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Colorado Springs



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National President, The American Title Association
Executive Vice-President, Title Insurance Company of Minnesota,
Minneapolis, Minnesota

Proceedings of the Thirty-Sixth Annual Convention —of the—

AMERICAN TITLE ASSOCIATION

Colorado Springs, Colorado

Report of the President

When, in October of last year, I was elected to the Presidency of this important Association, my emotions were varied. Naturally I was pleased to have such honor come to me. I felt very humble, and hoped I possessed the equipment necessary to do the doing of a good job.

I pledged myself to apply to the Association problems my prompt attention and my best judgment. That has been done.

This time on the program is allotted to the "Report of the President." That designation is a misnomer, for very little of this paper resembles a report. And, for that matter, it should not, for necessarily, if it were a report, it would be repetition of the report of the Executive Secretary, which will follow shortly. The Executive Secretary is so saturated with the affairs of the Industry, which he so ably represents, that he can recite to you, at any length you may desire, the doings of your officers and your Association during the past year, the problems settled and to be settled, contacts made in your behalf, controversies adjusted, his liaison with Federal Agencies, and other large users of our services. He can cover these, and many other topics, either with the aid of his little black note book, or, equally well, extempore.

So why should I bore you by trying to put into my poor language any part of the information which will, of necessity, come to you in Jim Sheridan's report. I know he has plenty to tell you. For Jim and I have kept in close contact, in person—by mail, 'phone and wire, since last October. We have been in Washington together; he has visited with me at my home in Baltimore, and Jim says I'm the only National President who has ever visited the National Association Headquarters in Detroit. (No credit is claimed for that visit, for it was of short duration and was made only because I was in Detroit on other matters).

I have, as your President, attended two State Conventions—New York and Pennsylvania. Each of these State Associations had a fine meeting. Both seem prosperous and well managed.

With the assurance I do not mean to



CHARLES H. BUCK

Immediate Past President, American Title Association

*President Maryland Title Guarantee Co.,
Baltimore, Maryland*

be critical, I make the following statements:

Serve

It is my belief that the Title Industry of the United States will prosper in direct ratio to *service* given. For I feel there is not much to sell on the shelves of the Title Industry but *service*. And *service* is a big word. It has many and broad meanings. For this discussion let's define it as: The act or work of providing a regular or continuous supply of something, or of supplying regularly the needs or requirements of persons or of the community.

What is that something we want to provide? It's *title evidence*. Whether it's an abstract of title, an opinion, a certificate or a title policy, it's still *title evidence*. And the providing of title evidence in any of its forms should be construed by title men as a *Service* to the Public, in which we should all be proud to be enlisted.

The better the quality of our service, the greater the quantity we will be asked to furnish.

Need for Organization

There are sections of the United States in which there is little organization for the furnishing of title services. This lack of organization has made it possible for departments of the Federal Government to send crews of salaried Federal employees into certain sections of the Country to make abstracts. These crews, I am told, are generally incompetent and, therefore, do not prepare proper title evidence. Furthermore, the employment of such a system in a bureau of the Federal Government, strengthens our already too bureaucratic tendencies. The very existence of such Government employee abstractors tends to place them in competition with established privately owned abstract and title insurance plants, in the bidding for title work to be furnished the Federal Government. Many of you, I am sure, have been subjected to this type of unfair competition.

This practice cannot be condemned too vigorously. It is just more evidence of the extent to which bureaucratic government can go, in the stifling of private enterprise.

There should be, in every county of the United States, available to those needing title evidence, an organized privately controlled title industry. Abstract and title insurance companies *in the respective states* should never let it be said that adequate title service, throughout the *breadth* of their states is not available.

Our Responsibility

But the fact is that in some of our largest and most populous states, acceptable title evidence is not obtainable in the counties remote from metropolitan centres, except at prices which are prohibitive. Federal agencies and insurance company counsel are my authority for that statement. I am convinced the title industry can be organized

on a state-wide basis, and that it is a public duty, and good sense, that the members of this Organization in the respective states see that such state-wide service is perfected.

The regional companies are doing a good job, not only in the extension of title service, but also in joining with local companies and with each other in spreading the risks by coinsurance and reinsurance, in large transactions. The regional companies have a definite place in the Title Industry, but their very existence should urge abstractors and Title Insurance Companies, operating strictly locally, to extend their spheres so that, in no state, will there be a lack of proper title service in all of its counties.

Title Service

There are certain essentials of good title service which should never be lacking:

First: Service should be dispensed courteously—a lack of this, cheap commodity will do more to lose business than any other lack.

Second: Whether you are an abstractor, an attorney giving an opinion, or an insurer—call attention to defects or encumbrances in a clear, concise and complete manner. Never skeletonize your noting of restrictions, or other encumbrance, to the extent that those reading your report, abstract or preliminary certificate, will get no information therefrom, except the fact that something in the nature of an encumbrance exists. Rather than give too little information, it is better to give a copy of the paper creating the encumbrance, restriction, easement or other paper in the chain, which may have the effect of lessening the fee simple. By all means, if you don't furnish copies, at least give an excerpt sufficiently full to show the effect of such encumbrances.

Many of you, no doubt, think there is no need to mention such a matter. But you who do, would be surprised if you heard some of the complaints, with regard to such matters, which come to National Headquarters.

Third: If you are an insurer, consider carefully, points for exception in your policies. Purchasers of title insurance want full coverage. Many exceptions noted in preliminary reports are cleared up or waived before settlement. Why not *try* to clear away as many exceptions as possible before the preliminary report is sent out.

That statement probably sounds silly to those of you who are Title Officers in Title Insurance Companies. But from my own experience it is clear, that too many Title Officers lean backward for a technical construction of the law, without taking enough into consideration, the business aspects of the situation presented.

Fourth: Complete and report your orders as quickly as accuracy will permit.

Fifth: Pay your losses cheerfully; and in settling claims try very hard

to look at the claim through the eyes of the claimant. Of course, I don't advocate that we permit ourselves to be held up. After all, whether we are abstractors or insurers, there are rules and laws which determine our liability for our mistakes. And the circumstances may be such, that we must adhere strictly to those rules, when they favor us. But I know from experience that a well advertised loss is the best advertisement our business can have.

I saw recently an advertisement of one of our member companies, which consisted of a tabulation of losses. There were about ten losses listed. The table showed the policy number, cause of loss and amount of loss. Some of the losses were substantial. Below the table were these words:

"That is why we are in business."

And below that the name of the company. That advertisement has punch, and it will attract business. The Company which uses it is to be congratulated.

I do not intend hereby to give you a catechism. The foregoing are observations I have made since becoming your President.

The Months to Come

It is to be hoped that business conditions during the coming months will be such, that opportunities for the kind of service we sell, will present themselves increasingly. However, such a condition is unlikely. When our industry has cleaned up the title orders consequent to defense housing, extension of government facilities due to the War, and war plant purchases and extensions, there will be few sources of title business, except from transfers of existing properties and the refinancing thereof. Because, except for defense, materials will not be made available for new construction of any kind.

This, of course, does not mean a stoppage of our business. Money will be earned out of the War preparation, and while taxes will be burdensome, and earners will lend to the Government, by buying War Bonds, there will be surplus in the hands of workers, a portion of which will undoubtedly find its way into real estate investments and homes. Such transactions will provide business for the Industry. Rent control, which now applies to residential real estate, may help sales.

When one views the crisis at present confronting our Nation, anything of the nature of what I have said seems unimportant. For certainly we subscribe to the opinion which has been expressed in many ways by others, that: As Americans, all our effort must be directed to the winning of the War, regardless of the effect on individuals or investments.

But—there are reasons to question whether *all the effort* of the entire population is in that direction.

It is probable that, if the Pearl Harbor incident had not come, we would be still on the sidelines, fiddling away time to the tune of big talk of aid to

England and Russia, while labor troubles, Isolationist rantings and politics would hold up the production of our factories. But, while the Pearl Harbor attack caused great damage, its result was, the unifying of the people of this Country, to a greater extent than we have been united in our entire history. But despite our unity of purpose, there is apathy.

Now the industrial might of the Country is *really* being demonstrated. We are beginning to see some of the virtues of our industrial system, which had its birth and its growth under, and in conformity with the Constitutional guarantees which we have so long cherished.

What justifies any belief in an early end of the War, I cannot imagine, but certainly there are many people who believed, and have said during the past sixty days—"The War will be over before Christmas—or by next year." I hope fervently that I'm wrong, but it is my belief—we haven't even begun to fight with the intensity necessary to end the conflict. The reason is, we have not been prepared. When we are fully prepared, we'll give a good account of ourselves. But before we look for an early end of the War, let us wait until we win back for ourselves, and the other United Nations, some of the immense territory which has been lost.

I read in the newspaper about two weeks ago, a statement by an Army Officer who fought on Bataan. It was: "The American people *must understand*, that our defeat in the Philippines was the worst defeat since Washington, D. C. was captured by the British in 1812."

Get Down to Earth

It seems to me that in the past we have become *too* accustomed to winning. *But, we must not lose*, and by putting our 'shoulders to the wheel,' and with God's help, we *will not* lose this War.

Japan didn't attack the United States believing we could lick them. Why should we conclude that virtually *from scratch*, without previous preparation, *we can, in a short time*, defeat Japan (a Country, which has been preparing for this conflict for twenty-five years, or more), *except after a long time*, and with great sacrifice.

Japan and Germany, of course, miscalculated, and both will soon feel our blows. We cannot expect, however, like the wolf in "Fairy Tales, The Three Little Pigs," to Huff and Puff and blow the Japs down." We must sacrifice on the home front to give 100 per cent backing to our boys in the front line.

Our Fight

I ask your indulgence to quote from an article of John Whitaker—a World renowned foreign correspondent:

"As a people we are living, still, in a peace-time psychology, studying the headlines as if we were spectators. It is time we realized we cannot win this War on potentialities alone, that to win will require the active effort of every citizen. It is time we stopped political

bickering, stopped whispering campaigns against American minorities and against our Allies. It is time we showed our enemies they are dead wrong in thinking us incapable of unity and sacrifice, a lesser breed of men than our forefathers. For the sands are running out in this most titanic of all wars, and we or they—not both—will survive."

We must save and preserve this Country and its governmental system. We must spread our ideal, of government by free people, among all the peoples of the earth. We must, *unselfishly* lead the World to continued peace after the War is won.

With the will to accept the responsibilities of World leadership, which will be in our laps after the War, we can make a magnificent contribution to civilization, greater than any which we or any other Nation has ever made.

Such a contribution for the good of humanity will compensate, in some measure, for the heartaches and great sacrifices which are presently inevitable.

There is reason for concern in that there appears many indications, certain of our administrative leaders are planning so-called reforms ahead of all other considerations.

Our Liberties

We must be regimented for intense war preparation, and willingly give up a large part of our democratic way of life. But certainly if we wish our democratic ways to survive, and our Constitutional guarantees to continue, *we must determine now*, that after the War has been won, we will rid ourselves of War regulations and test tube

methods of planned economy. For if we win the War, and lose our Constitutional liberties, we shall have lost what we fought to save.

I close, quoting Daniel Webster, using words spoken by that great man one hundred and thirty years ago. Many of you have had them called to your attention recently, but they will bear repeating. I quote:

"If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhaust our treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again, and ripen to future harvests.

"It were but a trifle, even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these may be rebuilt.

"But who shall reconstruct the fabric of demolished government?

"Who shall rear again the well-proportioned columns of constitutional liberty?

"Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and Public prosperity?

"No, if these columns fall, they will be raised *not again*. Like the Coliseum and the Parthenon, they will be destined to a mournful and a melancholy immortality. Bitterer tears, *however*, will flow over them, than were ever shed over the monuments of Roman or Grecian art; for *they* will be the *monuments* of a more glorious edifice than Greece or Rome ever saw, the *edifice of Constitutional American Liberty.*"

National Housing Act— 1942 Amendments

BURTON C. BOVARD

General Counsel, Federal Housing Administration, Washington, D. C.

I will not take up much of your time this morning, but I do want to express my appreciation for the splendid cooperation we have received from your Association and from the individuals composing it. The relations between the FHA and the Title Association have always been cordial. We seldom make a change in our Rules or Regulations which has any bearing on title questions or procedure in the various states without seeking the advice of your able secretary, Mr. Sheridan, and we have always found him most helpful.

Early in the formation of the FHA program a question arose as to whether we should attempt to adopt fixed requirements with respect to the form of title evidence, the number of years to be covered by the search, the excep-

tions which would be permitted in the title policy and many other matters which normally vary considerably in different jurisdictions.

Your Messrs. Sheridan, McCune Gill, and other members of your Association were very helpful at these conferences and our fundamental rule was established and incorporated into the Regulations that "if the title and title evidence is such as to be acceptable to prudent lending institutions and leading attorneys generally in the community in which the property is situated, such title and title evidence will be acceptable to the Administrator." While this rule imposes upon the mortgagee the obligation to select competent title examiners, attorneys or title companies' it protects them against unknown or arbitrary requirements which are sometimes, and perhaps not without reason, associated with Government Agencies.

