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Proceedings of the Fortieth Annual Convention
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Ownership of Vacated or Abandoned Rights of Way

(Address delivered at 1946 Convention, American Title Association)

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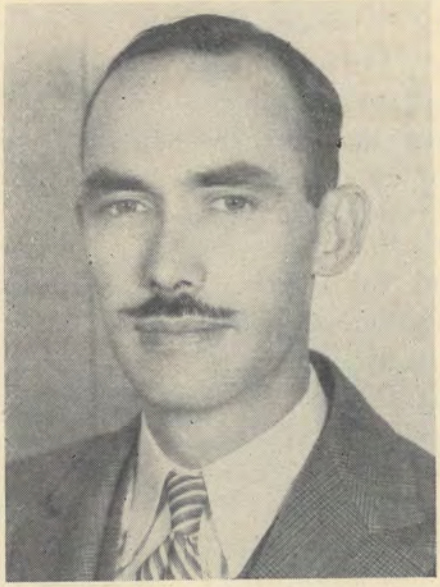
The ownership of land within public ways, whether a highway or a railroad, has become more and more the object of title searches in California, and, it is assumed, in other states. Ordinarily, when a public way is established the exclusiveness and continuity of the public use, which use in most cases is anticipated to endure forever, obscure the less apparent but still real ownership of individuals in the way. Few people either know or care who owns the fee in the way until it becomes available for private use and occupancy by the removal of the burden of the public use. It is then that the fee ownership in the way may become the subject of conflicting claims by the original owner, the adjoining owners, or even the public agency to whom the way was granted or dedicated.

Some of the modern developments which have contributed locally to the increase in the number of title searches on the ownership of ways might be mentioned briefly: First, the carrying out of the program of civic planning under which roads of doubtful or inadequate utility are being vacated in favor of new traffic ways; second, the construction of federal housing projects on land units comprising groups of lots and intersecting streets or alleys which are to be vacated; third, acquisition and improvement of school sites as part of the expansion of the public school system, such sites likewise embracing lots and portions of adjoining streets and alleys; and fourth, the abandonment of interurban railway lines in contemplation of transportation by motor busses on existing highways.

Occasionally, the ownership of land in public ways is of importance even while the public use is in existence and no vacation thereof is planned. For example, the owner of land adjoining a way is leasing his land for oil or other mineral production and desires to include in the lease the sub-surface of the way if a search discloses that he owns the fee or mineral rights therein. Or the owner of a hotel or other commercial structure wishes to extend the basement of his building under the sidewalk of a public street adjoining if his interest in the fee of the street will so permit. While our subject is primarily the ownership of vacated or abandoned ways, the rules will generally be applicable to a search of a way still in use.



MELVIN B. OGDEN

Few problems encountered in the examination of land titles are as perplexing as the one of determining the ownership of land in a public way—at least this is true in jurisdictions where the public takes less than an absolute fee upon creation of the way. The basic difficulties lie in the construction of instruments which purport to grant or dedicate the way and of conveyances thereafter made by the dedicator. If, for instance, A, as owner of Blackacre, grants an easement for railroad purposes over the west fifty feet of Blackacre and thereafter conveys Blackacre to B "reserving the right of way for railroad," what, assuming that the deed is construed to pass the fee to the right of way to B, can be said of a deed from B to C "reserving the portion of Blackacre conveyed to the railroad company"? If the latter reservation is considered an exception of the fee in the righ of way, one has the disturbing thought that the result is not effectuating the real **intention** of the parties; that the real purpose of the reservation in B's deed was merely to inform the purchaser that the grantor was not attempting to convey or to warrant title as to any interest of the railroad company. The title examiner usually finds no judicial precedents that can be accepted as a sound basis for construction of these equivocal conveyances, for the decisions he examines do not involve similar factual situations, or, where the facts are apparently identical, the decision seems to turn upon the equities or the intent of the parties in the particular case.

It must be emphasized that the pertinent rules of law in all of the various states have not been cited. You are each familiar with the law in your particular jurisdiction. It is only proposed here to refer to the general rules and a few of the California cases in

point. The end sought is merely a comparison of the basic features of the law in the different states, with comments on important cases or situations which seem to be of most common interest.

A logical division of the subject matter would appear to be as follows: First, the ownership of public roads (it will be observed that the word "road" is used as including both city streets and rural highways, and that "roads," "streets," and "highways" are employed indiscriminately without special or technical reference to any particular kind of public way); second, reversion upon vacation of public way; third, private easements not affected by vacation; fourth, the ownership of alleys, private roads, canals, and similar rights of way; fifth, the ownership of railroad rights of way.

I. THE OWNERSHIP OF PUBLIC ROADS

A. THE BEGINNING POINT OF THE SEARCH

A search of title to land within a road must commence at a point in time prior to the creation of the road; that is, the ownership of and encumbrances upon the title to the land as of the date of establishment of the road must be known. This information is essential in order to test the validity and effect of the dedication or other mode of creation of the road; to determine whether all necessary parties have joined in the dedication or have been made parties to statutory proceedings. Furthermore, at least in those states where the public takes an easement only in public roads, the condition of title at the time of establishment of the road is required as a starting point for following out the fee ownership and private encumbrances thereon. The effect of vacation of the road where the fee remains in the original owner or his grantees is merely to terminate the rights of the public and free the land from the burden of the public use; the vesting of the fee title is unaffected by the vacation and the title is subject to private easements and other encumbrances suffered or created by the landowner either before or during the existence of the public use. The establishment of the public road does not, for example, extinguish a pre-existent private right of way, except where the road is condemned in fee by a proceeding to which the easement holder is a party; and even though the owner of the private right of way joins in the dedication or is made a party to proceedings to condemn an easement for a public road, his rights are not extinguished in whole but are in effect suspended during the continuance of the public use and revive upon abandonment of such use (Tiffany, Real Property (3d Ed.) Sec. 823).

B. RIGHTS AND ESTATES CREATED BY ESTABLISHMENT OF PUBLIC ROAD—IN GENERAL.

The mode and legal effect of the dedication or other means of establishment of the road must next be analyzed to determine the nature and extent of the rights and estates transferred for public use and those retained or left in the landowner.

The methods generally of establishing public roads are as follows:

1. **Express grant or deed.**

Deeds from landowners, with or without consideration conveying land or an interest therein for public road purposes to a municipality or other public agency are generally authorized; and the nature of the title thereby transferred depends, in the absence of statutory definition, on the intent of the grantor as expressed in the grant (Regier et al v. Ameranda Petroleum Corp. (Kan.) 30 Pac. (2d) 136). Parties to a voluntary transfer of land for a public purpose may create in a municipality a lesser estate (in most jurisdictions, either a greater or lesser estate) than that which the statute authorizes it to acquire by condemnation proceedings (McQuillan, Municipal Corporations, Sec. 1725).

In California the growing practice in acquisition of streets is purchase of the fee title by deed from the landowner whenever an agreement as to consideration can be reached.

The construction of equivocal grants from the landowner is considered in the succeeding section.

2. **Dedication.**

Land may be dedicated to public use as a road by means of a declaration by its owner, either by word or act, showing his intention that the land shall be devoted to such use. It may be a **common law dedication**, either **express**, as manifested, for instance, by a deed from the dedicator to an individual in which the dedicator either declares that part of his land is subject to a public road or excepts part of the land for a public road, thereby making an offer of the road which the public can accept by use; or **implied**, as in the case of a sale of lots by reference to a plat showing public streets. It may be a **statutory** dedication, which results usually from the recordation of a plat on which streets and other public ways are offered to the public and accepted as provided by statute.

Under a **common law dedication**, the public does not acquire a fee in the land, but merely the **right to use** it for the purposes for which it was dedicated. The fee remains in the owner, subject to the public easement (McQuillan, Municipal Corporations, Sec. 1725). In this connection, it should be noted that a written conveyance to a public agency transferring either a fee or an easement for public use, while occasionally referred to as a "dedication by deed," is not properly such. One of the characteristics of a common law dedication is the absence of any specified grantee; the purpose and effect of the dedication is to create a right of user in the public, and not in some particular person, natural or legal (Tiffany, Real Property (3d Ed.), Sec. 1099).

In most jurisdictions a valid **statutory** dedication passes the **fee** to land set apart for streets and no title remains in the dedicator; however, the dedicator is not bound to dedicate a fee, in the absence of statute expressly requiring it, but may grant only an easement. In some jurisdictions, on the other hand, a statutory dedication does not transfer the fee to dedicated streets. California, Idaho, Minnesota, and Indiana are among the states following the minority rule (McQuillan, Municipal Corporations, Sec. 1726). Even in those jurisdictions in which a fee passes by statutory dedication, it is usually not an absolute fee. In some states the fee is described as determinable or limited, so that the public agency does not hold the fee as proprietary property on vacation (Mochel v. Cleveland, 51 Idaho 468, 5 Pac. (2d) 549); in others the dedicator or his successors are considered to retain ownership of all minerals underlying the public road (Leadville v. Bohn Min. Co., 37 Colo. 248, 86 Pac. 1038); while in still other states the fee is regarded as no more than an easement for the purpose of determining the ownership upon vacation Neill v. Independent Realty Co., 317 Mo. 1235, 298 S.W. 363, 70 A.L.R. 550). In addition, if a plat purporting to have been made pursuant to statute is invalid, it amounts to a common law dedication only, and leaves the fee in the original owner or his grantee (Northwestern Safe & Trust Co. v. Chicago, 247 Ill. 238, 93 N.E. 169; Patton, Titles, Sec. 92).

3. **Prescription.**

That a public road may be established by public user for a fixed period of time is well recognized. The duration of the user and the elements necessary to constitute adverse user vary according to the statutes and decisions of the different states. It seems to be generally held, however, that the establishment of a public road by prescription vests in the public no more than an **easement** (39 C.J.S. 937, Sec. 19).

4. **Condemnation.**

The nature and extent of the title or right taken for public roads in the exercise of the power of eminent domain depends on the statute conferring the power. The statute will be strictly construed; generally, unless a statute expressly or by necessary implication authorizes the taking of a fee, an easement only is taken for public roads. In California, for instance, a municipality may condemn the fee if it determines by resolution that the fee is necessary; otherwise an easement only is ac-

quired (San Gabriel v. Pacific Elec. Ry. Co., 129 Cal. App. 460, 18 Pac. (2d) 996).

C. DEED AS CONVEYING FEE OR EASEMENT.

Generally, a deed from a landowner to a municipality, county, the state—that is, to a governmental body or political subdivision capable of holding the interest conveyed in trust for the public—may, as heretofore stated, transfer either a fee or an easement according to the intent expressed in the grant. Frequently, however, deeds of this character are equivocal and require construction to determine whether a fee or an easement is intended to pass by the conveyance. Little difficulty is experienced with conveyances of a "right" for public roads, since the right is consonant with an easement; the cases involving construction seem to consist almost exclusively of instruments which purport to convey "land" rather than a "right," but with recitals in the instrument which cast doubt on the intent to pass the fee. With respect to results, the decisions involving construction of such deeds are not in accord (136 A.L.R. 379, 394, annotation). Some of the conflicting decisions are as follows:

1. Deed to municipality whereby grantor did "grant . . . all that certain tract and parcel of land . . . described as follows . . .", with an habendum clause reading: "To have and to hold . . . the said premises, for the purposes of a public road of said city."

