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Notes on Reversionary Restrictions

By CHARLES C. WHITE
Chief Title Officer, Land Title Guarantee & Trust Co., Cleveland, Ohio

The question often arises as to whether there may be successive reversionary rights as to restrictions in the same chain of title.

The question arises in this way. The subdivider places certain restrictions on all the sub lots in a subdivision and provides that upon violation of restrictions title shall revert to him. It often happens that A, a purchaser from the Subdivider, copies the restrictions (including the reversionary clause) in his deed to B, B does the same in his deed to C, and so on down the line. As a consequence we find successive reversionary clauses in the chain of title. Are all of these clauses enforceable, and must we get a release of the forfeiture not only from the subdivider, but from the successive grantors in the chain of title?

There is a reason for the imposition of the right of reversion by the subdivider. He imposes the reversion for the purpose of enforcing the restrictions for the benefit of other sub lots not yet sold. It is a sort of *in terrorem* clause. But there is no reason for the imposition of the reversion by subsequent grantors, because such grantors are not interested in the enforcement of the restrictions.

It is rather remarkable that there seem to be only two cases dealing with the subject of successive rights of re-entry or "powers of termination" as they are called in the Restatement of Property, an English case and a California case.

The English case, *Hillier v. Parkinson, 9 L. J. (O. S.) Ch. 156* (1831) deals with successive rights of re-entry on the part of the original lessor, and on the part of subsequent sub-lessees.

The head note reads as follows:

"Building lease from A to B. B underlet to C. C was to build houses; but, by his inability to do so, his lease became forfeited to B, and B's lease also became forfeited to A. B assigned all his interest to D, who applied to A for an extension of time to complete the original contract, which was granted."

Court says: "This is a question of a very peculiar nature, and it is certainly wonderful, that, among the vast variety of facts of daily occurrence likely to give rise to it, it should never before have come before the court for decision. The question is whether the waiver of forfeiture on the part of the landlord, the lord of the fee, to his lessee, is to be considered as a waiver, to be extended to the sub-lessee of the original lessee."

Court held that the waiver of forfeiture in favor of B did not prevent B's enforcement of his right against C. In the course of its opinion court's says:

"Mr. Portman (A) made an agreement with Dunnage (D), by which he waived his right to the forfeiture, and extended the time for the completion of the houses. By this agreement he precluded himself from taking any advantage against Dunnage (D) for the breach of his covenant; but, clearly that could not in any way prevent Dunnage (D) from turning round upon his own immediate lessee, who committed the breach of covenant by which he (D)

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might have lost the benefit of his lease had Portman (A) chosen to enforce his rights. It is clear that Dunnage (D) might say, he was not bound to grant that indulgence to another which Mr. Portman (A) had granted to him; he was entitled to his rights just in the same manner as if Mr. Portman (A) had not waived his, and might take the benefit of the 6000 pounds laid out upon the houses by his sub-lessee."

The California case is *Parry v. Berkeley Hall School Foundation, 74 Pacific Reporter (2nd series) 738.* The situation giving rise to this case was that Rodeo Land and Water Company sold land to defendant, but title was taken in the name of a trustee. In the deed from the land company to the trustee there was a restriction against the sale of intoxicating liquors with a right of reversion, and the trust agreement provided that the trustee should impose the same restriction and reversion in the deeds for the various sublots.

The plaintiff violated the restriction and he brings this action to quiet title against the reversionary restriction.

Court says: "The major point raised by appellant is the proposition that the Foundation had no right of re-entry to enforce, and by necessary inference, that the condition which it imposed in the deed to plaintiff was void. The reasoning advanced is that a right of re-entry is an estate in reversion; that the Rodeo Company had already reserved that very estate by its deed; that consequently the trustee bank had no such estate to reserve for itself or its beneficiary, the Foundation, for that would result in having the identical estate in two parties, an impossibility."

The court refused to follow this argument and held that there could be successive reversionary rights in the same chain of title.

The gist of the court's opinion is as follows: "The law further recognizes that each owner of an estate may grant it, in whole or in part, absolutely or on condition; and if he grants it on condition, the right of re-entry for breach is a separate right of that grantor, and never identical with a right of re-entry reserved by a prior grantor for breach of conditions imposed by him."

Another question in connection with reversionary restrictions is whether a court of equity, after the lapse of time and the change in the character of the neighborhood, will enjoin the enforcement of the restrictions *including the reversionary* right. Few courts have done so, although Professor William F. Walsh in an article entitled "Conditional Estates and Covenants running with the Land" (14 New York University of Law Quarterly Review 162) argues that they should.

The general law on the subject is eiptomized by Professor Walsh as follows:

"All conditions annexed to conveyances or devises of land which are not illegal or impossible of performance are theoretically valid today, so that within these limits the owner of land may incumber the title by any condition he pleases, interfering with its alienability in the hands of his grantee or devisee, making the title unmarketable except as the property is sold subject to the condition and enforceable by him or his heirs at any time in the future whether or not any substantial reason ever existed for the restriction so imposed, and though changed conditions have eliminated any reason therefor which may have existed when the conditional estate was created."

And as follows:

"There is no doubt that restrictive covenants, unknown in Littleton's time, have as a practical matter largely displaced conditions in restricting the use of land. They serve to give effect exactly to the intent of the parties by their specific enforcement in equity. In the modern cases discussed above it was clearly evident that the parties did not intend a forfeiture which could be enforced only by the original grantor or his heirs. As a condition the provision would not protect the land which was intended to be benefitted after its transfer to a third person either by deed or will. But where an express clause of forfeiture is used, either in the form of a right of entry or that the estate shall cease and determine on breach of the condition, there is no room for interpretation on the part of the courts. They must enforce the forfeiture under the common law rule no matter how unfair or unjust such action may be and no matter how far removed it is in its results from the purposes sought to be accomplished.

"It follows, therefore, that if a right to enter be expressly reserved, whether the prior provisions be language of condition or of covenant, a condition involving a forfeiture is created. If language of covenant is not used the provision can be enforced only by forfeiture, though the dominant purpose to protect property retained by the grantor is clearly established by the attendant circumstances. Since it can be enforced only by the grantor and his heirs, the original purpose is eliminated after the grantor conveys or devises the property intended to be benefited to any third person. Thereafter the owner of such property has no remedy by which he can enforce compliance with the restriction. It becomes a mere possible right to enforce a forfeiture in the original grantor or his heirs, entirely disconnected with its original purpose as a restriction to protect the property retained."

Professor Walsh's citation of cases is mostly from New York, but the law as to conditional estates is ancient and few courts have had the courage to deviate from the Common Law.

Professor Walsh says:

"Furthermore, restrictive covenants cannot be enforced in equity by injunction when the purpose for which they were created becomes impossible of accomplishment. Equity refuses to enforce covenants restricting the use of property to single family dwellings when the encroachments of business structures and apartment houses in the neighborhood has so changed its character that the property can no longer be used to advantage for such dwellings, and the result of the enforcement of the restriction must be to bar the owner from using his property in the only ways reasonably possible. That restrictions come to an end when their purpose becomes impossible and will be removed as clouds on title has been decided on unimpeachable reasoning. It seems clear that damages recoverable at law will be nominal in such cases, because if such damages would be substantial equity would enforce the covenant by enjoining its breach. It is difficult to see why such restrictions should be allowed to continue when their only effect is to incumber the title and interfere with alienation in order that the dominant owner might recover nominal damages.

"However, the New York cases seem to have established the rule that the covenant continues enforceable at law though equity would not enforce it by injunction, the court holding that the existence of such a restriction is a defect in the title which justifies a purchaser in refusing to complete his contract of purchase.

"Is there any valid reason for giving effect to such restrictions after their purpose has become impossible of accomplishment when they are created as conditions by an express clause of forfeiture? What will the New York courts do when such a situation arises? If they persist in the way they have started, the owner will be compelled to use the property in these cases for single family dwellings only although it may have become entirely unsuited for such use, the alternative being the forfeiture of his property if he uses it for business buildings or apartments. He will be unable to sell the property for anything like its value because the purchaser would be in the same situation. A considerable section of a city might in this way be made stagnant and retrogressive, destroying taxable values, retarding community growth, and illustrating most vividly why restrictions imposing burdens, when created by covenant, are void in such cases when the covenantee has no right **in rem** in the property affected. It seems incredible that the courts would enforce forfeiture in such cases, but under the decisions as outlined above, particularly in view of the position of the Court of Appeals that a 'law of property' must stand unchanged except by statute, it is very doubtful whether the New York courts will take the position which sound public policy demands that restrictions, whether created by way of covenant or condition, come to an end when their original purpose becomes impossible of accomplishment.

"Human thought has a way of becoming segregated in definite grooves. Conclusions which seem simple and unassailable in the law of restrictive covenants do not even suggest themselves to the courts in cases of restrictions created in the form of conditions with forfeiture expressly reserved in case of breach, though the purpose in each case is identical and the evil involved in the situations discussed above are exactly the same. It is far better that this law be corrected by decisions of the courts, feeling their way gradually forward from point to point under the guidance of fundamental principles, than by legislation which attempts to rewrite the law of conditions all at once."

He further says:

"It is entirely clear, as we have seen, that conditions in the form of restrictions are just as contrary to public policy as restrictive covenants when reserved as a matter of personal whim without purpose or motive in the protection of neighboring property. Is there any good reason why the owner of land should be permitted to annex to the title of land conveyed or devised in fee burdensome incidents restricting the liberty of action of the owner or making his estate subject to forfeiture on the happening of a collateral event having no relation to any reasonable purpose? If it is contrary to public policy to discourage alienation by restrictions in gross having no relation to any interest in the property remaining in the grantor or the heirs of the devisor, it would seem to follow that whimsical conditions without reason or purpose should have no different or other effect."

But apparently the courts of only two states have had the requisite courage, California in decisions and Missouri in a dictum. The cases follow.

Hess v. Country Club Park, 2 Pac. (2d) 789. (1931) (Case decided by Supreme Court of California).

Defendant was the owner of a subdivision, the sub lots in which were sold with certain building restrictions, with a proviso that the premises should revert to the grantor. Defendant was the owner of a sub lot and desired to build in violation of the restrictions. He brings an action for declaratory judgment, asking that the court declare the restrictions and the reversion null and void because of the changed condition of the neighborhood.

Court held that plantiff had the right to proceed by Declaratory Judgment and held that the restrictions and the reversion had become null and void.

Letteau v. Ellis, 10 Pac. (2d) 496 (California Appellate Court, 1932).

Sub lots had been conveyed with the following restriction:

"Said lot shall never at any time be sold, rented to, or occupied by any person of Negro descent, and a violation of any of said conditions shall work a forfeiture of title thereof to said party of the first part, their successors or assigns."

Plaintiffs are the heirs of the origigal grantor. Defendant the owner of the lot with the quoted restriction. Character of the neighborhood had

wholly changed. Court denied relief to plaintiff.

Koehler v. Rowland, 275 Mo. 573, 205 S.W. 217, 9 A. L. R. 107. This is another Negro case, and on page 587 court says:

"It is true that where circumstances are changed, owing to the natural growth of a city or of the present use of a whole neighborhood, so that the purpose of a restriction in a conveyance no longer can be accomplished, and it would be oppressive and inequitable to give effect to such restriction, the courts will not enforce it, whether it be a restrictive covenant to restrain the violation of which injunction is sought, *or whether it is a condition providing for a re-entry in case of breach.* (Italics ours).

"If the court upon sufficient inquiry had found, as claimed by defendants in this case, that the conditions had so changed since the conveyance was made, by Negroes occupying the surrounding lots, that an enforcement of the restriction no longer could serve the original purpose, then it would have been improper to allow the forfeiture."

It is true that the above quotation is a dictum only, but the California case leans heavily upon the Missouri case and quotes that part of the Missouri opinion that is quoted above.

It is to be hoped that courts in other states will become as enlightened as the California and Missouri courts. But this is a hope rather than a prophecy.

Open Forum—Legal

Conducted at the Thirty-third Annual Convention (1939) of the American Title Association by Ralph Spotts, Counsel, Title Insurance and Trust Company, Los Angeles, California.

MR. RALPH SPOTTS: Mr. Chairman, members of the conference; some people, it seems, are always inviting trouble. There are those who walk in front of an automobile, looking neither to the right nor to the left; then there are some hearty souls that drive 369 miles an hour on the salt beds of Lake Bonneville. All these overhead crossings and passings are monuments to those who thought that they could bluff out the locomotive engineer, and then there are a few souls who consent to conduct legal forums.

I am worried about this forum; there is something ominous, mysterious, about it. Your Secretary made it easy for all you members, and as I recall the report, there are over 2,000, to present in advance their legal problems. I expected at least 100, and was disappointed to receive only a mere handful. Can it be, gentlemen, that in most of these forty-eight states which we are privileged to call the United States, that the millennium has come and that there are no more legal problems? Well, to those of you who submitted questions, my sincere appreciation, and my congratulations to those of you who didn't, on your apparent freedom from any legal problems.

Now whether we be abstracters or writers of title insurance, we deal with the title to land. It has been said that this title is only a bundle of legal presumptions. When we deal with land we are dealing with the law.

At a recent meeting of the American Bar Association at their annual dinner here in San Francisco, Mr. W. F. Lilleston of Kansas City, an attorney from Wichita, had something to say about the law and the New Deal. He was kidding on one hand and praising it on the other. He said that the law, once our servant, had become our master, and then he said in a somewhat light vein, "Voltaire once said in the good old days that 'to be free is to be subject only to the law.'" Well, suppose that Voltaire were an important American business man today, having a large payroll and a large patronage, and subject only to the law! Figuratively speaking, he would have a lawyer on one side, an expert accountant on the other side, a Wage-and-Hour timekeeper in front of him, a Social Security inspector behind him, a federal tax agent on top of him, a sales-tax auditor at the bookkeeper's desk, a C. I. O. delegation throwing curves at him, three strikes in the backyard, and a young umpire from Washington to call him 'out.' And I can imagine the old French philosopher rising from his place and saying to the totalitarian powers thus encircling him, something like this: 'Forgive me, gentlemen, but there is also the wolf at the door, and I haven't had time to read all of the Sibylline leaves that fall from all of the oracles of the new dispensation; and, although I belong to the Book-of-the-Month Club, I haven't had time even to read the new, revised editions of the Constitution, appearing monthly. You see, when I made the famous remark that 'to be free is to be subject only to the law.'" I thought that 'the jealous mistress of the law' would flourish forever in unsullied spinsterhood. But I find that she has been stepping out a bit in America, and now her progeny are so numerous and there are so many little illegitmate laws that I am wondering,—isn't there any recourse in your country against putative fathers?' So much for Voltaire."

