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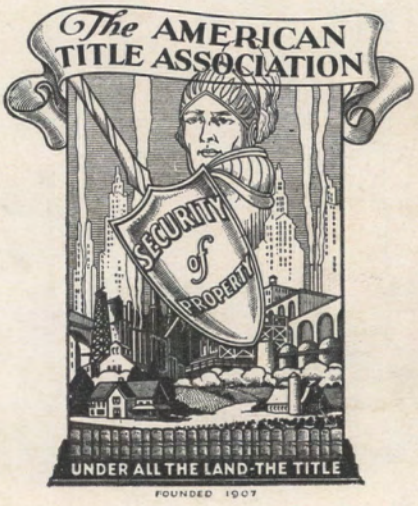
TITLE NEWS

Proceedings of the THIRTIETH ANNUAL CONVENTION



SPRINGFIELD, ILLINOIS
OCT. 5, 6, 7 and 8, 1936

Volume 16
NO. 1

The American Title Association

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Together with the Presidents and Secretaries of all State and Regional Associations.

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CHARLES C. WHITE, *Title Officer, Land Title Guarantee & Trust Co.*, Cleveland, Ohio.
ROY S. JOHNSON, *President, Albright Title & Trust Co.*, Newkirk, Oklahoma.
U. S. PAGE, *President, Union Abstract Co.*, Salem, Oregon.
PIERCE MECUTCHEN, *Title Officer, Real Estate-Land Title & Trust Co.*, Philadelphia, Pennsylvania.
EDWARD L. SINGSEN, *Manager, Title Guarantee Company of Rhode Island*, Pawtucket, Rhode Island.
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F. L. TAYLOR, *President, Northwestern Title Insurance Co.*, Spokane, Washington.
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JOHN T. KENNEY, *President, Walworth Security Title & Abstract Co.*, Elkhorn, Wisconsin.

T. C. BARRATT, *Secretary, Albany County Pioneer Abstract Co.*, Laramie, Wyoming.

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LIONEL ADAMS, *President, Lawyers Abstract Co.*, New Orleans, Louisiana.

RALPH M. HOYT, *Fawsett, Shea & Hoyt*, Milwaukee, Wisconsin.

WALTER C. SCHWAB, *Vice-President, Commonwealth Title Company of Philadelphia*, Philadelphia, Pa.

ROLL of HONOR

Past Presidents of the American Title Assocation

1.	1907-08	W. W. Skinner	Santa Ana, Calif.
2.	1908-09	A. T. Hastings	Spokane, Wash.
3.	1909-10	W. R. Taylor	Kalamazoo, Mich.
4.	1910-11	Lee C. Gates	Los Angeles, Calif.
5.	1911-12	Geo. Vaughan	Faycheville, Ark.
6.	1912-13	John T. Kenney	Elkhorn, Wis.
7.	1913-14	M. P. Bouslog	Chicago, Ill.
8.	1914-15	H. L. Burgoyne	Cincinnati, Ohio
9.	1915-16	L. S. Booth	Seattle, Wash.
10.	1916-17	R. W. Boddinghouse	Chicago, Ill.
11.	1917-18	T. M. Scott	Paris, Texas
12.	1918-19	James W. Mason	Atlanta, Ga.
13.	1919-20	E. J. Carroll	Davenport, Iowa
14.	1920-21	Worrall Wilson	Seattle, Wash.
15.	1921-22	Will H. Pryor	Duluth, Minn.
16.	1922-23	Mark B. Brewer	Oklahoma City, Okla.
17.	1923-24	Geo. E. Wedthoff	Bay City, Mich.
18.	1924-25	Frederick P. Condit	New York, N. Y.
19.	1925-26	Henry J. Fehrman	New York, N. Y.
20.	1926-27	J. W. Woodford	Seattle, Wash.
21.	1927-28	Walter M. Daly	Portland, Ore.
22.	1928-29	Edward C. Wyckoff	Newark, N. J.
23.	1929-30	Donzel Stoney	San Francisco, Calif.
24.	1930-31	Edwin H. Lindow	Detroit, Mich.
25.	1931-32	James S. Johns	Pendleton, Ore.
26.	1932-33	Stuart O'Melveny	Los Angeles, Calif.
27.	1933-34	Arthur C. Marriott	Chicago, Ill.
28.	1934-35	Benj. J. Henley	San Francisco, Calif.
29.	1935-36	Henry R. Robins	Philadelphia, Pa.

Photo by Sid Whiting, St. Louis, Mo.

McCUNE GILL

President of the American Title Association,

St. Louis, Mo.

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 Thirtieth Annual Convention *of the* AMERICAN TITLE ASSOCIATION

October 5, 6, 7, and 8, 1936
Springfield, Ilinnois

The Thirtieth Annual Convention of the American Title Association was called to order on October 5th at 10:00 a. m., by the General Chairman of the Convention, our own beloved J. K. (Jess) Payton, President of the Sangamon County Abstract Company, Springfield, Illinois.

(Note by Editor—There could be found in these proceedings no more fitting place than here to record the following):

For years—so many in fact that the memory of man runneth not to the contrary—J. K. Payton has been a source of inspiration and a tower of strength to his associates in American and Illinois Title Associations. Ever willing to assume any task that would benefit his guild, he, and his associates of Illinois, climaxed these years by acting as hosts to our 1936 convention.

Our Roll of Honor contains the names of numerous Illinois men honored in our circles and sacred in our memory—Boddinghouse, Durkin, Marriott, Kagey—just to mention a few that have gone on—gone physically—but present with us in spirit.

On the theory of "Flowers for the Living" we here write our tribute to Jess Payton. May his shadow never grow less!

After Invocation, Mr. Payton and the Honorable John W. Kapp, Jr., Mayor of Springfield, welcomed us to Springfield, and Homer Brents, President of the Illinois Title Association, extended the welcome of the host Association. The entertainment events of the ensuing four days proved their statements no idle gesture—for, for four days, we were royally entertained.

Response to these delightful addresses of welcome was made by our orator par excellence, Mr. Benjamin J. Henley, of San Francisco, former President of the Association.

Mr. Henry R. Robins, President of the Association, was then escorted to the Chair.

Address of President

HENRY R. ROBINS

President, Commonwealth Title Company of Philadelphia, Philadelphia, Pa.

When assuming the presidency of the American Title Association a year ago, the outlook although comprehensive, did not appear so formidable as to be disturbing. However, future events did not cast their shadows before them.

The past year has been filled with matters of the utmost importance to our business, and calling for keenness of intellect and sound judgment in making decisions and acting thereon. Let me say that if it had not been for the loyal support and able help of all the officers, as well as the membership, I would appear before you today, not with white hair but with no hair at all. The Chairmen and members of the several Sections have been untiring in their efforts in promoting the development and success along their respective lines.

Mr. William Gill has pushed his program and is placing the Abstractors both before the public and among themselves, on a proper plane. His efforts are resulting in recognition by the public of the importance of the Abstractor and his position in the economic structure. In addition to which, the adoption of uniform rules and regulations is resulting in financial benefit to those complying therewith.

Mr. Bruck and Mr. Smith, the Chairmen of the two Title Insurance Sections, have been alert and untiring not only in their efforts to promote success, but in anticipating trouble as soon as it threatens. And like Mr. Gill, have been giving their time and substance without expectation of fee or reward, except the satisfaction of work well done.

The Legal Section has had some particularly annoying subjects confronting it, the two most important being (a) the matter of unlawful practice of law, and (b) the legal effect of our old enemy, the Torrens System of Title Registration. The latter subject came before the Real Property Section of the American Bar Association at a recent meeting in Boston, through the Report of one of the Committees which in extolling the Torrens System, made a violent and uncalled for attack on the other branches of the title evidence business, both the insurance and abstract branches. Mr. Hoyt, the Chairman, and Mr. Umsted, the Vice-Chairman of the Section, attended the Boston meeting with your President, and through their untiring efforts and in conjunction with others present, were able to have expurgated from the report some of the objectionable statements before it was received and filed.

We cannot lose sight of the fact, however, that there is a menace to us all impending from this source.

Some of the objects for the accomplishment of which we should devote our efforts, are:

1. Continued and active work in solidifying the Abstract business into a dignified and profitable profession, so that there may be more uniformity of method, practice and rates.

2. The establishment of a friendly understanding with the several Bar Associations in respect to activities which do and do not come within the term "unlawful practice of law." This has been done in several localities, and has resulted in harmonious relations. Mr. Houck, Chairman of the Committee on Unauthorized Practices of Law, appointed by the American Bar Association, has suggested that our Association appoint a Committee to meet with his Committee for formal discussions in an effort to understand one another, and to formulate a working agreement.

3. Establishment of sufficient capital structure and set up of adequate reserves by title companies, and the adoption of forms of policies that furnish proper protection to the insured.

Most of the criticism directed against abstractors and title insurance companies, whether justly or not, has been based upon alleged abuses in practice, as well as inadequate protection afforded to clients.

For the past few years, we have been devoting a great deal of time and effort to making the Association known

to the public and agencies representing the public, and in endeavoring to impress upon them the importance of our organization, the place it occupies in the economic structure, and the results which it can accomplish as a trade organization. This has been done most efficiently, and the results which have been accomplished are due in a large measure to the untiring efforts of our Executive Secretary, Mr. Sheridan.

Without detracting in any way from the importance of this aspect of our program, I feel that the time has now come when we should devote more of our energy to repairing some of our internal weaknesses, and that we should endeavor to put our own house in order, so that we may be in a strong position to meet criticism as well as actual assault.

As an illustration, I will relate as briefly as possible an incident which occurred during the last few months.

One of the title companies in the State of New Jersey went into liquidation and its stockholders endeavored to obtain distribution to themselves of the Reserve Fund held by the Insurance Commissioner for the protection of the contingent liabilities under outstanding policies of title insurance. When their petition was presented to the Court of Chancery, letters were addressed to me as President by counsel of various lending organizations, calling the matter to my attention, and asking if the American Title Association expected to ignore the situation, remain inactive, and supinely await the result, stating further that if that were so, then the Association could not ask for any consideration or recognition by others, because it would be permitting an attempt to accomplish an immoral purpose, without making any protest. When the matter was put before our Board, one of its members volunteered to arrange that a Brief be filed in the Chancery Court of New Jersey on behalf of the Association as Amicus Curiae, presenting argument against the distribution of the Reserve Fund as prayed for, and suggesting that it be used to purchase counter indemnity as a protection to outstanding policyholders. The Board was almost unanimous in accepting the offer, and the Brief of Argument was duly filed. Decision has not as yet been rendered.

This incident is merely illustrative of the way in which the Association can put itself on record as standing for what is proper and right, and signifying its willingness to take action for the benefit of its public, if and when occasion may arise.

The details of our financial situation and needs appear in the Reports of the Treasurer and the Finance Committee. It is a matter of mystery to me how the Executive Secretary and the Treasurer are able to carry on our affairs so extensively and with so much success and benefit, with the amount at their disposal. It appears to be so meager in comparison to the results. There is so much more that should and could be done of inestimable benefit and advantage, but which has to be passed over owing to our lack of resources. Therefore, I take this occasion to make an earnest appeal for further contributions to the Sustaining Fund, in order that my able successor and those associated with him may be better enabled to carry on and expand the field of our operations. Do not be embarrassed because your contribution may have to be small. Every little bit helps by adding to the total.

It is with great pleasure that I am able to announce that during the year one State Association has affiliated with the American Title Association: Viz., Arizona, and I feel sure that you all join with me in extending to them a hearty welcome to our ranks. In this connection, I wish to pay tribute to Mr. Donald B. Graham of Denver, who in the face of difficulties, gave his time and energy in helping his neighboring State of Wyoming to form its organization.

In closing, it is my wish to pay tribute to all the members for their loyal and efficient support, and particularly I desire to express my appreciation to the Board of Governors and Officers for what they have done, and the cheerful attitude they have all assumed as one thing after another has been laid upon their shoulders. Of course, all their burdens eventually reach the Executive Secretary and become his problems, and to ascertain how he keeps them all in their proper places, disposes of the details of each, and at the same time carries on the routine work, would require a mathematician versed in all the intricacies of differential calculus.

With due appreciation of the honor which you conferred upon me in electing me President a year ago, and with best of wishes to those who will carry on in the future, I wish you all a happy and prosperous New Year.

Report of Treasurer

E. B. SOUTHWORTH

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

Statement of Receipts and Disbursements for period January 1, 1936 to October 1, 1936.

RECEIPTS

Cash on hand from 1935	$ 474.43
Cash forwarded from Savings Account	2,040.20
Direct Members' Dues	658.60
State Dues	7,492.75
Sustaining Fund	8,560.75
Sale of Directory	319.25
Miscellaneous	8.00
Blotter Advertising	1,352.00
Fact Finding Fund	1,150.00
Total	$22,055.98

DISBURSEMENTS

Salaries	$ 7,551.93
Office Rent	895.00
Postage	1,105.00
Miscellaneous Supplies	813.12
Telephone and Telegraph	263.88
News Bulletins	1,073.66
Travel Expense	1,432.78
Annual and Mid-Winter Convention Expense	1,038.95
Blotter Advertising	1,438.82
Total	$15,613.14
Cash in Bank, October 1, 1936	6,442.84
	$22,055.98

In order to bring you a proper report, it is necessary that we give some study to the figures shown in the report of the Treasurer.

While our cash position, at first glance, seems to be extremely gratifying, it is necessary to call your attention to certain facts.

Our collections from affiliated associations is not as satisfying as your Treasurer would like it to be. Considering the improvement in business, particularly in the mortgage and real estate fields, we should have been able to retain every member in the state and regional associations; we should have been able to secure payment of the per capita tax due for these memberships from affiliated associations. But that has not been the case. I trust that between now and the end of the year, the officers of affiliated associations will make a vigorous effort to effect collections from delinquent members and not only thus strengthen their and our cash position, but (and this is far more important) keep these members enrolled in the organization.

I urge those who shall later receive this report to remit to their respective state associations if they are delinquent.

I have stated that our cash position seems to be satisfying. However, when I must call your attention to the point that this cash is subject to the following:

First—Payment of convention bills. These will be plenty.

Second—Printing of the Convention Number of Title News.

Third—Extraordinary expenses authorized by your Board of Governors.

Fourth—The 1937 Directory.

Fifth—The fact that $1,150 of the cash shown is "ear marked" for work of protective character. As a matter of fact, this sum of money has been contributed by a dozen companies with a distinct and definite understanding that it shall be expended in the one direction indicated.

Sixth—The ordinary operations of the Association.

I do not wish to leave our members under a belief that we are in desperate straits. We are not. Our bills to date

are paid. We are living within our budget. But I do hope that those who have not contributed to our sustaining fund will realize that collection of dues is not sufficient to carry on the ever increasing activities of the Association and that they will send a check, no matter what its size, to the Association as a contribution.

Those checks are, as a matter of fact, donations to one's own company. For, argue as you may, donations to the Treasury of the American Title Association are simply donations to an insurance fund for your and my protection.

Your Treasurer is grateful to all who helped to make his task easier during 1936, particularly to officers of State Associations who assisted in the drive for payments of dues and contributions to our sustaining fund.

Report of Executive Secretary

JAMES E. SHERIDAN

Detroit, Mich.

Since our last Convention we have issued bulletins to the entire membership, on the basis of an average of about three each month. We have also issued numerous bulletins to officers of State and Regional Associations, and to members of various sections which comprise the Association. All bills payable have been certified to the Treasurer for payment, and all remittances have been forwarded to him. We have no bills due at this time except those incurred during the month of September. We have no past due bills; the operations of the Association have been carried on within the provisions of our budget.

Our cash position is satisfying, although I wish to direct attention to the fact that our expenses for the remainder of the year will be rather heavy. Out of our present position must come the expense of this Convention; of printing its proceedings, of printing the new directory, some additional work to be done in Washington, and probably the purchase of some equipment in National headquarters.

Since the last Convention we have attended the State Conventions of Indiana, Illinois, Iowa, Missouri, Arkansas, Colorado, South Dakota, Montana, North Dakota, Mississippi, Wisconsin, and Michigan, Connecticut, and Pennsylvania.

We have made three trips to Washington and other points East, calling upon officers of Federal Agencies, and also calling upon executives of Life Insurance Companies while in the East.

From Life Insurance Companies and others we have received requests for information in various points about our Title Insurance Companies. In the main, I should be inclined to report their feeling of friendliness to our general membership.

In about a dozen instances matters controversial or debatable in character were brought to the attention of the Secretary.

In all these cases your Secretary communicated directly with the title insurance company involved, and as far as I know, virtually all of these problems were ironed out to the satisfaction of both the life insurance company and our member company.

As to the relations between the life insurance company and our abstract companies, the life insurance companies have expressed hearty approval of the continued increase of uniform certificates within State lines. They have expressed a hope that uniformity of certificate will be further continued.

In about a dozen instances there have been cases of abstracts referred to us, which for one reason or another, did not meet the full approval of some of the life insurance companies. One related to showings of probate, which were considered inadequate by the life insurance company. Others related to inadequacies of showings within those abstracts of material contained in the bodies of recorded instruments, such as building restrictions, easements, assumptions of mortgages, etc.

As in the case of the title insurance companies, most of these have been straightened out, presumably to the satisfaction of both our clients and our companies.

In 1933 we started on a drive looking to greater distribution of the directory of the Association. In that year we put forth strenuous efforts to have our members acquire additional copies of the directory and distribute these among bankers, attorneys, mortgage bankers, real estate operators, and other users of our products, not only in their own communities but to users and potential users of their products located outside their communities.

The efforts to increase distribution of the directory have been continued. We have had, in this drive for increased advertising, the hearty support of officers of affiliated Title Associations and others. Distribution has steadily increased. The 1936 directory had a distribution of nearly 13,000 copies. Orders for extra copies were received from 375 members of the Association, 180 of whom ordered their names imprinted on the cover.

Gratifying as this may appear, we are far away from the objective, namely a veritable blanketing of the country with our directories. In the opinion of your national officers, there is no one means more efficacious than is our national directory as a means of advertising our business in a dignified manner. It is our sincere hope that the 1937 directory will receive even greater distribution through the united cooperation of every single member of the Association.

While on a Western trip, this past summer, we called upon a few of the Abstract Companies in Wyoming and made preliminary arrangements for a called meeting of all Abstract Companies of Wyoming to be held sometime in September. Mr. William Gill, Chairman of the Abstracters' Section, and we prevailed upon Mr. Donald B. Graham, Vice-President of the Title Guaranty Company of Denver, to handle this meeting. The thanks of the Association could well be extended to Mr. Graham who, for the good of the Association, left his office in Denver, attended a meeting in Cheyenne, and as a result of that meeting it is the Secretary's pleasure to report the organization of the Wyoming Title Association.

We also report, with pleasure, the organization of the Arizona Title Association and its affiliation with the American Title Association.

We further report that aggressive efforts are being made by the officers of the New Jersey Abstract Association to rearrange their set-up so that they too will be affiliated with the American Title Association.

At the Mid-Winter Meeting last Mr. Paul P. Pullen as Chairman of our committee on advertising and publicity, urged that we embark upon an advertising program at that time, and subsequently we visited with him and with several others, particularly officers of State Associations. From these conferences it was decided to have the National Association embark in an advertising program for the members, the first step to be the most modest commonplace one that could be devised. Accordingly, on the theory that we should learn to walk before we try to run, there was worked out a program of the sale to members of blotters bearing the calendar and an advertising message. We report with pleasure that 200 Companies subscribed to this program.

Legislation proposed continues to be a source of irritation to all of us. I had been of the belief that our industry was being singled out, but if my contacts with representatives of other businesses mean anything, it would appear that we hold no monopoly in being the objects of attack. Virtually, all business seem to be under attack in one form or another today.

With reference to our own business the Torrens System is on the statute books of nineteen States, being the following: California, Illinois, Massachusetts, Oregon, Mississippi, Colorado, Washington, Minnesota, North Carolina, Ohio, Nebraska, Virginia, South Carolina, North Dakota, South Dakota, Tennessee, Utah, Georgia and New York. Certain representatives of Agencies of the United States Government are very aggressive in their efforts to see the Torrens System used more generally. In fact, some of these gentlemen apparently would prefer to see none else used. From sources of unquestioned responsibility we have reports to the above described fact. Your National Association has not been una-

ware of these movements. We have moved against these attacks quietly, but we hope efficiently; however, a considerable amount of work on the part of the National Association and its members remains to be performed.

We have experienced a veritable host of publicity adverse to our interests. These ranged from the article in the Readers' Digest, written by Jerome Beatty, to articles which were doubtless carried in good faith, by such outstanding publications as the New York Times, Safeway Stores Magazines, Publications of the Real Estate Journal, Architectural Forum, The American Bar Journal, and several others. We have experienced disagreeable and unpleasant publicity in and among numerous of our Legislatures, notably New York, where fourteen bills all relating more or less to strengthening the Torrens System were placed on file.

There exist in Washington certain departments and agencies of the United States Government with which we have had in the past and will continue to have in the future relations in one form or another.

Department of Justice — Attorney General. For years, we have had business relations with this department. The real property law section of that department is headed by Deputy Attorney General Harry W. Blair, with Allen Denton his immediate assistant. Our relations with these two gentlemen—and in fact with Justice are, barring the exceptional case, of a most friendly character. Both these gentlemen have been in the Department for some years; both have a thorough grasp and knowledge of their ever increasing duties in examination of land titles. Our national title association directory is used freely and often in the Department; we enjoy their confidence as an Association. They are not price chiselers. They are attorneys first, last and all the time. They are willing to pay for value received. But they insist on that. They will NOT accept title insurance policies but insist on a Certificate of Title, as provided by law, or an abstract of title which one of their examining attorneys can read. In the main, their suggestions made to other departments as to the type of title evidence to be furnished are followed. I shall speak of an outstanding exception to this later in this report.

I have visited with these gentlemen many times in Washington, Messrs. Blair and Denton. With specific reference to our title insurance companies, objection was voiced concerning companies which have forwarded to the Department of Justice that which, in their opinion, was not a Certificate nor Opinion on Title, but which was a recitation of the vesting of title followed by every conceivable objection to title as indicated by the preceding chain of title.

They also requested that I pass to you their suggestion that there be sufficient information furnished on the title evidence to permit their intelligent consideration of objections to title of more substantial character. For instance, where a deed in the earlier title contained any reversionary clause, or reference to assumption of mortgage, or reciprocal easements or restrictions, that the objection to title read not "Subject to reversionary rights as shown in Deed Register No.....recorder Liber.....Page....." but that there be recited in the body of that objection to title sufficient data relating to the older deed to permit them to weigh it as a valid or frivolous objection to title.

In issuing certificates of title some of our member companies have forwarded to an agency or department of the Government other than the Attorney General, a letter setting out the condition of title. Copy of said letter has been sent to the Attorney General, said copy unsigned and without seal. They ask that these be executed and with seal.

Where the Department of Justice is in the picture where land is being acquired by any agency of the Government and the title finally passed by the Attorney General, the regulations of Government provide that the title must be certified by the Attorney General before the Comptroller may draw his check for the payment of all bills relating to the transaction.

Those of us who were in service will remember well the famous words "For the good of the service," without which bills could not be incurred.

In the case of our business, there must be the words "Is in satisfactory form" certified to by Attorney General. Heretofore this has been almost entirely done in Washington.

I am pleased to be able to report that there has been modification of this; that the field attorneys of the Attorney General may not attach to each abstract, after examination, a form of Certificate of Approval of the Form of Abstract. On this is shown the signature of Harry W. Blair, Assistant Attorney General, in facsimile. When countersigned by the Special Attorney (Field Attorney) the way is cleared (subject of course to the title itself) to payment by the Comptroller General. And even if the project fail, I lean to the belief that the way is cleared for the payment of the abstract company's invoice.

The Form to be used in the field and attached to the abstract reads as follows:

CERTIFICATE OF APPROVAL OF FORM OF ABSTRACT

The Abstract of title, consisting of.....items, covered by the attached bill in the sum of $....., was prepared by....., abstractor, and his (its) certificate, dated....., is in its satisfactory form.

For the Attorney General

Attest:

.....

Special Attorney.

Harry W. Blair,

Assistant Attorney General

In the Federal Home Loan Bank System are agencies in whose activities we of the title business possess an acute interest. Despite the feelings of many of our people, HOLC is not all washed up. HOLC will have thousands and thousands of orders for title policies and abstracts. I hesitate to hazard a guess as to the proportion of exceeding one million loans that will be foreclosed; the number that will require title work in connection with the foreclosure action and additional title work when the fee is sold by the Corporation. There seems to be a general belief, however—be that belief well founded or otherwise—that approximately 30% of the million will go to foreclosure. In some of my recent visits to Washington, I have tried to work out various tentative propositions with General Counsel Horace Russell and others of the Legal Department of HOLC that which, in principle at least seems to meet their approval. You will understand, of course, that in discussing this with HOLC I have left them under no misapprehension that I am not empowered to speak for any of our member companies on rates, on divisions, or anything of that character.

In the matter of delivery of title evidence to not only HOLC but to other governmental agencies, I regret to report that we of the title fold do not seem to have been of one mind on this question of price. There seems to have existed a regrettable willingness to listen with interested and affectionate ear to the persuasive words of a state counsel, or a regional counsel, or someone and have our views of price harmonize with his—that is harmonize with his views as he sees the picture. I realize it is without the province of my job as Secretary of your national trade association to indicate to you the prices that you shall charge for your products. Yet the practice of yielding to requests for reductions in price and bearing in mind that our Northwest members have yielded even as have members in other states, I submit the difficulty experienced by your speaker in Washington in attempting to reconcile to an official of the Government that there is sound reason for a variation in price, not between states, not between two ends of one state, but actually between two or more companies in one given community.

May I go on to another subject by expressing the hope that some plan will be worked out under which there may be a greater adherence to scheduled prices?

There are, in the Federal Home Loan Bank System at this time over one thousand Federal and thirty-five hundred state savings and loans or building and loans, part of the capital stock

of which is furnished from Washington. In the latter group, the total of mortgage paper taken in 1935 exceeded by 100 per cent the total of all the mortgage loans made by all the life insurance companies of the United States. I view in these potentialities for our industry that hay have existed heretofore but which could be reached only with extreme difficulty and in some cases not at all. I refer more specifically to the financial institution which was located in the small community, which was officered by men who knew everybody in the county, and who saw no particular need to demand a title policy or an abstract when they made a mortgage loan. There will come, I believe—in fact I predict, more of these Savings and Loans, and there will come more strict supervision and demand for greater efficiency and greater protection as to all their investments, including, if you please, an adequate title evidence for each mortgage in hand.

We of the title industry can do much, I believe, to speed the coming of this day by discussing points of this character with examiners, Federal and state, out of the Federal Reserve System, and the various state departments, Banking, Insurance, Auditor General, etc., with whom we come in contact. And, truth to tell, I'm not so sure but that we might well and profitably go out of our way to acquaint these gentlemen with facts that would cause them to inquire into the type of title evidence, if any, covering mortgage paper.

Whether we like it or not, whether we approve it as being sound economics, or whether we view it with alarm, the 80 per cent residence loan seems to be among our midst and will remain with us for the immediate future. We were able last year to cause to be written regulations concerning title to lands securing mortgage paper insured with the Federal Housing Administration. At the risk of being accused of self-praise, it was an accomplishment in which I take pride. It was, I believe, one of the few governmental recognitions, officially made and incorporated in regulations, that title insurance and abstracts are not a creature of the nether regions and one to be avoided. Furthermore, it was for us a long step in the direction of persuading bankers in the rural communities to have a title evidence for each mortgage. Mortgages insured with FHA have progressively increased, week by week, for some time past. The total insured through Title II of the Act, now runs not far from a half billion of dollars out of about 100,000 mortgages.

If we wish to seek new business, I suggest further study might profitably be given by all of us to the Federalized Savings and Loans and to Federal Housing Act, Title II.

Incidentally, in passing, it might be of interest to mention that, under Title III of the Act, the first national mortgage association is now being organized. I understand, in fact, that much of the preliminary work has been done and that certain of the capital to be subscribed by the public has been raised. And it will be of further interest, I fancy, to mention that preliminary conversations have been carried on by our title people of Cleveland and Toledo regarding regulations under which, it is hoped, adequate title evidences shall accompany each mortgage.

The Resettlement Administract, by Executive Order, was created and contains within itself that which was formerly known as the Division of Subsistence Homesteads, Department of the Interior, the Land Policy Section of the Agricultural Adjustment Administration, and the Rural Rehabilitation Division, FERA. It might be said at the start that, insofar as our industry be concerned, they inherited grief and plenty of that. Indicative of the type of title evidences purchased by some of the predecessor agencies, they obtained a great number of abstracts covering lands in the mountainous areas of Pennsylvania, at a contract price of $10 per abstract, each abstract to be a minimum of a 40 year search of title. The same contract price was let as to certain New England Lands. In Montana, the Dakotas and elsewhere in that region, they purchased a hybrid instrument, something in the form of a pencil memorandum of the last grantee of record which was neither fish nor fowl, nor man nor child.

The Department of Justice declined many of these or more of these just about as fast as they came in—and they came in by the scores, by the hundreds. So much the work had to be done over again, or in revised form.

Now numerous of our people are in the unhappy position of having done work for an agency of the Government and are finding that, either in part or in whole, their invoices are disallowed by the Comptroller General's office. Disallowed because the contract was not originally drawn correctly in that there was no advertisement for bids. Disallowed, in one locality, because the contract was made with the Title Association (consisting of the following named abstract companies) instead of individual contracts. Disallowed in part because, for instance, Title Company No. 1 purchased from Title Company No. 2 certain history—such as the showing of an estate, litigation, etc. —to complete the title so that now Title Company No. 1 must pay Title Company No. 2 for the work the latter did, but cannot collect from the Government because it, Company No. 1, as part of the second part to the contract, did not do the work. Disallowed, in part, as to recording fees advanced, especially on the recording of curative papers, because the contract did not empower the title or abstract company to disburse such funds and to expect reimbursement therefor.

So I submit to you the thought of scrutinizing contracts which may be tendered to you and after they have run the gauntlet of the best legal mind at your command, I suggest you let it lay on your desk for 48 hours more on the chance that you may think of something else that is omitted and should be in, or that is included and should be out. And, in handling the work, may I further suggest that you comply with the letter of the contract, no more, no less.

But, and with this one last thought, I leave Resettlement, let us be under no mistaken belief that they shall secure **some** type of title evidence from **some** one if we, of the organized title industry, fail to furnish it. And, rather than to have outside chain men, or attorneys, or what have you come into our counties and work from the public records, it is perhaps far better that we absorb a little of the grief and thus at least protect our industry that far.

And let us not overlook the possibilities that some of these agencies are right now only too willing to have the present systems of evidencing titles supplanted by one not to our liking.

Back in 1933 at the convention I quoted Mr. Gerald Swope, President of the General Electric Company, as follows:

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

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

Merle Thorpe has this to say:

"No man in touch with the times can doubt that there is in this country a fundamental misunderstanding of business, its functions, its philosophy, and its contributions—that it is unsafe to rely upon returning prosperity or political change wholly to correct that misunderstanding—and that the same misunderstanding will continue so long as business fails to speak in rebuttal, or is so preoccupied with its own activities and its day-to-day operations that it neglects to keep before the public a constructive interpretation of itself.

"Business has a fascinating, an informative, a convincing story to tell. It will not do to let its serviceable texts be garbled by ignorant or unfriendly tongues.

"Only business can tell the story of business."

It is up to us.

'Trends in Title Assuring Methods'

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Back in the halcyon days of 1927 when title orders were rolling over the counter in a continuous stream and when 3500 instruments were filed per day in Los Angeles county, I was checking order and credit in a wholesale paperhouse. My brother, who was then chaining for one of the largest title companies, convinced me that I should forsake the bag and twine business in favor of the title business where I might realize something from my legal education.