In California a court held that this deed conveyed a **fee title**, not merely an easement (Cooper v. Selig, 48 Cal. App. 228, 191 Pac. 983; in accord, Las Posas Water Co. v. Ventura County, 97 Cal. App. 296, 275 Pac. 817). The court pointed out that the words "for purposes of a public highway" merely indicated the use to which the land should be put and were not at all inconsistent with a conveyance of a fee, and that effect must be given to the words of the granting clause clearly evidencing intent to convey the fee.

Decisions in other states—Arkansas, Connecticut, and Texas—involving deeds where the granting clause conveys "land" and the habendum clause contains restrictive words as to the purpose of the grant appear to be in accord with the California rule.

2. Deed to municipality "forever for the purposes of a highway" and containing an habendum clause reading: "To have and to hold said premises unto the respective grantees, their legal succession, forever."

In a Texas case (Refugio v. Heard; Tex. Civ. App. 95 S.W. (2d) 1008) the court held this deed conveyed an easement only. It will be observed that the restrictive recital is in the granting clause; and this seems to be a distinguishing factor in this, as in other cases, in concluding that the fee does not pass by the deed (136 A.L.R. 379, 398).

3. A deed which grants land "as a right of way" or "to have and to hold as a right of way." The California courts say that "there is a vast difference between a grant for purposes of a **'right of way'** for a road and a grant of land **'to be used for a road'**. The latter grant may be entirely consistent with the conveyance of a fee title, as a road may be maintained as readily on land held in fee as under an easement, but the grant of land **as a right of way** recognizes nothing but an **easement**" (Park v. Gates, 186 Cal. 151, 199 Pac. 40).

4. A deed in which the words **"fee"** or **"fee simple"** are used; for example, "grant a strip of land in fee for a right of way," or "grant as a road a strip of land in fee simple." Only the presence of the words "fee" or "fee simple" distinguish the deed from those of the equivocal type mentioned above. These words, it is believed, do not compel a conclusion that absolute title to the land is conveyed. Strictly speaking, the word "fee," despite its common use as meaning land rather than an easement, refers to the **duration** of estates in land and denotes a perpetual estate. In this sense, it would be proper to speak of an "easement in fee," meaning an easement in perpetuity.

There is some scattered authority —Wisconsin; Missouri—to the effect that if a deed is given for purposes of a public highway it transfers only an easement, no matter what the form of the instrument may be, since an easement only is taken when highways are acquired by dedication or otherwise (136 A.L.R. 379, 399); but in California it has been held that a fee may be acquired despite a statute which provides that "by taking or acquiring land for a highway, the public acquires only the right of way" (Las Posas Water Co. v. Ventura Co., 97 Cal. App. 296, 275 Pac. 817).

The position of a title insurance company in insuring title to land involved in a deed of doubtful construction of the types mentioned above is clear. In the absence of judicial precedent which is clearly applicable to the facts of the case at hand, the company should not insure the ownership of the fee in either the grantor or grantee in the deed without some appropriate exception sufficient to embrace any possible interpretation of the instrument.

D. EFFECT OF COVENANTS AND CONDITIONS IN THE GRANT.

Even in those conveyances which are deemed to transfer the fee, it is frequently necessary to consider the effect of covenants, conditions, or other restrictive phrases which may limit the fee estate transferred or leave some right or estate in the grantor. Specifically, assume that a municipality which has acquired the fee to a road by deed desires to vacate the road and make a sale of the land then asserted to be held by it in its proprietary capacity. The deed contains covenants or conditional recitals. The problem is this: What is the nature of the rights or estates, if any, created in the grantor under these restrictive phrases; what is the effect of these conditional provisions on the title of the municipality —or to put it another way, from whom must releases or conveyances be obtained to pass an absolute title? Some of the possible situations are as follows:

1. A transfers a strip of land to the city "to have and to hold for public road purposes for so long a time as the city shall choose to use it for such purposes."

In this instance there seems to be sufficiently manifested an intent to have the estate in fee simple granted to the city terminate automatically upon the happening of the stated event (i.e., vacation of the road). The estate of the city in such case is a "fee simple determinable"; the interest of A, the grantor in the deed, is a "possibility of reverter," an interest or estate which under common law was not transferable but which in some jurisdictions is now recognized as a conveyable interest (Restatement, Property, Sec. 44, p. 129, Sec. 159; Tiffany, Real Property, Sec. 314). A possibility of reverter may be extinguished by a release to the owner of fee.

2. A transfers a strip of land to the city "to have and to hold for public street purposes."

When a limitation merely states the purpose for which the land is conveyed, such limitation usually does not indicate an intent to create an estate in fee simple which is to expire automatically upon cessation of use for the purpose named. Additional facts, however, such as relation between value of land conveyed and its market value or the situation under which the conveyance was made, can cause such event to be found (Restatement, Property, Sec. 44, p. 129, 130) and in at least one case the presence of such restrictive phrase in the granting clause was apparently the basis for a holding that the deed conveyed a **determinable** fee (Taylor v. Danbury Pub. Hall Co. (1868), 35 Conn. 430). In California, such restrictive wording in the habendum clause has been held in effect to be no more than a mere promise or **covenant** by the grantee as to the use of the land and not a condition subsequent nor limitation on the fee estate conveyed. Covenants, of course, even though regarded as personal are enforceable in equity and should be shown in title reports.

3. A transfers a strip of land to the city "upon condition that the

land be used solely for public street purposes, and upon violation of the condition title shall revert to the grantor."

The fee passes, subject to a condition subsequent. One conveying land for public roads may impose reasonable conditions which are not repugnant to the uses and purposes for which the land is conveyed (McQuillan, Municipal Corporations, Sec. 1670). The grantor has a **power of termination**, sometimes loosely called a "revisionary interest"; that is, upon breach of the condition title does not automatically terminate, but the grantor has the power to terminate the estate of the grantee and retake the same if there is a breach of the condition (Parry v. Berkeley Hall School Foundation, 10 Cal. (2d) 422, 74 Pac. (2d) 738, citing Restatement, Property, Sec. 45, 154). This power of termination may be released to the fee owner, but is not assignable as a matter of common law; however, in California and several other states the rule against non-transferability has been abrogated by statute (Restatement, Property, Sec. 160, p. 577; Calif. Civil Code, Sec. 1046).

E. CONSTRUING TRANSFERS BY DEDICATOR AND HIS SUCCESSORS AFTER ESTABLISHMENT OF ROAD.

1. **In general.** Where an absolute fee has been acquired by the public for roads, no further question as to ownership of the fee ordinarily arises during the continuance of or upon vacation of the road. Vacation of the road removes the burden of public use and the land remains in the public agency as proprietary property (39 C.J.S. 1074, note 18). The dedicator or abutting owners have no title or interest in the fee to convey.

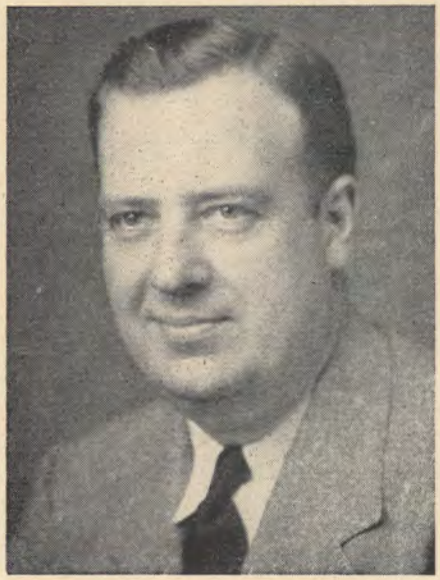
It is where the public use is an easement or estate less than an absolute fee that the search must be continued as to the ownership of the fee, reversionary right, or other estate or interest retained by the dedicator. It must be repeated that upon vacation of a public road no title "reverts" to abutting owners or others in the absence of statute to such effect. Vacation does not effect any transfer of title; it merely frees the land of the fee owner from the burden of the easement. To ascertain the ownership of the fee requires an examination of all transfers in the chain of title to the land within and adjoining the road from the dedicator down to date.

2. **Rules of construction as to conveyance of adjoining lands.** Generally, a transfer of land abutting on a highway, whether by metes and bounds or by reference to a plat which shows the land bounded by a highway, conveys the grantor's title to the center thereof, unless a contrary intention appears (11 C.J.S. 580). There is a highly favored presumption of law that the boundary of land abutting on a highway extends to the center thereof and that a conveyance of the land passes the grantor's title to the center (11 C.J.S. 693). These rules are codified in California (C.C. 831, 1112; C.C.P. 2077).

Although the California courts apply this presumption to conveyances by a municipality of land abutting on a street (Dunlop v. O'Donnell 6 Cal. App. (2d) 1; 43 Pac. (2d) 873), there is a conflict of opinion in other jurisdictions on this point (11 C.J.S. 590).

3. **Transfers of lots abutting on street shown on map.**

If A, owner of Blackacre, files a subdivision map dedicating an easement for public street purposes over



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a street shown thereon and thereafter conveys a lot which fronts on the street by reference to the plat, his grantee acquires fee title to the center of the street, unless a contrary intention appears.

This application of the rule is clear; but suppose that the dedication of the street is defective for failure to comply with some statutory requirement, or that the street is not actually opened, or that the street has been vacated prior to the date of the deed. While the authorities are in conflict on these points, the majority view, which is followed in California, is that the grantor's title to the center of the street passes whether the dedication of the street is valid or not, and whether the street has been opened or not (11 C.J.S. 588). Where, however, the street shown on the plat has been vacated, the courts in some states (Minnesota; Washington) hold that the land formerly in the street has become a separate and distinct parcel which does not pass with a conveyance of adjoining land; while the courts in other states, including California, take a contrary view, based on the conveyance of the lot by reference to a map which shows the street as a boundary, so that as between the grantor and grantee the street exists, regardless of the vacation (11 C.J.S. 589; Anderson v. Citizens Sav. & Trust Co., 185 Cal. 386, 197 Pac. 113).

4. **Transfers by metes and bounds.**

It is generally recognized that a conveyance of land abutting on a highway and described by metes and bounds conveys to the center of the highway, although the measurement of a side line goes only to the edge of the highway unless a different intention is indicated (11 C.J.S. 582). Thus, a deed describing land as "thence to the road" and "thence along the road" would pass title to the center of the road (Moody v. Palmer, 50 Cal. 31).