Now to the business of the forum. I shall read the question as submitted and after my answer to it, right or wrong, gentlemen, you are privileged to comment on the problem, or disagree with my conclusions as you may choose, and for the benefit of the record, I must request that anyone rising to speak shall give his name and company, as well as his city and state.

QUESTION: What is the authority of the Federal Internal Revenue Agents and representatives of the State Franchise Tax Commission to examine escrows in connection with the examination of the income tax liability of such customers?

ANSWER: Section 1140 of the Revenue Act of 1936 of the Federal Revenue Act as amended in 1938 would seem to give the Federal Government the right to inspect these escrows. It has been held that a bank may be compelled to produce the books and give testimony as to the income of a depositor; likewise, a Western Union employee has been required to produce records showing telegrams to a taxpayer. *Brownson v. U. S.*, 32 Fed. (2nd) 844. In another Federal case a broker was required to produce records of his customer's stock transactions. *In re Keegan*, 18 Fed. Supp. 746. In still another Federal case, the defendant corporation was required to produce records of the exchange of its stock by its stockholders for that of another corporation. *Miles v. United Founders*, 5 Fed. Supp. 413.

Now, the Internal Revenue Bureau has held that it is not necessary that the Commissioner give a specific authorization to his Agents to thus examine books.

Now, of course, in all these cases I have mentioned you will notice that the only party involved is the taxpayer himself. Now the problems we are worried about concern one or more other parties in the escrow transaction handled by our Company. That might be a differentiating factor in determining whether or not we shall permit the Government to examine our escrow transactions.

In our Company we have had many requests for this privilege from the Department of Internal Revenue. We have no objection to their going into the plant and looking at our lot books as much as they please. However, we are somewhat reluctant to let them examine our escrows. We want some authority so that if the taxpayer gets caught in the coils of the income tax

law and finds that we have turned over some important information to the Federal Government and comes back at us, we should have something to show that we were under some obligation to do it.

As I recall our practice, we require the Federal agent to serve upon us a pocket subpoena, which we file with our escrow; and thus far it has worked very satisfactorily.

QUESTION: A corporation is being reorganized under Chapter X of the Bankruptcy Act, as amended. My Company has filed a claim for unpaid title fees with the trustee. Preliminary to a sale by the trustee of some of the debtor's real property, the trustee asked us to quote a fee for a policy to be delivered to the purchaser. The quotation being satisfactory, the trustee instructed us to proceed with the search of title. We complied with his instructions. Did the Company do wrong?

ANSWER: Yes, you probably did wrong to the extent that you may be subject to a fine not to exceed $10,000, or to imprisonment for not more than five years, or to both fine and imprisonment. And in addition, it is unlawful for the Judge to approve the payment of your title fee so fixed.

If you doubt my answer to this question, may I refer you to 28 USCA, Section 572-A, enacted by Congress and effective August 25, 1937.

Of course, by this section it is made unlawful for any party in interest or his attorney in any receivership, bankruptcy or re-organization proceeding, in or under the supervision of any United States court to enter into any agreement, written or oral, express or implied, with any other party in interest or his attorney, for the purpose of fixing the amount of the fee or other compensation to be paid to any party in interest or his attorney, for services rendered in connection therewith, when such fees or other compensation are to be paid from the assets of the estate in receivership, bankruptcy or reorganization.

The term "party in interest" includes any debtor, creditor, receiver, or trustee, and any representative of any of them. The section goes further. By this section it is made unlawful for any United States Judge to approve the payment of any fees or compensation, the amount of which is fixed as the result of any act declared to be unlawful by subsection (a) of this Section 572a. And any person committing any act declared by the section to be unlawful shall, upon investigation, be fined not more than $10,000 or by imprisonment of not more than five years, or both.

Undoubtedly this section was designed to reach, primarily, the fees heretofore agreed to be paid to attorneys and committees under bondholders protective agreements. It may, however, be unsafe to assume that the section might not be construed to the extent of including title and trust companies who might well be deemed to be parties in interest, by reason of a claim having been filed in the proceeding for previous title work done by it, or by reason of being a trustee under a trust indenture securing bonds issued by the corporation in receivership or reorganization, or by reason of holding an incumbrance upon the property of such corporation.

In order to avoid any possible conflict with the provisions of this section, the prudent title company may well decline to quote or agree upon any price for any title work covering property involved in the proceeding mentioned in this section. When a party in interest, or his attorney, requests a price quotation and it is then known that the property is an asset in bankruptcy or reorganization, or receivership proceeding, and that the fees and charges for such title work are to be paid out of the assets of such estate, the party in interest or his attorney should be requested to procure an ex parte order in the proceeding, fixing the fee to be paid to the title company for the services to be rendered by it.

QUESTION: In corporate reorganizations under Chapter 10 of the Bankruptcy Act, as amended by the Chandler Act in 1938, can a Referee authorize the sale of real property?

ANSWER: He cannot. He has no jurisdiction to authorize a sale of real property. Only the Judge may make such an order.

Section 116 of the Bankruptcy Act provides that in addition to the jurisdiction, power and duties therein and elsewhere in the chapter conferred and imposed upon him and the court, the Judge may (3) authorize a receiver or a trustee or a debtor in possession, upon such notice as the Judge may prescribe, and upon cause shown, to lease or sell any property of the debtor, whether real or personal, upon such terms and conditions as the Judge may approve.

Sub-paragraph 20 of Section 1 of the amended Bankruptcy Act provides that the word "Judge" shall mean a Judge of a court of bankruptcy, not including the Referee.

And Section 117 of the Act provides that the Judge may, at any stage of a proceeding under this chapter, refer the proceeding to a Referee in Bankruptcy to hear and determine any or all matters not reserved to the Judge by the provisions of this chapter.

It may be noted also in passing that by Section 58 of the Bankruptcy Act, as amended, creditors shall have at least ten days' notice by mail, to their respective addresses as they appear in the list of creditors of the bankrupt, or as afterward filed with the papers in the case by the creditors, of (4) all proposed sales of property; provided that the court may upon cause shown shorten such time or order an immediate sale without notice.

But by paragraph (9) of Section 1 of the Act as amended, "court" shall mean the Judge or the Referee of the Court of Bankruptcy in which the proceedings are pending.

MR. ROYAL HANDLOS: In connection with your statement that only the Judge can authorize the sale of real property under the Act; I remember that under the Chandler Act the Court may mean the Judge or the referee. I don't remember that under the reorganization chapter it refers to the Judge or Court. Does the new Chandler Act define the Judge or Referee?

ANSWER: In the first section of the Chandler Act the Court is defined to mean the Judge or Referee, of the Court in which the proceedings are pending.

However, when you come to Chapter X dealing with the reorganization of corporations, you find Section 116 stating that in addition to the jurisdiction, powers and duties elsewhere in the chapter conferred and imposed upon him and the Court, the Court may authorize a receiver to sell or lease real property.

Then another Section provides that the Judge shall mean a Judge of a Court of Bankruptcy, not including the Referee.

Section 117 of the Chapter provides that the Judge may at any stage of the proceedings refer the proceedings to a Referee in Bankruptcy to hear and determine any or all matters not reserved to the Judge by the provisions of that Chapter, and I think the only safe conclusion is that it is the Judge, not the Referee, who may order the sale of real property.

QUESTION: Can an Attorney in Fact deal with real property acquired by the principal after the execution of the Power of Attorney?

ANSWER: The authorities seem to be rather evenly divided on this question. Perhaps the best stated rule is to be found in 2 Corpus Juris Secundum, at page 1329:

"A general power to sell all lands which the principal *may own* will be held to include lands acquired during the agency and after the execution of the power, *at least when such appears to be the intention of the principal as gathered from the whole instrument of appointment and the surrounding circumstances;* on the other hand, where the power is to sell all lands which the principal *owns*, it includes only land so owned at the time the power was executed and does not extend to that in which he then has only a mortgagee's interest, except where the agency is given in such broad and general terms as to negative any such limitation."

Several states hold if powers are conferred upon the Attorney in Fact as to real estate "to me belonging," such powers may be exercised as to property acquired by the principal *after* the execution of the Power of Attorney. *Wronkow vs. Oakley,* (New York) 31 N. E. 521; *Benschoter vs. Atkin* (Ne-

braska) 41 N. W. 639; *Benschoter vs. Lalk* (Nebraska) 38 N. W. 746.

Other cases hold that in the absence of special language, the Attorney in Fact, under a so-called General Power of Attorney, does not have authority to deal with after-acquired property of the principal

Penfold vs. Warner (Mich.) 55 N. W. 680;

Weare vs. Williams (Iowa) 52 N. W. 328;

See also, *Turner vs. McDonald,* 76 Cal. 177;

There can be no doubt, however, as to the power of the Attorney in Fact to deal with after-acquired property if the following or similar language be found in the Power of Attorney:

"The powers and authority hereby conferred upon my said attorney shall be applicable to all real and personal property or interests therein now owned or hereafter acquired by me and wherever situate."

The moral, if any, is: If the Attorney in Fact is dealing with after-acquired property of the principal, be certain of his power.

MR. J. O'DOWD: How about the general Power of Attorney executed by an individual who afterwards is adjudicated incompetent. Is the Power of Attorney still good thereafter?

ANSWER: I would not want to pass title under those circumstances, any more than I would want to insure a title passing under a deed executed by an Attorney in Fact for a principal who was dead before the deed was executed. In other words, the stream cannot rise any higher than its source. I am inclined to construe Powers of Attorney rather strictly.

MR. O'DOWD: Providing the Power of Attorney may be rescinded or abrogated only by death or instrument in writing; there are only two alternatives.

ANSWER: There is a little disagreement here. Anyone else?

MR. EDW. J. EISENMAN: The Power of Attorney is an order to an Agent; if incapacitated, the agency would be revoked. An Agent can't act for an incompetent principal; isn't that the correct theory of our fraternity? That is our Missouri law.

MR. OGDEN: The statement just made is the one we follow in California so far as the title companies are concerned. Our statute says it is not revocable unless the person dealing with the agent has notice of the incompetency or death. In other words, that statute abrogated the common law, but we are somewhat afraid of insuring transactions involving the exercise under a Power of Attorney unless we are satisfied the principal is alive and competent.

Now to the next question.

QUESTION: An indenture, securing corporate bonds, contains an after-acquired property clause. Several years after the recordation of this indenture, the corporation acquires additional property, which later is sold in good faith and for value to "X". "X" has no notice of the recorded indenture securing the bonds of his seller.

Is "X's" title subject to the indenture?

ANSWER: Under the stated circumstances, "X" would hold the property so purchased by him free and clear of the bond indenture.

The after-acquired property clause is always binding on the mortgagor and upon those who deal with the property after its acquisition, with notice.

But, under the recording system the recordation of a mortgage prior to the date of acquisition of title by the mortgagor will not constitute constructive notice to innocent purchasers dealing with the mortgagor, after acquisition of title, in good faith, for value, and without notice of such mortgage.

On this question see:

(a) California Civil Code secs. 2883, 2930.
Mitchell v. Canal etc. Co., 75 Cal. 464, 487.
California Title Co. v. Pauly, 111 Cal. 122, 126.
Kreling v. Kreling, 118 Cal. 413.
Hammond Lbr. Co. v. Roubain, 137 C A. 155, 162.
Chapman v. Ft. W. Gypsum Co., 216 Cal. 420, 432.
Harris v. Youngtown Bridge Co., 90 Fed. 322, 328; and cases cited.
Occidental Life v. May (Wash. 1938) 77 P. (2d) 773, 778.
17 Cal. Jur. 862, sec. 151; 41 C. J. 373, 480, sec's. 156, 397, and cases cited

(b)
Bothin v. Cal. T. I. Co., 153 Cal. 718.
Dobbins v. Economic Gas Co., 182 Cal. 616, 620.
Ludy v. Zumwalt, 85 C. A. 119, and cases cited.
Wack v. C. E. Realty Co., (N. J. 1933) 168 Atl. 639.
First Nat'l Bank v. S. W. Lumber Co., (C. C. A. 5, 1935) 75 F. (2d) 814.
22 Cal. Jur. 616, sec. 29; 25 ALR 83, and cases cited.

It is to be noted, incidentally, that *chattel* mortgages, as to after-acquired property, bind even good faith purchasers, *Bank of California v. McCoy,* 23 C. A. (2d) 192; *Mason v. Citizens Bank* (C. C. A. 9, Calif.) 71F. (2d) 246.

Does anyone wish to comment on that after-acquired property clause?

MR. OGDEN: I am not in opposition, but I think that is rather an important problem. We have had a rather bad title practice in our city, of recording mortgages and trust deeds before the borrower comes into title; recording them regardless of the condition of the title. Then the next day, or week, the man comes into title. We find that we have not been entirely cognizant of the risk involved. I don't know whether the same situation exists in other states, but I think we should stay closely to this rule and require that such mortgages and deeds of trust be recorded after acquisition of title.

MR. J. W. HOOVER: I think if the deed of trust is dated subsequent to the date of the deed, that he would be charged with notice, although recorded ahead of the deed.

MR. SPOTTS: I think not, Mr. Hoover, under the rule of these cases which I have announced.

MR. RALPH H. FOSTER (Washington Title Insurance Co., Seattle, Wash.): In Washington under our recording act the rule announced by the gentleman from Florida applies. Anyone dealing with the record is bound to take notice of any instrument from the date, regardless of the date of its recording.

MR. SPOTTS: Here is one from Texas. I hope the one who proposed it is here. I am not sure I got the "stinger" in it. I feel there is one there.

QUESTION: "A" owns a tract of land. In the dark of the moon "B" lays across the tract a pipe line, taking care to conceal the same. "A" ever so often inspects his property, but sees no evidence of a trespasser. "B" continues to use this pipe line for five or ten years.

What rights, if any, are acquired by "B"? What position is a purchaser from "A" in who carefully inspected the property beforehand and found no evidence of the existence of such a pipe line? Can he enforce removal or has "B" acquired an easement or other rights which would assist him in maintaining his possession?

ANSWER: My answer is that "B" acquired no rights, and that the purchaser from "A" can enforce the removal of the pipe line. Even if the pipe line had been laid in the light of the moon, the answer to the question as stated would be the same.

Technically, the doctrine of prescription, rather than of adverse possession is here involved, although the period of possession may be the same in both cases.

The prescriptive period does not start until some act, some fact exists which would give a cause of action to the owner of land against whom the prescriptive right is asserted.