Canvassing the three main title companies I finally secured a job with one copying lot and tract books. Then I posted, then I checked, chained, and escrowed. All the time I was grumbling about detail, wondering if there wasn't a shorter way to transfer land, wondering if we didn't lay too much stress upon mere instrument formality, and if we didn't have too much law and not enough good horse sense in our real property jurisprudence.

All the time I wanted to know more about title insurance, particularly its economic aspects, but I couldn't find out anything concerning the insurance angle. When I asked if there was not something in book form to read on the subject, I was referred to Warvelle on Abstracts, Fisher on Real Estate, or George Washington Thompson on Real Property. In addition to these I did find some valuable material on surveying and finally mastered the art of reading complicated legal descriptions and making arbs. But the business or economic side of title insurance was still a mystery. There just wasn't anything on it.

After a year in the title business I thought I saw greener pastures beyond the fence and moved on until I fell from grace entirely and became a pedagogue. Nowadays you are apt to label us blankety blank brain trusters. Although now I think the opinion is that we are utterly devoid of grey matter. Nevertheless, in 1933 I found myself searching for a topic for my doctoral dissertation. What could be more appropriate than to attack the subject I left unfinished six years before, title insurance, or specifically the problem of marketable land titles.

At first I thought the problem was purely a mechanical one. If some one could only invent a gadget similar to a DeLavelle Cream Separator, in which the run of the mine of titles could be inserted at the top, and cream titles or skim milk ones could be drained off at the bottom. Not having the inventive powers of my grandfather, I fell down. True, I did see where improvements could be made, but I realized I was not at the root of the problem. There and then I decided to gather all the facts I could lay my hand on, and to trace methods of assuring title from beginning to end, hoping to find a solution in this broadside approach. As a result of this decision, I appeared one day at your secretary's office, who after frisking me over very carefully for side arms, admitted me to his sanctuary.

In the following time alloted me I shall try to give you the trends and economic aspects that I have found in studying title assuring methods from the beginning of the United States until October 5, 1936. May I interject here to explain my terminology. The terms I use may not agree with you. I have endeavored, however, to set up a standard and consistently stick with it. In particular, may I point out that when I use the term assurance, I mean all methods; when I use insurance, I refer specifically to title insurance or guarantee. It might not be amiss also to add that I do not want to feel, or want you to feel, that I represent an outsider coming here to tell you how to run your business. First, I am not an outsider, and secondly, my sole purpose is to give you the facts as an impartial investigator might find them.

After delving into back numbers of various publications, including Old Proceedings of ATA, and hundreds of title policies, I arrived at the core of the problem. What actually constitutes the reason why more red tape is thrown about the transfer of land than is thrown around the transfer of other commodities? Is it because two separate systems of laws grew up for each class of property? Is it because Adam Smith and David Ricardo stressed the difference between land and capital goods? Is it because land has usually a higher price tag than has most other form of goods? Is it because land is not sold in well ordered markets? Is it because we still have statute books cluttered up with a lot of lame duck rules, a heritage from our feudal background? Not a bit of it!

The reason for the development of the dual classification of property is due to the fact that land was of prime importance. Remember that in olden times, people didn't have blue chip or cat and dog stocks and "I'll pay you when I get the money" bonds. All these ancestors of ours had beside land, that was of any value, was animal stock which they called chattels or cattle. Adam Smith and David Ricardo were so busy pioneering economics that they didn't see the close resemblance between land and capital goods. Value has nothing to do with the necessity for the strict assurance of title. Witness the fact that we buy a $50,000 insurance annuity without a murmur about its title, yet at the same time we howl for an abstract or a title guarantee on $500 lot. And as to the question about a superabundance of land rules, I am not so sure. But I believe that as economic society continues to utilize land more and more, we are going to have more land rules than less. Perhaps something can be done by you more experienced legal minds to houseclean the statutes of obsolete laws, but I will wager that you can't simplify something which is by nature complex.

Thus we come to the real problem behind title assurance, the problem of finding the quickest, easiest, surest, and cheapest method of telling some one else exactly what interests there are in a particular piece of land in which he is interested. What distinguishes land, then, from other forms of goods, is the simple fact that you can pack in land more kinds of interest, public and private, long and short time, than you can possibly put in any other kind of a commodity.

The start of the study quite naturally led me to England where is to be found the roots of most of our common law and customs. There, one used to find in the days of the Tudors and Stuarts, the indentured deed and the livery of seisin, the latter being a crude attempt to personify the transfer of land from one to another by passing a clump of earth in the presence of witnesses.

Still this was not title assurance as it is thought of today, for actually all our early English ancestors were endeavoring to accomplish was to eliminate fraud. This statement is verified by reference to one of the early English statutes, the Statute of Frauds, a section of which refers to land. These people were merely trying to add a frill to what would constitute a bill of sale for personal property.

In point of fact the first evidence of title assurance was in the development of the English Conveyancer Method, under which the family barrister dug deep into the dusty Muniment rooms of the descendants of feudal barons in an endeavor to find out what interests might lie in the land pending disposal. Perhaps this old conveyancer became so muddled trying to piece together the history of the land that he was forced to tie it up with a brief or abstract. Thus, emerged the English abstract.

When the Pilgrim fathers, seeking freedom from conformity with the established church of England, landed on the east coast of North America in 1620, they may not have had title assurance in mind. But they were definitely committed to a policy of free alienability of land. They wanted land freely marketable (religious belief excepted). They wanted no fee in-tails, no rule of primogeniture, nor any of the impediments of English land custom that tended to create a landed aristocracy. With this in mind, the colonists set to work. and as early as 1640 those of Massachusetts had given us our recording system, creating a

public repository, where the interests in land might readily be found.

This American system of recording might have been sufficient unto itself if society had been content to remain simple. It was not and as it became more complex, it began to deal in land in a similar fashion. New and different rights began to appear in land. No longer was it possible for even an intelligent layman to go to the public records to verify the title held forth by the vendor. True, more reliance in those days was placed upon the warranties expressed in the deeds of the grantors, yet there was always the possibility that the warrantor did not know all the facts of the title even though he might be honest himself.

It was then that the American took a leaf out of the book of his English cousin and began the age old custom of abstracting. If my source is correct the practice of abstracting in America, as we know it today, began in the first quarter of the 19th century. These abstracters who gathered their material first hand at the public record office and then gave opinion upon their findings, we term conveyancers, reserving the name Abstracters, for those who later confined their activities solely to the single function of searching from records accumulated in their private office, plants, or tract indexes.

Somewhere in the dark ages of title assuring history, probably in some urban center, it became apparent to some of these conveyancers that there was considerable risk attaching to this new occupation. As some one has pointed out, there are two elements of chance in title; first, those which eminate within the records, second, those which arise from without the record. In the first category are included the necessary risks one runs in searching the records, in missing vital instruments, and in misconstruing the legal effect of them. In the second classification, the risks outside the record, are those innumerable exceptions, rights of the parties in possession, marital status, heirship, legality of instruments, etc. In other words, the risks which attach to the simple fact that titles in the United States are not strictly record titles, but are titles which result from all the facts whether of record or not.

The celebrated case of Watson vs. Muirhead, Pennsylvania, 1868, brings out the above statement quite clearly. Said the judge in deciding upon a question involving the liability of a conveyancer:

"The business of conveyancing is one of great importance and responsibility. It requires an acquaintance with the general principles of the law of real property, and a large amount of practical knowledge which can only be derived from experience. The rule of liability for error in judgment as applied to them ought to be the same as in the case of gentlemen in the practice of law or medicine. To hold him responsible would be to deter all prudent and responsible men from entering a vocation imminent with such perils."

Thus, some of the more timerous conveyancers probably drew in their horns and decided to specialize in one phase of title assuring, devoting their time wholly to searching the records and passing their impartial findings to another individual, the title lawyer. This person specialized in reading the findings and giving semi-judicial interpretation of them. The function of title assuring was broken down, then, into two parts, that performed by the record searcher or abstracter and that performed by the title lawyer or examiner. This abstract-opinion method became the prevailing method in that region of the United States covered by the government system of rectangular survey.

Let us examine the abstract-opinion system. You are sufficiently familiar with all its parts; the chain of instruments, the abstracter's certificate, and the attorney's opinion. The net effect of the combined document is to tell the client what interest lie in the land as far as the records reveal, and as far as the legal skill of the examiner permits of their interpretation. From the foregoing statement, it is apparent that there are definite limitations to this method in meeting the problem of marketability of land titles.

First, is the question of the abstracter's responsibility for his own errors and omissions. Despite licensing laws in Montana, North Dakota, South Dakota, Colorado and elsewhere, there are still a number of individuals posing as abstracters who don't know gee from haw. They lack skill and the necessary capital to cover up their errors. Bonding laws have not succeeded in doing much to alleviate the situation. At the same time there is the fact that human beings are not infallible, even good abstracters make some mistakes.

Secondly, as a corallary to the above, is the item of the examiner's responsibility for the correctness of his opinion. Fortunately the examiner has a hole in which to jump when a mistake costing the client money occurs. Negligence as shown by an error in opinion is much harder to prove than negligence as shown by error in facts.

The problem of responsibility of abstracters and examiners can not be dismissed by a discussion of bonding laws or the capital requirements. The effect of the statute of limitations must be taken into consideration. A mistake may be made either in the abstract or the opinion, yet the loss may not occur until many years later. In the interim between mistake and discovery, the parties in fault may have disappeared, and even if they are present the action to enforce payment may be barred effectively by the statute of limitations which begins to operate upon delivery of the title assuring document and not at the date of the discovery of the discrepancy therein.

A third limitation to the abstract-opinion method arises from the very division of the functions. Commerce is inconvenienced by the mere bulk of an abstract. As one eastern insurance examiner said to me, "We are just as apt to get them in bushel baskets as in envelopes." Commerce is hampered by the time lost in its elaborate preparation, by the time lost between completion of the abstract and that of the opinion when the two offices are separate or in different cities.

A fourth indictment, in and so far as it affects the problem of marketability of title, arises from the plain fact that a perfect title is an unknown phenomenon. The overcautious attorney, to protect himself, is apt to forget that the opinion is primarily for the client. Instead he is apt to draw it up for the benefit of the next attorney who may read it, much in the same manner that a teacher writes a book, not for student instruction but for the benefit of his critical colleagues. The attorney will not gloss over the fly specks but will be inclined to point out possible flaws. The purpose is not to criticise the legal examiner, but rather to point out that as a result of the dual system and the inability of the attorney to shift the burden of legal judgment, the final proof of title is apt to be lacking in conciseness and precision. An addition, facts outside the record are excluded. This condition works for unmarketability of title.

The certificate the next development in title assuring methods, seems to have resulted from a recognition of some of the congenital defects of the abstract-opinion. The certificate method has been tried in some parts of the United States with some success. It represents a returning to the old idea of the conveyancer method, combining again in a single agency, the two functions of title assuring, but simplifying the process by reducing the findings to a succinct statement of the title without the accompanying bulk of an elaborate abstract.

But many of the criticisms of the abstract-opinion are, despite its improvements, still to be levelled against the title certificate. The questions of responsibility, precision, reliability, exceptions, are still present. In addition an aura of doubt is cast over the certificate for two reasons. First, because if made by an incorporated body, the nemises of practicing law by a corporation arises. Note the Cleveland case of Dworken vs. the Guarantee Title and Trust Company. Secondly, because there seems to be little standard as to what constitutes a certificate. Its lack of development is further accounted for by the fact that if a company continued to issue abstracts, it becomes both a wholesaler and retailer of title assurance. That is, it comes into direct competition with local attorneys.

The fourth development in title assuring methods was that of title guarantee or insurance. One might be precise and point out some degree of difference between a guarantee policy and one of title insurance, but they both classify readily enough under the heading of an indemnity contract. A guarantee may be thought of as an underdeveloped title insurance policy, guaranteeing the title as revealed by the public records alone.

In this latest development of title assuring document are missing most of the hindrances to a standard of marketability of titles. There is greater precision in statements as to what actually constitutes the interest in the land. There is financial, and definitely, legal responsibility. There is no bulk to deal with or divided responsibility. There is for the most part a standard to go by, that is, the standard of single large title agency, as opposed to the dozens of standards of sundry independent title attorneys.

Despite the improvements made possible by the development of title insurance, the public has not been entirely satisfied. Witness the agitation in this country during the last decade of the 19th century for some kind of a state title registration system. By the turn of the century, Illinois, California, Ohio and Massachusetts had passed laws creating a state title registration or Torrens system. Until 1917, fifteen other states had passed similar laws.

Although in point of time, state title registration in the United States came first in 1897, while title insurance was invented in Philadelphia in 1876, some twenty years before, my researches tend to show that the Torrens system was not advocated so much as an improvement over title insurance as it was over the older methods which have still survived. In other words, if title insurance had developed in other parts of the country as it had developed in Philadelphia in those twenty years, I doubt very much if there would have been so much Torrens agitation. Of course, there would have been some miscontent registered in any event. And so gingerly and cautiously did the early title insurance companies proceed that there was still plenty to complain about by its critics.

The history of Torrens activity in this country has not, as you know, been outstanding. The system itself can not be blamed. I think that you would all agree with me that if the Pilgrim fathers had set up a state title registration system back in 1640 instead of a public record system, we would all be better off, especially old John Public. But it is too late now to kick over the traces and set up a duplicate system. There are too many dollars invested both by public and private interests. There are too many people dependent upon an institution nearly 300 years old to dismantle it. It would be preferable to patch up the old institution and revitalize it.

Instead then, of throwing brick bats and sicking dogs on the Torrens tramp, it would be better for the title fraternity to show him in his true light and to compare him to his more fortunate brother. Don't waste breath on all the hackneyed legal arguments that have been hurled at Sir Robert's adopted child. To say that the Torrens system is unconstitutional in depriving people of property without due process of law or in permitting a ministerial office to perform a judicial function; to say that it hasn't a large enough indemnity fund, that you can't collect from a county, smacks of judicial diatribe. These arguments may be sound enough but they mean little to the laymen. Instead it would be better to confine your argument wholly to the points that the Torrens system is not likely to meet the problem of marketability of title as effectively as a well ordered, non-political, private title system, for the reason that country administration in general is the poorest of all our administrative subdivisions, and for the reason that the Torrens system to be constitutional has created loopholes in title that create further discordent elements.

The final question that remains is whether or not there is not another trend ahead. Now there is nothing so painful as the pain of a new idea or the changing from accustomed habits. Yet, it must be admitted that our economic order is a dynamic one, not static.

Witness the revolution that is going on in our railroad system. For years we have endured in this country, railroad service that was both expensive and insufficient. Depression caused the railroads to awaken to the fact that perhaps by increasing services and lowering rates, they could attract back passengers who were staying home or using other modes of transportation. What has been the result? By lowering fares, faster schedules, air conditioning, etc., the railroads have shown increased traffic and profit.

Some title interests should not ignore this illustration. They might well turn the spotlight on their own business, and perhaps suffer the pain of a new idea. Due to the great amount of governmental aid in home and farm financing, more attention has been given to title assurance than ever before. A little agitation on the part of organized consumers of title evidences may create greater respect for the Torrens certificate than it has thus far enjoyed, or it might lead to clamor for state title insurance.

The time is propitious then for the title interests to be forewarned. What is true of the railroad industry may be true of the title business. You can not increase business, to be sure, by offering excursions and tourist accommodations. Yet I believe that some forward steps can be taken. What are they?

First, let us standardize the service. Select that method which offers the customer the most in title assurance, and I believe that means some form of an indemnity contract. I hesitate to use the term title insurance to cover all the policies I have examined. As it is used by many, it is a misnomer. The losses shown by title companies do not permit title insurance to be placed in a class with other risk undertakings. A better name would be a Title Service Contract or a Title Service Policy.

Second, increase the service rendered. Now I don't mean by this to give 24 hours service, free escrows, or calendars but rather, an increasing of the coverage. If we are to have a condition of universal marketable titles, it is necessary for some one to assume risks that are sometimes sidestepped today. I mean that type of risk which is not actual but potential. You may say that to cover these risks, you would have to charge an excessive premium, or charge varying premiums which would lead customers into believing you were practicing a mild form of extortion.

I think this charge could be avoided by setting up additional machinery in the form of a co-operative reinsuring agency owned by the several title companies in a given region. If this is accomplished, then the term, title insurance, is truly appropriate. It may not work, but until its non-workability is proven by actuarial experience, it can not be wholly condemned. It has never been proven to me that elements of actuarial insurance can not be applied successfully to title insurance, provided it is directed by a title company and not by a pure Casualty Company.

Third, the program calls for lowering the price in instances by lowering the cost. Your units of operation have been dictated by the territorial size of the county. Title companies have successfully bridged the gap between heterogeneous public records and a complete chain of titles. Therefore, there is evidence that they can bridge county boundaries. No title plant should operate unless it operates at least above the marginal point of production. By this, I mean that there are too many plants in county units too small to enable them to earn a fair return without excessive charge to the consumer.

In other counties there would be a sufficient volume of business if it all went to one agency, but more than likely if the company produces abstracts, a part of the business must by nature of the method be divided rather thinly between the abstracter and a dozen examiners. Or even worse, it may be divided among two or three abstracters.

The correcting factor in the above situations is the elimination of duplication. The title business by its very nature is monopolistic. Now, I don't

mean that derogatorily. Low costs are only possible when the business is conducted with limited competition, and supervision of a government agency.

Already, there is agitation to do something about the mal administration of our counties. It will be a long time before county administration will be housed in Smithsonian Institute. But the title companies can do something to spur along the effort by bridging counties to the point where a title company can have a sufficient volume of business at equitable prices and profits.

In conclusion let me say that a three-year study of title assuring business has not led me a great way along the path of knowledge. I have found a lack of unity in action among the profession, a groping, a willingness to follow well trodden lanes. When I finally struck bottom in my original search for the core of title insurance, I found that what is called title insurance is in reality a title service contract. I found that there is no short cut or simple way to deal with that which by nature complex. This complexity should be explained to the public and the customers in order that they may understand the reason for your charges. Education rather than mystification. In closing I lay before you the plea to turn the spotlight upon your business and throw off some of the shackles of accustomed habits.

Report of National Councilor Chamber of Commerce of the United States

JUSTIN M. DALL

Vice-Chairman of Board, Chicago Title and Trust Co., Chicago, Illinois

The Chamber believes that the first step in bringing order into the finances of the federal government should be reduction of expenditures both by Congress and by the Executive to those amounts which are needed for efficient accomplishment of purposes which are necessary and appropriate for the federal government.

The Chamber has persistently given heed to the growth of governmental controls of business and to governmental competition with business. It has recognized that changes in conditions in industry, commerce, transportation, communication and other branches of business have necessarily brought new situations which had to be dealt with to safeguard workers, different classes of business men, and the public. It has recognized that a rapidly developing civilization has inevitably brought with it certain needs of public supervision. Workmen's compensation insurance requirements, street and highway traffic regulation, pure food requirements, rate and service regulation for public utilities, and many other public regulations with which we are familiar, are part of a changing and developing economic and social life. The Chamber has at all times, however, believed that competition of government with taxpayers, and financed by the taxpayers' money, can not be justified on any grounds. It steadfastly opposes government competition.

Business would ignore its gravest responsibility if it failed to provide the greatest possible degree of economic security to the individual. The attainment of this end so necessary to the furtherance of American ideals requires not only the maintenance of high wages, but likewise a constructive solution to the complex problem of security to the individual when he or she has outlived capacity to earn a comfortable living. Here again interference by government in attempts to reduce the whole complex problem to one of legislative formulae can only postpone the final solution by making it more difficult for business to assume its own obligations.

By the same token employees, too, must recognize their own responsibilities and refrain from the arbitrary imposition of terms and conditions of employment which tend to impair or destroy the inherently mutual interests of both employers and employees.

The Chamber repeatedly has stated its opposition to government competition with the lawful enterprises of its citizens. It is continuing its advocacy of legislation which would require every federal agency engaging in such competitive activities to keep and to disclose to the public a record of its costs, with allowances for all such items as depreciation, insurance and taxes as would be incurred by private enterprise.

The Chamber opposes every proposal tending to deprive the Supreme Court of the United States of its function to determine the validity of congressional action; or tending to minimize the power or diminish the jurisdiction of the federal courts; or to substitute the legislative will for the discretion of any federal court in the discharge of a judicial duty.

The construction of residences and the improvement of housing conditions should be recognized as a localized problem, requiring local initiative and enterprise. There is opportunity for us to encourage rehabilitation and gradual rebuilding of older and neglected areas in their communities and also to insist upon rigid enforcement of sanitary and fire laws with respect to all classes of residential property. For families needing such aid there should be rental subsidies from local relief agencies.

Report of Committee on Advertising and Publicity

P. P. PULLEN, *Chairman*

Director of Advertising, Chicago Title and Trust Co., Chicago, Illinois

With your permission I shall combine my report as Chairman of the section on Advertising and Publicity with the few remarks which I have to make generally on the subject listed in the Bulletin as "Advertising, Publicity and Molding Public Opinion," since what I have to say on the latter subject relates directly to our own activities.

First, as to the activities of your committee for the year.

For the past two years your committee has been at work on a plan to enable your members to effect a saving in advertising material by standardization and group purchase. The first medium considered was blotters. The plan was outlined in its final form at the Midwinter Conference in February of this year, and provisional commitments were asked for from members. The plan met with general approval and the Secretary has informed me that as of October first, 180 member firms have availed themselves of this new service, purchasing an average of 150 blotters per month each, or a total of 27,000 a month—324,000 for the year. Thus, from an Association standpoint, we are assured of our message being carried to 324,000 persons this year—a fairly large slice of the general public.

Your committee, however, hopes for an even larger response on the part of members following this convention.

May I sum up, for a moment, the advantages of this plan of co-operative blotter advertising:

First, and most important, member companies are able to secure blotters at about one-sixth of the cost which would obtain if each ordered its blotters separately.

Second, the fact that more advertising can be done for less money may lead our companies to do more of it and may make advertisers of present non-advertising companies.

Third, the fact that the entire printing job is handled as a unit results in better and more uniform advertising.

Fourth, the fact that each blotter bears the imprint of the American Title Association will bring to the attention of the abstract company's customers and prospects the fact that the company is a nationally recognized high grade institution and not merely a curbstone outfit.

Fifth, from the standpoint of the Association itself the plan serves to tie its members closer to it and to identify each member as a unit of the larger national organization.

One of the advantages of the plan also is that members may come in under it at any time. I wish you would all make a note right now to write to Jim Sheridan as soon as you return home, to learn just what this plan will cost **you** for 100, 200, 300 or more blotters a month. The expense is surprisingly low and I think you will find it good, resultful advertising.

I hope your advertising committee for next year, however constituted, will carry on this work of cooperative advertising, possibly extending it to include the cooperative purchase of calendars, novelties and presents for your customers and projects.

Some of the larger title insurance companies have prepared and issued some very interesting and beautiful pieces of advertising material during the past year. Special mention should be made, in this connection, of the advertising of the Title Insurance Company of Minnesota, at Minneapolis, the Title and Trust Company of Portland, Oregon, the Title Guarantee and Trust Company and the Title Insurance and Trust Company, both of Los Angeles. These, in particular, have come to my attention. And may I urge all of you, at this time, to send copies of all of your advertising as issued to the Chairman of the Advertising Committee, in order that that Committee may be advised at first hand what the various members are doing in the way of advertising.

I have been very much pleased during the past year to observe that more and more the members of the Association are taking up their individual advertising problems with the Advertising Committee. Scarcely a week passes that either the Secretary or I fail to receive a letter from some member relative to his advertising problems. That is as it should be. That is what the Committee is for. Make use of it whenever you think it can be a help to you. It is a clearing house for advertising ideas.

But advertising is only one phase of our problem of molding public opinion into a favorable attitude toward the abstract and title insurance business, which will lead to a larger volume of business and larger net profits. The other two phases are Publicity and Group Contacts.

By publicity I mean frequent and favorable mention in the press—both newspapers and magazines—of our business as a whole and of our member companies individually. Thus there are two aspects of publicity: that with respect to our business as such, known as institutional publicity, and that with respect to our individual companies, known as local publicity.

The second of these, local publicity, can only be handled by you yourselves, wherever you happen to live. And let me point out here and now that the average newspaper editor is not going out of his way to give you favorable editorial notice if you don't carry a line of advertising in his paper. All newspapers depend for their very lives on advertising revenue, and this is particularly true of the small country weekly with a limited local circulation. On the other hand, if you carry even a small amount of advertising space regularly you will find that the average country editor will go a long way to give you free publicity on almost any aspect of your business you want to initiate.

As to the first, and most important, phase of publicity — institutional — I am firmly of the opinion that that is a job for your Association to handle. It must be carefully planned and well executed. It is entirely possible to secure this type of publicity in the form of a series of articles in trade papers on real estate titles, in a series of narratives in fiction magazines—the so-called quality group—based on plots revolving about real estate titles and title insurance and other forms of title coverage as issued by our members.

This type of planned publicity will require the expenditure of some money, though not much when we consider it in terms of the good to be derived over a long term of years by our business as a whole. But most of all it will require initiative and organized thinking and effort on the part of your officers or of some special committee. Your executive committee has already given the matter some thought. I should like to see it brought to a successful conclusion this coming year.

The third phase of Public Relations is Group Contacts. By that I mean addresses and talks by the officers of our member companies before such groups as luncheon clubs (Rotary, Kiwanis, Lions), professional groups (such as bar associations, bankers' gatherings, etc.,), civic bodies (such as chambers of commerce, local improvement associations and trade associations), church groups, women's clubs and schools.

The bulk of group contact work must necessarily be carried on locally before relatively small groups. Many of our members are doing a great deal of it. It is not difficult and contacts can be arranged rather easily. And while most of us had rather be shot than make a speech, it is time well spent in the interests of our own business.

A certain amount of this group contact work can be and is being done by the Association through its officers at commercial bankers' conventions, insurance conferences, building and loan gatherings and mortgage bankers' meetings. The value of such efforts cannot be over estimated.

It is probably not necessary for me to point out the change in sentiment on the part of the public toward business which has been wrought during the depression years. Business has definitely been placed on the defensive. It has had to justify its very existence. The tables have been completely turned since the first of the present century when Commodore Vanderbilt, when asked what the public reaction was likely to be to certain policies of one of his railroads, replied: "The public be damned."

Business must now definitely cater to the public. We must shape our business policies to that end. We must trim our sails to the weather. By that I don't mean we must cut rates or give something for nothing. Decidedly not. But I do mean that we must justify to the public our place in the sun. We must educate them to an understanding of our business. Not the technicalities of it, but rather its place in our economic and business structure. We must tell them and we must keep on telling them, individually and collectively, by advertising, by planned publicity, by group contacts.

Other businesses and industries are doing it constantly. Railroads, as a group, are trying to sell a ride not on a specific train but on any train. The brass industry is trying to sell the use of brass as against other metals. Orange growers are trying to sell not the product of any one grower but the use of oranges as a health giver. You have only to turn to any of our larger magazines to see the industrial groups which are trying to sell to the public not any specific brand of commodity but rather the use of their general commodity as such. In other words they are trying to mold public opinion into a receptive attitude toward their business. Take these names, picked at random from the current magazines of general circulation:

American Walnut Manufacturers Association.

Associated Rice Millers of America, Inc.

Association of American Railroads.

Association of American Soap and Glycerine Producers, Inc.

California Fruit Growers Exchange.

Cast Iron Pipe Research Association.

Canned Salmon Industry.

Western Pine Manufacturers Association.

Western Railroads Association.

Window Shade Institution.

Copper and Brass Research Association.

Florida Citrus Exchange.

Florists Telegraph Delivery Association.

Laundry Owners Association.

The Mahogany Association.

National Ice Advertising, Inc.

Pennsylvania Grade Crude Oil Association.

Pineapple Producers Co-operative Association.

Portland Cement Association.

All of them, let me repeat, trying to mold public opinion favorably toward themselves and their products.

And, ladies and gentlemen, we in the abstract and title insurance business must do the same thing, by all the agencies at our command: publicity, group contacts and advertising.

Public opinion is the greatest force in the world today. It makes and unmakes kings and presidents. It makes

or unmakes Hollywood film stars. It makes possible or impossible the enactment and enforcement of laws and statutes. It makes profitable or unprofitable any business or industry which is now being carried on in any part of the world.

In closing let me quote a brief statement from Abraham Lincoln, who seems particularly close to us while we are here in Springfield, and who had a greater knowledge of human nature and of the power of public opinion than anyone of his time:

"In this and like communities public sentiment is everything. With public sentiment nothing can fail; without it nothing can succeed. Consequently, he who molds public sentiment goes deeper than he who enacts statutes and decisions. He makes statutes and decisions possible or impossible to be executed."

Progress Through Co-operation

H. L. DOUGLASS

Member of Public Relations Committee of Real Property Section of the American Bar Association

Member, Douglass, Yancey and Douglass, Attorneys, Oklahoma City, Oklahoma

As a member of the Public Relations Committee of the Real Property Section of the American Bar Association, it is my privilege to bring to you the greetings of that section as expressed in a letter from General Nathan William MacChesney of Chicago, Chairman of the American Bar Association Section of Real Property, Probate and Trust Law, which reads as follows:

"American Title Association,
Meeting at Springfield, Illinois,
October, 1936.

Dear Sirs:

May I, as Chairman of the American Bar Association Section of Real Property, Probate and Trust Law, extend to the American Title Association the cordial greetings of our Section, which has so much in common with your Association. It is the privilege of our Section to be represented at your meeting by Honorable H. L. Douglass, of Oklahoma City, Oklahoma, who is a member of our Public Relations Committee, and I trust if there is any way in which our Section and Association can operate with you in improving the titles and forwarding the interests which we have in common, that you will make such suggestions to Mr. Douglass so that the two Associations may have the largest amount of co-operation with each other.

With cordial good wishes for a very successful session, I have the honor to remain

Very truly yours,
Nathan William MacChesney."

My subject, "Progress Through Co-operation," smacks of Rotaryism, but in my opinion is most suitable as a theme for the ideal relationship between Titlemen and Lawyers.

I am aware of the fact that during the past few years, in some sections of the country certain elements of the legal profession have become very actively engaged in a campaign to eliminate alleged unauthorized practice of the law on the part of title companies. Probably the most outstanding example of the lengths to which this campaign has been carried is reflected by the Dworken decision by the Supreme Court of the State of Ohio.

Expressing my personal opinion only, I am not in sympathy with any such radical decisions as this and do not believe such activities on the part of individual members of the legal profession work for the best interests of the bar as a whole. Competition as long been recognized as the life of any business. Unless the lawyers are so equipped to furnish the public with the most efficient and satisfactory method of handling a particular business transaction, business will develop a method of its own. For the lawyers to attempt to eliminate such substitutes for their own inefficient methods through legislation or decisions of the Courts such as that in the Dworken case, is an admission on their part of their inability to render the efficient services demanded of them and in my humble opinion, will in the long run react to the detriment of the legal profession.

However, I cannot condone the actions of the title companies in attempting to represent both sides in matters coming before them which in their very nature call for a legal opinion. That is the province of an attorney and should not be invaded by a lay agency. Should the inception of a contract between parties depend upon the efforts of the title company, it should advise the parties thereto that they should refer the matters involved to their attorneys and that the title company could only carry out the plan of operation as agreed upon.

Fortunately, matters have not reached the state in our section of the country that they have in other places. Only recently a royalty company contacted me with a view towards having me, from an examination of the county records, furnish them with certificates of title relative to royalty interests they proposed to sell. I advised them that I had agreed with my barber that I wouldn't cut my hair if he wouldn't practice law and that the same agreement applied to abstracters. The preparation of an abstract in its very nature calls for a trained force especially conversant with county records so as to be able to prepare a take-off of the matters germane to the determination of title. For me to have undertaken such work would have been to usurp the field that is now so ably handled by our abstracters. Yet, I don't doubt but that somewhere in Oklahoma City the royalty company found some lawyer who, for an inadequate compensation, undertook to furnish such a certificate which as a matter of protection to the royalty purchasers, gave them absolutely nothing.