A sharp difference of opinion develops, however, as to what constitutes an expression of an intent to exclude the street when calls are for the **side lines. Example:** Deed describes all that "certain parcel of land . . . bounded as follows: Beginning at a **stake** standing at the junction of the **easterly** line of Rowland Street with the **northerly line** of Johnson Street . . . and running thence along the northerly line of Johnson Street South 23° East 50 feet to a stake . . . **to a stake in the said easterly line of Rowland Street; thence along the same South 66° West 100 feet to the beginning.**" (See Figure 1.)

Under a strict interpretation of the general rule, first enunciated by the courts in New York and generally followed elsewhere, the description given above would exclude the street (11 C.J.S. 584; in accord, Warden v. South Pasadena Realty & Imp. Co. 178 Cal. 440, 174 Pac. 26, holding street excluded by deed "to a point on the southerly line," "thence along the southerly line" of that street). The mere fact that either the starting point or the two points fixed as the beginning and end of the course are on the side line of the street are considered of importance by some courts as indicating an intent to exclude the street (Woolf v. Pierce, 209 N.Y. 344, 103 N.E. 508; contra, Hensley v. Lewis, 278 Ky. 510, 128 S.W. (2d) 917, 123 A.L.R. 537, annotation).

In contrast to the New York view are the rulings of the New Jersey courts, followed in a few states,

which hold that nothing short of express words of exclusion will exclude the street and under which the description given above passes title to the center of the street (823 Broad Street v. Marcus (1939) 17 N.J. Mis. R. 25, 3 A. (2d) 589). The rationale of this minority rule is that the mass of people undoubtedly suppose the street belongs as an appurtance to the lot and passes with it; that land is indiscriminately described as going to a street and running along it, or as going to one side of such street and thence running along the side, the intent being to convey all the grantor owns and not to exclude the street, which, after all, is of value to the adjoining lot but of no value separated from it. There is much to commend this liberal New Jersey rule.

5. Other Descriptions.

A conveyance of land as bounded "by," "on," or "upon" a highway passes title to the center of the highway (11 C.J.S. 586; Watkins v. Lynch, 71 Cal. 21; 11 Pac. 808). In California a description of land as bounded by the "south side" of a street has been held to carry title to the limit of the south side, which is the center line of the street (Brown v. Batchelder, 214 Cal. 753; 7 Pac. (2d) 1027).

6. Necessity of mentioning highway.

The general rule that the grantee of land bounded by a highway takes to the center thereof is not affected by the fact that the land is not described in the conveyance as bounded on the highway, provided it is actually so bounded; the presumption that title passes is just as strong as if the conveyance had expressly mentioned the highway as a boundary (11 C.J.S. 581; Merchant v. Grant, 26 Cal. App. 485, 147 Pac. 484). A Kansas case illustrates the extent to which the courts may go in the application of the rule. The facts in this case were as follows: (See Figure 2.)

A railroad company originally owned a fifty-foot right of way. Baldwin owned land to the South. Baldwin dedicated an easement for a forty-foot road, the North line of which was 25 feet South of the South line of the railroad right of way. Baldwin later conveyed to the railroad company the fee to a parcel of land "bounded on the North by a line 25 feet South of and parallel to the center line" of the fifty-foot railroad right of way "and on the South by a line 50 feet South of and parallel to said center line." The South line of the twenty-five foot strip of land so described was therefore the North line of the forty-foot road.

The court held that the railroad company acquired title to the center of the forty-foot road (Bowers v. Atchison, Topeka and Santa Fe Railroad Co., 237 Pac. 913). It was pointed out that the land described in the deed abutted upon a road and that there was no contrary intent expressed which would rebut the presumption that title passed to the center of the road. The court made no conjectures as to the grantor's intent; it merely looked for an expression of a contrary intent in the deed.

A modification of the rule is indicated in an Illinois case. The facts were these: (See Figure 3.)

One Henderson owned a quarter section of land, the West 20 feet of which was in a dedicated road. Henderson conveyed to a railroad company a strip of land 100 feet wide, lying 50 feet on each side of a surveyed center line. The West line of the right of way strip was 16 feet from the quarter section line, so that the description of the strip of land conveyed to the railroad company included the East 4 feet of the twenty-foot road. The deed recited "subject to public road as it now runs." The railroad company claimed title to the remaining 16 feet of the road.

The court held that the title of the grantee was limited to the hundred-foot strip of land and no title to the sixteen feet of the road lying outside of the one-hundred-foot strip passed (Chicago & E. T. R. Co. v. Willard (Ill.) 92 N.E. 271). Although the general reasoning of the court indicates a possible dissent from the Bowers case, the decision can be distinguished from the Bowers case on its facts; that is, here the boundary line of the hundred-foot right of way was not coincident with the side line of the road but was four feet within the road, and hence it is proper to say that the grantor has expressed his intent to exclude any portion of the road other than that specifically described. This is a reasonable modification of the rule, one which would be applicable to any conveyance which describes land abutting on a road and also a specific portion of the road.

The cases which follow the general rule all seem to involve descriptions by metes and bounds of land actually abutting on a street (e.g., Van Winkle v. Van Winkle, 184 N.Y. 193, 77 N.E. 33). None of the reported cases appear to construe a conveyance of a lot by reference to a map not showing a street which, for instance, was created subsequent to the map and which in fact is a boundary to the lot. This question is presented by the following facts: (See Figure 4.)

A, owner of Blackacre, files a subdivision map showing 1st Street, 50 feet wide, running North and South, with lots abutting thereon. Lot 3, fifty feet in width, adjoins 1st Street on the West. Lot 2 adjoins Lot 3 on the West; that is, Lot 2 is separated from 1st Street by Lot 3. Thereafter the municipality condemns an easement over all of Lot 3 for the widening of 1st Street. A later conveys Lot 2 to B. The municipality then narrows the street by vacating that portion of 1st Street within the West 10 feet of Lot 3.

Ownership of the fee title to the vacated portion of 1st Street within the West 10 feet of Lot 3 might be claimed by A, who would assert that the conveyance of Lot 2 was by reference to a map which shows that Lot 2 does not abut on any street on the East; that the portion of 1st Street later vacated is in fact a part of Lot 3, a separate parcel of land, which could never be presumed to pass by a conveyance of Lot 2. B, on the other hand, might claim the fee to the vacated strip on the basis of the general rule that a conveyance of land abutting upon a street passes the grantor's title to the center thereof, whether the street is mentioned in the conveyance or not; that the presumption can only be rebutted by expression of a contrary intent, which expression is not found in the deed to B. In the absence of a statute governing reversion of title upon vacation, it is doubted whether any title company should insure ownership of the disputed strip in either A or B until the question is determined by agreement between the parties or by judicial proceedings.

7. Marginal streets.

A conveyance of land adjoining a street which has been wholly made from, and upon the margin of, the grantor's land is deemed to comprehend the fee in the whole of the street (11 C.J.S. 586).

This rule appears sufficiently well established to justify reliance on it even when the point has not been decided in a particular jurisdiction. A search on the fee should, of course, include examination of transfers on both sides of the road, since the owner who acquires title to the fee to the entire road by a marginal grant might later acquire the land abutting on the other side of the road and thereafter make a conveyance which would carry only one-half of the road.

8. Construction of exceptions and reservations in transfers by dedicator or his successors.

Frequently, the question of ownership of a road depends not upon the sufficiency of transfers of land abutting on the road, but upon a construction of deeds which include the road within the exterior boundaries of the land described, with an exception or reservation which may or may not operate to carve out the fee to the road. For example, A, owner of Blackacre, dedicates an easement for public roads over the West fifty feet thereof. A thereafter conveys Blackacre, "except the West fifty feet thereof," thereby retaining the fee

in the road; or A conveys Blackacre, "subject to an easement for roads over the West fifty feet thereof," so that the fee to the road passes. Sometimes, however, the exceptions are equivocal and require construction as to whether the fee to the road has been retained by the grantor, such as "excepting the right of way," "except the road," or "except the portion conveyed to the County." (See V, B, 1, which covers construction of exceptions of railroads in deeds, but which is pertinent to exceptions of public roads.)

II. "REVERSION" UPON VACATION OF PUBLIC ROAD

A. WHEN ROAD IS EASEMENT.

1. If the abutting owner is the owner of the fee, the reversion is to him and he takes title to the center of the street unaffected by any interest of the public (McQuillan, Municipal Corporations, Sec. 1532). More accurately, upon vacation the exclusive possession "reverts" to the fee owner; no transfer of title is effected.

2. If the fee to the street remained in the original owner or a remote grantor (e.g., a deed in the chain of title excluded the street), the title vests in him free from the burden of the public use.

B. WHEN ROAD IS FEE.

1. If the title to the fee is in the municipality or other public agency (e.g., where fee is taken by statutory dedication), the decisions are not uniform as to who obtains the fee, the matter being determined by statute in many jurisdictions. In some states the fee remains in the municipality or other public agency; in other states, by statute or otherwise, the fee reverts either to the original dedicator or to the abutting owner (McQuillan, Municipal Corporations, Sec. 1532, 25 Am. Jur. 424, 70 A.L.R. 564, annotation on "Reversion of title upon abandonment or vacation of public street or highway").

C. APPORTIONMENT OF VACATED STREETS.

The method of apportioning the land in a vacated street as between the adjoining or other owners entitled to the fee does not seem to be determined by any settled rules of law. Of course, no problem arises where the boundaries of the fee in the highway are fixed (e.g., where ownership of fee is derived under deed which describes specific portion of street and adjoining land by metes and bounds, tying, perhaps, to center line of street, subject to the street easement). The problem of apportionment usually arises when lots shown upon a map as abutting on a street are conveyed by reference to the map, the grantee acquiring title to the center of the street by virtue of the presumption and not by specific description of any portion of the street.

In some states (e.g., Kansas) the statutes as to reversion of vacated streets acquired by statutory dedication provide that the vacated street reverts to the adjoining lots in proportion to the frontage (Roxana Petroleum Corp. v. Sutter, 28 Fed. (2d) 159).

In what seems to be the only reported decision in the United States in which this problem has been considered, the court held that the division lines between the fee ownership of abutting lot owners in a vacated street are to be determined by **extending the side lines** of the lots in their own direction to the center of the street (State v. Superior Court (Wash.) 173 Pac. 186). This rule is in accord with the theory that the portion of the street lying in front of a lot as shown upon a map is in fact part of the lot and that the technical lot line is the center of the street; for if this theory is accepted, the portion of the lot in the street would logically be bounded by the side lines extending on the course given on the map.

A consistent application of this rule would, however, work a manifest injustice in cases where the side lines of a lot intersect the side street line on a sharp angle. Apportionment by extended lot lines might give abutting owners a larger or lesser share of the vacated street than their proportionate frontage would justify; in some cases, the extended lot lines might meet before they reached the center of the street; and strips of "no man's land" are likely to result. This chart (see Figure 5) illustrates the inequity of the prolonged lot line theory when applied to the apportionment of the vacated street adjoining Lot 2, as shown on the chart.

