pay off the loan, therefore, the law provides that the production shall be a principal factor in determining the value.

Our method is roughly as follows:

From soil examination, past records, physical examinations, and other means, we endeavor to determine the average probable production of the farm in the hands of an average operator. This estimate is in terms of wheat, cotton, spuds, or the crop commonly raised in that vicinity. We then apply the normal prices which may be expected in order to get the gross income. After extensive research we adopted the five year period, 1909-1914, as representing the approximate normal prices which might be expected to prevail down through the 20 or 30 years during which this loan will be paid. Having obtained the gross income, we estimate the expenses, including taxes and overhead in order to get the net income. This is then capital-

ized and we thereby determine the value which the income will support.

It is not quite as easy and simple as this, because there are other factors such as nearness to markets and schools, road conditions, erosion possibilities, and many collateral factors, but the production is the principal factor.

When Congress instructed us to appraise at normal values, it therefore declared that we should not appraise at peak prices, such as prevailed during 1919, 1920 and 1921, nor again should we appraise at the depression prices of 1930, 1931 and 1932. In other words, we should strike an average level, and it is my belief that this policy will have one of the greatest possible stabilizing effects upon land values.

When we make a Commissioner's loan up to the full 75% of the value, we are lending as much as the farm can normally support. It therefore becomes necessary for us to insist that all debts be composed within this 75%. Suppose a man owed \$10,000 on a farm which had an appraised value of \$6,000 and that this appraised value was properly arrived at on the basis of his net income. It is obvious that he could not support the full \$10,000 debt, and if additional debt above the \$4,500 loan were permitted to exist, it is equally obvious that we would just be postponing the evil day when foreclosure was inevitable. It was the prime purpose of Congress to put this farmer on his feet where he had a reasonable chance of working his way out of debt. If he carries a 75% debt and pays something on principal over a period of 15 or 20 years, he is paying every dollar the farm can carry, and it therefore becomes necessary for the borrower to get his debts composed within this 75%. Otherwise, the effect would be merely to transfer to the government itself a portion of the debt owed to a creditor who had overloaned. If losses have occurred from overloans, it is far better that we take our losses at this time and establish the farmers of America on a sound basis so they may again become normal purchasers in the community.

Now I have outlined to you the basis of our operation and the nature of the organizations which compose the Farm Credit Administration. When the law went into effect it was but natural that we had all the junk in America thrown at us to start with, together with thousands upon thousands of meritorious cases. The system was comparatively small. We had but 210 appraisers throughout the United States, and were lending at the rate of approximately \$2,250,000.00 per month. It became necessary for us to build rapidly and for many weeks the full trained force of appraisers and bank officials were occupied in large measure in training new men. We had to expand our appraisal force from 210 to over

5,000 and make like expansions in other parts of the system. All told we had to add something over 20,000 new employees, everyone of whom had to be trained. Gradually we built our closings from \$2,250,000.00 per month to five or six million dollars per day with our largest day mounting to \$19,000,000. Since the passage of the Emergency Farm Mortgage Act, we have loaned approximately one and one-third billion dollars, with another half billion dollars approved and ready for closing when titles have been perfected and settlements accomplished. Applications have fallen off from a peak of approximately 20,000 per week to approximately 22,000 for the month of September. More interesting than that, cases involving the imminence of foreclosure which have been reported to us have fallen off from a peak of 600 or 700 per day to approximately 50 per day, and these are largely unavoidable. It may interest you to know that generally speaking, we have had wonderful cooperation with the creditors of America in our efforts to avoid foreclosure. The foreclosure policy pursued by the Federal land banks, and pretty generally followed by other creditors, is that we will carry on with the borrower and will not foreclose if,

First, he is doing his honest best to meet his obligations;

Second, he is properly taking care of the security;

Third, he is properly applying the proceeds first to reasonable living and operating expenses, second to the payment of taxes and third, to payment upon his primary obligations, and

Fourth, if he could reasonably be expected to make good under normal conditions.

It would seem that no one could reasonably take exception to such a policy.

Now, you will observe that all through my talk I have referred to the security. We demand high character among our borrowers but this cannot always be controlled. Our experience shows us that the average farm changes hands approximately five times before the loan is paid and it is obvious that we cannot rely too strongly upon the personal element. Our chief dependence must be upon the security. This is one of the chief differences between a long time mortgage system designed to fit agriculture's needs, and a sixty or ninety day system such as is in operation in most banks. It therefore becomes necessary for us to pay unusual attention to the matter of title and security in our long time land bank loans, our shorter time production credit loans and our cooperative loans. The matter of securing abstract or acceptable evidences of title has been a problem which has given us a great deal of concern.

A year ago, the vast volume of business which we were handling swamped

most of the abstracting companies operating in rural America because there had been no such volume of business for many years prior thereto. This condition has been largely alleviated but a condition remains which is far from satisfactory. The cost of obtaining abstracts is frequently all out of proportion to the size of the financial transaction involved.

This has caused a real hardship to thousands of hard pressed borrowers who have needed but small loans. In order that the banks and Commissioner may have assurance of sound title, it has frequently been necessary to go back to the grant, or go back many years to review and examine every transaction, although this same job may have been done by a previous mortgagee a year or two previously. It strikes me that this is a most uneconomic system involving needless expense in search, preparation of abstract, and its examination, and that we should devise some system whereby it would be possible to obtain dependable abstracts with capable examination, and strike a point in the chain of title upon which absolute reliance could be placed in order that it might never again be necessary to go back of that point.

Whether this can be accomplished best through privately operated title insurance companies, through title insurance companies operating under Federal supervision, through a Federal agency set up for the purpose, or through some modification of the Torrens system, I am unable to say. I know that the present system is all wrong involving too much waste and loss, and I know that the Federal land banks and the Land Bank Commissioner must have a system upon which they can place absolute reliance. If it is an insurance system, the company must be of adequate financial strength and the reserves must be adequate to assure the payment of all claims. We shall also demand that there be no contingent liabilities from mortgage guarantees or other causes which cannot be measured with reasonable accuracy. I have tried to outline to you what we need, and the facilities which the farm owners of America ought to have. It strikes me that the men engaged in your industry are best equipped to determine how that need should be met.

In closing, I wish to express appreciation of the opportunity to present to you what we are trying to do to bring a sound system of credit to the American farmer. Summarizing, our purpose has been two-fold in character. First, we have had the responsibility of meeting the emergency and second, the responsibility of building a sound financial structure which would last, on down through the years, and be a principal factor in preventing future collapse in agriculture such as has recently contributed so extensively to America's problem of depression.

Federal Land Bank and Title Evidences

JUDGE HARRY D. REED

General Counsel, Farm Credit Administration, Columbia, South Carolina

WEDNESDAY, OCTOBER 31st, 1934

Mr. President, Ladies and Gentlemen of the Convention:

In approximately seventeen months since the creation of the Farm Credit Administration more than a half million loans have been made by the Federal land banks either in their own names or on behalf of the Land Bank Commissioner. These loans have been made on the security of farm lands in every state of the Union and in Porto Rico. Thousands of people have been employed in making them and have been paid for their services either from the loans or from operating funds of the banks. This work has included the preparation of applications, surveys of lands, appraisals, office examination of applications and appraisal reports, preparation, examination and approval of abstract of title, preparation and recordation of mortgages and trust deeds, issuance of fire insurance policies, and the distribution through banks and trust companies of more than a billion and a quarter dollars. While the greater part of this money has gone to pay the farmers' debts, the furnishing of employment to thousands of people, directly and indirectly, in making the loans to farmers, has been a definite by-product of this particular part of the recovery program.

Probably the largest single item of expense in making these loans, certainly the largest item borne by the borrowers, has been the cost of abstracts of title. Many borrowers have secured two loans, a first mortgage loan from a Federal land bank and a second mortgage loan from the Land Bank Commissioner, for which but one abstract has been required. Allowing for this duplication it may, I think, be safely said that the cost of abstracts has averaged not less than \$20 for each loan, or that the total cost of the abstracts has been not less than \$10,000,000. The abstracts have been prepared by abstract companies, individual abstracters, attorneys, clerks of court, registers of deeds, and others. If half of them have been prepared by abstract companies and abstracters, \$5,000,000 has been paid to them. If the companies and abstracters have in their plants an investment of \$100,000,000, they have received 5 per cent on the investment in less than a year and a half from this single class of business. Abstract businesses that were practically dormant for several years prior to 1933 have taken on new life, given employment to unemployed people, increased their reserves and perhaps paid dividends to their stockholders. A letter which I recently read relat-

in to an abstract company located in a small city, capitalized at \$20,000, contains the statement, "For several years prior to 1934 the company was unable to earn operating expenses. For the six months ending June 30, 1934, the net earnings of the company were in excess of \$3.00 per share." A statement in the same letter regarding a company in a larger city reads, "During the past three years the income from use of plant was very greatly reduced to the practical stagnation of the real estate and mortgage loan business. Since the first of January, 1934, the income from the local business has amounted to more than 6 per cent on the investment for the month referred to."

It will be seen that the preparation of abstracts of title for farm loans is not only of importance to the Farm Credit Administration, but that it is also of importance to those engaged in the business of preparing and furnishing abstracts. If the primary purpose of the members of this Association, who control the greater part of that business, is profit in order that you may keep your people employed and pay interest on your bonds and dividends to your stockholders, you are also concerned in rendering the highest possible type of service to those who use your product, and to render that service at a charge fairly commensurate with the cost of the work to you, the capital invested, and the responsibility that you assume.

The Act of Congress authorizing the creation of Federal land banks provided that the banks' loans should be secured by first mortgages on farm lands. These mortgages are used as security for the banks' bonds, which in turn are disposed of to enable the banks to secure funds to carry on their lending operations. One of the most important considerations, therefore, in the value of the bonds is the safety of the titles upon which the loans are made. The banks must be assured that the titles are good, so far as it is practicable to obtain that assurance.

It is only slightly less important that the cost to the borrower of furnishing evidence of title shall not be unduly burdensome. The purpose of Congress in setting up the Farm Loan system was to make credit available to farmers at a reasonable cost. That purpose would be defeated if, while paying interest at a low rate and having a long period of time in which to repay the loan, the cost of the loan should absorb an undue part of the amount loaned. Along with safety and reasonable cost, promptness must be placed, as an important consideration in securing evidences of title by the banks. Briefly stated, when the bank approves a loan and asks the applicant for an abstract of title, the abstract should be furnished promptly, the bank

should be able to rely implicitly upon it, and the cost to the applicant should not be out of proportion to the benefit that he will get from the loan.

In common practice, an abstract of title furnished by an abstract company purports to show only the contents of public records indicating the condition of the title to the land abstracted. Abstracters do not care to assume responsibility for determining whether an instrument which appears of record, but which according to its terms or marginal notations no longer affects the title to the land, is essential in fact or in law to show the true state of the title. Unless, therefore, they are expressly relieved from so doing, they will include the record of canceled mortgages and other liens, expired options, timber and mineral leases and easements, and other similar instruments. Likewise, because they do not wish to assume responsibility for determining the essential parts of judicial proceedings, they will incorporate in the abstract such proceedings at length. Without desiring to place on the abstracter responsibility that properly belongs to the examining attorney, I suggest that the abstracter can properly exercise the same degree of non-professional judgment that the average business man exercises in his affairs. For example, if the form of satisfaction of a mortgage on the record is in accordance with statute or established practice, and if there is no irregularity in the entry, cannot the abstracter properly be asked to assume responsibility for the omission of the mortgage from the abstract?

While it is assumed that the abstract covers the examination of all the public records, which will include not only the offices where deeds and mortgages are recorded, but also probate records, judgments, bankruptcies, etc., when the abstracter completes his abstract there still remain many possibilities of danger from sources not disclosed by the record. And so, after the abstract is completed and delivered to the applicant or his attorney, it is often necessary for the attorney to supplement it by outside investigation of both facts and law. When the attorney sends to the bank the abstract of title accompanied by his supplemental report and certificate, we should be able in the bank, from an examination of the papers received, to determine that the applicant has perfect title to the land offered as security, subject only to the liens that are to be paid from the proceeds of the loan. We tell applicant's attorney that unless he can unqualifiedly approve the title without exceptions (and we do not wish exceptions presented to the bank) it is useless to send the papers to the bank. And yet, in our experience during the past seventeen months, the number of abstracts that

it has been necessary for us to return for correction or amendment, or in connection with which it has been necessary to ask for additional information, has run from 25 to 50 per cent of the abstract received. This is the experience of the Columbia bank. In only one state of the Columbia district are the abstracts prepared by abstract companies or abstracters. In the other states they are prepared by attorneys, usually from a search of the indexes. The percentage of cases in which we have been able to accept the abstract and attorney's report on first examination has run no higher in the state in which abstracts are prepared by abstract companies and abstracters than in the other states of the District. I make this statement, not by way of criticism of either abstracters or attorneys, but to illustrate the difficulty in securing satisfactory evidence of the applicant's title.

In the Columbia bank, from June, 1933, through October, 1934, we closed 46,680 bank and Commissioner loans for a total of \$78,046,097, or an average of something more than \$1,600 for each loan closed. The maximum amount for which the bank can make loans is \$50,000 and many loans are made for that amount. An average of \$1,600 for all the loans closed indicates, therefore, that a substantial percentage of loans is for amounts less than that average. The average of loans made in the Southern and Southeastern States is lower than the average for the entire country, and yet in the relief that we are attempting to bring to the farmers we must recognize that it is the little man who most often needs relief. But take the average man in my figures. It is easy for an abstract to cost him \$50. Many abstracts that small borrowers purchase cost much more than that. Twenty items at 75c an item, a certificate at \$7.50, a Federal search at \$5.00, a final certificate at \$3.00, and 20 pages of court proceedings at \$1.00 a page, would make \$50.50. Add to this an attorney's fee of \$15.00 and the title search and certificate will cost, say, \$65.00 or 4 per cent of a \$1,600 loan. Of course, if the loan is for \$1,000 or \$500, as many are, the ratio is proportionately higher. An abstract cost of \$50 or \$75 or \$100 is not a great burden to the man who is getting a loan of \$10,000. The man whose loan is \$25,000 can stand even a larger abstract fee without serious inconvenience. The little borrower is the one who suffers most.

On the subject of promptness in furnishing abstracts, it is scarcely necessary for me to say much. Our work since the organization of the Farm Credit Administration has been largely devoted to efforts to refinance the debts of farmers whose financial condition was critical, many of whom faced imminent foreclosure. Many abstract companies during the past

few years have been forced to let their experienced people go and have not kept up their records. It has often been necessary when the banks called for abstracts for them to bring their records up to date, and sometimes this has involved the employment of inexperienced people. Thus, there has been some delay in furnishing abstracts, which has resulted in embarrassment to applicants and an increase of work in the banks. I am convinced, however, that on the whole the abstract companies have done their utmost to furnish abstracts promptly under the conditions that have prevailed.

Going back, now, to some of the points upon which I have touched, I wish to make some suggestions which I think worthy of your consideration. If the business of preparing abstracts of title is not one of the major industries of the country, it is, at least, one of general importance and one which vitally affects property owners in every part of the country. In sustaining the constitutionality of the abstracter's license law of South Dakota the District Court said: "The making of abstracts is a business or profession that requires special skill, accuracy, thoroughness, and legal knowledge and experience, on the subject of many and varied classes of liens, both private and public, including local, municipal, state and national, in the added number and increased governmental agencies now engaged in public and private business. . . . The importance of real estate in touching the lives of a great majority of our people, its basic relation to our homes and security for our future—is one of grave concern. Its importance can be assured only in this period of complicated business transactions by competent abstracting. In my opinion this law most vitally affects the public welfare and is subject to control by legislative enactment." I do not think the importance of the business is overstated by the court, and I assume that the enactment of the South Dakota Law had the support of the leaders in the business. I have no hesitancy in assuming, therefore, that what you cannot do by setting higher standards by discussion and agreement among yourselves, or by action of your national and state associations, you will be justified in attempting to secure by legislation.

One of the most important aims of those engaged in the business should be financial responsibility. A company or individual upon whose abstract of title a purchaser or lender parts with his money, should be able to make good losses resulting from errors in the abstract. A satisfactory bond or a deposit of adequate security should be required. On this subject a district General Counsel of the Farm Credit Administration recently wrote to me:

"I would suggest that the state association might incorporate and take measures to procure bonds for its members running to prin-

cipal mortgage companies, such as the Federal Land Banks, the Home Owners' Loan Corporations, Joint Stock Land Banks, insurance companies actively loaning, and any other large real estate mortgage corporation which may be operating in the state."

The highest standard of efficiency practically attainable should, of course, be sought either by self-regulation in the industry or by statutory requirements. The inexperienced, the incompetent and the unreliable in the business should be eliminated. There is little justification for the argument that they should be permitted to make a living in a business so important to the public. The South Dakota law provides for the appointment of a commission or board of experienced abstracters to determine the fitness of those engaged in the business.

There should be uniformity so far as practicable in the form and contents of abstracts in a particular state. Some measure of uniformity could probably be attained by study and consideration of title conditions in the state and by setting up certain standards to be followed by those who prepare abstracts.

By statute or by agreement any person who takes a deed or mortgage to property on the faith of an abstract should be able to recover for loss from the company or individual who prepared it, whether or not the abstract was purchased by the purchaser or lender.

Careful consideration should be given to the question of charges. It may seriously be feared that as public records become more voluminous the cost of abstracts may become "greater than the traffic will bear." Possibly a plan could be worked out by which, in furnishing abstracts for loans from agencies of the Farm Credit Administration or the Home Loan Corporation, charges could be proportioned to the amount of the loan. This particular question, I think, should have your serious consideration at this time when the National Government is by force of conditions engaging in businesses which have heretofore been handled exclusively by private industry.

In connection with this question of expense, I hope consideration may also be given to some simple and inexpensive plan for furnishing information from abstract records when an abstract is not required. In making production loans for small amounts which are to be repaid within the year, we would like to know promptly and at small cost whether the applicant has a deed to the farm upon which the crops are to be grown and what, if any, encumbrances there are upon it. This information might be furnished in the form of a brief statement, or, if we could secure references to recorded instruments, the records could be quickly examined by examiners or attorneys.

Possibly the whole question of evidences of title should be thoughtfully and carefully studied, from the stand-

point of the public, by the leaders among those who are engaged in the industry. They know more about it than any others can know. That real estate transfers—both purchases and loans—are too cumbersome and expensive is seriously charged by laymen. They hold abstracters and attorneys responsible. They say that to require, for reasonable safety, purchaser or lender to have an expensive abstract, employ a competent attorney, and then insure the title, without reference to the value of the land or the amount of the loan, places too great a burden on real estate transactions. Perhaps abstracters, attorneys and title insurance people should together work out a simpler and less expensive system. Perhaps the general use of title certificates furnishing both evidence of title and insurance may be the solution. Personally, I am not afraid of the Torrens System. I do not see why both those who rely upon certificates of registration and those who may lose an interest in land for want of notice of the proceedings, cannot be adequately protected. If the National Government can properly provide insurance for depositors in banks, why may not it or State Government provide protection for those who buy or lend money upon real estate, the principal basis of all wealth?

I realize that I have attempted to cover a great deal of ground and that I have covered it very inadequately. I do not doubt that if I knew more about the abstract business I would have omitted much that I have said. I hope you will believe that I have not intended to indulge in any general criticism of those who are engaged in the business. I have tried only to bring to your attention some thoughts that have grown out of my own work and which I have heard expressed by others in the Farm Credit Administration.

I thank you for the privilege of discussing this subject with you and assure you that you will find the officials of the Farm Credit Administration and their assistants willing and anxious to work with you to solve the common problems in which you and we are interested.

Abstracters Section

John E. Morrison, of Joliet, Illinois,
Chairman, Presiding

Report of Chairman

JOHN E. MORRISON
Will County Title Company
Joliet, Illinois

At the 1933 Convention of the A. T. A., most of the time of this Section was devoted to consideration of the question as to whether or not the title business should draft a code and operate under the provisions of the National Recovery Act and, as will be recalled, a Committee was appointed to

cooperate with the Code Committee of the National Title Association. The Chairman of this Section served on both of the committees and the major portion of this report will be devoted to the development of the drafting and submission of a code, together with subsequent actions which caused the Board of Governors, when the matter was laid before them, to make the decision suspending all action with reference thereto.

The Code Committee held two meetings, the first of which, after a four day session resulted in the draft of a code which was submitted to the Government Administrator and of which you all received a copy. This code was unsatisfactory to the Administrator and subsequent changes and amendments failed to satisfy the Committee. At the last Mid-winter Conference the Committee reported to the Board of Governors and as a result the following resolution was adopted:

"NOW, THEREFORE, BE IT RESOLVED, That the Officers of the Association are directed to respectfully petition the National Industrial Recovery Administration for leave to file a brief, and to have a hearing for determination of the question whether the title business comes under the provisions of the Industrial Recovery Act."

"RESOLVED, That no action shall be taken by the Officers of the Association to carry out the provisions of the resolution just adopted until they have first obtained the written opinion of disinterested counsel to the effect that the business does not come within the provisions of the National Recovery Act. If the opinion of counsel is to the effect that the business does come within the National Recovery Act, that the Code as amended by the Board of Governors at the February 1st and 2nd, 1934, meeting be filed as the Code for this business.

That if the opinion of the counsel is to the effect that the business does not come within the National Recovery Act, that the provisions of the resolution be carried into effect to obtain final determination by the highest authority of the National Recovery Administration.

That if that decision is adverse to our request, that the Code Committee, acting under advice of counsel, be authorized to take such action as it may deem proper, including the power to file the Code as amended at the February 1st and 2nd, 1934 meeting."

"It was moved, seconded and carried that the Code Committee therefore appointed be discharged with the thanks of the Board for their valued services. It was further moved that a Committee of five members of the Association be appointed by the Chairman, of which Committee the President of the Association shall be Ex-Officio, a member, and that this Committee shall be hereafter known and designated as the Code Conference Committee, that said Committee shall

be charged with the duty of securing the approval by National Recovery Administration of the Code as revised today, if and when said Code is filed, and shall appear at any conference and hearings as may be held or called on said Code, or on any other Codes purporting to affect this business, and shall use every effort to secure the adoption of this Code in the form as approved today by this Board."

In pursuance of the above resolution, the Chairman appointed the following Committee:

Henry R. Robins (Pennsylvania),
Chairman

H. Laurie Smith (Virginia)

Porter Bruck (California)

William Gill (Oklahoma)

J. E. Morrison (Illinois)

Arthur C. Morriott, President, Ex-Officio.

The matter was referred to Counsel for a legal opinion, pursuant to the resolution recited above. On March 9, 1934, we received a twenty page opinion, discussing the subject exhaustively, and concluded with the following statement:

"Disregarding general objections to the act, and confining myself to the title business, it is my opinion that action by the President under the applicable provisions of the National Industrial Recovery Act, in reference to the title business, would be without legal effect because: (1) The business is of an intra-state nature and does not affect the interstate commerce according to existing judicial interpretations; and (2) The title business is not, nor does it involve 'commerce' within the meaning of the commerce clause of the Constitution, so as to make it subject to Federal regulation."