Another example came about when the government commenced the Shelterbelt Project through the middlewest. In order to eliminate the expense f abstracts and title examinations they requested that they be furnished by the abstracters with a certificate of title showing a valid title in the record owner. When this situation arose, the Chairman of the Abstracters Section of your organization requested that I furnish him with an opinion as to whether the issuance of such a certificate of title by an abstracter would amount to the unauthorized practice of law. I furnished your Chairman with an opinion to the effect that under our decisions, such would amount to the unauthorized practice of law and immediately thereafter, he held a meeting in Chicago of representatives of the states affected by this project and advised them of my opinion and as far as I know, this opinion was unanimously accepted by the member abstracters in the territory affected by this project and no such certificates of title were issued.

I feel that the titleman and the lawyer have gotten themselves in a similar position to that of the two mules who nearly starved to death when they were tied together because both wanted to go in opposite directions. However, the two mules, after pulling against each other for two or three days, finally had sense enough to get together and as a result, both accomplished their purpose. Maybe sooner or later, our two groups will recognize the intelligent example set by the mules and get together and iron out our difficulties.

There is certainly a place in the business world for the abstracter and a place for title insurance as has been shown by the development of these two branches of the title business through the past few years. However, we cannot deny the necessity of a bar of independent practitioners. Wouldn't a policy of give and take with a view towards eliminating the practices on the part of all of us which are most likely to be to the disadvantage of the general public be a better attitude?

I would not and could not presume to tell you as abstracters and title men what is wrong with your method of doing business and what you must do to correct them and I, as a lawyer, do not expect you to clean out my house for me, but I do feel that if we would recognize the necessity of furnishing the general public with the best of our services, that together we could work out a middle of the road policy upon the part of both of us which would be to the greatest good of all.

Through my contact with your Association, I have become acquainted with

the fourteen point program initiated by the Abstract Section of your Association. There are certain parts of this program which I wish to highly commend to all of you. Coming from an abstract section of the United States, and having been engaged for the past ten years in representing insurance and investment companies, investing in loans secured by first mortgages on real estate, I have spent a great deal of my time in the examination of abstracts prepared by numerous abstracters throughout the middle west. As a result, there have been certain matters come to my attention in the preparation of abstracts that could certainly be improved. Most of these matters are covered by your abstracters' program. I refer chiefly to points six, seven, eight, thirteen and fourteen.

With reference to point six, "Uniform Certificates," at one time I made a check of the certificates in use by two hundred twelve abstracters engaged in business in my section of the country and out of this group I found many different forms of certificates in use, a portion of which actually failed to certify to anything. Abstracters must recognize their responsibility to the public and undertake to accept that responsibility in a uniform certificate.

Point seven, "Uniformity of Abstracts," could be adopted one hundred per cent by the individual states and in many instances, a group of states could adopt a uniform abstract. For the examining attorney, the uniform abstract would be a God-send. There are certain fundamental parts of every recorded instrument which should be submitted to the examining attorney. Other parts are mere surplusage. An abstract company could, with proper training, maintain a force which could prepare abstracts in such a manner as to make the greatest efficiency in the examination of titles possible. During the first years of my law practice, I was forced to pay particular attention in the examination of abstracts to segregating certain portions of the abstract consisting of motions, demurrers, applications for the appointment of receiver, reports of receiver, motions to confirm sale, and other parts of law suits which amount to surplusage and abstract padding, in order to protect my clients from exorbitant charges. I am happy to report at this time that such practices upon the part of the abstracters in my section have dwindled away to merely an occasional error upon the part of the various compilers.

Prices of abstracts should be equalized as much as is practical. The moment that the cost of abstracts becomes an unconscionable burden upon the property owners, some new method of deraigning titles will be developed. Conversely when prices reach the point that abstract companies can only operate at a loss, they will be eliminated by the process of business suicide. Somewhere a level can be reached which will operate for the best interests of all.

As a means to the end that the best in the way of abstracts may be furnished your customers, I heartily recommend the use of title courses for the benefit of your employees. In fact, I thought enough of the title course offered to members of the Oklahoma Title Association that I took it myself and have referred it to the junior members of our firm who handle title examinations.

Your title insurance companies should take steps to establish adequate reserves for losses and claims. Certain states have met this problem with statutory requirements providing for a lump sum deposit with the Insurance Department of the state. Other states have no statutory provisions. It would seem to me that this matter is of such importance as to warrant consideration of legislation with the view towards establishing a safeguard for the title insurance companies as well as for the general public.

I have attempted to make a study of the Torrens System now in use in certain parts of the country. From my investigation this system will not solve the problem. It would be wholly impractical in our section of the country because of the multitudinous transactions involving transfers in real estate and would only be an added burden to business.

There are many problems of general interest dealing with real estate in which our two organizations could well afford to co-operate. With the mass of legislation affecting real estate constantly coming up in various states and in our national program, if the members of our two associations would make it a point to become well acquainted with our state and national representatives with the view towards advising with them on any legislation affecting real estate, we could render a great service to the general public as well as to ourselves. For instance, the tax burden which real property has been carrying since the inception of our country is, sooner or later, going to reach the saturation point. During the past few years real estate taxes have grown to the point of confiscation in a great many places. General legislation with the view towards establishing a 1% over-all tax limitation on real estate could well be sponsored by both our groups. In the recent meeting of the American Bar Association in Boston, I was greatly interested in certain statistics furnished by Mr. Rodney W. Long, President of the Massachusetts Real Estate Exchange, in an address before the Real Property Section. I quote, with his permission, the following statistics in that regard:

"Throughout the United States real estate pays an average of 92.48% of the cost of local government. The result has been that this unendurable burden on real estate has caused 43.7% of the nation's real estate taxes to become delinquent. Real Estate pays 73.69% of the costs of state and local government and it is apparent that the real estate tax as a source of 75% of the income for state and local government has broken down. Vital functions of government and even government itself faces a crisis. Defaults on obligations, closing of schools, payless pay days for municipal employees, curtailment of police, fire and sanitation services are impending. Yet in most states real estate is still taxed beyond its ability to pay and remedial action is delayed until legislatures are forced to do it. Of the total of nine billions of dollars collected in the United States, property taxes have paid in excess of four and one-half billion dollars. Levies against real estate have run as high as 160% of the property's income. The result has been that collections have failed through sheer inability of real estate to pay. Sound fiscal policy indicates, therefore, that the tax against real estate must be reduced until it comes within the ability of real estate to pay it. The right to own property should not be destroyed by tax confiscation.

Let us look at the taxes paid by real estate in several of our leading nations. According to "Tax Systems of the World," real property bears 57.5% of the total tax burden of the United States, the largest of any country in the world. How long can we continue? Real Estate in other countries pays the following per cent of taxes: Great Britain, 19.8%; France, 11.7%; Germany, 28.8%; Italy, 12%; Belgium, 0.3%; Netherlands, 21.5%; Sweden, 3%; Poland, 11.6%; Switzerland, 1.5%;, and Japan, 26.1%."

From the above figures, you can readily see that unless a limit is placed on the amount of taxes which can be levied against real estate for all purposes, a serious financial breakdown is pending. Such a system of limitation is known as an Over-All Real Estate Tax Limitation and is the placing of a statutory or constitutional limit beyond which the total of all taxes levied against real estate in one year may not go. Such a limitation should be written into the State Constitutions as they are not as readily altered and would not be subject to legislative change at each session of the Legislature. I have suggested a 1% limitation for the reason that it would represent an equitable tax. A tax of 1% is equal to 1-6th of the return, based upon a 6% return on real estate investments. Five states now have such a constitutional limitation. These states are as follows: Michigan, 1.5%; New Mexico, 2%; Ohio, 1%; Oklahoma, 1.5%; and West Virginia, .5% to 2%. Indiana, Rhode Island and Washington have statutory limitations ranging from 1% to 2.5%. Public referendums for the purpose of establishing such a tax limitation are now

pending in Kansas, Georgia, Oregon, Colorado, Massachusetts, Pennsylvania and New York. The tax limitation in the eight states who already have such a limitation has already produced a two hundred million dollar total tax reduction. In twenty cities in the limited states it developed that the average tax rate decreased 23.5% after the tax limitation measures went into effect.

Such a tax limitation gives genuine encouragement to the people to own their homes and has done more to stimulate business than any one measure. Over-All Tax Limitation will reduce real estate taxes, reduce governmental expense, equalize values and bring about proper assessed valuations, increase tax collections, stabilize real estate values, increase building and home ownership, encourage industry and attract manufacturers, and will enhance the credit structure of our cities, towns, counties and states. We could well afford to lend our support to any such measure which produces so many beneficial results.

It has been a pleasure to appear before you and I only hope that in so doing it may be possible for our two organizations to work together on a more desirable basis.

Re-Insurance of Title Insurance

WILLIAM H. McNEAL

Employers Reinsurance Corporation, Kansas City, Missouri

Insurance, in its application to real estate titles, is an exact science in so far as material science can be exact. In fact it is so exact, subject to so few variations, and of such prosaic nature that the public does not react spontaneously to its value. It has been outmoded by the bombastic types of insurance, those types which mature in head-on collisions, theft, fire, cyclones, flood, and death. Title insurance needs to go on a bender or in some way spectaclize itself, but title men are so realistic that they leave their business at home when they start town painting expeditions, reserving unto themselves as men the acclaim of the public or the silence of the desk sargeant's blotter.

There are but two ways to make title insurance popular, and I use the word "popular" in the sense of insistent demand—sought, for its protective qualities, even as you and I buy automobile coverage without solicitation. One way to so popularize it is to render such service as makes the institution writing it popular, regardless of the dollar and cent value of its guarantee. The other way is to make the dollar and cent value of its guarantee so sound that it, plus service, makes every other type and form of title evidence fade into oblivion, just as the chain store has by service and values eliminated the cracker barrel grocery, or as the zipper is replacing the button.

The latter way is the American way. Now don't think I am paraphrasing the slogan of a popular candidate for the presidency, for the latter way is the American way to develop title insurance because America has built the greatest insurance structure in the world by offering dollar and cent values plus service. If any given insurance business is not big enough financially to make its guarantee stand up under great strain, it fortifies itself with reinsurance or a spreading of the risk, which brings me to my subject.

Reinsurance is an anchor to windward, a life saver, an antiseptic, if you please—that is, it may prevent putrefaction. It has a religio-camp meeting influence—it converts the skeptic. It cures somnambulence and will prevent street walking after a staggering policy loss. It affords room for greater volume without overtaxing reserves. These are reasons why reinsurance is employed in every line of insurance business save one. This one is among the oldest, if not the oldest, type of insurance in this country, yet it is threatened with extinction, or at least with a parasite in the form of a registration system which will palsy, if not kill, it.

I have had just enough contact with the title business to become imbued with the idea that a plan for bringing capital and reserves of title companies in closer relation to outstanding title liability would be of great benefit to the business, and, taking a leaf from the book of knowledge of other insurance lines, I undertook to use Reinsurance in a back-logging process to bring capital funds and liability into proper ratio.

I gratefully acknowledge receipt of reports from twenty-four (24) representative companies covering volume of insurance written and loss experienced over a five-year period, and a like report for one year. An analysis of the one year reports show that the 24 companies piled up $128,000,000 of liability, an average of $5,300,000 per company. The business available in those twenty-four jurisdictions could be safely estimated at $500,000,000, which, if correct, would show that 74% of available business got away. If legitimate competing companies took an equal share of 26%, the remaining 48% must have gone non-title insurance.

Take the country over, all will agree, I believe, that not more than 50% of available business is closed on a title insurance basis. There is a reason for this. Is the reason lack of confidence in the financial stability of title companies as insurers? In my opinion, based on contact with the large users of title evidence, that is the reason. The question is, then, would a reinsurance program bring in that 50% or enough of it to pay the cost of reinsurance on the whole volume written? I unhesitatingly say that it would. But that is not the whole consideration.

Reinsurance is employed to **conserve** assets as well as to **increase** them. Is the one year's profit from $5,300,000 of insurance written, enough to support the potential risk for twenty (20) years or for an indefinite period? Capital and reserves not only stand the shock of one year's business for one year, but it has to stand it for an average of twenty years, considering the term and maturity of both fees and mortgage policies. Each year of the twenty, other millions of liability pile up until the ratio of liability to capital funds fades to the point where the prospective buyer of title insurance cannot trace its shadow.

Let us be frank and admit that, due to meticulous care and a perhaps too conservative attitude in passing obsolete restrictions and antiquated technical defects, the loss ratio has been small. Nevertheless the exposure is present in ever increasing volume. If this condition acts as a deterent to the popularity and sale of insurance with its resulting loss of profits, then reinsurance in some form is cheap at any reasonable price. Other casualty insurance companies, and title insurance is in fact casualty insurance, buy reinsurance in order that they may write the larger risks and get the profit therefrom, yet keep their ratio of risk in line with their ability to pay the unexpected loss, not the run of mine losses. State laws requiring them to do this have popularized such lines of insurance because the public has been assured by state regulation of such companies that they must and can respond.

As free moral agents, unhampered by expensive state regulation, are you willing to gamble all you have that losses are going to stay in exact ratio to your income year after year? Every time you write a policy you create a liability. Are you going to carry that liability in a way to protect all of your policyholders, or are you letting ninety-nine of them take the chance along with you that the one-hundredth one will take you to town? This attitude is, in my opinion, largely responsible for increasing agitation for the Torrens system and also for more severe regulation of title companies.

Reinsurance will not only give color to the title insurance business, but it will be a sales argument that will beat down the fear of insufficient capital. An opportunity to increase volume without added exposure. A protection against the fear of that one fatal loss, which now casts a shadow over all policyholders.

At the close of this Convention I will have completed by assignment with the Employers Reinsurance Corporation, hereafter confining my activity to that of broker of title reinsurance. I applied what knowledge I have of title insurance to the development of a plan

of title reinsurance, believing as I do, with all my heart, that it has practical application, and deserves the serious consideration of the trade. I could not associate with this group for fifteen years without forming and retaining a high regard for the men and women of the title profession, and whether a contract of reinsurance or a Bond of Indemnity is ever written, I wanted Mr. Trimble, the President of the Corporation, to see for himself the high standard of its personnel with whom he will deal. I prevailed upon him, therefore, to meet with us

It has been a happy privilege to meet once again with the title people of America.

Report of Committee on Membership and Organization

P. R. ROBIN, *Chairman*
President, Guaranty Title Company, Tampa, Florida

It can readily be seen and understood that a Committee on Membership and Organization can best function through correspondence with the Exective Officers of the various State and Regional Associations.

It is commonly known that methods and procedure which will produce the maximum results in one State may not prove so successful in another State; and, for this reason, your Committee has largely relied upon the officers and committees of the State and Regional Associations to produce the best results possible in the method and manner peculiar to their own territories; with the exception, however, that your Committee did, by correspondence, offer and recommend certain methods of operation.

For the past ninety days, your Committee has been in touch with the officers of the various State and Regional Associations, inquiring into the best possible means for effecting a larger membership in each particular State; and, to the end of gathering information which may be of benefit in the future, questionnaires were prepared and forwarded to the officers of the various Associations with the request that same be answered and returned.

The information gathered from the States hereinafter mentioned shows approximately the same number of members as the year before, and, no doubt, by the time this report is read, many more members will have been enrolled in the various Associations. From the correspondence had with the officers of the different units, it is encouraging to note that in many States the activities and efforts in promoting additional membership have increased to a great extent.

The Executive Officers of our Association rendered your Committee splendid cooperation by constantly publicizing, in many ways, the absolute needs of close cooperation for the benefit of the industry. In addition thereto, your Committee sent out more than one thousand letters to eligible and delinquent members with some beneficial results therefrom obtained.

Out of the thirty Associations in the United States affiliated with The American Title Association, we received twenty-five reports, the contents of which were of a very interesting nature. The following is a chart showing the membership of 1935 and to date for 1936, for such Associations; also the gain and loss and whether or not the Association publishes a bulletin:

State	No. of Members for 1935	Present Membership	Gain	Loss	Is Association Bulletin Published?
Arkansas	22	22	0	0	No
California	92	92	0	0	Yes
Colorado	43	46	3	0	Yes
Florida	48	48	0	0	Yes
Idaho	40	40	0	0	No
Illinois	80	80	0	0	Yes
Indiana	48	48	0	0	No
Iowa	112	110	0	2	Yes
Kansas	1 3	134	11	0	Yes
Louisiana	5	5	0	0	No
Michigan	53	53	0	0	Yes
Missouri	112	112	0	0	Yes
Montana	45	45	0	0	Yes
Nebraska	115	115	0	0	No
New Jersey	30	22	0	8	Yes
New Mexico	18	18	0	0	Yes
North Dakota	64	64	0	0	Yes
Ohio	67	67	0	0	Yes
Oklahoma	114	115	1	0	Yes
Oregon	36	36	0	0	No
Pennsylvania	22	22	0	0	No
South Atlantic	135	135	0	0	Yes
South Dakota	69	62	0	7	Yes
Texas	83	83	0	0	Yes
Washington	43	45	2	0	No
Total	1619	1619	14	17	

As stated above, no numerical gain in membership is shown by the reports rendered your Committee for the year 1936. It is generally known that the real estate activity has been on the increase in practically every State during this entire year, which naturally resulted in increased business in the title industry. It is therefore in the opinion of your Committee that the responsibility for no better showing than has been made this year is by reason of the fact that the officers of the various title companies in the industry could not give as much time from their own business, in the interest of the National Association, as they would have liked to.

Recommendations

First: Your Committee believes that all State Association Publications should contain in each monthly issue a Directory of all members in good standing. This method, for Florida, not only brought early results but increased our membership during the years 1935 and 1936 to the highest number in the Association's existence.

Second: That the Chairman, Director, or Vice-President of each Zone or Region of a State Association be charged with the duty of actively engaging and securing members in his particular territory.

Third: Your Committee further believes that abstractors and title companies should be impressed with the important fact that no Association can exist unless it has membership. Numerical strength in an organization is of all importance to its success, for, without membership there can be no organization; and, of course, the larger the membership in the State and Regional Units the greater the financial structure of the National Association.

Report of Chairman Legal Section

RALPH M. HOYT
Fawsett, Shea & Hoyt, Milwaukee, Wis.

The Legal Section, formerly known as the Title Examiners' Section, exists for the purpose of giving those who have to do with the examination of titles a place for the presentation and discussion of their peculiar problems. Their peculiar problems, however, cover the whole field of real estate law, because anything that tends to increase or decrease the certainty of titles—whether by way of legislation, court decision or administrative action—bears directly on the work of the examiner of titles. Therefore, to render a real service to its members, the Legal Section should maintain an active and continuous interest in all developments of importance in real estate law, and not confine itself to a few moments of discussion at an annual convention.

Unfortunately, however, facilities for this continuous scrutiny of the field are quick lacking in the American Title Association at present. The association publishes no magazine in which articles of interest to title examiners can appear, nor has it any funds with which the Legal Section on its own initiative might circularize its members with timely information and discussion. In one year, and one only, during the recent past has the Legal Section made a real beginning toward doing the valuable work that it might do if it were well organized and financed; and that was the year 1930-31, when McCune Gill was chairman of the section. Being that rare type of man who will perform arduous labor without hope of reward, merely for the love of a worthwhile accomplishment, Mr. Gill made the Legal Section during his chairmanship a real and valuable force in the association by publishing a series of printed pamphlets entitled "American

Title Association Studies." Among the subjects that he covered were such matters as the revival of mortgages, precatory trusts, usury as affecting an innocent transferee, abatement by death of a defendant, and several others, sixteen in all. In his report at the Tulsa convention at the close of the year of his chairmanship, Mr. Gill urged that the principal title insurance companies join in the work of maintaining the type of service that he had started. As he put it, "if fifty companies could be induced to pay as much as half an office boy's salary for legal research work, we could lay down every month on the desk of each of our counsel a complete printed study of some title question of their own choosing."

Recent developments in real estate law add much emphasis to the plea made by Mr. Gill in 1931. We have witnessed during the past five years a flood of new or revitalized legal questions on which every title examiner must ponder. A clearing house for information and research on these subjects would be of the utmost value, and the logical place for it is in the Legal Section of the American Title Association. For a few examples I might mention such questions as the validity and bearing on real estate titles of the recent bankruptcy act amendments—Section 77B and the like; the current views of the courts on the vulnerability of deeds given in lieu of foreclosure; the vexed question of the possible reattachment of junior liens when a former owner reacquires title after foreclosure; the status of titles that have passed through foreclosure under trust deeds securing bond issues, where the trustee has bid in the property on behalf of the bondholders; and many others. A periodical exchange of views among members of the Legal Section on questions such as these, and a dissemination of information as to the decisions that are being handed down, would help every one of us in our daily work.

My report, therefore, is in the nature of a plea for consideration by the section, and by the association in general, of the feasibility of re-establishing the Legal Section as an actual working organization, with various legal subjects assigned to individual members of the section for research and report, and with funds provided for making the results of their work available in periodic form. In making this suggestion I do not want to minimize the good work that has been done by our executive secretary in bulletining to the membership some valuable information, such as the recent article on deeds in lieu of foreclosure and the study that was made last year with reference to the lien of federal judgments. Such work on the secretary's part must of necessity, however, under present conditions, be sporadic and impermanent in form. What we need is continuity of effort and permanent availability of the results of that effort.

In closing this report I wish to remind the members of the Legal Section of the extreme desirability of affiliating themselves with the Real Estate Section of the American Bar Association. That section was not organized until 1934 and is therefore the youngest in the association, but it is very vigorous and is beginning to wield a real influence on real estate law. Its Committee on Suggested Changes in Major Substantive Real Property Principles is working closely with the Conference of the Commissioners on Uniform State Laws and with the American Law Institute in the drafting of a Law of Property Act. It behooves all of us who are interested in the development of real property law and the simplification of title examination work to follow closely and lend our aid in the effort that is being made on this subject in the American Bar Association.

Report of Chairman Abstracters Section

WILLIAM GILL

Vice-President, American First Trust Company, Oklahoma City, Oklahoma

There are many present today who have been engaged in the abstract business for a long period of years. If you will pause and consider the type of abstract produced 15, 20 or 25 years ago and make a mental comparison with the product of today, you cannot but feel a certain degree of pride regarding the progress made. On the other hand, if you will take a bird's-eye view of the various 29 abstract states—not confining your gaze to any particular state—but look at the picture presented from a national viewpoint, you surely realize that the abstract business as a whole isn't all that it should be.

You have heard discussed and rediscussed the 14-Point Program of the Abstracter's Section. I am highly gratified with the accomplishments of the past two years, made possible by the splendid cooperation of all abstract states, with but few exceptions.

I am glad to report to you the reorganization of the Wyoming Title Association, brought about by Mr. Don Graham of Denver, assisted by Secretary J. E. Sheridan. The Arkansas Title Association, dormant for several years, promises to be one of the outstanding Associations of the country.

The Arizona Title Association is again affiliated with the American Title Association, and for the first time the Title Abstracters Association of New Jersey are now members of the American Title Association.

It is no idle assertion to say that never before in the history of the abstract world are the abstracters more alert, and up and really doing things. Numerous State Association bulletins are being edited—uniformity, both in practice and charges, has taken precedence in many states over other lines of activity. It has been my good fortune to attend several State conventions during the past two years, and the interest displayed and the activities started are almost beyond comprehension. I urge those present to continue the good work—go back home after this convention with the determination to help your Association to continue to "do things" and create more good will.

It's highly important that you become more and more thoroughly acquainted with your legislators—both state and national—no person is more qualified to intelligently discuss title matters and things affecting the title world than the titleman. It's up to you to keep your business on a solid foundation—no one else can or will do it. If you are a friend of the law makers of your county then you can more successfully discuss unwise or "ill advised" proposed legislation.

You've heard it mentioned before—but it's worth repeating—the receipts of the National Association from the payment of dues are not sufficient to pay the cost of operation. Before this convention adjourns the Board of Governors of the American Title Association will discuss and consider the 1937 budget. You may rest assured that every penny received is being wisely spent—and is being spent to protect the interest of all engaged in the title business. I am frank to say that I am somewhat disapppointed at the financial support received from some of the abstract states—far be it from me to say what you shall or shall not do—but I hope you will give more serious consideration to contributions to the Sustaining Fund; take my word for it that the necessity of making as liberal a contribution as possible is most urgent.

I do not suppose I am divulging a business secret when I say to you—that my own company with approximately a quarter of a million dollars (in cash—not mere book value) invested in a title plant is more concerned than ever before regarding the outlook for the future.

Whether you believe in the "New Deal" or not is immaterial. Surely it is admitted that many new things have happened—many unthought of changes have taken place overnight—the trend of public opinion—or at least so far as a large number of people are concerned—is along the lines of wondering just what kind of a "New Deal" can be applied to many lines of business not heretofore affected. Just when, if ever, it may swing our way is problematical, but the likelihood of it is serious enough to command the unprejudiced thought of those present.

It was my pleasure to attend some of the conventions in a series of state conventions held in 11 states, which proved to be very beneficial and interesting. The Executive Secretary attended all of these conventions, and it was very pleasing to note a marked improvement in the type of convention program as compared with several years ago. I hope the circuitous convention idea will continue to be followed.

Without any desire to throw bouquets, I consider it entirely proper and most certainly appropriate to call your attention to the splendid efforts of President Robins, Vice-President McCune Gill, Dick Southworth, your competent treasurer, and to our highly efficient Executive Secretary, Jim Sheridan. These gentlemen, together with other officers and committee members, have untiringly looked after your interest during the past year in a very effective and efficient manner.

You of course, understand that this convention belongs to you—your deliberation and counsel is not only wanted, but needed. It is hoped you will feel free to take part in all discussions. You will note that most of the program will be devoted to round table discussion. If you have any problem, don't hesitate to let the convention know about it. Only in this manner can you derive the most benefit.

I've enjoyed serving as your Chairman during the past two years—the titlemen of the country are a delightful group of folk to work with—my many acquaintances and friendships made have paid me far in excess of any efforts upon my part, and are priceless possessions. The fourteen-Point Program for the abstracters is one of my hobbies. I sincerely hope the incoming officers of this section will not lose sight of its value and with your help, continue to keep forging ahead until every point has been adopted by each of the abstract states.

Open Forum

HENRY R. ROBINS, *President* Presiding

PRESIDENT ROBINS: The first topic is, "The Revenue Act of 1936." There are several vital questions particularly affecting us. What Mr. Umsted stated in his report yesterday, regarding the hybrid sort of incorporation of the title companies, is emphasized by the taxes imposed under this Act of 1936: Where a company is incorporated simply for insurance, it is an insurance company, and as I read that act, it will not have to pay as much taxes as a general corporation. What is an insurance company is a moot question with all of the taxing authorities. It is provided in the regulations that where a company insures titles, and in addition does an abstract business, that if the income from the abstract business amounts to more than seventy-five per cent of the total income, the company is not an insurance company. The regulations provide further that if trust and title companies do business together under one charter, they are not insurance companies unless seventy-five per cent of the revenue comes from the title insurance business.

The Act exempts insurance companies from the capital stock tax; and as to the income tax, leaves it optional with the corporation to file a return either for the payment of fifteen per cent of the income and no surtaxes, or the regular normal and surtaxes. If you are an insurance company, you do not have quite so much to worry about as if you were in the insurance business as well as other lines of business which the income from insurance is not the greater part of your revenue. We had a talk among a group of us about this Act day before yesterday. I would like to hear a talk or discussion in this session on this subject by somebody who is a tax expert. Mr. McNeal has studied this subject very carefully. He has some ideas on it. I think the members would be glad to hear from him if he would care to come up front and say something.

MR. McNEAL: I do not believe I am prepared to talk on that. I have made some study on it but I do not believe I am prepared to throw any particular light on the subject. I am afraid I might confuse the issues instead of clarifying them.

PRESIDENT ROBINS: Is there anybody here who has made a study not only of the Act but the regulations? The regulations that have been put out by the Department, in my mind, do not coincide entirely with the wording of the Act, but the regulations are the Act until somebody takes it up to Court and gets them revised.

MR. McNEAL: I might just inject this idea. It seems to me this is very largely hearsay, but I think it is a subject that is being talked quite generally. It has reference to the application of the reserve funds which are in the hands of Insurance Commissioners in the various states. I say "various states." I am not in a position to designate any particular state, excepting perhaps New York, New Jersey and perhaps Pennsylvania. The idea is that the Internal Revenue Department is trying to construe these said deposits as surplus rather than a trust fund for the benefit of policy holders. I understand that it is claimed the title insurance companies pay losses out of their surplus and charge them to expense or in some other item, and do not call upon the fund in the insurance department at the time to pay the loss, and, therefore, they claim that the fund is surplus rather than as an insurance reserve.

I understand (I have not the authority to speak of this, and I do not know whether it is exactly true) one company in making a report to the Internal Revenue Department, paid an income tax under protest on the deposit which is in the hands of the insurance commissioner of a given state. If that be true, and if that be followed through, then the reserve which you have put up not only with the State, but as you have set aside as a so-called voluntary reserve will be classified as a surplus and be taxed accordingly rather than be classified as a reserve and, therefore, not subject to tax.

Another thing that is coming to the fore, in connection with reserves: It is debatable whether or not a loss can be paid out of a reserve set up with the insurance department of a given state, either before or after receivership or liquidation, on the theory that that reserve is for the benefit of all policy holders, and that unless every policy holder establishes his claim, or until he establishes his claim, then the insurance department will not release the funds to pay a given claim, on the theory that if you have one hundred policyholders, and one of them develops a claim, it is unfair to the ninety-nine for the one to absorb the reserve in the insurance department's portfolio.

PRESIDENT ROBINS: I thank you, Mr. McNeal. In the State of Pennsylvania, title insurance companies are required to put up a reserve of ten per cent of the amount of the premiums they collect, until that sum amounts to two hundred and fifty thousand dollars, or the whole two hundred and fifty thousand dollars can be put up at once; but under the law, that fund cannot be touched to pay losses. It does not have to be turned over to the Insurance Commissioner, but it is set up, and all of the investments earmarked and set aside from the general corporate funds. We are allowed to keep the income from it, but the principal has to be kept intact in legal investments. Now, that means, for the purpose of paying losses, a properly organized company should set aside another reserve in addition, otherwise it would have to pay current losses out of its capital. So our company sets aside an additional reserve of five per cent of our premiums, keeps that separate, and out of it we pay losses. The other fund cannot be used to pay losses, and under the statute, in the event of failure or closing up of the company, the two hundred and fifty thousand dollars has to be used by the Commissioner to pay for indemnity as far as it will go for the outstanding contingent liabilities of the policies then in force. On that two hundred and fifty thousand we have to pay the tax.

MR. KENNEDY (Michigan): Mr. Robins, is that a reserve that has accrued out of earnings in your income tax and undivided profit tax?

PRESIDENT ROBINS: Yes. The reserve we set aside to pay losses, the five per cent. However we can make a deduction for the actual losses paid, but not for the total reserve set aside in the year.

The next subject here is something I know nothing about, so I will have to ask somebody else to tell us about it—"The Robinson-Patman Bill." I would not attempt to talk about that. Who knows anything about the Robinson-Patman Bill? Does anybody want any discussion on that?

MR. SHERIDAN: A number of our members have written into headquarters, asking for a discussion on it, and

whether or not we come within the provisions of the Act, whether we are in interstate commerce or whether we are not. I think we have cases that say as to title insurance companies, we are not.