It has been suggested that the apportionment of vacated streets should follow the rules formulated for the apportionment of accretion to riparian lands. There is, however, no universal rule for apportionment of accretions (67 C.J. 827). In one California case the court stated that "if accretions occur in front of land, the boundary line between them as to such accretions is a line extending into the water perpendicular to the original shore line in its general course and not by the line of the boundary extended in its original direction" (Fraser's Million Dollar Pier Co. v. Ocean Park Pier Co., 185 Cal. 464, 197 Pac. 328). But in a later case the court held that this general rule might require modification under particular circumstances, to the end that each riparian proprietor might receive a fair portion of the accretions (Swarzwald v. Cooley, 220 Cal. 438, 31 Pac. (2d) 381).

In issuing policies of title insurance it is the general practice locally to describe a lot and the portion of a vacated street which would pass by a conveyance of the lot somewhat as follows: "Lot 1 of Tract 100, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 10 Page 1 of Maps, in the office of the County Recorder of said County; also the Easterly half of that portion of 'X' Street (vacated) which lies in front of said lot."

III. PRIVATE EASEMENTS NOT AFFECTED BY VACATION

In examining the title to a vacated street which was established by recording of a map, it is necessary to consider the possibility of certain private easements for ingress and egress which may not be extinguished by vacation of the public use. It is a well-established rule that where one lays out a tract of land into lots and streets and conveys the lots by reference to a map which exhibits the lots and streets as they lie with relation to each other, the purchasers of such lots have a private easement in the streets shown for ingress and egress and for any use proper to a private way. This easement is entirely independent of the fact of dedication to public use and is not destroyed by the abandonment of the public right (28 C.J.S. 702; Danielson v. Sykes, 157 Cal. 686, 109 Pac. 87).

A reference to this chart (see Figure 6) will furnish an illustration of an actual case encountered by a local title company.

The owner of Lots 1 and 5 and the fee to the portion of the alley lying between the lots proposed to have the alley vacated by the proper authorities and thereafter to construct a building upon the lots and the portion of the vacated alley lying between the lots. He requested a policy of title insurance vesting the title to all of such land in him free and clear of any encumbrances other than those affecting the lots. The insurer refused to issue the policy without mentioning the private easement rights of the owners of the other lots in said tract. It was contended that these easement rights should not be shown as an encumbrance because the other lot owners would have no need for the easement; in other words, their private easements should be confined to the portion of the alley necessary to obtain access to the street on the west. The California courts have held, however, that the rule is not based on necessity nor is it restricted to streets and alleys necessary for access to the outside world (Danielson v. Sykes, supra).

The decisions are in conflict in other jurisdictions as to the extent of the easement created by a conveyance by reference to a map. Some decisions state, as in California, that the grantee acquires an easement over all the streets shown on the map; others limit the easement to the adjoining street and such other streets as are required for access to public streets; while a third view is that the grantee acquires an easement over those streets whose use would be reasonably beneficial (28 C.J.S. 703).

IV. ALLEYS, PRIVATE ROADS, CANALS, AND SIMILAR RIGHTS OF WAY

Generally, a conveyance of land bounded by an alley or private road carries the grantor's title to the center thereof, unless a contrary intention appears (11 C.J.S. 591, 593; Anderson v. Citizens Savings & Trust Co., 185 Cal. 386, 197 Pac. 113). Thus the rules governing conveyances of land abutting on public highways are made applicable to alleys and private roads.

The courts in several jurisdictions have, however, refused to extend the presumption as to public ways to private ways (8 Am. Jur. 781; Brown v. Oregon Short Line R. Co.; 36 Utah 257, 102 Pac. 740).

It would seem that a conveyance of land bounded by a right of way for a canal, ditch, storm drain channel, or similar private right of way should also pass the grantor's title to the center of the way in the absence of a contrary intent. The general rule is that the owners of land lying on canals, ditches, mill races, and similar physical monuments which are made boundaries in a conveyance will take to the center line thereof in the absence of a clear showing of intent to the contrary (9 C.J. 191; 74 A.L.R. 623, annotation; Tagliaferri v. Grande, 16 N.M. 486, 120 Pac. 730, applying the rule to an irrigation ditch; Agawan Canal Co. v. Edwards, 36 Conn. 476, holding title passed to center of canal under deed describing land as bounded "West on said canal"). The rationale of the highway rule should apply equally to all private rights of way, not merely private roads, even though there is no physical monument on the ground such as a canal or ditch. The rule rests not alone on the monument theory but also upon reasons of policy under which it is presumed that a grantor does not intend to retain the fee in an adjoining way. There appears, however, to be but little authority on the subject. In a California Appellate Court case it was held that under the facts of the case a conveyance of land "west of the right of way" of a canal did not pass the grantor's fee in the right of way, the court observing, among other things, that the canal itself was not a monument because as constructed it did not extend to the extreme border of the right of way as granted (Canal Oil Co. v. National Oil Co., 19 Cal. App. (2d) 524, 166 Pac. (2d) 197; 11 C.J.S. 572).

V. OWNERSHIP OF RAILROAD RIGHTS OF WAY

A. DEED TO RAILROAD—FEE OR EASEMENT.

Generally, where so authorized by its charter or by statute, a railroad company may acquire either an easement or a fee simple title in land for railroad purposes by purchase, and this right is not affected by the fact that the company may obtain only an easement or determinable fee if it resorts to condemnation proceedings (51 C.J. 535).

Deeds to railroads which involve construction as to whether a fee or merely an easement is transferred seem to fall in the following categories:

1. Deeds conveying "land" without qualification.

Deeds to railroads which convey a strip, piece, or parcel of **"land"** and which do not contain additional language relating to the use or purpose to which the land is to be put or in other ways cutting down or limiting the estate conveyed are usually construed as passing the **fee** (132 A.L.R. 142, 145, annotation; Midstate Oil Co. v. Ocean Shore Railroad Co., 93 Cal. App. 704, 270 Pac. 216).

2. Deeds conveying "right" or "right of way" rather than "land."

Deeds to a railroad which convey a "right" (e.g., "the right to construct, maintain, and operate a railroad") or "right of way," without additional language indicating a conveyance of the "land," convey, in the absence of some specific controlling statute, merely an **easement** (132 A.L.R. 142, 172, 183, annotation; Moakley v. Los Angeles Pacific Railway Co., 139 Cal. App. 421, 34 Pac. (2d) 218).

3. Deeds conveying "land," with reference to purpose of deed.

A divergence of opinion exists with respect to the effect upon a deed to a railroad company granting a strip or parcel of "land" of a recital therein that the land is conveyed "for railroad purposes." The courts in some states regard such recitals as to purpose of the grant as limiting the estate granted to an easement; while in other states the cases hold such restrictive recitals do not operate to limit the fee title conveyed by the granting clause (132 A.L.R. 142, 159, annotation). The decisions in California concern deeds of land with a recital such as "this conveyance is made for railroad purposes, and if not so used, then title is to revert" to the grantor; and the holdings have been that the **fee** passed, subject to a **condition subsequent** (Hannah v. Southern Pacific Railroad Co., 48 Cal. App. 517, 192 Pac. 304).

4. Deeds conveying "land," but referring to "right" or "right of way."

Indicative of the contrariety of opinion as to deeds which refer both to "land" and to "right" or "right of way" are two Federal cases, each of which was determining the law under the state of Illinois. In one case a conveyance of "a strip of land for right of way for said railroad company" was held to transfer merely an easement (Magnolia Petroleum Co. v. Thompson, 106 Fed. (2d) 217); while in the second case, a deed conveying "as and for its right of way, a strip of land" was stated to convey the fee, the court expressly refusing to follow the reasoning of the last cited case (Carter Oil Co. v. Welker, 112 Fed. (2d) 299).

Even a casual examination of the conflicting authorities is sufficient to suggest the inadvisability of a title company insuring without qualification the fee title to land purportedly conveyed to a railroad company by a deed which contains additional and possibly conflicting phrases as to "right of way," especially where the restrictive recitals are in the granting clause.

B. CONSTRUCTION OF DEEDS AS INCLUDING OR EXCLUDING RAILROAD RIGHT OF WAY.

1. Exceptions or reservations in conveyances.

If, for example, A, owner of Blackacre, conveys an easement for railroad purposes over the West 100 feet of Blackacre, and thereafter conveys Blackacre to B under a deed containing an exception or reservation referring to the railroad right of way or strip, the problem which frequently arises is whether the exception or reservation leaves the fee title to the railroad strip in A or whether the fee passes to B, subject to the easement. Or if A's conveyance to the railroad company is a determinable fee or a fee on condition subsequent, the interest remaining in A which may or may not pass under his deed of the entire holding with reservation or exception is the possibility of reverter or right of re-entry for condition broken; and in such a case the determining factor may be the transferability of reversionary rights under the law of the particular jurisdiction (see I, D, 1 and 3, ante; 136 A.L.R. 296, 313, annotation, citing cases holding that attempted assignment of right of re-entry extinguished the right under the common law rule).

It is difficult, and hazardous, to attempt to formulate any rule as to construction of exceptions or reservations which do not plainly except the fee, as "excepting the West 100 feet," or convey the fee, subject to the easement, as a deed of Blackacre, "subject to the easement for railroads over the West 100 feet." Extrinsic facts and circumstances may control the construction of equivocal conveyances. Generally, however, the test applied is whether the grantor intended to except the **land** occupied by the railroad or merely the **easement** theretofore transferred to the railroad company. Thus a deed of Blackacre "excepting the right of way" of the railroad company is held to pass the grantor's fee or other interest in the railroad strip; while "excepting the part occupied by the railroad right of way" excepts the **land** itself and leaves the fee or other interest of the grantor in him (Moakley v. Blog, 90 Cal. App. 96, 265 Pac. 548, citing cases in Iowa, Wisconsin,

and Michigan; Moakley v. Los Angeles Pacific Railway Co., 139 Cal. App. 421, 34 Pac. (2d) 218).

2. **Conveyances of adjoining land as including or excluding fee in railroad.**

The weight of authority sustains the rule that a conveyance of land bounded by a railroad right of way passes the grantor's title to the center line of the right of way, unless the grantor expressly reserves the fee to the right of way, or his intention not to convey the fee clearly appears (11 C.J.S. 594; 85 A.L.R. 391; 136 A.L.R. 296, annotations; Rio Bravo Oil Co. v. Weed (Texas) 50 S.W. (2d) 1080, 85 A. L. R. 391, a well considered case which reviews the authorities supporting the rule; contra, Stuart v. Fox (Me.) 152 A. 413). The reasons for the rule are the same as those applying to streets. That a right of way is unusually wide does not affect the operation of the rule (Roxana Petroleum Corp v. Jarvis, 127 Kansas 365, 273 Pac. 661).