During the time that he was giving the matter consideration, many conferences were had with the representatives of the National Recovery Administration, who were most pleasant and cordial in all their relationships with the Committee. At the first conference, permission was given to the Committee to submit the matter to disinterested counsel for a legal opinion, pursuant to the resolution of the Association. During the several discussions, the following facts were definitely ascertained:

1. That under no consideration would the National Recovery Administration permit to be included in the Code, any clause or provision providing for the establishment and enforcement of a schedule of rates or fees, nor any provision including a merit clause regarding the employment, advancement, or discharge of employees.

2. That the American Title Association, or its representatives, would not be entrusted with the Code enforcement unless its membership be thrown open to all parties in the business, including so-called curb-stoners.

3. That the problem in connection with lawyers would have to be worked out in some way to make a Code applicable to them as far as their business

might include title activities. This question gave birth to considerable difficulty, and many suggestions were made and discussed, but neither of the parties could arrive at any conclusion as to how to cover this point.

Subsequent to the receipt of the opinion in question, the Committee notified the Deputy Administrator in the Real Estate Section of the National Recovery Administration of the conclusions arrived at as stated, and that in view of all the facts, no further steps would be taken to place the title business under a Code. At the same time that such formal notice was given, the Chairman of the Committee got in touch personally with one of the representatives of the Department and stated that he was willing to continue further discussions should the Administration so desire. No further word was heard from the National Recovery Administration until receipt of a letter dated June 25th, 1934, from the Deputy Administrator of the National Recovery Administration referring to our conversations and correspondence of last February, March and April, and stating that the Administration had been giving a great deal of thought to a proposed Code for the Abstract and Title Industry, and that in the light of recent developments, they question whether it is wise to consider going any further. He stated further that it is "Their considered conclusion that the best interests of all concerned will be served by foregoing any further acting on the proposed Code for your industry. We believe that the sound course to follow is to continue to rely upon the P. R. A. for preservation of the minimum labor standards now in existence. While we do not stand irrevocably committed to this course, any change from this attitude could only be affected by the submission of convincing facts that a different course on the part of the National Recovery Administration is essential to the public welfare. Abstractors and title companies should use the Blue Eagle which they are authorized to do by continuing under the P. R. A. or by signing and living up to that Agreement in case that has not already been done."

It would seem that all matters relating to a Code, can now be considered closed.

Next in importance have been the activities of the various Governmental Agencies with reference to Government financing, particularly with reference to the HOLC and the Federal Land Bank activities. Your Chairman has been in constant touch with Mr. Marriott, Mr. Sheridan and others with reference to these important matters and through the medium of the regular bulletin of the A. T. A., you are familiar with most of these activities. There is little that can be added at the present time.

These activities will provide a fruitful source for discussion and for that reason I will pass over them without

comment, reserving the subject for development on the floor.

This report would be incomplete without mention of the importance of regional meetings within the States as a means of developing harmonious ideas along the line of these Governmental activities. Uniformity in ideas, products, prices, etc., being exceedingly important, I hope for considerable discussion of the value of these meetings.

This Section could be of far more service to the members if a co-ordinated method of forwarding information, suggestions, questions, etc., to the Chairman could be devised. I find that while I am quite familiar with conditions in my own State and to some extent in the neighboring States, I am quite at sea with reference to those in distant States, solely because I have no means of knowing what their problems are, it being impossible to contact various communities, districts, companies, etc., unless the initiative comes from the individual.

Mr. Sheridan has done a great service in his regular monthly bulletins. A section of the bulletin could well be devoted to each section in the Association providing it was set up in some more or less standardized manner with the Chairman of each Association having some means of contacting members of his own group so that the bulletin could be of general interest and not of local interest.

There is no set program for this meeting. The greatest good will come from hearing the views of the members here present with a round table discussion of questions which may be raised from the floor.

Concluding this report, I want to thank the members of the Association for their co-operation during the year, the work has been enjoyable, of much interest and I hope of some value to the members.

Discussions

THE CHAIRMAN: "I think that this section could be of very great use to the Association, providing there are means for contact with the whole membership. I find this to be the case with myself—that while I was rather familiar with the affairs of my own state and those of surrounding states, I knew nothing whatsoever about more distant localities and those communities where we do not have the ordinary means of contact, through business inter-change, etc. I think that the regular monthly bulletin, if it should contain a page or two edited by the chairman of the Section, it would be of considerable value and I have so recommended to the Board of Governors and it will have consideration during the coming year.

"Beside this report which I have submitted I think the members of this section should be acquainted with the important recent developments so far as the HOLC and Federal Loan Bank activities are concerned. I met with Mr.

Russell, General Counsel of HOLC, together with others who sat in with a committee of the board of governors of the Federal Loan banks all yesterday afternoon and it strikes me that there are matters in the air today which are of vital importance to the future of the business.

"In the first place concerning HOLC situation—you may think that this is a temporary development for emergency purposes only. However, it is possible that there will be further funds appropriated. Mr. Fahey has stated that if private loaning agencies will not take on the business there may be further appropriations of a billion and a half. Mr. Russell stated that he is inclined to believe Congress might make HOLC a permanent organization.

"The Federal Land Banks have been dissatisfied with title service rendered in some parts of the country and appointed a committee some three or four months ago to consider the title business and to report back at their next meeting. Members of that committee have been at this convention and a committee from our Association met with them yesterday. They very definitely stated what they have in mind and it is this:

"They would like to secure a uniform coverage over the entire U. S. We discussed with them the possibility of organizing a Super insurance corporation. If that were impossible, the next thing that they would consider would be coverage for each regional district of the twelve regional land banking districts to work it out through cooperative efforts with existing title companies in those districts. They state they have \$100,000,000 worth of business a year in titles and they are offering it to us providing we can take care of it."

The Chairman appointed the Nominating Committee.

The Abstractors License Law in the Courts

R. G. WILLIAMS

*President, Southwick Abstract Co.,
Watertown, South Dakota*

To the Members of the American Title Association:

It is with the deepest regret that due to the time required to make the trip, I am unable to be present at your convention, and give this report in person, therefore, I am asking Mr. Sheridan to read it to you, and trust that it will prove of interest.

It is perhaps a little premature to give this report for the reason that the suit, on which the report is based, has been appealed to the Supreme Court of South Dakota, and has not as yet been finally settled. However, we have won the first round in the Circuit Court, and the judgment in that Court was so favorable, and briefs submitted by our attorneys were so conclusive, that we feel confident that the Supreme

Court will uphold the decision of the Circuit Court.

Mr. Sheridan has asked me to review briefly the facts in this case. I feel that his letter of October, 1934, mailed to all members contains perhaps as full a report as I can give, but I may be able to add something to the letter sent out by him. The Abstract License Law was enacted in South Dakota in 1929, and went into effect on July 1, of that year. Section 1 of this act reads as follows:

"Section 1. Abstract Records Required. Any person, firm or corporation desiring to engage in or continue the business of making and compiling abstracts of title to real estate within the State of South Dakota, shall have for use in such business a set of abstract books or set of indexes, or other records showing in a sufficiently comprehensive form all instruments affecting the title to real estate which are of record or on file in the office of the register of deeds of each county wherein said person, firm or corporation seeks to engage in compiling abstracts of land titles and shall first obtain a certificate of registration, file the required bond, and comply with the other requirements hereinafter provided, save and except as may be hereinafter expressly provided."

Under the provisions of certain "grandfather's" clauses in the law, every abstractor who was in business in South Dakota on July 1, 1929, and who made the regular application to the Board, was granted a Certificate of Authority to continue to make abstracts in this state.

The Section 1 which I have quoted above applied to all new abstractors, either individuals or corporations, who desired to enter the business subsequent to 1929, and the Board has held that the provisions in that section requiring a set of abstract records was the first thing to be considered in the issuance of any new license.

Under the provisions of the "grandfather's" clause in our law, a certain abstractor at Winner, South Dakota, was granted a license in 1929. He was presumed to know the new law and to know that any abstractor wishing to engage in the business in the future would have to have a complete set of records, but from July 1, 1929, to January, 1934, he had made no attempt to compile any set of records or indexes.

In January, 1934, he died, and the license issued to him individually was automatically cancelled.

His widow and son, and the young lady who had been employed in his office immediately secured articles of incorporation under the name of the Abstract Company, employed attorneys and made demands on the board that their company should be licensed.

The necessary blanks were mailed to them and were returned properly filled out, together with a bond and a check covering license and examination fees.

The board advised them that they

would be given a hearing at Sioux Falls in February and at said hearing all of the board members were present, as were all of the members of the new corporation, and their attorneys. In their application and in the testimony given at the hearing, it was admitted by them that they had no set of records as required under the law, but that they were preparing such a set of records; that they had filed their bond and were ready to take the examination required under the law.

After the hearing was completed the Board rendered its decision denying their application on the ground solely that their set of records was not such as to comply with the provisions of Section 1 of the law, and unofficially we advised them to continue their efforts in completing their set of records, and that, as soon as that was done, we would be glad to grant them an additional hearing, and, if they were successful in the examination, would issue the license asked for.

I would say this was a very hard decision for the Board to make for the reason for the sympathy angle came into the picture and it seemed as though the Board was depriving the widow of the advantages of the business built up by her husband in years past.

But if her husband had been a doctor, or a lawyer, or a dentist, his license to practice could not have been transferred to the son or to anyone else in case of his death, and all that could have been transferred was the physical value of his office equipment. We felt that this was all that her husband had to transfer, and as he had no set of records, the physical value of his business was nothing.

Some time after the hearing above mentioned was held, the members of the Board were served with a Writ of Mandamus, issued out of the Circuit Court of Tripp County, requiring that they either issue the license denied at the hearing, or appear before the Court on March 8, to show cause why same was not issued. We immediately took this matter up with the attorney general of South Dakota, and he assigned to us one of the most able assistants on his staff.

We felt that the matter of the constitutionality of our law was too important, not only to us, but to the abstractors of other states who might secure similar laws, to present our case to the court before we had done everything possible in securing all the legal advice we could on the subject.

We were fortunate in having in the state a man who had been an attorney general of the state and who is well versed in constitutional law and who was also the owner of one of our abstract companies. The attorney general's office was very considerate in allowing us to have this abstract attorney, Mr. Q. M. Sharpe, sit in with them in the preparation of our defense.

The hearing on the Writ of Mandamus was held at Winner, on March

8, and was attended by two members of the abstracters Board of Examiners. By Mr. Drewry of the attorney general's office, by Mr. Sharpe, and also by the plaintiffs and their attorneys. The attorneys for the Board filed their answer with the Court and the Court immediately indicated that there seemed to be no question of fact to be decided, and that no testimony would need to be introduced. He indicated that he would ask for written briefs in the matter, and by agreement, the attorneys made no oral argument and agreed to the time in which the written briefs would be submitted.

The attorneys for the Abstracters Board made a very thorough search and study of all cases which might affect this case in any manner, and when they had finished, their brief covered sixty-five pages, and was probably as comprehensive a brief as has ever been made affecting the abstract business.

The Court did not render its decision until July 21, 1934, and at that time held with the Abstract Board, and denied the Writ of Mandamus.

The letter written by the judge in this case to the attorneys at the time Findings of Fact and Conclusions of Law were signed was printed in full in the letter sent out by Mr. Sheridan, but I would like to call your attention briefly to certain parts of the judge's opinion. With reference to the contention of the plaintiff that part of the law requiring a set of records is unconstitutional, the Court had the following to say:

"The law provides for certain records and equipment, under certain conditions, before the applicant may take the examination. Whether this part of the statute is wise or unwise, is a question in which the courts have little concern. It is a question upon which the Legislature of this State has exercised its judgment. In my opinion, it is a wise and beneficial provision touching and affecting the public welfare to the best interest of the public.

To the plaintiff's contention that the law creates a monopoly, the Court has given as his opinion the following:

"Plaintiff contends that this act is enacted for the benefit and profit of the abstractors and tends to create a monopoly. It is true that any license law gives certain benefits and emoluments to the license holder. Certain qualifications, legal restrictions and responsibilities are imposed upon him. These conditions are true of all license statutes. The charge of monopoly might just as well be said of doctors, lawyers, dentists and many others that the legislative acts have, in their best judgment, created for the benefit of the public health, peace and welfare. To plaintiff's theory that the purpose of this law is to create a monopoly I cannot subscribe. The importance of real estate in touching the lives of a great majority of our people, its basic relation to our homes and security for our future is one of grave concern. Its importance can be assured only, in this

period of complicated business transactions, by competent abstracting. In my opinion, this law most vitally affects the public welfare and is subject to control by legislative enactment."

After this law came into the Courts for a test as to its constitutionality, we found that it had been rather loosely drawn in several particulars, and any other state intending to enact a similar law should be advised of certain changes which should be made. In the first place Section 1 of the law, which I have set out in full in this report, should be so amended as to leave no question as to just what is meant by the words "a set of abstract books or set of indexes or other records showing in sufficiently comprehensive form all instruments affecting the title to real estate which are of record or on file in the office of the Registrar of Deeds." This wording, as you will notice is rather indefinite, and with the vast number of different systems in use even by companies having complete title plants, it would be well to have this a little more clearly set out.

In our law a bond is required before the abstractor can enter business, and the wording in the section covering the bonding provision is so confusing that at the present time, personal bonds are filed with the County Auditor of the county where the abstractor is located while the surety bonds are filed with the Secretary of the Board. This should be changed so that all bonds are on file with the Secretary of the Board.

In the case under discussion the plaintiffs expressed their willingness to take the examination required, and because they were willing to take this examination, the Court held that they could not attack the constitutionality of the law under this provision. He did, however, express the belief that this was the weakest point in our present law, and had the following comment to make on this provision:

"To me, plaintiff's challenge of the part of the statute, which provides that the Abstractor's Board shall give and require an examination of each applicant, without setting forth any standard, for such examination, is the most serious and vexatious, question raised in this action. The making of abstracts is a business or profession that requires special skill, accuracy, thoroughness and legal knowledge and experience, on the subject of many and varied classes of liens, both private and public, including local, municipal, state and national, in the added number and increased governmental agencies now engaged in public and private business. Certainly such an examination is needed for the public welfare, for in no other way can the applicant's fitness be determined. Though no legislative standard has been prescribed, yet the quasi judicial board is empowered to give such examination. This board is chosen from abstractors. Are presumed to know what qualifications are required. Are presumed to be fair and

impartial in prescribing the standards for such examination and conducting the same. Should this Board through bias, prejudice or caprice, be unjust, unfair, or arbitrary such acts would surely be amendable to review by the courts, even though no appeal therefrom is provided by the state."

While there may be minor defects in the law as now enacted, we know that it is fundamentally sound, and we are confident that the Supreme Court will affirm the judgment of the lower court.

DISCUSSION

Considerable discussion followed on points of interest to members of the section. Prominent among these was the matter of effecting collection of accounts from agencies of the Government. In the case of HOLC, it was the consensus of opinion that a good policy to follow would be to accept an order only when signed by a duly authorized agency of HOLC; that it would be well to secure from the State Manager of HOLC a list of those authorized to sign such applications, and that strenuous efforts should be made to put all these accounts upon a weekly or semi-monthly basis, somewhat along the lines suggested in the report of the Secretary appearing elsewhere in these proceedings.

Business Session

Title Insurance, Legal and National Title Underwriters Sections—Joint Session

WEDNESDAY, OCTOBER 31ST, 1934
E. B. SOUTHWORTH, Chairman
Title Insurance Section

Executive Vice-President, Title Insurance Company of Minnesota, Minneapolis, Minnesota.

FRANK I. KENNEDY, Chairman
Legal Section

President, Abstract & Title Guaranty Company, Detroit, Mich.

H. LAURIE SMITH, Chairman
National Title Underwriters Section
President, Lawyers Title Insurance Corporation, Richmond, Virginia.
Mr. Southworth presiding.

Report of Chairman Title Insurance Section

E. B. SOUTHWORTH

Executive Vice-President, Title Insurance Company of Minnesota, Minneapolis, Minn.

Members of the Title Insurance Section:

I regret to report that the action of this Section during the past year has been largely one in which we have been more on the defensive than the offensive, due to the failure and consequent

closing of some few of our brethren who, in addition to insuring titles, also guaranteed the payment of mortgages. As a result of these instances, title insurance has nationally suffered a material setback.

Your Chairman made a trip during the month of January to most of the larger insurance companies throughout the country in an effort to ascertain their reaction to title insurance in general, and as a result of these various conferences, it was ascertained that as a general proposition companies operating over a limited field, without mortgage affiliates and with a fair financial statement, would be the recipients of most of the insurance business which these other companies had formerly enjoyed. You will notice that various exceptions have been made to my general statement. In practically every instance I was informed that where a title insurance company also guaranteed the payment of mortgages that they would not be considered acceptable by the insurance companies. I also found that there was a decided prejudice against companies operating throughout large areas due to the fact that the insurance companies did not feel that a title insurance company is in a position to properly service a litigation where the property was located hundreds of miles away from the territory in which the company operated. I believe this should be given careful consideration every company doing a national or more than a sectional business. The opinion was expressed, not once, but several times, that where a life insurance company purchased title insurance they did not care to rely solely upon the financial status of the company insuring the title, but, in addition, felt that the care with which the title company performed its labor was fully as important as the financial security, and the personnel of the company was also considered of great importance. In other words, the reactions of the companies is to look to each company, consider its financial status, the members of the examining staff and the heads of the company, rather than to go blindfold on merely expecting title insurance policies from any title company that may be existent in the territory. And the examination of such companies will be made far more carefully in the future than they have been in the past. In fact, I believe that title insurance has, through the failure of the companies before mentioned, suffered a most severe setback, and it is up to us to develop a feeling of confidence in our companies among these users of title insurance.

It is my belief that sometime during the course of each year title insurance officials can afford to make a personal call on most of the companies that are using title insurance. You will find that when you call on these companies they will meet you in a very friendly spirit and will discuss their difficulties with you and many a small incident of relatively small importance has cost business for title companies, which

business could have been saved if the title company had discussed the matter over with the insurance companies, not through correspondence, but through a personal interview. I ran into difficulties existent between various title companies and insurance companies which, to my mind, were so trivial that there was no basis for misunderstanding and yet, this misunderstanding had become a mountain causing hard feelings on both sides. For example, let me recite an incident which has cost a certain title company an average of ten thousand dollars per year for the last eight years. In 1925, a certain title company became worried about probable income taxes which might be passed by their Legislature and so in all their mortgage policies they inserted a clause which they felt protected them against the consequence of any such law. This clause was typewritten into the policy. An insurance company buying mortgages received the policy and sent it back. This insurance company was located in a different State. The question as to the possibility of such a tax being levied on the interest accrued from the mortgage was most remote, in view of the foreign origin of the company. Also it is certainly my opinion that the clause was unnecessary inasmuch as a title insurance policy does not protect against future legislation which may be passed, and thus cause tax burdens not existent at the time of policy issuance. However, this Company insisted on inserting this clause. A bale of correspondence was passed between the two companies. The title company finally prevailed in having this clause inserted in the policy and from that time on never issued another policy to this particular insurance company. In my opinion, when the first rift appeared it would have been most advisable for the officials of the title company to hop on the train and go to the office of the insurance company and talk the matter over as individuals and not as companies. When you are writing an insurance company you are a company, but when you are talking to a man over his desk you are an individual.

I believe it rests with the members of this Section as to whether or not title insurance is successful from now on and I believe that success is going to be determined by our cultivating our customers in such a way so as to make them feel that they can sit down and write to some member of our company in a personal manner and with some knowledge of the man to whom they are writing. Our old idea of long distance correspondence will not accomplish this result.

I have not touched upon the use of title insurance by the Home Owners Loan Corporation as there is no apparent uniformity, except that the general idea appears to be to give business to lawyers rather than to title insurance companies. I believe that as a general proposition this rule also applies to the Federal Land Banks. How-

ever, our company has received a certain amount of title insurance but the business of the Home Owners Loan Corporation is mostly on the basis of attorney's opinion and abstract in the Northwest.

I thank you.

Report of Chairman Legal Section

FRANK I. KENNEDY

*President, Abstract & Title Guaranty
Co., Detroit, Mich.*

To the Members of the American Title Association:

The year 1934 is an off-year with most state legislatures and so we have not had to consider the biannual flood of legislation that emerges from the hopper when most of the state legislative bodies swing into action. This has been a relief, since I gather from correspondence with most of the members of the Section that they are still busy trying to catch up with the various pieces of state and national legislation produced in 1933.

However, one act has been passed by Congress and two decisions have been handed down—one by the United States District Court and one by the United States Supreme Court—which will be of general interest.

The Act of Congress to which I refer was approved June 28th, 1934, amending the bankruptcy law by adding a new sub-section (s) to Section 75, entitled, "Agricultural Compositions and Extensions." This sub-section, in general, provides for a five year moratorium in the enforcement against farmers of mortgage and other liens. It is better known as the Frazier-Lemke Farm Relief Act.

The act in substance provides that a farmer, having filed a petition under Section 75 for composition or extension of his indebtedness, who fails to obtain the approval of his creditors, may amend his petition or answer asking to be adjudged a bankrupt, and at the first hearing thereafter may petition the court that his property, whether encumbered by liens or otherwise, be appraised; that his exemptions be set aside and that he be allowed to retain possession of all or a part of his property under the conditions provided in the act. After the value of the property shall have been fixed by appraisal, and the debtor's exemptions set aside, the referee is to enter an order that the possession, under the control of the court, of any part or parcel or all of the remainder of the debtor's property, shall remain in the debtor subject to a general lien, as security for the payment of the value thereof to the trustee of the creditors, and "shall be subject to the payment of the claims of the secured creditors holding such prior liens, pledges, and encumbrances UP TO THE ACTUAL VALUE OF SUCH

PROPERTY as fixed by the appraisal" provided for in the act.

There is further provision for a sale of the property to the debtor upon a partial payment plan, with the consent of the lienors, but, if a secured creditor objects to the sale, then the court "shall stay all proceedings for a period of five years, during which five years the debtor shall retain possession of all or any part of his property, under the control of the court, provided he pays a reasonable rental annually for that part of the property of which he retains possession.

The act further provides that at the end of five years or prior thereto, the debtor may pay into court the appraised price of the property. The lienholder may have a reappraisal, if he so desires, and the debtor may then pay the reappraised price, if acceptable to the lienholder, or, otherwise, he may pay the original appraised price, and thereupon the court, by an order, is directed to turn over full possession and title to the property to the debtor and he may apply for a discharge as provided for by the act.

The Frazier-Lemke act was before the court in re Bradford, Jr., U. S. Dist. Ct. Md., September 19, 1934, upon the petition of the debtor to stay proceedings in a mortgage foreclosure in a state court which had taken jurisdiction of the foreclosure on April 17, 1934. The petition of the United States District Court was filed on July 17th, 1934.

The opinion of the court, which is well worth reading, is too long to be summarized here except to say that the court held the act unconstitutional insofar as it applies to the mortgage creditors of farm property and found, further, that since the state court of concurrent jurisdiction had already assumed jurisdiction of the foreclosure, the stay of foreclosure could not be granted.