PRESIDENT ROBINS: No, we are not as title insurance companies.

MR. SHERIDAN: Nobody seems to have an absolutely clear idea as to whether an abstract company will come within the meaning of the Act.

MR. MURPHY: I would like to ask Mr. Sheridan here, how does this affect the abstracter who gives a client a thirty-three and one-third per cent discount and does not give it to the other one?

MR. SHERIDAN: I am not qualified to answer that question. I suggest you read and study the act.

MR. MURPHY: If you are delivering abstracts, the presumption would be you are in commerce. You are delivering a commodity, are you not?

MR. SHERIDAN: Perhaps not. Many of our people feel that we are personal service corporations.

MR. MURPHY: Do you want to make it a service? Our state has construed it to be a service and not a commodity, but if it is a commodity, you come within the purview of the Act, and you must treat all customers the same; if not, you are liable to a jail sentence.

PRESIDENT ROBINS: We will go on to "Our Relations with Federal Agencies." There are two or three of our members who have had very close relations with Federal Agencies, and probably no one any more than our Secretary and Mr. Laurie Smith. They have had contact with the Federal Agencies nearly every week, as has Mr. Buck, of Baltimore. The relations with the Federal Agencies, the little contacts I have had, have been very satisfactory, I think. I have run up against some cantankerous individuals in different departments. When I go into a department there is always one man who tries to ride over me and treat me like a snake. While at the same time there is always someone else in that department that you can talk to, and the higher up you get the better.

I suppose all we want to do is to keep an eye on what is being done down in Washington. Everybody here, whether on the board of governors or on a committee or just members of the association, should keep the secretary informed on any subject at all which may affect our business, or whatever there may be in regard to the regulations of the business coming from Washington, so that the proper committee or the Secretary in charge of the office of the association can take it up and discuss it with the various authorities. We have several good friends in Washington and we can always talk to them, in spite of the fact that there are some there that want to put the pinchers on and squeeze us; they are human beings and can be reasoned with.

Now, the "Relations with the Bar Associations." That is a subject fraught with meat. I attended the 1936 meeting of the American Bar Association as a guest. In talking to several of the prominent members of the Bar throughout the United States, while in Boston, I heard this remark made by some of the attorneys: "Maybe we have gone a little too far." In Philadelphia we have a very satisfactory working agreement. As soon as this question began to come up, the legal papers, and the reports, the trust and title companies appointed a committee to consult with the committee of the Philadelphia Bar Association and arrived at a system of rules to adopt as a working agreement. Everything was very harmonious. They were worked out. There were some arguments in the meetings, but a system of rules was set up that is working satisfactorily, and causes no discord, or very little discord between the trust and title companies and the members of the Bar. We have to live up strictly to certain standards, but it has not hurt us any in our business, and we have kept the friendship of the members of the Bar. I have been asked by Mr. Houck, who is Chairman of the Public Relations Committee or of the Bar Association, to suggest to this meeting that we appoint a committee to consult with his committee and see if we can't work out some satisfactory agreements among ourselves and act like friends in the future instead of like antagonists. I think it is a good idea, and I would be glad to hear your views on that subject.

MR. SOUTHWORTH, of Minneapolis: If it is in order, I would like to place a motion before the house that such a committee be appointed by the Chairman.

Whereupon the said motion that a committee be appointed to consult with a like committee of the American Bar Association for the purpose of arriving at a satisfactory and friendly relationship regarding our business, having been duly seconded, was unanimously carried.

PRESIDENT ROBINS: The chair will reserve the appointment of the committee, which will be announced.

Note: The Chair later appointed to serve on this committee the following: Mr. Edward D. Landels, San Francisco, California, Chairman; Mr. E. B. Southworth, Minneapolis, Minnesota; Mr. Charlton L. Hall, Seattle, Washington; Mr. Lionel Adams, New Orleans, Louisiana; Mr. Ralph M. Hoyt, Milwaukee, Wisconsin; Mr. Walter C. Schwab, Philadelphia, Pennsylvania.

Report of Abstracters Bond Committee

GLADE R. KIRKPATRICK

Chairman

President, Guaranty Abstract Co., Tulsa, Oklahoma

Due to the extraordinary conditions prevailing since our Memphis meeting and the distance separating the members of this Committee (Tulsa, Oklahoma, Sioux City, Iowa and Detroit, Michigan) the committee has not met.

Under date of February 5, 1936, a preliminary report was made to you and that report is included herewith:

Mr. Wm. Gill, Chairman,
Abstracters Section,
American Title Association.

Dear Mr. Gill:

The question whether it is feasible for the American Title Association to organize a bonding company, either stock or mutual, to write abstracter's bonds, is one which needs far more study and time than I have been thus far able to give it.

Briefly, I find from analyzing questionnaires from the states of California, Colorado, Florida, Illinois, Kansas, Michigan, Missouri, Nebraska, North Dakota, Ohio, Oregon, South Dakota and Texas, beyond any question of doubt that there is a need of uniform abstract legislation and uniform bond requirements. This analysis also discloses that the surety companies now writing abstracter's bonds are not at all anxious for this type of bond business. The preliminary survey through these states also discloses that the people engaged in the abstract business (members of the association) are not agreed among themselves as to either legislation or bond requirements and that if an attempt to organize a bonding company were made at this time opposition to the same would develop within our own membership. In view of this and before anything definite is attempted, in my opinion, the following should be considered:

1. A more complete and comprehensive survey through questionnaires distributed to individuals both within and without the association.
2. Determine whether the company should be mutual or stock.
3. Determine field of operation that would be covered by this bonding company, that is, in what states it would operate, etc.
4. Determine as accurately as possible the cost per state to qualify said company and in what state it would be best to incorporate said company, or if mutual, to organize.
5. Determine whether there would be any opposition from the officials of said states where bonds are required as to approving said bonds if written by this company.
6. Determine through quiet investigation, without publicity, if the public at large would react favorably to the abstracters writing their bonds, through their own company.

7. See that the proper safeguards are placed around such a movement, if started, to absolutely guarantee to all members of the association and to the public at large that this is not a promotion scheme but is a sincere effort to benefit both the users of title service and the title plants themselves.

It is apparent that the sentiment of a majority of the abstracters from the states investigated are, in sentiment, favorable towards abstracters license laws, bonding laws and the organization by the abstracters themselves of their own bonding company. However, whether this favorable percentage is sufficiently large to allow organizing such a company to be successful is questionable.

If a state could be selected where the membership sentiment is of sufficient favorable majority to organize such a bonding company, it might be well to organize in this state, place it in operation and actually see whether it is successful and would justify operation on a national or semi-national scale.

A careful analysis should be prepared attempting to determine whether the states now listed as abstract states will be abstract states 25 years from now. To operate successfully, the company must have assurance that it will be of reasonably long life.

If it is found that organizing a bonding company would be desirable and of benefit to the association, then there should be an allowance made for public relations work and it should be determined what this would cost and whether that cost should be borne by the association or whether it should be a part of the expense of said bonding company.

Unfortunately, due to the shortness of time, the committee has not been able to meet and therefore broadening of ideas on this subject has not been accomplished. For that reason, this report cannot be called a report of the Special Abstracters Bond Committee but reflects only the information the Chairman has been able to gather from the small amount of material which is now available. However, I believe that the foregoing is sufficient for the Chairman of the Abstracters Section and for the Board of Governors of the American Title Association to determine whether this committee should continue its study.

It is my recommendation that this question be further studied, without publicity. The Committee is unable to render a final report at this time, and asks that this report be accepted in its incomplete form and that the membership decide whether they wish further investigation into the advisability of forming or attempting to form their own bonding company.

To use Oklahoma only where to qualify you have only to satisfy the Insurance Commission that the Company is solvent and able to carry safely its liability. There are 112 association members in Oklahoma. If they all participated, the gross premium would be $2,800.00 for $560,000.00 of liability written. The minimum amount of capital that would be approved for such a Company operating would be $50,000.00. The state would collect for tax purposes 2% of all gross premiums. This would then leave $2,744.00 gross less premium taxes paid. One half of this amount would have to be set aside for reserve for losses leaving $1,372.00 per year to operate on. This amount would not operate a satisfactory office for one year. Providing there are no losses it would take about thirty-five years for the reserve account plus interest to equal the capital invested.

Respectfully,
GLADE R. KIRKPATRICK,
Chairman Special Abstracters
Bond Committee

The Contract of Title Insurance

JAMES E. RHODES, II
Attorney
The Travelers Insurance Company, Hartford, Connecticut

Preliminary Observations

In making these suggestions as to the form and substance of the title insurance policy, I do not propose to consider it as an isolated underwriting document, nor do I propose to regard it as merely an isolated incident of a real estate transaction, be it a transfer of title, a long term lease, or the creation of a security lien on the property, in connection with which two latter transactions the status of the title to the property may be a matter of as much importance as it is in connection with an actual transfer of the title.

In studying the development of the insurance policy certain stages or phases may be noted through which the policy written in the different lines of insurance has reached its present state, and although it does not appear that the title insurance policy has as yet passed completely through any of these phases it may be interesting to consider this policy in relation to those phases which may be said to have some relation to its present state of development. $t is customary on superficial consideration to emphasize the differences between title insurance and other lines of underwriting rather than the analogies between title insurance and other lines, but on more profound consideration the analogies appear to be much more numerous and much more apparent than the differences, and so title insurance should be considered as an integral part of the present underwriting structure, and the development of the policy considered on the same basis as the development of other insurance policies.

In considering the position of title insurance in the economic structure, it is submitted that the issuance of the policy provided by this line of underwriting should not be considered merely as an isolated and disconnected part of a real estate transaction, but that taking into consideration the integration of the various elements of title service which may be essential in connection with present day real estate transactions it should be considered as the consummation of the integrated system of title service which should be developed by modern title institutions as an accomplishment of all real estate transactions where full title service is required. This service should comprehend, in brief, a preliminary report as to the status of the title by the title institution, which service may be of value to a prospective purchaser or lender in the preliminaries of the transaction, and may, in particular, be specially valuable to the lender in passing upon an application for a loan on the security of any particular piece of property; the performance of the escrow and closing service which may be necessary in connection with the transfer of the title or the closing of the loan; and the issuance of the title insurance policy as the consummation of the transaction, placing the responsibility of the title company behind the title thus passed and guaranteeing the performance by the insurer of such services as may be necessary to protect the insured from inconvenience and annoyance on account of allegations of defect in title, and protection from financial loss within the terms and provisions of the policy if allegations of defect are sustained. This function of title insurance as an element of title service, and the resultant service obligations on the part of the title insurer for the protection of the insured, is mentioned and emphasized here because of the position hereinafter taken as to the proper form of the title insurance policy when the matter of the draftsmanship of the policy is considered.

Development of the Insurance Policy

In considering the development along conventional lines of the insurance policy as written in the various branches of underwriting during the past seventy-five years or so, a period of great expansion of existing branches and of inception of many new branches, it will be seen that in reaching its present stage of development, which as to most insurance policies may be termed one of "standardization" or "semi-standardization," the policy, generally speaking, has passed through several different stages, which stages may be briefly outlined as follows:

1. **The Experimental Policy.** This is the policy as originally drawn and offered to the insured at the inception of any branch of underwriting. It was drawn by the insurer and distinctly in the interests of the insurer, without previous underwriting or claim experience, and usually contained almost all possible or conceivable exceptions and exemptions from liability for the protection of the insurer, so much so that it might be wondered just what protection was intended to be afforded to the insured by the policy. The early

life insurance policies, for instance, contained limitations as to liability on account of death from certain causes, travel restrictions, residential restrictions, occupational restrictions, etc., and involved forfeiture of reserve in event of failure to pay premiums within a specified time. Early accident policies contained similar restrictions as far as applicable to those policies, and, in general, it may be said that all early policies contained restrictions adopted to protect the insurer which subsequent experience showed both unnecessary from the standpoint of the insurer and inequitable from the standpoint of the insured.

2. **Development by Judicial Construction.** When losses began to be reported under policies, if questions of doubt as to coverage arose and responsibility under the policy was denied, insurers soon found themselves confronted by contentious policyholders who refused to be bound by their rulings as to the scope of policy coverage. The logical result was that insurers soon found themselves in court, with their policies subject to construction by the courts and a rule of construction adopted by the courts that inasmuch as the policies were drawn by the insurer questions of doubt as to responsibility under the policy should be resolved against the insurer and in favor of the insured. The view of the courts as to the meaning of policy provisions frequently did not coincide with the understanding of the insurers as to the meaning of such provisions, and so as policies came to be construed and it was found that certain language in the policy did not mean what it was intended to express, clarifying alterations were usually made, and this factor of development resulting from decisions of the courts became a major factor in the development of the insurance policy.

3. **Liberalization by Experience.** Frank and open-minded contact of insurers with policyholders has been a factor of the greatest importance in the rational development of the insurance policy. While a satisfied policyholder may be a good advertisement for the insurer, in the final analysis the honestly dissatisfied policyholder is the best friend of the insurer and one such policyholder may do more for the development of any particular branch of insurance than thousands who remain satisfied and accept without question the dicta and rulings of the insurer as to the meaning of policy provisions and the rights of insured thereunder.

Development is slow in any line of insurance in which adjusting contacts are few, and correspondingly rapid in those lines in which claims under policies are many and may be varied in their nature, for the controversies which may arise in connection with claims under policies show whether or not the underwriting has been correct, wherein it may be defective, whether the coverage is too narrow or too broad, and it is through these controversies that the policy forms receive their greatest development, for it is a progressive and voluntary development rather than the involuntary change necessitated and effected by a judicial construction of the policy telling the insurer that the language of the policy has a meaning which the insurer did not understand that it had and never intended that it should have. There is no substitute for a fair-minded attitude on the part of an insurer as to its obligations under an insurance policy and the rights of an insured thereunder, reciprocal fair-mindedness on the part of the insured to the insurer, and settlement of controversies on this basis by agreement rather than by litigation.

Experience frequently shows that the original scope of a policy was too narrow, and that it can be broadened for the benefit of the policyholder without imposing burdensome additional responsibility on the insurer. A recognition of this fact and consequent elimination of exceptions and restrictions from insurance policies by voluntary action on the part of the insurer has, therefore, been a major factor in the development of policy forms.

4. **Liberalization by Competition.** While this is a factor which it is necessary to take into consideration in connection with the development of the insurance policy, it cannot be said that it has always been conducive to sane and rational development. It has, on the contrary, been responsible for many features in insurance policies which experience has shown to be questionable from underwriting and rating standpoints. It is a condition which has frequently been forced upon the older insurance companies by the newer companies, for in their eagerness and zeal to procure business the newer companies may offer policies which are much more liberal to the insured than those written by the older companies, and thus force the older companies to meet the provisions of the policies written or offered by the newer companies if they desire to retain the business which they have established and compete with the newer companies for new business. Such concessions may be of doubtful propriety from the underwriting standpoint on the basis of established rates, and so the development of the policy thus caused may not, on the whole, be considered as a rational development.

5. **Standardization.** These observations relate particularly to standardization by statute rather than to attempted standardization by adoption of uniform policies or uniform policy provisions by agreement among insurers. Standardization by legislation has taken two forms, the enactment verbatim of a standard policy which must be written in a particular state, or the enactment of certain provisions which must be inserted in certain policies either verbatim or in substance. Standardization by verbatim enactment of a policy form may spell stagnation as far as development in policy forms is concerned, for when a legislative enactment is necessary whenever a change in an insurance policy is desirable progress may necessarily be slow, but standardization by requirement as to certain provisions in a policy may effect rational stabilization. Enforcement of standardization statutes is usually effected by requirement as to approval of policy forms by supervisory authorities before any policy prescribed by statute, or any policy requiring standard provisions, is issued. Inasmuch as most of the insurance policies issued at the present time are subject to standardization statutes in some form or other, it may be said that the present phase of the development of the policy is that of standardization, and that as to the policies or the parts thereof which are subject to standardization statutes freedom of contract between insurer and insured is no longer permissible.

Applying these observations as to the stages in the development of the insurance policy generally to the policy of title insurance, it may be said that the title policy can hardly be said to have emerged from the first stage, that of the experimental policy.

Development by judicial construction has been a minor factor in the development of the policy, for in the sixty years since the inception of title insurance there have been only about one hundred title insurance cases decided in courts of last resort and a study of those cases shows that they have not been of such a nature as to effect any substantial changes in the policy, for most of these cases have involved the application of the policy as written to the cases in point, and the decisions as rendered have not necessitated changes of consequence in the policy. The rule of construction applicable to all insurance policies that the policy should be construed in favor of the insured and against the insurer, has been applied to the title policy, but a study of these cases shows conclusively that the greater number of them appear to have been decided on principles that in the final analysis can be recognized and admitted as correct.

Development by experience may be considered to have been something of a factor in the limited development of the title policy up to the present time. During the past few years because of the vast expansion of mortgage loaning by large institutional investors the advantages of title insurance, both from the standpoint of administrative convenience and the financial protection afforded, has become apparent to this class of investors, and their suggestions as to policy forms and the elimination of objectionable exceptions have been recognized as fair and equitable by many progressive title underwriters, so as a result the policy has been subject to a limited development by experience, particularly in localities where monopoly conditions were not operative.

Because of the fixed and static nature of the basic hazard in title underwriting, competition among insurers in the way of offers of additional and novel benefits to policyholders cannot be said to have been a factor in the development of the title policy.

As to standardization by statute, with the exception of the statute in Texas (Laws of 1929, Regular Session, pages 77-84) under which the form must be approved by the Board of Insurance Commissioners, "and be uniform as to all companies" in the state, statutory requirements have not as yet affected the title policy. The result is, therefore, that in practically all localities in which title insurance is written the matter of the form and substance of the policy can still be determined by free contract and agreement between insurer and insured.

Some Assumptions Regarding Title Insurance

Inasmuch as the suggestions herein made as to the form and substance of the title policy are predicted upon certain assumptions as to the basis of title insurance, the basic hazard assumed in title underwriting, the nature of the undertaking, the basis of the underwriting, and the obligations which the insurer should undertake and perform for the protection of the insured, it may be well before making specific suggestions regarding the draftsmanship of the policy to outline those assumptions, so, in brief, they may be stated as follows:

1. **Basis.** The contract of title insurance, as is every other valid insurance contract, is based upon the principle of insurable interest. The interest of any one in property which may support a contract of insurance of the title may be as owner of the fee to the property, or because of a possessory interest of some sort in the property, or because of a lien on the property, and the responsibility of the title insurer under each individual policy should continue without any specific time limitation or any other provision as to termination of the policy as long as the insured thereunder has any interest in the property which is the subject of the insurance. As to an owner of property this interest in the property may continue after he has disposed of his title to the property by Warranty Deed, but on disposition by Quitclaim Deed his interest in it will be at an end. As to an incumbrancer or lienholder, he usually has no interest in the property after releasing the incumbrance or lien. The result is that the responsibility of the insurer as to the owner of property may continue after the insured has divested himself of his title to the property, but the responsibility to an incumbrancer or a lienholder is terminated by the release of the incumbrance, or of the lien on satisfaction of the obligation which the lien on the property was executed to secure.

2. **Basic Hazard.** The basic hazard assumed under all policies of title insurance, the protection of the title, is uniform, whether the interest insured be that of owner of the property, of an insured having a right to the possession of the property or the use of some part of it, or of an insured having a lien on the property for the performance of an obligation of the owner of the fee. Any possessory interest or lien right rests for its basis upon the title to the fee. For this reason the general provisions of the title policy as to the service and indemnity obligations and the administrative provisions may be substantially uniform for all classes of risks assumed, the particular risk assumed for the individual insured and all automatic extension of such risk as to any successor in title whose interest in the property may be covered under the policy, being specifically indicated in that portion of the policy customarily designated as "Schedule A."

3. **Nature of Undertaking.** Title insurance is essentially a guarantee that the status of the title to the property which is the subject of the insurance is as indicated in the policy, subject, of course, to the exceptions and exemptions from liability on the part of the insurer specifically indicated in the policy. It follows, therefore, that the insurer should contract and stand ready to perform any obligations on its part to support this guarantee which may be necessary for the protection of the insured, both from annoyance because of allegations of claims of defects in title and from financial loss resulting therefrom. The policy should, therefore, be in form a categorical assumption of such obligations.

4. **Basis of Underwriting.** The determination as to the status of the title to any particular piece of property, which is the basis of the underwriting of the individual risk, consists essentially of three main features, which may be expressed as follows:

(a) A determination of the status of the title to the fee of the property.

(b) A determination as to the incumbrances outstanding on the property, the term "incumbrance" as used in this connection meaning, in a general way, any right exclusive of liens which persons other than the owner may have in the property, not related to the title to it, such as easements, servitudes, etc., and rights which others may have to restrict or control the use of it by the owner of the fee, such as through building restrictions, limitations on the use of the property, etc.

(c) Liens on the property, as security for the payment of specific charges against the property itself, or for the performance of the obligations of some owner in the chain of title and for which the property is charged, which may if not performed involve loss of the title through enforcement of the rights of the lienholder.

The title underwriter is, as a matter of course, entitled to make proper exception and exemption from responsibility under the policy on account of protected against the effect of defects in title apparent on the face of the record, or from defects in the record, which cannot be removed before the policy is written, or which it is not desired to remove. However, such exceptions and any other exceptions which may be inserted should rest on good faith in the part of the insurer to the insured, and should not be of such a nature as to render doubtful the coverage of the policy, nor seem to render nugatory the idea of any coverage under the policy. As all defects in title which may be alleged arise either from some defect in the basic title to the fee of the property, or because of some incumbrance upon it, or because of some lien upon it, when the insured is protected against the effect or defects in the basic title, against incumbrances, and against liens, the protection of the policy is complete and needs no further amplification, stating that "marketability" of title is protected, or anything of that nature.

5. **Obligations.** The title insurer in writing the policy on the individual risk guarantees the insured against loss, up to the amount specified in the policy, which amount may be considered as the "face of the policy," arising from defects in the basic title to the property, from incumbrances, or from liens, and, consequently, the insurer should assume the full responsibility when any allegation is made of defect in basic title, or of incumbrance, or of lien, not excepted from coverage by specific exemption in the policy. This guarantee is effectuated by the insurer by the performance on its part of certain services on behalf of and for the benefit of the insured, and payment of damages if necessary, as follows:

(a) By investigation of allegations or claims of defects in title, or incumbrances, or liens, upon notice; by settlement if settlement is considered advisable; or by property action on behalf of the insured to test the validity of any such claim.

(b) By defense of suits in which the issue of defect of title, or incumbrance, or lien, is raised, or by proper intervention on behalf of the insured in any suit or proceeding in which the issue may be raised, regardless of how it is raised.

(c) By payment of expenses of investigation, of settlement of claims, and of prosecution of suits, all such payments to be in addition to and independent of the limit of liability on the part of the insurer for the settlement of claims and payment of damages under the policy.

(d) By payment of loss or damage sustained, within the limit of liability expressed in the policy, provided claim of defect of title, or incumbrance, or lien, is sustained.

The Title Policy

The suggestions made herein as to the form and substance of the title insurance policy are made on the assumption that the policy should be drawn in terms as a functional document, having for its purpose an expression of the obligations of the insurer to the insured the performance of which sustains the guarantee of the insurer as to the status of the title as indicated in the policy, and constitutes an insurance of the title. Certain well defined services on the part of the insurer are necessary for the protection of the insured from annoyance when allegations of defect in title are made, and also to enable the insurer to determine as to the validity of such obligations, together with the promise on the part of the insurer to indemnify the insured within the limit of indemnity specified in the policy if such allegations are sustained, so it is submitted that the title policy both in form and substance should be a combined service and indemnity agreement. In addition to the service and indemnity provisions the individual policy must identify the particular risk which is insured in each individual case and indicate the interest of the insured therein, and specify the exceptions and exemptions from liability under the policy which are applicable to that risk, and contain the administrative provisions which are necessary to give vitality to the policy when its functions are called into operation.

Although individual risks differ among themselves and necessitate variations in that portion of the policy which identifies the particular risk which is the subject of the insurance, the interest of the insured therein, and specifies the exceptions and exemptions from liability in connection with that risk, inasmuch as the basic hazard is uniform the portions of the policy which relate to the service and indemnity provisions and to the administrative provisions can be drawn so as to be uniform in all policies, their application to any particular risk to depend upon the underwriting of that risk. The result of this is that while as to an insured who may have only occasional use for a title policy the policy issued must contain all portions, as to an insured making constant use of title insurance and receiving a large number of policies an application of the group principle in insurance can be made which will obviate the necessity of the issuance of policies containing all of the service and indemnity provisions, and the administrative provisions, in each policy issued, all of those provisions which will be applicable to each and every risk insured being embodied in an agreement of the insurer with the insured which corresponds to the master policy written in other lines of insurance in which the group principle is used, and a certificate of insurance as to each individual risk assumed being issued under the provisions of the master agreement when and as each risk is written. The consideration of the form and substance of the title policy will, therefore, be in two aspects, the individual policy, and the master agreement for insurance on the group principle.

1. The Individual Policy

Although the individual policy falls naturally into three parts or divisions, each of which performs an essential function and may be given a distinctive designation in considering the structure of the policy and the provisions which it should contain, the designation given herein to each of such parts is descriptive only and need not necessarily be contained in the policy itself. These parts may be designated as the **"Service and Indemnity Provisions,"** the **"Descriptive and Reservatory Provisions,"** and the **"Administrative Provisions,"** and the substance of what each one of these parts should contain may be indicated as follows:

Part I. Service and Indemnity Provisions

This part should indicate that the particular risk is insured under the provisions of the policy, and should outline all of the service provisions which are incident to the determination of the validity of any claim under the policy, the option of settlement by the insurer on behalf of the insured of any claim, if settlement appears advisable to the insurer, or the option on the part of the insurer to take any action on behalf of the insured which may be considered necessary to test the validity of any claim; should provide for the conduct of litigation brought against the insured; for the payment of expenses of investigation, litigation, etc.; for the payment of damages if claim of defect in title is sustained; and specify the limit of indemnity for the payment of claims and damages, and indicate the effective date of the policy.

Part II.—Descriptive and Reservatory Provisions

This part consists of the two schedules which have come to be used in the policy.

"Schedule A" is the descriptive portion, and indicates the name of the insured, and the interest of the insured in the property which is the subject of the insurance, recites the record evidence under which the insured holds title to the property, and describes the property. This schedule should also indicate any automatic extension of the insurance to any successor in title whose interest is to be covered under this particular policy.

"Schedule B" is the reservatory portion, and in this schedule should be listed all exceptions and exemptions from liability and policy coverage on the part of the insurer, of whatever kind or nature, relating to the individual risk which is the subject of the insurance. A vital principle to be recognized in connection with the draftsmanship of the title insurance policy is that no exception or exemption from liability from any cause relating to any defect in the title should appear in any other part of the policy.

Part III. Administrative Provisions

This part contains the **"stipulations"** which are necessary to give effect to the policy, and which are wholly administrative in their nature. The word **"conditions"** should not be used in relation thereto. This portion of the policy should contain no provisions which are distinctively insurance provisions, except such as may relate to option of payment by the insurer in full settlement of all obligations under the policy, and should not contain any exceptions or exemptions from liability under the policy from causes relating to any defect in title, as all such provisions should be grouped and listed under **Schedule B** of **Part II.**

Attached hereto and marked **"APPENDIX A—Individual Policy,"** is a draft of a title policy drawn along the lines of the above suggestions.

2.—Application of the Group Principle

The application of this principle to title insurance for the benefit of large users of title policies is based, as already noted, upon the assumption that the service and indemnity provisions and the administrative provisions as to all title policies may be made uniform, so that the only difference between policies will be in the descriptive and reservatory provisions. On this assumption it is submitted that as to large users of such policies an agreement might be made between insurer and prospective insured, or by the insurer with the prospective insured, which agreement would contain all of the service and indemnity provisions, and the administrative provisions, appearing in individual policies, and provide for the issuance of certificates under that agreement in connection with each risk insured, this certificate to state that the title to the property described is insured under the provisions of the master agreement, to specify the effective date and the limit of indemnity, and to contain in full **"Schedule A,** which identifies the risk and indicates the interest of the insured therein, and **Schedule B,** which groups and lists all of the exceptions and exemptions from liability in connection with that particular risk, these schedules to correspond to the descriptive and reservatory provisions in the individual policy.

From the title insurance standpoint any discussion of insurance on this basis involves the same principles as a discussion on the basis of the individual policy, so it is simply said that the certificate issued in each individual case constitutes the evidence of the insurance of that particular risk, and as allegations of defects in title may be made in connection with that risk the adjusting and claim procedure would be under the provisions of the master agreement and just the same as in cases where individual policies are

issued. The difference is only in form with no difference whatever in substance, and title insurance written in this manner is only an application to title insurance of an underwriting principle which has been found advantageous in other lines of insurance.

Attached hereto and marked **"APPENDIX B—Master Agreement on Group Plan,"** is a draft of an agreement for title insurance on this plan drawn along the lines of the above suggestions.

APPENDIX A—Individual Policy
(Company Name)
Policy of Title Insurance
Part I. Service and Indemnity Provisions

The ..... Company, hereinafter referred to as the Company, in consideration of the payment of its charges for the examination of title and its premium for insurance, hereby insures the Insured named in Paragraph I of Schedule A, annexed thereto, hereinafter referred to as the Insured, against all loss or damage not exceeding the amount specified herein as the total limit of liability for the payment of claims and of indemnity, which the said Insured shall sustain by reason of any defect or defects of title affecting the premises described in Paragraph 2 of said Schedule A, existing at the effective date of this policy, as specified below, or by reason of incumbrances or liens charging the same at the said effective date, adverse to the interest of the insured therein as indicated herein, saving all loss by reason of the exceptions and exemptions from liability specifically listed in Schedule B, annexed hereto and hereby incorporated into this policy, and hereby agrees with the Insured:

1. To make such investigation, upon notice to the Company as provided in Paragraph 1 of the Stipulations attached hereto, as may be deemed necessary or expedient by the Company, of any allegation or claim of title, incumbrance or lien, which may be asserted as adverse to the title of the Insured as indicated herein to the said premises, subject to the exceptions and exemptions from liability listed in said Schedule B, existing at the effective date of this policy, with the option on the part of the Company, in its discretion, to make such settlement of any such allegation or claim on behalf of the Insured, or to take such action on behalf of the Insured to test the validity of any such allegation or claim, as may at any time be deemed expedient by the Company.

2. To defend, upon notice to the Company as provided in said Paragraph 1 of the Stipulations annexed hereto, in the name of or on behalf of the Insured, any suit or suits or legal proceedings which may be brought against the Insured, or in which the Insured may be involved as a party in interest in which it is attempted to assert or establish any allegation or claim of title, incumbrance or lien, adverse to the title of the Insured to the said premises, subject to the exceptions and exemptions from liability listed in said Schedule B, existing at the said effective date, however, or in whatever way any such allegation or claim may arise or be asserted.

3. To pay all expenses incurred by the Company for investigation of allegations or claims, settlement of claims or suits, and prosecution or defense of suits, under the provisions of Paragraphs 1 and 2, above, and all costs taxed against the Insured in any legal proceedings prosecuted or defended by the Company as above.

4. To indemnify the Insured within the limit of liability specified herein for any loss or losses sustained by reason of the successful assertion of any such allegation or claim of adverse title, incumbrance or lien.

The Company assumes no liability under this policy on account of any allegation or claim made or suit or other legal proceedings brought under any allegation or claim of adverse title, or incumbrance or lien, which may come within the scope of any exception from coverage or exemption from liability listed under Schedule B annexed hereto and incorporated herein.

The total limit of liability of the Company under this policy for the payment of claims and of indemnity to the Insured hereunder shall be..... ..... ($.....) Dollars.

This policy is written subject to the Stipulations annexed hereto and made a part hereof.