I might add that our confidence in

our Approved Mortgagees and in the character and ability of the title men selected by them has not been misplaced and has contributed substantially to the success of our program.

However, you are not here to study ancient history or review past performances, but rather to keep up to date on new developments which may have a bearing on your present problems. I know that many of you represent our Approved Mortgagees and are frequently called upon to close FHA mortgage transactions. You may, therefore, be interested in the recent Amendments to the National Housing Act and our Regulations thereunder. I will not attempt to review all of the changes, but will call your attention to a few of the features which I think may be of particular interest.

War Housing

The present emergency has created an imperative need in certain areas for rental housing for war workers. To meet this need a new Section 608 has been added to the Act authorizing the Commissioner to insure blanket mortgages up to five million dollars and up to ninety per cent of the estimated cost upon large rental projects under procedure similar to that previously available under Section 207. A substantial amount of this type of business is expected if materials are made available. In comparison with the facilities under Section 207, the new section is more attractive to borrowers because less equity is required and the procedure has been streamlined by the removal of limitations on dividends, required reports and the entire processing can be handled by the local insuring office. It is more attractive to lenders because of the privilege of either foreclosing and receiving gov-

ernment-guaranteed debentures based on 100% of outstanding principal, dated as of the default and maturing in ten years, or of assigning the defaulted mortgage to the Commissioner and re-

"The National Emergency has created many problems which affect all of us."

"We are all working toward the same end—which is to win the war."

By

BURTON C. BOVARD

ceiving such debentures with only a one per cent deduction to cover cost of foreclosure by the Commissioner.

While the Commissioner, under this section, passes upon and approves the title as of the date of the mortgage and insures advances during construction, the mortgagee must assume the risk of mechanics' liens arising during

the course of construction and will probably require experienced title service for its protection during such period.

Two changes have been made in the Regulations governing individual mortgages on one to four family houses under Sections 203 and 603 which are of particular interest. One concerns defaulting mortgagors who are in military service. In such cases the mortgagee is now permitted to enter into a written agreement with the mortgagor waiving the required amortization of principal during the period of military service and providing for such increased payments thereafter as may be necessary to amortize the mortgage within its original maturity.

The other change is designed to implement the President's policy of encouraging the prepayment of mortgage indebtedness as an anti-inflation measure. The Regulations now provide that prepayments of whatever amount, in part or in full, if made during the national emergency will not involve the payment of the one per cent prepayment premium, provided the mortgagor at the time the mortgage is paid in full certifies that the prepayment was accomplished without refinancing or creating any obligation or debt for which the mortgagor or his property is liable.

The national emergency has created many problems which affect all of us. Many of the functions which the FHA was originally designed to perform have been seriously curtailed, but new emergency duties have been assigned to it and we are all working toward the same end—which is to win the war. After the war is over it seems probable that the FHA will have an even greater opportunity to be of service in promoting an orderly economic recovery.

An Outsider Views His Former Industry

During my twelve years' more or less close contact with the title insurance business—limited, however, to a single company in a single state of the Union—I have arrived at two basic conclusions with regard to title insurance. They are corollaries of one another and should be discussed together in order to make a well rounded and sensible picture. They are (1) that title insurance, like life insurance, should not be too easy to obtain, and (2) that title insurance, once obtained, should give the utmost possible protection, with all doubts resolved in favor of the policyholder.

I shall discuss these principles in the order in which I have mentioned them.

Sound Examinations

First it appears to me to be a fundamental rule of policy that title insurance should not be a haven for sick titles. Its proper and exceedingly beneficial prime function is the facilitating

RALPH M. HOYT

Shea and Hoyt, Milwaukee, Wisconsin

of real estate transactions and offsetting the annoyances which arise from the imperfection of our system of real estate transfers and encumbrances—the constantly repeated examinations of the same title; the exposing of titles to different viewpoints of different examiners, some strict and some lenient, some highly skillful and some relatively ignorant; the increasing physical bulk of abstracts, with attendant increase in cost and labor in their examination. It can be said with utmost confidence that the system of title insurance, when its use reaches general acceptance in a given area, is a complete cure of the evils I have referred to. When an individual home owner, or a lending institution, or a landed proprietor can make his investment with

absolute confidence that all that will need to be done on the next sale or mortgaging of the property is to bring a title insurance policy down to date and tender it to a buyer or a lender who will understand what it is and be glad to accept it, the title annoyances of real estate conveyancing and mortgaging are a thing of the past. The holder of a title policy can rest assured that the only things which can go wrong with his title are things of his own future creation; the past is secure.

Conservatism

Why, then, should title insurance companies reach out for sick or crippled titles, or make special rates for special risks? Perhaps when a company is young and the title insurance idea is new in the community, it may be thought that no business should be turned away; but that is just the period when the company should be build-

ing itself up in the community as a sound and stable and carefully operated institution. If it is not well enough financed to grow conservatively and to wait out the natural period of development, it should never have been started. Other kinds of insurance companies do not go out after extra-hazardous risks. The life insurance companies require an excellent state of health in their applicants, and we look askance at those companies which let down the bars in that respect. Fire insurance companies want only sound and well cared for structures; automobile liability insurance companies want only safe drivers; public liability insurers of buildings and elevators make constant inspections to see that the hazard is kept low. It is my firm belief that a title insurance company only cheapens and lowers itself and its product when it adopts the contrary course and knowingly insures titles that are definitely hazardous, whether at regular rates or at extra-hazard rates of charge.

Title Insurance—It's Functions

The attitude I have expressed leads, of course, to the grumbling comment by those whose titles are turned down, "What is the use of applying for title insurance if you can't get it until you have made your title so perfect that you don't need the insurance?" Whenever I hear that comment I always speak up and say that a title insurance company has no more reason to be interested in sick titles than a life insurance company has to be interested in sick individuals; and I try to follow up the statement with a logical presentation of what I believe to be the true functions of title insurance, pointing out, incidentally, that there are plenty of hidden hazards in titles even after they have been made, to all appearances, perfect. In particular I feel it is wise for a title insurance company to adopt a definite policy of discouraging those real estate brokers and other middlemen who regularly put through their deals without title insurance until they come to a title that is too shaky to get by the attorney for the buyer or mortgagee, and then run to the title company to get it insured. Their notion of the purpose of the business is all wrong, and they should be made to understand so.

In referring to sick titles I do not, of course, have in mind those merely technical and annoying defects that are to be found in the examination of nearly every title—the sort of thing that we readily waive because of its antiquity or its apparent harmlessness. Nor am I referring to genuine legal questions that may arise upon a title—for instance, whether a remainder is vested or contingent, whether a restriction upon the use of real estate is part of a general plan or affects only a single lot, and that sort of thing—questions that it is the duty of the title insurer, just as it is the duty of the attorney for the individual prospective buyer of the property, to pass upon

and decide. A title should not be classed as sick or uninsurable merely because the title company has to exercise some legal acumen in deciding whether it is a good title or not. But when a definite hiatus appears in the title, of such character or such recent origin that the insuring of the title would be a mere gamble in the hope that the adverse rights clearly disclosed and clearly enforceable will never be asserted, then I feel it is only proper that the applicant should be told to get his title in shape before the company will insure it.

Curative

That leads me to another question, as to the extent to which the title company should enter into the process of curing infirmities in title; which in turn leads me to some comments upon the ticklish subject of the relations between title companies and the legal profession. You will undoubtedly want to discount what I have to say upon this latter subject when I frankly state that I look at it from the standpoint of the practicing attorney, having been engaged in private practice of the law for twenty-three out of the past twenty-eight years; yet what I am going to say upon this subject represents my very sincere views as to what is best for *both* the title insurance business and the legal profession.

There is no escaping the fact that the ordinary and perfectly legitimate operation of a title insurance business makes serious inroads upon the work of the lawyer. In the twelve years that I have been familiar with the affairs of the Milwaukee company, that company has issued some 35,000 policies of title insurance, which means that approximately 35,000 examinations of abstracts and opinions on title have not been made, in that one small area, by attorneys who would otherwise have made them. I suppose that represents a loss of something like \$350,000 in fees that Milwaukee attorneys would have earned during that twelve-year period. This shifting of business is entirely proper and legitimate; it is a part of the progress of the age, like the extinction of the buggy manufacturer when automobiles came into use. But when a title insurance company goes beyond its proper and necessary duty of satisfying *itself* as to the insurability of a title, and begins giving advice or suggestions to the property owner as to what legal steps will make his title insurable, there is a definite invasion of the proper and exclusive field of the practicing attorney, and he has every right to resent and contest it. There are a lot of people—including, I will freely admit, some lazy members of the legal profession—who would like to make the title company a sort of general headquarters for information about questions of real estate law. It is a great deal simpler for the layman to call up the title company and find out what the law is than to consult his own attorney; and similarly

it is easier for the attorney to call up the title company on the same quest rather than get down the books himself. And when it comes to remedying title defects which have been set up as exceptions in a preliminary report for a title policy, it is a very natural thing for the layman to ask the title company what legal steps he ought to take, or even to ask the company to have its own lawyers do the job and add it to the cost of the policy.

Bar Association Relations

To all such requests the title company should, in my opinion, respond with a courteous but firm refusal—not only because the bar associations during recent years have been vigilant in suppressing these activities which come under the heading of unauthorized practice of law, but for the further reason that the bar associations are right. Furnishing legal service is no legitimate part of the function or authority of a title company, either through its office staff or through its retained counsel. Doing it by indirection, as by obtaining an opinion from the company's counsel and sending it on to the customer, is just as bad as the direct method. It is, of course, perfectly proper for the title company's attorney to discuss with counsel for the property owner the measures which the latter proposes to take for curing title defects, and to state whether papers drawn by counsel for the property owner will satisfy the company's requirements. Counsel should not be compelled to proceed under the trial and error method, with no intimation from the title company whether the thing he is doing will be satisfactory when completed or will have to be done over again. Likewise it is perfectly proper for the title company to indicate to counsel for the property owner, or even to the property owner himself, what kind of course will satisfy the company from the standpoint of pure business risk as distinguished from legal result—for instance whether the company will waive an exception upon a mere affidavit as to heirship, instead of insisting upon a formal proceeding in probate court to establish heirship. But the desire of a company to please and accommodate its customers should not lead it into the giving of actual legal advice, either to the laity or to the legal profession itself. It was with some satisfaction and a touch of amusement that I advised my title company client a few weeks ago to inform a certain bar association in a neighboring state that the title company was not in position to answer its inquiry as to what the law of Wisconsin was upon a certain point; that the inquirer would have to consult an attorney because the title company could not engage in the giving of legal advice.

Dignity and Position

What I have just been talking about ties in with my thesis that the obtain-

ing of title insurance should not be made too easy. The title company should not be abject in its eagerness to get business; it should establish standards and maintain them. It should not only require a sound title before it will issue its policy; it should further insist that if the infirmities which make a title presently uninsurable are to be eliminated by legal action, that must be done by the applicant's own counsel without aid or direction from the title company as to the legal measures to be taken. Here again, the following of the straight and narrow path will give plenty of occasion for grumbling among customers who quite naturally would rather have free legal service from a title company than pay a lawyer for it; and there will always be a temptation to the selling department of the title company to overstep the bounds and keep the customer happy. A strict adherence to the course I have outlined, however, will not only keep the company out of actual controversy over unauthorized practice of the law, but will tend to build up respect for the company in the community; and not the least of the elements in the community whose respect the company should foster and crave are the high class attorneys who will appreciate and understand the company's sincere efforts to keep itself out of the practice of the law.

Bona Fide Orders

One situation that results in a real problem for the management of the title company in this connection is that which arises when a property owner, or perhaps his attorney, presents a state of facts affecting his title, and inquires whether the company will insure the title upon those facts. If it will, he will file an application for a policy; otherwise he will not. Perhaps the inquiry is accompanied by an opinion on title, given by the attorney for a prospective buyer or mortgagee, and the company is asked whether it will insure the title in spite of defects pointed out in that opinion. The author of the inquiry very understandably insists that he does not want to file an application for a policy and subject himself to charges, only to be told that the title is uninsurable; he wants to know before he spends any money or incurs any obligation.

I should be much interested in learning what is done by title companies generally in situations like this. In our own case, we try to divide the cases into two classes, those in which the only question is one of business risk and those which involve questions of law. Where only business risk is involved, and we have a standard office practice on the point, we will readily give our reply. For example when we are asked whether we will waive the failure of a wife to join in a deed executed seventy-five years ago, the answer is yes, because we think the risk of her being still alive and entitle to the income of the property as life tenant is practically nil. When the prob-

lem presented relates to a pure question of law, we try to subdivide further between simple and routine questions that require no legal research and the more difficult questions which can be answered only after study. On the one hand we want to avoid making ourselves a legal information bureau, or to give out answers which can be handed about as the "opinion" of the title company upon the title; on the other hand we want to be reasonably accommo-

"A title should not be classed as sick or uninsurable merely because the title company has to exercise some legal acumen in deciding whether it is a good title or not."