The Supreme Court decision to which I refer is the case of Home B. & L. Association vs. Blaisdell, 290 U. S. 398, better known as the Minnesota Moratorium case, handed down January 8th, 1934.

It will be recalled that the Minnesota Mortgage Moratorium Law and the similar Michigan law, provided for extending moratorium relief to the mortgagor upon payment by the mortgagor of what amounted to a reasonable rental value, as determined by the court. It was contended by the mortgagee that the act was unconstitutional and constituted an impairment of contract. This contention was overruled in a five-to-one decision written by Chief Justice Hughes, Mr. Justice Sutherland filing a dissenting opinion for the minority, holding the act unconstitutional and beyond the police power of the estate.

Next year will no doubt result in an attempt to continue much of the emergency legislation adopted by the state courts two years ago.

Report of Chairman National Title Underwriters Section

H. LAURIE SMITH

President, Lawyers Title Insurance Corporation, Richmond, Va. Co., Kansas City, Mo.

Mr. Chairman, Ladies and Gentlemen:

I haven't any paper, I'm really pinch-hitting. The program is in error. I am not Chairman of the National Title Underwriters Section; Mr. William H. McNeal was the Chairman elected at our last annual convention. Within a very few weeks after that, Mr. McNeal went with the HOLC and was no longer in position to function as chairman. Because I have undertaken to carry on some of the work, I was asked to be here in a pinch-hitting capacity.

I think the report of the National Title Underwriters Section can be limited by the statement that what has been achieved during the past year has been the result of the efforts of individuals rather than any concerted effort. Because of the disorganization of the Association by the absence of the Chairman, I do not have any information or report on all of the activities of the Association, I can only speak of such as has come to my attention.

I have in mind the fact that although Mr. McNeal went with the HOLC, nevertheless his heart was still with the American Title Association, and in my opinion he has, during the past year, by bringing to Official Washington a sympathetic and understanding point of view, rendered one of the finest services to the title industry that has been rendered in my recollection—I therefore consider that Mr. McNeal has done what I regard as a very great and a very fine work for the Association.

I have in mind that Mr. Charles H. Buck, of Baltimore, has done some very fine and effective work in contacting various governmental loan agencies, particularly the land bank situation.

Mr. Lionel Adams, of New Orleans, has also done considerable work and good work, in that direction.

And as a pinch-hitter and being quite accessible to Washington, in such a capacity as I could I have tried to do something for the title industry—not merely the title insurance end but the organized title industry.

I think all of us were very keenly disappointed that after being on starvation rations for about four years, when business did become available through the HOLC and better land banks, in some instances the established and recognized sources of title evidence in the community were not necessarily recognized by those Government loan agencies. I think all of us who have had an opportunity to contact officials in Washington have labored with a view to correcting that situation, believing—as we firmly do—that the American Title Association is

representative of the responsible title people in the various parts of the country.

For my own part, I can only report that I have either been in Washington myself or have had a representative there contacting officials of various governmental loan agencies or governmental agencies on an average of about two days a week for the past year. I am hopeful that perhaps some good has come of that work and that some future good may come of it. Whether that is true or not, I think we have all got to recognize that not only for the present but for sometime to come the Government is going to play a very important part in our business, and it is not only the HOLC or Federal Land Banks or Federal Housing Administrations that are to be considered but there is a lot of business through the industrial loans being made by RFC and through the Federal Reserve.

A lot of good can be accomplished by missionary work. In one Federal Reserve district, I happen to know that the counsel was induced to promote regulations which are quite favorable to established title industry. In other words, I think all the political element is eliminated. It means, certainly, a very considerable volume of business. I know that at one time we had as much as \$1,000,000.00 worth of loans pending, and in the last year we had \$1,000,000.00 worth of loans for one customer pending.

The PWA is a very considerable source of business and I think much good can be accomplished by further missionary work in that field, the rehabilitation projects. I mean this idea of taking worn out lands and converting them into industrial playgrounds or park systems as a source of considerable abstract business, although at present it does not seem to be a very considerable source of title insurance business.

The national park projects seem to offer a further source of abstract, and possibly title insurance business, and certainly the people in Washington in charge of those various departments have had ample opportunity to consider the fact that title insurance is the best evidence of title, and that the American Title Association and the various state associations represent the best sources of title evidence.

Advertising By Title Insurance Companies *Its Needs and Results*

JOHN HENRY SMITH

President, Kansas City Title & Trust Co., Kansas City, Mo.

When we talk about advertising we are stepping into a rather broad subject. It is almost as large as civilization itself. When we confine advertising to the title insurance business it

is still a big subject because there are numerous channels of advertising and a good many ways of using each individual medium.

The Kansas City Title & Trust Company has been a consistent user of advertising space ever since the company was organized in 1915. I was a believer in advertising then and I am a stronger believer in advertising now, after nearly twenty years' experience. Certain it is that when we are advertising there is a marked improvement in business and when we stop advertising for a period our business is "not so good."

Twenty years ago Kansas City was a community in which abstracts and lawyers' opinions were used exclusively. Today lawyers' opinions are still used considerably but the business of insuring titles is also well established. Policies of the Kansas City Title & Trust Company are in general use protecting owners of office buildings, industrial plants and other business properties, mortgage investments, city homes and farms covering a wide area.

The officers and directors of our company believe that advertising is entitled to credit for the prompt and general acceptance of title insurance in our territory. Without diligent advertising we might be devoting a lifetime to giving fine service without ever attaining a profitable volume of business.

In the title insurance business we seldom ever know who our prospective customers are. Generally there is no way to solicit their business individually with salesmen or by mail. This makes it necessary for us to canvass the public en masse. We must sell the rank and file of people because almost anyone may contract to purchase a piece of property or make a real estate loan, thus needing the protection we have to offer.

Our policy, therefore, is to use newspaper advertising. The daily newspapers of Kansas City reach practically every city reader and have wide circulation over the states of Missouri and Kansas. This is no reflection upon other publications or upon outdoor or radio advertising. They are quite meritorious, too, but our appropriation is not sufficient to embrace the whole advertising field. We are obliged to concentrate our expenditures, thereby exerting sufficient force in one direction to put our service on the map. If we were to scatter our advertising, doing a little here and a little there, we could spend a great amount of money without making any impression on the public whatever.

Success with advertising, in my opinion, requires courageous and persistent investment of money. Unless one is selling merchandise at cut prices or making an otherwise startling announcement the long-pull type of advertising is essential. To say that a little advertising will do a little good in our business sounds logical but it certainly is erroneous. I believe that a little title insurance advertising is ut-

terly worthless. I believe that there is a dignified minimum below which advertising investments are ineffective.

We follow the practice of buying our advertising. This is vastly different from permitting advertising to be sold to us. After we have determined our needs we plan our course and then follow it with grim determination. We shut our ears to all arguments about one-time "shots," to all special editions and to all the numerous solicitations for so-called advertising that in reality are appeals for contributions.

The amount of advertising necessary to make an impression on the public depends upon the line of business involved. Fortunately for us in the title insurance business the amount is comparatively low. We are in a line of work whose advertising is more reciprocal than competitive. It takes considerably less advertising, for instance, to sell title insurance than it does to sell cigarettes or automobiles or gasoline.

Lawyers are not advertisers. We have the field to ourselves. We estimate that ten inches of space each week in each of our daily papers is sufficient for us, provided this schedule is continued throughout the years. More space than this does the job better but less space, we believe, will not do it at all.

Now, in order to make advertising pay, something more is required than money and the courage to spend it. I refer to the preparation of advertising copy. Weak or unfortunate statements in advertising are either a waste of time and money or they are destructive. The best advertising is the most profitable. We think we know the title business but we can hardly regard ourselves as advertising experts. Consequently we employ counsel for advertising the same as we employ counsel for law suits. For nearly twenty years our advertising has been written and our public relations handled by a first class advertising agency. Each advertisement is tailor-made to fit our business and to meet the problems that confront us from week to week.

This arrangement, however, does not enable us to wash our hands entirely of the advertising job. As President of the company I hold a conference once or twice every week with our advertising man. I often give him the rough material from which he writes his copy. This material consists of facts obtainable from our records, news about real estate deals, suggestions of directors, criticisms from lawyers, comments from customers about our service, suggestions from employees or social acquaintances and so forth. There is a wealth of advertising material in every title office. The job is to recognize it and to whip it into shape for the public—that takes advertising talent.

A file of the company's recent advertising may be seen here at the convention.

You never know when or from whom

a good advertising suggestion will pop up. For example, one of our directors casually remarked to me one day that **title insurance is the only guaranteed protection against real estate title losses.** Now we all have known that for years and yet to my knowledge no one before ever put the fact in just those words. I promptly relayed the statement to our advertising counsel and he lost no time in capitalizing on it. He has used the expression repeatedly in our advertisements. It is an incontrovertible statement, therefore one to which lawyers can make no objection.

There is always a certain amount of competition between our good friends at the bar and our title insurance department. Now and then we hear indirectly of unfavorable and untrue remarks of attorneys about our service. One that particularly annoyed us recently was to the effect that our policyholders were obliged to defend themselves when their title were attacked. We replied to this in an advertisement which read as follows:

When titles are attacked our policyholders simply notify us. Attorneys for the company immediately defend the titles in whatever courts suits are filed, at no expense to policyholders. No policyholder of ours ever needs to employ counsel or even to appear in court, except sometimes as a witness.

We endeavor to use certain facts about our business which we believe will interest the public and at the same time create confidence. On one occasion our advertisement carried this remarkable statement:

Sixty-eight million dollars in cash has been received by us and distributed through our escrow department for the purchasers of real estate or mortgage loans.

This fact, brought to the attention of a brewer who was purchasing a valuable site in Kansas City for a new plant, convinced him that we should close his deal.

The public sometimes forgets that the title company, as well as law firms, is supplied with competent legal talent. In one of our advertisements we published the following reminder:

Our general counsel has practiced real estate law exclusively for more than forty years. You get the benefit of such experience when your real estate deals are closed by this company.

Our office handles a good many orders for insurance on out of town titles. One reason for this is that local attorneys do not investigate outlying titles as we do. This fact seemed worthy of publication in an advertisement reading as follows:

Our examiners are travellers. Upon receipt of an application for title insurance we first examine the abstract, then we send an examiner to check the records at the court house in the county where the land is situated. This practice is followed no

matter how far distant the property may be.

Backing up this advertisement was another showing specifically how much outside territory we were covering. Among other statements was this:

Our examiners have been in 72 counties in Missouri and in 38 counties in Kansas.

In addition to newspaper advertising we publish a general line of booklets, pamphlets, rate cards and the like for use in answering inquiries by mail and for handing out over the counter.

Throughout our advertising we are mindful of the welfare of the title insurance business as a whole. The more effective we are in establishing our business the better it is for title insurance companies in other sections. When a man from Los Angeles buys real estate in Kansas City he doesn't have to be sold a title policy. He wouldn't have anything else because in his neighborhood title insurance is used exclusively. So it is with one of our customers who may be investing outside of our field of operations. He is accustomed to guaranteed protection and therefore he applies immediately to the nearest title company for service.

Those of you who are not advertising benefit, nevertheless, from the advertising of other companies. You can reciprocate and at the same time feather your own nest by inaugurating a constructive advertising program.

Advertising by Title Insurance Companies

PAUL PULLEN

*Manager, Advertising Department,
Chicago Title & Trust Company, Chicago, Illinois.*

I am not unaware that an advertising man is looked upon by many title men as a pariah and that this opinion is shared by some others in the financial field. And perhaps this feeling is not strange, considering the crimes that have been committed in the name of advertising. I think the general attitude is well expressed by the old vaudeville gag which used to get a wheeze out of Palace Theater audiences a few years ago. It goes like this:

Bill: "Are you workin' now, Joe?"

Joe: "Yeah, you might call it work."

Bill: "What you doin'?"

Joe: "Well, you know I used to play the base drum in a circus, so I natchally drifted into the advertising business."

If that describes the typical advertising man, I am afraid I don't run true to form. In fact—and I always confess the fact in a whisper and prepare myself to receive a Bronx cheer—I used to be a banker. But, I hasten to add, that was in the days before bankers were classed several degrees below second-story workers and we could get a quorum together outside of Atlanta.

So far as advertising goes, however,

we ought to be able to see eye to eye. Nothing except castor oil nauseates me quite so much as reading that Mrs. Astorbilt attributes her social position to the continued use of Bushwa Face Cream and that Percy Vanderwhiff goes to sleep every night with a Dromedary cigarette in his mouth because it quiets his nerves. The fact that a gallon of Punko gasoline will blow the Sphinx out into the Red Sea leaves me cold, and I am frankly skeptical of the advertised suggestion that by subscribing to Professor Piffle's Personality Course in ten lessons I can increase my natural charm enough to stampede our board of directors into raising my salary.

And the strange part of it is that such advertising actually sells the goods—not to you or to me, perhaps, but to many millions of people, certainly; otherwise such grotesque ballyhoo would be short lived. If it didn't pay, it wouldn't be used. Probably the answer lies in Barnum's classical remark, "There's one born every minute."

But, after all, we aren't selling face creams or gum or catsup, and you can't sell title insurance with that kind of advertising. For one thing, our type of prospect, on the average, is somewhat higher than the general run of people. For another thing, our merchandise is different; it is less tangible, it is less understood, it is harder to explain. Ask any one whom you meet on the street what face cream is, or gasoline, or a cigarette, and you'll get some kind of answer; ask him what title insurance is and does, and you'll get nothing but a blank look.

So, it seems to me, our advertising problem is largely one of education. People don't usually buy anything as to the purpose or use of which they are entirely ignorant. They know why they buy face cream: to make themselves beautiful. They know why they buy gasoline: to make the car go. Do they know why they should buy title insurance? Ninety-nine out of a hundred don't; and so we must tell them.

In tackling any problem, I have found that it helps to break it down into its component parts. It becomes much simpler when we take it apart and find that its elements are quite the common or garden variety, and then take these same elements and fit them into our general pattern. The whole then becomes much less formidable.

Suppose we divide this breakdown as follows: "Advertising: Who, When, Where, How, How Much."

First, what is our market, with whom is there a possibility of doing business? That is easy. Our potential market, among us all, covers the ownership of every foot of land in this entire country. And since every piece of real estate, no matter how small, must have an owner at all times, the owners of this vast amount of land constitute our primary market.

Next, since a great amount of this land is subject to liens, the lienors con-

stitute a great secondary market. This is so well known to you that perhaps it is not worth recounting. In any event, in these two great classes—land owners and lien owners—we find our market.

Supplemental to these, the "ultimate consumers" of our merchandise, are two other classes, which, while they are not in themselves prospects, are usually in at the finish in any real estate deal, at the time our merchandise is sold—or not sold. These are lawyers and real estate brokers, and their influence for or against our product is of such potentiality that they certainly must be included in our plans.

So much for our market, the possible purchasers of our product, the "Who" of our advertising problem, the determination of which underlies all of our advertising plans.

The "When" of title advertising is a moot question. Obviously, we should advertise when real estate is active. But should we continue to advertise when there are no sales, or when sales are few?

I think we should, but in a reduced amount. The job to be done for title insurance is so tremendous, so vital to the business itself, that we should never let up on it. It isn't merely a question of flashing a message to our prospect at the point of closing the deal. Our problem goes deeper than that. The prospect must have been sold on title insurance before he even decided to purchase, so that his desire for title protection is as deep-seated as his desire for the property itself. Our advertising problem is primarily one of education, and no one as yet has ever secured a good education by a "flash-in-the-pan," haphazard plan. Education is a matter of concentration and reiteration, not spasmodic effort.

In the spring of 1933, during the very trough of the depression, when real estate was frozen as solid as Byrd's retreat at the South Pole, our company embarked on the most extensive advertising campaign we have undertaken for many years. We did it with no expectation of immediate business. The sole purpose was to educate citizens of Chicago and large buyers of mortgages on the history of Chicago real estate.

The campaign was so successful from an educational standpoint that we are spending a like amount of money this year in a similar effort. Each current advertisement contains three suggestions:

Select a home you can afford to own. Make sure it is convenient to schools and transportation.

Insist upon a title guarantee policy by Chicago Title and Trust Company.

And so we come to our third advertising problem: "Where to Advertise."

I mean by that the selection of media, of which there are five main classes: Periodicals, bill boards, radio, novelty, and direct mail.

Periodicals, of course, include newspapers of general circulation; trade

journals, such as those circulating to lawyers and real estate men; foreign language and neighborhood newspapers, magazines of national coverage; and, the bane of every advertising man's existence, programs for strawberry festivals, church suppers, junior league dances, and picnics for the benefit of precinct committeemen. These last forms of so-called advertising may be put down as just about a hundred per cent ineffective. It is not properly advertising at all. Blackmail would be more accurate, though perhaps an unnecessarily harsh, name. A certain amount of such so-called advertising is necessary, but it should be kept at a minimum.

As a general proposition, newspapers should form the background of any title advertising campaign. They constitute the heavy artillery for laying down a barrage, to be accompanied by the light artillery attack of the trade papers and the more direct machine gun shots of the direct mail campaign.

For title companies doing a nationwide business the quality magazines with a national circulation are effective. If newspapers of general circulation are used, it is well to use the foreign language and neighborhood papers sparingly, if at all. Such excess circulation is nearly always a duplication and therefore expensive.

Bill boards have come into greater use with the increased use of the highways, and the outdoor advertising companies point with pride to their large potential circulation. There is no question that an attractively painted and well maintained board has attention value, but since many states have adopted anti-bill board legislation and the aesthete is offended by their use, it is doubtful whether the attention value is sufficient to offset the ill-will created thereby.

During the years when there was such a thing as new construction many title companies used bill boards on the site of the building itself, announcing, "The Title to This Property Is Insured by the Blank Title Company." Such bill board advertising as this, I believe, is excellent.

The use of the radio in title company advertising is, so far as I know, rather limited. There are a number of readily apparent reasons for this. The radio is strictly a mass medium. It is entirely unselective. And while it is true that there are great numbers of people who own real estate, the number is small when compared with prospects for tooth paste, chewing gum, gasoline, and cigarettes. Furthermore, the building of a radio program which can compete with such national chain stars as Eddie Cantor, Gracie Allen, and the Detroit Symphony involves so great an expense as to place it beyond the average title company.

A great deal of money is spent by advertisers every year for novelties, ranging all the way from lollypops to expensive desk ornaments. In fact, I suspect that more money is actually

wasted through the injudicious purchase of such truck than in any other form of advertising. The plausible salesman will tell you that if you distribute an onyx ash tray to every lawyer and real estate man in your territory, you will gain his undying gratitude and that every time he flicks the ashes from his cigarette he will become imbued with the desire to reciprocate by sending you some business. Unfortunately, it doesn't work out that way in practice, and while I am not denying that the distribution of novelties does evoke a certain amount of goodwill, I caution against allotting an unduly large portion of your budget to this form of advertising.

The two principles to keep in mind in novelty advertising are: Does the gift have an actual utility value commensurate with its cost; and is it of such a character that it ties in closely with the nature of your business?

Our company has been very sparing in its use of novelty advertising. At present we are distributing a desk calendar to attorneys throughout Illinois, which has as its distinguishing feature the court days and tax days. Since it is the only calendar pad giving this information available in Illinois, and since the information is of no little value to attorneys, it has had a ready reception. And since the cost in quantities is relatively small and the calendar pad, by its nature, ties in very closely with both our title and our trust business, we feel that it is a satisfactory form of advertising for us.

For direct hits in advertising, direct mail is to be recommended above all other forms. A personal letter is next to a personal call in effectiveness. While a personally typed, personally signed letter is manifestly out of the question if your list of prospects is large, a very satisfactory substitute is available in the form of multigraphed letters.

Letters, however, should not be sent out merely for the sake of sending them. Unless you have a really worthwhile message to convey, it is better not to write at all. The wide-awake title man will never lack for material. There are always new court decisions, new legislation, new title questions arising, which are worth passing as to real estate men, insurance company counsel, and lawyers. Specific instances of losses taken by land owners and mortgage holders who did not have title insurance coverage make good ammunition for use on individual prospects.

The distribution of blotters, booklets, and mailing pieces comes under the head of direct mail advertising, but these are not nearly so effective as a personal or multigraphed letter. Furthermore, they are usually more expensive to produce.

The "How" in title advertising refers to the type of copy to be used. Here we have three main classifications: Institutional, competitive, and educational.

Institutional advertising refers to

copy built around the title company itself—its age, its facilities, its abstract plant, its personnel, its reputation. It is the type of copy which appeals most of all to the advertiser himself. We all like to read eulogies written about ourselves, but it is extremely doubtful whether our prospects are as much interested in them as we are. A reference in all of our advertising to our facilities is, of course, germane, but a complete campaign built around that topic is of doubtful business-getting value.

In our line of business it seems to me competitive advertising has no place. There is plenty of potential business for all of us, and knocking the other fellow or telling the public how much better we are than our competitors (a form of advertising much too prevalent today in commercial advertising) not only hurts the title business itself, but does not increase our own business in the long run.

Education of the public in title matters is our problem, and it is that theme that our copy should be built around.

To you who have grown up in the title business, to you who spend all of your waking moments thinking titles and your sleeping moments dreaming about them, an advertisement on the very A B C of land titles may sound puerile. But believe me! the ignorance of the average man on land titles and tenure is colossal. I am not speaking, of course, of lawyers and real estate men and the individuals who buy and sell real estate as an investment or a business. I am speaking of the average ultimate consumer, who buys a piece of real estate once in a lifetime, who thinks that an abstract is a guarantee of title and that a title insurance policy guarantees that he will get out of his investment the amount of money which he put into it. Lawyers and real estate men can make your selling job easier, but, after all, the man who pays the bill, who lays the money on the line, is the one you have to sell eventually; and he's going to be pretty slow to pay for something he doesn't understand, money being as scarce as it is.

And now for the final and, perhaps, the most important question of all: "How much should we spend for advertising?"

I know of no magic formula, no infallible ratio of advertising expense to gross or net, no definite point at which the law of diminishing returns starts to operate. Each of us has an individual problem. One ratio may meet our requirements, but be entirely out of line for yours.

Abraham Lincoln was once asked, apropos of nothing, how long a man's legs should be. He replied, instantly, "Long enough to reach the ground."

And that is as good an answer as any to the question of how much you should spend for your advertising. Analyze the job to be done, decide how you can do it, and then spend the money necessary to accomplish the it.

The job, as I see it, is one of education. It requires concentration of effort and continuity of purpose. The value of advertising is largely cumulative—a little today, a little more tomorrow. It must always be done—and yet it is never done.