This question has not been decided in California. It is believed, however, that the majority rule which applies the highway presumption to railroads is a sound precedent.

A comparatively recent Oklahoma case, one in which most of the authorities are reviewed, is illustrative of the extent to which the courts may go in applying the highway rule to railroads. The facts are as follows: (see Figure 7). The owner of a quarter-section conveyed an easement for a railroad across his land. Thereafter he conveyed the land lying North of the right of way. Under the facts of the case it may be assumed that the conveyance limited the title to the North line of the right of way. Still later he conveyed all of the quarter-section "lying South of the St. Louis and San Francisco right-of-way." The grantee in the last deed filed a plat of her land upon which certain lots bordered the right of way. These lots were sold to various purchasers by lot and block description. The statement of facts does not state whether the railroad right of way is shown on the map but such is the inference. These lot purchasers claim the ownership of the fee to the right of way as against the heirs of the original grantor. The court held that the conveyance of the portion of the quarter-section lying South of the right of way passed the fee to the right of way and that the lot owners would prevail as against the grantor's heirs Cuneo v. Champlin Refining Co. (Okla.) 62 Pac. (2d) 82). This decision, as do others (see 85 A.L.R. 404, annotation) limits the rule to cases where the grantor is not the owner of the land on the other side of the railroad right of way at the time he makes the conveyance which is alleged to transfer his title to the right of way. It has been said that the grantor's retention of ownership of land on the opposite side of the right of way may be an important factor, since it may be plausibly argued that he did not intend in such case to transfer the right of way itself, or any part thereof, but to retain all of it as a part of his own adjacent land. The departure from the highway rule in this respect is difficult to reconcile with the court's insistence that as a policy of law the highway rule should govern conveyances of land abutting on a railroad.

C. RIGHT OF WAY IN MIDDLE OF HIGHWAY.

An interesting question, one which has been presented several times in local title experience, arises under the following facts: A landowner conveys an easement for railroad purposes across his land; thereafter he files a subdivision map showing the railroad right of way dividing a street which is dedicated by the map and conveys lots by reference to the map. (see Figure 8.)

Granting that the presumption as to highways applies to railroads, it could be argued that a conveyance of a lot fronting on either street would convey the grantor's title to the center of the area representing the railroad right of way and the streets on either side thereof (Penn. R. Co. v. Ayres (N.J.) 14 A. 901, dissenting opinion). However, in the absence of further authority, a title company insuring the title to the fee to such a right of way should be guided by the thought that possibly it may be determined that the grantor's title passes only to the portion of the street adjoining, perhaps only to the center of such street.

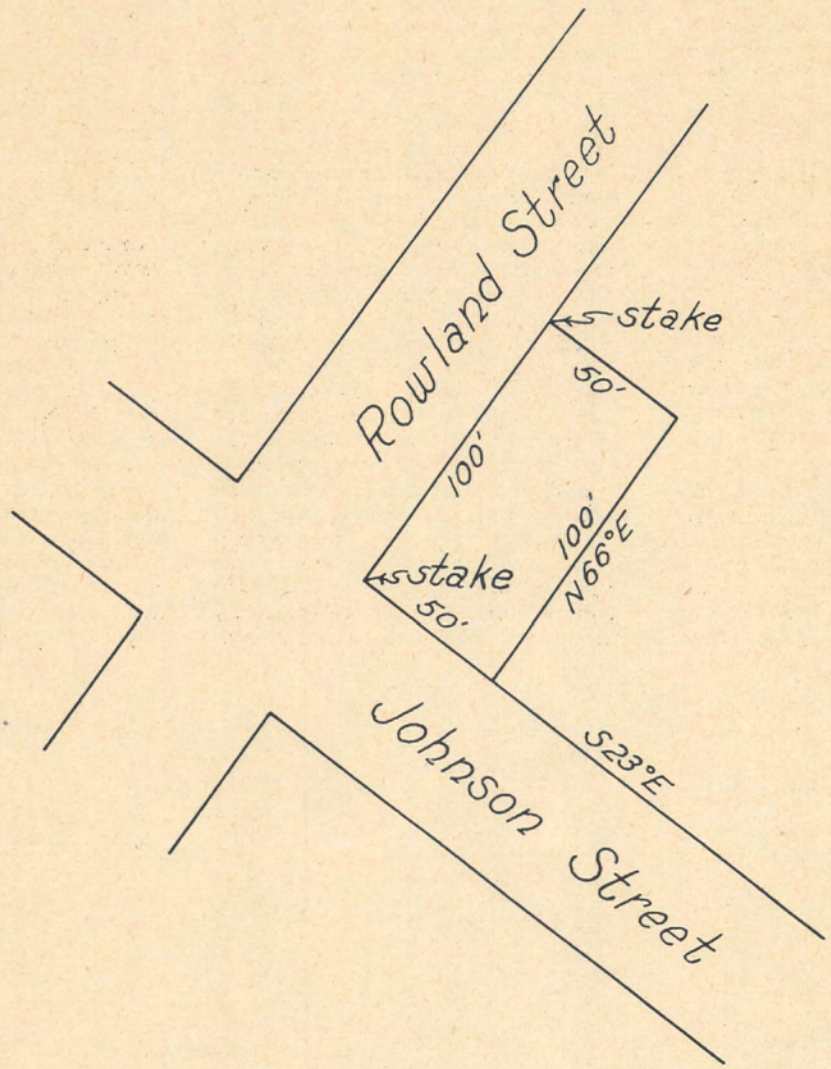
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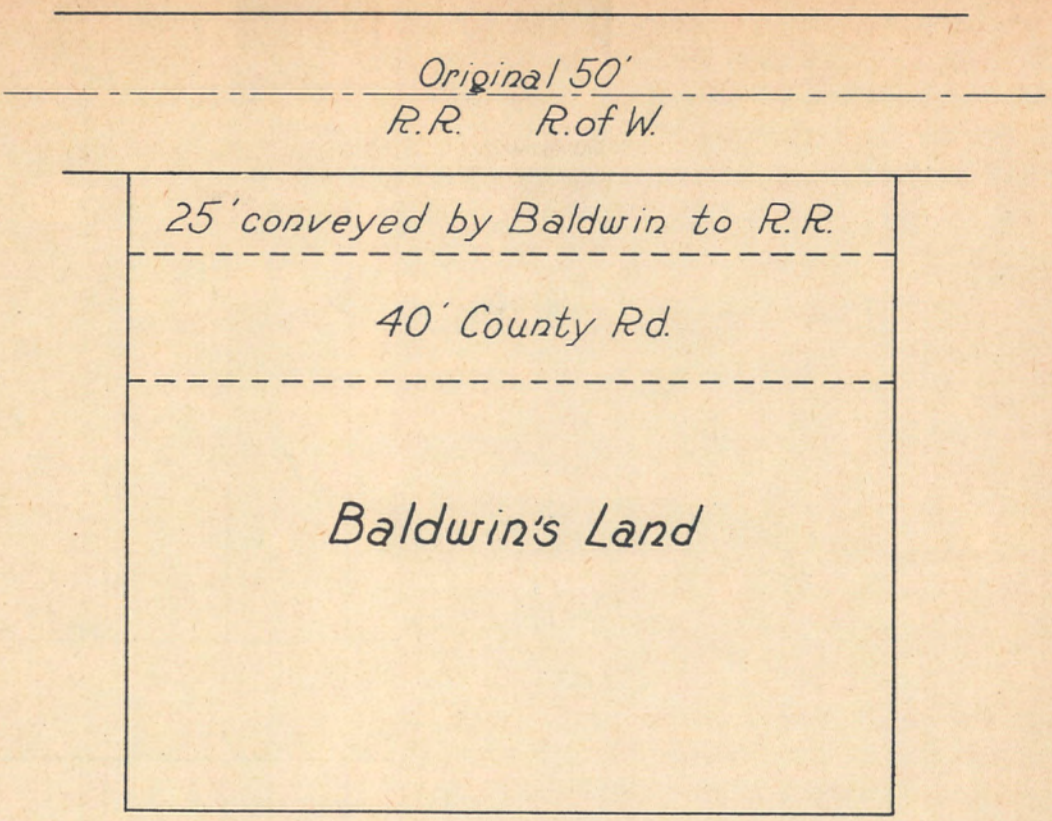
Figure No 1



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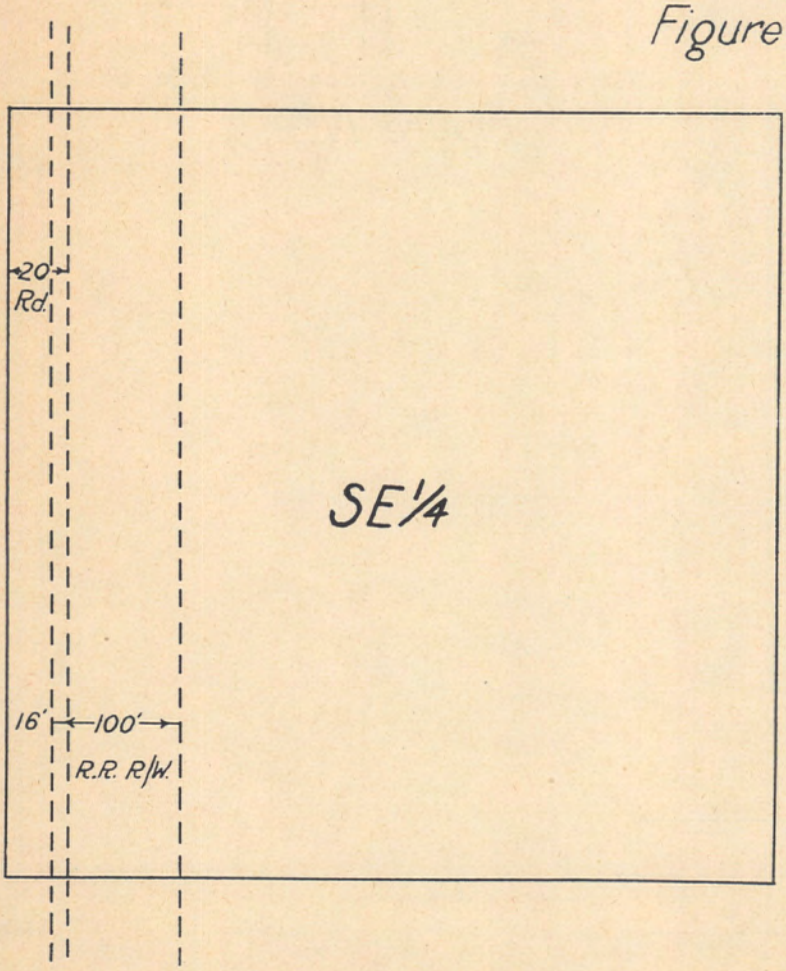