By

RALPH M. HOYT

dating as to specific questions whose answers we know instantly although they may be, strictly speaking, questions of law.

To illustrate, a single letter recently received by the Milwaukee company involved both types of legal questions. The question was asked whether it would insure the title of six heirs and ignore the interest of a seventh heir living in Europe—the six resident heirs having taken possession of the property and treated it as their own for more than twenty years. That question involved the intricate problem of the acquisition of title by adverse possession by one or more tenants-in-common as against their co-tenants—a question on which the decisions of our Supreme Court are rather numerous and involve some fine distinctions. We declined to give the question any consideration unless a bona fide application for a policy was filed, subject to a regular cancellation charge if the applicant was unwilling to accept the policy tendered. In the same letter the company was asked whether it would disregard a mortgage given by a residuary devisee during the administration of the testator's estate, where in the course of such administration the property was sold by the executor under a power of sale conferred by the

will. That question was so simple that we felt it could be answered without any breach of the proprieties—it being obvious that the interest of the devisee and those claiming under him was subject to the prior authority of the executor to sell the property.

The Beneficiary

Now I turn to the other side of the picture—the question of the treatment to be accorded to policyholders after they get their policies. In my view there is a great distinction between an applicant for title insurance and a policyholder. The former must prove his right to be insured, and must shoulder the burden of making his title conform to the requirements; the policyholder on the other hand has been taken into the family, and it is up to the title company to give him not only everything that the letter of his contract calls for, but everything that he had any reasonable right to think he was getting when he bought his insurance. I have referred to the fact that I consider the prime usefulness of title insurance to be in promoting the free flow of titles after they have once been insured, with a minimum of fuss and feathers; but when the situation does arise, where the policyholder is confronted with a loss of his property or the assertion of a lien against it, then the other function of title insurance—protection—becomes the thing of prime importance as to that particular title and that particular policyholder. What shall the attitude of the title company be?

When I first became acquainted with title insurance about a dozen years ago, I heard comments right and left about the skill with which policies were written to avoid liability on the part of the company; about the fine print and the innocent looking clauses that made the policy a delusion and a snare. Our local company, under previous ownership, had had in its policies a printed exception against any defects or encumbrances not disclosed by the public records, and it also had in Schedule B a number of other standard printed exceptions which were rather offensively pro-company in their wording. The whole impression one got from looking over the policy was that the policyholder would be under a heavy burden of proof if he ever wanted to hold the company for anything. The new owners of the company promptly changed all this. All printed exceptions were taken out of Schedule B; the only thing that ever goes into that schedule is in typewritten form, so that it is placed prominently before the policyholder for his scrutiny. The only standard exceptions that are typewritten into all policies are the obviously reasonable one relating to defects or encumbrances created by act of the assured, and an exception as to any special assessments that may exist for work completed since the last general tax levy. There is no general exception as to questions of survey; the company guarantees the

title unconditionally in that regard if its own inspection of the premises discloses the improvement to be properly located and the lot to be of proper size. Mechanics' lien liability is fully covered without any further evidence than the owner's affidavit that no work has been done within the period for which liens might be filed. Judgments against persons of the same name as the owner are eliminated upon his mere affidavit that he is not the party against whom the judgments were taken. Thus far the company's faith in the honesty of the great mass of those with whom it deals has not been betrayed often enough to cause more than trifling losses, and on the other hand the company has been able to put before its policyholders a clean guaranty of the title with an absolute minimum of reading matter or exceptions.

Protect the Policy Holder

Another general policy that the Milwaukee company has followed for the last dozen years is to bend backward, if occasion arises, to let the policyholder know that his protection is complete. For example, the City of Milwaukee has at times had occasion to lay sewer or water mains in streets which lie along the city limits. Naturally the city cannot assess any of the cost of the work on property abutting on the far side of the street, because that property is outside of the city, so the sewer or water department merely enters in its books a tentative charge against that outside property, to be paid by the owner of it for the privilege of connecting with the main any time in the future that he desires such connection. These charges are not liens or encumbrances on the property, and they are not kept in such form that it would be feasible for any title company to get them into their own records. One day a customer of the company mentioned to a clerk in the office that he had heard another customer grumbling about the uselessness of title insurance when you really need it, because he had procured a policy on one of his lots and had had to pay one of these sewer connection charges of \$75 out of his own pocket. Upon receiving this information the company checked the public records and ascertained that he had actually paid the \$75 and it then sent its check for that amount to the policyholder, who had never even told the company of his loss.

Another instance occurred just last year. One of our suburban villages discovered that the final 1930 installment of certain paving assessments had through inadvertence never been properly placed on the tax roll against seventeen lots, so the village proceeded to put these installments on the roll for the year 1941. Meanwhile, in 1940, the title company had issued policies on three of these lots. The policyholders notified the company of the assessments and inquired whether it intended to pay them. The company immediately paid the assessments and sent the

receipted bills to the policyholders without even mentioning any doubts it might have as to the liability of 1940 policies for assessments first appearing in the 1941 tax roll. Certainly these policyholders, when they bought their title insurance, were entitled to assume that they would be saved harmless of any loss arising out of past transactions, and regardless of any technical defenses the company might have raised upon the policies, ordinary fairness dictated that the company should assume the burden without raising any question. Incidentally, of course, the company was not overlooking the fact that the three insured home owners might be expected to do a little gloating over their fourteen uninsured neighbors about their foresight in procuring title insurance.

The Proof of the Pudding

The examples I have just mentioned are unusual and extreme cases; but even in the ordinary run of cases, where the policyholder is confronted with an attack upon his title and the company takes up the burden of the defense as a matter of course, I have had frequent occasion to observe the gratitude and good will that the company builds for itself when it ungrudgingly throws its best efforts into the defense of the title. I have handled about thirty such cases for the company in the past half-dozen years, and upon meeting the various policyholders as witnesses in court, or at conferences in my office, it has been a pleasure to hear their expressions of satisfaction that they were smart enough to get their titles insured. Out of nearly 40,000 policies that the Milwaukee company has issued in all, there have been only two lawsuits by a policyholder against the company upon the policy itself, and each of those two cases involved such a far-fetched claim that the company would have been just a plain Santa Claus if it had not resisted. Aside from these cases of utterly unreasonable demands, I am satisfied that the adoption of the attitude of extreme solicitude, that the policyholder shall not be disappointed in his policy, has had a great deal more influence in building up the company's business and the general public acceptance of title insurance in our community than could have been accomplished by adopting a policy of extreme liberality in the insuring of doubtful titles.

Marketability

While I am on this point of liberality toward the policyholder, I should like to say something about the much-debated subject of marketability coverage. I have never been able to see how the buyer of an owner's policy of title insurance, who has succumbed to the lure of the company's advertising of complete protection and perfect freedom from title worries, can be blamed for feeling cheated if, when he tries to sell his property and finds the title technically unmarketable and his deal

fails, the company blandly informs him that his policy does not cover marketability. The lay public is never going to be educated to the difference between a loss due to a defect in title and a loss due to unmarketability of title. I must confess that I cannot see the distinction myself. If a policy guarantees the owner against any loss resulting from a defect in the title to his property, and if he loses a sale and a profit because his title contains some flaw that comes within the ancient and hide-bound conceptions of unmarketability, is not his loss of the sale due to a "defect" in title? I should expect the courts so to hold, particularly since they will always construe an insurance policy most favorably to the insured if there is any ambiguity.

Personally, I have always gone on the theory that marketability is covered whether the policy says so or not. Back in the Twenties the Milwaukee company issued to an eastern life insurance company a large number of mortgage policies on farm properties throughout the State of Wisconsin, using a policy which said nothing about marketability. Recently we have had perhaps a dozen requests for the clearing of titles, where the policyholder has had to take the property on foreclosure of its mortgage and has found, when it came to resell, that the attorneys for buyers are raising old title defects that were waived in issuing the policies. In all these cases the title company has gone to work, at small cost to itself, but I am sure at great profit to its standing with the policyholder, and has done the things necessary to clear the titles. Sometimes it requires an action quieting title, which itself is a simple and inexpensive thing; sometimes a mere affidavit or two will suffice or an ex parte court order discharging an old encumbrance; and sometimes our local counsel is able to talk the buyer's attorney out of his objections entirely. The raising of trifling objections to title, bearing solely on marketability, is the exception rather than the rule among attorneys in our part of the country, and I feel that when the holder of a title policy comes up against an attorney who has that sort of a complex, the title company ought to step right up and face the music. After all, the job of clearing away old defects is merely a matter of going to a little trouble and a slight expense, and is nowhere near as serious as defending against a real title defect which may imperil the whole principal sum of the policy.

Locking the Stable Too Late

In this same connection, I should like to see some modus operandi worked out that would give both the policyholder and the title company a better break on this matter of marketability than either of them get through the literal application of the L. I. C. policy on this subject. That policy, which is the one used by the Milwaukee company, provides that when the assured has con-

tracted to sell the real estate and the contract has failed because of alleged defects in title, and the title has been declared by a court of competent jurisdiction to be unmarketable, the company may either pay the full amount of the policy, or establish the marketability of the title by court decree, or otherwise save the assured harmless, and must in addition reimburse the assured for his costs and attorney fees in the suit in which the title was held unmarketable. It seems to me that this paragraph is unfavorable to both the title company and the policyholder. It gives the policyholder no remedy upon the policy until he has lost a buyer for his property and has gone through a lawsuit in which the court has held his title unmarketable. It then requires the title company to pay the expenses of that unsuccessful lawsuit and then set about to make the title marketable or pay up the face of the policy. All this is putting the cart before the horse. The policyholder goes ahead and defends his title as best he can, and loses his suit, without even being under obligation to notify the company that such a suit has been commenced. The title company is given no right to conduct the suit or select the attorney who shall conduct it but must accept the unsuccessful result and pay the expenses

of the litigation, and then set about correcting the title so that the next lawsuit will be successful. The policyholder, having by hypothesis lost his first customer for the property, may never find another one, or as good a one; yet if the company thereafter goes through the motion of making the title merchantable, and getting a second court to declare it so, all requirements of the policy have been satisfied and the policyholder can collect nothing on account of the loss of his first customer.

It seems to me that the more sensible way to handle this matter would be for the title company to apply its skill and knowledge to the perfecting of the title at the first opportunity, instead of remaining aloof until after the policyholder has lost the first lawsuit. I realize that it would not be reasonable to require the title company to spend its time and money clearing up every wild claim that some buyer's attorney may make with respect to non-existent flaws in title, but the company should have opportunity to scrutinize all such claims and decide whether they have merit. If such a claim is so obviously devoid of merit that the company is satisfied the title requires no correction, the policyholder can be so advised, and any litigation he then gets into

with the buyer is just due to his hard luck in running into that kind of a buyer. That is no fault or responsibility of the title company, if the title is in fact unimpeachable. But if the company finds that the claim does have merit, it can proceed expeditiously to clear up the defect which causes unmarketability, and save the buyer's sale for him. If on the other hand the title company *erroneously* concludes that the objection has no merit, and the court in ensuing litigation disagrees with that conclusion and holds the title unmarketable, it would seem only fair that the title company should rectify its error by reimbursing the policyholder's cost of the litigation and then proceed to correct the title and pay the policyholder any loss he may ultimately suffer through having lost his customer for the property. If a marketability protection provision could be worked out for title policies along the lines I have just suggested, it would give the policyholder protection and service at the precise time he needs it, and at the same time will enable the title company to proceed in the most economical and timely way to correct those defects in title which really need correction in order to give the policyholder what he was entitled to expect when he bought his policy.

Effects of the Filing of a Declaration of Taking in a Condemnation Action of the United States of America

CHARLES C. WHITE

Chief Title Officer, Land Title Guarantee & Trust Co., Cleveland, Ohio

To paraphrase the late Will Rogers, "All I know about taking property by the U. S. Government is what I read in the statutes".

The two sections of the U. S. statutes governing the situation are 258a, Title 40, United States Code, and 171, Title 50, United States Code.

Under the former section a "declaration of taking" is filed setting forth the facts provided by statute. The statute then provides as follows:

"Upon the filing said declaration of taking and of the deposit in the court, to the use of the persons entitled thereto, of the amount of the estimated compensation stated in said declaration, title to the said lands in fee simple absolute, or such less estate or interest therein as is specified in said declaration, shall vest in the United States of America, and said lands shall be deemed to be condemned and taken for the use of the United States, and the right to just compensation for the same shall vest in the persons entitled thereto.

"Upon the filing of a declaration of taking, the court shall have power to fix the time within which and the terms upon which the parties in pos-

session shall be required to surrender possession to the petitioner. The court shall have power to make such orders in respect of encumbrances, liens, rents, taxes, assessments, insurance, and other charges, if any, as shall be just and equitable."