Discussion on Advertising

W. C. MORRIS

*Stewart Title Guaranty Company,
Houston, Texas*

Mr. Chairman, I enjoyed the advertising papers very much. The question of advertising is a big one with title companies. In late years we have had very little business, here lately we have had some business but it has come from one source, the government. It did not take advertising to sell them. You advertise today by personal contact. There is one feature of advertising which I have stressed and might be of some benefit to some of the others here:

For a long time we confined our efforts to "scare" headlines, i. e., we stressed the likelihood of loss by reason of bad title. Of late years I have concluded there is an equally advantageous side to advertising which I overlooked in years past, and that is the making of land titles liquid, as it were. While we do not have many losses, there is this other side to the handling of land titles, and that is if you take a title policy from us, when you come to sell, you are then assured of a sale; you are assured of a quick transaction; you're not going to have an abstract brought down to date and pass it over to some lawyer who may or may not approve your title. Your lawyer may say it was all right, the one across the street may say it is all wrong. In other words, 50% of the lawyers are wrong anyway. Just consider it, in every law suit there are lawyers on both sides, and somebody loses—so 50% of them are always wrong! Are you going to have your title jeopardized by having another lawyer saying it is wrong when your lawyer stated it was all right? Get your title insured, so that when you sell, if your purchaser won't take your title with your argument or the real estate salesman's argument, bring him in to us. If you have a title policy it gives you a contact with a prospective purchaser you didn't otherwise have. The reason we do not have more titles sold is because we cannot get to this prospective purchaser. We just have to scatter our advertising all over a great territory. In our state, as you probably know, all title insurance companies are under the insurance board, who fixes the form of policy we use and the rate we use. There are a great many other features we could enlarge upon, but you can appreciate that in the selling of title insurance,

one of our best arguments in a transaction is speed of service.

H. D. SHAW

*Manager, Abstract Corporation,
Daytona Beach, Florida*

As Mr. Morris just said, general advertising is scattered broadside. In Daytona Beach, we have very few mortgage titles, almost all of them are fee titles from purchasers. I try to give the real estate men such good service that the first thing they think of when they sell property is to go to Shaw and get a title policy, turn the whole deal over to me, and it relieves the real estate men of anything further to do with the deal. Often the real estate man is not in on the closing of the deal at all. It is to the advantage to sell title insurance for me. I believe a lot of us could work with the real estate men, giving them such good service that they would prefer closing a deal with us to any other way. A good real estate man will not want to sell a piece of property to a customer unless it has a good enough title to be insured; so instead of advertising generally and trying to sell title insurance to the buyer, if we work with the real estate men we will find them to be our best advertisers.

Discussions

Re: Federal Land Bank business.

MR. H. LAURIE SMITH:

I was asked by the Board of Governors to make a report of a situation which is sufficiently serious in the Board's opinion to be brought to the attention of all the members of the Association—that is in connection with the Federal Land Bank business.

I think most of you know that some months ago there was agitation inspired largely by some of the farm organizations in the Middle West to have the Federal Land Banks sponsor the Torrens system in all states as a uniform method of evidencing title, with the idea that the weight of the Administration and the distress of the farmer should be used as a leverage to force the adoption of the Torrens system.

I think all of you know that the officers of your Association handled that situation very effectively. I think now that it may fairly be said that a majority of the officials of the Federal Land Banks are convinced that the Torrens system is not the practicable and desirable solution of the title problem. That may be only temporary, but the fact remains that discontent and dissatisfaction did exist in the Federal Land Bank system. Without recounting the whole background, the situation developed to the point where Mr. Goss, as Land Bank Commissioner, appointed a committee of Land Bank Presidents to consider the question of evidence of title and to bring in a report. Certain things appear to be in the back of their minds, not the least

of which was the possible reduction of overhead, of the expense of the land banks. The Land Bank Commissioner himself has very definitely in mind the further possibility of the borrower receiving benefit in the form of protection from the fees which he pays for abstracting and examination of title insurance, which benefit at the present time inures only to the benefit of the mortgagee.

Certain members of the Association have been in touch with the Land Bank Officials and your Association invited Mr. Goss to be here as speaker on the program and to meet with the Title Men, to get through informal discussions the point of view of this Association. Mr. Goss arranged to have this special Committee of Land Bank Presidents meet here. That Committee did meet, and the Committee from your Association met with them yesterday.

I think we had about four or five hours of conference in two different sessions, and only the results can be reported to you.

To summarize briefly, that Committee, through its Chairman, Mr. Jackson, offered as a tentative solution: First, the organization by title insurance companies interested, of a national title insurance company with a proposed capital of \$5,000,000.00, which would do exclusively insurance for the Federal Land Banks. Your Committee expressed its very serious doubt of the practicability and desirability of any such procedure.

The Land Bank Committee then suggested as a possible further solution that title insurance companies in the district of a given land bank might offer to that land bank insurance protection as co-insurers. Personally, I would not object to being a co-insurer with the limit of my liability the amount of my participation in the risk for which I received a premium. I would very strongly object to being both co-insurer and forthright insurer, which is what the land banks want.

Certainly I believe I am safe in saying the general attitude of the Land Bank Committee was that the problem was up to the title people. Well, that was not in itself particularly disturbing—we've had a good many disturbing problems and have had either a short time or a long time in which to find a solution.

The meeting adjourned with this situation. The Land Bank Committee suggested that the possible solution might lie in having the Title People within the district of a given land bank, undertake to work out for that district a satisfactory solution, or a solution that would be acceptable to the officials of the Federal Land Bank, such solution to be submitted to the proper officials, among them Mr. Charles S. Jackson, as Chairman of the Committee, in order that the Committee might make a comprehensive report at the next meeting of the Federal Land Bank Presidents.

Your President, Mr. Marriott, pointed

out that since that meeting was scheduled the early part of December that it would be wholly impracticable to work out so difficult a problem in so brief a time. However, the meeting adjourned with the understanding that the situation would be brought to the attention of the title people in the hopes that the title people in each given district would get busy on the problem and would try to find a solution of the problem of furnishing to the Land Banks an evidence of title more satisfactory than that now obtained.

JOHN HENRY SMITH (Kansas City, Mo.): Is not that difficulty you are speaking of confined principally to the southeastern states, i. e., Maryland, Tennessee, Mississippi, Georgia, Alabama, Arkansas and Louisiana? We don't hear much of that in Kansas City—we have issued some Federal Land Bank policies in Missouri.

H. L. SMITH: I think the trouble is in what we designate as "attorneys states" as differentiated from "abstract states" or "title insurance states"—we regard California as a title insurance state. We regard some of the Middle Western states as very definitely "abstract states." In the South Atlantic states and some other territory, evidence of title is obtained by a practicing attorney going through the official records and making a so-called abstract from the public indexes and rendering his opinions as to the sufficiency of title. In my opinion, the chief trouble comes from the "attorney states."

WILLIAM C. MORRIS (Houston, Texas): Who composed the Committee you met with?

H. L. SMITH: Mr. Charles S. Jackson was chairman; Mr. Frank Rasch, of the Louisville Land Bank, and Mr. Scarborough, of the Columbia Land Bank; Mr. Beland was present but is not a member of the committee.

MR. MORRIS: Do the Board of Governors have any suggestions or any plans with reference to this important matter?

H. L. SMITH: I don't think there was any definite plan—in fact, I don't think there will be any plan that I would be authorized to speak on. There was, of course, discussion. I would rather that Mr. Henley, Chairman of that Committee, answer that question.

MR. HENLEY: The chairman was authorized to appoint a committee from each district of a land bank, in the respective districts where they were located, and if possible arrive at a solution of the problem; I think that is the fairest statement we can make.

W. H. McNEAL (Baltimore, Md.): In my opinion, if the land bank officials have the interests of the land bank at heart, this problem will have to be simplified in order to be worked out. In my experience—and I have had a great deal of experience with land banks—I have studied every angle of the procedure; it appears they want to maintain their position; they must have the appointment of the attorneys and

they must determine and dictate the manner in which loans should be closed. In other words, make the title insurance company assume the risk for the disbursement of the funds, for the releasing of the mortgages and for every element of the closing of the operation, from the time the Land Bank approved the loan. And I think if the Land Banks are now in a position where they will meet with a committee from the title people, work out plans and specifications not only to meet the idiosyncracies of the Government operations but the specifications of the insurance companies, they will get somewhere. I am satisfied in my own mind that at the present time there are facilities for furnishing Land Banks title service that they need, and they will get it promptly and satisfactorily if they will work with the title companies instead of expecting the title companies to work one hundred per cent their way.

There are two sides to every question—one side is the side which protects the title company in its guarantee, and the other side is a selfish side which wants everything and yields nothing. There can be facilities worked out amicably between these two institutions for this service, if and when they will meet on common ground and will talk the proposition over on a business basis rather than on some other basis.

Question: Who is that committee working with the Land Bank Presidents, and what is their constituted authority?

H. L. SMITH: Prior to the meeting held yesterday, the contacts with the Federal Land Banks had been by individuals—simply the efforts of individuals to deal with this Association. Yesterday your Board of Governors appointed a Committee of which Mr. Henley was chairman; others being Mr. Marriott, Mr. Gill, Mr. Morrison, and H. Laurie Smith were members.

MR. MORRIS (Texas): Then there is no necessity for any action, this Title Insurance section has nothing to do with that committee, and there is no necessity for this section to appoint a committee for that purpose?

H. L. SMITH: That is my understanding. I would like to affirm, for the information of the members, that my experience over a period of years has been identical with Mr. McNeal's and I agree with his conclusions with this one qualification, that I feel the point of view of the Land Banks has materially changed. I don't think we need to inquire as to the reasons why title companies in years past have not met with a particularly sympathetic attitude from the General Counsel of the Land Banks. I think perhaps most of us can deduce why that lack of sympathy. I believe it is a fair statement that that was the reason why this matter was referred to a committee of land bank presidents rather than a committee of the General Counsel in order that the approach might be from a business point of view, looking to the

efficient and economical operation of the Land Bank, and particularly the reduction of overhead, which has been tremendous in recent months, for the maintenance of its legal department; and with the expectation that the Land Bank Presidents would find a business solution of the problem. If my personal belief on that is correct, then I think that we have gotten a long way to getting the best of the situation which Mr. McNeal has pointed out.

The Chairmen of the Title Insurance, the Legal and the National Title Underwriters Sections appointed the Nominating Committees of the respective sections.

Luncheon Meeting

WEDNESDAY, OCTOBER 31ST, 1934

President Marriott Presiding.

"In Section I, Title I, of the Federal Housing Act, we of the title business receive very little consideration. They are now drafting the provisions and regulations with reference to loans under Title II of the Act. That is a matter of grave concern to us, and for the last two months Mr. H. Laurie Smith has been sitting in on conferences at Washington relative to including in those regulations some requirements on the title angle of it. Those regulations have not yet been made and no one knows what they may contain. Much that Mr. Smith may say to you may be his own personal opinions, and there may be some phases of the matter he cannot touch upon because of the confidential relations existing. However, I know we will be glad to hear of the progress he has made in these negotiations and for which we are indebted to him. Mr. Smith:"

M. H. LAURIE SMITH: "Brethren, I speak unto you a parable and take my text from the 10th chapter and 12th verse of the Book of Joshua: 'And Joshua said before all Israel, "Sun, stand thou still upon Gibeon, and thou Moon in the Valley of Agaron."' The chosen people were not yet come fully into possession of the promised land, the land of a New Deal in the attainment of human rights; a New Deal, my friends, in the realization of the aspirations of humanity for liberty, justice, and a good life. In Biblical times a day's work was from sun up to sun down. The Judean interpretation of liberty had not discovered that the aesthetic and spiritual development of a 200-lb. bohunk would be stunted by working more than 30 hours a week. Back in those times people had a lot of archaic ideas, such as "man shall live by the sweat of his brow," and "he who doth not work shall not eat." From his pinnacle of enlightenment of our superior civilization which has sanctioned such policies as plowing up the cotton crop, and has demonstrated to us the amount of money to be made by not raising pigs, we smile incredulously but somewhat reminiscently of

the idea of a day's work from sun to sun.

But even such a day was not even long enough for the job which confronted Joshua in getting the promised land from the enemy and delivering it to the chosen people. So Joshua commanded the sun to stand still. Some of the conscientious objectors of this time would probably claim that this would be unconstitutional, which would only be natural, because the Minnesota National Moratorium decision had not been handed down then.

You recall, Joshua was the newly chosen leader of a people who had only recently been delivered out of the bondage and exploitation of the Egyptians—a people who, after wandering many years in the wilderness as a punishment for following after false gods, stood at last on the threshold of their divine heritage. On a gloomy March day, some thousand years A. D.—Anti Depression—Joshua led the chosen people dryshod across the River Jordan, whose threatening turbid waters rolled back at his command. And at last the people were entered into the promised land; but under such desperate circumstances that their forebodings would not be allayed; for they were well nigh destitute of food, clothing and shelter; and the alphabetical, regional setup for them during the time they wandered in the wilderness, brought them no comfort in their hour of direst need.

And Joshua was encompassed about by enemies who greatly feared him and contrived to overthrow him. To the east were the Canaanites—clamoring conservatives; to the north, the Hittites—righteously reproachful reactionaries; to the northwest and the west, the five great Amorite tribes—some were socialists, some ranting radicals, claptrap communists, rabid Reds, and the EPICures. Perhaps I may be wrong on that last—I may be thinking of a later civilization. To the southwest were the Zebuzites, a mighty tribe, vigorous and turbulent; and where the river joined the sea, the Bolsheviks and their legion of rabid, strife-provoking tribesmen. And to the south was Joshua with the chosen people. But among Joshua's own people were many camp followers who counselled among themselves and sought to betray him; plausible propagandists, shekel defectors, daily were incubating fresh batches of newly matched theories. And in his own camp and in the enemy's camp the greedy, the stupid, the grafters, did secretly attempt to hinder and thwart him.

Under such circumstances Joshua had to bring his people out of the despair of destitution, feed the hungry, clothe the naked, shelter the homeless, and make secure unto them the promised land of peace, plenty and prosperity; unto them, their children, and their children's children. SOME JOB. And Joshua was the man for the job, so far as it lay within the power of mortal man.

But Joshua needed not only his able

generals and captains, he needed a few miracles to help inspire his people with fresh courage and renewed confidence. For Joshua's people were funny that way—they needed a fresh miracle about every six months or they began to think they were all going to hell.

Now Joshua had been aided by a miracle in the crossing of the River Jordan. He had been aided by another miracle in the capture of the city of Jericho. By the way, I wonder if many of you in recent months have been struck by a sort of prophetic significance incident to what I have set out in this 4th Book of Joshua—you recall, the walls of Jericho had not yet fallen, and Joshua commanded his people, "Before the silver and the gold are consecrated, they shall come into the treasury."

At any rate, the crucial day was at hand, and the day was not long enough for the job which confronted Joshua, and the people were impatient for a new miracle. So Joshua commanded the sun to stand still. We smile skeptically at this—the superficial veneer we have acquired through modern civilization limits rather closely our understanding. We know, or we think we know, that the celestial bodies move, inexorably obedient to fixed laws, but we accommodate ourselves rather easily to the fact that millions of people for thousands of years believed as Joshua did, that the coming of day and night was occasioned by the daily revolution of the sun about the earth. We know that the physical laws are immutable; but we take as a matter of course the modern miracles which permit man to fly through the air, live under the sea, and to project his voice through space for thousands of miles. Why then, should our economic laws be held so inviolable? Is it not possible that our understanding may be too limited?

Brethren, that concludes the parable. But let it be remembered that it is recorded in the Book of Joshua that the sun did stand still while Joshua accomplished his purpose.

I think we may approach some of the problems of our present recovery program in the spirit that perhaps our understanding is a little limited, that perhaps we are too insistent upon the immediate attainment of wholly desirable but somewhat remote objectives; that we are too insistent upon practicalities.

The National Housing Act, which is popularly referred to as the Federal Housing Administration, became a law as recently as June 27th, 1934. I do not think it practicable to consider it as a thing apart. It must be considered in its relation and its inter-relationship to other recovery measures.

I had expected—and I received a somewhat belated announcement that I would be called on for this subject—that I would get up here and try to answer any question, assuming that everybody was fully cognizant of the purport and the potential possibilities

of the National Housing Act. I was somewhat shaken out of that view when one of the executive officers of a large title insurance company told me that he had not even read the Act. A little later the head of the mortgage department of a company told me he had not read the Act; and I decided to proceed on the theory that many of us had received our present impressions of the National Housing Act from the newspaper publicity which was released at the time, and subsequent newspaper publicity and from bulletins sent out by various organizations. Just for fun, how many here have read the National Housing Act—I don't mean reading what any newspaper has said about it? (Members raise hands.) That's swell—but we are still in the minority, so I can speak freely.

The Housing Act, it seems to me, must be considered in the light of its background, first. Mr. Horace Russell yesterday pointed out some of the conditions confronting the Home Owners Loan Corporation when that became a law. And many of those conditions had not been ameliorated when the National Housing Act was passed. We have a situation where approximately 3,500,000 people of the building trades were out of employment and had been out of employment for a long period of time. In addition, we had approximately 1,500,000 people who, by reason of their affiliation with the building trades, were in as bad condition. So there are approximately 5,000,000 people lacking employment; supposing each individual represented an average family of four people, the number would actually be about 20,000,000 people in all, without means of livelihood.

The purposes of the National Housing Act, as I interpret them, were both temporary and permanent. It was contemplated that some immediate relief would be given to the unemployment situation by the program set forth in Title I of the Act, which does not come under my jurisdiction and so I pass on.

It was contemplated that the temporary relief would be given in the form of inspiring the public confidence, stimulating to some degree the flow of money from its natural sources back into the building trades. It was contemplated that the general public would be benefitted by the re-establishment of some stability in the real estate market and the mortgage.

It seems to me that the permanent gains which we hoped to realize were the setting up of new standards in mortgages—a new type of mortgage which would protect both the borrower and the lender against the recurrence of such a catastrophe as we have seen.

I think it was contemplated that as a permanent thing protection would be given the small investor who had suffered so disastrously in recent years. If we consider the National Housing Act in the light of both the temporary and permanent objectives, we may get a different slant on the picture. I think

we might consider some of the specific problems involved.

Who is going to be the approved mortgagee? That contemplates that the mortgagee must be satisfactorily considered, both from the standpoint of responsibility and ability to service the loan, and the mortgage may be transferred only from an approved mortgagee to an approved mortgagee. Of course, the mortgage may be transferred to anybody but it must be transferred to an approved mortgagee to stay within the Insurance Act.

I am going to pass over for a moment this question of the approved mortgagee and come back to it later.

Now as to possible interpretations of the Act. I say "possible" because I think we all agree that the Act was left very general in terms and it has neither form, meaning nor body except in the light of a possible interpretation put on it.

Well, what is it contemplated that the amount of loans made under the Housing Act will be? The Act in its present form contemplates a maximum of one billion dollars in new construction and one billion dollars for existing contracts specified to date shall be the limit. And two billion dollars will help us a lot, if we can get it into circulation.

What type of loan? There is only one thing I believe I can say to you on this—that it is going to be an amortized loan. It may be a loan for 80% of the appraised value; it may be for a term of from ten to twenty years, but it is going to be an amortized loan, not only because of what the Act actually says or its interpretation, but because official Washington believes—as many of us do—that a great part of our present trouble is due to the fact that under the old mortgage system the home owner got a mortgage and promised to pay in three to five years a sum of money, say five or ten thousand, when he knew and the lender knew that he didn't have a chance in the world to repay the money by that date. So official Washington, it seems to me, may be said to be absolutely sold on the idea that one of the principal objectives to be gained from the National Housing Act is to create by force of precept, example, or other forces, an amortized mortgage for home owners.

That loan is going to bear what rate of interest? Well, 5%, or possibly 6%, plus the insurance premium, and that brings on more conversation. It is contemplated that those mortgages, insured under Title II of the Act, will be classified according to the type of mortgage. In other words, it is possible to make 80% mortgages on various types of construction—some approved mortgagees may only wish to make 50% or 60% loans.

What are some of the dangers and weaknesses of the Act? It seems to me that one of the most serious drawbacks at the moment is the fact that the Government guarantee is limited. We all remember that the HOLC, in its original stages, did not get so far,

that it only brought relief when the Government got back of the HOLC mortgages. You recollect the present Act contemplates only the mortgages insured prior to July 1, 1937—only they have got the Government behind them.

All the others are straight mutual insurance. I personally am very doubtful whether that two-year period is long enough to create nationwide confidence in the mutual insurance plan. That is a matter of personal opinion.

Another defect, as it seems to me, is that many people are going to be disturbed by the fact that it will be impossible through the failure of response of approved mortgagees to take advantage of its benefits. In order that their mortgages may be insured, they pay their premium and the premium income is to constitute the mutual insurance fund—the benefit may be seriously impaired by the cost.

Another defect, as it seems to me, is the fact that Section 205-F, I believe, sets out that the approved mortgagee can anticipate the payment of the mortgage and withdraw the bonds—and all of us know from actual experience that the mortgages which are anticipated are usually the choice mortgages in a portfolio. If it is permissible for approved mortgagees to withdraw, as provided in Section 205-F, in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, the obligation to pay the premium charged for insurance shall upon due notice to the administrator cease, and all rights of the mortgagee and the mortgagor under Section 204 shall likewise terminate. As far as the insurance men are concerned, I think that provision is unsound, although it may actually work out all right.

Another possible weakness in the Act is that lack of cooperation on the part of potential approved mortgagees may defeat the plan through the failure of proper diversification of risk.

Let us go back for a moment to the question of who is going to be an approved mortgagee. We have certain groups as potential approved mortgagees. One of the most important groups is the Building & Loan Association. There was nothing about the attitude of the Building & Loan Association during the pendency of the Act which indicated any enthusiasm on their part. On the contrary, I should say. I believe it may be fairly said that the present attitude of the Building & Loan Association may be that they are reconciled to the National Housing Act for fear that a more stringent law may be passed, and not with the expectation that they will become approved mortgagees under that. Of course this is only personal opinion.

Then we have Mutual Savings Banks as potential approved mortgagees. They are not enthused over an 80% mortgage, many of them being restrained by state laws. They are not enthused by the prospect, and according to the latest information I have, I

don't think they could now be classified as a potential approved mortgagee.

To date, the Life Insurance Companies have not evidenced any great interest or enthusiasm in insuring their mortgages under this Act. I think that statement may fairly be qualified by saying that when an approved mortgagee has held a mortgage until by the process of amortization that mortgage has been reduced from an 80% loan to a 60% loan, it is more in line with the insurance laws of many states.

At the moment, and perhaps for some months to come, I believe that the approved mortgagee is going to be limited to state chartered institutions, principally banks. I doubt that the Federal Housing Act Title II will function in the near future to any appreciable extent. As to the more or less frozen mortgages held by banks (I don't mean bad mortgages, but mortgages which are good but which the bank would rather get out of its portfolio), is was contemplated, I believe, that institutions such as universities and colleges may become approved mortgages in the belief that they will be interested in the acquisition of such mortgages for their investment. As far as I know, it has not yet been determined how a college or university can become an approved mortgagee in the sense that it will serve as an approved mortgagee.

I wish I could bring to you a message that I thought there was going to be a lot of business immediately under the Federal Housing Act. There may be but I don't so feel at this time. I do feel there are certain practical objections which may be overcome.

I think it may fairly be said that Title II and Title III, in spite of the views held by some people in Washington, are inevitably linked together.