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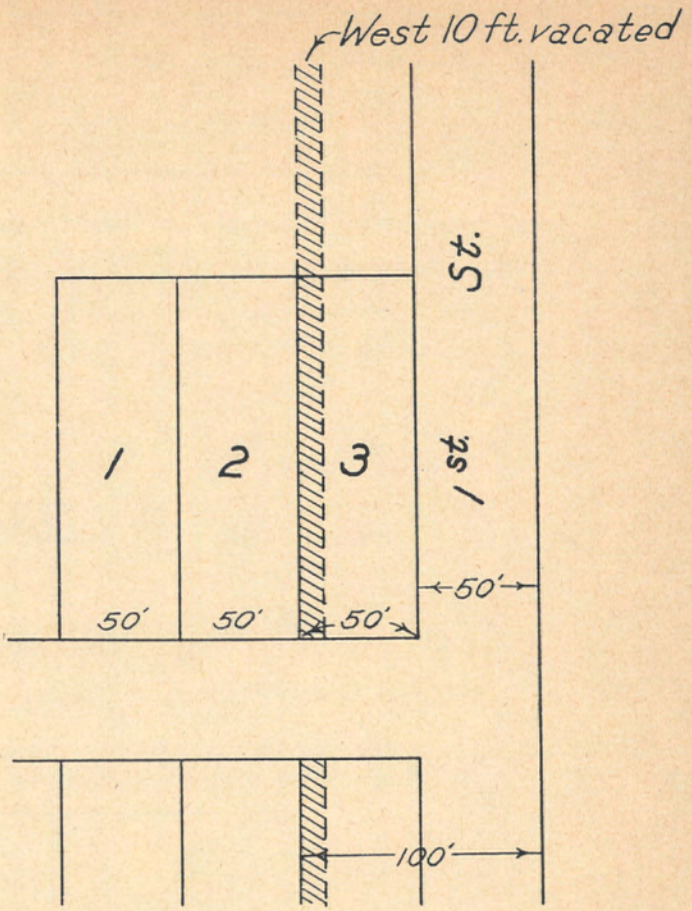


Figure №4

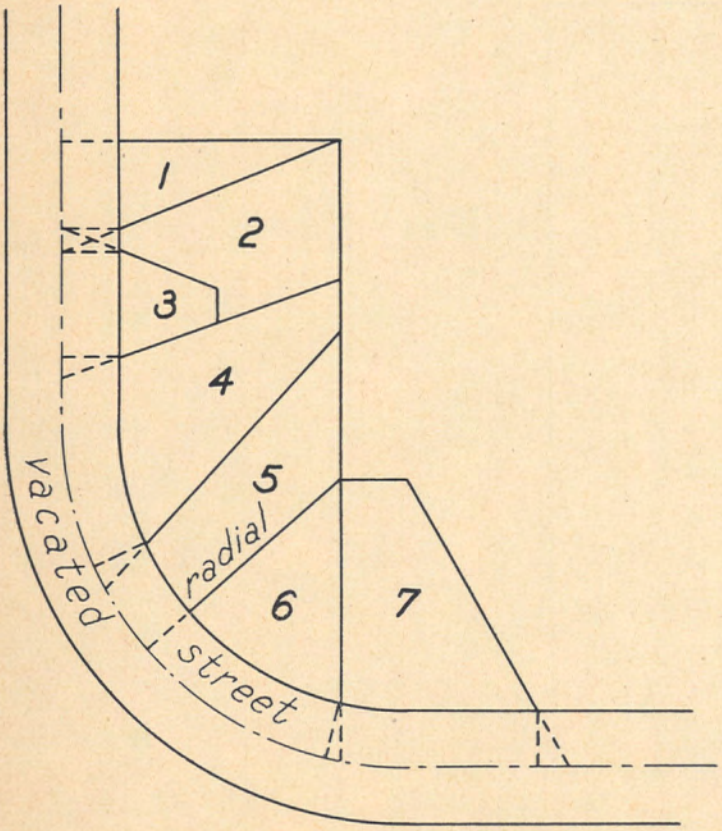


Figure №5

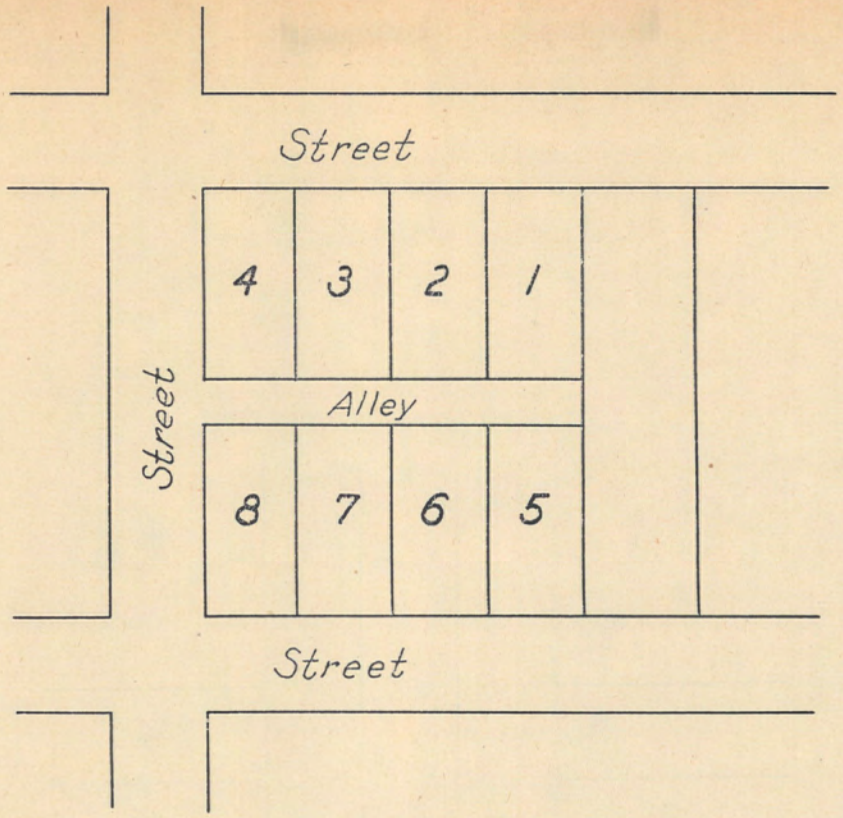
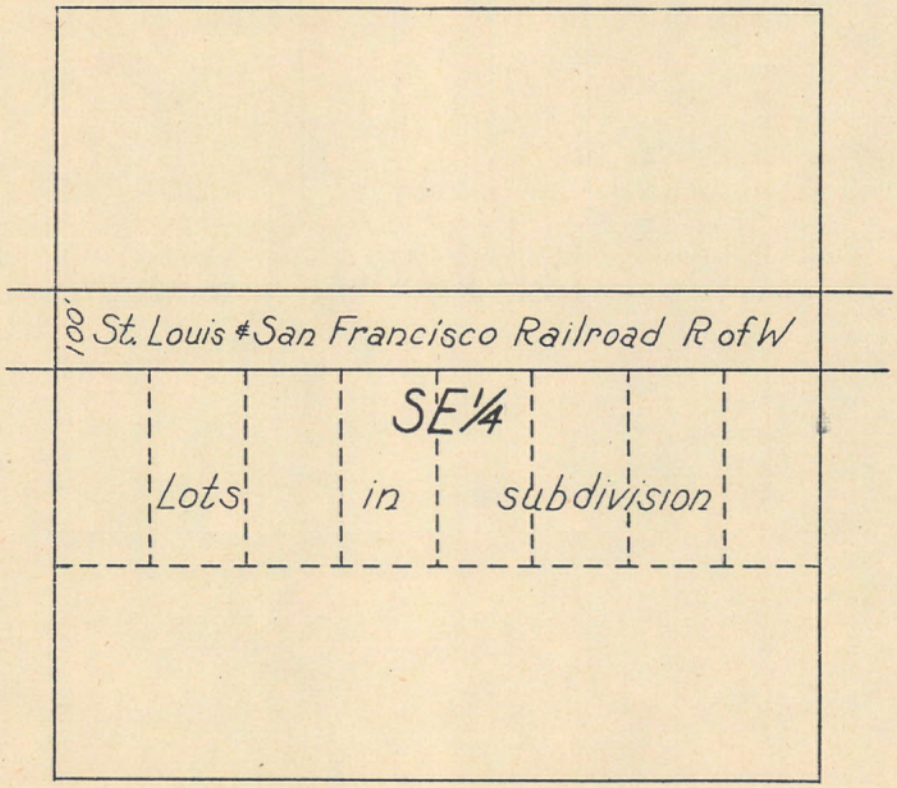


Figure Nº6



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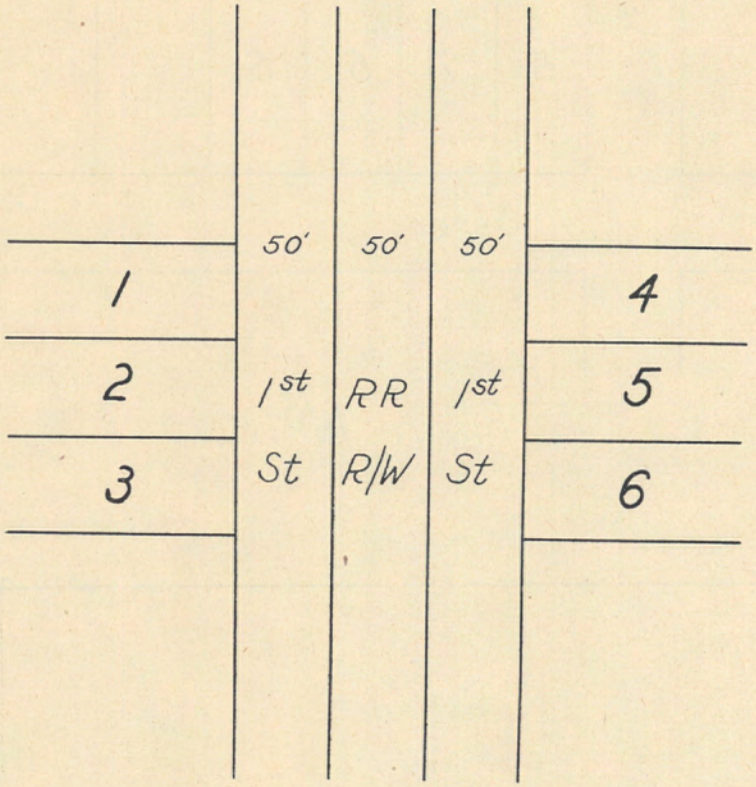

Figure №8

Tax Service

(Address delivered at 1946 Convention, American Title Association)

By C. E. GAULDIN, *Vice President*

Title Insurance & Trust Co.;
President, Realty Tax & Service Company
Los Angeles, Calif.