As to other matters of administrative procedure see Sections 258 b, c, d, and e.

The second section is more recent and provides for the immediate taking possession of any land wanted for defense plants. The statute reads (in part) as follows:

"And provided further, That when such property is acquired in time of war, or the imminence thereof, upon the filing of the petition for the condemnation of any land, temporary use thereof or other interest therein or right pertaining thereto to be acquired for any of the purposes aforesaid, immediate possession thereof may be taken to the extent of the interest to be

acquired and the lands may be occupied and used for military purposes."

To give you an idea of the procedure we copy part of a proceeding in our U. S. District Court:

U. S. of A.

-vs.-

393-94/100 acres of land in Village of Brook Park,
Cuyahoga County, Ohio.

(Here follows names of owners, lienholders, etc.)

Condemnation proceedings.

x x x x x

Prayer that the land described in this petition may be acquired by the United States of America by condemnation in absolute fee simple, subject however, to all existing easements for public roads, highways and public utilities, railroads, and pipe lines, but free and clear and discharged from all liens, encumbrances, servitudes, charges, restrictions and covenants whatsoever, and prays that this court forthwith make and enter an order giving to the United States the immediate, exclusive possession and use of said land; to summon and impanel a jury to hear evidence and determine the value of said prop-

erty; to take such action and make such further orders, decrees and judgments as may be necessary to fully effect the objects described in this petition.

April 28, 1942, Order of immediate possession filed and entered. Court having fully considered said petition and motion for immediate possession. It is therefore ordered, adjudged and decreed by the court immediate possession and use of the land described in the petition in condemnation heretofore filed herein be and the same is hereby given to the United States of America as of the 28th day of April, 1942.

April 29, 1942, Certified copies of petition in Condemnation and order of Immediate Possession furnished Paul J. Fleming, U. S. Attorney.

Note: The above is a preliminary case for possession only. A more complete case, including the "taking" etc., is enclosed.

The practice in our local District Court is to file a certified copy of the proceedings in the Recorder's office of the county in which the land is situated, where that county is not the county in which the U. S. District Court sits, although I find no provision in the statutes for such procedure. There may be a statute but a hasty search has not turned it up.

The local practice is to file the declaration of possession under Section 171 above, at the same time as the declaration of taking under Section 258. Possession can, of course, be taken even before it is known who the owners are.

The title procedure here has been that we have furnished the government a preliminary report or title guarantee showing title in the owners from whom the land is to be taken. Eventually I suppose we will guarantee or insure title in the United States of America. We have not yet been called upon to do so.

I do not think any one need worry about the title that the U. S. A. gets by these proceedings. As soon as the "Declaration of Taking" has been filed and the money paid into court, Uncle Sam has title to the land and the owners, lienholders, etc., have title to the funds. The list of owners, etc., that we furnish is not for the purpose of showing the necessary parties for taking the land, but for showing who are eventually entitled to the funds.

*In the Recorder's Office of Cuyahoga County, Ohio.

File No. 2,882,968*

Filed May 5, 1942, at 2:10 P. M. District Court of the United States, Northern District of Ohio, Eastern Division.

At a stated term of the District Court of the United States within and for the Eastern Division of the Northern District of Ohio, begun and held at the City of Cleveland in said District, on the 1st Tuesday in April, being the 7th day of said month, in the year of

our Lord, 1942, and of the Independence of the United States of America the 166th, to-wit: On Monday the 4th day of May A. D. 1942.

Present: Hon. E. B. Freed, United States District Judge.

Among the proceedings then and there had were the following, to-wit:

In the District Court of the United



CHARLES C. WHITE
Cleveland, Ohio

Chief Title Officer, Land Title Guarantee and Trust Co.

States in and for the Northern District of Ohio.

United States of America, Petitioner,
-vs.-

14.6288 Acres of Land, more or less, in Brooklyn, Cuyahoga County, Ohio, Linndale Reduction Company, and others, Defendants.

Filed,
C. B. Watkins, Clerk
United States District Court,
Northern District of Ohio,
May 4, 1942.
Civil No. 21,246.

Decree on Declaration of Taking

This day comes the petitioner in the above entitled cause by Paul J. Fleming, Special Attorney Department of Justice, and moves the Court to enter judgment vesting title in the United States of America in fee simple absolute, subject to existing public utility easements, if any, in and to the property described in the Declaration of Taking, and in the petition on file herein, and for an order fixing the date when the property herein described is to be surrendered to the United States of America:

Thereupon the Court proceeded to hear and pass upon said motion, petition and Declaration of Taking, and finds as follows:

First—That the United States of

America is entitled to acquire property by eminent domain for necessary public purposes and uses of the United States, as set out and prayed in said petition.

Second—That a petition in condemnation was filed at the request of the Acting Secretary of the Navy of the United States of America, the authority empowered by law to acquire the land described in said petition, and also under authority of the Attorney General of the United States.

Third—That in said petition and Declaration of Taking a statement of authority under which the public use for which said land was taken, was set out both in the Declaration of Taking and in the petition in condemnation, and that the said Acting Secretary of the Navy is the person duly authorized and empowered by law to acquire land such as is described in the petition for necessary public purposes and uses of the United States of America, and that the Attorney General of the United States is the person authorized by law to direct the institution of such condemnation proceedings.

Fourth—That a proper description of the land sought to be taken sufficient for the identification thereof is set out in said Declaration of Taking.

Fifth—A Statement of the estate or interest in said land taken for said public use was set out therein.

Sixth—A plan showing the land taken was set out therein.

Seventh—A statement is contained in said Declaration of Taking of a sum of money estimated by said acquiring authority to be just compensation for the land taken in the amount of \$90,001, and that said sum was deposited in the registry of this Court for the use of the persons entitled thereto upon and at the time of the filing of said Declaration of Taking.

Eighth—A statement in said Declaration of Taking that the ultimate award of damages for the taking of said land, in the opinion of the Acting Secretary of the Navy, will be within the limits prescribed by Congress to be paid as a price therefor.

And the Court having fully considered said condemnation, petition and Declaration of Taking and the statutes in such cases made and provided, is of the opinion that the United States of America is entitled to take said property and have the title thereto vested in it in fee simple absolute, subject to existing public utility easements, if any, pursuant to the Act of Congress, approved February 26, 1931 (46 Stat. 1421; 40 U. S. C. 258a).

It is therefore considered by the Court and it is the order judgment and decree of the Court that the title to the following described land in fee simple absolute, subject to existing public utility easements, if any, be and the same is hereby vested in the United States of America, and the said land is deemed to be condemned and taken,

and is condemned and taken for the use of the United States, and the right to just compensation for the same shall vest in the persons entitled thereto when said compensation shall be ascertained and awarded in this proceeding and established by judgment thereunder pursuant to law:

(Description not copied.)

The possession of the above described property shall be delivered to the United States of America on the 4th day of May A. D. 1942.

United States District Judge.

E. B. Freed,

District Court of the United States,
Northern District of Ohio, Eastern
Division.

United States District Court, }
Northern District of Ohio } ss.

I, C. B. Watkins, Clerk of the District Court of the United States, within and for said District, do hereby certify the foregoing to be a true copy of the Decree on Declaration of Taking filed in the above entitled cause in said Court, and that the same is correctly copied from the original now in my official custody and on file in my office.

Witness my official signature and seal of said Court at Cleveland in said District, this 5th day of May A. D. 1942.

C. B. Watkins, Clerk,
By L. Knowles, Deputy Clerk,
(Seal).

Why should they pay us to merely make a search of the records? They could do that themselves. The answer is because that is not what they want. They want responsibility. We know that no human can be perfect. The very best will make mistakes, and sometimes very serious mistakes, and they want someone who has the responsibility and ability to pay for such mistakes. When we begin to charge a



JOHN W. DOZIER
Topeka, Kansas

*Vice-President, The Columbian Title
& Trust Co.*

larger fee for the more valuable property and a lesser fee for the less valuable, the public will then begin to appreciate the real purpose of the Abstractor and his profession.

It is not my purpose here to state, or even express an opinion as to what may or may not be a fair basis for the valuation charge. It is being used in a number of places throughout the country very successfully, with little or no opposition, and the charges vary considerably. I believe that the amount of charge should be worked out by committees of the various State Associations. A national basis would probably be difficult, as the conditions vary considerably in different states.

In our own county, we make the following charges: \$5.00 minimum for any general certificate up to \$5,000.00; over \$5,000.00 to \$10,000.00, \$1.00 per \$1,000.00 or fraction part; over \$10,000.00, 25 cents per \$1,000.00 up to \$25,000.00, or a maximum certificate charge of \$14.00.

We have had very little complaint on these charges. This charge is applied only once on any one transaction.

I hope what little I have said will bring about a discussion here that will furnish a basis for some action by the various associations in this respect

Two Years Operating on a Valuation Charge Basis

JOHN W. DOZIER

*Vice-President, Columbian Title & Trust
Co., Topeka, Kansas*

What little I may have to say about this subject to this group will not be new but merely repetition of what I have said many times before.

Because of the many factors entering into our business the past few years, there is a gradual cutdown on the volume of the title business and because of an ever increasing cost of production as well as an unprecedented increase of taxes we must look to some method of increasing our revenue.

I believe most of us will recall that a few years back a tremendous volume of business was created by the turnover in the Mortgage business. For instance, there was the Two- and Five-Year Second Mortgage. About the longest term mortgage known was the Building and Loan eleven year mortgage. At that time the life of the average mortgage was considered to be about four years, this meant that on the average every mortgage was refinanced every four years, meaning that some type of title evidence was necessary every four years for the average property.

Mortgage Market Changes

Since the organization of Home Owners' Loan, Federal Housing, Farm Security and other similar organizations, the second mortgage has been almost abolished, and we now have Fifteen, Twenty, Twenty-five and even Forty year loans. There are very few loans made with a life of less than fifteen years. All of these loans carry a penalty if they are paid off prior to maturity, the result of which few loans

are paid. It will possibly be several years before we will be able to again determine the average life of a loan, but in any event we know that it will be not less than twelve to fifteen years. Meaning that the turnover in the mortgage business has been cut between 66 and 70 per cent, thus reducing the title evidence turnover by 20 to 25 per cent.

There is also the ever increasing demand for the short search, that is the beginning of the abstract at a later date, instead of with the original source of title. The elimination of the early part of an abstract will doubtlessly reduce the income of the abstractor.

Increasing Expenses

The next few years is going to bring about the greatest increase in taxation ever known in our history and is going to increase our costs of operation by a large per cent. Therefore, we must look to some method to take up the loss caused by decrease in volume and increase in costs of production.

The valuation charge, in my opinion, is the most equitable method of charges, whether it may be designed to increase revenue or not. We know from experience that the cheaper properties in our communities are invariably the ones that cost the most in title evidence, yet our liability is less. If we miss a \$500.00 judgment on a \$200.00 property, our liability is \$200.00, but if on a \$1,000.00 property, our liability is \$500.00.

Our Liability

I believe too often we permit the public to think of the abstractor as purely an expert furnishing a service. If we would only stop for a moment to think, that if this were a fact our clientele would not even come to us.

Can Abstracts Be Sold to the Public? How?

CLAUDE B. WHITE

*Manager, Jefferson County Abstract Co.,
Golden, Colorado*

Unless you are an attorney it is difficult to present an impressive argument concerning a subject which you do not believe in yourself. Therefore, in my discourse I start with a handicap. I feel that selling abstracts to people who have no definite use for them is somewhat similar to selling automobiles under the present "gas and tire rationing program." However, I do believe it is possible to convince people who are dealing in real estate either as owners or lenders, of the value of our products. For instance we probably all have had some experience with the man who makes small loans on real estate to friends and acquaintances. Almost invariably this type of business man finds himself at some time or other faced with a problem which costs money if he is to extricate himself. In the metropolitan areas, perhaps this method of loaning has practically disappeared. However, in the rural and more thinly populated sections of the country it still exists. To illustrate my point I offer this rather cryptic example: Smith finds himself in a position where he needs money and needs it quickly; probably he does not require a large sum. He goes to his neighbor Jones, knowing that Jones has always been a careful and canny business man and probably endowed with certain Scotch tendencies, therefore has in reserve a tidy sum of cash.

It Happens Too Often

Smith presents his case somewhat in this manner: "Mr. Jones, I find that I am faced with a problem which forces me to borrow a little money on my home. I will only need this money for a short time, until I can get on my feet again, and will repay you just as soon as possible. We have always been friends and neighbors and you know my place which I bought from Mr. Blank and he inherited it from his parents and therefore there can be nothing wrong with the title. I cannot afford to get an abstract or any other evidence of title, particularly for a small loan of this nature between friends, etc." Jones, against the caution of that little something which has guided him to whatever success he has attained, becomes sympathetic and agrees to make the loan.