The effective date of this policy is ....., 19...., at..... o'clock .... M.

IN WITNESS WHEREOF, The ..... Company has caused its corporate seal to be hereunto affixed and these presents to be signed by two of its officers this ..... day of ..... 19.....

.....Vice-President.
.....Asst. Secretary.

Note.

Marketability

It may be noted that this draft does not specifically insure "Marketability" of title, or against "unmarketability" of title. The omission is intentional, for it is submitted that any reference to marketability of title, or specific insurance against unmarketability of title, is superfluous in a properly expressed title policy.

The issue of marketability, or unmarketability, of a title usually arises in connection with a prospective transfer of the property, or the creation of a voluntary security lien thereon, and any allegation of unmarketability that may be raised arises because of some allegation of adverse title, incumbrance, or lien, which may not have been taken into consideration and excepted from the contract of sale, or application for a loan, therefore, any title policy which protects against the effect of any allegation of adverse title, incumbrance, or lien, not specifically excepted from coverage under the provisions of Schedule B of the policy, automatically protects against any such allegation of unmarketability and places the obligation upon the Insurer to determine as to the validity of any such allegation, and if it appears that the allegation is valid to make such settlement as may be possible, either with the Insured or on behalf of the Insured, or to take such action as it may consider necessary to establish the status of the title as indicated in the policy of title insurance.

Part II.—Descriptive and Reservatory Provisions

SCHEDULE A.

1. The name of the Insured, the estate or interest of the Insured in the premises described below, and the deed or other means by which the estate or interest covered by this policy is vested in the Insured, are as follows:

(a) **Name of Insured.**

(b) **Estate of Insured.**

(c) **Muniment of title.**

(Here give the name of the Insured, note the estate or interest of the Insured in the premises, and indicate the muniment under which the Insured holds title to the property, giving data as to date, grantor, recording, etc. If policy is to extend automatically to successors in title, or executors, administrators or assigns of Insured, as of effective date, this may be indicated in paragraphs (a) or (b) in this portion of the policy).

2. The premises in which the Insured has the estate or interest covered by this policy:

(Here insert description of premises)

SCHEDULE B.

This policy does not insure against such estates, interests, defects, objections to title, liens, charges and incumbrances, affecting said premises, or the estate or interest of the Insured therein, as are set forth below, as follows:

(Here list, in **typewriting** in each individual policy, all exceptions and exemptions from liability against the effect of which the Company, upon investigation of title, may not desire to insure, whether these exceptions be of a general nature against which no title insurer will insure in connection with any risk assumed; whether they be applicable only to the class of risks in which the risk assumed may be classified; or whether they be applicable only to the specific risk assumed in the particular policy. This schedule may be elastic in the extreme, depending upon local practice and the individuality of the underwriting Company. The basic principle involved is that all exceptions should be grouped and listed in this portion of the policy, and that no exceptions or exemptions from policy coverage should appear anywhere else in the policy).

Part III. Administrative Provisions

STIPULATIONS

1. **Notice of claims and suits.** Upon notice of any allegation or claim adverse to the title of the Insured as indicated herein and as insured hereunder, or any allegation or claim of incumbrance or lien, which allegation or claim is not subject to any of the exceptions and exemptions from liability listed in Schedule B, the Insured shall give the Company, at its office in ....., immediate notice of such allegation or claim, together with all available information regarding such allegation or claim. The Insured shall also give the Company, at its office as aforesaid, immediate notice of any suit or suits or other legal proceedings which may be brought alleging adverse title, or incumbrance, or lien, in which the Insured may be sued alone or joined as a party, upon service of process upon the Insured, or legal notice to the Insured, and shall forward immediately to the Company, at its office as aforesaid, all process or notice or notices which may have been served upon the Insured in such suit or other proceedings which may be brought to establish adverse title, incumbrance or lien. The Insured shall also render to the Company all necessary assistance in the investigation of allegations or claims and the prosecution or defense of any suit or proceeding. In the absence of notice as aforesaid, the Company is relieved from all liability with respect to any such allegation, claim or demand; **Provided, however,** that failure to notify shall not prejudice the claim of the Insured if such Insured shall not be a party to such action or proceedings, nor be served with process therein, nor have any knowledge thereof, nor in any case unless the Company shall be prejudiced by such failure.

2. **Option of settlement.** Upon notice of any allegation or claim of adverse title, or incumbrance or lien, or at any time thereafter during the pendency of any claim or proceeding to establish any such alleged adverse title, or incumbrance or lien, provided the interest of the Insured in the property which is the subject of this insurance is other than that of mortgagee, the Company may, at its election, pay the Insured the full amount of its total liability under this policy for the payment of claims and of indemnity to the Insured, in which event the Company shall then be relieved and discharged from all further liability under this policy and the Insured shall surrender this policy to the Company. If the interest of the Insured hereunder is that of mortgagee, the Company may, at its election, pay the Insured the full amount of the indebtedness secured by the mortgage, including principal, accrued interest, taxes and assessments paid, and expenses incurred on account of said mortgage, in which event the Company shall then be relieved and discharged from all further liability hereunder, the Insured shall surrender this policy to the Company, and the Company shall then be entitled to receive from the Insured an assignment of said mortgage and of the note or obligation secured thereby.

3. **Subrogation.** Whenever the Company shall have settled a claim or paid a judgment under this policy, or has made settlement by paying to the Insured the full amount of its total liability hereunder for the payment of claims and of indemnity to the Insured, as hereinabove provided, all right of subrogation to the extent of the amount paid in settlement shall vest in the Company unaffected by any act of the Insured, **provided, however,** that if the interest of the Insured under this policy at that time is that of mortgagee, such subrogation and any formal assignment or transfer that may be made shall be subordinate to the lien of the Insured under said mortgage, and of the right and claim of the Insured to be paid fully the balance of principal and interest and other moneys, if any there be, secured by said mortgage.

4. **Statement of loss and right of action.** A statement in writing of any loss or damage for which it may be claimed that the Company is liable under this policy shall be furnished to the Company within sixty days after such loss or damage shall have been ascertained, and no right of action shall accrue against the Company under this policy until thirty days after such statement shall have been furnished, and no recovery shall be had under this policy unless action shall be commenced within one year after the expiration of said last mentioned period of thirty days. A failure to furnish such statement of loss or damage, and to commence such action within the time hereinbefore specified, shall be a conclusive bar against the maintenance of any action under this policy.

5. **Reduction of liability.** All payments of claims and of indemnity to or on behalf of the Insured under this policy, shall reduce the total limit of liability hereunder for the payment of claims and of indemnity by the amount of such payments, and no payment can be demanded without production of this policy for indorsement upon it of each such payment. In event of loss or destruction of the policy, indemnity shall be furnished to the satisfaction of the Company.

Notes.

Assignment

It may be noted that there is no provision relating to assignment of the policy in the stipulations. A provision that no assignment would be valid without assent of the Company indorsed on the policy, or some provision to that effect, might be incorporated therein, but this would be mere surplusage for it would confer no right upon the insured to make an effective assignment in favor of a successor in title, and such an assignment might be made by agreement on the part of the insurer without such provision in the stipulations. The reason for the omission of a provision for assignment is that the assignment of a title policy is an anomaly as far as the idea of extending the necessary title insurance protection to a successor in title is concerned.

The title policy is written to protect the title to the property as of a certain specified date, usually a date prior to or contemporaneous with the date of the policy, and any cause of loss under the policy must be in existence at that time, which may be termed the **"effective date"** of the policy. Therefore the **"policy period"** under a title policy, the meaning of the term **"policy period"** as used herein being the time within which a cause of loss must occur, has expired when the policy is written, and anyone who acquires title to the property, or to any interest in it, subsequent to the effective date of the policy would not be protected as to any defects in title from causes arising after the effective date, unless the policy is extended to the date of transfer. Protection as to this intervening period is necessary if the subsequent title holder desires full protection. As the effect of the assignment of the existing policy is to extend only partial protection to the assignee, it is submitted, therefore, that the only proper procedure in cases where title to the property or the interest therein which is the subject of the insurance has changed, is an extension or rewriting of the policy so as to afford full protection to the successor in title up to the time of the transfer or assignment, and that title underwriters should adapt themselves to this situation in order to perform the full functions of title insurance.

Option of Settlement

The matter of procedure in connection with the right reserved on the part of the insurer to make direct settlement with the insured and be relieved from all further liability under the policy in cases where total loss of title appears to be involved, particularly in cases where the interest of the insured in the property is other than that of lienholder, may be a subject of legitimate difference of opinion among title underwriters. Adjustment under the provision of the policy granting this right to the insurer, which provision should appear in the stipulations, involves the application of the principles of insurable interest to title insurance, and the solution of the matter is simple in cases where the insurance protects the interest of a lienholder, for in such cases if the obligation secured by the lien is liquidated the lienholder has no further interest in the property, and there is no further liability under the policy, so the payment of the obligation by the insurer will liquidate all liability under the policy, and then, both under general principles of law and by virtue of the subrogation provisions in the policy, the insurer will be entitled to an assignment of the obligation and of the security, for whatever this may be worth.

The provisions as to settlement incorporated in the foregoing stipulations specify that the insurer may at any time after claim is made pay an insured other than a mortgagee the full amount named in the policy for the payment of claims and of indemnity to the insured, and be relieved of further liability under the policy, or may purchase the obligation from a mortgagee and take an assignment of the mortgage, and then be relieved of further liability under the policy.

The title insurance policy, inasmuch as it relates to a species of property insurance, is a contract of indemnity, and under general principles of law the loss of an insured under such a policy should be adjusted on the basis of indemnity for loss sustained up to the limit of liability specified in the policy. The mortgagee is protected against loss if the amount of the obligation is paid, but in some cases the loss of an owner or lessee occasioned by a defect in title may be difficult to determine. Cases may arise in which the validity of claim of defect in title may be so clear that the insurer may desire to be relieved of all responsibility and expense incidental to the performance of the service obligations under the policy, such as defense of suits, etc., because the performance of such obligations would mean only further expense in addition to the payment of the full amount specified in the policy as indemnity to the insured, and to provide for such contingencies the option of settlement by payment of the policy limit is inserted, the insurer upon such payment to be relieved of all further responsibility under the policy and the policy to be surrendered, the decision as to the exercise of such option to rest wholly with the insurer.

The presence of this option does not mean that the insurer could not by agreement with the insured settle for a lesser amount and be relieved of further liability under the policy, and, if desired, take conveyance of the interest of the insured in the property. The damages of the insured might be determined by appraisal of the property or by arbitration, so it is submitted that it is just as well to leave any such adjusting details out of the policy, as it may be more satisfactory, particularly to the insured, to have such a settlement by agreement rather than as a right on the part of the insurer. The matter may, however, properly be a subject for further consideration in connection with the draftsmanship of the title insurance policy.

APPENDIX B—Master Agreement on Group Plan

THIS AGREEMENT, made this ..... day of ....., nineteen hundred and....., by....., hereinafter referred to as the Company, with ....., being duly licensed to transact business in the State of ....., hereinafter referred to as the Insured:

WITNESSETH:

The Company hereby agrees to receive such applications for title insurance upon property situate in the State of ..... to which the Insured has acquired or may acquire title, or upon which mortgages may be offered to the Insured as security for loans which may be under consideration by said Insured, as may be submitted to said Company, upon such terms for investigation of title as may be specified by said Company, and as to each individual application which may be approved for title insurance to issue a "Certificate of Title Insurance" to said Insured as owner or as mortgagee, as the case may be, in substantially the same form as the blank Certificate of Title Insurance attached hereto and marked "Exhibit A," the consideration for the issuance of each individual Certificate of Title Insurance to be the charges and premium received by said Company for its issuance.

As to each individual Certificate of Title Insurance, hereinafter referred to as Certificate, issued under the provisions of this Agreement the Company hereby agrees with the Insured:

1. To make such investigation, upon notice to the Company as provided herein, as may be deemed necessary or expedient by the Company, of any allegation or claim of title, incumbrance or lien, which may be asserted as adverse to the title of the Insured to, or prior or paramount to the lien of the Insured on, the premises described in Paragraph 2 of Schedule A of any such Certificate, subject to the exceptions and exemptions from liability listed in Schedule B of said Certificate, existing at the effective date of the insurance as specified in said Certificate, with the option on the part of the Company, in its discretion, to make such settlement of any such allegation or claim on behalf of the Insured, or to take such action on behalf of the Insured to test the validity of any such allegation or claim, as may at any time be deemed expedient by the Company, **provided, however,** that upon notice of allegation or claim of adverse title or incumbrance or lien, or at any time thereafter during the pendency of any claim or proceeding to establish such alleged adverse title, or incumbrance or lien, if the interest of the Insured in the property is that of owner, the Company may, at its election, pay the Insured the full amount of its total liability for the payment of claims and indemnity to the Insured, as specified in such Certificate, in which event the Company shall then be relieved and discharged from all further liability under such Certificate and the Insured shall surrender such Certificate to the Company, but if the interest of the Insured is that of mortgagee the Company may, at its election, pay the Insured the full amount of the indebtedness secured by such mortgage, including principal, accrued interest, taxes and assessments paid, and expenses incurred on account of said mortgage, in which event the Company shall then be relieved and discharged from all further liability under such Certificate, the Insured shall surrender such Certificate to the Company, and the Company shall then be entitled to receive from the Insured an assignment of said mortgage and the note or obligation secured thereby.

2. To defend, upon notice to the Company as provided herein, in the name of or on behalf of the Insured, any suit or suits or legal proceeding which may be brought against the Insured, or in which the Insured may be involved as a party in interest, in which it is attempted to assert or establish any allegation or claim of title, incumbrance or lien, adverse to the title of the Insured to, or prior or paramount to the lien of the Insured on, the premises described in Paragraph 2 of Schedule A of any such Certificate, subject to the exceptions and exemptions from liability listed in Schedule B of said Certificate, existing at the effective date of the insurance as specified in said Certificate, however or in whatever way any such allegation or claim may arise or be asserted.

3. To pay all expenses incurred by the Company for investigation of allegations or claims, settlement of claims or suits, and prosecution or defense of suits, under the provisions of Paragraphs 1 and 2, above, and all costs taxed against the Insured in any legal proceedings prosecuted or defended by the Company under the provisions of Paragraph 2, above.

4. To indemnify the Insured within the limit of liability for the payment of claims and judgments as specified in any such Certificate for any loss or losses sustained by reason of the successful assertion of any such allegation or claim of adverse title, paramount incumbrance, or prior or paramount lien.

The Company assumes no liability under this Agreement or under any Certificate issued hereunder on account of any allegation or claim made or suit or other legal proceeding brought under any allegation of adverse title, or incumbrance or lien, which may come within the scope of any exception from coverage or exemption from liability listed under Schedule B of such Certificate.

When the interest of the Insured as originally covered under any such Certificate is that of mortgagee, and the said Insured, or the approved successor in title of the Insured as mortgagee, subsequently becomes by foreclosure proceedings owner of the fee of the premises the title to which is insured thereunder, the insurance as provided in said Certificate shall insure as of its effective date and according to its terms and provisions the estate so vested in the Insured.

Upon notice of any allegation or claim adverse to the title of the Insured as insured in any such Certificate, or any allegation or claim of incumbrance or lien, which allegation or

claim is not subject to any of the exceptions and exemptions from liability listed in Schedule B of said Certificate, the Insured shall give the Company, at its office in....., immediate notice of such allegation or claim, together with all available information regarding such allegation or claim. The Insured shall also give to the Company, at its office as aforesaid, immediate notice of any suit or suits or other legal proceedings which may be brought alleging adverse title, or incumbrance, or lien, in which the Insured may be sued alone or joined as a party, upon service of process upon the Insured, or legal notice to the Insured, and shall forward immediately to the Company, at its office as aforesaid, all process or notice or notices which may have been served upon the Insured in such suit or other proceedings which may be brought to establish adverse title, incumbrance or lien. The Insured shall also render to the Company all necessary assistance in the investigation of allegations or claims and the prosecution or defense of any suit or proceedings. In the absence of notice as aforesaid, the Company is relieved from all liability with respect to any such allegation, claim or demand; **provided, however,** that failure to notify shall not prejudice the claim of the Insured if such Insured shall not be a party to such action or proceedings, nor be served with process therein, nor have any knowledge thereof, nor in any case unless the Company shall be prejudiced by such failure.

Whenever the Company shall have settled a claim or paid a judgment under any such Certificate, or has made settlement with the Insured by paying the full amount specified in any such Certificate for the payment of claims and of indemnity to the Insured, as hereinabove provided, all right of subrogation to the extent of the amount paid in settlement shall vest in the Company unaffected by any act of the Insured, **provided, however,** that if the interest of the Insured under such Certificate at that time is that of mortgagee such subrogation and any formal assignment or transfer that may be made shall be subordinate to the lien of the Insured under said mortgagee, and of the right and claim of the Insured to be paid fully the balance of the principal and interest and other moneys, if any there be, secured by said mortgage.

A statement in writing of any loss or damage for which it may be claimed that the Company is liable under any such Certificate shall be furnished to the Company within sixty days after such loss or damage shall have been ascertained, and no right of action shall accrue against the Company under any such Certificate until thirty days after such statement shall have been furnished, and no recovery shall be had under any such Certificate unless action shall be commenced within one year after the expiration of said last mentioned period of thirty days. A failure to furnish such statement of loss or damage and to commence such action within the time hereinbefore specified, shall be a conclusive bar against the maintenance of any action under any such Certificate.

All payments of claims and indemnity to the Insured under any such Certificate shall reduce the total limit of liability specified therein for the payment of claims and indemnity by the amount of the payment made, and no payment can be demanded without production of the Certificate for the indorsement upon it of such payment. In event of loss or destruction of the Certificate, indemnity shall be furnished to the satisfaction of the Company.

No assignment of any Certificate issued hereunder shall bind the Company unless formal approval to such assignment is given by the Company and indorsed thereon.

This Agreement may be revoked by the Company at any time upon written notice of revocation to the Insured, but such revocation shall not affect the obligations of the Company under this Agreement as to any Certificate which may be outstanding at the date of revocation.

IN WITNESS WHEREOF, ...has caused this Agreement to be signed by its President and Secretary, and to be executed in duplicate originals, at....., as of the day and year first above written.

.....
President.

.....
Secretary.

"EXHIBIT A."

Certificate of Title Insurance

This certifies that, for a valuable consideration, the receipt of which is hereby acknowledged, and in accordance with the provisions and stipulations of an Agreement made by.....with

.....,

under date of....., 19....., and subject to the exceptions and exemptions from liability listed in Schedule B attached hereto, the title of said

.....,

as indicated in Paragraph 1 of Schedule A, attached hereto, is insured to the premises described in Paragraph 2 of said Schedule A.

The limit of liability for the payment of claims and judgments hereunder, exclusive of costs of investigation and defense of suits, is.....

.....

($.....) Dollars.

The insurance provided hereunder is effective as of.....

....., 19....., at..... o'clock.....M.

Dated at....., this .....day of....., 19.....

.....
Secretary

.....
President

SCHEDULE A.

1. The title of said.....

.....

to the said premises and the evidence of said title are as follows:

(Here indicate the nature of the estate held, whether as owner or mortgagee, and specify the deed, mortgage, or other evidence of title.)

2. The description of the premises the title to which is insured hereunder is as follows:

SCHEDULE B.

No liability shall arise under this Certificate for any loss or losses arising from any of the following causes:

(Here list any and all general and and specific exceptions and exemptions from liability against the effect of which the Company, upon investigation of title, may not desire to insure.)

Report of Committee on Federal Legislation

CHARLES H. BUCK, *Chairman*
President, Maryland Title Guarantee Co., Baltimore, Maryland

An attempt to give to this Convention a complete report on all of the Federal Legislation enacted, or attempted to be enacted, in the past year, would have required constant application on the part of all of the members of the Committee during the entire session of Congress, which began January 3rd, 1936 and ended June 20th, 1936.

All of the members of the Committee have been busy during the past year in an endeavor to earn sufficient money so that they, as good American citizens, will be able to contribute in proper measure to the cost of the magnificent obsession, to which we have been unwittingly committed, to wit: the "New Deal."

Also, if such a voluminous report, as could be compounded, were read to this meeting, several sessions of the Convention would be necessary for its presentation. Therefore, the Committee attempts to sketch in brief outline, some of the more important legislation, and leaves to the members desiring greater enlightment, the Revised Statutes of the United States.

According to a legislative bulletin of the United States Chamber of Commerce, in the session of Congress referred to, some seventeen hundred and forty-two legislative actions were considered. Four hundred and twenty of these became law; four hundred and thirty-six were resolutions of investigation and inquiry; four hundred and thirty-seven Bills were vetoed or rejected; and four hundred and thirty-nine were advanced on the calendar but did not pass. A few of the Bills which became law, and which the Committee feels may be of interest to the members of this Association, are the following:

Senate Bill No. 3978 exempts preferred stock of national banks, and preferred stock, capital notes and debentures issued by state banks and trust companies and acquired by the Reconstruction Finance Corporation, from taxation by federal, state, local or territorial governments, including dividends or interest from such shares or notes.

In an address before the annual Convention of Attorneys General of the United States, delivered at Boston, Massachusetts, by the Honorable Herbert R. O'Connor, Attorney General of Maryland, it was said:

"It is doubtful if any question is fraught with so many perplexities as that concerning possible State taxation of certain Federal agencies. When it is considered that this possible source of taxation is prolific and offers to the States the possibility of a considerable yield, it would seem of interest to delve into the supposed immunity from State taxation of all Federal agencies, and to inquire whether the States do not have the right to levy upon a certain group of the instrumentalities.

That there is ground for the belief, that the States have the absolute right to tax Federal agencies, which are engaged in functions of other than an essential government nature, is to be found in a recent ruling of the Court of Appeals of Maryland, in holding that shares of National Bank stock, held by the Reconstruction Finance Corporation, are subject to State taxation.

That the question is by no means a one-sided one, is indicated by the strenuous resistance offered by the United States Government, through the legal staff of the Reconstruction Finance Corporation, to the effort of Maryland to enforce the claimed rights, and as well by the fact that theretofore, no other States had undertaken to make such a levy.

That the question still remains to be finally determined is shown by the fact that the Supreme Court of the United States, to which the issue was presented by the Federal Government, and Maryland legal representatives, all of whom addressed themselves squarely to the major point involved, preferred to decide the case in favor of Maryland on entirely different grounds. The Supreme Court expressly left open the question and hence the contentious point still remains unsettled."

The Committee is advised that Senate Bill No. 3978, above referred to, was passed as a direct result of the litigation referred to in Mr. O'Connor's address. Mr. O'Connor has advised the Chairman of this Committee that the State of Maryland is at present undertaking to test the validity of the Statute.

House of Representatives Bill No. 11968 adds a new section to Title 1 of the Housing Act, which extends this credit insurance of loans made for repairs and alterations to housing, to losses arising through rehabilitation catastrophes arising in 1935 and 1936, provided loan is made after effective date of the amendment and before January 1, 1937.
loans in connection with floods or other

House of Representatives Bill No. 9009 makes lands in drainage and irrigation districts eligible for loans by the Federal Land Banks, despite the existance of prior liens.

Senate Bill No. 4212 amends Title 1 of the National Housing Act so that the authority of the Federal Housing Administrator to insure loans for repairs, alterations, etc., up to $2,000.00 and to insure loans not in excess of $50,000.00 on apartment properties is extended to April 1, 1937, or such earlier date as the President may select. Insurable loans could be made only for financing repairs, etc., by owners or lessees having a lease expiring at least six months after maturity of loan.

House of Representatives Bill No. 12876 provides that acquisition by the United States of real property in connection with any resettlement or rehabilitation project is not to be held to deprive any state or political subdivision of its civil or criminal jurisdiction over such property, or to impair the civil rights under local law of tenants on the property. Where any such jurisdiction or rights have been taken away or impaired, the act would restore them.

The Resettlement Administration by agreement with any state or political subdivision could arrange for payment, by the United States, of sums in lieu of taxes with reference to any project, the amount of such payments to be based on cost of public services available for the benefit of the project and its tenants, with due consideration of benefits resulting to the state by reason of the project.

Senate Bill No. 3247 amends Title II of the National Industry Recovery Act so that the United States in low-cost housing and slum-clearance projects, may make similar arrangements with states and local communities in lieu of the payment of taxes and for public services.

The question of taxation and revenue is one that is entirely too broad to be gone into in any detail by a Committee of this sort. The Revenue Act of 1936 is House of Representatives Bill No. 12395. The Committee advises that you give it earnest study. We deem it sufficient to suggest at this time that under the Act, present normal and surtax rates on individual incomes are retained, but dividends are subjected to the normal tax and that—banks, trust companies and domestic insurance companies are taxed at a flat rate of 15% and are not subjected to tax on undistributed earnings—and that the capital stock tax is retained but at the rate of $1.00 per $1,000.00 for the year ending June 30th, 1936, with a new declaration of value permitted. Excess profits tax is retained at the present rates. The advice of qualified accountants and tax lawyers should be sought by members who have need to construe and apply the Revenue Act of 1936.

We now call to your attention ten laws enacted at the last Congress—the ten most important laws enacted at that session. Important, because these ten laws most vitally affect the welfare of you and me, in fact, of every person in the United States.

Until about three years ago, when one thought in terms of a **million** of anything, he believed himself to be thinking in big numbers. Since 1933 the term **billions** is used with very much more freedom than we formerly attempted in the use of the smaller denomination.

The ten laws above referred to are the laws providing for the appropriations made during the last Congress. These laws authorized the expenditure during the fiscal year beginning July 1st, 1936, and ending June 30th, 1937, of nine billion, three hundred and eight-two million, nine hundred and twenty-two thousand and two hundred and forty-nine dollars ($9,382,929,249), the largest aggregate appropriations ever made for the government of the United States in any year. The sum is nearly three billions dollars ($3,000,000,000) more than was appropriated in 1935, and nearly one billion dollars more than was appropriated in 1934 and nearly twice as much as the average of appropriations for the government of the United States in the six years from 1928 to 1933, inclusive.

The appropriations are important, because they have direct bearing on the present appalling size of our ever-increasing interest-bearing debt, which we all know must be paid from taxation.

I quote from a recent magazine article of former Comptroller General of the United States, John Raymond McCarl, "Our Government has not only exhausted generous amounts raised through heavy taxes but even larger amounts raised through borrowing, until our interest-bearing public debt is larger than ever before, nearing the thirty-five billion mark and still going up, and our credit is menacingly extended; such a debt that our interest costs, standing alone, would be enough to pay all necessary costs of strictly essential Federal activities."

It is thought by many that this tendency in our government, to spend more than we can pay as we go, if continued, will undoubtedly lead us to financial chaos, which in relation to the 1929 collapse, will seem a tornado as compared to a trade wind.

As stated in the beginning, this report is merely a general sketch of the more important legislation, thought to be of interest to members of this Association. With the hope that it will have same value, it is respectfully submitted.

By the Committee,
Charles H. Buck, Chairman
William Gill
George O'Connor.

Open Forum

ABSTRACTERS SECTION

Wm. Gill, *Presiding*

CHAIRMAN GILL: There are men present today who have been engaged in the abstract business for a long period of years. If you will pause and consider the kind of abstract produced twenty or twenty-five years ago and make a mental comparison of the product today, you can feel a slight degree of pride regarding the progress made. (Reading his address turned over to Secretary Sheridan.)

The first question here is, "Is Photostat a profitable side line for an abstract office? How to establish and maintain?" If Mr. A. A. McNeill of Michigan is in the room, I wish he would say a few words on it. He has a full photostat equipment in his office.

MR. McNEILL: I want to say we have limited the photostat to our own use, and have done no commercial work whatsoever.

CHAIRMAN GILL: Is there anyone here who has photostatic equipment doing commercial work? What do you think of the possibilities?

HENRY SOUCHERAY (St. Paul): We have complete photostatic equipment of the most modern type, entailing quite a large investment. We use it in connection with our business, and we have made an attempt not only to use it in our business, but also to serve in a commercial way. To a large extent the people who use these photostats look for the same confidential relations that exist between the abstracter and his client. Our dealings are with the attorneys, architects and people who want to preserve records. I do not think that it would do in a smaller community, but I do think in a larger one, a photostat can be made a paying proposition. We have found it so.

CHAIRMAN GILL: What is your total investment in your photostatic equipment?

MR. SOUCHERAY: I think we have now in equipment a little more than ten thousand dollars on this date.

MR. HILDEBRAND (Bloomington, Illinois): We have had a photostatic machine for some years, with very modern equipment. We have it for our own business, primarily for our own use, although we do take in commercial work. We make no special effort to get into the commercial side of it; however, we have made a rather nice contact with attorneys, as many times they like to have other records made. We think it is a rather good contact. We also feel that the work that comes to us in a commercial way in a large measure pays for the operation of the machine for ourselves.

CHAIRMAN GILL: Any other remarks on photostatic equipment?

MEMBER FROM MICHIGAN: We have just installed a photostatic machine. We have not been in it long enough to really know whether it is going to pay, but so far we are well satisfied. While we do not advertise for commercial work, yet we take in everything in a commercial way that we are requested to.

Q. How much have you invested?

A. Probably have invested two thousand dollars to date.

CHAIRMAN GILL: The next question, "Length of Period of Liability of Abstracter on Certificate." I would like to hear from a lot of you on that subject. Tell us what your liability is—three years, five years, unlimited, or what? Give the Reporter your name and state.

MR. MOODY (Houston, Texas): Our liability is unlimited and extends to anyone who might rely on abstracts. It says it is unlimited.

CHAIRMAN GILL: What is your statute of limitations?

MR. MOODY: Four years.

CHAIRMAN GILL: Let's hear from some other states.

CHAIRMAN GILL: Well, the statute would govern as to the length of liability. It is three years in Oklahoma on a verbal order and five years on a written order.

CHAIRMAN GILL: What is it in Indiana, Mr. Furr?

MR. FURR: Ours is unlimited, and the liability is the same as regular contract.

CHAIRMAN GILL: Any other questions or discussion of that? (No response.) The next topic is, "Valuation of Plant." How do you arrive at the valuation of your title plant? Do you make a kind of a wild guess? Do you charge your daily take off to maintenance or expense?

CHAIRMAN GILL: Have you ever figured what it costs to prepare an index and get it in the proper shape?

MR. KIRKPATRICK (Oklahoma): Well, it costs more than it should, because we are under contract on specific procedure, and under that procedure it costs about nine and one-half cents to bring that in our office and place it in our office. We have to use their paper for ourselves because they specify the type of paper we must use. So, for that reason we complete our record on the same paper that the County Commissioners specify. Under contract we build the record for the County.

CHAIRMAN GILL: I wonder what the idea of some of the smaller abstract companies is on the expense of taking off an instrument, getting it indexed, and filing it away? Did you ever figure on it?

MEMBER FROM ALABAMA: I represent one of the smaller abstract companies. The system we have calls for distribution, take off and all. We use what we call a double system. It costs approximately sixty-six dollars a record. We take it off, prepare it, bind it into a volume. It is our record of the original record.

CHAIRMAN GILL: Sixty-six dollars a record. Is that too high. Is it high enough?

A VOICE: May I ask the gentleman, how many pages you have in your record?

MEMBER FROM ALABAMA: Averages about six hundred pages on an average; would be about two hundred and fifty to a volume.

MR. MOODY: Not taking up all of the time, just before I left Huston a fellow came into the office and told me of a process of taking off county records by using a motion picture camera, by which he proposed to reproduce the volumes over there and put them in storage, the volumes of fifty cubic inches as against some seven hundred and fifty cubic inches as taken for the filing space in the county clerk's office now. He would take these off from the record and reproduce them. He showed where he could reproduce them commercially at a total cost of fifteen cents a page. You take those volumes four to six or seven inches thick, the filing space of those volumes, and those records of the county clerk, take them to the office and set them before a girl on a typewriter, reproduce them on a screen, or photograph, whichever you choose to, I do not know whether it is practical or not.