The use and enjoyment which will give title by prescription to an easement or other incorporeal right is substantially the same in quality and characteristics as the adverse possession which will give title to real estate. That is to say, it must be adverse, un-

der claim of right, continuous, uninterrupted, open, peaceable, exclusive, and with the knowledge and acquiescence of the owner of the servient tenement, and must continue for the full prescriptive period and while the owner of the servient tenement is under no legal disability to assert his rights, or to make a grant. (19 Corpus Juris, page 878, sec. 32).

Of course, the knowledge of the land owner may be actual or presumed. If he has knowledge and does not act, his acquiescence is presumed. In Massachusetts a city was held not to have established a prescriptive right to an easement to maintain water supply pipes in the absence of proof that plaintiff or his grantor had actual or constructive knowledge of the acts charged to constitute the prescriptive use. *(Gray v. Cambridge,* 189 Mass. 405, 76, N. E. 195, 2 LRA [N.S.] 976.)

And, in the case of an invisible underground drain, the use will not be considered adverse until it is brought to the notice of the servient tenement. *(Zerngible v. Calumet, etc. Co.,* 151 Ill. 430, 42 N. E. 431; *Treadwell v. Inslee,* 120 N. Y. 458, 24 N. E. 651.)

But it is not necessary that there be open, visible and notorious user under a claim of right where the owner of the land has actual knowledge of the user.

Coming back to the question, a title company issuing an ordinary policy, would not be concerned with the hidden pipe line—even though its user had ripened into an easement by prescription. It would be an easement not disclosed by the designated public records. However, if a full coverage or an A.T.A. policy were being issued, the title company would be directly involved.

My Company issued a full coverage policy. Our insured, in excavating for a gasoline tank, severed a large underground telephone cable, serving some 1800 or 2000 telephones. The telephone company had obtained an unrecorded easement from four of the five immediate predecessors in title of the grantor. The telephone company demanded $3000 from our insured. He checked the matter to us. We conceded liability. In the final settlement we paid $500, the telephone company paid $500 for an easement, and a new rule went into our rule book. In effect it said: 'Don't close an order for a full coverage policy unless each public utility tells you, in writing, that it has no easement over the property which you are insuring.

Then we may have an easement which may be physically invisible yet legally apparent. Suppose "A" owns a tract of land; he erects a house and runs a sewer line to the street. "A" sells the house and part of the tract to "X"; later the remainder of the tract, over which part of the sewer line runs, is sold to "Y". What are "Y's" rights against "X"?

As to "Y", the easement was hidden. Yet the rule seems to be that he takes subject to the sewer easement if it is necessary, if it is practically continuous and (in a legal sense) apparent. And apparently, apparent does not necessarily mean "visible."

See *Jones v. Sanders,* 138 Cal. 405; *Rubio, etc. Assoc. v. Everett,* 154 Cal. 29; *Berlin v. Robbins,* (Wash.) 38 P. (2d) 1047, and annotation at 58 ALR 824.

MR. IRA B. SIMMONS (Houston Title Guaranty Co., Houston, Texas.): I think you construed it exactly correct. I am sure that is the rule there.

MR. SPOTTS: Has anyone had any experience with a full-coverage policy on hidden easements?

MR. FOSTER: We had this exact situation a year or so ago in Seattle. We had issued a full-coverage policy insuring a mortgage lien upon a tract upon which a house had been built. Our problem was just a bit to the reverse of the exact one in that we had issued a full-coverage policy upon the dominant estate, the property which was benefited by the sewer. The unsold portion of the tract was later conveyed to a party who desired to build a home. When he excavated for the foundation, he severed a sewer line. We investigated the situation and built the sewer.

Now here is a very interesting question. While it relates to an oil lease, it may arise in connection with any kind of lease, or in connection with the termination of a trust.

QUESTION: My company is asked to insure an oil lease executed by the trustees of a trust created by will. Neither the will nor the decree of distribution conferred upon the trustees the power to lease.

The trust will terminate, according to its terms, upon the death of "A", whereupon the trust estate "shall pass to and vest in her child, children or grandchildren then surviving, and if none such survive, then in the said "B", son of said decedent as aforesaid."

"B" the contingent remainder man is alive and competent, and will join in the oil lease. "A", the life tenant is competent, and will also join in the lease. She is a single and unmarried woman and is over 65 years of age.

Is the lease insurable?

ANSWER: Here we have an oil lease executed by the trustees, without express authority so to do. and by the life tenant "A" and by the contingent remainderman "B". The question hinges on the possibility of a child or children being born to "A", the life tenant. Now what are the odds on that problem?

In *City Bank Farmers' Trust Co. v. United States,* decided by the Circuit Court of Appeals, Second Circuit, on January 14, 1935, (74 F. [2d] 692), Circuit Judge Hand says:

"It is true that the medical books contain a trifling number of cases, how well authenticated we do not know, where women 59 years of age and over have borne children. But, since verification of offspring to women 55 years and over began to be attempted by the United States Department of Commerce, there have been from the years 1923 to 1932, inclusive, no recorded births to such women. During that period the total number of births was 20,389,873, without a single child having been born to a woman of 55 years or over.

"In view of the statistics, we may conclude that the chance that the life tenant here would have issue after the death of the testator was negligible . . "

And only .0001% of these 20,389,873 births were to women over 50 years of age.

Of course, our Supreme Court, adopting as they say, the American rule, has held that it is never presumed that a woman, no matter how aged, is incapable of bearing children *(Fletcher v. L. A. Trust etc. Bank,* 182 Cal. 177.) This conclusive presumption seems to have been followed rigidly in equity by the courts of Georgia, Kentucky, Maryland, Rhode Island, Tennessee, and Texas, and possibly others.

Our Supreme Court and the American rule to the contrary notwithstanding, the practical risk of a child or children being born to the life tenant "A" would seem to be a good title insurance risk.

But suppose "A" were to adopt a child; and then should depart this life. Would the trust estate go to such adopted child? If this be possible then, of course, the lease would not be insurable.

The general rule seems to be that, when used in a will, the words "child" and "children" do not include adopted children of a person other than the testator, and particularly so, when the adoption takes place after the death of the testator. The exception to this rule would rest upon a contrary intention being clearly shown in the will or by circumstances surrounding the testator at the time he made his will, which would make it clear that an adopted child was intended to be included.

In the absence then of controlling language in the will, and of any known circumstances which would bring the instant case within the exception, I would be strongly inclined to issue the policy of title insurance. Of course, I might feel better if the liability therein were limited to $5000. But if my title officer stuck his hat on the Fletcher case and insisted there was always the possibility of issue, the Department figures to the contrary notwithstanding, then I'd be compelled to say. "Let the trustees bring an action in equity and raise the power to execute the lease."

In connection with this question,

these cases and references may be of interest:

28 Ruling Case Law 223;

Prentice-Hall Trust Service, Section 361;

5 ALR 1280 and 70 ALR 621; 80 ALR 1403;

In re Darling, 173 Cal. 221;

Estate of Pence, 117 Cal. App. 323;

In re Jones Estate, 3 Cal. App. (2d) 395;

Allen v. Nickerson (Mass.) 199 N. E. 482;

Fidelity Union Trust Co. v. Hall (New Jersey) 6 Atl. (2d) 124;

In re Harrington's Estate (Utah) 85 P. (2d) 630;

And note in 120 ALR 837.

Now, are there any exceptions to those statements on that question? Has anyone had similar cases in similar jurisdictions?

MR. SHERIDAN: I take it as a matter of course, you would insure against failure; would you insure against loss by reason of unmarketability?

ANSWER: That is the bug in that solution. The particular company who had this problem before it conceded that there might be a question as to the marketability, but notwithstanding that fact, insured it.

MR. SPOTTS: Here is a question from California regarding an action to quiet title.

QUESTION: In an action to quiet title, several defendants are sued under fictitious names, the summons being issued immediately upon the filing of the complaint. Thereafter an order is made for an amendment of the complaint by substituting the true names of the fictitious defendants. Subsequently an order is made directing service of summons by publication on the defendants whose names were so substituted. The original summons, however, is published, in which only the fictitious names of these defendants are set forth.

Is the judgment based upon such service valid as against the defendants whose true names were not set forth in the summons as published?

ANSWER: The answer to this query must be "no".

The summons must contain the names of all the parties to the action. After substitution of the true names of the defendants, which must have appeared in the affidavit and order for publication of summons, the summons addressed to John Doe would not be addressed to the defendant Agusa Winterbottom, originally sued under the fictitious name of John Doe.

The purpose of a summons is to notify a defendant that he has been sued; by it the court acquired its jurisdiction over the defendant.

As stated in *Moakley v. Los Angeles Pacific R. R. Co.*, 99 Cal. App. 74, page 77:

"The notice in question is the process by the service of which the court acquired jurisdiction of the parties to whom it is directed. It serves the same purpose as a summons in an ordinary civil action. No one would contend that jurisdiction of the person of a known defendant can be acquired by publication of a summons in which his name does not appear."

After substitution of the true names of the defendants, the only way in which jurisdiction could be acquired of them by publication would be the publication of an alias summons addressed to them. Such an alias summons can be issued even after the making of the affidavit for publication and order for

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publication, it being sufficient if it is issued at any time prior to commencement of the publication service ordered. (*Doyle v. Hampton*, 159 Cal. 729).

The rule would be different of course if the particular action were brought under a statute authorizing the publication of a summons addressed to unknown defendants claiming an interest in particular property.

For an interesting discussion of the reason for substituted service see *Title and Document Restoration Co. v. Kerrigan*, 150 Cal. 289, and for a discussion of some of the offshoots of this general question, see *Weyant v. Utah Savings and Trust Co.* (Utah), 182 Pac. 189, 9 ALR. 1119; *Whitney v. Masemore* (Kansas), 89 Pac. 914, 11 L.R.A. New Series 676, and *Ordean v. Grannis*, L.R.A. 1915B 1149, 118 Minn. 117.

QUESTION: Property is owned in undivided interests by several individuals and by the heirs of a deceased cotenant subject to administration. A proposed oil lease is attached to and by reference made a part of the petition and the order authorizing the administrator of the estate to execute the lease.

Section 842 of the California Probate Code provides that the period of a lease for the purpose of production of minerals, oil, gas, or other hydro-carbon substances may be for a period not to exceed twenty years. Said lease is for a period of twenty years and so long thereafter as oil or gas may be produced.

Does the court have jurisdiction under Section 473 of the Code of Civil Procedure to:

(1) Enter an order nunc pro tunc within six months from the date of the original order, authorizing the execution of a lease wherein the leasehold estate granted by the administrator is for twenty years, or

(2) Enter an order nunc pro tunc *after* six months from the date of the original order making such limitation?

ANSWER: The first inquiry must be, what is the function of a nunc pro tunc order? As stated in Section 473 of the Code of Civil Procedure, the court may, upon motion of the injured party, or its own motion, correct clerical mistakes in its judgment or orders as entered, as to conform to the judgment or order directed, and may, on motion of either party after notice to the other party, set aside any void judgment or order.

But the power to make a nunc pro tunc order does not rest solely on this Section 473. As said in *Takekawa v. Hole*, 170 Cal. 323, the court may always amend the entered judgment to make it conform to the *decision which the court actually rendered*, but it may never subsequently amend by new modifications or enlargements of the judgment which it originally rendered, or of the judgment record, which is in accordance with the decision which was actually rendered. It may not make the judgment express anything not embraced in its decision, even though the proposed amendment contains matters which ought to have been so pronounced.

If the decision which the court actually rendered authorized the lease attached to the petition and to the order, then the entry of an order nunc pro tunc, whether within or after the period of six months from the date of the original order, is improper. If, however, the court's decision was that a lease be executed for a period of twenty years only and by mistake or inadvertence the order as drawn and entered did not conform to such decision then the making of an order nunc pro tunc would be proper.

In California, at least, an order nunc pro tunc may be made even after the expiration of thirty-five years after the date of the original order.

The real problem presented by this question is whether the Probate Court has any jurisdiction to authorize the administrator to join in a lease with the owners of other undivided interests in the property. The Los Angeles companies say the court does not have such jurisdiction. However, if the estate be solvent and if written consents to such lease can be and are obtained from all heirs or devisees of the decendent, the entire lease may then be insured for a twenty year or shorter period. But the lease must make adequate provision for the segregation of the estate's interest in the royalties and must grant to such estate the independent right to terminate the lease.

Even though the lease were for a period in excess of twenty years, we would issue a leasehold policy in the circumstances just mentioned, insuring the lease for a period of twenty years only. This would be done upon the strength of two California cases:

In *Harter v. San Jose*, 141 Cal. 659, the court, in effect, holds that a lease executed by a municipal corporation for a period which might be in excess of that authorized by law would not be void, except as to the excess period.

And in *South End Warehouse v. Lavery*, 12 Cal. App. 449, the court holds that a lease executed by the trustees which extended beyond the expiration of the trust becomes, upon its termination, void as to the residue of the term of the lease, and cannot be enforced thereafter by the lessee against the person entitled to the estate.

QUESTION: An instrument, duly executed, acknowledged and recorded reads: "For a valuable consideration, receipt of which is hereby acknowledged, I hereby *assign* to John Doe all my right, title and interest in Blackacre." Internal revenue stamps in the amount of $5.00 were duly affixed to the instrument.

May title to Blackacre be insured in John Doe?

ANSWER: In most jurisdictions, and in the absence of any disturbing circumstances existing at the time of the execution and delivery of the document, such a title might be insured.

The answer centers on the sufficiency of the word "assign" as an operative word of conveyance.

In its original and technical sense it (an assignment) is held to refer to a transfer of an interest in land only. (5 Corpus Juris 836). But it is, of course, most frequently used to transfer non-negotiable choses in action.

As used in conveyancing, the word "assign" in its broad sense includes all transfers, of whatever nature, and in this ordinary legal usage, it has been explained or defined as meaning to convey. (6 Corpus Juris Secundum 1037, and cases cited; also ***Estate of Beffa*, 54 Cal. App. 186; *Moore v. Hoar*,** 27 Cal. App. (2d) 269).

Brusseau v. Hill, 201 Cal. 225 is an interesting case. Involved in the quiet title action was a document reading:

> "Oakland, March 1st.
>
> This is my gift of deed all is in my possession to Mr. G. W. Brusseau after my death.
>
> Chas. Kruse."

This instrument, with the key to the house in which Kruse lived, was delivered shortly before his death, to Brusseau. Later Kruse confirmed by conversations the transfer of his property and effects, saying, "I have given you all my property for you have been kind to me."

It was contended that there was no transfer of a present interest, that there were no operative words of conveyance, and that there was no description of the property.