Property worth owning is worth protecting!

How well is the owner of real property protected? How secure is an encumbrance on real property?

Full Protection

The policy of Title Insurance or the Certificate of Title gives the owner or the holder of an encumbrance the assurance that the title is good or that the encumbrance is a good lien on the property at the time of issuance of the policy or certificate. Unfortunately this assurance has limitations—can only be good as long as taxes, bonds or assessments are paid. In most states, as in California, unpaid taxes, street improvement bonds or assessments for public improvements are a prior lien to any recorded encumbrance, and the failure to pay may result in the loss of title and loss of security.

We may realize this danger, but can the customer be sold on the idea of the necessity of future protection?

Tax Protection

Protection in the form of tax service can be sold. Today, the Realty Tax & Service Company of Los Angeles has three hundred thousand active tax service contracts on loans in Los Angeles County. In addition we are furnishing tax service to several thousand owners of real property, both resident and non-resident. In fact, our service is known to absentee owners and holders of encumbrances not only in almost every state in the United States but in England, Australia, Canada, Mexico, Brazil, Dutch East Indies, Philippines, New Zealand and many other countries.

How can tax service be sold? What is necessary to furnish an efficient and satisfactory tax service to your customer?

To best answer these questions, it is necessary to tell something of the history and background of the Realty Tax & Service Company. Time will not permit me to go into detail—the set-up of our tax plant or the various types of services rendered, but if any of you are particularly interested in any specific operation or forms, I will be glad to furnish you with forms or additional information upon request. Better still, if any of you are stopping off in Los Angeles, I will be very happy to show you our tax service plant.

The Realty Tax & Service Company was incorporated September 29, 1928, primarily as a service company for the title companies of Los Angeles County. It is a wholly owned subsidiary of the Title Insurance and Trust Company of Los Angeles. Within the Title Insurance and Trust Company, we operate as a department of that company. Again time does not permit me to go into detail the functions of our company or department insofar as the title companies are concerned. Our operations are many and varied and would be a complete subject in itself.

Tax and lien service was not a new idea but it was felt that it could be

C. E. GAULDIN

improved and be a real service to the customer of the title company.

In California there are about fifteen public improvement acts in addition to the county and city property taxes which create specific liens on real property. Also costs of certain improvements done under local ordinances of municipalities may be made specific liens on real property. These liens are all prior liens to any mortgages on trust deed on the property regardless of the date of recording of the encumbrance. The manner of payment, date of delinquency, penalties and methods of foreclosure or sale differ in most instances. Practically in all cases sale or foreclosure would result in the loss of the property. There is no provision in any of these acts whereby it is incumbent that mortgagees or holders of encumbrances be notified of new assessments, delinquent taxes or delinquent street improvement bonds, to say nothing of the subsequent proceedings.

Although our tax plant was built primarily for the assimilation and the furnishing of tax, bond and assessment information for the title companies, it was felt that it could be used advantageously for rendering tax service to the holders of encumbrances and the owners of real property, especially absentee owners.

A Saleable Service

We were sure we had something to sell, a service to our customer. We realized it would not be easy to sell tax service, perhaps it would be harder to sell than title insurance. We also had the problem of competing with a few individuals who contracted to make tax examinations for banks, and loan companies, and with other institutions who had their own employees do this work. We even had to face the problem of competing with public officials in the same office and in charge of the records where we must obtain our information. Many public officials made a charge for tax and assessment searches and in a great many instances the fees were retained by the official.

In considering the matter, we found three major factors involved:

1. What protection was necessary for the customer.
2. Ways and means of obtaining the necessary information.
3. A system of notification or reports that would minimize office work for clients.

Our prospective client needed protection and it was our job to show him why.

The Potential Market

During recent years Los Angeles County and its 45 municipalities have levied approximately one thousand (1000) assessments per day for public improvement or benefit. There are over two million (2,000,000) parcels of property assessed on the county tax roll and in addition a number of municipalities assess approximately three hundred thousand (300,000) parcels of property on municipal tax rolls. The balance of municipal taxes are assessed with the county taxes by agreement between the cities and the county. Each year there is an average of approximately two hundred thousand (200,000) parcels of property sold for delinquent taxes. During recent years this has fallen to ap-

proximately one hundred fifty thousand (150,000) parcels. During the early years of the 1930's a peak of three hundred fifty thousand (350,000) parcels were sold for delinquent taxes.

All of these delinquencies are potential factors in the possible loss of the property and the security of the loan.

Building the Tax Plant

We went to work to build our tax plant with all of this information on the plant for rapid, efficient and accurate use. We contacted every municipality and every county office for this information. We sold the county and city officials on the idea that we could render a more efficient and reliable service than could be provided by a public office. It was not easy to gain their confidence, we had to prove it to them. Today we have full cooperation of all municipal and county officials. Today, not a single public office or county or city official issues a tax or assessment certificate. In fact, they frequently refer individuals to us for certificates. We maintain close contact with the city and county offices. All offices are contacted at least twice each week and some of the larger cities are contacted each day. In the county offices we maintain personnel all the time as well as in two of the larger cities. We likewise have teletype service from these cities to our office.

We make it a point to discuss tax legislation with public officers whenever it is of mutual concern. We have been able to establish to some extent a uniformity in procedure in the offices of the different cities through our contact with each city. City and county employees and officials cooperate by keeping us advised of pending matters of interest to us, by making their records readily available to our employees. They help us and cooperate with us and we in turn do what we can to help them.

We believe we have the only complete tax plant of this kind in the United States—a plant complete with every parcel of property in the county of Los Angeles on its plant books and posted to the plant all delinquent county and city taxes, and all county and city bond and assessments for public improvements.

Of course, it is not necessary to have a complete plant of this kind for tax service alone, but if used for the benefit of title companies as well, it can be of tremendous advantage.

Analyze the Customer's Needs

Selling tax service is like selling any other type of service. Find the type of service the customer needs and wants then furnish that service to him at reasonable cost. We studied the problems of lending institutions, such as banks, savings and loan companies, insurance companies, as well as individuals. As a result, we offer our clients several different types of service such as:

1. A service for holders of encumbrances, wherein they are advised by notice of any delinquent county or city tax, assessment or improvement bond. See Sample No. 1, A, B, C, D, E & F.

2. A report service for holders of encumbrances, particularly loan companies, banks, and insurance companies; wherein a report is rendered annually or semi-annually as requested, which report shows the actual condition of taxes, bonds or assessments affecting each loan. See Sample No. 2, A & B.

3. A service for those making tax reserve type loans, such as FHA loans where the mortgagee is required to collect in advance and pay all taxes, bonds and assessments when due and before delinquency. Under this service, we obtain and forward to the mortgagee county and city property tax statements and bond and assessment statements.

A. F. SOUCHERAY, JR.

Member, Executive Committee, Legal Section

Treasurer, St. Paul Abstract & Title Guarantee Co., St. Poul, Minn.

4. A service for owners of real property. This service is similar to the FHA service, in that we keep the owners advised of the due dates of county and city taxes, bonds and assessments, and forward to them the statements or bills. See Sample No. 3, A, B, C, D & E.

Each year we mail approximately twenty-five thousand (25,000) delinquent notices and render fifty thousand (50,000) annual and semi-annual reports. In addition, we mail approximately one hundred thousand (100,000) county and city tax statements and bond and assessment statements.

Our service contracts are mostly issued for a term of years or for the duration of the loan. Charges are paid in advance for the full period although we do have a few yearly contracts with charges paid each year. Even more startling than the payment of fees in advance is the fact that in almost all instances the charges are collected from the owner of the property or borrower at the time the loan is closed. This is a general accepted practice in Los Angeles county and tax service charges are now considered a necessity in the same way as title charges.

The Service Contract is an 8½"x14" form on one sheet, printed both sides. See Sample No. 4A & 4B.

Changing Conditions

We have tried to go further with tax service than just the notice of delinquency or tax report. We try to keep abreast of the changing conditions and the resultant changes in tax procedure. This information we pass on to interested parties. We publish folders, pamphlets and booklets on tax and assessment laws, giving the answers to the most common questions on real property taxation. These booklets and folders are readily available to our clients or to anyone who is interested. One of the booklets which we published and which has received wide distribution throughout the State of California is entitled "A Digest of Tax and Assessment Laws." This is a brief comprehensive digest of all the tax and assessment acts of the State. This is republished every two years following the adjournment of the Legislature to cover any changes in tax or assessment laws. One source of distribution of these folders and booklets is the County Tax Collector's office. The answers to many of the questions asked them every day are found in these publications.

We try to make our advertising timely and useful. Whenever there is a change in the laws pertaining to taxes or assessments which is of definite importance to property owners and mortgagees, we print for distribution in a convenient size pamphlet covering the changes. These are mailed to our clients or other interested parties.

For the protection of our contract holders, we have established a reserve fund as a guarantee for the continuance of our service for the term of the contract and for the payment of losses, should any be incurred by our contract holder through error in the records, or negligence or error on our part. Although we are not permitted to insure or guarantee under our certificates or contracts, we have over three hundred thousand dollars ($300,000.00) in our reserve for certificate or contract losses. A portion of our contract fees is put aside in the reserve fund. We have paid losses but these have been small in comparison to the number of contracts serviced. This assurance of stability and continuance of operation is one of the major factors in selling tax service.

Tax service is a service to your customer. Property worth owning is worth protecting.

NOTICE OF DELINQUENT COUNTY TAXES

(SAMPLE)
#1 - A

DATE February 4, 47 YOUR NO. 6796 Baker

OUR NO. 208661

ASSESSMENT	LOT	BLOCK	TRACT	1ST INSTALL.	2ND INSTALL.
308542	122		12075	60.95	60.94
				DELINQUENT DECEMBER 5TH	DELINQUENT APRIL 20TH

PAYABLE TO LOS ANGELES COUNTY TAX COLLECTOR

. Insurance Funds Mortgage Company
. 607 South Hill Street - Room 219
. Los Angeles, California

AMOUNT SHOWN NOT AMOUNT TO PAY DELINQUENT INSTALLMENT PENALTIES DECEMBER 5TH 8% APRIL 20TH 3% ON ALL UNPAID AMOUNTS PLUS 50 CENTS PER ITEM ADVERTISED. ALL PENALTIES COMPUTED ON ORIGINAL TAX.