CHAIRMAN GILL: The next question is a question that works in with it. Would it be a practical thing to do, to make a joint take-off with your competitor, splitting the expense?

MR. McDANIELS (Kansas City): We have a joint take-off with our competitor. Each secures a copy of the deeds from the recorder's office, suits in court, mechanic's liens, and everything that an abstracter wants. We find it very, very satisfactory to us both. I would like the privilege of backing up a minute or two to the question of the liability of the abstracter on certificate. I am glad to hear Mr. Smith say he considers himself liable to anybody that has the loss. I think we ought to charge enough to be willing to do that. If we are to be in business and expect people to believe the things in our abstract and pay for them, we have to accept the responsibility and pay the losses when they come.

CHAIRMAN GILL: On the joint take-off with your competitor? Where you have two plants in one town, do you get along with your competitor well enough so that you could split the expense?

MR. WILKINS (Kansas): We find it extremely satisfactory to make our take-off in such a manner that it can be abstracted in the office. We have reached the point where one week our office makes a take-off and the next week his office makes a take-off; make four copies, the original and three copies. Our office receives the original and the last or third carbon for six weeks, and then his office receives the original and third carbon for six weeks. It is a very economical way of making a take-off, and we find it very satisfactory for the plant operation.

MR. SOUCHERAY (St. Paul): I would like to ask the gentleman a question: A joint take-off, a take-off of an abstract goes to the heart of your abstract, the value of your abstract. If you have a joint take-off, what is the difference between your abstract and your competitor's abstract?

MR. WILKINS: Absolutely none.

MR. SOUCHERAY: Therefore, you can not claim that your abstract is a superior abstract to his?

MR. WILKINS: We do not have that difficulty because in Kansas we have a uniform method of abstracting.

MR. SOUCHERAY: Well, there are certain elements in instruments that can not be uniform because they are a matter of judgment. That is what we have in mind because we have considered the matter of a joint take-off—whether you would not be losing some of your identity in having a joint take-off?

MR. WILKINS: You would not if you have a uniform system of abstracting. We have in Kansas, I would say, somewhere in the neighborhood of, at the present time, seventy-five or one hundred abstracters uniformly making abstracts.

CHAIRMAN GILL: Any other discussion on that? My attention is just called to the matter on the program which I overlooked that I know you will be interested in. You will remember about a year and a half ago the question came up as to the advisability of organizing a bonding company within our own group. The committee made a partial study of the problem and made a report at the Mid-Winter meeting. The committee was continued to make a further report at this convention. The Chairman of that committee is Mr. Glade R. Kirkpatrick the President of the Guaranty Abstract Co., of Tulsa, Oklahoma. We will have his report at this time.

MR. KIRKPATRICK: Mr. Chairman, and members of the Abstracters' Section: I had hoped that Bill had really forgotten this report. We have not done as much work on it possibly as we should have. I might say that the principal reason for that is, after we had circulated quite a few questionnaires, I imagine some of you here are the ones that got them and returned them, we thought the outlook at that time was over-optimistic, as to whether such a movement would be advisable or not. I have a very short report that I wrote, and I want to submit it for the record. If you will pardon me, I will read that report.

(Report printed in these proceedings under heading, "Abstracters Bond Committee.")

On motion, seconded and carried, the Chairman was instructed to have this work of investigation continued. The Chair appointed the following as members of the Committee, with instructions to report at the Mid-Winter Conference in eary 1937:

Glade R. Kirkpatrick, President, Guaranty Abstract Co., Tulsa, Okla.

S. Earl Gilliland, Engleson Abstract Co., Sioux City, Iowa.

Frank I. Kennedy, Abstract & Title Guaranty Co., Detroit, Mich.

CHAIRMAN GILL: We have a very interesting topic. It is one for which I hope we will be able to find a satisfactory solution. I would like to hear some discussion on it. "How to Handle a $150.00 Abstract on a $200.00 Lot." Is it possible? What are you going to do in a case of that kind?

MR. LOOMIS (Iowa): In my mind, that proposition is more or less a matter of fair play—fair play to yourself and fair play to the customer. What kind of a customer do you have? Is it a customer that has other properties that are a little more valuable than this that he would be more willing to pay out the money on an abstract? Is it a poor devil that has no money and has a little chance to get a little money out of this? I think it almost wholly is a matter of fair play.

MR. LACHER (Colorado): We use a little discretion. We try to find out first whether the lot is going to be used for building purposes. If there is a house for two or three thousand dollars to be put on there, we charge the flat rate; if not, we use, as I said before, usually a little discretion and charge accordingly.

CHAIRMAN GILL: There were a number of questionnaires sent out in which you were asked to state on there some problem you would want discussed. I have here one coming from the State of Missouri. I take it for granted it is a very easy question to answer. He heads it, "Competing With Curb Stoners and Price Cutters. We recently bid on four abstracts for a Governmental agency on some land they are buying our bid on these four abstracts was $650.00 and our competitor, who is a curb-stoner, with no set of books nor even an index who does all of his work from the County Records, bid $135.00 for the four abstracts. He, of course, got the work. We could have cut our price to $550.00 or $600.00 but could not possibly have come down any more. Now, there will be another letting of contracts for perhaps 150 to 200 abstracts and we would like to get that order, but if we have to compete with this curb-stoner, it is doubtful if we will get it.

"We would like to have some discussion on how to compete on this job and find out if we can what we can do to stop this unjust price cutting.

"We believe that he will hang himself, as there are some of the records he will not be able to find."

CHAIRMAN GILL: I might add to that statement that very similar conditions exist in other places. How do you handle it? What can you do to give this gentleman some relief? Do you have any ideas on it? What do you do when you run into a situation of that kind? Or did you ever have a proposition like that in your county?

MR. ELWOOD (Michigan): One thing I think of, in a case of that kind, I think I would do, would be to go to the people, asking for these bids, and explain to them the relative merits of my equipment and the competitor's equipment, and ask them whether this competitor is responsible or not in making good any losses, and assure them we would make good losses, if any occurred.

CHAIRMAN GILL: Here is another problem that seems to be bothering an abstracter: Do you recertify to your competitor's work, and if you do, what do you charge therefor?

In other words, when the abstract comes in you learn that the customer wants you to go back and cover the entire abstract with one certificate. What do you do, and what do you charge?

MEMBER FROM SOUTH DAKOTA: The practice in our state is that we do not certify to another abstracter's work unless it is specifically called for, and charge one-half of the regular rates for making that certification.

CHAIRMAN GILL: What is the practice in some other states?

MEMBER FROM NORTH DAKOTA: In our state we have quite a little of that work. We do not recertify unless it is required, and when we do recertify, we charge about one-third of the regular rate, to check over the work.

CHAIRMAN GILL: Do you have that condition in Kansas? What do you do?

MEMBER FROM KANSAS: We have had. That comes up occasionally in our part of the state, and we are like the other gentleman—we recertify when it is requested, and charge one-half of the regular fee, unless we have to do some of it.

CHAIRMAN GILL: Recertifying for one-half of the regular fee?

MEMBER FROM KANSAS: Yes, unless we have to do some work over. That is charged at the regular fees.

CHAIRMAN GILL: Is uniform abstracting advisable: a member asks. Any thought on that?

MR. SMITH (Iowa): Isn't uniform abstracting a custom?

CHAIRMAN GILL: I am afraid not.

MEMBER FROM NORTH DAKOTA: Mr. Chairman, that is a thing that we have been dealing with for the last two years in our state. We adopted an abstract, a uniform abstract, in ordinary instances. I think you can pick up abstracts from the various abstract companies throughout the state and find they are uniform size of sheet, data and everything. We have found it to work very good in getting along. We are getting along very nice with it.

MR. VARDEMAN (Kansas City): May I ask another question? I understood them to say that Kansas has worked out a uniform system of abstract. The reason for the question, I am located in Kansas and Missouri. We sometimes use abstracts and there

are not any two of them that I have ever seen that are uniform, or in which there is any uniformity. This is my first knowledge of the fact.

CHAIRMAN GILL: We will hear from Kansas.

MEMBER FROM KANSAS: We are young in the matter of uniform abstracting. I expect Mr. Vardeman has not seen many of them. He has seen an abstract that has been made a long time, and he readily concluded we had no uniformity, but we have uniformity now.

MR. VARDEMAN: You are going to have?

MEMBER FROM KANSAS: No, sir; we have it. I am convinced we have it. About two-thirds of our companies are using the uniform abstracting. You will see more results of it later on.

CHAIRMAN GILL: Kansas has certainly made a lot of progress, in that they have gotten the members together and agreed on a uniform system of abstracting. It will take a longer time to put it into effect, but they have gone a long ways. If other states have not tried it, go back home and try to put in a uniform system of abstracting. You will have a lot of fun and find it a hard job.

CHAIRMAN GILL: Is a uniform base price schedule practical? Let's not all talk at once. Let's hear from some states that have a uniform price schedule.

MEMBER FROM NORTH DAKOTA: We have a uniform price schedule and it is working out very well.

MEMBER FROM MONTANA: I just want to say a word on behalf of uniformity in Montana. We have been after that for a number of years. We have had a uniform abstract system for about three or four years, although there has been fairly general uniformity in making abstracts for a number of years. For instance, more than one member prepared a uniform abstract, on their ideas of the best way to show probate proceedings. That was then submitted to the members of the Montana Title Association; they discussed it; when they found anything they did not like about it, they discussed it, and in the end we tried to adopt the system we thought best. Out of that has grown, really grown, a uniform abstract. We also have a uniform schedule of fees, and we find that that is one of the most satisfactory things we have out in Montana. Of the problems we do have, many we solve in our state meetings. The decisions are generally accepted by the men of our association. I think you will find one thing, that you can get anywhere with uniformity if you work together. It solves a lot of your troubles. A lot of the fellows sometimes go out of a meeting dissatisfied and assume the wrong attitude and cause a lot of difficulties.

On that "How to handle a $150.00 abstract on a $200.00 lot" or a $75.00 lot, we have a rule in our association—we try to handle these things through our association. We have a minimum charge of twenty-five dollars. That does not mean we have to charge twenty-five dollars. That is the least you can charge; if the service warrants it, the charges are revised. I will tell you how to handle that: A party comes into the office and says, I have a small lot here and it is not worth much. I want to make a deal on it. What is your rule? We tell him twenty-five dollars. Then, we sit down and ask him, what do you think? What are you willing to pay? What will it stand? What do you want? And usually you get a decent price for your work. As I say, if you will just get uniformity throughout your association and members all along the line, you will get rid of a lot of those problems that are bothering you now.

CHAIRMAN GILL: Any other discussion? I have had the pleasure of going to the State Convention of Iowa for three years. They have been working on uniformity of abstract practice, uniformity of practice. I would like to have one of the Iowa fellows get up and briefly tell us what they have done up there so far, how they did it, and what they think about it.

MR. SMITH (Iowa): We are working on the job and have been for about twelve years. And looking at it as it was twelve years ago and taking it as it is now, you can see a great change, but it has been pretty slow work. The biggest trouble we have had has been the discounts. I think after we got a price survey of the state and made us some maps on which we colored the counties different colors, according to what they charged, that that had more effect than anything else. We would take the state and then say, here is a fellow all colored in yellow, charging fifty cents per entry, then another one colored in green, charging different. If a fellow saw his colored green in a bunch of yellow ones, it had a good effect. We have got that pretty well ironed out.

We have the discount proposition licked except in a few counties. We think that is an individual county proposition.

You have to take a county problem, go into that county, talk the thing over with the abstracter and work things out. I have blown up several times. It is just a matter of keeping the fellow at it. Reach it in your meetings, is the best way to meet it, in your regional meetings. Go down to the county and talk it over. This is a county proposition. If one county gives a discount, and each adjoining county has a different rate, not giving a discount, that one county makes trouble for all the adjoining counties. That is the job you have to do, and set the county right by calling the abstracters of the county.

CHAIRMAN GILL: Several years ago I made a price survey of the State of Kansas. I also made one in Ralph Smith's state, Iowa. I made one in Texas, and made one in my own state. I was surprised to find prices of considerable range. In several of those states the county on one side would be getting less than the adjoining county charged, with similar working conditions. Naturally you can expect some unfavorable reaction from the public. It cannot understand why there are varying charges. Do you have much discord from your customers?

MR. SMITH (Iowa): We maintain the uniform schedule of prices in our county, and have a situation in an adjoining county where prices are under ours. The situation is this: They do not abstract in the other county from proceedings of probate matters. They hire a typist and go to work copying everything—probate proceedings, partition matters, and so forth. We show them, abstracted, that our prices are cheaper in the long run because the abstract is not a copy but an abstract of the records.

Co-operative Efforts

MORTON BODFISH

Executive Vice-President, United States Building and Loan League, Chicago, Illinois

President Robins, and members of the American Title Association:

I was very happy to accept the invitation of your officers, extended by one of those fine citizens of my city—Mr. Marriott—to come down here and talk to you a couple of hours on the Torrens System of Land Registration. (Laughter) I guess that was not to be my subject, was it, after all?

I am going not only to try to enjoy myself a little this morning, but I want to get acquainted with you people. I want to bring you, first, the greetings of our national organization, the United States Building and Loan League. I will say at the outset that I think the building and loan associations of this country are among your —I will not say your best customers—we will say we are among your customers. In the main we have not any complaints. We feel we have been reasonably well served. We want to support the conduct of the title business of this country on a private enterprise basis. We do not feel we could do business without you, and, therefore, we feel that it is high time that our two crowds got together and became acquainted and worked out our common problems and found our common interests as general businessmen.

So my plea this morning is going to be one of friendship and mutual co-operation. Our leaders should meet from time to time, and I want to announce to you as a group that our organization, in its convention next week has extended to the officers of the American Title Association an invitation to meet with us and join with us in that fellowship and work of our convention. I am frank to say that I hope

that we can begin to find such common interests that you people may want a few of us building and loan men around your meetings. I make this plea because I believe that the greatest problem, and I do not state it in a partisan sense—that the greatest problem before the American people in general and the American businessmen in particular is how far the hand of government is going to be placed on business and how long once it is placed there, is it going to remain?

I do not need to tell you gentlemen that the government can inch by inch, take over the farm mortgage business of the country, and is sooner or later going to start on the urban mortgage business of the country. I do not need to tell you that if the credit facilities of this country become a part of our governmental system rather than remaining private business enterprises, then it is just a matter of time until the same philosophy of paternalism of government comes head on into your business. So I am going to make a plea: That we plan together to do our jobs so effectively that we can present a common front against further government intervention in business and have a compelling case. (Applause).

Before discussing these points of common interest, I want to report to you with pride a little bit about the position of the building and loan business today.

Since the turn of the century, since 1900, our building and loan associations have financed the buying, building and owning of some six and one-half million homes in this country; our assets grew from approximately one billion dollars to nine billion, and in spite of depression and a change in accounting methods which had a decidedly deflationary effect on the footings, we still have five and one-half billion.

Our institutions, as you know, have been dedicated essentially to the concept of systematic saving and thrift, and have endeavored to place all of those funds in mortgage securities in the community in which they are raised. I believe that probably the greatest factor in the building of the American communities from which each of you gentlemen come, in the main, would be the old fashioned building and loan, which took the citizen who had a good job in those days by the hand and loaned him money when as a matter of fact he did not have a bankable note, or even a bank account, or most of the things that qualify in the more sophisticated realms of finance. We think that scheme is still essentially sound and desirable.

I can report to you today that there is no question in the minds of the thinking leadership of the country but that 1934 was the low point in the depression, and particularly in the so-called thrift and home financing institutions. We are finding our assets are holding their own, and in many of the institutions they are on the increase again. I know you gentlemen are interested in that because extension in the volume of the title business in many communities is determined in part at least by the activities in thrift and home financing institutions of our type. We find in every part of the country that real estate prices are increasing, and that is of considerable interest to us. We thought we were in the mortgage lending business. We find now we are owning and operating about one and one-half billion dollars of real property at the present. Rents are increasing, sales are taking place. Here is the significant point: For the last five months, without exception, the building and loan associations of this country have loaned in excess of one million dollars per month; that is, about sixty per cent of our old so-called normal.

While we have advantages in method, the attitude of the public is difficult regarding financial institutions today, more difficult than it was before the depression. We have the whole concept of Government in the guaranteeing of investments, or the guaranteeing of bank deposits. We have new competitors about whom I am going to talk a little later. The role of government in regard to business is changing. What we are trying to do in the building and loan business is just the same as you are trying to do, I am afraid, in the American Title Association, you are trying to keep abreast of those changes so that you can continue operating and provide a sound and successful business. And it takes some pretty fast foot work to keep abreast of what is happening.

To take some points of common interest I want to come back again for a moment to that direct question which I first proposed, namely, how long all government business should continue? It is not a current political issue, in my judgment. It is a trend which has been going on ever since the days of the World War, when we used the vehicle of government for national cooperation. Ever since then, not as a desire on the part of public leadership but on account of the will of the people in your community and in my community, we find our local, state and federal governments moving into more and more activities, which we see are supplanting existing business, and I am frank to say that I would be willing that they should do it, if I could be convinced that they could do a better job than business can do.

In writing once, in some of my professorial leanings, I alarmed some of the people in Chicago in my convictions on this bad public system of land titles. They are laudable, just the same as any other phase or act of intervention in business, but you and I know that they can't do and have not done in this country as good and as effective a job as private enterprise can and has done, and that is the test which we must place on all of these things that the government is starting to do.

I think there is one real answer for it: I think the businessmen in this country can have any kind of government policy that they want, and I am convinced that the businessmen of this country can not, if they expect to preserve the American business system, be entirely disinterested in all of the things that go to make up public policy.

Business has been on relief. You are just like all of the rest of us: When we got in a tight place, why we did business with the government, and that is proper. The government is our government, it is there to do things for us, and not things to us. Certainly there is no ground for criticizing title organizations, be they the large title companies, the abstract companies or the title lawyers, if they did a lot of business with the government during recent years.

We should never be unmindful of the long term policies as they affect our business. To illustrate, I see here my friend Bill McNeill, who did a fine job in helping to put the HOLC in operation. I believe in the HOLC. It did a fine job. There is no question about it at all. Granting all of that, I think the people in the title business and the people in the mortgage business would be shortsighted if they did not stand shoulder to shoulder and insist that it remain an emergency operation and liquidate and get out of the business. (Applause). In other words, let's have it, a genuine operation that does a real job and then he retires and lets private business continue. I do not find any paradox in any group of businessmen, collaborating with government and co-operating with government, and using the vehicle of government to solve a business problem, and then a year or two later saying that thing has done its job and it is time that we tapered it off. So much for the general government in business concept!

I want to talk a little about government credit versus private credit. Did you see recently under the American Industrialist's questionnaire, I think it was, among some thirty or forty thousand people—who was the most eminent figure, who had the most knowledge of banking in the United States? And they got down through the list of the vote on I think eleven men before they ever mentioned a man that had been in the banking or financial business. The first nine were all politicians. Well, I think the only thing to do is to get the facts. I think that is what your trade organization is for, to get the facts regarding your business, because you can only maintain a private business system, a private financial system, a private title system in this country if the facts in that business give a clear and compelling picture. It seems to me that that is the best way to conduct that business in public and private interests.

We have seen the external phenomenon of a law passed in 1916, supposed to take care of a few farmers who could not get any credit in the backward regions where the insurance companies and title companies and the banks and so forth would not go, and as I recall the maximum loan was twenty-five hundred dollars. You have

seen that development go to the place today where the United States government holds over seventy per cent of the farm mortgages of the country, and I do not know of any established institutional lender that has any plan of making any volume of farm mortgage loans. You have an interest rate prevailing on farm mortgage loans at three and one-half per cent, determined by legislative subsidy, because the rate does not even pay the cost of government capital that is employed. I wonder whether that is a good thing as a permanent policy and whether you do not want to protect your future in the title business on dealing, we will say, with a governmental agency? I will cite my own experience in that connection: I have always found that they insisted on paying for services rendered at least twice the amount that local businessmen in the community are accustomed to paying. (Laughter.) Many times I have attempted to persuade them to lower their payments so that it would be more in line with what was customary in the community, and I am sorry to report to you gentlemen that I have met with rebuff therefrom. (Laughter.) The greatest violater of the principles of non-price discrimination which are written in the Patman-Robinson Act in this country have been some of the agencies of the United States Government itself, and it is exempted completely from that Act.

On behalf of my clients, which happen to be forty-three hundred building and loan associations, with some eighty per cent of the building and loan assets in the country, I claim we have a right to be pretty vexed with you fellows, you lived on us for one hundred years, because you did business with the government at one-half price. Why should you gentlemen, in your business, not have a little better price policy? Now do not misunderstand. We can't cast the first stone. Lord knows we have been pretty hidebound in the building and loan business. We have gone along one hundred years the way we operated. There was one plan, one price, whether a twenty-year loan, whether you were going to pay it back, and so forth, made no difference. We said, there is the scheme and that is all there is to it. I have the suspicion that there should be a little more group action, a little more common planning among the title folks. And may I suggest that you have an obligation to protect private business by insisting, if you please, that these government competitors pay a reasonable price for services rendered, and that they pay you the same price that you expect us to pay you.

As I mentioned a few minutes ago this question of public credit versus private credit comes into the urban field through the Home Owners' Loan Corporation. I think the Corporation is getting a different slant on the private home-lenders these days. You know two or three years ago we were home snatchers helping to throw poor American children out of their homes on a cold night. The HOLC came along here and did a good job and they saved one hundred million homes from foreclosure. But there are three phases of the mortgage loan business. The first thing is get the loan, the second thing is to loan it, and the third thing is to get it back, and the Home Owners' Loan Corporation is entering into the third phase of the mortgage business.

I believe that the HOLC could have done its job with half of the capital which it employed, if it had used a six per cent interest rate. I am not criticising the administration or the men who had charge of the HOLC operation in that connection. The original HOLC bill went to the hall with the blessing of the President, and that was in the days when that blessing was all that was necessary, with a six per cent rate, which is the general rate employed by our institutions and other money lenders, and if that rate had remained and it was changed by well intentioned statesmen — the HOLC would not have had half of the applications that it had. That would have been because nearly half of the applicants were interest rate chiselers who merely wanted the government loan at a little cheaper rate than they could get it from private institutions. There is no excuse for a public or private corporation's giving a rate to individuals who were not in distress but who said they were.

Now, if you are going to have a permanent policy of government determination of interest rates, I want to tell you that before we are through we are apt to undermine the whole structure on which our life insurance policies are based in this country, and on which our savings banks' deposits are based, and on which our building and loan shares are based, and I am frank to say that I believe that the fair way to determine the price of capital is to have a free market and let those who offer capital bargains on a purely competitive basis with those who desire to borrow it, without government intervention in any way.

I do not want to pass the question of government credit versus private credit without saying a few words about the Federal Housing Administration. Two years ago some of us took the position that maybe a government mortgage insurance scheme was not needed, a scheme which would add one per cent to the cost of the borrowers, and at the same time attempt to establish a socalled insurance operation in which the insurance company would insure risks, the danger of which they knew not, except for one thing, namely, that all of those risks would become payable all over this country at one time in case of a national depression.

I feel that the FHA is probably only an experiment, and I have tried to be generous in my thought regarding their efforts, but I am convinced the public has been deluded with regard to interest rates. The public believes it has five per cent money, when as a matter of fact it has anywhere from six and three to seven.

We have been lured into eighty per cent loaning. Now speaking to my Illinois fellow citizens and friends, particularly, I think they will agree that anybody who makes an eighty per cent loan in the State of Illinois is, to put it mildly, speculating with other people's money. And furthermore, I am not sure it is a service to an American citizen to get him to put a twenty-year debt on his home and remain in debt the whole period in which his family will probably be together, rather than aid him in getting out of debt at the end of seven or eight or nine or ten years. I am not sure that we did any great service to agriculture when we got the farmer to go into debt and keep his loan on there thirty or forty years. It seems to me that the ideal of home ownership is best served if we get a fellow out of debt, and once you get him out of debt, there is your satisfied citizen, there is your man who has the home association's interest at heart; there is the fellow who can withstand all the impacts of the depression.

As to the Federal Housing Administration, let's ask ourselves a little bit why my government should send its employees down for public records, to find the names of my mortgagors, who are now perfectly satisfied in meeting their obligations, in order to solicit them to change to the new plan which will help somebody make a showing in Washington. I do not see and incidentally do not think I am defending the high cost of credit, because the cost of credit is falling in this country, and it has got to fall—where there is room for the additional one per cent net in there for the new middleman, and we hope you will help us solve this FHA problem.

One thing more on the FHA. It was organized as a device to bring private capital into the field as contrasted with direct government lending. What happens five months after it goes into operation? We find the R. F. C. Mortgage Company buying the mortgages which are insured by another governmental department. I cite no reason for this thing, the direct lending. I do not know what it is, and of course, if that continues, if that expands, why we have another direct lending operation.

Furthermore, as regards the FHA. I believe that one of the things that crashed our mortgage structure in this country was the promiscuous selling of guaranteed mortgages, or individual mortgages, and of real estate mortgage bonds, and I think that we ought to pause just a little bit before we start making a lot of eighty per cent, twenty-year mortgages in a form that they can be bartered and brokered all over this country rather than held by local capital and local institutions.

I noticed in your proceedings that

last year your Federal Legislative Committee gave some attention to the proposed Federal Mortgage Discount Bank, sponsored by the real estate interests.

I do not know how you gentlemen feel, but it seems to me that the thing we are trying to recover from in this country is a greater apparent overdose of credit in the real estate field than anybody realized. You and I know that there are fellows and lots of them with good intentions that would build ten Empire State Buildings in Chicago if someone would furnish the money on the basis we furnished it prior to the great depression. As we analyze the Federal Mortgage Bank Proposal, it boils down to simply this: It seemed to be a device whereby anybody could originate a mortgage and sell it to a Government Mortgage Corporation without recourse. This in essence might be a direct governmental lending operation, dealing in any size mortgage, from one the size of the Empire State Building, right down to homes in your and my community. I am frank to say that our business, our organization sees dangers in such legislation, and I express the hope that as this matter comes before your bodies and your leadership, you will join us in opposing it.

Now, we have a common interest in home ownership. I do not need to sell home ownership to you gentlemen. It is the cornerstone of our Republic. It is the people who came seeking homes who laid the groundwork of this Republic, and I think the home has been responsible for much of the material progress and the security in our country. I am not sure that the ideal of the American home is as deeply ingrained in the folks today as it was in your folks and my folks.

Now, how can we maintain the American ideal of home ownership? Well the only way in the world to do it is to build and sell homes to the American public on a basis on which they want to buy them, and it means, frankly, that we building and loan folks may have to take some general reductions in return on our money. It means that maybe you folks are going to have to redeal your cards a little bit. I think we have either to reduce the cost of labor and materials or else to go to factory production, because you are not going to have people buy and own homes unless they can get a lot for their money, at least as much for their money as when they spend it for automobiles, radios, and all other gadgets. So I hope you folks will join with us, in this whole problem of preserving and developing home ownership. If I may make a personal reference: I want to congratulate the great title companies for the public work they have done in suggesting the producing and ownership of real estate and homes in trust.

Now, home taxation, are we going to do anything about it? Well, my crowd was not interested in home taxation at all until five years ago. Of course, they are very interested now. They are paying taxes on one and one-half billion dollars of real estate now. You know there is a saying, if you touch a man's pocket, you vibrate his whole system. Our folks are beginning to vibrate on the question of home taxation, and it seems to me that with eventually all business being predicated on home ownership, it being economically desirable to the American public, the American public should co-operate in this connection.

Public Housing: I wonder if your great organization has given any consideration to the proposal that we have received in our country, that it is the function and the responsibility of the government to provide new housing for a substantial portion of the citizens of this country? One of the representatives of a governmental department, at the hearings on the Wagner Bill, made the statement that fourteen million families were not provided with decent and sanitary houses, the logical solution, of course, being that it must be done by public housing in some way. Well, there are only twenty-seven million families in the United States, and that includes farm families and everybody else, and, of course, I do not agree with that figure, but I just think that your organization and our association might well have a committee appointed to make some study of this subject, with a view to working out suggestions for the committees of Congress when they come to consider the Wagner House Bill at the next session of Congress. I do not believe, frankly, it is the function of government to become a landlord to its citizens. The view that it should is being supported by perfectly enormous civic, social and labor groups. The petitions that flowed into Congress last year, in support of the Wagner Public Housing Legislation, exceeded anything that Congress has received in modern times, with the exception of the petition at the time the League of Nations' Covenant was under consideration. I do not say I am opposed to public housing. I have studied it in Europe. I have studied it in this country. I do not know but what there is a place for it, but I think business interests should have equal rights in determining policies and not leave them entirely to government planners. Why not treat with the committees of the building and loan interests?

Another point of common interest that I should mention to you, gentlemen, is the Federal Savings and Loan Associations. The last three years Congress has authorized a Federal Board to charter Building and Loan Associations. Some five hundred new ones have been chartered and some five hundred existing institutions have changed their state charters for Federal charters.

I think the thing that is important to you title men in the end is not whether the building and loan industry is going to follow in the footsteps of the banking system and become federalized, but the trouble that arises out of the fact that on the 18th of September the constitutionality of the whole proposal was questioned in a suit filed by the Bankers' Association of the State of Wisconsin, which may raise many questions of title and also many questions as to the legal effect of some eleven hundred institutions which are now operating under the Federal charters.

Now, just a concluding remark or two. It seems to me that competition is a good thing, but it is a better thing if we sit down around the table and plan together. I do not think the insurance company which, in order to get a few dollars of business, offers a four and one-half per cent rate, when it has no intention of loaning money at less than five and one-half or six per cent, even though it makes one or two loans at that rate is doing any great public service. I do not think a title organization which gives one of our associations a cut-rate price is doing any great service. I am not for complete fixing of prices, but it seems to me that in the title business and in the mortgage business, in dealing with the question of charges, we ought to all agree that at least we are going to sit around the table once and tell our associates in business what we are going to do, and why we are going to do it before we go ahead and break the market.

Now, the world is today seeking political solutions to economical problems; therefore, the role and the responsibility of the trade association has changed. It seems to me that in a great business, such as you represent, you should have enrolled literally thousands of men in business, and we ought to all be planning together for the future of our business.

I believe that it is the persistence of the suspicious and distrustful attitude between businessmen which is prompting the government, federal, state and local, to drive wedge after wedge into the American structure of private business.

And there is another thing which we businessmen have been remiss about. We have always been indifferent to the problems of the other fellow, unless it touched our very own pocketbooks. We said, all right, he is going to have to get out of that thing the best he can by himself. Now, it seems to me that we can organize and accomplish something. Those of us who are interested in real estate and real estate investments and real estate titles, we can pool our interests, we can get acquainted, and we can assemble the facts regarding our business, we can show some courage on all of the public questions that affect our business. I see no reason why American business should become permeated with office holders. I think every man in business owes some time to his craft, and by that I mean he owes some time to his trade association, both his time and financial support, and I think that if we are going to preserve this Ameri-

can system of business, we have to give some time to our trade associations, and we must build them up to the place where they are powerful organizations, which will be granted consideration wherever public policies are determined.

We have a wonderful business system to preserve. Our organization will be glad to work with yours in preserving it.

Open Forum—Legal

GEORGE L. ALLIN, *Presiding*
New York

PRESIDENT ROBINS: According to the schedule, we now go into an open forum, and we have the honor and privilege of having with us to preside over the forum George L. Allin, of the firm of Allin, Tucker & Allen, New York City. We all know Mr. Allin and the wonderful work he has done for the title interests of the country. It gives me great pleasure to present to you George L. Allin.