The words "gift of deed" were held equivalent to the words "deed of gift." Such words, if they stood alone in such an instrument, says the court, would suffice to constitute it, if otherwise sufficient, a transfer of a present interest in property.

The words "after my death" created an obvious ambiguity, which the court permitted to be explained away by proof of the circumstances under which the instrument was made.

Open Forum—Abstracters Section

Conducted at the Thirty-third Annual Convention (1939) of the American Title Association by John W. Dozier, Chairman, Abstracters Section.

JOHN W. DOZIER, Presiding

CHAIRMAN DOZIER: The first thing on our program is, undoubtedly, one that will be of great interest to all abstracters, and that is a clinic on advertising. I am sure that Mr. Wm. W. Harvey, Advertising Manager, Title Insurance & Trust Co., Los Angeles, who is going to preside at this clinic, does not want to make a monologue out of this. We will get more out of it if we will all participate.

Mr. Harvey will take charge of the meeting at this time and conduct this clinic.

MR. HARVEY: Thank you, Mr. Dozier. I don't want this to be a monologue, but I simply want at first hand to tell you particularly of some of the accomplishments of your Advertising Committee this year.

We have a list of ads and displays elsewhere in the building which is pretty concrete evidence that a great many of us are giving serious thought to our problem of public relations.

Our work has gone beyond the printed word. We too have given considerable thought to the preparation of talks which would be carried by abstracters to customers and potential customers by word of mouth and, as a result, we have some speeches on various subjects of our business, copy on which will be made available for all you members to read. We hope you think they are good enough to use. They might, of course, not be exactly what all of you want, but we know it is outlined correctly and with a few minor changes to meet your local requirements, we believe you will have a good presentation of our business.

Your committee is more and more aware of the importance of public opinion as regards our business. Having nothing but intangibles to sell, it makes it doubly hard, and I think I will just open up the meeting for informal discussion and see where we end. Does anyone have any suggestions as to what your Advertising Committee next year might work upon to submit to you as a committee which would benefit your particular business?

CHAIRMAN DOZIER: Mr. Harvey, didn't California conduct a program here at one time where they had a contest with respect to the best address given, and so forth?

MR. HARVEY: I don't believe so, Mr. Dozier. What we did locally in Los Angeles was to have many of the men who talked to our various clubs and meetings and various technical groups, such as real estate boards and associations, prepare talks which they thought was what we should have.

We had these talks analyzed by an expert, and discovered that instead of being good public relations talks they were excellent essays.

The result was that we reconstructed our entire group of talks and now have

what we believe to be what we need to sell our product in Los Angeles County. Those are the talks, the reconstructed talks, which we plan to place in the hands of Mr. Sheridan and which you folks are welcome to use if you would like them as an outline in the preparation of your own material.

MR. BRUCK: Mr. Harvey, Mr. Dozier is correct about that contest. We did have a contest some three or four years ago. A Los Angeles man won the contest with his paper, and Tom McMann of our company got the second prize. I have forgotten what the prizes were, but there were some 14 or 15 papers sent in. In fact, I think the California Land Title Association put up several hundred dollars in prize money at that time. As Mr. Harvey points out, they were written in the original form and reconstructed after that and used for various talks.

MR. HARVEY: Any further questions? We have a guest here today that I would like to introduce, sort of a preview introduction, but a man who is well known in the field of public relations and the field of public opinion. I would like to introduce at this time, and ask him for a few words, one of our speakers on the program tomorrow, Dr. W. Valentine Henley.

Dr. Henley, I know you are very close to the picture and have made a very exhaustive study of it. Could you give us one or two suggestions?

DR. W. VALENTINE HENLEY

DR. HENLEY: Mr. Harvey, this is more or less off the cuff, but I think the Public Relations program is technically just being recognized. Business today is more alert as to its responsibilities in the field of leadership than it has ever been for several years.

You have two jobs, as I view it, and I am just acquainting myself with your problem now. It seems to me everyone in this room has two jobs as far as public relations are concerned. You have the job as affects your own individual business in interpreting that business to your clients by whatever technique you have found expedient, and you have also another job; namely, interpreting all abstract work and title guaranty work to the public in general.

Now, whether we like it or not, the great dominating factor today is public opinion. It will ruin us or it will make us, and it will do it in a very dispassionate and a very objective fashion. So, of those who are dependent upon it, (and there isn't any business today that is not dependent upon public opinion), the wise business man, is the man who will accept that, settle down, and say, "What are we going to do about it? How is the public influenced?"

There is a little book put out which I suggest everyone read if you want some nice reading. It is called "The Crowd," and it is one of the finest pieces of work in the field of crowd psychology that anyone has ever done. It is a classic. He defines a crowd as the degree of suggestibility. In other words, he said a crowd extends as far as a man's voice can reach. Now you can visualize what is happening today with the radio when a man's voice can be heard half way around the world. It means that crowd psychology has an effect today which it has never had before.

Another book in the general field with more of a political emphasis is "The Revolt of the Masses," a very stimulating book in which he points out that the masses today have glimpses of ideas which they cannot comprehend, but they have the idea. For example,

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Social Security is an idea, it is a grand idea, and they want it, not understanding all that goes with it.

In California we have "Ham and Eggs." That is the idea that he is trying to put across, that the mass mind today is awakening, and the mass mind is in power.

Now, the management of the mass mind is something that a business man must recognize and must approach scientifically. The mass mind is influenced by two techniques. One is direct information or direct suggestion, and the other is indirect suggestions. Everyone in this room is influenced by those two forces.

Our public relations has to do with the process of first determining what the public thinks. What does the public think of abstracters in general; then, what does the public think about your particular enterprise, your business in your own community? That is a plain objective process of arriving at that. You can do it by survey or you can do it by tests. You can find that out; the procedures are well established. The most expedient, as far as I have been able to find, is the direct personal interview in which you hire somebody to make 200 interviews of various classes of people in your community and they get the reactions. Now, when you get those reactions of the public you settle down and anaylze the reactions. It is a favorable or unfavorable reaction?

The next step in public relations programs—if it is favorable you can congratulate yourself. If it is an unfavorable reaction you have two processes ahead of you. You analyze the points of criticism to ascertain whether that criticism is justified or whether it is not justified. If it is justified then it is a question of administrative management and it is then referred by the public relations director to the management or executive charged with that duty. If he wants to correct the situation which is brought into being that is his problem as an executive or manager. If the public is incorrect, then the next step is to correct the public's impression by two processes, one by direct information and the second by indirect information.

How to do it by direct information? Direct information is done by speeches, by advertising, by information disseminated through employee groups and through literature which is disseminated by the organization.

How to do it indirectly is the most difficult task, because indirectly you are not dealing with reason, you are dealing with emotion, which means the treatment of the public by every member of your personnel, the technique over the telephone, the way letters are written, and the general attitude.

In other words, it goes into a philosophy of personal management, and the public is influenced by those two techniques. How effective you are depends upon the mastery of those techniques that you have.

Emotionally—if I may make this one more point—emotionally, we are influenced probably far beyond our ability to recognize it. Advertisers have known that and advertisers have worked upon a principle which in psychology we call conditioning reflexes. This is the heart of the whole business. If business executives could see it and would revamp their personal programs they would profit greatly by it.

Some years ago the psychologists tried to experiment on fear and they found that a baby was afraid of a loud noise and a lack of support. So they took a baby which was not afraid of a furry animal, and the first time they showed him a rat he reached out to pat it. The next time they showed him a rat they struck on a bar of steel be-

hind his head and made a great noise, and he did not reach out as enthusiastically. Every time they showed him that rat they made this noise until finally—you see, you had two stimuli, you had the noise which affected his ears and you had the sight of the rat, and so they connected the two things together. He had no fear of the rat in the first place, but by connecting these two stimuli simultaneously they had him so conditioned that the sight of the rat would produce the reaction of fear without the noise.

Then they had him where he was afraid of a furry substance and they reconditioned him back again. They put him with a rabbit and at that time they gave him his dinner. He liked his dinner and although there was a rabbit there, a furry object, he was more interested in the dinner than in the rabbit so long as the rabbit was in a cage at the end of the room.

Each day they brought the rabbit closer until they had him reconditioned all the way so he would eat with one hand and pat the rabbit with the other.

So, what does that mean for us so far as our public relations are concerned? It means that the name of your enterprise must be coupled with favorable responses in the mind of the public. It means that everytime the public comes into your establishment they must have, so far as it is within your power to bring it about, a pleasant experience, so that they will go away pleased with the experience.

Now, over a long range of experience it must result in a pleasant experience. May I just cite some examples?

There is an insurance company that advertises in all our lodge magazines. What do they advertise? They take a full page ad, but what do they advertise? Do they try to sell you insurance? No, they sell you health and safety, something that is going to create a pleasant reaction. In one little corner they tell you that the company is the largest company in the United States, having so many policy holders and so much assets, and they connect up something that everyone is interested in with the name of their organization.

I find I have covered a lot of ground in eight or ten minutes, and you may want to talk about it and ask some questions, but, very briefly, that is the technique of a public relations program. It is a lot more difficult to do than to explain.

MR. HARVEY: Thank you, Mr. Henley. (Applause).

A great many of us close to our picture sometimes fail to recognize our very important problems. I am sure that Dr. Henley has pointed the way to a lot of us as to what course we should take.

Your committee on advertising and public relations recognizes the fact that we must do something and should do something, and in my report yesterday I solicited the support of the entire membership of the organization so that next year we can really go to work and prepare what we believe to be a constructive program and just go ahead and actually accomplish something.

CHAIRMAN DOZIER: If you have any questions you would like to ask Mr. Harvey, this is quite an important part of the program and it is going to be necessary for this section, as well as the other sections, to carry on for the next few years. That is the question of our public relations.

Now, if there is anyone here who has any questions or any ideas, we would be glad to have them.

MR. CLAUDE WHITE (Golden, Colorado): Mr. Chairman, I would just like to say a few words about an impression I got down at Hollywood the other day on the tour we made.

We went to that broadcasting station and they had prepared a chain of title on that particular piece of ground on which this studio was constructed, and it just struck me that that was one of the nicest little pieces of advertising that I had seen, because those employees and the people connected with the studio had no more idea of what had taken place in the chain of title than we had of what takes place in their studio. Therefore, they were interested, just as we are.

When they showed this chain of title and showed it was patented to a certain party and then had been conveyed for a very nominal price, something like $2,000, as I remember it, then it was cut up into small portions and sold for $3,600, and so on, which today was almost ridiculous. Then we asked if anybody could evaluate that piece of property right now, and they could only guess, but it ran up into millions and millions of dollars on that one small portion.

It just seems to me that would make an impression on everyone connected with the studio or that had listened into the broadcast, and it must have reached quite a number of people. It was something that surprised me, something that I had not thought of, and probably never would have thought of if it had not been brought up in this way. It struck me as being a very effective little piece of advertising, but I don't think it was put out for that purpose.

MR. HARVEY: We do find that chain of title presentation very effective and I am glad you brought that up. This chain of title we gave to the Columbia Broadcasting System they had framed and they will place it in their trophy room, as it were, where they have various other pictures and charts of the history of radio and the history of C. B. S. They have had over 80,000 visitors in the Columbia Broadcasting System there, and from now on they will see the name of the title company printed on the old record there in C. B. S.

Another illustration of that chain of title is the fact that this particular one was rather uninteresting. It was a homestead and very few transfers, or, at least, the transfers in the chain were not very much, but we managed to dramatize that chain and the growth of the value of the properties in that section and to drive home that in this particular piece there were a lot of transfers and a lot of records, and it was a lot of work to bring that down to date.

MR. HARVEY: There is one thing, as chairman of your Advertising Committee and Public Relations Committee, that I would like to have you do. If you are convinced we have a problem and you want us to go ahead and do something about it, your committee is willing and anxious to do it. I am convinced that in the personnel of our association we have talent available, and let us make use of it.

We have men who are authorities on advertising, men who write and know publicity, and I think that if we can call upon them to present a constructive program it will do a great deal towards solving our problem, or, at least, getting it well under way.

I don't know whether this is the time to do it or not, but I brought a little questionnaire here which will be very simple and which I would appreciate having some of you fill out. I will read the questionnaire:

"Question No. 1: In your opinion, does the title insurance and abstract business as a whole have a public relations problem?"

I wish you would mark down whether or not in your opinion, we have, yes or no.

The second question is:

"Is public relations a problem to your own firm?"

Third: "Do you feel that your own efforts to cope with this problem are adequate in your city?"

In other words, are you particularly concerned? Are you capable of meeting all the circumstances which arise without outside help, or would outside help be of help to you in meeting your problems?

Fourth: "Do you think the National Association should help you in meeting this problem?"

That follows the program I have just mentioned, the fact that perhaps we should make available to all of our membership the talents of many of the men in many of our organizations.

Then we come to a deep subject, which I will have to mention because it will have to come up sooner or later anyway, and that is, that to make an exhaustive study will take a little money. We hope it will be very little, but we think it will be worthwhile to at least indicate that the National Association should probably support such a survey and such a program.

Thank you for allowing me to be here this morning. (Applause).

CHAIRMAN DOZIER: Thank you very much, Mr. Harvey for this interesting discussion.

CHAIRMAN DOZIER: Now for other items.

MISS MARGARET McLAUGHLIN (Capitol Abstract Company, Cheyenne, Wyoming): Mr. Chairman, what is your opinion as to the net amount that a company should have before it should incorporate as a corporation?

I would like to amend that; the net earnings a year before it would be profitable for you to incorporate?

CHAIRMAN DOZIER: Just to chip in my little bit, that is entirely a matter of state laws. Some states have no limit as to what amount or for what purpose you can incorporate. It would be entirely dependent upon your state laws. If you heard J. C. Creel's talk, it might seem that an individual can operate much less expensively than a corporation can.

In other words, if you operate as an individual with a limited amount of resources you are only taxed on your individual income, and so forth. A corporation has a considerable amount of taxes that you do not have as an individual; yet there are a number of advantages to being incorporated.

I would like for somebody else here to give their views on that question as to whether you think a small company should incorporate. What is the general opinion of those present?

MR. GUERDON ARCHER (O'Brien County Abstract Company, Primghar, Iowa): I have an idea. It seems to me that the smaller the company the more varied their business, that is, they are generally interested in other lines of work. That is the way with me, anyway. It seems to me a good idea to keep your interests separate to protect your other interests. That has been our experience, anyway. We are engaged actively in other lines of business. For instance, individually we are engaged in farming.