All of us know that an amortized mortgage is not a desirable mortgage for the individual investor. It is not an investment—it is an invitation to the small investor to spend his capital, if his money is returned to him only at the rate of \$25.00 a month, and it is neither desirable nor practicable to sell insured, amortized mortgages to small individual investors, and the solution lies apparently in the National Mortgage Associations. Your guess is as good as mine as to how soon national mortgage associations are going to be formed. I think it would be entirely practicable, almost immediately, to organize one such association through the influence of the building trades and not as an investment for people who want to get back into business. But they are tied together—at least I think so—Title II and Title III, except that I think to some degree you may get a certain amount of relief for banks under Title II immediately.

That does not solve this unemployment problem. Where is the money coming from that is going to put the carpenter, the plumber, and the tinner back to work? Well, I wonder if there are not some effectual policies in this

program. At this time, is it a fact that there is any great demand for mortgage money for new construction? Many life insurance companies would be happy to make loans on desirable homes newly constructed. You have first got to find the potential home owner who is not afraid to build and to find a lender with confidence that the man will have a job long enough to meet his payments.

There are certain other things that it seems to me might be worthy of thought. I have not suggested that possibly the plan may not move fast enough to bring relief to the present situation. I think first there may have to be a more satisfactory provision of costs of supervising and servicing. As nearly as I can figure it, they can talk about 5% money but if the borrower can get that money at 6% including his insurance premium, it may be possible to work it out. I don't believe any lessor premium yield will work because you have got to get your 5% out of your insurance premium. If we can do that, that is a highly satisfactory arrangement.

What about Title II and Title III in relation to the title men? I have gone into this other phase of it, it doesn't matter what the relationship is if it is going to be a theory instead of practicable fact. If the Act does not work, it does not matter what the relationship is. Without going into all that has happened since, I am permitted to say to you that at the conclusion of the conference in Washington—on, I believe, October 23rd—of the Federal Housing Administration, it was announced that the Federal Housing Administration was interested—that it believed that the title insurance policy of a responsible title insurance company was a form of title that would be most acceptable to the Federal Housing Administration; that in localities where title insurance facilities were not available that the evidence of title approved by responsible lending institutions would be regarded as approved evidence of title. That may call for a little explanation. The thought of some officials of the Administration seems to have been based on the fact that the Government is not actually in the picture until the approved mortgagee has foreclosed his mortgage and tenders a deed to the Administration, at which date the Administration is interested in the evidence of title. However, the latter point of view seems to be based upon the fact that confidence—not merely the confidence of the small investor but the confidence of the approved mortgagee—is a necessary and essential part of the program. I think that while the position of the Administration with reference to evidence of title may not be all that we could ask for, I think that it is at least a very favorable one.

The Administrator and the Deputy Administrator know that the American Title Association and the state associations stand ready to work and cooper-

ate with them, and I believe they are fully conscious that such associations represent the responsible source of title evidence in any given community.

I want to say in conclusion that I think the National Housing Act is going to be a permanent part of our system of mortgage financing. If there are any phases about it that won't work—and I consider the possibility and the probability that there are—they will be remedied by amendments to the Act or by regulations. I believe that we as title people may regard the operations under Title II and Title III as one of the most important sources of future titles, and I think that we should put our shoulder wholeheartedly to the wheel by lending every possible cooperation, because the Government is trying to put back the problem of mortgage financing where it belongs—with private industry rather than through Governmental sources.

We may not see how it is going to work out but at least we should do all in our power to make it work because I believe that the alternative is forcing the Government permanently into the mortgage business, which I, for one, regard as highly undesirable.

ADJOURNMENT.

On Wednesday evening, the Annual Banquet and Ball of the Association were held in the Miami Biltmore Country Club. Again, all delegates and their ladies were guests of the Florida Title Association. Amid perfect surroundings, after a wonderful dinner, and with lots of pretty girls with which to dance, everybody had a fine time.

Business Session

THURSDAY, NOVEMBER 1st, 1934

Abstracters Section

Jack Rattikin presiding in the unavoidable absence of Chairman Morrison.

Salesmanship in an Abstract Office

MILTON HAWKINSON

Manager, McPherson County Abstract Company, McPherson, Kansas

You folks will have to admit that it takes the nerve of a Kansan to come down to Florida and talk salesmanship. There is only one thing I could think of that would require more nerve and that would be to go to California. While I am fully aware that the talking of salesmanship could not be termed as a new deal, nevertheless, I do know that salesmanship will have a most prominent part in every New Deal from now until eternity. The sooner that we abstracters and title men realize that it plays a most prominent part in the every day lives of each, the better it will be for us and for the business and profession as a whole.

Personally I am of the opinion that those of us who are purely abstracters have failed more or less in our salesmanship, or we would be enjoying a more prominent place among other leading businesses and professions than we are today. There is not one of us who can deny the fact that universally throughout this country the abstract and title man, if you please, does not always have the standing that is given to other business and professions. While I am naturally anything but a pessimist, I do feel in this period of New Deals, with more to come as we go along, that if the abstractor or the title man does not do a better job of selling abstracting to the general public than he has in the past, some new deal may come along and gobble him up, and who knows but that all other existing title agencies may be included in the gobbling. There is no better system to prevent such a happening than for the abstracters and title men in the future to look toward their salesmanship.

When our thoughts turn toward salesmanship we think of some commodity like prunes, castor oil, dice, or perhaps sunshine or climate and what not. I wonder if we ever consider that wherever there is a successful doctor, dentist or lawyer that back of it all there is outstanding salesmanship. Somewhere in every successful organization there is one or more real salesmen. If other businesses and professions need salesmanship in every day affairs, why should not the abstracter need it? We do need it, and the successful office already has it or will have it. I can take you to counties in our state, and also several other states which I have had the privilege of visiting, where I am sorry to admit that the general public does not have the highest regard of the abstract and title business. I can show other counties in these same states where the abstracters and title men are held in the highest esteem and regarded as outstanding citizens of their communities. I feel sure that such is a fact in most of the states. Why is it? Salesmanship and nothing but salesmanship makes the difference.

I am not thinking of selling abstracts, extensions and the many other products of our offices like we would canned soup. Our work just don't sell in that manner. I know that I am no different from the rest of you, but what concerns me most is whether the other fellow is buying what I have to sell. No one buys an abstract or any of the products of our offices until they need it for some particular thing, so it can readily be seen why it is an easy matter for the abstractor to come to the conclusion that salesmanship is not of a great deal of benefit in the abstract office. Such an idea in my humble opinion is erroneous. You or I might rightfully say that we have the best plant in our county and might be the best abstractor there, etc., etc., all of which would be of no avail if we can't con-

vince other people that such are the facts. Right here is where I say the matter of salesmanship comes into the abstract office and I hope that I may be able to present a few facts that will at least set some of you to thinking and studying the true value of salesmanship in the conduct of your offices.

You know that it took me a good many years in the abstract office to decide whether I was in business or practicing a profession. Did any of you ever wonder about it? The thing that settled the matter for me was an article on salesmanship which I read several years ago. The writer of this article, whose name I cannot remember, said that business was becoming so professionalized and the practicing of a profession was becoming so much of a business, that it was hard to distinguish between them. Since I found out that it might be either, I am perfectly satisfied or sold on the idea that it is both a business and a profession. There's the first step in salesmanship, and that is to sell yourself on what you are doing. When we have thoroughly sold every abstractor of today, and those contemplating entering the business or profession, that the abstracting of titles is a highly dignified business and profession that requires knowledge, training, skill and experience, together with an earnest desire for the best plant and equipment possible, then we can hope to be classified where we belong. I for one certainly would be looking around for something else to do if I did not feel that way about it myself.

I know that some of you are saying, "Hawkinson, what in the devil do we care about your generalities about salesmanship, what we want to know is how to make more money." Now, I can't tell you that, as much as I should like to, but I do say that the study and application of real salesmanship won't lose any of you any money in your offices. The next step in salesmanship is to sell yourself or your organization to your community. This is a chore and one that most of you probably know more about than I do; however, there are certain fundamental principles that I wish to call to your attention. Dr. Stevenson of the University of Illinois says that the study of the principles underlying successful salesmanship involves a course of study of principles underlying the influencing of human endeavor, that selling, to be a great art, must involve a genuine interest in the other fellow's needs. There I think you have the whole thing regarding salesmanship in a nut shell. Let us repeat that again, **THAT SELLING TO BE A GREAT ART MUST INVOLVE A GENUINE INTEREST IN THE OTHER PERSON'S NEEDS.** If you have a genuine interest in the other person's needs you certainly owe something to your country, your state, your community, your church and your neighbor. I don't advocate being a joiner merely to have your name on the rolls here or there. Take an active part

in some or all of these things. It will do you good and won't hurt your business, as real salesmanship is nothing but common sense garnished with old fashioned honesty.

Let's look at some of the little things that happen to all of us in our every day lives. Here's the office of a major oil company, a mortgage company or some bank that calls you for the address of Sally Jones and they need it as quickly as possible. You or I don't know. I wonder how many of us say, "We'll get it for you and call you back," when we know that it may be a difficult matter to get. We have that happen frequently and we get it if there is any way possible. Just such a call cost us over seven dollars in toll calls once but we got the information and supplied the same without cost. That may sound like foolishness to some of you but it is just such little things that make friends; friends make business and that's what I call salesmanship. Remember the art of salesmanship is supplying the other fellow's needs.

A couple of years ago we received a letter ordering an abstract on a certain tract of land, setting out the ownership. We prepared the abstract and sent it to Wichita the same evening with the statement of \$46.00 as I remember. Early the next morning the party called and stated that we had abstracted the wrong piece of land. We checked his order which was typewritten and we were correct. He had made a mistake in the range number and the same fellow happened to own the land of the description in the range that he had given us, so we had no way of having corrected him. He did not need the abstract we made and was about to lose his sale, which was on a three-day draft. We assured him that we would prepare the abstract on the piece he needed and try to have it ready shortly after lunch. He drove up from Wichita that afternoon. We showed him his letter. "Well," he said, "I am stuck." The abstract that he needed was completed and cost \$21.50. He said: "What is my total bill?" and we told him \$21.50; he said: "What! You don't mean to say that you are not going to stick me for that other abstract?" We assured him not and that he did not need that abstract and that perhaps we could use it some time later. Now some of you may think that was foolish, but I don't. That little act on our part was just the way I would like to have been treated had I been in his place. If you don't think that fellow has been a friend of ours, you wouldn't know what a real friend is. He has done us more good than two hundred and forty-six dollars' worth of calendars would do. I might say that we placed this abstract in our grave yard and about a year later it was dug up and used, so we did not lose a dime.

A mighty good customer of our office came in from Tulsa one morning and stated that he had burned out a bearing in his car while at Wichita the

night before so had to come to our city on a bus, and that he had to take a trip out in another county and wanted to know where he might rent a car. We told him that we could find one for him and asked him when he wanted to start. He stated that he had to slip over to the hotel and would like to get away in about an hour. We informed him we would see that the car was brought over there. Twenty minutes later your humble servant drove his car to that hotel and informed him that his car was ready. I enjoyed the trip a great deal and covered in all about two hundred miles that day. When we arrived at the county seat where he wanted to go he stated that he had to locate where a certain land owner lived. I suggested that we go to a certain abstract office as I knew this abstractor, whom I had met a couple of times at our state convention. This particular abstractor was discussing the wheat crop on his mother's farm with the renter and just gave us a curt good morning and kept us waiting for about half an hour, at least it seemed that long. When he finally got around we asked him if he could tell us just where so and so lived and he said that he did not know except that he lived northwest of there somewhere, and told us that he thought we might be able to find out at some of the real estate offices down the street. The result was we went out and went to the other abstract office, but did not get any more help there. So we took it upon ourselves to find out elsewhere. We got the information at a bank. One can readily see that these abstractors made no effort to show a genuine interest in the needs of the other fellow or any sign of salesmanship. When we drove back, this Tulsa customer expressed himself in most unsatisfactory terms of the abstractors of that community. Just a little willingness to serve on the part of the abstractors of that city would have made a friend out of that Tulsa man, whom I know bought many abstracts later from a third abstractor who sprang up in that community.

These incidents are not of particular interest other than to show the lack of salesmanship in some abstract offices, all of which reflects back on the rest of us. It is the little things from day to day that count. Someone has written a sort of code for salesmen long before the word New Deal was ever coined, so with apologies to the author I wish to quote a few terse suggestions from his code that might be well for all of us to bear in mind every day in our abstract offices.

1. There is always room behind the counter, desk, typewriter or draftsman's table for a smiling face.
2. Thank you, can always be given in change.
3. You know how you would like the abstractor to conduct himself if you were the customer—that's the way.
4. To get your customer's attention

give him yours.

5. Talk with your customer, not at or to him.
6. Good salesmen study the book of human nature.
7. You can have clean fingernails without going to a manicurist.
8. The pleasanter you look the pleasanter you will be.
9. The customer in front of you is entitled to your attention.
10. Get on the most intimate terms with the abstracts and other products of your office that you sell.
11. Keep thinking what the man in front of you will say when he walks out.
12. Make the person who uses your service today think of coming back whenever you can be of help to him or her.
13. Good salesmanship doesn't ever know failure by sight.
14. Show the man with a grouch that you have a clear title to good nature.
15. Honesty is the best principle.

We can talk salesmanship and we can talk this or that and I know that you folks are all concerned in one thing and that is how to sell the most abstracts and extensions and other services of your offices that won't come back—to customers that will. Salesmanship will actually sell more of your services, and I think that I can briefly cite a few concrete cases where my contention is proven.

I know an abstractor in our state who received a \$50.00 fee from an attorney for digging around in the basement of the court house among personal property statements of two parties, covering a period of some thirty years, and listing the items of so many horses, cattle, etc., of each. This information was used by the attorney to establish that a partnership existed in connection with a case involving a contest of a will. Now this is not usual; however, I happen to know that very service would never have been called for if the knowledge and true worth of that particular abstractor had not been thoroughly sold to that attorney. The attorney told me about the incident and said that the information obtained and the manner in which it was compiled greatly aided him in securing a compromise that was very beneficial to his client.

I might cite you another case, where a city has a zoning ordinance which provides that before a certain kind of structure can be built in a residence section, a petition signed by the owners of not less than 75 per cent of the area within 300 feet of the said proposed structure must be presented to the governing body of that city before permission for such building is granted. When the first petition under that ordinance was presented to the city commission they were somewhat at a loss to know just how to ascertain what was desired. The petition was checked up to one of the local abstractors who was thoroughly familiar with city affairs.

He drew a plat according to scale and then circumscribed the lots with a circle of 300-foot radius from said lots and figured the area and made a list of the property owners. Since that time the city commissioners of that city will not receive a petition under that ordinance unless the same is presented by a plat and list of such property owners. The abstracters of that city have received several hundred dollars in the past few years for such services. That is not unusual; however, what I want to say is that if the true worth of a certain abstractor of that city had not been sold to that commission, the abstracters would not have received that added income, which is in strict keeping with their work.

The manager of an abstract office of one of the largest cities in our state told me several weeks ago that he always kept a supply of revenue stamps on hand and that during the past year he had sold more than \$2,500.00 in such stamps, mostly in small denominations of 50 cents and a dollar, and that he had very little capital tied up at any time. That he picked up many little odd jobs of unusual nature that had added dollars to their till from people coming into his office for revenue stamps, besides he had added several customers for abstracts. That's a small item and most of you may do this, especially in the larger cities. In this particular case the abstracters have their offices in the court house and I know that people have come out of another abstract office and found that they could get revenue stamps in this office in place of walking several blocks to the post office. They appreciate this small courtesy. That's salesmanship.

If you will pardon me I will cite you a case of my own experience where revenue was added to our office by having thoroughly sold our worth to one of our attorneys. This particular attorney had a partition suit that involved two life estates; one to a lady 63 years old and the other a lady 46 years of age. He called me to his office and said that he didn't know just where to commence on figuring out these life estates and the value of the same. "I want you to dig that out for me and I will see if I can't get the other attorneys to agree upon you as one of the appraisers." I got down the Illinois tables and went to work and it was quite a chore. I received the regular fee of \$3.00 for making such appraisal as allowed by law. When the matter was all closed up the attorney sent us a check for \$50.00 and thanked us for the help in the matter. Now, that is not unusual. However, the point I wish to again bring home is the fact that the attorney in this matter was sold on the idea, that we could be of help to him in the matter or he would never have called upon us to help him.

I could go on and cite dozens of other cases where just a little salesmanship has brought in additional in-

come to title offices with which I am familiar. The cases that I have cited are small and I know that most of you could add hundreds of other cases. Now I have cited these cases merely for the purpose of trying to impress upon the abstracters and title men, that salesmanship will pay. It possibly is needed more in the small offices throughout the country, than in the larger offices. Will say, however, that I had occasion several years ago to personally order some title work in one of the largest title establishments in the country. Their work was well done and promptly, and their charge was very reasonable for the service rendered, but if one had to deal with people every day that were as cold and indifferent as those that I came in contact with in that office, everybody would soon have indigestion. Several years later I was asked by a friend of our office to have some title work done in that city for him, and while I knew

that the office that I personally patronized would do good work, I ordered the work from another company in that city—simply because of the cold indifferent attitude of the employees toward me when I was in their office.

Folks, it's the little things from day to day with a smile that sells the title business to our customers. Take an inventory as to salesmanship in your organization and remember, that selling to be a great art must involve a genuine interest in the other person's needs. When we have convinced the public that we have a genuine interest in their needs, the title business in one form or another will be secure and every man or woman engaged in it will be proud of their chosen work.

The Nominating Committee brought in its report which was adopted unanimously.

For list of new officers, see pages 1 and 2.

Title Insurance, Legal and National Title Underwriters Sections Joint Session

Mr. H. Laurie Smith, Chairman, National Title Underwriters Section, Presiding.

Title Work on Rehabilitation Projects

HARRY M. PASCHAL

Vice-President, Atlanta Title & Trust Co., Atlanta, Georgia

In attempting to give you any information as to the activities of the governmental agencies, insofar as they relate to the abstract or title insurance business, I must necessarily limit myself to those agencies with whom we have done business, namely:

(1) The Public Works Administration (divided into two sections as follows: (a) Slum Clearance and Low Cost Housing Projects; (b) Self-Liquidating Private Projects).

(2) Subsistence Homestead Projects (such as projects being under the supervision of the Land Program of the Federal Emergency Relief Association.

(3) Federal Land Banks.

(4) Home Owners' Loan Corporation.

As to the Slum Clearance and Low Cost Housing Projects of the Public Works Administration:

Most of you are doubtless aware of the fact that the first of these projects to get under way in this country originated in my home city. The government has already acquired title to the lands through condemnation proceedings in the Federal Court, and the old buildings on these lands are now being demolished. In one area the apartments and duplex dwellings to be erected will be tenanted by whites, and in the other by negroes. The total cost of the land for the two projects was

about \$800,000.00, and the total cost of land and improvements will be about \$5,000,000.00.

We have had many inquiries from other abstract and title insurance companies throughout the country on the matter of the fees charged by us for furnishing preliminary reports and certificates of title on these two projects, and many of the companies who have communicated with us have expressed surprise that we did not make a higher charge for these preliminary reports and title certificates. I am rather of the opinion that we could have gotten a better contract by waiting a little longer, but it has always been the policy of our company not to make a greater charge on a contract for a governmental agency than would be made against an individual, firm or corporation for whom we might render the same service. There were about two hundred and fifty parcels of land included in these two projects. Bear in mind the fact that these two hundred and fifty parcels formed two contiguous bodies of land, one in the southwestern section of our city, and the other in the northwestern section. Being thus grouped, and the underlying chain of title being the same, it was a comparatively simple matter for us to make up these reports. As a matter of fact, two title examiners, aided by two tax examiners, finished up the entire job of examining the titles and preparing the preliminary reports and title certificates in less than four weeks. Our fee for this work was something more than \$5,000.00, or at the rate of about \$20.00 per parcel. As a comparison, let me say that, up to the present date, we have examined for the Home Owners' Loan Corporation six hundred and eighty-three titles, and that our net profit on the Slum Clearance Project is more than our net profit on the six

hundred and eighty-three orders from the HOLC. In addition, our liability under the Slum Clearance certificates is now extinguished, as the government acquired title through condemnation proceedings. Our liability under the HOLC policies will continue, in some cases, for fifteen years, or more. All of these are factors which should be considered in quoting rates for this kind of service.

Some of you may contend, and justly so, that in the certifying of the titles in the Governmental Slum Clearance Projects, we had our last chance of ever getting a title premium out of these properties. The answer to this, however, is that the government will not remain in business indefinitely, and that eventually these projects will be restored to private ownership, and as the government does not warrant the titles to lands, but only quit claims such interest as it may have, we will then be called on for title insurance to cover the purchase price of the land and improvements.

As to the Self-Liquidating Private Projects of the Public Works Administration:

We have received several very nice orders from this section. One of these orders involved about one thousand acres of land in middle Georgia. On this land is to be erected a new Georgia State Prison costing about a million and a half dollars. This land was purchased by the government, and a contract has been, or is being, signed whereby the State of Georgia will pay an annual rental over a term of approximately fifteen years, and after all of these payments have been made, the land, with all improvements thereon, will be deeded by the government to the State. The State had planned to purchase the land and then have the government erect the buildings under a contract providing for annual rent, but on account of a Federal Statute which prohibits the expenditure of public moneys for the erection of buildings on lands belonging to any other than the government, the plans had to be revised so that the government would purchase the land and retain title until all payments were made.

Our State University System has also arranged to purchase some additional land and erect buildings thereon under an arrangement with the Private Projects Section of the Public Works Administration. We have been called on to examine the titles to the additional lands to be acquired by the University System and furnish preliminary reports and title certificates thereon. This project is in the form of a loan, and the annual income of the entire University System of the State has been, or will be, pledged as collateral for this loan, but without any liability on the part of the State of Georgia for its payment. The amount involved in this loan is approximately \$3,500,000.00, and 30 per cent will be an outright grant by the government in consideration of compliance with the

provisions of the NRA in the construction of the improvements.

As to Subsistence Homestead Projects:

One of these projects is already under way in Georgia, about one hundred miles south of Atlanta. We were called upon to make a bid for the examining of titles to about 3,600 acres of land to be included in this project, but after considerable correspondence, we were advised by the officials of the Land Program of the FERA, in Washington that, in their opinion, our bid for this work was excessive, and requesting that we revise it. We had carefully estimated the amount of work involved and the amount of expenses which would probably be incurred by our attorneys in going to and from the county seat of the county in which the lands are located, for the purpose of making the abstracts, etc., and we therefore advised the officials handling this matter in Washington that we did not care to make any revision in our bid. I understand that a firm of local attorneys made a contract to make these abstracts and furnish title certificates for exactly one-fourth of the charge quoted by us. I do not see how it is possible for them to break even on this contract.