And the Mortgagee Pays

By the time they get around to making out the papers it develops that Smith must have more than the amount originally talked of. Again this little voice tells Jones to be careful, but he agrees to a larger loan which really

amounts to a conservative value of the property involved. Later developments culminate in the necessity of Jones taking over the property of his friend Smith. Smith agrees that it will be unnecessary to foreclose and gives Jones a deed to the property. Jones then releases his lien and hunts a buyer for the property. He succeeds in making a sale for practically what he has in the property and the new purchaser demands some evidence of title. In order to make the sale Jones procures



CLAUDE B. WHITE
Golden Colorado

*Manager, Jefferson County Abstract,
Real Estate & Insurance Co.*

an abstract of title at what he thinks (as do most all of the great family of John Public) an exorbitant price. He then defiantly turns this abstract over to the purchaser's examiner who proceeds to discover very serious flaws in the title, probably an unsettled estate, among other faults, and Mr. Jones can either expend the necessary money required to perfect the title or lose his sale knowing that the same situation will again appear if he is to ever dispose of the property.

It is my opinion that the abstracter who is ordinarily considered to be a reliable and dependable citizen of his community can increase and enhance the demand for his products by modestly pointing out a few such incidents which actually happen. He probably can gradually create a feeling among the people, that dealing in real estate without some evidence of title is dangerous business, but I also think that he should be very careful not to leave an impression with the public that he

is trying to frighten them into buying something which actually might not have much value.

This story or whatever you care to call it, of course, is not new in the title insurance game. However, there is a distinction between selling title insurance and selling title evidence, inasmuch as in most localities the purchaser has the alternative of buying an abstract and having his attorney examine the title whereas the title evidence without designation of any particular form could only be construed as a careful and prudent way of protecting the purchaser or lender in any deal.

In summarizing I feel that we can not sell our product nor increase the demand for the same by the use of methods employed by the "Fuller Brush Man," the "Cigarette Salesman," or "Department Store," but must appeal to the ultimate dealer in real estate and convince him that our product has an intrinsic value and is actually necessary in the transaction of real property dealing.

The caption of my assignment, lest you may have forgotten, was "Can Abstracts Be Sold to the Public? How?" The "How" part of it I do not feel capable of answering but surmise that this must be taken care of by the individual as are all sales methods of all products.

I have tried in a rather lame way to present a theory that our products can be sold at least to a limited degree but as to the methods used I have made no attempt to prescribe.

MRS. ZETTIE HUBBARD

*Secretary, Chariton County Abstract &
Title Co., Keytesville, Missouri*

When I was asked to prepare a paper on this subject, I immediately thought, "Well, if this isn't a tough assignment, I never saw one," for as an abstracter in a small country town, I've never really devoted much thought or effort toward trying to sell abstracts. I've been more or less in the same category with the undertaker and figured when someone needed me they would call me, because it's been customary in my community for people to order abstracts only when they have to. So, whether or not abstracts can be successfully sold, I do not know, but I do believe that we might do a little more toward increasing our business if we would devote a little time toward it.

It Can Be Done

When I began to seriously consider the subject of "Can Abstracts Be Sold" this thought occurred to me. It is this: ANY THING WORTH WHILE IS SALEABLE, and as abstracts are

certainly a worth while product, we should be able to sell them.

Then I began to try to visualize as to how might be the best way to go about it. Of one thing I am convinced and that is in order to sell abstracts we will have to do much toward EDUCATING THE PUBLIC (OR PROPERTY OWNERS) TO THEIR NEED FOR AN ABSTRACT and in doing this try to CREATE THE DESIRE FOR AN ABSTRACT TO THEIR PROPERTY. This might be done in several ways.

Advertising of all types would head the list. I will not elaborate on the effectiveness of newspaper and other forms of advertising at this time, because that alone is in a class to its self. However, I'll try to offer one or two ideas that I have thought of which might tend to increase sales if we will put forth the effort to carry them out.

Go to Work

As any other salesman would do, we might hunt up prospects and try a personal solicitation of individual property owners. For example: We could check the land owned by individuals with our records to ascertain if they had had any abstract work done in the last few years, and if not, send out cards to them, or perhaps see them personally, and suggest reasons why they should have an abstract to the property which they own. Explain to them that many defects are often found in the titles when the abstracts are made up, which defects after a lapse of time, are often difficult and expensive to correct and that it is so much easier to correct them when someone can be found who knows the facts and that probably it might save them some money in the future if they ordered an abstract now.

Some similar individual solicitations might be handled through the lawyers. Just suppose a man goes to a lawyer to have a will drawn. That lawyer knows he wants to fix up his affairs before he dies, so have the lawyer make an inquiry as whether he has an Abstract to his property. If he does not have, the lawyer might suggest that since he wishes to straighten out things before he dies he should order an abstract to ascertain whether or not he has title to the land he is trying to dispose of and if necessary take steps to clear up any defects which might be found in his title. The lawyer could benefit by this as well as the abstracter for he might get an extra fee for the examination of the title.

The Mortgage Lender

I do not know how well the bankers in the various states who make real estate loans follow the practice of requiring abstracts when loans are made. I do know, that in Missouri several years ago after a great many of the banks failed and a number of their loans were foreclosed, that these banks had required no abstracts when they had made the loans. When the properties were resold the abstracters derived a rather nice business in fur-

nishing abstracts to these properties. We had a good talking point, so through the efforts of some of the members of our State Title Association, we got busy with the State Finance Department, and this situation does not generally prevail now, for the furnishing of abstracts is recommended by the State Finance Department and banks now require that an abstract be furnished whenever they make a loan on property. This has also been added to

"To sell abstracts we will have to do much toward educating the public (or property owners) to their need for an abstract and in doing this try to create the desire for an abstract to their property."

By

MRS. ZETTIE HUBBARD

the Federal Regulations in the last few years.

We all recognize the fact that the abstract business is almost entirely dependent on real estate and loan activities and that everything we can do to assist these interests will benefit ourselves to a great extent and help us to sell abstracts. We know also that the Insurance Companies who make farm loans, the Building and Loan Associations and also the various departments of the United States Government are now all pretty well "sold" on the idea of having abstracts, so it is merely up to us to maintain our present standing by giving them a superior product and every co-operation in the way of service we can.

A few years ago at some place or other I heard this story:

Salesmanship

Two fellows who ran a store got into an argument over which was the best salesman. Abe said to Ike: "Did you know that I just sold that old out-of-date suit of clothes we have been trying to get rid of for several years? Even got ten dollars for it. Believe me, it took a real salesman like I am to sell that suit." Ike said, "I don't know how you figure any salesmanship in that deal. The man who bought it had

to have a suit, he happened to like that one and the price must have been right or he wouldn't have bought it." Abe retorted: "Well, I sold the suit, you didn't." Whereupon Ike replied: "Maybe you did, but I'm still a better salesman than you. Why only today Mrs. Brown came in and told me her husband was dead and she wanted to buy a suit to bury him in, so I sold her a suit with two pair of pants. Now, that's what I call salesmanship."

My reason for this story is this: If we had Ike's ability and could really put on the pressure we might even sell two abstracts to the same piece of land whether they were needed or not. In closing, I might add, that in my opinion, the success of selling abstracts will depend on our own ability to put forth the time, money and effort to try to make the sale.

MILTON HAWKINSON

Owner, McPherson County Abstract Co.,
McPherson, Kansas

The abstracter by nature, training and environment is a cautious soul. This is illustrated by the fellow who took off the stamps, tore open the sealed envelope, removed the certificate from the abstract enclosed, stuck the certificate in the typewriter and added: This is to further certify, that if there is anything of record that appears to have been unshown or omitted in this abstract, the same shall be considered as actually incorporated herein verbatim as appears of record. So help me God.

Now, listen carefully, how an abstracter has assigned the subject for this discussion: CAN ABSTRACTS BE "SOLD" TO THE PUBLIC? HOW? The very statement of the subject shows the cautiousness of abstracters, as it leaves a question of doubt. Let us restate the subject without change of words and discuss, ABSTRACTS CAN BE SOLD TO THE PUBLIC, AND, HOW. The answer to that is by *proper salesmanship*.

No One Way

So far as I know, no one has ever produced a sales system for selling abstracts, which has brought results in all offices. That is no sign that such a system can't and won't be available some day for all of us. To assume that we are going to get a prescription for selling of abstracts and title service in capsule form, is merely wishful thinking. The selling of abstracts to the public comes and will come only through proper application of the fundamental principles of salesmanship, plus painstaking conscientious, honest service and persistent effort on the part of the abstracters.

Resourcefulness

We are going to need resourceful salesmanship. Whoever conceived the idea of selling to the world the Scotchman and his thrift. It was done "and how." I heard, that Sandy took sick

on his way home and ran six blocks to throw up in his own chicken yard. Even Mrs. Sandy says that her husband is the most resourceful man when it comes to thrift, as she never knows just what he will spring. Just the other day, she found that he keeps his salt in his navel when he eats celery in bed. The same fundamental principles that have sold the Scotchman's thrift, that it takes to sell the Broadmor Hotel a diaper service, Colorado sunshine or a "What Not," will also sell abstracts to the public when generally applied.

How many of us have ever taken a course in salesmanship? Most of us have not. Then, how many of us have gone to our library and there studied seriously some of the many volumes on salesmanship. Have we given real honest study in our homes to salesmanship, as might be applied to the selling of abstracts and title service? If our answer is "No" to these questions, we have certainly failed in making the first three steps necessary to sell our products. You can't get upstairs that way.

Time will not permit going into details about the mechanics of our business nor the quality of our products. However, they all have a mighty influence on the ability of each and every abstractor to sell the products of his office. The round, polished, red apple from a well cared for and cultivated orchard always sells more readily than rough, unpolished one from an illkept orchard, even though the meat in the latter is just as good when eaten.

How We Impress Our Public

We are all inclined to think that what we do or say in our own home County will have no more effect on the ears of the public in general than the sneeze of a mosquito in the midst of a tornado. This is not true. If the conduct and service is good in any county it has a wholesome effect everywhere and where it is not so good it has an unwholesome effect on the whole profession. We must not forget, that people move about and many of those who do, become buyers of abstract and title service. The impression of abstracts and abstracters is carried from one County and State to another like measles among children. There is a pretty sure cure for the measles but none for the disease we might call "Malimpressionabstracteritis." Stubborn cases can become very contagious.

There is an old saying among abstracters, we have all said it many times: "A fellow never buys an abstract until he needs it." We should forget this as it certainly hinders our efforts in salesmanship. You never sell an abstract to the fellow who needs it as he merely buys it from you or your competitor, whichever one he likes best. This has been the theory under which most of us have worked. It must be different in the future, as we cannot continue to be praying to the Almighty that abstracts will be needed, and keep our place in the sun. We must give the Almighty a lift in helping us by trying

to better and enlarge our services to the public, rather than take up the slack by adding side lines.

Sounds like a sermon. What I want to know is how to sell abstracts, that really brings in the "Sheckles." If it takes a sermon to give us a pleasant reminder, that the selling of abstracts takes the application of the fundamental principles of salesmanship, then a sermon is what we need. If there are any of us who expect to carry home

"Honest, well studied and applied salesmanship will do wonders for us all. Why, my friends, anything that exists can be sold."

By

MILTON HAWKINSON

from this convention an absolute formula for selling abstracts without effort, what we do carry home would not produce enough cash to fill the pith of a hair pulled from the hind leg of a gnat.

Dig 'Em Out

We can't make a sale without a prospect. Where do we find prospects? Let's look around everywhere and see if we can't find some. There are so many sources of prospects so let us list a few samples:

First—The old obsolete abstract. Some thirty or forty years old and some younger. Numerous in most counties. A little well placed proper advertising might give us a chance to contact some of the holders of this type. The market can be plentiful if the salesmanship is good when parties are once contacted.

Second—The lost or destroyed abstract. There are dozens of people in every county who have that kind of abstracts. A little well placed advertising may reach some of this type. Be careful not to place the blame of the owner for the loss. They may think your office has it. There is a contact. You show them by your records that you have not had it. Give them every honest effort to locate their abstract. If you convince the customer that you have honestly tried to find his abstract, half a sale is already made.

Third—Court case abstract. For years it was not the practice of many attorneys of our County to secure abstracts prior to the starting of partition proceedings in District Court. We have, by continuous effort, sold every attorney of our bar on the advisability of quieting title along with the partition. Land will sell better where it is known that the title is quieted and an abstract furnished. Whenever a partition court proceedings is anticipated, the sale of an abstract or abstracts is assured.

Fourth—Estate Lands. If your attorneys have been properly sold and have a kindly feeling toward their abstracters, they will assist the abstractor in contacting the heirs or executors about the abstracts covering the estate lands. The argument of equalizing the costs of abstracts among the heirs appeals to them as fair. Each heir leaves with his abstract and is happy to know that the cost was equalized, otherwise he would have had to pay six or perhaps ten times as much as some of the others when he needed his own abstract. Here's a lucrative field for abstract sales, that in mentioning prospects we can only skim the surface.