CHAIRMAN DOZIER: I might give you our experience on that. In 1921 we were incorporated as a Title Insurance and Bonding Company, that is, we sold municipal bonds. At that time we did not have a title plant, we issued title insurance only, and we operated that way for a period of five or six years. About 1927 we organized an abstract division. 90 per cent to 95 per cent is abstracts in our part of the state.

We operated then as the Columbian Title & Trust Company, one corporation with three different departments, and our tax problem got to such a condition that we had to organize three different corporations.

Corporations have a lot of problems. There is quite a problem involved, to my opinion, in incorporation if you are a small company.

If I were operating a small community abstract company I would not incorporate, although there are some advantages to it. If you have a considerable amount of money which you would not want to be tied up in it, it is a better proposition for you to incorporate and pay your bond, and list the assets that you want in the corporation, and the rest of the assets are not subject to levy if you had some action against you.

But, operating as an individual in the abstract business you are not liable except for the amount of your bond. If you made a million dollar mistake they can take what you had in the company and then go back on you personally for the balance because you are operating personally. So, you see, there are advantages and disadvantages.

I would like to have someone else speak on this. The gentleman from Salt Lake, do you have any idea on that question of incorporation?

MR. GEORGE B. STANLEY (Heber, Utah): I think it is a matter of each individual case, but as an attorney I would recommend against it unless it was for some specific reason, as you suggested, a large amount of capital that you did not want to be touched by some loss you might sustain in your abstract business or something of that sort. It would be very inadvisable from a business standpoint, (just the business itself), to incorporate.

CHAIRMAN DOZIER: I believe that was the conclusion that Mr. Creel made this morning in his talk. I am sorry that we had to hurry through this discussion. It was difficult for us to get through the program and absorb all the information that he had there. I recommend all members study Mr. Creel's paper. I think you will then get a lot of information out of it.

(Note: Mr. Creel's paper was carried in Title News, Issue of November, 1939. Vol. 19, No. 3.)

MR. W. R. COX (Citizens' Abstract Company, Port Angeles, Washington): I would like to ask a question. In case you do make a profit, if you are a corporation, in making the return to the federal government can you set apart part of your profits for surplus, or must you pay your income tax on all of your profits?

CHAIRMAN DOZIER: In my opinion, you would have to pay your income tax on all your profits. Now, I don't believe that you are affected by the surplus tax. I believe they repealed that. There was a tax on any surplus you had and you would have to pay—that is just my opinion, and I would not want to say that it was authentic—you would have to pay on all your earnings irrespective of what purpose you were going to use them for.

Is there anyone else that would like to answer that question?

MR. CHARLES F. PAINTER (Telluride, Colorado): Can't you absorb some of that in your salaries that you pay, or something like that?

CHAIRMAN DOZIER: Well, you could possibly absorb it in salaries if you wanted to raise the salaries.

MR. PAINTER: We are operating as an incorporated company but we haven't paid any taxes to the government for some time because some years we don't make so much and virtually all is used up on salaries and other regular expenses. It is a closed corporation and is owned by myself and my family.

CHAIRMAN DOZIER: Would you be willing, Mr. Painter, to give us a little information on the way you operate? I think it would be interesting here if you would like to do it.

MR. PAINTER: Well, as I say, we are a small community, you know, and our gross amounts to $3,000 to $5,000 or $6,000 some years, you know, and there is only two of us that do the actual business. It is a small plant and if we do not make enough I draw a smaller salary. I usually draw down $1,500 or $2,500 a year if we are pretty prosperous, and I think I am entitled to that if I absorb the bookkeeping and keep the office as well as look after the business.

CHAIRMAN DOZIER: Have you ever been questioned by an examiner or any income tax man?

MR. PAINTER: No, I never have. I got called some years ago because I failed to get my report in on time. They slapped me then pretty hard for that failure to get the report in on time. Since then I have been right Johnny on the spot.

MR. COX: Mr. Chairman, I operate under a very similar condition to that which the gentleman mentioned. If we make it we get the salary; if we don't make it we just forget about our salary. We did not take nearly enough salary to cover the earnings and, therefore, the surplus I spoke about.

MR. STANLEY: You have to pay a tax on your surplus.

CHAIRMAN DOZIER: Is there some other question that someone would like to ask?

MR. T. J. TURNER (Bannock Title Abstract Company, Pocatello, Idaho): We had a similar situation with us. Both my wife and I work in the plant but we have hired employees, but a few years ago when we thought we could see the handwriting on the wall—the corporation belongs to the family, the father and mother and my wife and myself, my wife and I being the operators of it—we took a lease from the corporation to operate as far as the employees are concerned and do not pay compensation or unemployment insurance on ourselves, but we do on our employees. That also takes care of the corporation income tax situation too, and we are not up against the problem—we have been incorporated for a great many years and battled that thing back and forth.

I have discussed our situation with the Income Tax Department and I am

not afraid of our change in plan of operation.

CHAIRMAN DOZIER: Are there some other questions?

MISS McLAUGHLIN: May I ask Mr. Turner if they have a state income tax?

MR. TURNER: We do.

MISS McLAUGHLIN: And you are not taxed under that, being the owner of the stock? They don't tax you?

MR. TURNER: Yes, we make a personal income tax and we pay the corporation income tax too. We were doubling up there. But on this unemployment compensation, my wife and I were the principal workers. We both are engaged in the compiling of abstracts and keeping up our plant.

MISS McLAUGHLIN: In our state, although we are the owners of the stock and we are officials and directors of the company, we have to pay income tax to the state.

MR. TURNER: Our rental for the plant is based on the plant upkeep primarily, after going over the situation, and your depreciation would just about offset your upkeep.

CHAIRMAN DOZIER: The main purpose of this meeting this afternoon, as I said before, is just to get together and discuss various problems. This is your meeting, it is informal and that is what we want to do here this afternoon, —to discuss plant problems or any problem that you have that you would like to ask questions about. Or we would be very glad here to have some new idea that anyone might have that would be of some benefit to the rest of us. That is one of the principal things that we get out of these meetings, to come out of here and go home with a new idea. I know there is not an individual here that does not have some problem in his mind that he would like to hear discussed, so that is what we are here for.

MR. ARCHER: Mr. Chairman, I have a question which is not on corporations.

CHAIRMAN DOZIER: It doesn't make any difference what your question is about.

MR. ARCHER: It is on the method of keeping copies of abstracts. They continue to mount up, and it would be interesting to me to get your views on the methods of keeping on file old copies of abstracts, whether you keep them or not. We keep copies of all abstracts.

CHAIRMAN DOZIER: You mean carbon copies of your abstracts?

MR. ARCHER: Yes.

CHAIRMAN DOZIER: Well, to start it off, I will tell you what we have been doing. We did it for years and discontinued doing it. We don't make any copies any more except for court proceedings, such as probate court, which we may have use for in the future. We have never had an occasion, after studying it considerably, to use these carbon copies, and we found they were just piling up in our files and they didn't particularly mean anything.

If we are preparing an abstract on a large enough tract of land or something where we feel that we may have a future use, we make a copy of it, but the great majority of continuations we do not make any copy of because all you would have, for instance, when you are filling out your certificate, is just a date put down there on a blank sheet of paper, and anybody to prove anything has got to produce the original and you don't need your carbon. At least, that is the theory on which we operate.

MR. ARCHER: How about the protection to you against forgery and alteration and things of that kind?

CHAIRMAN DOZIER: Well, we use a work sheet, a chain, we call it, where we show every instrument which we have shown on the abstract and it is all typed and we have made it a policy, (at least, it has always been my policy), to never permit anybody to let anything go out of the office that has been erased or rubbed out where there are holes in it, or such things as that, and somebody has got to have a typewriter that is an awful lot like your own.

Now, this typewriting system, as I understand it, experts can almost tell whether or not it was your typewriter or some other machine, and I think if you ever got into a really close question of forgery with a considerable amount of money involved an expert could tell you whether it was your typewriter that made the change or not.

Of course, there may be some liability on it, but we have discontinued it and haven't made copies for the past ten years; and we have never had any reason to be embarrassed by the fact that we did not make a copy.

I know that that is not the ordinary thing to do, but in my own mind I could not see the reason for it, so I quit it.

MR. TURNER: It is being discontinued generally. We don't make carbons. We started with letter press copies, and that would be the hardest type to change, because your ink has been set with water. Then we took a carbon copy, and in our last series of numbers, and we are up over 12,000 and we have not a copy of one of those abstracts in our files, but we do have a copy on file of the certificate and also the captions. It is more important, I think, to use individual paper so that they cannot substitute.

MR. COX: We have always kept copies of the abstracts, and in the work of changing our abstracts of title and insurance we find those copies very helpful in our title insurance work. In many cases, of course, the abstracts cover considerable tracts of land, and we have got a copy of what went out in the abstract, and we have that information right there in one file and it is very helpful in our title work, title insurance, we find.

CHAIRMAN DOZIER: I can see where that would be.

MR. PAINTER: You might be interested in the fact that I have been compiling abstracts now for 57 years. I believe I have the honor of being the dean of abstracters, and possibly—I don't know whether there are very many older in other states. We have a copy of every abstract that has been made in the 57 years, letter press copies. We started out writing them in longhand and, in fact, we still write them in longhand.

CHAIRMAN DOZIER: Let me ask you this question: In all the experience where you have been making copies, have you ever had a time when your carbon saved you a loss?

MR. PAINTER: They were not carbons; they were letter press.

CHAIRMAN DOZIER: I mean, where your copy has saved you a loss; that is, someone has changed your original abstract and brought it back to you.

MR. PAINTER: No.

CHAIRMAN DOZIER: You never have had that experience in 57 years?

MR. PAINTER: No, and I never have had to pay a loss either. I will cross my fingers when I say that.

CHAIRMAN DOZIER: You are very lucky.

MR. FRANK MELIN (Sangamon County Abstract Co., Springfield, Ill.): We operate the same as you do in Kansas. When we make an abstract we absolutely keep a copy of it. That is indexed and it is a master abstract, and we use our own paper and every sheet is numbered and initialed by somebody in the office so it is almost impossible for anybody to duplicate it. They cannot get the paper to start with.

MR. TURNER: A little further explanation of our reason, and why the lack of any benefit that the carbon copy might be to us. All of our abstract work is done in our own office, and the abstracting is taken from our own records which are compiled daily, my wife having charge of that portion of the plant upkeep, and we would simply be adding to what we already have there. Our indexing and compiling is done in the blocks and sections so we can check that faster than we could check the abstracts.

MR. MELIN: In other words, you have a complete copy of every instrument filed?

MR. TURNER: We have a complete plant.

MR. MELIN: We do, too.

MR. TURNER: Of course, all our own problems are more or less individual when it comes to the office.

CHAIRMAN DOZIER: To answer this last question which was asked a while ago, as to whether we thought it was necessary to keep carbon copies, it became a problem of storage space to take care of the carbon copies that accumulated over a period of years.

We have had one example here of a man who has operated for 57 years and never had a loss by reason of somebody changing his abstract and bringing it back. Of course, he may have one when he gets back home, but I believe that the answer to it is that the fact that you keep a carbon copy does not protect you to a great extent from forgeries. At least, that is the experience and that is the theory on which we operate, and we do not make them.

Now, we don't know how quickly we are going to have one, but we believe that the costs of trying to maintain carbons over a period of years would far exceed the losses that they might save us from having.

MR. PAINTER: My original idea in starting that practice of making copies, letter press copies, was to protect myself from any alteration, but in my experience I find it has been a help to me later on. I sometimes refer to that letter press copy in making second abstracts. Sometimes they lose them and they come in and want you to make an abstract over. I don't know whether any of you have had that or not.

CHAIRMAN DOZIER: I did not mean to insinuate that we never make a carbon. We make copies in our plant wherever we have the idea that we may have some future use for it in a new abstract or we feel we need protection against forgeries. We make lots of carbons, but they are purely for future use and not just merely a carbon filed away to show somebody sometime in the future that that is what we put on the original.

Another question that is probably one of considerable interest is the question of take-off, the different means, photostat and all the other means of take-off. Is there anyone here that would like to give us some new ideas or the benefit of some experience that they are having in cheaper or more effective or efficient means of take-off?

I might say that here in California I was down at one of the title plants the other day and they work together on the take-off. They apparently have one individual here hired by all the companies who makes the take-off.

MR. MELIN: It is a separate corporation, a take-off company, and a take-off company sells those take-offs to the companies. It is owned by the three title companies.

CHAIRMAN DOZIER: I believe that is an idea that could be used in small communities where there are, say, five or six abstracters, and possibly the community is large enough so that each individual maintains a separate take-off. One person can do that for the five companies. It is not a question of the other company being able to find out what you are doing because they cannot tell. All you are doing is that five of you are getting together and hiring one stenographer to make the take-off for you. If there are five of you, of course, it makes that take-off comparatively small, just hiring one individual, and everybody has the same thing. That is what they are doing here.

MR. ARCHER: When you refer to a small community abstracter, how large a community are you considering?

CHAIRMAN DOZIER: I don't think there is any limit to that.

MR. ARCHER: Where there are five or six abstracters?

CHAIRMAN DOZIER: Well, I might say that in our state, the smaller the county the more abstracters. In Topeka, which is in Shawnee county, we have two title firms. Those are the only two, and we have a population of about 100,000. We can go out into western Kansas, into say, some small county, which has a population of less than 2,000 and you can find 11 abstracters.

MR. ARCHER: Individuals doing an abstract business?

CHAIRMAN DOZIER: Yes.

MR. MELIN: Without a plant?

CHAIRMAN DOZIER: No—well, the smallest county does have one of the best plants in the state.

MR. MELIN: I meant, where there are 11, each individual does not have a plant of his own?

CHAIRMAN DOZIER: No, there is only one plant in that community and that is a plant in the smallest county in the state.

MR. MELIN: It is easy for individuals to get started in the abstract business in the smaller communities. They don't have to have much capital to start with.

CHAIRMAN DOZIER: They don't have to have any. In our state we tried to get a bill through the legislature the last session but we ran into very serious difficulties. It was not because of opposition to the bill, particularly; it was because of the peculiar legislative setup that we had. We are very optimistic as to the very probable future passing of the bill.

Has anyone had any experience with the photostat means of take-off? We use the photostat system in our company. I might show you what we are doing. When we built our plant in 1927 we went into the recorder's office and made a complete photostat copy of everything in the recorder's office, and then we prevailed upon the county to permit us to do the photostating for them and do the recording. We have the county contract to do the recording for the county and also make our own take-offs.