We have done very little work for the Federal Land Bank. We have been called on in several cases to issue title insurance to the Federal Land Bank where the abstracts submitted showed that the title to the property was based on prescription, or where the record was not clear on some point. In some cases, we have been able to approve these titles and issue title insurance thereon, but in others, we have declined the risk, after a thorough investigation of the facts. In all cases, however, we have sent our own attorneys to the county seat of the county in which the land was located for the purpose of checking the abstracts submitted, as we do not insure titles based on abstracts or certificates of local attorneys. We tried out the National Title Insurance Plan for two or three years—back in the days when we had the competition of the New York Title and Mortgage Company, the North American Title Guaranty Company; the Union Title Guaranty Company, and others, but we soon discovered that the title insurance business was, always had been, and probably always will be, one of personal service; and that we could not sit at our desks in Atlanta, Georgia, and really render a service in the closing of a real estate deal at Knoxville, Tennessee, or some other distant point; so, we discontinued the National Title Insurance Department for all time.

Now, as to the Home Owners' Loan Corporation:

This Corporation, up to September 15th, had closed 4,412 loans in Fulton and DeKalb Counties, these being the counties in which our plant is located. We have issued title insurance in 683 of these cases—about one-seventh of

the total number, but about one-twentieth of the total amount of money or bonds loaned. In other words, practically all of our business has been small loans. The average to date on the loans we have handled has been about \$2,000.00. We have handled some specific cases in which we have made a profit, but I am frank to confess that we have made very little profit on the aggregate of the HOLC loans to date.

Our work in connection with the loans of the HOLC has been very interesting, and I am going to impose on you to the extent of briefly discussing two of these cases, in the hope that some of you may get an idea that will prove of value to you.

The first is a case that arose in a city about seventy-five miles from Atlanta. A life insurance company held a loan of about \$13,000.00 on a very fine old colonial home, the loan having been made about six years ago, and the entire amount, together with some arrearages of interest, taxes, fire insurance premiums, etc., being delinquent. Some time after the first loan was made the mortgagor placed a second mortgage on the property, and thereafter several judgments were recorded against the mortgagor. The 80 per cent approved loan was barely sufficient to pay off the first mortgage, and no funds were available to apply on the second mortgage or to satisfy the judgment of creditors. The second mortgage and the judgment creditors would not subordinate or step aside in order that the applicant might refinance the first mortgage through the HOLC. After considerable discussion with the State Counsel of the HOLC, we worked out a plan whereby the Corporation purchased the first mortgage from the insurance company, and the HOLC took an assignment of the mortgage and notes, together with all rights under the mortgage for advances made by the mortgagee for taxes, fire insurance premiums, etc.; then the mortgagor and the HOLC entered into an extension agreement whereby the transferred indebtedness was extended on the HOLC plan. A special stipulation was inserted in the extension agreement, however, to the effect that in case the second mortgagee, or any one of the judgment creditors, should tender, or cause to be tendered, to the Corporation the amount advanced by it, including interest to the date of tender, thereupon the Corporation was authorized and empowered to make an assignment of the mortgage and the note to such second mortgagee, or judgment creditor, and the terms of the extension agreement entered into between the mortgagor and the Corporation would thereupon be abrogated. This was not in any sense a novation of the original contract between the mortgagor and the life insurance company, as there was no extinguishment of the original debt; on the contrary, the original note and deed to secure debt were the basis of the extension,

and this was so recited in the extension agreement. The second mortgagee and judgment creditors, under the terms of the extension, have the same privilege of enforcing their rights that they had while this indebtedness was held by the life insurance company. I might add that we received a very nice premium for working this matter out.

The other case that I have in mind is that of an elderly lady (whose mother had been foreclosed on about eighteen months before she made application through HOLC to redeem her homestead). This order came to us on December 19th, 1933, and the loan was finally closed the latter part of August, 1934—eight months later. Our examination of the title developed the fact that at the time of the foreclosure to satisfy the then existing mortgage, the equity in this property was in applicant's mother, who occupied the property as her homestead, the applicant (herself a widow) and her sister being the sole support of the mother; that the mother had died, leaving these two daughters and several grandchildren, these grandchildren being the children of a deceased daughter, and that one of these grandchildren was a minor. You understand, of course, that no question of title was involved, as this was a redemption case, and the mortgagee (who had foreclosed and acquired title) could make reconveyance to the applicant. However, upon submission of the facts by us to the counsel for the Home Owners' Loan Corporation, he held that a guardian must be appointed for the minor, and that the guardian must file petition to sell his ward's interest to the applicant; or that the guardian must make application to the Superior Court for authority to encumber the ward's interest in the property for the purpose of redeeming from the foreclosure sale. Of course, the ward had no interest in the property, and there is no provision under our law for selling or encumbering property under such circumstances. We interested ourselves in this old lady's case, and submitted all the facts to Mr. Horace Russell, General Counsel of the HOLC at Washington. Various angles of this case were submitted to National Headquarters in Washington on three different occasions, and after considerable delay, Mr. Russell held that he was without authority to act, but suggested that all the facts be submitted, in writing, to the Home Loan Board. This was done, and the Board finally agreed that they would allow the loan to be closed in the applicant's name upon her obtaining and recording quitclaim deeds from all the adult heirs, provided that, simultaneously with the closing of the loan, the applicant would execute a deed to the minor child (subject to the HOLC loan) to the fractional undivided interest which he would have inherited as an heir at law of his grandmother. This was not satisfactory to the applicant, as this minor grandchild lived in Macon, Georgia—about 100 miles from

Atlanta—and he had never resided in the property. In addition, the minor grandchild was not desirous of redeeming the property, as he had no intention of moving from Macon to Atlanta, and had no funds with which to make any part of the monthly payments on the loan. After considerable investigation, we found that the applicant's mother had made a will several years prior to the date of her death (a very informal kind of instrument, but properly attested under the laws of our State), and that this will had been turned over to her attorney shortly after her death; that inasmuch as the mother did not have any property at the time of her death, except the equity in this property (this being of very doubtful value), the attorney had not filed the will for probate, and had thereafter misplaced it. We then began a search for this will, as that was the solution of the whole problem. We requested this attorney to make a thorough search through every paper in his office, and after several days, he found the will. After bequeathing \$1.00 to each of the grandchildren, the testator devised all her remaining property to her two daughters, share and share alike.

We propounded the will for probate in common form only, as no title was passing under the will, and it was only being probated in order to make the applicant eligible under the Home Owners' Loan Act, and had the applicant's sister execute a quitclaim deed to the property.

The amount of the 80 per cent loan in this case was only about \$1,100.00, and the mortgagee was taking quite a sizable loss; so you can well understand that the property was not of much value; but it was "home" to the applicant; the place where her mother and father had lived and died, and she wanted it back. It is needless to tell you that I am very proud of the part my company took in helping her get it back. Our premium in this case was exactly \$20.00, and we knew when we started in to help the applicant get her loan through that there was no chance of our getting any more, as no funds were available for the payment of any additional fees or expenses. For our services in this matter, we should have received not less than \$200.00. Many people knew of this case, and had tried to help the applicant get her loan through, but without success. Our Company was the last resort of the applicant. If you could have been present at the final closing of this loan, and heard this dear old lady's expressions of gratitude to our Company for finally getting her loan closed, you would feel as I did—that is that in this particular case we received adequate compensation for the service which we rendered. I leave it to you to estimate the advertising value of such cases.

In conclusion, I can only advance one constructive idea, and this is to the title insurance companies which are receiving only a portion of the HOLC busi-

ness in their respective communities:

That you contact the State Counsel of the HOLC and obtain from the files of the Corporation a list of the "abandoned" loans in the section in which you operate, and see if you cannot rehabilitate these loans and write title insurance policies thereon. By "abandoned" loans, I mean those loans on which adverse reports on titles were rendered by the county attorneys, the files closed and the loans abandoned. In some case you will find that the loans were abandoned, not on account of adverse reports on the titles, but on account of the lack of co-operation of the mortgagor with the county attorneys in clearing objections raised to the titles. I am not familiar with the procedure in the various states about such loans, but in my state the practice is, when an adverse report is submitted, to close the file and abandon the loan; the HOLC thereupon paying the minimum expenses incurred, these expenses being itemized as follows:

Minimum attorney's fee	\$15.00
Cost of Survey	7.50
Character report	1.00
Fee appraisal	5.00
<hr/>	
Total	\$28.50

We have been successful in giving "artificial respiration" in sixty-seven of these abandoned loans out of a possible seventy cases.

The HOLC will, or rather should, be glad to turn over such cases to you, not only for the reason that the applicant is probably in distress and is entitled to the loan, but for the further reason that if the loan is finally closed, the expenses advanced by the Corporation can be charged to the loan account of the applicant, whereas, if the loan is not closed, but is permanently abandoned, the expenses are paid by the Corporation and charged to the expenses of operation in that particular state.

In our city there are fourteen county attorneys, and we have received their wholehearted co-operation in working out these abandoned loans, having received one or more such orders from each of them. In such cases, we have had to make arrangements with the applicant, or with the mortgagee, for the payment of our premium, as the HOLC, after a loan is abandoned, will only include the minimum attorney's fee advanced by it as a disbursement in the loan, and will not allow two fees or premiums to be included in the disbursements.

You will find the work on these abandoned loans very hard indeed, but it is "business," and you will also find that in a great many cases you have in your plant the information necessary to clear the objections raised to the titles, while in others all you need is a quitclaim deed or an affidavit from some person known to you and residing or working close by. We have only had to turn down three cases out of seventy submitted to us after putting them through our "clinic."

Discussion

H. LAURIE SMITH

President, Lawyers Title Insurance Corporation, Richmond, Virginia, Presiding.

WILLIAM S. MORRIS (Houston, Texas): I would like to ask Mr. Paschal if his experience was similar to ours—we had a loan that the HOLC authorized us to close, they were to prepare the papers, the papers were sent to our office and executed, and put on record and the loan closed. All papers were sent to the HOLC. After receiving all these papers and our title policy they refused to go on with the loan and refused to issue the bonds. In our city there are at least seventeen such cases. I would like to know if you have had any experience in cases similar to that.

MR. PASCHAL: Can't you tell me any reason for that refusal?

MR. MORRIS: They effected contact with the mortgagor and he did not want to go through with the loan.

MR. PASCHAL: We have had no cases of that kind, although we had several cases where the loan was dropped right at the time they were ready to close because of the fact that they discovered the applicant was not eligible, did not live on the property, or had misrepresented something to them.

MR. MORRIS: I wonder if any of the rest of you have had this to confront?

LIONEL ADAMS (New Orleans, La.): We do not get into the same difficulty that confronts you because we won't issue a policy until we know the considerations.

MR. MORRIS: In our section they demand that the policy be issued and all papers sent to them before they'll do anything on it. There are at least seventeen cases in the city of Houston where they turned them down after the papers were all executed, filed for record, and sent to the HOLC. There was no collusion in this particular instance between the mortgagee and the mortgagor to get this loan—I personally think it is spite!

MCCUNE GILL (St. Louis, Mo.): I should like to inquire how many of us are getting fees for rejected loans and how many of us are not? If the gentlemen who are getting these fees will kindly raise their hands, I should like to see them—now will the ones who are getting no fees for rejected loans please raise their hands—it seems then that fees are being obtained in most places. I think those of us who are not getting such fees should raise that question and do something about it.

MR. FRANK KENNEDY (Detroit, Mich.): I saw a copy of the code of rules that HOLC printed under date of Oct. 10th, I think it was, which provides that upon the rejection of a loan that the title service thereon shall thereupon become due and payable, and we get paid in full for our services, the only difference they make is that in-

stead of paying it to us through the local agency it is sent to Washington and paid out of another fund at Washington.

MR. LIONEL ADAMS (New Orleans): We have had the same experience—if we file these rejected cases with the local office of HOLC, the local office sends them to Washington and payment comes through quite readily.

Effects of Sections 74 And 77 of Bankruptcy Upon Title Business

MCCUNE GILL

Vice-President, Title Insurance Corporation of St. Louis, St. Louis, Mo.

INTRODUCTION. In the old days—say five years ago—when Congress interested itself only in Indians and fourth class post offices, many good title men managed to get along without even owning a set of United States statutes. But now since Congress has been getting interested in everything on earth, we must keep our little red U. S. C. books (and innumerable supplements there to) close at hand.

One of the principal recent activities of Congress which we find in our red books, has been an unprecedented broadening of the bankruptcy act by engrafting onto it a series of sections (74 to 77 and all the little a's and b's) which amount to a Federal moratorium mixed up with a sort of receivership—together with the most startling powers given to Federal judges to scale down the amount, and scale up the maturities, of our (so-called) secured debts.

SCOPE OF BANKRUPTCY ACTS. There's nothing new about debtors escaping from their obligations through bankruptcy proceedings. The old Romans were wont to do that by a "cessic bonorum" or cession of goods, to avoid being sold into slavery to help pay their debts; (in those days the creditor not only foreclosed the debtor's property but also foreclosed the debtor himself—and thereby helped to solve the unemployment problem.)

The general idea underlying all bankruptcy proceedings is that the debtor, overwhelmed by obligations, can start again—with nothing to start with (except perhaps where he has laid up treasures in the name of his wife or in a tenancy by entireties, where the moths and rust of the bankruptcy court doth not corrupt nor referees break through and sell). But now he is to have plenty to start with, freed not only from unsecured claims, but also from part of the secured ones. Oh, debt, where is thy sting?

However, it is not our purpose to inquire into the expediency or constitutionality of these new acts—only the nine learned gentlemen in their new marble palace in Washington know the answer to that question. What we can ask, however, is how these acts affect

the title business, both as to volume and hazard.

SUMMARY OF THE ACTS. Let us first summarize the acts themselves.

"Seventy-four" is the Debtors' Relief Act. As first passed on March 3, 1933, its operation (except a certain delay occasioned by the proceedings) was dependent on the consent of the mortgage holder, or two-thirds of several holders (corporation), or a majority (individual). By the amendment of June 7, 1934 (U. S. C. 11-202), however, the Court can approve a plan of extension over the objection of the mortgagee and include a scaling down of the mortgage. The provisions as to liquidation probably authorize a sale of the property under the ordinary bankruptcy procedure.

"Seventy-five" provides for Agricultural Compositions and has been rather violently amended by the Frazier-Lemke Act of 1934 which is numbered 75s, (U. S. C. 11-203). Its provisions are virtually mandatory on the mortgagee because of the unfavorable rental alternative. Nothing is said about a sale to outsiders under order of court.

"Seventy-six" has to do only with the extension of the liability of persons secondarily liable.

"Seventy-seven" as originally written referred only to the reorganization of railroads. But by the Corporate Reorganization amendment of June 7, 1934, sections 77a and 77b were added permitting the compulsory extension of all corporate mortgages by what is euphemistically called a reorganization (U. S. C. 11-207). These amendments also authorize a sale of the property under order of court, with rather definite power to order a scaling down of the debt. Sales are to be conducted under the provisions of Section 70b which is a two line affair telling you practically nothing.

EFFECT ON VOLUME OF TITLE BUSINESS. The operation of these acts will no doubt frighten some private investors from the mortgage field; but this may only mean more FCA or FHA loans so the volume of the abstract and title business may not be seriously affected.

The number of pages in an abstract will be considerably increased by these lengthy proceedings (to the great joy of the abstracters, especially in U. S. Court cities). Title insurance companies, however, whose examiners must pore over these proceedings will not be so happy, unless they find themselves compensated by the number and size of policy fees brought about by the activities of reorganizers. But don't forget to charge enough.

EFFECT ON THE HAZARDS OF THE TITLE BUSINESS. One of the hazards of title examining which will be greatly increased by these acts is the possibility of proceedings in other Counties or States. Like other bankruptcy proceedings "the world is their parish." So reports and policies must carry exceptions as to proceedings outside your own bailiwick.

Another hazard, and the principal one, is the risk that the Acts may be declared unconstitutional, or that the proceedings leading up to a sale, or reorganization mortgage, may not be sufficient. Doubts as to constitutionality and the meagerness of the statutes as to the service of process (on unknown bondholders, for example) and other details of the procedure, almost make it imperative that title companies require that confirmatory deeds be obtained from the owners of the property and that all encumbrances be voluntarily released. In actual practice this has been found not to be as impossible as it may seem to be. And it seems necessary when we consider that we are insuring the validity of a law and the validity of proceedings which are to say the least revolutionary.

CONCLUSION. When in a fog proceed cautiously and blow fog horn at short intervals.

MR. GILL: Yesterday, Mr. Kennedy, I believe, was prepared to discuss this subject and graciously omitted doing so because of my paper today—so I suggest Mr. Kennedy give us his ideas on the subject now.

MR. KENNEDY: Mr. Chairman, I do not believe it is necessary for me to carry any more coals to Newcastle, because Mr. Gill has covered this subject quite completely; but we feel that this is a very radical sort of legislation and I am not sure—it may be prepared more carefully than the first reading would indicate—that the Act is as well drawn as some persons would seem to think; we do not feel at this time that, in a contest later on, it would be sustained.

MR. CHARLES BUCK (Baltimore, Md.): I think I am correct in saying that in Baltimore about a month ago in a case involving a certain land bank, the Judge of the U. S. District Court, the lower court, held the Act to be unconstitutional; and he ruled the same way in another case involving the Phoenix Land Bank. His opinion is worth considerable, I would judge—he is a very learned and capable judge.

Term Owners and Term Mortgagee Title Insurance

RALPH M. HOYT

President, Title Guaranty Company of Wisconsin, Milwaukee, Wis.

In the fifty-eight years since the first policy of title insurance was put out, it has been the almost universal practice of title insurance companies to issue, for a single premium, owners' policies of perpetual duration and mortgage policies which continue in force until the mortgage is satisfied or foreclosed. In recent years the mortgage policy has been further broadened, in both the L.I.C. and the A.T.A. forms, so

that it is automatically converted into a perpetual owner's policy as of its original date if the policyholder acquires the mortgaged premises through foreclosure or other legal means in enforcement of his mortgage. Thus, among all the divers forms of insurance, we occupy the unique position of furnishing the only form that runs forever upon the payment of a single premium.

Whether this unlimited duration of title insurance coverage was carefully considered and deliberately adopted by the founders of our business two generations ago, or whether it came about accidentally and through failure to plan and deliberate, I do not know. All of us, or nearly all of us, ran along year after year under the perpetual coverage plan without giving it much of any thought until the five lean years of the depression made us lie awake nights trying to figure out what we could do to keep our business going. And when we looked over into the green pastures of our brethren in the fire insurance and the liability insurance business, and saw them rejoicing in a continuous and automatic flow of renewal premiums year after year while we were scratching our own barren soil in an effort to stir up new business where there was none to be had, we naturally became not only envious but thoughtful. We wondered whether we were not everlasting suckers for letting our policyholders keep us under liability until judgment day under a policy written for a single very modest premium while our neighbors in other insurance lines were collecting a new toll every year or every three or five years for keeping their clients' properties insured.

And so the question came up in the minds of many of us, is there any reason why we should not issue our policies for a limited term, and exact renewal premiums for renewal of the risk at the end of such term, or at least definitely cut off our liability if the term expires and the risk is not renewed? Much as I should like to answer that question in the affirmative, and to sketch out for you a complete and workable system of issuing term policies and collecting renewal premiums, I am strongly of the opinion that for title insurance the term policy idea is neither logical nor, in general, workable. Knowing that a number of my hearers are definitely of the opposite view, I hasten to give my reasons for the position that I take.

In the first place, the supposed analogy between title insurance and other forms of insurance against casualty does not, in fact, exist at all. The purpose of fire insurance and liability insurance is to guarantee against loss due to a future occurrence. The purpose of title insurance is to guarantee against loss arising from a past occurrence. The facts and circumstances which will result in loss under a title policy are all in existence at the time the policy is issued; they merely have

not yet been discovered or brought to light. If they do not come to light and cause trouble within a certain period of time fixed by law, they are forever harmless. Every day that passes marks the final curing, by operation of statutes of limitation, of myriads of real estate title defects that had their inception ten or fifteen or twenty years ago.

Thus the title policy starts with a fixed status as of the date of the policy, and merely guarantees that that status is legally correct, or if not legally correct, that its defects and errors will not cause the policyholder any loss in the future. The policy of fire or liability insurance, on the other hand, is a gamble against the occurrence of a new cause of loss on any and every day of the term for which the policy is written. Every time an automobile is driven down a street, the insurer under its liability policy experiences a new risk of loss. If he is to take that risk today, he must be paid a premium for today's hazard; if he is to take the risk again tomorrow, he must be paid a new premium for tomorrow's new and distinct hazard.

So it is clear, upon reflection that the idea of a renewal premium in title insurance cannot tie in at all with the logic behind the renewal premium in other forms of insurance. There cannot be a true renewal premium unless there is a renewal of risk. In title insurance the risk not only is not renewed, but is steadily diminishing day by day until it reaches the vanishing point.

So far as owners' policies are concerned, the absurdity of attempting to make renewal premiums a source of revenue is emphasized by the length of the term which the proponents of that type of policy are suggesting. No one proposes to issue a policy for a term of one or three or five years, for obviously such a policy could not be sold at all. The proposal is that the policy should run for the full period of adverse possession in the state where the land is situated. The idea back of fixing this long period is, to enable the company to assure the prospective policyholder that the limitation of term in the policy will not harm him, because by the time the policy runs out the title will have become invulnerable through adverse possession. But if that is the case, surely no one would expect that policyholder to come in and pay a renewal premium for further protection at the end of his policy period. He will take the company at its word, and will assume that when the policy expires he will no longer need insurance.

If, then, we must give up the idea that term insurance as to owners' policies can be made a source of increased revenue to the title company, the question remains whether there is any other reason for adopting the term plan. Such a reason readily suggests itself in connection with the handling of the company's reserves, and particularly in

connection with a possible desire to liquidate a solvent company and go out or business. It would unquestionably be a very fine thing for a title company to be able to write off expired risks, and keep down the ever-mounting total of "outstanding risks" that we are now obliged to admit in our reports to the public and to the insurance departments. I am wondering, however, whether this desirable end could not be just as effectively accomplished by frankly seeking the co-operation of insurance departments in the adoption of reserve regulations, as by inserting term limitations in our policies of title insurance. State insurance commissioners either have the power, or can be given it by legislation, to adopt rules and regulations as to the required reserves of insurance companies under their jurisdiction. Reserves are a matter of estimate anyway, for no insurance company can be expected to have assets equal to its total outstanding risks, or reserves equal to its total premiums collected. It should not be difficult to convince an insurance department that within a few years after the ordinary period of limitation has fully expired, the reserve against an owner's policy of title insurance may properly be drawn down practically to zero, and that such policy may properly be removed from the list of "outstanding risks" in the company's statement. And if the company desires to go into liquidation, there again it is perfectly possible to apply actuarial methods to the fixing of the reserves that should be kept on hand for possible losses, and the number of years that such reserves should be kept intact before final distribution is made to the stockholders. Such methods are in use in the liquidation of other kinds of insurance companies, though the absolute period of possible liability is as uncertain of determination with them as it is with us. A claim under an automobile policy, for instance, may be first asserted many years after the policy has expired, because the claimant may be a minor or an incompetent against whom no statute of limitations has even commenced to run. I believe that before we ask our policyholders to accept a term limitation in their policies for the mere sake of improving our reserve adjustments and the appearance of our financial statements, we should make an effort to obtain intelligent recognition of our peculiar problem by the insurance departments of our several states.