Fifth—The unusual tip. If you listen for them you can find them frequently. Pardon a personal reference and I will cite an experience. A personal friend of mine owned a leasehold estate covering eighty acres in our County. He had talked about it looking good, that he wanted to sell it. On that hunch, we made up a \$58.75 abstract covering his leasehold, holding the certificate open. We held it for a couple of weeks. It looked like a bad "Hunch." One afternoon about four he called me from Wichita and said that he had sold his lease, depending on how quick he could get his abstract. I informed him that we could have it in Wichita on the following morning. He said, "Quit your kidding. I must know." I convinced him that we had worked on a hunch and that it was all ready made up, just to certify. The abstract was there and his sale completed the next day. If we had not acted on a tip the sale of that abstract would never have been made, as it would have been impossible for us to have completed the abstract before an adjoining test well went bad. I could cite dozens of cases of similar nature that would never have been sold if the tip had not been followed.

I first listed twelve sample prospects, and could have listed more if time permitted. Now, none were unusual and most of you might not get a constructive suggestion from any one of them. However, if it will impress on the mind of any one of you, to look around for prospects, then my humble efforts have not been in vain. Abstracts can be sold to the Public and how, if we will search for prospects in all corners and then use the proper sales technique.

The Really Tough One

Several years ago our office spent considerable time with one of those rather "tough guys." We tried in every-

way possible to be of assistance to him. Finally, I thought I was doing well, and said to him, "We would like very much to make this abstract for you." He replied, "I don't give a damn what you would like, what I want to know, is there any way I can get out of buying an abstract or what the lowest price will be to ME." That answer was priceless. It thoroughly impressed me that our customers are not so much concerned in what the abstracter wants as what they would like for themselves. When we lose sight of that fact many prospects for sales are "muffed." This tough fellow left an opening. I convinced him that with *his persuasive ability*, I felt certain he could talk his buyer out of being supplied with an abstract, and if he could we would be happy for him. In a couple of hours the fellow came back. "Well," he said, "I want to order that abstract as I have worked for two hours trying to talk that "buzzard" out of this ab-

stract, and all he said was 'no abstract, no sale.'" He did pay the quoted regular price for his abstract and went away apparently happy, as he had tried to work out his own salvation.

When you say that abstracts cannot be sold to the public, I am reminded of an experience a friend of mine had while teaching school in the hills of a neighboring state. One of his pupils was a gangling, six-foot, seventeen-year-old lad in the first or second grade. He was trying to teach him spelling. The word "BITE" was being reviewed. He said, "Now Bill, what does 'B-I-T-E' spell. The answer, "Don't know." Again he spelled it slowly, "B-I-T-E." The same negative answer was received from Bill. He thought then, that he might impress the lad by suggestion, so he said to him, "Just what would you do if I should put my finger in your mouth?" The lad looked up at the teacher and said, "Why! I'd puke." It should make us all sick when

we say, that abstracts cannot be sold.

Honest, well studied and applied salesmanship will do wonders for us all. Why, my friends, anything that exists can be sold. A parrot once came up for sale at a public auction. An abstracter in a spirit of playfulness bid \$1.50 on the parrot. Competition set in and a \$2.00 bid appeared. Now, that abstracter like most of us, being set in his ways, was not to be outdone. He bought the parrot for \$33.50. He kept the parrot for many days but never a sound out of the bird. One day he looked up at the parrot and said, "You sure are an expensive 'dummy.' You have not said a word." The parrot let this out, "Dummy, eh! That's what you think. Well, who in the hell do you think was bidding against you at the sale?" I say, finally, that **ABSTRACTS CAN BE SOLD TO THE PUBLIC AND HOW**, if we so live and conduct our abstract business in such a manner that when we come to die even the undertaker will be sorry.

Public Relations as Applied to the Title Industry

The subject of public relations is one to which all business men give a passing thought; and while some visualize its value, too few understand it. Others think the phrase "Public Relations" is a magic one, as well as a panacea for the difficulties which are experienced by business today. It is neither. It is, however, something which is vital to the very existence of any industry, and we must appreciate that in these troublous days, it is more important than ever before to establish better relations between vendors of title service and the public.

We, in the title business, must know that the very cornerstone of our industry will be found to be in personal relationships. Yet, Mr. Charlton L. Hall, our immediate Past President, in his report to us last year, saw need to remind us that "Title men, generally, have not paid enough attention to the subject of Public Relations." A reminder such as this should be totally unnecessary because, for title men and women to practice this subject successfully, it is only requisite that they make a study of our Code of Ethics and adhere to its precepts. The doctrines there laid down comprise a good formula to follow.

Service

It will be noted our code tells us, first, that our success is embodied in the idea of service; and, we must remember that service is the most important function of our industry. Fund-

H. STANLEY STINE

*Vice-President and Title Officer,
Washington Title Insurance Co.,
Washington, D. C.*

amentally, this means service to our customers and by it we must hope to attract the attention of the public. We are not in the same position as the mercantile business whose theory is that the public cannot resist prices. Our public, generally, is not concerned with the cost of our services but their interest is centered more in the dispatch with which it can be done. It must be our aim, then, to establish such service as our customers demand. But once we have this service established, it is not only necessary that we advertise or keep the public informed of the service that our industry is rendering, but bear in mind, that service must be performed and actually rendered. Let us not sell this service without our ability to perform.

Our Code goes on to command that we should always stand sponsor for our work and make good any loss without invoking legal technicalities as a defense. What better way is there to create good will among our clients and thereby further public relations, than to pay a claim which a customer honestly thinks he has, even though we have no legal liability in the matter. The public has great faith in and relies on the Title industry for protection, and we must rise to the exigencies of

their demands. I call your attention, in example, to an instance experienced by my company. We had insured the validity of a deed of trust which was a first lien on a parcel of real estate improved by a rather large apartment dwelling. A court of competent jurisdiction re-established the lien of a prior deed of trust which had been released in the refinancing. The opinion of the appellate court was handed down upholding the views of the lower court, and its mandate remanded the case for proceedings ancillary, namely to enable noteholders who had not proved their claims to come in, and for an adjustment of rights of the so-called second trust holder. We might have waited until these proceedings were terminated before paying a dollar, but when the opinion of the Court of Appeals came down, we voluntarily cooperated with counsel for our insured who had defended the action. We relieved the policy holder immediately and paid the full amount of its lien, with interest to date of payment. We may have had as a defense, a legal technicality on which to stand but no suit was required to be filed on our mortgagee's warranty or certificate. The whole matter was handled in such a manner that our out of town policy holder, as well as its local representatives, expressed real, honest to goodness, genuine gratification. While our loss was substantial, our actions did wonders to better public relations because of our willingness to accept re-

sponsibility without demand or defense.

Our Primary Clients

Our code further provides that our business comes principally from real estate dealers, lenders of money and lawyers and that it is obvious that relations with these men should at all times be friendly. They are our customers but they represent the public we aim to service. To better our relations with the public we must of necessity visualize the point of view of each of these businesses or professions and conduct our industry in a spirit of cooperation with them. For instance, we know the objective of the real estate broker is to get his deal closed. He assumes that the title to each piece of property he is dealing with is good and any objection made thereto by us is done to delay his closing. An educational program to dispel this erroneous frame of mind will go a long way toward mutual benefit.

Lenders of money are perhaps, a dominant source of our business. They consist of insurance companies, banks, building associations and individuals. The insurance companies are, as a general rule, out of town clients, represented by local correspondents. Each has, as has the local building association, or the individual lender, its or his own ideas to be incorporated in the security for the loan which is supported by the evidence of title. Some are extraordinary and not usually within the province of our usual procedure. A study of their requirements will show that for us to comply with their demands will not be too much of a burden on us, and if we must go out of our way to meet them, we will find it worth while in the end.

The lawyer is an integral part of our industry, whether we are engaged in the title insurance business or that of abstractor. He is a part of us. There is not, as thought in some jurisdictions, any competition between the attorney and the title industry. Each is engaged in his own profession in cooperation with the other. In my jurisdiction, many hours each day, our title officers are devoted to discussions with lawyers concerning defects apparent on the record, procedural steps to correct such defects, interpretation of wills which very often provide complicated devices, the rule against perpetuities and its application to a given deed or will, and the sale of, or interest in, property held by infants, persons non compos, etc. These discussions frequently make it necessary for the title man to examine the authorities either with or for counsel. They have enabled lawyers to earn fees and they have saved clients thousands of dollars. As a matter of fact, to lawyers in the District of Columbia and its surrounding metropolitan area, the title companies are not competitors, but are a distinct help. From these discussions with lawyers, and the assistance given them, it is my opinion that the title companies render a valuable public service in

which they may take a pardonable pride.

John Q. Citizen

We have discussed the three customers from which our business is principally derived. The remainder comes from those who contact us direct without benefit of counsel, either by lawyers, real estate brokers or money lenders. However, no matter from which source derived, our business is predicated on the individual ownership of property by the average American citizen. It is these people, which com-



H. STANLEY STINE

Washington, D. C.

*Vice-President and Title Officer,
Washington Title Insurance Co.*

prise the public—the public that is the essential concept in our democracy and to whom our industry must appeal and on whom our influences must work.

Their reaction to our service to them, is a yardstick which measures our good will in the community in which they live. For here mainly, is where our publicity passes by word of mouth, and who can deny that the publicity that is really convincing is that which is passed on from one person to another in conversation. One dissatisfied customer among them can undo in a few bitter remarks all you have done over a period of years, and at a great expense, toward building up your good will.

There are many methods which you can employ to accomplish these objectives for which you have many precedents to follow and which need not be mentioned here. In the absence of any specific program, however, I strongly advise you to keep your promises, properly train your personnel, read the Code of Ethics of your Association daily, practice its teachings and I am sure your problem of "Public Relations" will be one that is not too difficult to solve.

CYRUS B. HILLIS

*Secretary, Des Moines Title Company,
Des Moines, Iowa*

From the dawn of civilization public relations in some form have been practiced and advocated. History affords abundant evidence where the success or failure of countries and individuals have been determined by the use or abuse of public relations.

Public relations is not an obscure or puzzling subject. It is really the relations of the business entity with the public and in its preferred usage is the art of getting along with the public. It is the realization that ability to get along with the public is a valuable asset that has put public relations in the place where it is today.

In considering my subject it became evident to me that a successfully applied combination of the Golden Rule and good psychology would result in the solution of the problem of its application.

To the Book of Books

As an abstracter, I wanted to make a correct report of the Golden Rule, so with a confident hope, I opened my Bible to copy the verse I had in mind. To my dismay, I could not find it, but remembering our specialized examiners, I asked one of them to search the Record and report her findings. She did not search in vain, finding not one Golden Rule but three. Perhaps one would be sufficient, but corroborative and cumulative evidence is always helpful in creating sentiment, so you are going to get all three of these scriptural admonitions advocating the use of Public Relations.

In the Sermon on the Mount, Christ says: "Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets."

Matthew 7-12.

And again Christ preaching to his Disciples:

"And as ye would that men should do to you, do ye also to them likewise."

Luke 6-31.

Also,

"Give, and it shall be given unto you; good measure, pressed down, and shaken together, and running over, shall men give into your bosom. For with the same measure that ye mete withal it shall be measured to you again."

Luke 6-38.

Education—Propaganda

Since the first World War, Public Relations in the form of education and propaganda have been speeded up in practically all lines of endeavor, both public and private, in an attempt to indoctrinate the public or various classes of people with certain beliefs, principles or ideas calculated to re-

bound to the benefit of those spreading such gospel or creating partisans for some special cause or organization. The only difference between education and propaganda is the point of view. To practically everyone the advocacy of what we believe in, is education, to most people the advocacy of what we don't believe in, is propaganda. Education and Propaganda each stand for opposite types. To practically everyone education is instructive, commendable, broadening and above board. To most people propaganda is misleading, insidious, dishonest and underhand.

Instill Confidence

It naturally follows then that:

As titlemen we must eschew propaganda and concentrate our public relation endeavors on education. It is good salesmanship to establish confidence in the people who use our product, to be absolutely honest in all of our dealings public and private and to have our clientele and the general public realize that they can absolutely depend upon us and the evidence of title that we produce and stand behind.

Applied Public Relations is largely education and good will and the making of friends. Everyday in our business and social contacts we meet many people who represent the public. Many of those we meet, know what business we are engaged in. If they do not know, we should, if possible, find a way to tell them. Every new contact may be a source of future business and it is ever desirable to create good will. Each meeting, no matter how casual, leaves some impression favorable or unfavorable. It is the sum total of these impressions over a period of years that creates for us a superior or inferior rating in our particular community. A community makes up its mind about an organization, from what it sees, reads, hears and feels. As to an individual, the Toilet soap companies in their public relations educational campaign, would have us believe that the sense centered in our olfactory organs was the determining and paramount one in determining his statue.