This is the county print (indicating) and it is kept by the recorder and it is the same size as the original. That is one deed and that is page 91 in a certain volume. We make for ourselves at the same time this copy which is smaller (indicating). It is the same instrument in this size and we keep them in our office bound just exactly like the recorder's office. For instance, this is volume 780, and it will have 600 pages or 300 sheets like this, and the recorder's office has the same. Our book is just exactly like theirs and we maintain it entirely by book and page.

We have this county contract, and through the county contract and outside business our photostat department brings a profit at the end of every month, and we have found over a period of years that our take-off has not cost us anything. As a matter of fact, we have been able to make a little profit on it and we just maintain it as a separate department of the abstract company. In that way we have a permanent record of our take-off and it costs us nothing. That is possible in communities where you have a large enough community that you can probably drum up a little outside business, and especially in the recorder's office. I will pass these around. (Handing papers.)

MR. TURNER: Do you contract that on a folio basis?

CHAIRMAN DOZIER: We charge them 70 cents a print. We get 70 cents for the print.

MR. TURNER: Irrespective of the number of words? It is just a page charge, then?

CHAIRMAN DOZIER: We furnish everything. The recorder does nothing but take the instrument in. We record it and we even have it bound.

MR. TURNER: You pay for the binding, too?

CHAIRMAN DOZIER: We pay for the binding, too. The binder that we record them in costs us $30 and we can put 300 sheets in it and for that binder we receive—that is 70 cents—we receive $210 for 300 sheets and the binder itself costs us $30, and we figure that the paper costs us about 15 cents a print. Of course, in a month where there are limited amounts of papers filed our department just about breaks even, but if we have an unusually heavy month we make a little profit in the photostat department.

MR. TURNER: What are your filings on an average daily or monthly, or any unit?

CHAIRMAN DOZIER: Well, I could tell you in volumes. I would say we run about a book and a half to two books a month. That would be 600 sheets a month. How many instruments that would be I don't know, because they take short affidavits and they will put four or five of them on a sheet.

MISS ETHEL M. GARVEY (Gallatin County Abstract Company, Bozeman,

Montana): Do you have any trouble with fading or curling?

CHAIRMAN DOZIER: No. Of course, those are bound, you understand, in heavy binders.

MISS GARVEY: We have that trouble in our system, they curl.

CHAIRMAN DOZIER: This is a 100 per cent linen paper, and that paper will outlast any paper in your recorder's office.

MISS GARVEY: Where do you get that?

CHAIRMAN DOZIER: That comes from the Eastman Company. There are two companies that make that paper, there is the Eastman Company and the Haloid Company. That is a 100 per cent linen and it is guaranteed indefinitely, of course. It is the best paper you can buy. There are 300 feet in a roll of that paper and it costs $30.

MISS MARGARET EGAN (Judith Basin County Abstract Company, Stanford, Montana): You do not have to compare it?

CHAIRMAN DOZIER: There is nothing to compare.

MISS TURKELSON (Kenosha County Abstract Company, Kenosha, Wisconsin): Mr. Dozier, did you have your photographic plant before you made copies of those records, or did they contract to do that for you?

CHAIRMAN DOZIER: We bought our machine.

MISS TURKELSON: First?

CHAIRMAN DOZIER: First, to make our own take-off complete. When we started to build our plant we bought this machine to make our take-off with, and we had in mind the fact that we might be able to get the county contract. The equipment at the time cost us about $4,000, but you can buy the same equipment now for a lot less money. It has come down considerably since then.

MISS TURKELSON: Do you have any idea how much the original cost was for photographing the records, the complete records?

CHAIRMAN DOZIER: No, we did not keep a separate account as to just what the take-off cost us. I would not be able to give you that figure. At the time that we started this and when we were discussing the question of making the county prints, one of the County Commissioners took one of these instruments and put it up on top of the Court House and nailed it down with thumbtacks and we left it up there for about a year, and it was just as plain at the end of the year, when it had been in the sun and rain, as it was the day we put it up there. That paper will not fade if it is properly washed. You have seen a number of photostats that have apparently faded. That is not because of the photostat process, it is because the party that made the print did not take the chemicals off of it.

In other words, if that is put in the proper stop as they call it, to stop the process of developing, it is permanent. It just becomes a part of the paper and you cannot erase it without making a hole in it because it goes on into the paper. But if you do not get all the chemicals off, over a period of years it will continue a slow development and will eventually fade out. That is due to the chemicals and not the process itself.

Is there anyone else that has had any experience in the photostat means of take-off? I believe, Bill Gill, you have had some experience, haven't you, in this photostat means of take-off? Didn't you use it for a while in your plant? The process of photostating, haven't you used that to some extent in your title plant?

MR. GILL: Not for recording purposes, we have not. We have a commercial photostat department but we don't use it for recording purposes.

CHAIRMAN DOZIER: We are open now for any questions that anyone wants to discuss. Undoubtedly, a number of you have questions that you would like to hear discussed here. Let us have them. This is your meeting and that is what we called it back for.

CHAIRMAN DOZIER: I have a message I would like to read, addressed to me:

> "The illness of my father necessitated cancelling my reservation at the last moment. Sorry not to be with you and help at the first meeting. Best wishes to you and all my friends.
>
> "GRACE E. MILLER,
>
> "Secretary of the Section."

During the past year we have attempted to go a little further into this question of seeing whether or not we could get some type of insurance that would protect us against our own losses. Mr. Marriott, of Chicago, has discussed it with Scarborough & Company of that city, and I have had considerable correspondence with them.

There is a possibility that some time within the next year that Scarborough & Company may have a proposition to make to us with respect to an insurance policy that would cover losses that we might have by reason of our own errors. I don't have any idea of the plan they may have or what it would cost, but there is a possibility that that program may be offered us.

Do you have anything further on that, Mr. Sheridan? The question of Scarborough & Company, with respect to possible insurance for losses. Have you heard anything further on that?

SECRETARY SHERIDAN: No, I haven't. However, the general counsel of the Southern Surety is at this convention, and I have had much discussion with him on the subject.

I am glad you brought that up because I would like to get your idea on this: What would you think of bonding your abstracts per job? When I travel by railroad I can buy an accident policy for 24 hours or for the duration of my journey for 25 cents, as you know, at any ticket office; they all sell that. He just tears off a little stub and hands it to me.

Do you think it would be well to bond your abstract for X dollars for X cents, let us say (I will have to be arbitrary) $5,000 for 50 cents. If the property is worth more than $5,000, provided the seller of the abstract wants that abstract to be bonded for its full value, at, say, $50,000, it can be done by the payment of a larger fee.

You understand, I am just picking these figures out of the air and I haven't the slightest idea what prices they would quote.

Could you pass, let us say, that 50-cent minimum charge, or 25-cent minimum charge to your customer on your invoice, or would you have to absorb it yourself? If the latter case is true, it would mean that if you make, say, five abstracts a day (and that perhaps might be close to an average taking the country by and large), there would be $2.50 a day that you would spend, either of your own money or your customers' money.

MR. STANLEY: Would the bonding feature protect the abstracter himself?

MR. SHERIDAN: Yes, as I understand the picture from them, it would be a combination insurance and bonding—yes and no. You would not have to put up $10,000 of your life's blood or your relatives' farms and real estate as collateral against a $10,000 bond which the surety company will issue. So, on that, the answer is that it would protect you. Whether they would recover from you for loss, I would prefer that they answer that themselves.

MR. STANLEY: That is not the feature I had in mind. Wou'd they protect you from loss as well as your individual purchaser.

MR. CLAUSON: In other words, would it be an insurance policy or an indemnity contract?

MR. SHERIDAN: What is your guess on that, John? Would the Scarborough deal be a straight bond protecting the public? or us? or both?

CHAIRMAN DOZIER: They never did give me any details of what their plan was. About two years ago we made an investigation by a special committee of Lloyds'. Now, as I understand it, Lloyds' would be willing to issue a policy under the plan that was offered at that time, protecting you against your own errors, but, as I recall, the price was almost prohibitive, and, in addition to that, they discovered there wasn't any place to sue them in the United States if they had a loss.

In any event, our Committee reported adversely, as I understand it. The theory of this section has always

been that what we wanted, if anything, was an insurance that would protect us against a loss, and that is the purpose of the insurance, that if we make a mistake, they would pay for it. There have been some theories advanced that they might stand all the losses beyond a certain amount, and we would pay the small losses and they would stand liable for losses above a certain amount.

MR. STANLEY: A sort of a deductible policy?

CHAIRMAN DOZIER: Yes.

MR. GILL: I move that a committee be appointed to investigate the possibility of working out some kind of a cooperative bonding plan in the states that might be interested in going into it.

CHAIRMAN DOZIER: Is there a second to that motion?

(The motion was seconded.)

CHAIRMAN DOZIER: Any discussion? All in favor signify by saying "aye." Those opposed the same sign. It is carried.

Sustaining Fund Contributions—1939

The executive secretary of the American Title Association is instructed by the Board of Governors to furnish to all members a list of those who made contributions to the Sustaining Fund of the Association during the year 1939. Such list is given to all members herewith.

The Board of Governors further instructs the Secretary to convey to all of the members shown on this list, word of the deep appreciation and sincere thanks of the Board to those individuals and companies who have so generously helped the Association, its Board of Governors, its officers and committee men and executive staff in maintaining the numerous activities in which the Association has engaged.

ALABAMA

Land Title Company	Anniston	$10.00
Alabama Title & Trust Company	Birmingham	10.00
Title Insurance Company	Mobile	10.00

ARIZONA

Apache Abstract Company	St. Johns	5.00
Arizona Title Guarantee and Trust Co.	Phoenix	25.00
Phoenix Title and Trust Company	Phoenix	25.00
Pinal Title & Trust Company	Florence	5.00
Surety Title and Trust Company	Florence	5.00
The Abstract & Title Guarantee Co.	Tucson	10.00
Tucson Title Insurance Company	Tucson	10.00
Guarantee Title & Trust Co.	Prescott	10.00
Title Insurance & Trust Co. of Yuma	Yuma	5.00

ARKANSAS

Harry W. Bryan	Van Buren	5.00
Arkansas Trust Company	Hot Springs	5.00
J. Elmo Young	Malvern	2.00
McKenzie Abstract & Realty Company	Prescott	2.00
Augusta Title Company	Augusta	5.00

CALIFORNIA

Oakland Title Insurance & Guarantee Co.	Oakland	75.00
Western Land Title Company	Jackson	5.00
Butte County Title Company	Oroville	5.00
Oroville Title Company	Oroville	5.00
Colusa County Title Company	Colusa	5.00
Contra Costa County Title Company	Martinez	12.50
Richmond-Martinez Abstract & Title Co.	Martinez	10.00
Inter-County Title Company	Placerville	5.00
Glenn County Title Co.	Willows	5.00
Bakersfield Abstract Company	Bakersfield	35.00
National Title Insurance Company	Los Angeles	25.00
Security Title Insurance & Guarantee Co.	Los Angeles	100.00
Title Guarantee & Trust Company	Los Angeles	200.00
Title Insurance & Trust Co.	Los Angeles	250.00
Realty Tax & Service Company	Los Angeles	50.00
Marin County Abstract Co.	San Rafael	10.00
San Rafael Land Title Company	San Rafael	12.00
Mendocino County Title Company	Ukiah	10.00
Simonson-Harrell Abstract Co., Ltd.	Merced	10.00
Modoc County Title Company	Alturas	10.00
Monterey County Title & Abstract Co.	Salinas	10.00
Salinas Title Guarantee Company	Salinas	25.00
Napa County Title Company	Napa	14.50
Abstract and Title Insurance Co.	Santa Ana	50.00
Orange County Title Company	Santa Ana	60.00
Placer County Title Co.	Auburn	7.50
Plumas County Abstract Company	Quincy	5.00
Riverside Title Company	Riverside	20.00
Fidelity Title Insurance Company	Sacramento	20.00
Capital City Title Company	Sacramento	10.00
Sacramento Abstract & Title Co.	Sacramento	35.00
Pioneer Title Insurance & Trust Co.	San Bernardino	35.00
San Benito Title Guarantee Company	Hollister	5.00
Union Title Insurance and Trust Co.	San Diego	50.00
City Title Insurance Company	San Francisco	55.00
Northern Counties Title Insurance Co.	San Francisco	65.00
Title Insurance and Guaranty Company	San Francisco	175.00
Stockton Abstract and Title Co.	Stockton	7.00
San Jose Abstract & Title Insurance Co.	San Jose	50.00
California Pacific Title Company	Santa Cruz	7.00
Shasta County Title Company	Redding	25.00
Siskiyou County Abstract Co.	Yreka	6.00
Solano County Title Company	Fairfield	10.00
Title Guaranty Co. of Solano County	Fairfield	10.00
Sonoma County Abstract Bureau	Santa Rosa	5.00
Sonoma County Land Title Company	Santa Rosa	12.50
Stanislaus County Title Company	Modesto	5.00
Sutter County Title Co.	Yuba City	5.00
Tehama County Title Company	Red Bluff	12.50
Tulare County Abstract Company	Visalia	10.00

Southern California Title Company	Ventura	13.75
Title Insurance & Trust Company	Ventura	25.00
Yolo County Title Abstract Company	Woodland	7.50
Yuba County Title Guarantee Co.	Marysville	5.00

COLORADO

Adams County Abstract Co.	Brighton	5.00
The Alamosa Abstract Company, Inc.	Alamosa	3.00
The Arapahoe County Abs't & Title Co.	Littleton	25.00
The Boulder Abstract of Title Co.	Boulder	5.00
The Landon Abstract Company	Denver	25.00
The Record Abstract & Title Ins. Co.	Denver	50.00
The Title Guaranty Co.	Denver	25.00
The Douglas County Abstract Co.	Castle Rock	2.00
Elbert County Abstract & Title Co.	Kiowa	5.00
The Security Abstract & Title Co.	Colorado Springs	25.00
The Grand County Abstract Company	Hot Sulphur Springs	2.00
The Dick Abstract & Investment Co.	Walsenburg	6.00
Jefferson County Abstract, Real Estate & Investment Co.	Golden	15.00
Kit Carson County Abstract Co.	Burlington	5.00
Hedlund Abstract Company	Hugo	5.00
Platte Valley Title & Mortgage Co.	Sterling	5.00
The Independent Abstract Company	Grand Junction	10.00
Montrose County Abstract Co.	Montrose	5.00
Morgan County Abstract & Inv. Co.	Ft. Morgan	5.00
The La Junta Abstract Company	La Junta	5.00
The Rio Grande Abstract Company	Del Norte	5.00
The Zimmerman Abstract Title Co.	Steamboat Springs	8.00
Painter Abstract & Ins. Agency Co.	Telluride	5.00
Washington County Abstract Office	Akron	5.00
The Weld County Abstract & Inv. Co.	Greeley	16.00
Yuma County Abstract Co.	Wray	10.00