MR. ALLIN: Ladies and gentlemen: I am very much embarrassed by an article that appeared in one of the advance notices of this meeting, signed by our good friend, Mr. Sheridan, because he said so many untruthful things about me in announcing that I was going to be here. I am reminded of a little story of the widow from Florida who was attending the funeral services for her departed husband. She listened with astonishment to the eulogy given by the presiding priest. The dear departed was so kind to his family, so honest and upright in all of his business dealings so generous and so forth. Finally she could stand it no longer. She turned to her little boy and said, "Jimmie, go look at the corpse and see if we are not at the wrong funeral." (Laughter.)

If you will forget the eulogy that has been made about me, I will try to give thought to the questions sent into me.

The purpose of this meeting is a discussion, and not a monologue. I am not here to talk so much as I am to listen to questions or perhaps to answer questions. The rule of an open forum is the rule of a New England town meeting. I am a New Englander. I love the history of the New England town meeting, when the Chairman was merely the hinge on which the door opened and shut, and a good hinge has no squeak; therefore, as Chairman, I shall say very little, and I do hope that upon the subjects that I present—not subjects of my own choosing, but subjects sent in to me—you will do the speaking.

The first question submitted for our consideration is one that seems to have given a great deal of concern, particularly to our friends in New Jersey. The question comes from the New Jersey Title Association: "What is the true interpretation and effect of the stamp provisions of the Internal Revenue Law on deeds taken in lieu of foreclosure?'

In a title that is taken from the mortgagor by deed in lieu of foreclosure, what amount of stamps should be put on the deed? I did not know that there was any particular misunderstanding about that, but it seems that there is at least in New Jersey more controversy than in some other jurisdictions. The regulations and the law are very clear. The tax is epitomized in Article 71 of the Regulations, which is practically in the language of the statute. I am reading from the regulations—"In calculating the amount of stamps which must be affixed to a deed or conveyance, the tax is computed upon the full consideration for the transfer, less all encumbrances which rest on the property before the sale and are not removed by the sale."

Now, there are three situations: In one a deed is taken from the mortgagor or the owner of the property directly to the holder of the mortgage. In another the deed is taken from the mortgagor or holder of the property to someone other than the mortgagee, but who in fact represents the mortgagee, a subsidiary company, a dummy, or what not. And the third is where a deed is taken from the mortgagor or owner of the property to someone who is not the mortgagee or representing the mortgagee.

The regulations have been construed in New Jersey by the Deputy Collector of the District of New Jersey, and he has ruled that in the first two cases you must stamp for the amount of the mortgage, plus any actual consideration that is paid for the deed. In the latter case, you must stamp only for the actual consideration paid for the deed, and his theory seems to be founded upon something which may be true or may be false. If the legal effect of taking a deed to the mortgagee, or someone representing the mortgagee, is to cancel the mortgage, then, of course, you must include in the stamps the amount of the mortgage, because that is what you have actually paid, but if, on the other hand, which is generally the case in my State of New York, the conveyance does not merge the mortgage in the fee, if the mortgagee by appropriate words in the deed has kept alive his lien, then I see no reason for considering the amount of the mortgage. What has been the experience of you gentlemen and ladies on this point? Have any of you had any experience on that point in actual practice, or what is the actual practice in doing it?

MR. PEWCE MECUTCHEN (Philadelphia): I might say I saw other advices. In Pennsylvania we have had a ruling coming from Washington, I should say about three or four years ago to exactly the same effect that came in connection with New Jersey. The fact that there was no merger in the two cases you referred was plain because the deed contained a clause showing it was not intended to merge, and the property was still subject to the mortgage lien. Notwithstanding that fact the answer came back that it was the intention (at any rate the presumed intention) of the grantor to have that mortgage cancelled. Perhaps the matter should have been taken further. I regret just now I do not remember the name of the party in Washington, but he was one of those who was up towards the head, if not at the head.

MR. ALLIN: Did you, in that case, actually cancel the bond or give a release of the bond?

MR. MECUTCHEN: Absolutely not, and we informed Washington, before the last letter came back, that we were taking that position.

MR. ALLIN: Then, you think that is one of the too, all too frequent omnipotences of the Department Bureaucrat who knows the intention of the parties even better than the man himself does. Of course, we are up against that all of the time.

MR. MECUTCHEN: Of course, I do not see how they could take that position and we think there ought to have been a test case. I think about six or eight months ago counsel looked into that situation.

MR. CHARLES C. WHITE (Cleveland, Ohio): I am surprised at this system you speak about, of having your cake and eating it too. Now, the situation I have had, where they do not cancel the mortgage, the clear recitals have meant they wanted to keep that mortgage alive for the purpose of protecting against some subsequent equities of some sort; but that they were the owners of that mortgaged property and also mortgagees does not seem tenable.

MR. FRANK I. KENNEDY (Detroit, Mich.): Maybe I do not understand the situation, but I have seen a good many cases where they have contracted to keep on that mortgage for the purpose of cutting out intervening equities and so forth, but I have never known of such a case where they did not give a covenant not to sue or relieve the mortgagor from his personal obligation of debt.

MR. ALLIN: Of course, in most cases—not in all, but perhaps in most cases—the new present owner of the property is not liable on the mortgage bond because of the devolution of title down to the present owner or in many cases (practically in ninety-nine cases out of a hundred in the city of New York) bonds are not given by the real owners. They are given by dummies. You pay fifteen dollars to a dummy who gives the bond and mortgage and he transfers the property subject to the bond and mortgage to the real owner, so the question you raise does not occur. So the bond is not cancelled. In fact we do not even release the bondsmen. Nobody cares much about bondsmen anyway. Has anybody else had any experience in that?

There is one corollary that takes it from the stamp act into the income tax law. I have a case where the De-

partment has not ruled finally. I feel they have ruled in my favor due to the fact that they have not said otherwise. It is one of those nice cases where we hope everything is all right, but we do not know. There was a case where in 1933 a mortgagee took a deed at three hundred dollars for the bare equity in a piece of property. The mortgagee's loan, with accumulated interest, I would note, was bad. The original loan was fifty thousand dollars, and with about eight thousand of arrearage, was fifty-eight thousand dollars; he paid three hundred dollars for the deed, which made fifty-eight thousand three hundred dollars. He said nothing at all in his income tax—it was a corporation. It said nothing at all in its income tax report in the year 1933 about that transaction, except that in the bookkeeping and in the schedules which you have to file with corporate income tax the transaction did appear. Whereupon, in the Spring of 1935, the auditor for the Federal Government, just getting around to auditing the 1933 report, discovered this note, made some inquiries on it from some appraisers in the city of New York. The auditor relied on the appraisers' opinion, given in 1935 that the property was worth $86,000.00 in 1933. Whereupon the auditor said, "You have purchased for $58,300.00, property that is worth $86,000.00, and the difference between $86,000.00 and $58,300.00 is taxable income to you in the year 1933," although the corporation still in the year 1935 owned the property, and it was carried in the red all of those years.

Now, this is a corollary that they say you must treat as taxable income, the difference between the appraised valuation of property so acquired and the actual cost to you. I do not believe that anybody in authority in Washington will sustain that proposition, but it was so argued by one of the field auditors. Does anybody else want to say anything on this subject?

MR. E. B. SOUTHWORTH (Minneapolis, Minnesota): How far would the failure to attach sufficient revenue stamps go toward invalidating the deed itself?

MR. ALLIN: In the State of New York that question has been settled positively by our Court of Appeals in the negative. Our Court of Appeals has said fairly and squarely many years ago, in the old stamp act that came into effect after the Civil War, that Congress has no power whatever to legislate as to the form or sufficiency of a deed to real property in the State of New York; therefore, the law in my state is settled beyond peradventure that an unstamped deed is just as effective to legally transfer the title and just as much entitled to recording as a deed properly stamped. I do not know that that is the law in all of the states of the Union. I believe it is the law in most of our Eastern states. I know it is the law in the State of New York.

The next question I want to ask you to think about is more in the line of our business. It is not a question of law. It is a question of business practice. The question has been asked from California in this form. It is the custom in California for a title insurance company which in the examination of a title finds a decree in a county other than the county in which the real property is situated, and in a county other than that in which the title insurance company is situated, to demand that it be furnished with a certificate of the proceedings leading up to the decree, which certificate is customarily furnished to it by a title insurance company situated in the county in which the proceedings are had. The questioner would like a discussion of the procedure in cases had in other states; whether it is the duty of the title insurance company that is making up the abstract to go where it must to examine the title, or whether it fulfills its duty to its client by examining the records in its own county only, and calling upon the client to produce the records from some other county which affect the property.

Now, of course, in the multiplicity of our laws, we have many suits affecting real property in any county or a part of a town, which is the governing unit affecting real property. One might own property in Nassau County, for instance, and proceedings may be had in New York or any other county which may affect the property in Nassau county. Our law in partition actions, for example, requires only that the interlocutory judgment, the referee's report of sale, and the final judgment or certified copies should be filed in the county where the property is. All of the rest of the procedure papers remain in the county where the action is brought. Any bankruptcy in the United States will affect the property of the bankrupt anywhere in the United States. A judgment of the United States Court entered in the District Clerk's Office was, until three years ago, a lien on the property of the judgment debtor in the state. Now, under the New York law they have to file that judgment in the County Clerk's Office as well as in the District Court Office. Now, what is your practice throughout the country? Do you limit yourself to the county where the property is, or where you are, or do you go where you must and make a chain of title? Mr. McNeal, what do you know about the practice throughout the country?

MR. W. H. McNEAL (New York): I know nothing definite about the practice, but I think I have some idea about what it should be. I think the title insurance company should go to China, if necessary, to get the title. I believe it would be a benefit in perfecting title. If I find a part of it in my county and a part of the property in your county, I call upon you for the title in your county. If I give you an order for the title to a piece of property, you go wherever you want to, wherever it is necessary to get the evidence of title to satisfy me whether the title is good, bad or indifferent. Do not require the client to go to Europe or another county to find out. That would be my idea of the service to a client, to perform service.

MR. JOHN R. UMSTED (Philadelphia): Mr. Allin, it seems to me that there is a practical situation where by decree of the law you are bound by these bankruptcy proceedings anywhere in the United States. The point is how to dispose of that? The way we have done it is to make our inquiries as to the particular grantor in the title, both where the land is and in the county where he resided. Notwithstanding, those questions are put on the certificate, if necessary, or an investigation is made in advance. We know that when we insure against those bankruptcy proceedings, we are taking all of the risk. Swell! And swallow it! Oh, we can safeguard ourselves to an extent by making inquiry at the time that the insurance or the certificate of insurance is issued. That would be my practical suggestion in all cases, to run that out as fast as possible, and then swallow the rest.

MR. ALLIN: What is your practice, gentlemen and ladies, regarding tax liens? Not real property tax liens, but tax liens like franchise taxes—franchise tax liens, or income tax liens or other liens which are by the statutes of your states liens on all of the property of the taxpayer, even if they are not recorded or filed in any county office where the property is located.

Now, you know in New York—I speak of that mostly because I know about it—a franchise tax against the corporation becomes a lien on all of the property of that corporation from January 1 of the current year, wholly irrespective of whether the report is filed, or the tax is fixed.

We did have, until the Legislature changed it last year, a provision that the money which an employer should pay into the unemployment fund of the state became a lien on the property of the employer from the time he should have paid it, wholly irrespective of the fact that nobody knew how much he should have paid or when he should have paid it. That was changed by the Legislature of 1936, but it was in the law of 1934 and 1935.

What is the practice in other states regarding tax liens? Do you make a search for all corporation taxes in the proper offices? Do you pay any attention to the income tax act?

REPRESENTATIVE FROM OHIO: In Ohio we have the same situation you do in New York. They went right to the tax commission of Ohio to find out what their status is on the question of tax liens. We had a law for a while that provided for the filing of this franchise tax lien in the county where the corporation had its place of business, but the tax commission did not like that; that was repealed, and we

are back to the old system where we have to write to the tax commission of Ohio to get it.

MR. ALLIN: What do you do in the practical case, where you find that a corporation back in the chain of title had not paid taxes during the time or the year it was in the title?

REPRESENTATIVE FROM OHIO: We have a peculiar situation there. I think, to begin with, the corporation is supposed to file its record. If it does not the tax commission itself can fix up some sort of a report for it, but there is a five year limit on their right to do that, so that knocks out a good deal of that.

VOICE: I am from Florida. We have a very difficult matter of taxes down our way. We have many, many incorporated corporations. The Legislature put on a tax on capital stock; also prescribed the corporation report to be made. The result is we have everybody that comes to town, incorporates himself to deal in real estate. There are so many of those corporations to contend with. In the first place, we must ascertain from the Secretary whether taxes have been paid or whether the report was made. Nine out of ten of them we find have not complied with this new statute, so we have then to see to it that title is cleared. They attempted to automatically kill that corporation for non-compliance with this statute. So finally the situation developed that the big corporations like a corporation incorporated for one million dollars, are up against high taxes.

PRESIDENT ROBINS: In Pennsylvania, as to this franchise tax, we have a very satisfactory system: Every corporation has to file a report on or before March 15 for the preceding year. That report goes before what is called the taxing commission. The commission consists of the Secretary, the Revenue Auditor, and the Secretary of the Commonwealth. They study the report, and if it is right, they fix the tax, and then the tax is entered in the Department of Revenue. The law provides this: A lien against all of the property of the corporation from the time it is entered by the taxing commission. There is also a provision in the law that anybody can purchase from the auditor generally a certified search for fifty cents, which will show all of the taxes on the books of the state owing by that corporation, together with the date it was entered, and the lien attached from the date of entry.

MR. CHARLTON L. HALL (Seattle, Wash.): It seems to me we have gotten far away from that original question. I would like to answer that original question, as to what our procedure is in other counties, other than where the property is, if it is being insured. We obtain authority to certify a copy of those proceedings from the county clerk in the other county, or we have one of our men examine those proceedings and give us his opinion that they are correct.

I think that answers the question presented from California.

MR. ALLIN: Yes, it does. Now, are there any other comments on this question? If not, let's pass to the next one. I am rather surprised at the next question that is asked, because I thought, although this is a very large subject in all of the books on real property that I ever read, it is not very often that we run up against it in practical experience; however, perhaps the man who asked it, a gentleman from Kentucky, has had some particular matter that bothered him. We have in New York one very active question on this subject, but only one. The question is, "What to do about forfeiture for breach of a condition subsequent?" Now, of course, we all know that there are conditions precedent and conditions subsequent. We all know under the Common Law of England and the Common Law of the most of our States, the right of re-entry for breach of a condition is personal; is a personal thing to the grantor that passes to his heirs as representatives but does not pass to his heirs as an estate. There is no dominant estate as there is in an easement, but there is a personal right of forfeiture or re-entry.

We have only in New York today practically one crying instance of that. In midtown Manhattan much of the property or land belonged to the city of New York. It was a part of the common lands of the city of New York. Along both the East and the Hudson Rivers, on the east and west sides of Manhattan Island, the land was under water at the time of the conveyance, because Manhattan has been filled in, as you know, for about three blocks on both edges (in some places more). When the city used to convey this land under water, they would convey it to the owner of the adjacent land to run out three hundred or four hundred feet, some times more or less, to the established bulkhead line, on the condition if at any time when the city wanted the proprietor, the grantee, to build the streets, he would build the streets, and whenever the city required him to repair the streets, he would repair the streets, under a penalty of forfeiture if he did not repair or rebuild the streets. Some land has been filled in, some one and one-half centuries ago; the streets have been rebuilt and repaired, and now we have always that condition subsequent, the breach of which might forfeit the title. In title conveyances in New York those have been a fright and a quarrel. In 1889 a law was passed that would abolish it, it looked like. The law provided that any proprietor paying an assessment for paving the street, or by filing a paper stating he has consented to be assessed for paving a street, that would relieve him from the obligation of the covenant and quiet the title. That law was repealed in the dynasty of Mayor Hylan in 1919 and since then we have not known how to go about it. In the last ten years legislation has been introduced at Albany. It has not gotten through.

I do not know who asked this question. If he is here, I wish he would tell why it interests him so much. Have any of you had any trouble with conditions subsequent? Most of them are strictly covenants like we had in the case of Uppington against Corrigan, in our state, where real property was given to a Catholic Priest to use for a church; he did not use it for a church, and the Uppington heirs re-acquired it after many years.

CHARLES C. WHITE (Cleveland, Ohio): The only question of conditions of that sort we met with a good many years ago, in connection with strict covenants. They had to do with reverter covenants that we ran across, but we did not insure until we sent out and got a release.

MR. ALLIN: I would like to ask this question of you gentlemen: If you know that the condition was put on by an individual grantor and the individual grantor had died, leaving a multitude of heirs, do you require that all of the heirs should join in the release, or are you satisfied with the release of one heir?

MR. WHITE: Are you getting back to your Corrigan case? I never could undestand that case. If anybody can tell me the difference between heirs and some individuals who instead of being heirs represent interests, I would like them to do so. I just can not see it.

MR. ALLIN: That is the difference between the right of re-entry and an inheritable estate. The law says that the right of re-entry is not an inheritable estate. They do not take as heirs but as representatives.

MR. WHITE: Is there any possibility that a release from one heir would be an estoppel from the others?

MR. ALLIN: Many conveyancers think it wou'd.

MR. WHITE: I wondered what you thought.

MR. ALLIN: I think it would.

MR. WHITE: I would like to know that because it is very difficult at times. They spread out so far.

MR. ALLIN: It is my private opinion it would. I have no authority to back me up. If a right of re-entry is indivisable and really it is no inheritable thing, that goes to the representatives as such and not as heirs; they do not take anything; they take in a representative capacity. It is a personal thing and a release by one would release as to all. Each has a right to release.

MR. SOUTHWORTH (Minneapolis): Is it the general opinion that a reversion identical in form and character may be retained or imposed in subsequent conveyances of the same property?

MR. ALLIN: Not permitted in the State of New York by statute. Let somebody from a Common Law state answer that question.

MR. WHITE: Mr. Southworth, do you mean that "A" makes a deed of record with conditions and then the grantee makes one and so on down the line?

MR. SOUTHWORTH: More than one reversion on breach of the same condition.

MR. WHITE: I used to work with some of the experts of the American Law Institute. I put that question to all of them. I got about as many answers as there were men.

MR. ALLIN: Of course, in the State of New York you can not have a reversion after a reversion. You can not have a condition upon a condition. That was prohibited by the statute away back in 1830.

VOICE: Mr. Allin, I would like to take a poll on the question of reversion: Assume where there is a restraining covenant say some years ago, which contains a reverted clause. Assume also that the title insurance company has raised that as one of the conditions of its preliminary report, and that neither applicant or title company can get waivers or reversioners cannot get waivers of all of them of such a nature as that. There are three things they can do: One, refuse absolutely insurance at all; two, they can insure if they think it is not very dangerous. For instance, if it is a condition against two certain houses, or a condition against negroes in the South. Third, they can shut their eyes to the thing, and as a business risk they can insure. I would like to see up all hands on the three propositions. In a situation like that, how many refuse to insure at all? About twelve hands.

ANOTHER VOICE: May I make this suggestion: In some cases you might insure against a present violation and would not insure against a future violation.

VOICE: That is a good suggestion. In order to clarify the question, in view of the suggestion, I will say there is no present violation. That clarifies the question.

ANOTHER VOICE: Then we all see it.

VOICE: There is no present violation. There has not been a one story house put on a two-story lot. Now, then, I had better raise it again: Assuming there has been no violation, you may decline to insure against future violations and so forth. Now, may I take that first vote?

MR. ALLIN: Before you take that vote, let me tell you this: I tried to get a title company to insure on that proposition and they came back at me and they said: We see the property, we know there is not a present violation, but we do not know, we have no means of ascertaining that there has not been a violation in the years past which may have forfeited the estate. Then you would have to include that as one of the risks.

VOICE: I was going to assume it might have been a one-story house that was torn down. How many companies—no present violation, no known past violations—would decline to insure at all under those conditions? About six. I mean assume liability for the future. There have been about six, that would not insure at all.

I would like to take the second part of that vote on measuring this. It is not a very likely thing to happen. It is not likely they are to build that kind of a house. It is not a very contentious condition, like Chinese, saloons, or things like that. How many on their finding it was not very dangerous, would go ahead and insure no present violations?

ANOTHER VOICE: I do not understand what you mean by "insuring."

VOICE: Would you leave it off Schedule B?

ANOTHER VOICE: Leave it in there entirely.

MR. ALLIN: Mr. Southworth has one thing more.

MR. SOUTHWORTH: Isn't the answer to those questions predicated upon the title being at issue?

VOICE: Any kind of policy where you would assume the risk of future violations. In other words, leave future reversions from Schedule B. Perhaps I should ask the last one at this time: How many companies do not look into the thing very much anyway; are not much concerned about waiver and are willing, with or without extra fee, to assume reversion losses plainly and so state? There is one who does it. Thanks, Mr. Allin.

MR. ALLIN: The next question I want to ask you is a question that has come to the foreground more in recent years than it ever did before. It has been the custom in New York, I guess, with all of the companies—certainly to a large extent with some of the companies, to take greater risks on mortgage insurance than they will on fee insurance. I presume this is on the theory that if they take a business risk on a mortgage insurance, they have two chances of winning. That is, the first chance is that the mortgage insurance will never be called upon, because the mortgage will be paid off, and then, of course, is the regular business risk that the defect will never come up to obligate you. Now, the question is: "Should an insurance company take more business risks on mortgage policies than they do on fee policies, meaning by business risks some known defect in the title, which they honestly believe will never come up to obligate you, some outstanding interests which have not been sewed up into the general title, or some after born child who possibly under the law would have inherited, although disinherited by the will or something like that? What is the practice of you people here? Do you take more chances on mortgage insurance than on fee insurance?

MR. ALLIN: How many of you take more risks of that kind on mortgage insurance? (A show of hands.) How many of you usually exact the same perfect title on mortgage insurance as you do on fee insurance? (Again a show of hands.) Well, it is about evenly divided.

MR. BENJAMIN J. HENLEY (San Francisco): We have adopted a standard difference between an owner's policy and a mortgagee's policy. We have declined to take any risks for a defect of title which we assume could not be made good in money or the title could not be cleaned up by ourselves. In other words there could be a failure in title such that our insured could be deprived of title to property by an unsuccessful curing of the defect. In such case we would decline to insure. If we could, however, satisfy our obligation to our client by the payment of money, as the payment of a loan, we would insure; or if we could clear up the defect by a quiet title suit, as some claim which was merely a technical rather than an actual claim, we would then decide whether the risk was of sufficient importance to warrant our taking it. If it is merely a question of dollars and cents, we would assume the risk. If it were a question which we could not definitely close up so far as our client is concerned, by the payment of money, we would not assume the risk in any case.

MR. ALLIN: I would like to ask you a very leading question: In a case where the defect can be cured by a payment of money, and, therefore, you are willing to insure against it, do you disclose the risk, the defect of title to the holder of your policy, or do you not?

MR. HENLEY: We will not insure unless it is disclosed to the holder of the policy.

MR. ALLIN: And accepted by him?

MR. HENLEY: Exactly.

MEMBER FROM OHIO: I think that in that question is a sort of tie up with whether or not you are insuring the marketability.

MR. ALLIN: Of course, that is true. A great many policies do not insure marketability. That is, I presume, one of the questions of this convention and all conventions I have attended. I do not suppose it has been solved yet. There is no uniformity as to that. I have in mind now a case that has caused a tremendous amount of trouble because there was an apartment house building upon a lot, which was supposed to be 102 feet and 2 inches deep. That was the center line of the block. The title to the rear two feet and two inches in the depth of the lot was defective. The present owner of the front did not have any title to it whatsoever; nevertheless, the insurance company, without notifying the mortgagee, insured a very large mortgage.

The mortgage was foreclosed. No, I beg your pardon, the mortgage was not foreclosed, but in these troublesome

times it became necessary to reorganize the mortgage. A new party was willing to come in and buy the property from the owners, provided the mortgage was modified by the mortgagee and revamped, but, of course, this two feet and two inches bothered them. It was not the loss of the two feet and two inches that bothered them at all, but it was the effect that that loss had upon the legality of the apartment house, because under our multiple dwelling law, an apartment house of that size had to have an open rear court ten feet deep, and this court was exactly ten feet from the rear wall of the apartment house to the center line of the block. It made the whole apartment house a violating structure. The owner of that mortgage was very very angry indeed against the title company. They knew the objection. It appeared that on their search it was simply marked off as a possible risk, deliberately marked off as a possible risk; it was not disclosed to their policy holder, and it has taken over a year and a half to check up on the heirs of the owner of the two feet and two inches. I do not think, as an outsider, looking into title insurance, that that was the right thing to do.

MR. ALLIN: Here is a question as to the practical amendment of the law, perhaps. The question is asked from the Midwest: Whether there is any procedure governing you in your various jurisdictions whereby the heirship of an intestate owner can be determined judicially beyond peradventure and made a matter of record?

In the State of New York, the inheritance of real property from an intestate is the one and only transfer of real property under which, under our present law, there can not be made an absolute proof of record. We have in our state what is known as the probate of heirship, but it is not good, because the decree of probate of heirship is binding only on those who are cited to the probate, and of course, if you do not know of an heir, you do not cite him.

What is the practice in your state? Tell us about it.

MR. KENNEDY (Michigan): In Michigan we are perfectly fortified with that because our Supreme Court has held that the decree of the probate court in binding the residue is a matter of adjudication because the probate court acts in res rather than in personam.

MR. ALLIN: We have the same law in Connecticut.

MR. KENNEDY: You bring the people in by advertising in the newspapers, according to the statute. That has been sustained in intestate cases. It has been sustained where they have made an erroneous distribution under the will in testate cases. Even in one case, where they cut off a minor, where he could not speak for himself, it was assumed that the Court spoke for him, and it cannot be attacked in any way.

MR. ALLIN: That, I believe, is the law also in California, because in California—you correct me, you know better than I do—I understand in California the property in the first instance goes to the administrator. You get a deed from the administrator to the heirs.

MR. ALLIN: Do you not take a deed from the administrator to the heir?

MR. HENLEY: That can be done, but title vests in the heirs immediately upon death, subject to administration.

MR. ALLIN: What is the rule in some of the other states?

MEMBER FROM PENNSYLVANIA: There is no way of securing a decree on the heirship of real estate.

MR. ALLIN: Isn't that something that your legislative committee should take up and try to get the law modified? We have a terrible condition in New York. We have one outstanding case, known as the Queen's County Card Case, where the title as late as the early nineties, was held to be absolutely unmarketable, because of the possibility of an outstanding heir, who was known to have shipped on a sailing vessel as a boy of nineteen as a sailor before the mast. He sailed from New York harbor to London. He did not return on the ship. When the ship got back in New Work City, the captain was asked by the family, "What had become of the boy?" The captain said, "I do not know," but the story was that "he was killed in a brawl in London, and, of course, as he was only a shipman, we did not pay much attention to it; we came home without him."

He was not heard from from 1859 until the case came up in the early nineties. Our General Term then said, there is a possibility that that boy is still alive or might have married and has children still living, so that the title was declared unmarkable. There was not any way to make it marketable except to admit he was living, and in a partition suit between the heirs, pay into Court his share of the money that was obtained and leave it there twenty years. What is your practice?

MR. WHITE (Cleveland, Ohio): In Ohio, under the new probate code, we have a provision dealing with heirships. It says that anyone relying on that is absolved. I have my doubts about it.

MR. ALLIN: Will you insure?

MEMBER FROM OHIO: I have not been asked yet. I will wait until I get to the bridge.

MR. BENJAMIN J. HENLEY (San Francisco): However, in a case for illustration, where a patent has been issued by the United States to the heirs of John Jones, this question of heirship that you have presented arises, and I suppose that is the question to which your remarks are directed. We have a proceeding in California authorized by the Legislature, which our counsel believes is unconstitutional, a summary proceeding, providing for ten days published notice, in which the decree is entered by the Court, and the identity of their heirs is appropriately to be established. The statute provides that the decree so entered shall have the effect of a judgemnt in rem and binding on all the world.

We feel that that statute is unconstitutional. It is our view that if that statute were merely to provide that the decree would be prima facie evidence, it probably would be Constitutional, because there you would still have the problematical question of whether or not you want to recognize the decree, because it would be a rebuttable decree and insure the title on the basis of such a decree.

I really must stop. I thank you very much indeed for the time you have given me and for the patience you have shown. I like to come to these conventions, because for twenty-five years I was a small cog in a title company, on the inside looking out, and for the last ten years, I have been a small cog on the outside looking in. I, therefore, see these title questions from both sides. I thank you very much. (Great applause.)