After all, the purpose of inserting a term of limitation in the policy is to absolve the title company from liability for claims which first make their appearance after the policy has expired. But what of the policyholder who is confronted with such a claim and has to pay it? He certainly will feel a distinct grievance against the title company that took his money and failed to protect him. The possibility of such belated losses is, of course, always with us, though their rarity is in

itself a reason why we ought not to begrudge our policyholders the very slight extra risk, per policy, which they entail. As an extreme example, I ran across an instance in my own state last year where a woman was committed to the insane asylum in 1883 and remained there until her death in 1928. During all those forty-five years, of course, no statute of limitations ran against her rights, and she could have asserted them as freely in 1927 as in 1890. Another situation that is not at all uncommon and is actually very serious in a state where, as in Wisconsin, the dower right is an absolute fee and not a mere life estate, is illustrated by the case of a wife who may have failed to join some thirty or forty years ago in a deed given by her husband in which he perhaps describes himself as a single man. No statute of limitations will even begin to run against the wife until her husband's death, and so it is not at all impossible for her to come in and assert dower rights forty or fifty years after the defective deed was given. For cases of this type, rare though they may be, title insurance companies would seriously impair their usefulness and their reputation if they were to insert term limitations into their owners' policies.

Furthermore, it is not only the occasional instance of an actual title loss after a long period of years, but the mere fact that the company is proposing to limit its liability to a fixed period, that would do the most harm to our good will. However, it may be in other parts of the country, in my state the business of title insurance is in its infancy, and we are making our headway against rather formidable obstacles. We are hampered not only by the inertia of the public and the desire to cling to the old ways of doing things, but by the active opposition and propaganda of certain members of the legal profession who jump at the chance to pick flaws in our title policy coverage. Anything we might put in the policy that would give our detractors an excuse for further assaults upon us would set us back many years in our difficult job of educating the public. One attorney in Milwaukee went so far as to solemnly advise a client that the provision in our policy requiring the policyholder to commence action against us within one year after his loss has occurred, made our policy a one-year policy and entirely worthless after it had been in force for twelve months. If such an innocent clause as the one requiring prompt claim after the occurrence of a loss can be distorted into a term limitation of the policy itself, I shudder to contemplate the propaganda that we would be up against if we should insert a genuine term limitation, even though a long one, in the policy.

But, as a matter of fact, I do not believe there is any real need for a term limitation in an owner's policy, even from the standpoint of keeping

our outstanding risks from becoming, on paper, excessive. The reason for my belief is that since no one proposes a short term policy, and since a term of fifteen to twenty years would in most states be necessary to cover the period of the statute of limitations, there is every reason to believe that, on the average, we will get at least one re-order on every insured title anyway, before the proposed policy term would expire. In other words, titles may be expected to change hands, on the average, considerably oftener than once in twenty years, and with each transfer of title a new and revised title evidence is required. If we have once insured a title, and if we devote a proper amount of advertising effort and salesmanship to keeping our policyholders aware of our existence, we certainly ought to get a second job on most of our titles before the first policy has become fifteen or twenty years old. In doing that second job we are performing a real and a necessary service, and not merely holding up the public for our own benefit. We are covering with our guaranty not only the period already covered but, in addition, a new period which, because the most recent one, is for that reason the most risky period in the history of that particular title. Whether our reissue rate under such circumstances should be equal to the original rate or substantially lower is a much mooted question which is beside the present point. The thing I am trying to emphasize is that if we see to it that after a property has once been insured, every subsequent transfer of the title is covered by a reissue policy running to the new owner, we will be rendering a real service for which we can conscientiously make a real charge. While the old policy in such cases will ordinarily remain in force, as a permanent protection to the original policyholder upon the warranty of title that he gives in selling the property, our total liability will not be substantially increased and we will gain a legitimate revenue over and over again from the same real estate. And if I am correct in supposing that real estate titles will turn over at least once in twenty years on the average, there is no reason why we should wish to get the liability off our books by inserting a term limitation in the policy; what we want to do, on the contrary, is to keep that particular piece of real estate on our books as a permanent subject of title protection, but with suitable revenue coming to us for keeping that protection up to date as often as the real estate changes hands.

Thus far I have addressed myself principally to the matter of owners' policies. When we come to mortgage policies, we are confronted by a somewhat different situation as to facts, though the principle remains the same. It is suggested that because mortgages were formerly made for comparatively short periods, and mortgagors were addicted to the strange custom of pay-

ing off their mortgages occasionally, we were quite justified in the old days in issuing single-premium policies good until the mortgage was satisfied of record; but that under present conditions, with mortgages running for longer and longer initial periods and very seldom being paid or satisfied, there is every reason why we should bestir ourselves to get more revenue out of our mortgage policy business. The contention has a great deal of merit; but I do not agree that the term policy is the answer. If our rates are too low for present conditions, there is no reason why we should not frankly raise them. If our present rate schedule is adapted to a three-year or a five-year mortgage, but is too low for a fifteen-year or a twenty-year mortgage, there is no reason why we should not have a higher schedule for the longer-term mortgage. But to issue a policy good only for the regular term of the mortgage, or a year or so longer, and then demand an extra premium for a further continuance of the liability, without rendering any further service or assuming any new risk, is, to my mind, just as illegitimate in the case of a mortgage policy as in the case of an owner's policy. The length of time that the policy runs has no bearing on the risk, except to diminish it. If the title is defective at the date of the policy, the seeds of a loss are present the moment the policy is written, and whether those seeds ripen into an actual claim the first year or the sixth year after the policy date is a wholly extraneous and accidental fact which has no legitimate bearing on our moral obligation to respond for the loss. It is so easy to jump to the fallacious conclusion that because the mortgage remains unsatisfied for, say ten years, we are giving ten years of insurance upon the title; whereas in fact, the insurance that we are giving covers the hundred years or so prior to the date of the policy, and not the five or ten or fifteen years succeeding its date.

But with mortgage policies, as well as with owners' policies, it is perfectly possible for us to devise legitimate means of obtaining revenue from time to time without resorting to the obnoxious practice of billing our good customers for renewal premiums. When a mortgage falls due and remains unpaid, and the mortgagee does not wish to enforce collection at once, the proper and safe practice is for him to enter into a written extension agreement with the mortgagor. Banks, insurance companies and other financial institutions must, in fact, enter into such agreements to avoid having their mortgage paper classified as past due and doubtful. In connection with such extension agreements it is highly desirable that the mortgagee should know just what has happened to his security, and in fact, to the title in general. If

the title has passed through several hands while he has held the mortgage, it is important for him to know whether the successive owners have assumed the mortgage and thus made themselves personally liable upon it. The existence or absence of such cumulative personal liability may have an important bearing on the mortgagee's willingness to extend the mortgage. He is also interested in knowing whether junior liens have been permitted to accrue, as bearing on the probability that the mortgagor will be able to pay at the end of the extension period. But what is most important, is imperative for him to know whether liens have arisen which take priority over his mortgage. In most states all general and special taxes have such priority, and in many jurisdictions there are other kinds of liens that may get in ahead of the mortgage. The thing for us to do, therefore, is not to dun our customer for a so-called renewal premium which is nothing but a second payment for a service already rendered and a risk already taken, but to offer him a new service that he will be glad to pay for. In Milwaukee we do a very good business in furnishing certificates to be attached to mortgage policies as riders, reciting the fact that an extension of the mortgage has been made and recorded, and guaranteeing that the mortgage, as so extended, remains a valid first lien subject only to the matters enumerated in Schedule B of the rider, which brings down to date and supersedes Schedule B of the original policy. The issuance of the rider is preceded by a preliminary report which shows not only the things that will appear upon the rider but all changes in title and junior liens that have gone on record since the original mortgage was recorded. There is no reason why mortgagees everywhere should not be sold on the idea, first, of putting their extensions in writing and on record instead of merely letting the mortgage run along as a past-due obligation; and second, of obtaining the real service and protection of an extension certificate attached to the original policy.

As to mortgage policies, therefore, my point is that if we are not getting enough revenue from these policies under the changed conditions now prevalent, we should raise our rates, not surreptitiously but openly. If the spread of time between a three-year mortgage and a fifteen-year mortgage is so great that we feel that we are going to be deprived of our accustomed renewal revenue inordinately long, we should make higher rates for fifteen-year mortgages than for three-year mortgages. But we should not, merely because a mortgage remains unpaid when due, "crack down" on the policyholder, as General Johnson would say, and hold him up for a new premium on an old risk merely because he is unfortunate enough to have a frozen mortgage on his hands. We should, on

the contrary, offer him a new service in connection with keeping his mortgage a live and not-yet-due rather than a doubtful and past-due item on his books; and for that new service we can legitimately charge, and he will gladly pay.

I should have liked to present to you in connection with this paper a complete and authentic survey of the past experiences of title companies with the use of term policies. It was only about three weeks ago, however, that I was requested to present this subject upon your program. The best I could do in the way of gathering data was to send a hurried request to a couple of dozen title men in all parts of the country for a statement of their experiences and their views on term policies. Most of them replied that they had never heard of such policies being used anywhere, but in the case of one company I was surprised to find that such a policy is used regularly, both mortgage and owner's. This policy states: "This guaranty in all events shall be null and void after fifteen years from its date, unless sooner terminated." I do not know how long this policy has been in use, but the vice-president of the company wrote me that he had met with no unfavorable reaction locally and did not recall of having ever lost but one piece of business by reason of the term limitation. He further stated, however, that such limitation was unacceptable to the eastern life insurance companies, and that in policies written for those companies he was obliged to use the L. I. C. form. I also learned from Mr. E. B. Southworth of the Title Insurance Company of Minnesota that that company formerly issued a twenty-year term policy, but discontinued it because of the sales resistance it caused and because the policies were never renewed as of their original date at the end of term, and most of them were reissued anyway long before the term expired. I find also that it was formerly the practice in Los Angeles to issue twenty-year term policies, but the eastern life insurance companies raised such a vigorous protest that the practice was abandoned. Title men in New York, Baltimore, Philadelphia, Detroit and Chicago, as well as those already mentioned in Los Angeles and Minneapolis, expressed in their letters to me pronounced opposition to the term policy idea, while the opposite reaction appeared in the replies that I received from Cleveland, Richmond, Atlanta, Toledo and Oklahoma City. I am very much in hopes that the discussion that will follow this paper will supply some of the deficiencies in my hasty effort to obtain facts and opinions by letters from different parts of the country.

The Nominating Committees of the three sections brought in their reports. All were adopted unanimously. For lists of new officers, see pages 1 and 2.

Discussion

CHAIRMAN SMITH: Your President has ruled we may have fifteen minutes for open forum discussion. Since we cannot take all of the interesting subjects slated and since we have talked on the HOLC business, before we pass that on we might just put a moment or two on this question of formal policy for HOLC. Has anybody anything to offer on that? I will say this to open the discussion—I think many title companies have been requested by HOLC in recent weeks or months to furnish LIC policies, and a few have been requested to furnish ATA policies; is there any discussion on that subject?

MR. JOHN R. UMSTED (Philadelphia): I can say to you that Pennsylvania has adopted the American Title Insurance policies; we have had several letters from the HOLC in which they state that the ATA policy will be accepted.

CHAIRMAN: I am glad to get that information because in one instance in recent months that came to my attention the HOLC insisted on the LIC form.

A SPEAKER FROM THE FLOOR (no name given): That was their original ruling, but the ruling has now been changed.

MR. PASCHAL (Atlanta): In Georgia about three months ago we were furnishing our regulation form of policy of HOLC; we had a letter from the State Counsel in which he requested that all policies in future be issued on the HOLC form, but they wanted the policy to have a description of the mortgaged property.

MR. KINNEY (Cleveland, O.): In Cleveland we have had a contrary ruling as to what has been given in Georgia; they demanded the LIC form of policy, but just recently they have agreed to take our regular form of policy so we don't have to have the HOLC or the LIC.

CHAIRMAN: We will pass to the next—collection of accounts from Governmental agencies.

MR. PASCHAL: (Atlanta): We have not experienced any difficulty in effecting collections from governmental agencies. On our slum projects in Atlanta we submitted the bills and they sent us back a form of tender and we had our money within thirty days. On the HOLC projects we have been collecting as the loans were closed. In our files in Atlanta we have only some twenty-six cases on our books where the accounts are not yet collected. We have not had the least bit of trouble in making our collections from the Governmental agencies.

PORTER BRUCK (Los Angeles): I thought it would be interesting to the membership to know of a by-product in the state of California. I think it commenced in Los Angeles, and that is the servicing of mortgages insofar as assessments and municipal liens are concerned. We have just signed a contract with the HOLC for servicing their

loans in the entire state of California. They have at present between 24,000 and 25,000 loans. We have agreed to service those loans at fifty cents each—which doesn't sound like much! It occurs to me that we title people could do very well by ourselves if we will provide some form of tax loan service. Whenever municipal assessment is levied against a piece of property we prepare a form which notifies them of the amount payable, where payable, and when payable, also of any delinquent taxes or tax liens and when the sales occur. On the average, our experience has been that we sent out about two notices per year per loan. Different types of service are offered to different lending agencies, but I do believe you can develop a system of sending out this information at very small cost.

QUESTION FROM THE FLOOR: Whom do you contact for working out this proposition?

MR. BRUCK: We made preliminary arrangements with Mr. Delano and subsequently they appointed a tax man who was named Kirkpatrick.

INQUIRER FROM FLOOR: You dealt directly with Washington?

MR. BRUCK: Yes, during the preliminary stage, then we eventually dealt with this Mr. Kirkpatrick. I suggest you take the matter up either with your regional officer or with Washington direct. On the average, our fee has been \$3.50 for a three-year loan—it depends somewhat upon the type of service required, our original proposition was \$7.50 for seven years.

QUESTION FROM FLOOR: The reason I asked was because in Los Angeles you have tax service that provides you with all this needed tax information, in a different manner from what the rest of us out there are able to get.

MR. BRUCK: That's true—the same condition does not exist in the other counties of the state.

MR. R. A. FURR (Indianapolis, Ind.): What about limited liability, the ordinary report does have limited liability, does it not?

MR. BRUCK: On that point, for instance if we have neglected to report a \$300.00 bond and the man has suffered a \$300.00 loss because of that not being reported by us, we would be stuck for the \$300.00. I think that your real liability would be limited to what you failed to report. In other words, the only liability we have been able to see in the contract is that if we should fail to report some specific item we would be required to make good the amount which we failed to report on that.

CHAIRMAN: I think Mr. Bruck's suggestions will be valuable to some of us—are there any other newly developed by-products you have to put before us? I would suggest that any of you who at any time have additional new ideas along this line, send a memorandum on that to our Executive Secretary and let him incorporate it

into some of his bulletins, as our time here is limited. The meeting will now be taken over by our President—Mr. Marriott.

General Session

President Marriott Presiding.

The report of the Nominating Committee was received and adopted by unanimous vote. For list of our new officers, see pages 1 and 2 of this proceeding number.

Report of Resolutions Committee

Your Committee on Resolutions offer for your consideration the following:

WHEREAS, the hand of Providence has been placed upon us in the removal from our circle of **Wellington J. Snyder**, on July 12, 1934; formerly Treasurer of the American Title Association; Chairman of the Finance Committee of the American Title Association in 1926; Secretary of the Pennsylvania Title Association, and a member of the Board of Directors and Vice-President of the North Philadelphia Trust Company, and who, for a long number of years has served the national and state associations faithfully; not only this Association, but the public at large has suffered a great loss, and we express our heartfelt sympathy to his bereaved family, and

WHEREAS, **Charles E. Lambert**, for a number of years Executive Secretary of the American Title Association; also Secretary of the Indiana Title Association, which office he held for eighteen years and was always active in title association work, has, under God's Providence, been called home; therefore

BE IT RESOLVED, that in his person each and every member of this Association feels the loss, and, therefore, acknowledges this loss, and expresses his deepest sympathy to his many friends and acquaintances throughout the country.

WHEREAS, our Hosts, the Florida Title Association, has spared no expense or effort to give us a most enjoyable and happy time, not only providing most generously and plentifully for our pleasure and entertainment, but adding thereto the characteristic courtesy and hospitality of the South,

BE IT THEREFORE RESOLVED, that we extend to our hosts, the Florida Title Association, and particularly to **Don Peabody** as General Chairman, and his efficient Committee, a sincere vote of thanks, which shall especially include the Ladies Entertainment Committee, which so delightfully provided for the comfort and entertainment of our ladies.

We extend to the management of the

Miami Biltmore Hotel our appreciation for the splendid services and many courtesies shown this Association during this Convention.

We greatly appreciate and express our thanks to those representatives of the Federal Government who participated in this Convention and for the able addresses presented by them.

We extend our expressions of appreciation to the entire official family of the American Title Association for their meritorious services and untiring efforts rendered in the interests of the American Title Association for the past year, and most especially to our President, Art Marriott; Secretary Jim Sheridan and our Treasurer, Leo Werner.

We extend to our Treasurer, Leo Werner, our special thanks and appreciation for the able and efficient manner in which he has conducted the office of Treasurer of our Association and for his untiring efforts and faithful services in collecting and handling the finances of our Association.

Signed:

JOHN HENRY SMITH, Chairman
JACK RATTIKIN
GEORGE LOEWENBERG
W. P. WAGGONER.

Statement on Behalf Of the Delegates

JOHN ULMSTED

Philadelphia, Pa.

Mr. President and Representatives of
the American Title Association:

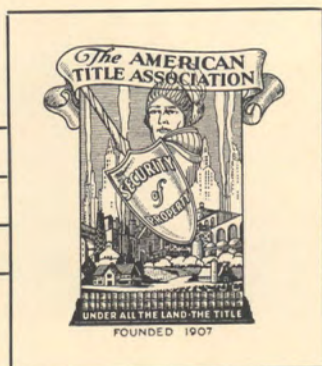
I arrived here Sunday evening, and—an unusual procedure—went to bed. I awoke in the morning and as I viewed the glories of the Southern sun and looked out over this beautiful golf course, I wondered if I had not, during the night, passed over the Great Divide and awakened with my sins forgiven. When I left my room and came down into the lobby and met those Southern ladies, who are the source of our delightful entertainment here, I was convinced that it just was not a dream—that I had gone over the Great Divide, and I have not got that out of my mind since the moment I arrived here. It has been just a glorious time! As much as we appreciate Southern hospitality I think it has been excelled by many degrees by what we have received down here in Miami. All that we have learned in our visit here—not only our entertainment—has not been within the

walls of this hotel, nor within the confines of this Convention.

Miami has taught us a great lesson and everyone of us want to take it home with us and put it into practice. Probably the first stroke of the devastating depression struck Miami. With the Florida boom they caught it first and first of the cities of the Union, like the Phoenix, rose out of its ashes. Miami recognized what was ahead of them. They went to the bottom and started to build up. They liquidated everything in this district.

While our afternoons were free I went out and talked with bankers, real estate men and others in Miami and I found out what Miami had done. Miami immediately liquidated and started from base and they built up from that point. Miami is now going forward. I am from Pennsylvania and I am not here as a press agent for Miami. However, I and my Associates are very well satisfied with our interests here. You can see these things and you must realize them and I want to pay my compliments to Miami, not only as a host, but as a leader in the reclamation of American property value and American life.

The Convention adjourned at 12:30 p. m.



Subscribers to Sustaining Fund, American Title Association, 1934

Printed by order of the Board of Governors, as a token of their deep appreciation to the loyal members of the Association who have made possible, by their generous financial support of the Association, its many activities.

ALABAMA

Land Title Company..... Anniston
 Title Guarantee Loan & Trust Co..... Birmingham
 Title Insurance Company..... Mobile

ARIZONA

Apache Abstract Company..... St. Johns

CALIFORNIA

Alameda County Title Ins. Co..... Oakland
 East Bay Title Ins. Co..... Oakland
 Oakland Title Ins. & Guaranty Co..... Oakland
 Colusa County Title Co..... Colusa
 Contra Costa County Title Co..... Martinez
 Richmond-Martinez Abst. & Title Co.. Martinez
 San Joaquin Abstract Co..... Fresno
 Bakersfield Abstract Co..... Bakersfield
 Lake County Title & Abst. Co..... Lakeport
 California Title Insurance Co..... Los Angeles
 National Title Insurance Co..... Los Angeles
 Realty Tax and Service Company..... Los Angeles
 Security Title Ins. and Guar. Co..... Los Angeles
 Title Guarantee and Trust Co..... Los Angeles
 Title Insurance & Trust Co..... Los Angeles
 San Rafael Land Title Company..... San Rafael
 Mendocino County Title Co..... Ukiah
 Simonson-Harrell Abstract Co., Ltd... Merced
 Modoc County Title Co..... Alturas
 Monterey County Title & Abst Co... Salinas
 Salinas Title Guarantee Co..... Salinas
 Napa County Title Co..... Napa
 Orange County Title Co..... Santa Ana
 Placer County Title Co..... Auburn
 Plumas County Abstract Co..... Quincy
 Riverside Title Co..... Riverside
 Capital City Title Co..... Sacramento
 Sacramento Abstract & Title Co..... Sacramento
 San Benito Title Guarantee Co..... Hollister
 Pioneer Title Ins. & Trust Co..... San Bernardino
 Southern Title & Trust Co..... San Diego
 Union Title Insurance Co..... San Diego
 California Pacific Title & Trust Co... San Francisco
 City Title Insurance Co..... San Francisco
 Title Insurance & Guaranty Co..... San Francisco
 Stockton Abstract and Title Co..... Stockton
 San Mateo County Title Company..... Redwood City
 Consolidated Title Guarantee Co..... Santa Barbara
 San Jose Abstract & Title Ins. Co... San Jose
 California Pacific Title Co..... Santa Cruz
 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
 Tulare County Abstract Co..... Visalia
 Southern California Title Co..... Ventura
 Ventura Abstract Co..... Ventura
 Yolo County Title Abstract Co..... Woodland

COLORADO

Alamosa Abstract Company..... Alamosa
 Arapahoe County Abstract Co..... Littleton
 Boulder County Abstract of Title Co.. Boulder
 Menke Abstract Company..... Conejos
 Crowley County Abstract Company... Ordway
 Fremont County Abstract Co..... Canon City
 Garfield County Abstract Co..... Glenwood Springs
 Baker Abstract Company..... Burlington
 Kit Carson County Abstract Company.. Burlington
 Hedlund Abstract Co..... Hugo
 Platte Valley Title & Mortgage Co... Sterling
 Independent Abstract Company..... Grand Junction
 Montrose County Abstract Company.. Montrose
 The Otero County Abstract Co..... La Junta
 Winchell Abstract Company..... La Junta
 Rio Grande County Abstract Co..... Del Norte

Washington County Abstract Office... Akron
 Yuma County Abstract Company..... Wray

CONNECTICUT

Bridgeport Land and Title Co..... Bridgeport
 Bronson, Rice & Lyon..... New Haven

FLORIDA

Lauderdale Abstract & Gty. Title Co.. Fort Lauderdale
 Guaranty Title Company..... Tampa