FLORIDA

Broward Abstract Corporation	Fort Lauderdale	5.00
Lauderdale Abs't & Guaranty Title Co.	Fort Lauderdale	10.00
American Title Insurance Company	Miami	10.00
Dade-Commonwealth Title Company	Miami	25.00
Florida Title Company	Miami	10.00
Land Title Company	Miami	15.00
Miami Beach Abstract & Title Co.	Miami Beach	10.00
Miami Title & Abstract Company	Miami	5.00
National Title Insurance Co.	Miami	100.00
Title Guarantee Co.	Pensacola	9.00
Glades Title Organization	Moore Haven	4.00
Guaranty Title Company	Tampa	25.00
Tampa Abstract & Title Ins. Co.	Tampa	5.00
United Abstract & Title Insurance Co.	Bradenton	5.00
First Title Guaranty & Abstract Co.	Key West	7.00
Fidelity Title & Guaranty Co.	Orlando	15.00
Security Abstract & Insurance Co.	West Palm Beach	10.00
Pinellas County Title Co.	Clearwater	5.00
West Coast Title Company	St. Petersburg	2.50

GEORGIA

Atlanta Title & Trust Company	Atlanta	50.00

IDAHO

Benewah County Abstract Company	St. Maries	5.00
The Bingham Title & Trust Company	Blackfoot	10.00
Joseph W. Fuld Agency	Hailey	5.00
The Bonner County Abstract Co., Ltd.	Sandpoint	5.00
Rigby Abstract Company	Rigby	2.00
Jerome Abstract & Title Company	Jerome	5.00
Panhandle Abstract Company	Coeur d' Alene	5.00
Latah County Title Company	Moscow	5.00
Twin Falls Title & Abstract Co., Ltd.	Twin Falls	10.00
Washington County Title Company	Weiser	5.00

ILLINOIS

Associated Abstract Company	Champaign	10.00
Champaign County Abstract Company	Champaign	10.00
Brents-Patterson Abstract Co.	Taylorville	25.00
Taylor Abstract Company	Taylorville	10.00
Chicago Title & Trust Company	Chicago	500.00
The Taylor Abstract Company	Clinton	10.00
DuPage Title Company	Wheaton	25.00
Nelson Title Company	Paris	10.00
Effingham Title Company	Effingham	10.00
Dieckman & Tedrick	Vandalia	5.00
Ford County Abstract Co.	Paxton	5.00
Howerter & Boyd	Lewistown	5.00
Iroquois County Title & Trust Co.	Watseka	10.00
Jackson County Abstract & Guarantee Co.	Murphysboro	5.00
Webb & Harriss	Mt. Vernon	5.00
Jersey County Abstract & Title Co.	Jerseyville	5.00
Jo Daviess County Abstract Co.	Galena	10.00
Kankakee County Title & Trust Co.	Kankakee	10.00
Illinois Title Company	Waukegan	25.00
Leland and Wilson	Ottawa	5.00
Henry C. Warner	Dixon	5.00
Livingston County Abstract Co.	Pontiac	10.00
Logan County Title Company	Lincoln	10.00
Home Abstract & Title Company	Edwardsville	10.00
D. W. Larimer	Salem	5.00
McHenry County Title Co.	Woodstock	25.00
McLean County Abstract Co.	Bloomington	25.00
T. C. Bennett	Petersburg	6.00
Montgomery County Abstract Co.	Hillsboro	3.00
Citizens Abstract Co.	Sullivan	5.00
Ogle County Abstract Office, Inc.	Oregon	10.00
Title & Trust Company	Peoria	25.00
Randolph County Abstract Office	Chester	5.00
Rock Island County Abstract & Title Guaranty Company	Rock Island	15.00
St. Clair Guaranty & Title Co.	Belleville	25.00
Sangamon County Abstract Co.	Springfield	25.00
N. C. Leathers	Shelbyville	5.00
Stephenson County Abstract Co.	Freeport	20.00
Vermilion County Abstract Co.	Danville	20.00
Walter S. Lawrence	Fairfield	5.00
H. B. Wilkinson Co.	Morrison	20.00
Will County Title Co.	Joliet	25.00
Holland-Ferguson Co.	Rockford	25.00
Woodford County Abstract & Title Co.	Eureka	5.00

INDIANA

Allen County Abstract Co.	Fort Wayne	10.00
Spahr-Morrison Abstract Co.	Frankfort	5.00
Delaware County Abstract Co.	Muncie	10.00
Wm. Shelby McFall	Jasper	5.00
Wainwright Abstract Co.	Noblesville	10.00
The Abstract & Title Guaranty Co.	Danville	5.00
Taylor & Taylor	Danville	15.00
Anderson Abstract Co.	Kokomo	8.00
The Jones Abstract Co.	Huntington	5.00
Kosciusko Abstract & Title Gty. Co.	Warsaw	5.00
Lake County Title Co.	Crown Point	25.00
Rowland Title Company	Anderson	2.00
L. M. Brown Abstract Co.	Indianapolis	50.00
Union Title Company	Indianapolis	100.00
The Jennison Abstract Company	Crawfordsville	10.00
Morgan County Abstract Company, Inc.	Martinsville	5.00
Noble County Abstract Office	Albion	5.00
Abstract and Title Corp. of South Bend	South Bend	25.00
Chas. C. T. Stallard	Lafayette	10.00
Wade Abstract Company	Terre Haute	15.00
Marks Abstract Company	Salem	5.00
The Wayne County Abstract Co.	Richmond	5.00
Graves Abstract Company	Monticello	2.00

IOWA

M. R. McCollom	Greenfield	3.00
George R. Knapp	Vinton	5.00
Black Hawk County Abstract Company	Waterloo	20.00
Boone County Abstract & Loan Company	Boone	10.00
Kastner Abstract Company	Boone	5.00
Mrs. H. M. Finnegan	Carroll	5.00
Moore Abstract & Title Co.	Cherokee	10.00
S. V. Hemphill	Clay Center	5.00
Abstract Guaranty Co.	Council Bluffs	25.00
Clay County Abstract Co.	Spencer	2.50
Spencer Loan & Abstract Company	Spencer	10.00
Abstract & Title Guaranty Co.	Clinton	5.00
McHenry Abstract & Loan	Denison	5.00
Russell Loan & Title Co.	Adel	5.00
Delaware County Abstract Co.	Manchester	10.00
Des Moines County Abstract Co.	Burlington	5.00
Carlton Abstract Co.	Spirit Lake	5.00
C. B. Trewin, Inc.	Dubuque	10.00
Elsie E. Smith	West Union	6.00
Robinson Brothers	Hampton	10.00
Greene County Abstract Co.	Jefferson	2.00
Grundy County Abstract Co.	Grundy Center	5.00
Security Title & Loan Co.	Webster City	3.00
Humboldt County Abstract Co.	Humboldt	10.00
Ida County Abstract Company	Ida Grove	5.00
Maytag Loan & Abstract Company	Newton	6.00
Security Abstract Company	Iowa City	5.00
B. F. Davis Abstract Co.	Cresco	2.50
M. P. Weaver	Algona	5.00
Smith's Title Service	Keokuk	25.00
Linn County Abstract Co.	Cedar Rapids	10.00
Johnson Abstract Company	Oskaloosa	10.00
Central Abstract Company	Marshalltown	5.00
Mills County Abstract Co.	Glenwood	4.00
The Loomis Abstract Co.	Red Oak	5.00
Des Moines Title Co.	Des Moines	25.00
Alexander R. Mann	Sibley	5.00
Arthur Anderson Company	Emmetsburg	5.00
Plymouth County Abstract Co.	Le Mars	5.00
Fidelity Abstract Co.	Pocahontas	10.00
Davenport Abstract Co.	Davenport	15.00
Shelby County Abstract Company	Harlan	7.50
Sioux Abstract Co., Inc.	Orange City	10.00
Batman-Sayers Abstract Company	Nevada	10.00
Union County Abstract Co.	Creston	5.00
Walter H. McElroy	Ottumwa	10.00
Schuyler W. Livingston	Washington	10.00
Washington Title & Guaranty Co.	Washington	5.00
C. L. Clark	Corydon	5.00
Winnebago County Abstract Co.	Forest City	5.00
Winneshiek Title and Abstract Co.	Decorah	5.00
Geo. Whitcomb	Northwood	10.00

KANSAS

Iola Abstract Company	Iola	4.00
Commerce Investment Co.	Atchison	5.00
C. M. Williams Title Co.	Sedan	5.00
Pearl K. Jeffery	Columbus	5.00
Eric H. Swenson Company	Clay Center	5.00
Stafford Abstract Co.	Winfield	5.00
Frank E. Banks	Lawrence	5.00
John E. Emick	Lawrence	5.00
Elk County Abstract & Title Co.	Howard	2.50
The Wilson Abstract Co.	Ellsworth	5.00
Geary County Abstract Co.	Junction City	5.00
Howland Abstract Co.	Hill City	2.50
The Regier Loan & Abstract Co.	Newton	3.00
Cragun Abstract Co.	Kingman	5.00
C. A. Wilkin & Co.	Parsons	5.00
Harold C. Short	Leavensworth	5.00
Montgomery County Abstract Co.	Independence	10.00
Security Abstract Co.	Independence	10.00
A. J. Titus	Council Grove	5.00
The Hall Abstract & Title Co.	Hutchinson	7.50
The May Abstract & Title Co.	Hutchinson	10.00
Sam C. Charlson	Manhattan	5.00
The C. W. Lynn Abstract Company	Salina	30.00
Columbian Abstract Co.	Topeka	10.00

KENTUCKY

Franklin Title & Trust Co.	Louisville	15.00
Louisville Title Insurance Co.	Louisville	50.00

LOUISIANA

Avoyelles Abstract & Land Co.	Marksville	2.00
Bossier Abstract & Title Co., Inc.	Benton	5.00
Lawyers Title Insurance Corporation	New Orleans	25.00

MARYLAND

The Maryland Title Guarantee Co.	Baltimore	100.00
Real Estate Title Company	Baltimore	12.50

MICHIGAN

Bay Trust Company	Bay City	10.00
Berrien County Abstract Co.	St. Joseph	5.00
Branch County Abstract Office	Coldwater	5.00
Emmett County Abstract & Title Co.	Petoskey	2.00
Grand Traverse Title Co.	Traverse City	5.00
The Guaranty Title & Mortgage Co.	Flint	10.00
Iosco County Abstract Office	Tawas City	10.00
Iron County Abstract & Land Co.	Crystal Falls	4.00
The Charles E. Thompson Abstract Co.	Bad Axe	10.00
Title Bond & Mortgage Co. of Kalamazoo	Kalamazoo	35.00
Lake County Abstract Co.	Baldwin	5.00
Lapeer County Abstract Office	Lapeer	5.00
Lenawee County Abstract Office	Adrian	10.00
Monroe County Abstract Co.	Monroe	10.00
St. Clair County Abstract Co.	Port Huron	10.00
Thos. E. Dawson	Sandusky	5.00
Tuscola County Abstract Co.	Caro	5.00
Washtenaw Abstract Co.	Ann Arbor	10.00
Abstract & Title Guarantee Co.	Detroit	100.00
Burton Abstract & Title Co.	Detroit	50.00

MINNESOTA

Aitkin County Abstract Co.	Aitkin	5.00
Freeborn County Abstract Co.	Albert Lea	6.00
Title Insurance Company of Minnesota	Minneapolis	200.00
Isanti County Abstract Co.	Cambridge	7.00
St. Paul Abstract & Title Guarantee Co.	St. Paul	25.00
Lake of the Woods Abstract Company	Baudette	1.00
N. F. Field Abstract Co.	Fergus Falls	5.00
The Consolidated Abstract Company	Duluth	10.00
Pryor Abstract Co.	Duluth	15.00
Edgar E. Waite	Breckenridge	5.00
Winona County Abstract Co.	Winona	10.00
J. R. Campbell	Buffalo	4.00

MISSOURI

Boone County Abstract Company	Columbia	2.00
F. M. Rootes	Fulton	5.00
Conger Abstract Company	Harrisonville	5.00
Hight-Eidson Title Company	Harrisonville	15.00
Cedar County Abstract Company	El Dorado Springs	4.00
Chariton County Abstract & Title Co.	Keytesville	5.00
Ozark Abstract & Loan Company	Ozark	5.00
Clay County Abstract Company	Liberty	10.00
Cole County Abst., Realty & Ins. Co.	Jefferson City	5.00
W. O. Russell Abstract Company	Greenfield	4.00
Dudley & Brandom	Gallatin	2.00
Mann & Leopard	Gallatin	2.00
H. F. Hansen	Union	10.00
Lincoln Abstract Company	Springfield	15.00
Grundy County Abstract Company	Trenton	2.00
Henry County Abstract Office	Clinton	2.00
E. E. Richards	Oregon	5.00
Kansas City Title & Trust Company	Kansas City	50.00
Missouri Abstract & Title Ins. Co.	Kansas City	25.00
Jackson County Title Company	Independence	5.00
Jefferson County Abstract Company	Hillsboro	20.00
Beulah M. Ennis	Edina	3.00
Ryan & Carnahan	Chillicothe	2.50
Wells Abstract Company	Hannibal	6.00
The Landmann Abstract & Title Co.	Sedalia	5.00
McCutchen & Son	Unionville	5.00
Emmons Abstract Company	St. Charles	4.00
Oscar L. Haile	Farmington	1.00
The St. Francois County Abstract Co.	Farmington	10.00
Title Insurance Corporation of St. Louis	St. Louis	75.00
Land Title Insurance Co. of St. Louis	Clayton	100.00
Shelby County Abstract & Loan Company	Shelbyville	2.00
Lou E. Knott	Memphis	2.00
Charles H. Groom	Forsyth	5.00
Williams, Pottorf & Flynn	Nevada	5.00
D. D. Hamilton & Company	Marshfield	2.00

MONTANA

Broadwater County Abstract Company	Townsend	2.00
North Montana Abstract Company	Great Falls	5.00
Montana Loan & Title Company	Glendive	5.00
Gallatin County Abstract Company	Bozeman	6.00
C. E. Frisbee	Cut Bank	5.00
Hill County Abstract Company	Havre	5.00
Helena Abstract & Title Company	Helena	6.00
Livingston Land & Abstract Company	Livingston	4.00
Powder River Abstract Company	Broadus	5.00