Handling Our Public

In establishing public relations it is vital that every company delegate to some executive the responsibility of measuring the effect of corporate acts upon the public and give him the necessary authority to function effectively. The most effective type of public relations can only be attained when the active head of the business is determined that the principles of right living and consideration for the other fellow shall run through every phase of the business, and that employee relations and customer relations alike be handled in a manner that is fair and right to all concerned. Call this policy Golden Rule or Business Rule, it will pay dividends.

Employee relations sometimes have an important influence in shaping favorable opinion and maintaining proper

public relations. Many times every day we put our public relations in the hands of our employees. The girl who answers the phone, the receptionist who meets the customer, the bookkeeper, the collector and in fact every unit in the organization play a vital part in the maintenance of proper public relations.

Those of you who wish to establish good public relations should make a thorough and honest examination of

"Every new contact may be a source of future business and it is ever desirable to create good will. Each meeting, no matter how casual, leaves some impression, favorable or unfavorable. It is the sum total of these impressions over a period of years that creates for us a superior or inferior rating in our particular community."

By

CYRUS HILLIS

yourselves and your organization with the idea of improving your methods by doing what will make more friends for your service.

Put yourself in the place of your customers. Examine your service critically with the idea of ferreting out any possible faults and correcting them. If necessary, bring in experts to advise you, but be honest in your findings and in striving for improvement.

More Education

The Public as a whole suffers from an appalling lack of information as to what titles are. Our business has in it much that should be of general interest. Charts, diagrams, pictures and exhibits can be focused on the work of the Title Company. A little imagination and marshalling of facts can build up a dramatic story. Through the schools, civic groups, luncheon clubs, the press and other mediums, our story can be told, not in self praise, but by telling the economic facts. Good will is secured first by deserving it and second by acquainting the public with the facts that will enable it to judge us for what we are.

Active interest and participation in community affairs and matters relating to civic betterment are not only worth-

while and good citizenship but a helpful way to make friends and influence people.

It would pay every company to develop a permanent museum, even a small one, that would contain the matters of unusual interest that our examinations so frequently bring to light.

All of us recall certain out of the ordinary facts and situations brought to light in abstracts that we have formerly prepared. Unless we make a point of indexing these particular abstracts for further reference, it would be extremely difficult or perhaps impossible to locate the matter in question. I recall a title where a woman with the christian name of Freelove married a man named Goforth, resulting in the unusual name, and a slogan which we could not endorse. Also, I recall an abstract which showed the settlement of the estate of the intestate owner, wherein the widow representing that there was no issue became the owner of valuable property, part of which she mortgaged. Thereafter the father of the widow as next of friend for a minor grandson brought an action against his daughter who had since married and changed her name, in which the fact was established that the grandson was not listed as an heir, was a matter of fact the son and heir of the decedent and entitled to two-thirds of the estate.

Another instance that was most unusual happened several years ago when we showed the entire estate proceedings listing the property under examination, of the woman who brought the abstract in for continuation. Naturally her face was quite red when we learned that she had faked a suicide by jumping from a bridge in the hope of collecting life insurance. The insurance company located her in California and she had to come back to life.

I have sold myself on the idea of a museum and will start one as soon as I get home.

Public relations cannot be left to trade associations although they can be a valuable help, especially in selling Public Relations to business executives themselves. If each individual enterprise could convince its own employees and customers there would be hardly any one else to be reached through ordinary channels of publicity.

J. J. KRUSE

Secretary, Elbert County Abstract & Title Co., Kiowa, Colorado

The subject assigned is one that would of necessity be approached from a personal point of view in that the experiences of the writer would naturally govern his viewpoint on public relations, their problems and solutions.

With a small abstract company, now the only one in the County, our problems deal with the (1) general lack of information of the public with regard to the necessity of abstracts of title and the desirability of title insurance. (2) That the prices charged are justified by

the basic need and usefulness of our business and the justifiable return on the investment in plant, the responsibility and liability of our work.

In Colorado as the law makes no provision for a numerical index in the Recorder's office, a set of abstract books is an absolute necessity in each county and that requirement naturally grows stronger as the community grows older and more transactions are recorded.

For many years as interested in one of the two Abstract Companies then in our County, we found it advantageous to divide our relationship to the general public into two correlated classes:

First—Political.

Second—The General Public.

Public Officials

In using the word political herein we mean only in the sense of dealing with incumbent public officials, in whose offices our work required the use of books and records, but the mutually advantageous contact we tried to establish with these officials went further than just the day by day meeting with these officers in the course of our work, in that we urged them to make use of our books, taught them how to read our indices and check references, so that hardly a day passes but that some one or more from the office of the Recorder, Treasurer, Assessor or County Court does not use our books in connection with their work or correspondence pertaining to title, acreage or ownership.

This use gives them definite and accurate information at a great saving of time to them, and has given us more than just contact but also their good will, and we find in many instances their references and acknowledgment of the use of our books for accuracy and in some instances their service as a buffer in lessening and answering criticism of our service or prices.

We also allow use of our books to the local attorneys along the same line and have had reciprocal treatment in return.

Over the counter we give service without charge for ordinary title or tax inquiries unless technical or requiring longer search.

This official contact and use of our books has in large measure eliminated unfavorable comment, action or criticism from successive County officials and has gained their active cooperation in general public relations.

In 1938 the two abstract companies in the County were merged and shortly thereafter prices per entry and for certificates were increased and we very definitely found that our cooperation with the "Court House" had placed us in good position to justify this action to the public.

The General Public

The second class, "The General Public" has been harder to deal with, not that they are unreasonable but in that so few of the general run of the public understand the basic need for an abstract of title in connection with land transactions or the actual work and cost over many years that has been put

into a set of abstract books, or the responsibility and financial liability that goes with the work.

To meet this lack of understanding nothing but education of the public will cover, and in general this can only be undertaken when an abstract of title is under discussion or on order.

In this we have found many good statements in the papers of members of the American Title Association as published in its monthly review and have been free to use them.

On inquiry for the cost of continuation or a new abstract for larger

"To meet this lack of understanding nothing but education of the public will cover."

By

J. J. KRUSE

acresages or acreage showing a large number of separate descriptions we have found it advisable, where the work and detail justifies a higher price than our regular price per entry, to notify the inquirer of the cost and the reason therefor, and usually this explanation has been accepted without further question.

All questions of price, should be explained in detail, usually by letter, showing both the process of acquiring the various entries, the labor, cost of books and material over a period of years, and the possibility the various entries may not be used in an abstract for a score of years but must be ready when called for and that when once used may never in a lifetime be used again.

PHIL A. GRAY

Vice-President, The Columbian Title & Trust Co., Topeka, Kansas

I have had the opportunity, in the past three or four years, to attend many State, National and Regional meetings of title men, and it has been interesting to hear the various title

men throughout the country discuss their title problems. The title business is full of intricate problems and possibly that is why it is so interesting to us. There is one problem, however, to which, in my opinion, we do not give a sufficient amount of thought, and that is the problem of public relations.

OUR FIRST PUBLIC RELATION IS WITH OUR CUSTOMERS. He is the one part of this problem with which we are in constant contact and naturally is the most important, as without him we cannot operate. It is impossible to talk about him as one individual because we have all kinds of customers and their modes of doing business are entirely different. However, I believe that we can classify them into three different classes. The first class is the "Ill-Advised"; the second, the "Know-It-Alls"; the third, the "Time-Killers."

The first class, that is, the "Ill-Advised," are those customers who are common, every-day people who are completely ignorant of title problems. They come to us for service and advice. We cannot advise them legally, but we can show them the methods that they should follow for their own safety. Sometimes it is necessary to explain the same thing over and over again, but I believe that it is worth while to do so because they are honestly and sincerely seeking advice that we can give them and are appreciative of our time and effort in their behalf. They are the customers who are the most valuable because they represent the largest group of our clientele and our patience and efforts in their behalf will pay dividends.

The second class, that is, the "Know-It-Alls," are those customers who come to us with the idea that they know more about our business than we do ourselves.

They can be compared with the two old ladies who attended the ball game, arrived in the first half of the ninth inning and inquired as to what the score was and were promptly informed that the score was 0 to 0. Therefore, one lady turned to the other and said, "See, we haven't missed a thing!"

Tell the Public "Why"

That is to say, the great mass of detail is immaterial. They are interested only in one thing, and that is, that their title is good, and we don't need to bother with the checking of the records, just merely sign our name. Or sometimes they are quite certain that a judgment or a divorce suit or a will or some other particular part of the title is unnecessary, and that we should eliminate it. I believe, however, that we should be as courteous as possible, irrespective of how unreasonable they may be. They are usually easily offended and an offended customer is never an asset to our public relations. I don't believe that there is any set rule as to how we can deal with them, but I believe that we should lean over backwards to please them, take it on the chin, and consider it one of the penalties for being in business.

The third class, that is, the "Time-

Killers," is that fellow with too much time on his hands. He usually comes in on the days that we are the busiest. He really doesn't want anything, just wants to talk. He may possibly want a little free information, and after you have given it to him, he sits down and talks for an hour, mostly about himself and about a lot of big deals that he is about to make. Finally, some day he comes in with an order and tells you that because he gives you all of his business, the bill should be reduced a little bit. This fellow, although he may be bothersome at times, is just as valuable a customer as any other.

I don't claim to be an authority on business success or the art of handling customers, but I do believe that the proper handling of customers is our most important task. A satisfied customer or a pleased visitor is, in my opinion, the best advertising that we can have and it comes with the least costs.

Free Information

Another cheap bit of advertising is the reasonable use of our title plant for public information. I have heard many title people say that information is all that we have to sell and this is primarily true. I am for the business man who gets more for what he has to sell and finds more ways of getting it, but there must also be given consideration to the fact that all businesses, and ours is no exception, must do some little things that produce the good will of the public, and our customers in particular. I am so firmly convinced that the giving of free information is a valuable asset, that we in our company encourage it. It gives some of our officers or employees an opportunity to contact persons interested in selling and buying real estate. It affords us the opportunity to encourage the use of title evidence in many cases where it ordinarily is not used.

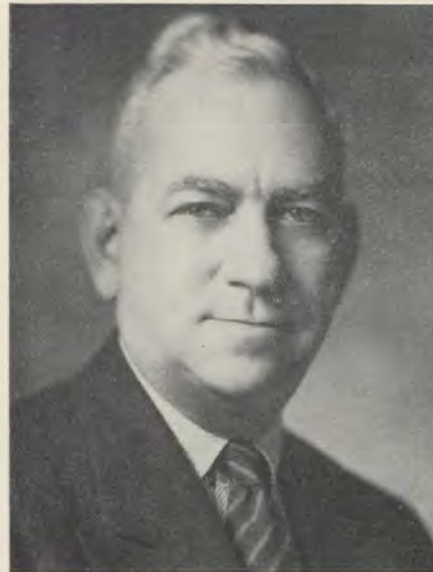
Public Talks

I believe we should use every opportunity to appear before civic clubs, schools, real estate boards, etc., and make talks about our business. Everyone of us belongs to some civic or similar organization and attend week after week and hear someone tell us about his business, giving little thought that the business in which we are engaged is one that little is known about and about which many persons are anxious to hear. Every organization of this kind in your community is constantly seeking talks of this kind and will welcome the opportunity to have you talk to them. I believe this is the best method of getting yourself acquainted in your community.

Price Cutting

I am not one of those persons who believes that the reduction of prices, or the cutting under your competitor's price is a winner of public good will. Every business man or woman respects the business man who has a reasonable and justifiable fee for his services and insists on getting it. Every time that

you reduce a price you immediately convince the customer that your price was too high in the first place, and if that is the case, you should reduce your price to all customers. Too often I think we leave the public with the impression that we are merely selling them paper. I often wonder just how many abstracters really have ever stopped to consider just why people come to us for service. Is it because he doesn't know the way to the court house, or is it because that he just likes us and wants to pay us for public in-



PHIL A. GRAY
Topeka, Kansas

*Vice-President, The Columbian
Title & Trust Co.*

formation? No, these are not the answers. He comes to us because he wants an expert who is qualified to render him a service with responsibility behind it. If you don't believe this, make a mistake sometime and this innocent little fellow who wanted you to cut your price in half and give him a commission on the balance will come rushing in tearing his hair, and he won't settle for half like you did on the price; he wants the entire sum, plus damages for mental pain and anguish with a little thrown in for punitive damages, and you will be lucky if you don't have to pay all three of them. I believe that every abstractor should pay losses without delay or complaint and the failure to do so is ruinous to his reputation and a blot upon our profession as a whole, and if we are not charging a sufficient fee to properly maintain our business at a profit and to build a small reserve for losses, we are not fair to ourselves and to our customers.

Competitors Cooperation

I believe that every abstractor should make every effort to obtain his competitors cooperation. If we do not succeed the first time, we should try again.