GEORGIA

Hubert M. Rylee..... Athens
 Atlanta Title & Trust Co..... Atlanta

IDAHO

Bingham Title & Trust Co..... Blackfoot
 Bonner County Abstract Co., Ltd..... Sandpoint
 Rupert Abstract Co..... Rupert
 North Idaho Title Company..... Lewistown
 Idaho Title Service..... Twin Falls

ILLINOIS

Champaign County Abstract Co..... Champaign
 Chicago Title & Trust Co..... Chicago
 De Kalb County Abstract Co..... Sycamore
 Du Page Title Company..... Wheaton
 Pettit & Pettit..... Mt. Vernon
 Kane County Abstract Co..... Geneva
 Kankakee County Title & Trust Co... Kankakee
 E. J. Tupper Company, Inc..... Galesburg
 Illinois Title Company..... Waukegan
 Leland and Wilson..... Ottawa
 Warner & Warner..... Dixon
 Logan County Title Company..... Logan
 Madison County Abst. & Title Co... Edwardsville
 D. W. Larimer..... Salem
 S. Bartlett Kerr..... Metropolis
 Montgomery County Abstract Co..... Hillsboro
 McHenry County Abstract Co..... Woodstock
 Richards, Jewett & Wright..... Woodstock
 Rock Is. Co. Abst. & Title Gty. Co... Rock Island
 Sangamon County Abstract Co..... Springfield
 Stephenson County Abstract Co..... Freeport
 Vermilion County Abstract Co..... Danville
 Hutchings & Hutchings..... Nashville
 H. B. Wilkinson Co..... Morrison
 Will County Title Co..... Joliet
 Holland Ferguson & Co..... Rockford

INDIANA

Union Title Company..... Indianapolis
 Kosciusko Abst. & Title Gty. Co... Warsaw
 Lake County Title Co..... Crown Point
 L. M. Brown Abstract Co..... Indianapolis
 Abstract & Title Corp..... South Bend

IOWA

Black Hawk County Abstract Co..... Waterloo
 Boone County Abstract & Loan Co... Boone
 Craig-Ray Abstract Co..... Allison
 Spencer Loan & Abstract Co..... Spencer City
 McHenry Abstract & Loan Co..... Denison
 Delaware County Abstract Co..... Manchester
 Carlton Abstract Co..... Spirit Lake
 Grundy County Abstract Co..... Grundy Center
 Hardin County Abstract Co..... Eldora
 Humboldt County Abstract Co..... Humboldt
 Ida County Abstract Co..... Ida Grove
 Security Abstract Co..... Iowa City
 D. McCarn & Son..... Anamosa
 Smith's Title Service..... Keokuk
 Linn County Abstract Co..... Cedar Rapids
 Johnson Abstract Co..... Oskaloosa
 Loomis Abstract Company..... Red Oak
 Arthur Anderson Company..... Emmetsburg
 Plymouth County Abstract Co..... Le Mars
 Fidelity Abstract Co..... Pocahontas
 Abstract Guaranty Co..... Council Bluffs
 F. E. Sheldon & Co..... Mount Ayr
 Shelby County Abstract Co..... Harlan
 O. N. Ross..... Orange City
 Sioux Abstract Co..... Orange City
 C. A. Batman Abstract Co..... Nevada

Union County Abstract Co..... Creston
 Livingston & Eicher..... Washington
 C. L. Clark..... Corydon
 Engelson Abstract Co..... Sioux City
 George E. Whitcomb..... Northwood

KANSAS

Mrs. Pearl K. Jeffery..... Columbus
 M. G. Stevenson..... Ashland
 Frank E. Banks..... Lawrence
 C. C. Porter..... Russell Springs
 Emil W. Kaiser..... Larned
 Topeka Title & Bond Co..... Topeka
 Rogers Abstract & Title Co..... Wellington
 E. M. Groft..... Wakeeney
 W. G. Weaver & Son..... Alma

KENTUCKY

Kentucky Title Company..... Louisville

LOUISIANA

Avoyelles Abstract & Land Co..... Marksville
 Mayo Title Company..... Lake Charles
 Lawyers Abstract Co., Inc..... New Orleans
 Delvaille H. Theard..... New Orleans

MARYLAND

Maryland Title Guarantee Co..... Baltimore

MICHIGAN

Grand Traverse Title Co..... Traverse City
 Iosco County Abstract Office..... Tawas City
 Lapeer County Abstract Office..... Lapeer
 Newaygo County Abstract Office..... White Cloud

MINNESOTA

Title Insurance Co. of Minnesota..... Minneapolis
 Philip L. Hamlin..... Pine City
 St. Paul Abstract & Title Guar. Co..... St. Paul
 Pryor Abstract Co..... Duluth
 Winona County Abstract Co..... Winona

MISSOURI

Missouri Title Association.....
 Conger Abstract Company..... Harrisonville
 Hight-Eidson Title Co..... Harrisonville
 Henry County Abstract Office..... Clinton
 E. E. Richards..... Oregon
 Jackson County Title Co..... Independence
 Kansas City Title & Trust Co..... Kansas City
 Jasper County Title & Guarantee Co..... Carthage
 Jefferson County Abstract Co..... Hillsboro
 Otto F. Leffler..... St. Louis
 Land Title Insurance Co..... St. Louis
 Title Insurance Corp..... St. Louis
 Slief-Vaughn Abstract Co., Inc..... Nevada

MONTANA

Gallatin County Abstract Co..... Bozeman
 Hill County Abstract Co..... Havre
 C. M. Kelly..... Lewistown
 Burt Moylan..... Malta
 Pondera County Abstract Company... Conrad
 Powder River Abstract Co..... Broadus
 Toole County Abstract Co..... Shelby

NEBRASKA

J. F. Hanson & Co..... Fremont
 Kerr Title Guarantee & Abst. Co..... Omaha
 Harlan County Abstract Co..... Alma
 Archie M. Smith..... Pender

NEW MEXICO

Gessert-Sanders Abstract Co..... Roswell
 Fidelity Abstract Co..... Santa Rosa
 Frank Canavan..... Gallup
 New Mexico Abstract Co..... Estancia

NEW YORK

New York State Title Association.....
 Abstract Title & Mortgage Corp..... Buffalo
 Home Title Guaranty Co..... Brooklyn
 MacFarlane & Harris..... Rochester
 New York Title Insurance Co..... New York City
 Title Guarantee and Trust Co..... New York City
 Judge Elwood C. Smith..... Newburgh
 Hudson Counties Title & Mtge. Co..... Newburgh

Mohawk Abstract Corporation..... Schenectady
 Empire State Abstract Corp..... Bath
 Fidelity Title & Guaranty Co..... Mount Vernon

NORTH DAKOTA

Benson County Abstract Co..... Minnewaukan
 Burleigh County Abstract Co..... Bismarck
 Northern Abstract Co. of Fargo..... Fargo
 Divide County Abstract Co..... Crosby
 Hettinger County Abstracters, Inc... Mott
 Logan County Abstract Co..... Napoleon
 McHenry County Abstract Co..... Towner
 McIntosh County Abstract Co..... Ashley
 Mercer County Abstract Co..... Stanton
 Treumann Abstract Co..... Grafton
 Williams County Abstract Co..... Williston

OHIO

Cuyahoga Abstract Title & Trust Co.. Cleveland
 Land Title Guarantee & Trust Co..... Cleveland
 Erie County Title Co..... Sandusky
 Title Guarantee & Trust Co..... Cincinnati
 Title Guarantee & Trust Co..... Toledo
 The Guarantee Title Co..... Mansfield
 Bankers Guarantee Title & Trust Co.. Akron

OKLAHOMA

Beaver County Abstract Office..... Beaver
 H. N. Lawson..... Beaver
 Sayre Abstract, Title & Gty. Co..... Sayre
 Blaine County Abstract Company..... Watonga
 Lacey-Pioneer Abstract Co..... Anadarko
 El Reno Abstract Co..... El Reno
 Cimarron County Abstract Co..... Boise City
 Cotton County Abstract Co..... Walters
 Creek County Abstract Co..... Sapulpa
 Washita Valley Abstract Co..... Chickasha
 F. M. Overton..... Mangum
 Edwards Abstract & Loan Co..... Hollis
 Pioneer Abstract & Title Co..... Buffalo
 Atlas Abstract Company..... Holdenville
 Albright Title & Trust Co..... Newkirk
 Security Abstract Co..... Newkirk
 Kiowa County Abstract Co..... Hobart
 LeFlore County Abstract Co..... Poteau
 Abstract & Guaranty Co..... Chandler
 Lincoln County Abstract Co..... Chandler
 Jelsma Abstract Co..... Guthrie
 Mayes County Abstract Co..... Pryor
 McClain County Abstract Co..... Purcell
 Purcell Abstract Company..... Purcell
 E. O. Clark Abstract Co..... Muskogee
 Pioneer Abstract & Trust Co..... Muskogee
 W. S. Powers..... Perry
 Title Abstract Company..... Nowata
 American-First Trust Company..... Oklahoma City
 Osage County Abstract Co..... Pawhuska
 Pawhuska Abstract & Title Co..... Pawhuska
 Hoke & Hoke..... Stillwater
 Payne County Abstract Co..... Stillwater
 Sater Abstract Co..... Stillwater
 Sater Abstract & Loan Co..... Stillwater
 Meurer Abstract Co..... Pawnee
 Hunter Abstract & Title Co..... Shawnee
 Home Title Guaranty Co..... Ada
 Pioneer Abstract Company..... Shawnee
 Slief-Vaugh Abstract Co., Inc..... Cheyenne
 Johnston Abstract & Loan Co..... Claremore
 Rogers County Abstract Co..... Claremore
 Guaranty Abstract & Title Co..... Guymon
 Guaranty Abstract Company..... Tulsa
 Wagoner County Abstract Co..... Wagoner
 Washita County Abst. & Title Co..... Cordell
 Renfrew Investment Co..... Woodward

OREGON

Oregon Title Association.....
 Baker Abstract & Title Co..... Baker
 Astoria Abstract Co..... Astoria
 Columbia County Abstract Co..... St. Helens
 Bend Abstract Co..... Bend
 Douglas Abstract Company..... Roseburg
 Harney County Abstract & Title Co.. Burns
 Hood River Abstract and Inv. Co..... Hood River
 Jackson County Abstract Co..... Medford
 Klamath County Abstract Co..... Klamath Falls
 Wilson Title & Abstract Co..... Klamath Falls
 Lane County Abstract Co..... Eugene

Linn County Abstract Co..... Albany
 Salem Abstract Co..... Salem
 Union Abstract Co..... Salem
 Morrow County Abst. & Title Co., Inc. Heppner
 Commonwealth, Inc..... Portland
 Pacific Abstract & Title Co..... Portland
 Title and Trust Co..... Portland
 Sherman County Abstract Co..... Moro
 Tillamook-Pacific Title Co..... Tillamook
 Hartman Abstract Co., Inc..... Pendleton
 Abstract & Title Co..... La Grande
 Wilkes Abstract & Title Co..... Hillsboro
 Yamhill County Abstract Co..... McMinnville

PENNSYLVANIA

Commonwealth Title Co. of Phil..... Philadelphia

SOUTH DAKOTA

South Dakota Title Association.....
 Coe & Howard Title Co..... Aberdeen
 Southwick Abstract Co..... Watertown
 Harding County Abstract Co..... Buffalo
 Allen Brothers, Inc..... Rapid City
 Tripp County Abstract Co..... Winner

TENNESSEE

Guaranty Title Trust Co..... Nashville

TEXAS

Brazoria County Abstract Co..... Angleton
 Wondrash Abstract & Realty Co..... Caldwell
 O'Neal Abstract Co..... Panhandle
 A. O. Thompson Abstract Co..... Hereford
 Stewart Title Guaranty Co..... Galveston
 Kaufman County Abstract Co..... Kaufman
 Guaranty Title & Trust Co..... Corpus Christi
 Gracy-Travis County Abst. Co..... Austin
 Wheeler Abstract Co..... Wheeler

VIRGINIA

Lawyers Title Insurance Corp..... Richmond

WASHINGTON

Adams County Abstract Co..... Ritzville
 Asotin County Title Co..... Asotin
 Chelan County Abstract Co..... Wenatchee
 Valley Title Company, Inc..... Wenatchee
 Clallam County Abstract Co..... Port Angeles

Clarke County Abstract Co..... Vancouver
 Fletcher-Daniels Abstract Co..... Vancouver
 Wallace Abstract Co..... Dayton
 Cowlitz County Title Co..... Longview
 Douglas County Title Abst. Co..... Waterville
 Citizens Abstract Company..... Pasco
 Garfield County Abstract Co..... Pomeroy
 Grant County Title Abstract Co..... Ephrata
 Grays Harbor Title Co..... Aberdeen
 S. W. Peach & Son..... Port Townsend
 Jefferson County Abstract Co..... Port Townsend
 Lawyers & Realtors Title Ins. Co..... Seattle
 Osborne Tremper Co..... Seattle
 Puget Sound Title Insurance Co..... Seattle
 Seattle Title Company..... Seattle
 Washington Title Insurance Co..... Seattle
 Port Orchard Abstract Co..... Bremerton
 Thomas Ross Abstract Co..... Port Orchard
 Kittitas County Abstract Co..... Ellensburg
 Lewis County Abstract Co..... Chehalis
 Mason County Abst. & Title Co..... Shelton
 Okanogan Title Company..... Okanogan
 Pacific Abstract & Title Co..... South Bend
 Commonwealth Title Insurance Co..... Tacoma
 Tacoma Title Company..... Tacoma
 Skagit County Abstract Co..... Mt. Vernon
 Snohomish County Abstract Co..... Everett
 Northwestern Title Ins. Co..... Spokane
 Stevens County Abstract Co..... Colville
 Capital City Abstract Co..... Olympia
 Thurston County Abstract Co..... Olympia
 Dean-McLean Abstract Co..... Walla Walla
 Bellingham Abstract Co..... Bellingham
 Whatcom County Abstract Co..... Bellingham
 Whitman Abstract Company..... Colfax
 Yakima Abstract & Title Company... Yakima

WISCONSIN

Barron County Abstract Co..... Barron
 Dane County Title Company..... Madison
 Dodge County Title & Abstract Co... Juneau
 Citizens Abstract and Title Co..... Milwaukee
 Security Abstract & Title Co..... Milwaukee
 Title Guaranty Company of Wisconsin Milwaukee
 Belle City Abstract Co..... Racine
 Walworth County Abstract Co..... Elkhorn

WYOMING

Natrona County Abstract & Loan Co.. Casper



REGISTRATION AT MIAMI 1934 CONVENTION

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J. J. O'Dowd.....Tucson
President, Tucson Title Insurance Company

ARKANSAS

M. D. Kinkead.....Hot Springs
Manager, Arkansas National Company

CALIFORNIA

Porter Bruck.....Los Angeles
Vice-President, Title Insurance & Trust Co.

Mrs. Porter Bruck.....Los Angeles

Benj. J. Henley.....San Francisco
Executive Vice-President, California Pacific Title & Trust Company

Mrs. Benj. J. Henley.....San Francisco

W. G. McAdams.....Napa
Manager, Napa County Title Company

T. J. McGlynn.....Red Bluff
President, Tehama County Title Company

Mrs. T. J. McGlynn.....Red Bluff

T. G. Morton.....San Francisco
Vice-President, Title Insurance & Guaranty Co.

Geo. A. Reimers.....Los Angeles
Secretary, Title Guarantee & Trust Co.

Donzel Stoney.....San Francisco
Manager, Title Insurance & Guaranty Co.

W. P. Waggoner.....Los Angeles
President, Security Title Insurance & Guaranty Co.

DISTRICT OF COLUMBIA

R. P. Barclay.....Washington
Home Owners Loan Corporation

Horace Russell.....Washington
General Counsel, Home Owners Loan Corp.

FLORIDA

Lore Alfred.....West Palm Beach
President, Atlantic Title Company

Glover Ashby.....Sarasota
Abstract Company of Sarasota

E. C. Balis.....Bradenton
General Manager, United Abstract & Title Ins. Co.

O. M. Bayan.....Miami
Vice-President, Guaranty Title & Abstract Corp.

Mr. and Mrs. Wm. Beardall.....Orlando
President, Fidelity Title & Guaranty Co.

Clarence E. Brown.....Lake City
Vice-President, Brown Realty & Abstract Co.

J. D. Bryan.....Fort Lauderdale
Manager, Lauderdale Abstract & Guaranty Co.

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Secretary, Pinellas County Title Company

N. B. Cheaney.....Fort Lauderdale
President, Broward Abstract Corporation

R. L. Clinton.....Tampa
Secretary, Guaranty Title Company

Mrs. R. L. Clinton.....Tampa

Barney R. Colson.....Gainesville
President, Alachua County Abstract Co.

Mr. and Mrs. J. C. Coppinger.....Miami
President, Commonwealth Title Corp.

W. T. Cox.....Miami
Vice-President, Guaranty Title & Abstract Corp.

Richard H. DeMott.....Winter Haven
Gen'l Mgr., Florida Southern Abstract & Title Co.

J. H. Early.....Miami
President, Land Title Company

Roy England.....West Palm Beach
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General Manager, West Coast Title Company

R. B. Griffith.....Orlando
Secretary, Central Title & Trust Company

Gibbs Harris.....Tampa
Secretary, Tampa Abstract & Title Insurance Co.

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President, National Title Company

Mr. and Mrs. J. W. Hoover.....Miami
Treasurer, Southern Title Company

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Owner, New Smyrna Abstract Company

Morton McDonald.....Deland
Secretary, The Abstract Corporation

J. H. Mercer.....Miami Beach
Attorney, Miami Beach Abstract & Title Company

Guy O. Nourse.....Fort Pierce
Vice-President, St. Lucie Abstract & Title Co.

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President, Florida Land Title & Trust Co.

Don Peabody.....Miami
President, Guaranty Title & Abstract Corp.

Walter Percy.....West Palm Beach
Secretary, Atlantic Title Company

Mr. and Mrs. Joe M. Phillips.....Miami
Vice-President, National Title Company

Mr. and Mrs. W. L. Randol.....Miami
Cashier, National Title Company

H. L. Reinhardt.....Miami
Vice-President, Guaranty Title & Abstract Corp.

H. Rifas.....Miami
Vice-President, Miami Title & Abstract Co.

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President, Guaranty Title Company

Wm. H. Rogers.....Jacksonville
President, Florida Title & Guaranty Company

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Manager, Abstract Corporation

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Assistant Secretary, West Coast Title Company

Mr. and Mrs. Albert P. Smith.....Sarasota
Vice-President, Abstract Co. of Sarasota

Mr. and Mrs. C. A. Vivian.....Miami
President, Florida Title Company

Al Weiss.....Tampa
Assistant Secretary, Guaranty Title Company

A. B. Wetherington.....Jacksonville
Assistant Secretary, Title & Trust Co. of Florida

Karl E. Whitaker.....Tampa

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William J. Davis.....Atlanta
President, Atlanta Title & Trust Co.

Harry M. Paschal.....Atlanta
Vice-President, Atlanta Title & Trust Co.

Mrs. Harry M. Paschal.....Atlanta

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Mrs. S. H. Kunau.....Burley

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President, Barker's Abstract Office

Willis N. Coval.....Indianapolis
President, Union Title Company

Russel A. Furr.....Indianapolis
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Chas. P. Wattles.....South Bend
Vice-President, Abstract & Title Corp. of South Bend

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Owner, Hancock County Abstract Company

Mrs. E. G. McAnulty.....Carthage

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Mrs. R. F. Johnson.....Des Moines

KANSAS

Mrs. Pearl K. Jeffery.....Columbus

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Lionel Adams.....New Orleans
President, Lawyers Abstract Company

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Secretary, Mayo Title Company

Mrs. S. A. Mayo.....Lake Charles

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Mrs. Charles H. Buck Baltimore
Chas. S. Jackson Baltimore
President, Federal Land Bank
Wm. H. McNeal Baltimore
President, Allied Mortgages, Inc.
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A. A. McNeil Paw Paw
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Mrs. R. F. Sloan Charlevoix
Ray Trucks Baldwin
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Manager, Hight-Eidson Title Company
Mrs. C. D. Eidson Harrisonville
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Mrs. McCune Gill St. Louis
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Mrs. W. A. Lincoln Springfield
Warren Rogers St. Louis
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President, Land Title Insurance Company
Mrs. James M. Rohan St. Louis
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Mrs. Henry J. Fehrman New York
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Mrs. Geo. A. Loewenberg Syracuse
George C. Wilcox Rochester
Mrs. George C. Wilcox Rochester

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Assistant Secretary, Lawyers Title Insurance Corp.
R. E. Winston, Jr. Raleigh

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Mrs. Miner A. Atmur Lima
W. R. Kinney Cleveland
Title Officer, Land Title Guaranty & Trust Co.
Leo S. Werner Toledo
Vice-President, Title Guaranty & Trust Co.
Mrs. Leo S. Werner Toledo

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William Gill Oklahoma City
Vice-President, American First Trust Company
Mrs. William Gill Oklahoma City
J. W. Green Chandler
President, Lincoln County Abstract Company
W. A. Trawick Hobart
President, Kiowa County Abstract Company

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President, Title & Trust Company
J. S. Johns Pendleton
Vice-President, Hartman Abstract Co., Inc.
G. F. Peek Portland
Vice-President, Commonwealth, Inc.

PENNSYLVANIA

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Henry R. Robins Philadelphia
President, Commonwealth Title Co. of Philadelphia
John R. Umsted Philadelphia
Counsel, Commonwealth Title Co. of Philadelphia

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W. S. Beck Chattanooga
President, Title Guaranty & Trust Company
Mrs. W. S. Beck Chattanooga
J. L. Boren Memphis
Manager, Bluff City Abstract Company
E. B. Walton Nashville
Vice-President, Guaranty Title & Trust Company
F. A. Washington Nashville
Attorney, Guaranty Title & Trust Company
J. M. Whitsitt Nashville

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Owner, Dilworth Abstract Company
W. C. Morris Houston
Vice-President, Stewart Title Guaranty Company
Mrs. W. C. Morris Houston
Jack Rattikin Fort Worth
President, Home Abstract Company
Mrs. Jack Rattikin Fort Worth
Ira B. Simmons Houston
President, Houston Title Guaranty Co.

UTAH

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Mrs. Mervyn Hope Salt Lake City

VIRGINIA

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Chas. T. Jesse Clarendon
President, Real Title Corporation
H. Laurie Smith Richmond
President, Lawyers Title Insurance Corporation
Mrs. H. Laurie Smith Richmond

WASHINGTON

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J. W. Woodford Seattle
President, Lawyers & Realtors Title Insurance Co.

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Mrs. Frank M. Gordon Milwaukee
R. M. Hoyt Milwaukee
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Mrs. R. M. Hoyt Milwaukee
Misses Grace E. and Hazel Miller Racine
Owners, Belle City Abstract Company
W. R. Nethercut Milwaukee
Attorney, Northwestern Mutual Life Insurance Co.
Anne Steigerwald Milwaukee
Secretary, Security Abstract & Title Company
Esther Turkelson Kenosha
Manager, Kenosha County Abstract Company