NEBRASKA

John W. Lamson	Neligh	2.00
Clarence E. Haley	Hartington	4.00
J. F. Hanson & Company	Fremont	10.00
R. D. Druliner	Benkelman	2.00
Fillmore County Abstract Association	Geneva	5.00
Gage County Abstract Company	Beatrice	3.00
Livingston & Livingston	Tecumseh	2.00
C. R. Imler	Nelson	2.00
Archie M. Smith	Pender	2.00

NEVADA

Pioneer Title Insurance & Trust Co.	Las Vegas	5.00
Washoe County Title Guaranty Co.	Reno	10.00

NEW JERSEY

West Jersey Title & Guaranty Co.	Camden	50.00
Ocean County Trust Company	Toms River	20.00

NEW MEXICO

New Mexico Title Association	Santa Fe	25.00
New Mexico Title Company	Albuquerque	10.00
Gessert-Sanders Abstract Company	Roswell	6.00
Las Cruces Abstract & Title Co.	Las Cruces	6.00
The Southwestern Abstract & Title Co.	Las Cruces	5.00
Artesia Abstract Company	Artesia	5.00
Eddy County Abstract Company	Carlsbad	5.00
Fidelity Abstract Company	Santa Rosa	6.00
Harding County Abstract Company	Mosquero	5.00
Canavan Abstract & Insurance Co.	Gallup	2.00
Las Vegas Title Guaranty Company	Las Vegas	6.00

NEW YORK

Abstract Title & Mortgage Corporation	Buffalo	100.00
Home Title Guaranty Company	Brooklyn	50.00
MacFarlane & Harris	Rochester	5.00
Monroe Abstract Corporation	Rochester	10.00
Harris, Beach, Folger, Beacon & Keating	Rochester	15.00
Metropolitan Title Guaranty Company	New York	10.00
United Title & Mortgage Guaranty Co.	New York	10.00
Miller, Hubbell & Evans	Utica	5.00
Mohawk Abstract Corporation	Schenectady	15.00
Empire State Abstract Corporation	Bath	12.50

NORTH DAKOTA

Bowman County Abstract Company	Bowman	2.00
The Burleigh County Abstract Company	Bismarck	5.00
The Northern Abstract Company	Fargo	12.00
Surety Title Company	New Rockford	3.00
Kidder County Abstract Company	Steele	2.00
Security Abstract & Loan Company	Washburn	2.00
Mercer County Abstract Company	Stanton	3.00
The Mandan Abstract Company	Mandan	2.00
A. Short & Company	Cavalier	2.00
The Butler Company	Lisbon	2.00
Slope County Abstract Company	Amidon	4.00
Estelle M. Kelly	Hillsboro	5.00
Williams County Abstract Company	Williston	5.00

OHIO

Miner A. Atmur	Lima	5.00
W. E. Peters	Athens	10.00
The Cuyahoga Abs't Title & Trust Co.	Cleveland	25.00
The Land Title Guarantee & Trust Co.	Cleveland	100.00
The Erie County Title Company	Sandusky	15.00
The Guarantee Title & Trust Company	Columbus	25.00
The Title Guarantee & Trust Company	Cincinnati	50.00
The Title Guarantee & Trust Company	Toledo	50.00
Brooks T. Carson	Dayton	5.00
The Guarantee Title Company	Mansfield	10.00
Culbert & Culbert	Fremont	5.00
Smith-Trump Abstract Company	Canton	15.00
Charles E. Yutzey	Canton	5.00
The Northern Ohio Guarantee Title Co.	Akron	20.00
The Summit Title & Abstract Company	Akron	10.00
Trumbull County Abstract Co.	Warren	10.00
Adele M. Kagay	Marysville	4.00
The Wayne County Abstract Company	Wooster	5.00
William Dunipace	Bowling Green	5.00

OKLAHOMA

John H. Leeper	Stilwell	2.00
Lacey Pioneer Abstract Company	Anadarko	5.00
Cotton County Abstract Company	Walters	5.00
Lafe Speer Abstract Company	Sapulpa	10.00
Guarantee Abstract & Insurance Co.	Enid	5.00
The Grant County Abstract Co.	Medford	1.00
Overton Abstract Company	Mangum	5.00
Pioneer Abstract & Title Company	Buffalo	10.00
Atlas Abstract Company	Holdenville	7.50
Tishomingo Abstract Company	Tishomingo	6.00
Albright Title & Trust Company	Newkirk	12.50
Security Abstract Company	Newkirk	5.00
Frakes Abstract Company	Kingfisher	2.50
Poteau Abstract Company	Poteau	3.00
Abstract & Guaranty Company	Chandler	3.00
Mayes County Abstract Company	Pryor	5.00
The Eufaula Abstract Company	Eufaula	5.00
Sulphur Abstract & Title Company	Sulphur	2.50
E. O. Clark Abstract Company	Muskogee	10.00
Pioneer Abstract & Trust Company	Muskogee	10.00
W. S. Powers Abstract Company	Perry	10.00
Title Abstract Company	Nowata	5.00
American First Trust Company	Oklahoma City	100.00
Embry, Johnson, Crowe & Tolbert	Oklahoma City	10.00
Richard C. Lyon	Oklahoma City	4.00
Okmulgee Abstract & Title Company	Okmulgee	10.00
Osage County Abstract Company	Pawhuska	5.00
Pawhuska Abstract & Title Company	Pawhuska	7.50
Payne County Abstract Company	Stillwater	3.00
Meurer Abstract Company	Pawnee	25.00
Stillwater Abstract Company	Stillwater	5.00
Pioneer Abstract Company	McAlester	5.00
Home Title Guaranty Company	Ada	5.00
Pushmataha County Abstract Company	Antlers	5.00
Slief-Vaughn Abstract Company	Cheyenne	2.00
Johnston Abstract & Loan Company	Claremore	10.00
Seminole County Abstract Company	Wewoka	6.00
Stephens County Abstract Company	Duncan	5.00
Alex S. Foreman	Sallisaw	2.00
Guaranty Abstract & Title Company	Guymon	5.00
George M. Burkhardt & Company	Frederick	5.00
Wagoner County Abstract Company	Wagoner	10.00
Washita County Abstract & Title Co.	Cordell	5.00
Renfrew Investment Company	Woodward	5.00
Tom W. Garrett	Oklahoma City	2.00

OREGON

Oregon Title Association	Portland	100.00
Baker Abstract & Title Company	Baker	7.50
Title & Trust Company	Oregon City	10.00
Astoria Abstract Company	Astoria	5.00
Title Guarantee & Abstract Company	Coquille	5.00
Jackson County Abstract Company	Medford	15.00
Klamath County Abstract Company	Klamath Falls	5.00
Wilson Title & Abstract Company	Klamath Falls	5.00
Linn County Abstract Company	Albany	10.00
Salem Abstract Company	Salem	10.00
Union Abstract Company	Salem	10.00
Morrow County Abstract & Title Co., Inc.	Heppner	5.00
Commonwealth, Inc.	Portland	50.00
Pacific Abstract & Title Company	Portland	30.00
Title & Trust Company	Portland	50.00
Tillamook-Pacific Title Company, Inc.	Tillamook City	10.00
The Abstract & Title Company	LaGrande	5.00
Wallowa Law, Land & Abstract Co.	Enterprise	5.00
Title & Trust Company	Hillsboro	10.00
Hartman Abstract Company	Pendleton	25.00

PENNSYLVANIA

Lawyers Title Company	Pittsburgh	50.00
The Title Guaranty Company	Pittsburgh	35.00
The Bryn Mawr Trust Company	Bryn Mawr	40.00
The Colonial Title Company	Philadelphia	50.00
Frankford Trust Company	Philadelphia	44.00
Land Title Bank & Trust Company	Philadelphia	100.00
Pennsylvania Title Insurance Company	Philadelphia	25.00

RHODE ISLAND

Title Guarantee Company of Rhode Island	Providence	30.00

SOUTH DAKOTA

C. D. Tidrick	Chamberlain	2.00
Belle Fourche Realty & Abstract Co.	Belle Fourche	2.50
Clark Abstract & Title Company	Clark	5.00
Southwick Abstract Company	Watertown	3.00
C. L. Dice	Custer	4.00
Harding County Abstract Company	Buffalo	2.50
Getty Abstract Company	Sioux Falls	10.00
Miner County Abstract Company	Howard	3.00
The Dakota Title & Investment Co., Inc.	Rapid City	2.00
C. E. Feigel	Rapid City	3.00
Perkins County Abstract Company	Bison	5.00
Roberts County Abstract Company	Sisseton	5.00
Spink County Abstract & Ins. Co.	Redfield	5.00
Tripp County Abstract Company	Winner	2.00

TENNESSEE

The Guaranty Title Company	Nashville	50.00
Commerce Title Guaranty Company	Memphis	20.00
Union Planters Title Guaranty Co.	Memphis	25.00
Bluff City Abstract Company	Memphis	25.00
Memphis Abstract Company	Memphis	25.00

TEXAS

Brazoria County Abstract Company	Angleton	10.00
Brazos County Abstract Company	Bryan	5.00
Henrietta Abstract Company	Henrietta	10.00
W. W. Howeth Company	Gainesville	5.00
Lawyers Title of Texas, Inc.	Dallas	10.00
Pioneer Abstract & Guarantee Title Co.	El Paso	15.00
King & Braeuer	Stephenville	2.00
Stewart Title Guaranty Company	Galveston	100.00
Donegan Abstract Company	Seguin	5.00
American Title Guaranty Company	Houston	15.00
Houston Title Guaranty Company	Houston	25.00
Valley Abstract Company	Edinburg	4.00
Port Arthur Abstract Company	Port Arthur	10.00
Jim Hogg County Abstract Company	Hebbronville	5.00
Live Oak Title Company	George West	2.00
Dilworth Abstract & Title Company	Waco	10.00
The Milam County Abstract Company	Cameron	5.00
Bob Powell, Inc.	Dumas	1.00
Guaranty Title & Trust Company	Corpus Christi	35.00
Love Abstract Company	Franklin	5.00
Stephens County Abstract Company	Breckenridge	2.00
Guaranty Abstract & Title Company	San Antonio	20.00
Gracy-Travis County Abstract Co.	Austin	10.00
W. R. Garrett Abstract Company	Cuero	10.00

UTAH

Ensign Abstract Company	Salt Lake City	5.00
Intermountain Title Guaranty Co.	Salt Lake City	20.00
Intermountain Title Guaranty Co.	Provo	5.00
The Andrus-Hafen Company	St. George	3.00
Home Abstract Company	Ogden	5.00
Intermountain Title Guaranty Company	Ogden	5.00

VIRGINIA

Lawyers Title Insurance Corporation	Richmond	125.00

WASHINGTON

Adams County Abstract Company	Ritzville	17.00
Asotin County Title Company	Clarkston	2.00
Benton County Abstract & Title Co.	Prosser	2.00
Chelan County Abstract Company	Wenatchee	29.00
Valley Title Company, Inc.	Wenatchee	9.00
Clallam County Abstract Company	Port Angeles	27.00
Clark County Abstract & Title Co.	Vancouver	4.00
Fletcher-Daniels Abstract Company	Vancouver	29.00
Wallace Abstract Company	Dayton	2.00
Cowlitz County Title Company	Longview	29.00
Reliance Title & Abstract Co., Inc.	Kelso	4.00
Douglas County Title Abstract Co.	Waterville	12.00
Citizens Abstract Company	Pasco	2.00
Garfield County Abstract Company	Pomeroy	7.00
Grant County Title Abstract Company	Ephrata	12.00
Gray Harbor Title Company	Aberdeen	14.00
Lawyers & Realtors Title Insurance Co.	Seattle	50.00
Puget Sound Title Insurance Co.	Seattle	60.00
Seattle Title Company	Seattle	10.00
Washington Title Insurance Company	Seattle	110.00
Port Orchard Abstract Company	Bremerton	4.00
Thomas Ross Abstract Company	Port Orchard	29.00
Kittitas County Abstract Company	Ellensburg	12.00
Lewis County Abstract Company	Chehalis	10.00
Mason County Abstract & Title Co.	Shelton	12.00
Okanogan Title Company	Okanogan	7.00
A. P. Leonard Abstract Company	South Bend	2.00
Pacific County Abstract & Title Co.	South Bend	2.00
Commonwealth Title Insurance Co.	Tacoma	52.50
Tacoma Title Company	Tacoma	40.00
Skagit County Abstract Company	Mt. Vernon	29.00
Everett Abstract & Title Company	Everett	24.00
Snohomish County Abstract Company	Everett	39.00
Northwestern Title Insurance Co.	Spokane	72.50
Stevens County Abstract Company	Colville	12.00
Capital City Abstract Company	Olympia	19.00
Thurston County Abstract Company	Olympia	4.00
Dean McLean Abstract Company	Walla Walla	24.00
Bellingham Abstract Company	Bellingham	14.00
Whatcom County Abstract Company	Bellingham	39.00
Whitman Abstract Company	Colfax	29.00
Yakima Abstract & Title Company	Yakima	39.00
Yakima Title Guaranty & Abstract Co.	Yakima	14.00

WISCONSIN

Barron County Abstract Company	Barron	5.00
Columbia County Abstract Company	Portage	5.00
Dane County Title Company	Madison	10.00
Dodge County Title & Abstract Co.	Juneau	40.00
Kenosha County Abstract Company	Kenosha	10.00
Newberry Abstract Company	Kenosha	4.00
La Crosse County Abstract Company	La Crosse	5.00
Lafayette County Abstract Company	Darlington	5.00
Runkel Abstract & Title Company	Wausau	5.00
Security Abstract & Title Company	Milwaukee	50.00
Title Guaranty Company of Wisconsin	Milwaukee	50.00
Oneida County Land & Abstract Co.	Rhinelander	5.00
Polk County Abstract Company	St. Croix Falls	2.00
Belle City Abstract Company	Racine	10.00
Knight-Barry Abstract Company	Racine	12.00
Rusk County Abstract Company	Ladysmith	2.00
Sheboygan County Abstract Co.	Sheboygan	6.00
Walworth County Abstract Company	Elkhorn	5.00
Hardy-Ryan Abstract Company	Waukesha	5.00
The Greenlaw-Thomas Abstract Co.	Oshkosh	10.00
The First Bond & Mortgage Co.	Wisc. Rapids	15.00

WYOMING

Albany County Pioneer Abstract Co.	Laramie	5.00
Goshen County Abs't & Investment Co.	Torrington	5.00
Wyoming Abstract & Title Co.	Cheyenne	8.00
Hot Springs Abstract Company	Thermopolis	2.00
Natrona County Abstract & Loan Co.	Casper	5.00
Sublette Title & Realty Co.	Pinedale	2.00