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Napa County Title Co.	Napa	14.50
Abstract & Title Insurance Co.	Santa Ana	50.00
Orange County Title Co.	Santa Ana	60.00
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Guaranty Title Co.	Tampa	50.00
United Abstract & Title Insurance Co.	Bradenton	10.00
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Fidelity Title & Guaranty Co.	Orlando	10.00
Guarantee Abstract Co.	St. Petersburg	10.00
West Coast Title Co.	St. Petersburg	10.00
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The Abstract Corp.	DeLand	5.00

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Kane County Abstract Co.	Geneva	20.00
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St. Clair Guaranty & Title Co.	Belleville	25.00
The Sangamon County Abstract Co.	Springfield	25.00
Stephenson County Abstract Co.	Freeport	10.00
Vermilion County Abstract Co.	Danville	20.00
H. B. Wilkinson Co.	Morrison	10.00
Will County Title Co.	Joliet	25.00
Holland Ferguson & Co.	Rockford	25.00
Woodford County Abstract & Title Co.	Eureka	5.00

INDIANA

Elkhart County Abstract Co.	Elkhart	10.00
Wainwright Abstract Co.	Noblesville	10.00
The Jones Abstract Co.	Huntington	5.00
Allen E. Hogue	Vincennes	5.00
Kosciusko Abstract & Title Guaranty Co.	Warsaw	5.00
Lake County Title Co.	Crown Point	25.00
LaPorte County Title Co.	Michigan City	15.00
L. M. Brown Abstract Co.	Indianapolis	50.00
Union Title Co.	Indianapolis	100.00
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Wayne County Abstract Co.	Richmond	10.00
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IOWA

M. R. McCollom	Greenfield	2.00
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Security Abstract Co.	Mason City	5.00
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Abstract & Title Guaranty Co.	Clinton	5.00
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LOUISIANA

Mayo Title Co.	Lake Charles	25.00
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MASSACHUSETTS

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Borland Abstract Co.	Saginaw	10.00
Saginaw Abstract Co.	Saginaw	10.00
The Dawson Benedict Co.	Sandusky	5.00
Tuscola County Abstract Co.	Caro	10.00
Washtenaw Abstract Co.	Ann Arbor	10.00
Abstract & Title Guaranty Co.	Detroit	200.00
Burton Abstract & Title Co.	Detroit	100.00

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Anderson Abstract & Title Co.	Detroit Lakes	5.00
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Pryor Abstract Co.	Duluth	20.00
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Cooper County Abstract Co.	Boonville	10.00
H. F. Hansen	Union	20.00
Henry County Abstract Office	Clinton	3.00
Kansas City Title & Trust Co.	Kansas City	100.00
Missouri Abstract & Title Insurance Co.	Kansas City	25.00
Linn County Abstract Co.	Linneus	10.00
Ryan & Carnaham	Chillicotte	2.50
Wells Abstract Co.	Hannibal	5.00
McCutchen & Son	Unionville	5.00
Land Title Insurance Co.	Clayton	100.00
Title Insurance Corp. of St. Louis	St. Louis	250.00
Chas. H. Groom	Forsyth	5.00
D. D. Hamilton & Co.	Marshfield	2.00

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C. E. Frisbee	Cut Bank	5.00
J. J. McDonald	Philipsburg	5.00
Hill County Abstract Co.	Havre	5.00
Judith Basin County Abstract Co.	Stanford	5.00
Livingston Land & Abstract Co.	Livingston	5.00
Park County Abstract Co.	Livingston	5.00
C. M. Kelley	Lewistown	5.00
Moylan Abstract Co.	Malta	5.00
Pondera County Abstract Co.	Conrad	20.00
Powder River Abstract Co.	Broadus	3.00
Northwestern Title Co.	Forsyth	5.00
Sanders County Abstract & Title Insurance Co.	Thompson Falls	5.00
Stillwater Abstract Co.	Columbus	5.00
The Teton County Abstract Co.	Choteau	5.00
Wheatland Abstract Co.	Harlowton	5.00
Abstract Guaranty Co.	Billings	50.00

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J. F. Hanson & Co.	Fremont	10.00
Roth & Larson	Holdrege	4.00
R. H. Mathew	Loup City	2.00

NEVADA

H. S. Taber	Elko	2.50
Washoe County Title Guaranty Co.	Reno	10.00

NEW JERSEY

Irvington Mortgage & Title Guaranty Co.	Irvington	10.00
Edward C. Wyckoff	Newark	5.00

NEW MEXICO

Gessert-Sanders Abstract Co.	Roswell	5.00
Avery-Bowman Co.	Santa Fe	10.00

NEW YORK

Frederick M. Hosmer	Auburn	10.00
Abstract Title & Mortgage Corp.	Buffalo	200.00
Central New York Abstract Co.	Utica	25.00
Home Title Guaranty Co.	Brooklyn	50.00
Harris, Beach, Folger, Bacon & Keating	Rochester	5.00
Chas. M. Swezey	New York	5.00
New York Title Insurance Co.	New York	25.00
Title Guarantee & Trust Co.	New York	100.00
George A. Loewenberg, Syracuse Title & Guaranty Co.	Syracuse	10.00
Mohawk Abstract Corp.	Schenectady	10.00
Empire State Abstract Corp.	Bath	12.50

NORTH DAKOTA

North Dakota Title Association		100.00
The Northern Abstract Co.	Fargo	12.00
Mercer County Abstract Co.	Stanton	5.00
The Nandan Abstract Co.	Mandan	10.00
Pierce County Abstract Co.	Rugby	6.00
The Butler Co.	Lisbon	5.00
Treumann Abstract Co.	Grafton	5.00
Williams County Abstract Co.	Williston	10.00

OHIO

W. E. Peters	Athens	10.00
The Cuyahoga Abstract Title & Trust Co.	Cleveland	50.00
Land Title Guarantee & Trust Co.	Cleveland	150.00
Erie County Title Co.	Sandusky	10.00
The Guarantee Title & Trust Co.	Columbus	25.00
Title Guarantee & Trust Co.	Cincinnati	75.00
Ross J. Wetherald	Findlay	10.00
Title Guarantee & Trust Co.	Toledo	100.00
Smith-Trump Abstract Co.	Canton	5.00
C. E. Yutzey	Canton	5.00
Bankers Guarantee Title & Trust Co.	Akron	25.00
The Northern Ohio Guarantee Title Co.	Akron	10.00
Summit Title & Abstract Co.	Akron	10.00
The Trumbull County Abstract Co.	Warren	10.00

OKLAHOMA

The Oklahoma Abstract Co.	Cherokee	5.00
Sayre Abstract & Title Guaranty Co.	Sayre	5.00
Lacey-Pioneer Abstract Co.	Anadarko	5.00
Cotton County Abstract Co.	Walters	5.00
Vinita Title Co.	Vinita	5.00
Lafe-Speer Abstract Co.	Sapulpa	10.00
Washita Valley Abstract Co.	Chickasha	5.00
Overton Abstract Co.	Mangum	6.00
Pioneer Abstract & Title Co.	Buffalo	5.00
Atlas Abstract Co.	Holdenville	7.50
Albright Title & Trust Co.	Newkirk	12.50
Security Abstract Co.	Newkirk	5.00
Kiowa County Abstract Co.	Hobart	10.00
Major County Abstract Co.	Fairview	5.00
Mayes County Abstract Co.	Pryor	10.00
The Eufaula Abstract Co.	Eufaula	5.00
E. O. Clark Abstract Co.	Muskogee	10.00
Title Abstract Co.	Nowata	5.00
American-First Trust Co.	Oklahoma City	200.00
Pawhuska Abstract & Title Co.	Pawhuska	5.00
Meurer Abstract Co.	Pawnee	12.50
Hoke & Hoke	Stillwater	2.00
Payne County Abstract Co.	Stillwater	4.00
Johnston Abstract & Loan Co.	Claremore	10.00
Slief-Vaughn Abstract Co.	Cheyenne	4.00
Duncan Abstract Co.	Duncan	10.00
Guaranty Abstract & Title Co.	Guymon	5.00
Wagoner County Abstract Co.	Wagoner	20.00
Washita County Abstract & Title Co.	Cordell	5.00

OREGON

Oregon Title Association		100.00
Baker Abstract & Title Co.	Baker	20.00
Title & Trust Co.	Oregon City	10.00
Astoria Abstract Co.	Astoria	10.00
Columbia County Abstract Co.	St. Helens	20.00
Bend Abstract Co.	Bend	5.00
Hood River Abstract & Investment Co.	Hood River	13.00
Jackson County Abstract Co.	Medford	20.00
Jefferson County Abstract Co.	Madras	5.00
Wilson Title & Abstract Co.	Klamath Falls	15.00
Lane County Abstract Co.	Eugene	15.00
Title Abstract Co. of Eugene	Eugene	10.00
Linn County Abstract Co.	Albany	10.00
Union Abstract Co.	Salem	10.00
Salem Abstract Co.	Salem	15.00
Morrow County Abstract & Title Co., Inc.	Heppner	10.00
Commonwealth Inc.	Portland	50.00
Pacific Abstract Title Co.	Portland	25.00
Title & Trust Co.	Portland	75.00
Hartman Abstract Co.	Pendleton	40.00
The Abstract & Title Co.	La Grande	5.00
Wallowa Law, Land & Abstract Co.	Enterprise	10.00

PENNSYLVANIA

Pennsylvania Title Association		500.00
Lawyers Title Co.	Pittsburgh	25.00
Chelten Title Co.	Pittsburgh	50.00
The Colonial Title Co.	Philadelphia	50.00
Land Title Bank & Trust Co.	Philadelphia	100.00
North Philadelphia Trust Co.	Philadelphia	25.00
Pennsylvania Title Insurance Co.	Philadelphia	100.00

RHODE ISLAND

Title Guarantee Co. of Rhode Island	Providence	25.00

SOUTH DAKOTA

Brookings County Abstract Co.	Brookings	3.00
Jas. H. Exon Abstract Co.	Lake Andes	6.00
Southwick Abstract Co.	Watertown	5.00
Harding County Abstract Co.	Buffalo	2.50
Getty Abstract Co.	Sioux Falls	10.00
Allen Bros., Inc.	Rapid City	5.00
The Dakota Title & Investment Co., Inc.	Rapid City	10.00
Perkins County Abstract Co.	Bison	5.00
Roberts County Abstract Co.	Sisseton	10.00
Spink County Abstract & Insurance Co.	Refield	5.00

TENNESSEE

Title Guaranty & Trust Co.	Chattanooga	200.00
Bluff City Abstract Co.	Memphis	25.00
Commerce Title Guaranty Co.	Memphis	25.00
Memphis Abstract Co.	Memphis	25.00
Union Planters Title Guaranty Co.	Memphis	25.00

TEXAS

Guarantee Abstract Co.	Archer City	5.00
Alamo Abstract & Title Guaranty Co.	San Antonio	10.00
Brazoria County Abstract Co.	Angleton	10.00
W. W. Howeth Co.	Gainesville	5.00
Dallas Title & Guaranty Co.	Dallas	25.00
A. O. Thompson Abstract Co.	Hereford	5.00
Vandervoort Abstract Co.	Carrizo Springs	5.00
Fayette County Abstract Co., Inc.	La Grange	5.00
Stewart Title Guaranty Co.	Galveston	100.00
Elliott & Waldron Abstract Co.	Longview	5.00
Donegan Abstract Co.	Seguin	5.00
Title Guaranty Co.	Quanah	4.00
American Title Guaranty Co.	Houston	5.00
Houston Title Guaranty Co.	Houston	25.00
The Hays County Abstract Co.	San Marcos	5.00
Dilworth Abstract & Title Co.	Waco	10.00
Guaranty Title & Trust Co.	Corpus Christi	25.00
Big Bend Title Co.	Marfa	5.00
Home Abstract Co.	Fort Worth	25.00

UTAH

Home Abstract Co.	Ogden	7.50

WASHINGTON

Adams County Abstract Co.	Ritzville	22.00
Asotin County Title Co.	Clarkston	2.00
Chelan County Abstract Co.	Wenatchee	24.00
Valley Title Co.	Wenatchee	14.00
Clallan County Abstract Co.	Port Angeles	22.00
Clarke County Abstract Co.	Vancouver	29.00
Fletcher-Daniels Abstract Co.	Vancouver	24.00
Wallace Abstract Co.	Dayton	2.00
Cowlitz County Title Co.	Longview	24.00
Douglas County Title Abstract Co.	Waterville	22.00
Citizens Abstract Co.	Pasco	12.00
Garfield County Abstract Co.	Pomeroy	14.00
Grant County Title Abstract Co.	Ephrata	24.00
Grays Harbor Title Co.	Aberdeen and Montesano	24.00
Pacific Title Co.	Montesano	14.00
Jefferson County Abstract Co.	Port Townsend	12.00
S. W. Peach & Son	Port Townsend	2.00
Lawyers & Realtors Title Insurance Co.	Seattle	40.00
Puget Sound Title Insurance Co.	Seattle	70.00
Seattle Title Co.	Seattle	40.00
Washington Title Insurance Co.	Seattle	200.00
Port Orchard Abstract Co.	Bremerton	14.00
Thomas Ross	Port Orchard	19.00
Kittitas County Abstract Co.	Ellensburg	12.00
Lewis County Abstract Co.	Chehalis	6.00
Mason County Abstract & Title Co.	Shelton	12.00
Okanogan Title Co.	Okanogan	2.00
A. P. Leonard Abstract Co.	South Bend	2.00
Pacific County Abstract & Title Co.	South Bend	2.00
Commonwealth Title Insurance Co.	Tacoma	37.50
Tacoma Title Co.	Tacoma	37.50
Skagit County Abstract Co.	Mount Vernon	24.00
Everett Abstract & Title Co.	Everett	14.00
Snohomish County Abstract Co.	Everett	34.00
Northwestern Title Insurance Co.	Spokane	72.50
Stevens County Abstract Co.	Colville	4.00
Capital City Abstract Co.	Olympia	10.00
Thurston County Abstract Co.	Olympia	4.00
Dean McLean Abstract Co.	Walla Walla	24.00
Bellingham Abstract Co.	Bellingham	34.00
Whatcom County Abstract Co.	Bellingham	34.00
Whitman Abstract Co.	Colfax	24.00
Yakima Abstract & Title Co.	Yakima	34.00
Yakima Title Guaranty & Abstract Co.	Yakima	14.00

WISCONSIN

Barron County Abstract Co	Barron	5.00
Chippewa County Abstract Co.	Chippewa Falls	5.00
Dane County Title Co.	Madison	10.00
Dodge County Title & Abstract Co.	Juneau	20.00
Fond du Lac County Abstract Co.	Fond du Lac	5.00
Kenosha County Abstract Co.	Kenosha	10.00
Runkel Abstract & Title Co.	Warsau	5.00
Security Abstract & Title Co.	Milwaukee	50.00
Title Guaranty Co. of Wisconsin	Milwaukee	75.00
Belle City Abstract Co.	Racine	10.00
Greenlaw-Thomas Abstract Co.	Oshkosh	10.00

WYOMING

Albany County Pioneer Abstract Co.	Laramie	5.00
Natrona County Abstract & Loan Co.	Casper	5.00

Registration, Springfield, 1936

Alabama

Anderson, David P.	Alabama Title & Trust Co.	Birmingham
Goodloe, J. W.	Title Insurance Co.	Mobile
Patterson, H. S., Jr.	Etowah Abstract Co.	Gadsden

Arkansas

Berard, L. E.	Phillips Co. Abst. & Loan Co., Inc.	Helena

California

Adams, Claude H.	California Land Title Assn.	Los Angeles
Bomer, S. E.	Salinas Title Guarantee Co.	Salinas
Bruck, Porter	Title Insurance & Trust Co.	Los Angeles
Bruck, Mrs. Porter		Los Angeles
Govan, William	Northern Counties Title Ins. Co.	San Francisco
Govan, Mrs. William		San Francisco
Henley, Benj. J.	Cal. Pacific Title & Trust Co.	San Francisco
Landels, Edward D.	Cal. Pacific Title & Trust Co.	San Francisco
Morton, Thos. G.	Title Insurance & Guaranty Co.	San Francisco
Mullen, L. E.	Contra Costa County Title Co.	Martinez
Porter, William S.	Security Title Ins. & Guar. Co.	Los Angeles
Reimers, Geo. A.	Title Guarantee & Trust Co.	Los Angeles
Reimers, Mrs. Geo. A.		Los Angeles
Smith, Mortimer	Oakland Title Ins. & Gty. Co.	Oakland
Stoney, Donzel	Title Insurance & Guaranty Co.	San Francisco
Webber J. B.	National Title Insurance Co.	Los Angeles

Colorado

Hughes, D. Lloyd	The Record Abstract Co.	Denver
Lacher, Walter	Montrose Co. Abstract Co.	Montrose
Painter, Chas. F.	Painter Abst. & Ins. Ag'cy Co.	Telluride
Roberts, Dyson	Platte Valley Title & Mtge. Co.	Sterling

Connecticut

Rhodes, Jas. E., II	Travelers Insurance Co.	Hartford

Florida

DeMott, Richard H.	Florida Southern Abst. & Title Co.	Winter Haven
Hoover, A. W.	Southern Title Co.	Miami
Hoover, Mrs. A. W.		Miami
Peabody, Don	Gty. Title & Abstract Corp.	Miami
Peabody, Mrs. Don		Miami
Smiley, Russell G.	West Coast Title Co.	St. Petersburg
Smiley, Rosila M.		St. Petersburg
Smith, Albert P.	Abstract Co. of Sarasota	Sarasota
Smith, Mrs. Albert P.		Sarasota
Wetherington, A. B.	Title & Trust Co. of Florida	Jacksonville

Illinois

Beard, Miss F. M.	The Sangamon Co. Abst. Co.	Springfield
Bennett, Miss Bertha		Petersburg
Bennett, D. L.		Petersburg
Bennett, Ted		Petersburg
Brents, Homer	Brents-Patterson Abst. Co.	Taylorville
Brents, Mrs. Homer		Taylorville
Brew, Miss Helen	Pike County Abstract Co.	Pittsfield
Burtschi, Jos. C.	Burtschi Bros. & Co.	Vandalia
Carmody, Will M.	Ford Co. Abstract Co.	Paxton
Chittenden, G. P.	McHenry Co. Abstract Co.	Woodstock
Conrad, C. B.	DeKalb Co. Abstract Co.	Sycamore
Dall, J. M.	Chicago Title & Trust Co.	Chicago
Elliff, Nathan T.	John T. Elliff	Pekin
Fortune, Jos. E.	Title & Trust Co.	Peoria
Fuhrmann, H. P.	Chicago Title & Trust Co.	Chicago
Gerke, H. C.	Madison Co. Abst. & Title Co.	Edwardsville
Gerke, Mrs. H. C.		Edwardsville
Goldman, Sam	National Survey Service	Chicago
Gordon, Paul	Brown, Hay & Stephens	Springfield
Gripp, E. A.	Rock Island Co. Abstract & Title Gty. Co.	Rock Island
Gripp, Mrs. E. A.		Rock Island
Hickox, Warren	Kankakee Co. Title & Trust Co.	Kankakee
Hickox, Mrs. Warren		Kankakee
Hill, J. D. G.	Logan County Title Co.	Lincoln
Hiltabrand, B. F.	McLean County Abstract Co.	Bloomington
Hiltabrand, M. E.	McLean County Abstract Co.	Bloomington
Hutchings, S. W.	Hutchings & Hutchings	Nashville
Jones, O. W.	Jackson Co. Abst. & Title Guar. Co.	Murphysboro
Lamphere, L. C.	Rock Island Co. Abst. & Title Gty. Co.	Rock Island
Marriott, A. C.	Chicago Title & Trust Co.	Chicago
Marsh, Harry C.	Douglas Co. Abst. & Loan Co.	Tuscola
Marsh, Mrs. Harry C.		Tuscola
Maxson, R. L.	Associated Abstract Co.	Champaign
Maxson Mrs. R. L.		Champaign
Melin, F. L.	The Sangamon Co. Abst. Co.	Springfield
Melin, Mrs. F. L.		Springfield
Myron, A. T.	Chicago Title & Trust Co.	Chicago
Oshe, M. M.	Chicago Title & Trust Co.	Chicago
Parker, L. R.	Logan County Title Co.	Lincoln
Payton, H. F.	The Sangamon Co. Abst. Co.	Springfield
Payton, J. K.	The Sangamon Co. Abst. Co.	Springfield
Payton, Mrs. J. K.		Springfield
Pearson, H.	Vermilion County Abst. Co.	Danville
Pettit, Glen	Pettit & Pettit	Mt. Vernon
Pettit, Mrs. Glen		Mt. Vernon
Price, Fred M.	Champaign County Abst. Co.	Champaign
Pullen, Paul P.	Chicago Title & Trust Co.	Chicago
Rice, Kenneth E.	Chicago Title & Trust Co.	Chicago
Ritchie, Carl A.	H. B. Wilkinson Co.	Morrison
Rogers, A. L.	Illinois Title Co.	Waukegan
Schrader, H. C. G.	St. Clair Gty. & Title Co.	Belleville
Schilling, Victor	Champaign County Abst. Co.	Champaign
Shelledy, R. K.	Nelson Title Co.	Paris
Theis, Chas. H.	Home Abstract & Title Co.	Edwardsville
Thomas, E. E.	The Sangamon Co. Abst. Co.	Springfield
Trutter, F. L.		Springfield
Tupper, E. J.	E. J. Tupper Co.	Galesburg
Walter, Miss Jeanne	Kendall Co. Loan & Abst. Co.	Yorkville
Wead, DeForest E.	Title & Trust Co.	Peoria
Westermeir, Mae B.	Casper Westermeir Abst. Co.	Carlinville
Williams, Miss N.	Vermilion Co. Abstract Co.	Danville
Wilson, Walker	Vermilion County Abstract Co.	Danville
Winchell, H. D.	The Sangamon Co. Abst. Co.	Springfield
Yakley, Miss E. M.	Pike County Abstract Co.	Pittsfield

Indiana

Barker, William L.	Barker's Abstract Office	Boonville
Brown, Hiram	L. M. Brown Abstract Co.	Indianapolis
Coval, Willis N.	Union Title Co.	Indianapolis
Edler, E. J.	Lake County Title Co.	Crown Point
Furr, Russell A.	L. M. Brown Abstract Co.	Indianapolis
Furr, Mrs. Russell A.		Indianapolis
Ireton, M. E.	Wayne County Abstract Co.	Richmond
Males, Mary L.	Wayne County Abstract Co.	Richmond
Morgan, Mrs. J. R.	Johnson Abstract Co.	Kokomo
Stockwell, R. W.	Union Title Co.	Indianapolis
Suelzer, A. W.	Kuhne & Company, Inc.	Fort Wayne
Taylor, John D.	Taylor & Taylor	Danville
Tharp, Mrs. Rufus	Johnson Abstract Co.	Kokomo
Wattles, C. P.	Abst. & Title Corp. of South Bend	South Bend
Wheeler, L. L.	LaPorte County Title Co.	Michigan City
Wheeler, Mrs. L. L.		Michigan City
Williams, Herbert	Anderson Abstract Co.	Kokomo

Iowa

Johnson, Carl	Johnson Abstract Co.	Oskaloosa
Johnson, R. F.	Bankers Life Co.	Des Moines
Johnson, Mrs. R. F.		Des Moines
Josephson, Melvin	Boone Co. Abst. & Loan Co.	Boone
Loomis, John R.	The Loomis Abstract Co.	Red Oak
Madden, A. L.	Madden & Madden	Muscatine
Minor, G. G.	Fry Manufacturing Co.	Des Moines
Minor, Mrs. G. G.		Des Moines
Momyer, C. A.	C. A. Momyer & Sons	Algona
Murphy, J. A.	Ida County Abstract Co.	Ida Grove
Murphy, Mrs. J. A.		Ida Grove
Parker, J. A.	Humboldt Co. Abstract Co.	Humboldt
Rogers, Chas. T.	Grundy County Abstract Co.	Grundy Center
Smith, Ralph B.	Smith's Title Service	Keokuk
Smith, R. Buell	Smith's Title Service	Keokuk

Kansas

Coughlin, Edward H.	Coughlin & Coughlin	Paola
Jeffery, Mrs. Pearl K.		Columbus
Miller, J. I.	Montgomery Co. Abstract Co.	Independence
Miller Mrs. J. I.		Independence
Rohrer, Miss Laura	Geary County Abstract Co.	Junction City
Stowell, Miss Helen M.		Garden City
Wilkin, Fred T.	The Security Abstract Co.	Independence
Wilkin, Mrs. Fred T.		Independence

Kentucky

Fowler, J. W., Jr.	Franklin Title & Trust Co.	Louisville
Rogers, W. L.		Louisville
Sea, Andrew M., Jr.	Title Insurance & Trust Co.	Louisville

Louisiana

Nesom, W. E.	Caddo Abstract Co., Ltd.	Shreveport

Maryland

Buck, Chas.	The Maryland Title Guar. Co.	Baltimore
Buck, Mrs. Chas.		Baltimore

Michigan

Barnes, F. E.	Gratiot County Abstract Co.	Ithaca
Barnes, Mrs. F. E.		Ithaca
Elwood, DeWitt	Guaranty Bond & Mortgage Co.	Flint
Gibson, Claire	Title Bond & Mortgage Co.	Kalamazoo
Kennedy, Frank I.	Abstract & Title Guaranty Co.	Detroit
Long, Delbert D.	Mecosta County Abstract Co.	Big Rapids
McNeil, A. A.	Van Buren County Abst. Office	Paw Paw
Sheridan, J. E.	American Title Association	Detroit
Sheridan, Mrs. J. E.		Detroit

Minnesota

Pryor, W. H.	Pryor Abstract Co.	Duluth
Schmidt, H. A.	Winona County Abst. Co.	Winona
Schmidt, Mrs. H. A.		Winona
Soucheray, Henry	St. Paul Abstract & Title Guar. Co.	St. Paul
Southworth, E. B.	Title Ins. Co. of Minnesota	Minneapolis
Southworth, Mrs. E. B.		Minneapolis
Whitney, N. J.	Freeborn County Abstract Co.	Albert Lea

Mississippi

Bouslog, M. P.		Gulfport

Missouri

Barnes, W. H.	General Title Service Corp.	Clayton
Becker, Ralph C.	Ralph C. Becker, Inc.	St. Louis
Buchanan, E. C.		Independence

Buchanan, Mrs. E. C.		Independence
Conger, Frank S.	Conger Abstract Company	Harrisonville
Conger, Mrs. Frank S.		Harrisonville
Coppinger, C. H.	Clay County Abstract Co.	Liberty
Coppinger, Mrs. C. H.		Liberty
Gerion, Miss Rose		St. Louis
Gill, McCune	Title Ins. Corp. of St. Louis	St. Louis
Gill, Mrs. McCune		St. Louis
Hansen, H. F.		Union
Harrison, Charlene	The Harrison Co. Abstract Co.	Bethany
Holliday, Geo. S.	Henry County Abstract Office	Clinton
Hubbard, Mrs. J. H.	Chariton Co. Abst. & Title Co.	Keytesville
Kircher, Theo. E.	Federal Land Bank of St. Louis	St. Louis
Lincoln, W. A.	Lincoln Abstract Co.	Springfield
Martin, Wm. C.	Martin Abstract Co.	Troy
McDaniel, Lex	Kansas City Title & Trust Co.	Kansas City
McNeal, Wm. H.	Employers Re-Insurance Corp.	Kansas City
Mills, Loren M.	Wells Abstract Co.	Hannibal
Mills, Mrs. Loren M.		Hannibal
Platt, Chet A.	Burch & Platt Abstract Co.	Jefferson City
Rohan, Jas. M.	Land Title Insurance Corp.	St. Louis
Rohan, Mrs. Jas. M.		St. Louis
Rogers, Warren	General American Life Ins. Co.	St. Louis
Rogers, Mrs. Warren		St. Louis
Schlosser, T. A.	General American Life Ins. Co.	St. Louis
Schlosser, Mrs. T. A.		St. Louis
Schubel, W. J. A.	The Jefferson Co. Abstract Co.	Hillsboro
Smith, John Henry	Kansas City Title & Trust Co.	Kansas City
Vardeman, C. B.	Missouri Abst. & Title Ins. Co.	Kansas City

Montana

Dykins, C. W.	Realty Abstract Co.	Lewistown

Nebraska

Crosby, Col. Leo J.	Leo J. Crosby Co.	Omaha
Crosby, Mrs. Leo J.		Omaha

New Jersey

Amerman, John A.	Prudential Insurance Co.	Newark
Maisch, Chas. F.	Title Abstracters Ass'n of N. J.	Toms River
Maisch, Mrs. Chas. F.		Toms River

New York

Allin, George L.	Allin, Tucker & Allen	New York
Allin, Mrs. Geo. L.		New York
Barr, Culver A.	Abstract Title & Mtge. Corp.	Rochester
Fischer, Chas. W.	Abstract Title & Mtge. Corp.	Buffalo
Fitch, Mrs. A. S.		Buffalo
Loewenberg, Geo. A.	Syracuse Title & Gty. Co.	Syracuse
Loewenberg, Mrs. Geo. A.		Syracuse
Stewart, Alfred T.	Stewart & Spencer	Rochester
Stewart, Mrs. Alfred T.		Rochester
Wilcox, Geo. C.		Rochester

North Dakota

Arnot, A. J.	Burleigh County Abst. Co.	Bismarck
Summers, C. S.	Burke Abstract Co.	Bowbell

Ohio

Atmur, Miner A.	Atmur & Atmur	Lima
Atmur, Mrs. Miner A.		Lima
Cox, M. H.	Land Title Gty. & Trust Co.	Youngstown
Cox, Mrs. M. H.		Youngstown
Hall, Fred A.	Land Title Gty. & Trust Co.	Cleveland
Hall, Mrs. Fred A.		Cleveland
Herrick, Earl	The Cuyahoga Abst., Title & Trust Co.	Cleveland
Mazanec, John S.	The Cuyahoga Abst., Title & Trust Co.	Cleveland
Newman, Leo D.	The Cuyahoga Abst., Title & Trust Co.	Cleveland
Southwick, E. B.	The Title Guar. & Trust Co.	Cincinnati
Werner, Leo S.	The Title Guar. & Trust Co.	Toledo
Werner, Mrs. Leo S.		Toledo
White, Chas. C.	Land Title Guar. & Trust Co.	Cleveland
Zaiser, W. C.	Land Title Guar. & Trust Co.	Elyria
Zaiser, Mrs. W. C.		Elyria

Oklahoma

Gill, William	American-First Trust Co.	Oklahoma City
Gill, Mrs. William		Oklahoma City
Kirkpatrick, Clay F.	Guaranty Abstract Co.	Tulsa
Kirkpatrick, Glade R.	Guaranty Abstract Co.	Tulsa
Lucas, Helen	Atlas Abstract Co.	Holdenville

Oregon

Daly, Walter M.	Title & Trust Co.	Portland
Gage, Dr. Daniel	University of Oregon	Eugene
Johns, J. S.	Hartman Abstract Co.	Pendleton

Pennsylvania

Brenner, Preston D.	Chelten Title Co.	Philadelphia
Brenner, Mrs. Preston D.		Philadelphia
Brewster, C. Barton	Provident Title Co.	Philadelphia
Byrnes, William C.	Integrity Trust Co.	Philadelphia
Byrnes, Mrs. William C.		Philadelphia
Kennedy, D. J.	The Bryn Mawr Trust Co.	Bryn Mawr
Mecutchen, Pierce	Real Estate-Land Title & Trust Co.	Philadelphia
McKee, S. H.	Title Guaranty Co.	Pittsburgh
Robins, Henry R.	Commonwealth Title Co. of Philadelphia	Philadelphia
Robins, Mrs. Henry R.		Philadelphia
Umsted, John R.	Commonwealth Title Co. of Philadelphia	Philadelphia
Umsted, Mrs. John R.		Philadelphia

South Dakota

Exon, John J.	Jas. H. Exon Abstract Co.	Lake Andes
Exon, Mrs. John J.		Lake Andes
Helgerson, A.	Lincoln County Title Co.	Canton
Williams, R. G.	Southwick Abstract Co.	Watertown

Tennessee

Adams, John C.	Commerce Title Guaranty Co.	Memphis
Beck, W. S.	The Title Guar. & Trust Co.	Chattanooga
Beck, Mrs. W. S.		Chattanooga
Boren, J. L.	Bluff City Abstract Co.	Memphis
Walton, E. B.	The Guaranty Title Co.	Nashville
McNeilly, W. W.	The Guaranty Title Co.	Nashville
Washington, F. A.	The Guaranty Title Co.	Nashville

Texas

Breaker, Frank J.	American Title Guaranty Co.	Houston
Breaker, Mrs. Frank J.		Houston
Mizell, DuBart	Kaufman Co. Abstract Co.	Kaufman
Mizell, Mrs. DuBart		Kaufman
Moody, A. S.	Texas Abstract Co.	Houston
Morris, Carloss	Stewart Title Guaranty Co.	Houston
Rattikin, Jack	Home Abstract Co.	Fort Worth
Rattikin, Mrs. Jack		Fort Worth
Simmons, Ira B.	Houston Title Guaranty Co.	Houston

Virginia

Bramble, W. L.	The Life Ins. Co. of Virginia	Richmond
Dunn, Richard M.	Lawyers Title Insurance Corp.	Richmond
Rawlings, George C.	Lawyers Title Insurance Corp.	Richmond
Smith, H. Laurie	Lawyers Title Insurance Corp.	Richmond

Washington

Hall, Charlton L.	Washington Title Insurance Co.	Seattle
Taylor, F. L.	Northwestern Title Ins. Co.	Spokane
Woodford, J. W.	Lawyers & Realtors Title Insurance Co.	Seattle

Wisconsin

Boles, C. E.	First Bond & Mortgage Co.	Wisconsin Rapids
Boles, Mrs. C. E.		Wisconsin Rapids
Gordon, F. M.	Northwestern Mutual Life Insurance Co.	Milwaukee
Hoyt, Ralph M.	Title Gty. Co. of Wisconsin	Milwaukee
Hoyt, Mrs. Ralph M.		Milwaukee
Lund, Samuel	Jackson County Abstract Co.	Black River Falls
Miller, Miss Grace	Belle City Abstract Co.	Racine
Miller, Miss Hazel K.	Belle City Abstract Co.	Racine
Nethercut, W. R.	Northwestern Mutual Life Insurance Co.	Milwaukee
Nethercut, Mrs. W. R.		Milwaukee
Norton, Miss Vina	Racine Abstract Co.	Racine
Patrick, Jas. J.	Knight-Barry Abstract Co.	Racine
Steigerwald, A.	Security Abstract & Title Co.	Milwaukee
Turkelson, Esther	Kenosha Abstract Co.	Kenosha
Wright, Royce E.	Title Gty. Co. of Wisconsin	Milwaukee
Wright, Mrs. Royce E.		Milwaukee