Our competitor is only a person like ourselves, engaged in an honest and respectable business trying to give a worthwhile service for a reasonable and justifiable consideration. Through such cooperation both will benefit. We can establish uniform charges and uniform methods of abstracting. I would warn you, however, that a price agreement is unlawful, but the adoption of a fair and reasonable uniform system of charges can be accomplished, allowing no commissions or rebates. The practice of giving commissions or rebates, whichever you may desire to call it, is a practice that should be discontinued. I believe that it is unfair to exact from our customers a fee and divide it with some other person who has performed no service. If our fee is of such size that a part of it can be given away it should be returned to our customer. Those persons who are delivering business to us are receiving their fees for their services and are not dividing it with anyone. I have heard many title people say that commissions cannot be stopped, but I say that they can and I speak from experience. This custom has been taboo in my county for more than ten years. It only takes about three months to stop these parasites from even asking. This business must be done by us or our competitor, and if neither pays a commission, then we will be placing ourselves back in a position where we should be, and that is by not getting business by paying somebody for bringing it to us, but by performing a prompt, efficient and worthy service. I believe that the best way to get our competitor to see the light is to bring him to these conventions with us, or at least invite him to attend. To get him to improve the standards of his business raises ours. We must remember that he is engaged in the same profession that we are, and every flock is usually judged by its blackest sheep, and the place that our profession holds in our community is just what those of us so engaged make it.

Civic Life

It is my conviction that we should take an active part in the civic and worthwhile organizations of our communities. Civic clubs, Chamber of Commerce, schools, churches and other similar organizations are a necessary part of our community, and their success depends on the effort of worthwhile, civic-minded and public-spirited citizens, of which we should be a part. It not only gives one a personal satisfaction of having been helpful to others, but, from a selfish standpoint, it is profitable through the acquaintances that he makes.

Acquaintance with Public Officials

Another very important public relation is the friendly acquaintance with elected officials, and particularly, with members of the legislature. In times such as these when constant government regulation of business is becoming seemingly more popular, and the frequent abolition of business by new governmental functions, we must be

constantly on guard against unfair and unwise legislation, and a friendly legislature is our surest means to that end. A friend will listen to our side of any proposition and will make an effort to be of help, while a mere acquaintance will listen but will soon forget and become absorbed in other matters.

In conclusion, may I prevail upon you to support your State and National Associations. These organizations are your associations and not that of the officers. They are there only to represent you and your interests. No person, who does not take a part in the activities of these organizations, has a right to complain if they do not go to suit him. The men and women who are responsible for these activities are elected by you and are giving their time and money unselfishly for the betterment of the profession as a whole, and I am sure that your suggestions and well-meant criticisms will be enthusiastically welcomed. I hope, and I am sure, that you will willingly accept and perform, to the best of your ability, any task assigned to you, and, when necessary, contribute financially to the continued and necessary activities of these organizations.

T. E. JOHNSON

*Secretary, Atlanta Title and Trust Co.,
Atlanta, Georgia*

This being my first trip as a delegate alone to the American Title Association Convention representing the Atlanta Title and Trust Company of Atlanta, Georgia, in the absence of our very capable executive vice-president, Mr. Harry M. Paschal. I feel a little hesitant in attempting to compete with the seasoned gentlemen who have also been assigned the subject of "Public Relations." However, I shall do my best in my own humble way.

My experience in dealing with the public for the past seventeen years as a title man in advising and closing real estate transactions consisting of both loans and sales has embedded one thought towards my dealings with the general public: "Service and Good Will." Our business is built entirely around this one thought and in all meetings of the officials of our company we have constantly stressed this point.

We are not affiliated in any way with outside attorneys in our town (there being another company, which operates through an association of a number of law firms), but due to the fact that we have one of the most complete title plants in the country we are called upon by various lawyers who in handling titles run into a snag and ask for information from our plant to assist in locating a break in the chain of title or missing link which he has not been able to find of record. This we are very glad to give, and offer any additional assistance that we can.

No Race Distinction

We are also confronted with a different class of trade than most of the companies in the east and west—the

Negro—which as most of you know (except for the younger generation now coming up) have to be more or less led around and guided. We have made it very clear that these simple minded souls should have the same service and patience in their transactions as anyone else because they form a very important part of our clientele. (The population of our town amounts to 35% Negroes). We find that when these clients go out of our office as a



T. E. JOHNSON
Atlanta, Georgia

Secretary, Atlanta Title and Trust Co.

satisfied customer and knowing that they have been fully protected, they in turn recommend us to their neighbors and friends, thereby building up more business and rendering them the service that they should have.

O. A. BELL

*President, The Guarantee Abstract Co.,
Wichita, Kansas*

I have been assigned the subject of "Public Relations" and if given my own choice, I believe I would have chosen the same subject. My opinions are very definite regarding "Public Relations" in our profession, and I will try to give you my reasons for believing that this subject is vital to our Title Industry.

From years of observation, I have noted that companies, like individuals, must either have certain characteristics and personalities, or they must develop them. In many cases, the margin between success and failure depends on the personality of the man in charge of a business and the atmosphere he throws around his institution.

The words "Public Relations" embrace all the mediums through which you can attract your customers and

make them want to do business with your firm.

Price vs. Service

In our particular professions, prices are all about the same. Abstract and Title Business is a service to be rendered. After you have established a reputation for reliability and honesty, then how far you will rise above the common herd depends upon your personality, your ability to make contacts, the atmosphere of your office and the general good will you can create.

Sometimes we neglect this most important phase of our business, and all we have to do is to stop and realize that large corporations throughout the country pay fabulous salaries to men who do nothing but use their particular type of personality to create good will between these large institutions and their potential customers. Now, you ask: "What can we do to create better relationship and closer contact with our customers?"

Ways and Means

I am not going to deal too much with personal experiences, but there are a number of methods by which our company has succeeded in making contacts and holding the customer to a point where he becomes a permanent asset to our business. There is a way to reach the hearts of all different types of men. Money spent for different kinds of Christmas gifts have brought far the greatest returns of any item we charge to our advertising or promotion account. Throughout the year, we use different specialty items that are of actual service to the customer, such as pencils and desk items that are of particular value to the abstracter. Many of these methods, of course, you have used, and I am confident that they have a large part in keeping the ties that are so necessary with our type of customers.

Personal Contacts

There is, however, one important duty that belongs to the manager of the business and one on which all success depends, and that is to keep in constant personal contact with your customer. It is not your job to work at the desk. If you are of value to your firm, you are wasting your time with too much detail. You belong out on the front, where business friends are made and lost, and this job is definitely yours.

We are at this convention today at a time when business men are more serious than at any period in our lifetime. Our purpose is to sit around the table and discuss our common problems, or bring them on the Convention floor. It is here that we get a cross-section of the minds of all the leaders of our profession and from that group-opinion is written the text book that will guide our profession in the future. The high standard of the Title and Abstract business today, is a result of the contribution made by the leaders of this industry in the past. We have prospered as a result of their development

and it becomes our obligation at this, and in other conventions, to continually improve the standards and ethics of our business and pass on the things that will be of value in the future.

This is the mission of this convention, and as we increase our standards, we give stability to our profession, which has in recent years confined the Abstract business to the legitimate abstracter, and it is our obligation to see that those in the abstract business deserve the public's confidence; that our profession and ours alone must be responsible for the correctness of all title service.

Believe in Yourself

In closing, I would like to express my opinion that our contacts and discussions here at this Convention develops confidence in ourselves. This knowledge of our profession will continually reflect in our relations with our own people at home. It is from these standards of ethics, from our confidence in ability to serve, from the loyalty we have to our profession, that we develop the thing we call personality which results in valuable "Public Relation."

RUSSELL A. FURR

*President, L. M. Brown Abstract Co.,
Indianapolis, Indiana*

The Title Business is one of a peculiar nature, and is one of a more or less personal service. I wonder how many of you have ever stopped to consider that in dealing with titles, you are largely dealing with past history. One Indiana abstracter once made the remark, "No wonder we are all peculiar and backward as we are continually dealing with records of past events," which present a parade of family feuds, accumulation and dissipation of fortunes, deaths, etc.

My few remarks shall be limited to observations, which I have made as to things which tend to build a better public relations with our customers, or to adversely effect us, and various methods which have been adapted by my company to improve such relations.

Most of us who work for a living, and it is immaterial whether we are the head of the company or a minor employee, realize, or at least should realize, that if it were not for our customers, we would not have a job.

Courtesy

We realize that we must treat our customers with courtesy and decency or they will take their business elsewhere. We know that even if we don't contact customers directly ourselves, our work indirectly, and often directly, has a decided effect on the customer's satisfaction or dissatisfaction. Plain speaking, we know that back of our pay check is the necessity of pleasing our customers. It is obvious that in choosing our personnel care should be exercised and only those chosen who can work in harmony with your organization as well as the public.

The Phone

One of our first contacts made with

a customer may be the telephone operator. I think it very important that the operator not only have a pleasant voice and pleasing personality, with an abundance of tact, but that she be familiar with the business to such an extent as to enable her to answer ordinary inquiries, pertaining to the business. The Telephone Company will be pleased to cooperate with you and



RUSSELL A. FURR

Indianapolis, Indiana

*Member Board of Governors,
President L. M. Brown Abstract Co.*

give you a report on your operator as to the diplomacy employed by her in handling telephone calls, as well as quality of voice, or in general advise you as to whether or not she is suitable to deal with the public.

Many of us transact a large part of our business by telephone, and it should be the endeavor of the employees to promptly answer the phone and not require the bell to ring several times before answering. Remember, the time of the party calling us is also valuable, or at least he may think it is.

One of the most important places in the office, where public relations can be improved, is at the order desk.

How many times have you as a customer gone into a place of business and felt such an attitude of inattention towards you that you have turned around and walked out, or made up your mind to go through with it this time but never return again? It should be a strict rule that a customer should be given immediate attention.

Skilled Personnel

The clerk at the order desk should not only be a person of pleasing personality, with plenty of diplomacy, but should be thoroughly trained in all phases of the business, so as to quickly and intelligently answer problems which are presented to him. A customer does not like being sent from

one employee to another, and finally to the President of the Company, to obtain the information he may desire.

One thing that contributes largely to making a customer feel that his business is appreciated is to call him by name, greet him with a smile, and thank him for his order. This may not always be possible, but I have personally used many subterfuges to obtain a customer's name, when I was unable to recall it at the time. I can very distinctly remember, re-visiting a hotel in a medium-sized midwestern town after my first stop there about four months previously, and to my utter amazement the clerk called me by name when I stepped up to the counter to register. You may call it a feeling of importance or what you will, but after twenty-five years I stop at this hotel when in this town, although the clerk who made me feel so important upon my second visit, has been dead for many years.

Each Customer Is Important

We should also take into consideration, the fact that many customers who come into our office are probably investing money in their first real estate transaction, and while the questions they ask may seem foolish, and of no importance to us, but to the person asking them they are of utmost importance, and the inquiries should be answered in such a manner as not to make the person feel that he has made a display of his ignorance; or, in other words, we should make the customer feel that we are interested in his problem and wish to be of assistance.

There are many times that we may conclude that we are wasting our time in discussing a problem with a customer, as we may obtain the impression that from his shabby appearance he could not even raise a 5% down payment, but I have many times seen such a conclusion disproved.

I have a friend who never tires of telling the story of his attempting to sell his house at the outbreak of the first World War. He placed his ad in the Sunday paper, and shortly after noon, a man and wife with five children, in an old dilapidated Ford touring car, with the top down, and badly in need of paint, stopped in front of his house. The man rang the door bell and inquired if he and his family could look through the house, as they liked the neighborhood, and the style of the house. The owner thinking they were only wishing to look through the house out of curiosity, and were not financially able to purchase, informed him the house was sold. The owner was much chagrined a short time later in learning that the prospective purchaser sold a small part of his real estate holdings for over \$300,000, and could have written a check for many times the value of his house.

Keep Your Word

There is nothing that tends to break down a customer's faith in you as fail-

ure to keep a promise; therefore, we should be reasonably sure in accepting an order that we can deliver the complete job and *deliver correctly* when promised. Remember, your customer may have made a promise upon the strength of your promise.

Most of you I am sure belong to Luncheon Clubs. Did your club ever give the members an opportunity to talk upon their business? If not, I suggest to you that you make such a suggestion to your program chairman. You will be surprised at the interest shown you, as well as the questions asked.

Personal Contacts

I have found that personal contact with our customers and prospective customers is more effective than newspaper advertising, so for that reason my company has embarked upon a program of advertising novelties. When a deal is being closed in our office, if the husband is an executive, we give him an ash tray for his desk. For the wife we give one of our mirrors with a lip stick. We have also taken the pains to see that every attorney, realtor and loan man has one of our name desk pads, which happen to have our name and telephone number in plain view.

Recently, we obtained a supply of First Aid indices, and up to the time of my departure we had given out over 3,000, and with few exceptions, every one was asked for and the parties came into our office and called for them in person.

In summing up things to do in promoting a better relation with the public, I would suggest:

1. Treat all customers courteously and with respect, even though it sometimes may be difficult to do.
2. Give prompt service and a price that is adequate for the services rendered.