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY. LOS ANGELES, CALIFORNIA

FORM 107E ©

NOTICE OF DELINQUENT CITY TAXES

(SAMPLE)
#1 - B

DATE 2-4-47 YOUR NO. 6842 Jones

OUR NO. 209543

ASSESSMENT	LOT	BLOCK	TRACT	1ST INSTALL.	2ND INSTALL.	PENALTY
6743	1	"C"	8346	50.00	50.00	3.00
				DELINQUENT 12-5-46	DELINQUENT 4-20-47	ADDITIONAL PENALTY WILL ATTACH 4-20-47

PAYABLE TO City Tax Collector, Arcadia

. Insurance Funds Mortgage Company
. 607 South Hill Street - Room 219
. Los Angeles, California

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY. LOS ANGELES, CALIFORNIA

FORM 107F ©

FORM 107C

NOTICE OF TAX SALE

(SAMPLE)
#1 - C

DATE 2-4-47 YOUR NO. 2509 Jones

OUR NO. 204607

THE FOLLOWING DESCRIBED PROPERTY WAS SOLD 6-30-46 FOR DELINQUENT TAXES

SALE NO.	LOT	BLOCK	TRACT	AMOUNT OF SALE
307826	25		6000	69.85

OBTAIN ESTIMATES TO REDEEM FROM LOS ANGELES COUNTY TAX COLLECTOR

THIS IS NOT AMOUNT TO REDEEM

Insurance Funds Mortgage Company
. 607 South Hill Street - Room 219
. Los Angeles, California

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY. LOS ANGELES, CALIFORNIA

NOTICE OF TAX SALE

(SAMPLE)
#1 - D

DATE 2-4-47 YOUR NO. 2509 Jones OUR NO. 204607

THE FOLLOWING DESCRIBED PROPERTY WAS SOLD 6-30-46 FOR DELINQUENT TAXES

ASSESSMENT	LOT	BLOCK	TRACT	AMOUNT OF SALE
30595	85		9803	70.85

THIS IS NOT AMOUNT TO REDEEM

OBTAIN ESTIMATES TO REDEEM FROM CITY TAX COLLECTOR, ARCADIA

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA FORM 107C-1

NOTICE OF DELINQUENT LIGHTING ASSESSMENT

(SAMPLE)
#1 - E

DATE 2-4-47 YOUR NO. 8029 Smith OUR NO. 305802

ASSESSMENT	LOT	BLOCK	TRACT	AMOUNT
355	125		9050	3.15

LEVIED BY	LIGHTING MAINTENANCE OF	BOOK / PAGE	OBTAIN ESTIMATE TO PAY FROM	DELINQUENT
City of Los Angeles	Palm Drive	8-75	Bureau of Assessments, City of Los Angeles	1-25-47

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

AMOUNT SHOWN NOT AMOUNT TO PAY

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA FORM 107K-1

NOTICE OF DELINQUENT INSTALLMENT ON STREET BOND

(SAMPLE)
#1 - F

DATE 1-31-47 YOUR NO. 4-14372 French OUR NO. 336602

BONDS	LOT	BLOCK	TRACT	INSTALLMENT	PENALTY
212	"A"		3562	21.43	.43

SERIES	IMPROVEMENT	ACT	BOOK / PAGE	PAYABLE TO THE TREASURER OF	ADDITIONAL PENALTY WILL ATTACH	NUMBER DELINQUENT
C.I. 1117	Sewering of Ira Avenue	1911	- -	County of Los Angeles	2-28-47	1

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

IMPORTANT
DELINQUENT BONDS ARE SUBJECT TO FORECLOSURE

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA FORM 107F

DATE February 4, 1947 CONTRACT No. 305625 LOAN No. 2509

OWNER Jones

ADDRESS

(SAMPLE)
#2-A

SERVICE (TYPE Special) FOR 12 YEARS HAS BEEN ENTERED FOR THE BENEFIT OF
Equitable Life Assurance Society of the United States
607 South Hill Street
Los Angeles, California

LOT 1002 BLOCK TRACT 6027

CHAIN

CITY Arcadia COUNTY LOS ANGELES BOOK 95 PAGE 87 MAPS ~~M-R~~

BOND	AMOUNT	SERIES	ISSUED	BK PG.	NO. OF INSTL.	INTEREST
20	100.00	1	1-28-45	1-97	10	6%

PRINCIPAL PAYABLE	INTEREST PAYABLE	FIRST PRINCIPAL INSTL. PAID
JANUARY 2 JULY -	JANUARY 2 JULY 2	January 2, 1946

IMPROVEMENT Center Street

INSTALLMENTS DELINQUENT AND AMOUNT TO PAY

YEAR		1946	1947	1948	1949	1950	1951
JAN.		Paid	Paid				
JULY		Paid	Paid				
AMOUNT TO PAY							
PRIOR TO							

PAYABLE TO TREASURER City of Arcadia

BOND	AMOUNT	SERIES	ISSUED	BK. PG.	NO. OF INSTL.	INTEREST

PRINCIPAL PAYABLE		INTEREST PAYABLE		FIRST PRINCIPAL INSTL PAID
JANUARY	JULY	JANUARY	JULY	

IMPROVEMENT

INSTALLMENTS DELINQUENT AND AMOUNT TO PAY

YEAR		1946	1947	1948	1949	1950	1951
JAN.							
JULY							
AMOUNT TO PAY							
PRIOR TO							

PAYABLE TO TREASURER

CASH ASSESSMENTS

IMPROVEMENT	ASSMT. NO.	CERT. NO	AMOUNT	SOLD OR RECORDED	AMT TO PAY	PRIOR TO

PAYABLE TO

FORM 92-D

COUNTY ~~AND CITY~~ TAXES

CODE YEAR	PARCEL NO.	1ST INSTL. DELINQUENT DEC. 5	AMT. TO PAY 1ST INSTL PRIOR TO APR. 20	2ND INSTL DELINQUENT APRIL 20	SOLD
1945		Paid		Paid	
1946		Paid		Paid	
1947					
1948					
1949					
1950					
1951					
1952					
1953					

PAYABLE TO COUNTY TAX COLLECTOR

AMOUNT TO REDEEM SALE FOR DELINQUENT TAXES

AMOUNT					
PRIOR TO					

PAYABLE TO COUNTY TAX COLLECTOR

ARCADIA CITY TAXES

YEAR	ASSESSMENT NUMBER	1ST INSTL. DELINQUENT	AMT. TO PAY 1ST.INSTL.PRIOR TO	2ND INSTL. DELINQUENT	SOLD
1945		Paid		Paid	
1946		Paid		Paid	
1947					
1948					
1949					
1950					
1951					
1952					
1953					

PAYABLE TO City Tax Collector

AMOUNT TO REDEEM SALE FOR DELINQUENT TAXES

AMOUNT					
PRIOR TO					

PAYABLE TO

DESCRIPTION

SAMPLE 2-A (Reverse Side)

TAXING DESCRIPTION

REALTY TAX & SERVICE COMPANY CERTIFIES THAT ALL

1. CITY, COUNTY OR SPECIAL DISTRICT TAXES;
2. CITY, COUNTY OR SPECIAL DISTRICT ASSESSMENTS;
3. BONDS OR INSTALLMENTS THEREOF

WHICH AFFECT THE PROPERTY DESCRIBED HEREIN AND WHICH ARE DUE AND PAYABLE ON THE LAST DATE SHOWN HEREUNDER, APPEAR ON THE REVERSE SIDE HEREOF.

	EXAM.		EXAM.

THIS REPORT AND SERVICE CONTRACT ISSUED PURSUANT TO WRITTEN AGREEMENT BETWEEN THE BENEFICIARY NAMED HEREIN AND THE UNDERSIGNED

REALTY TAX & SERVICE COMPANY

BY

ASSISTANT SECRETARY

DATE February 4, 1947 CONTRACT No. 305625 LOAN No. 2509

OWNER Jones

ADDRESS

(SAMPLE)
#2 -B

SERVICE (TYPE Special) FOR 12 YEARS HAS BEEN ENTERED FOR THE BENEFIT OF
Equitable Life Assurance Society of the United States
607 South Hill Street
Los Angeles, California

LOT 100 BLOCK TRACT 6027

CHAIN

CITY Arcadia COUNTY LOS ANGELES BOOK 67 PAGE 56 MAPS M. R.

BOND	AMOUNT	SERIES	ISSUED	BK. PG.	NO. OF INSTL.	INTEREST
16	110.82	2	1-27-45	1-87	10	6%

PRINCIPAL PAYABLE: JANUARY 2 JULY -
INTEREST PAYABLE: JANUARY 2 JULY 2
FIRST PRINCIPAL INSTL. PAID: January 2, 1946

IMPROVEMENT of Green Street

INSTALLMENTS DELINQUENT AND AMOUNT TO PAY

YEAR		1946	1947	1948	1949	1950	1951
JAN.		Paid	Del *				
JULY		Paid					
AMOUNT TO PAY			13.50*				
PRIOR TO			2-28-47				

PAYABLE TO TREASURER City of Arcadia

BOND	AMOUNT	SERIES	ISSUED	BK. PG.	NO. OF INSTL.	INTEREST
Assmt 2472	50.51	-	5-23-39	- -	10	5%

PRINCIPAL PAYABLE: JANUARY - JULY -
INTEREST PAYABLE: JANUARY - JULY -
FIRST PRINCIPAL INSTL. PAID: 1944-1945

IMPROVEMENT Sewering of Cravens Avenue

INSTALLMENTS DELINQUENT AND AMOUNT TO PAY

YEAR		1946	1947	1948	1949	1950	1951
JAN.							
JULY							
AMOUNT TO PAY		(Collected with County Taxes)					
PRIOR TO							

PAYABLE TO TREASURER

CASH ASSESSMENTS

IMPROVEMENT	ASSMT. NO.	CERT. NO.	AMOUNT	SOLD OR RECORDED	AMT. TO PAY	PRIOR TO
Maple Ave.	354		3.71	1-20-47	3.71	2-19-47

PAYABLE TO City Treasurer, Arcadia

FORM 92-D

COUNTY AND ~~CITY~~ TAXES

CODE YEAR	PARCEL NO.	1ST INSTL. DELINQUENT DEC. 5.	AMT. TO PAY 1ST INSTL. PRIOR TO APR. 20	2ND INSTL. DELINQUENT APRIL 20	SOLD
1945	795060	Paid		45.90	6-30-46
1946		Paid			
1947					
1948					
1949					
1950					
1951					
1952					
1953					

PAYABLE TO COUNTY TAX COLLECTOR

AMOUNT TO REDEEM SALE FOR DELINQUENT TAXES

AMOUNT	50.06 *				
PRIOR TO	2-28-47				

PAYABLE TO COUNTY TAX COLLECTOR

ARCADIA CITY TAXES

YEAR	ASSESSMENT NUMBER	1ST INSTL. DELINQUENT	AMT. TO PAY 1ST INSTL. PRIOR TO	2ND INSTL. DELINQUENT	SOLD
1945		Paid		Paid	
1945		Paid			
1947					
1948					
1949					
1950					
1951					
1952					
1953					

PAYABLE TO City Tax Collector

AMOUNT TO REDEEM SALE FOR DELINQUENT TAXES

AMOUNT					
PRIOR TO					

PAYABLE TO

*These items appeared in red in original copy.
The back of this form is the same as the reverse of sample 2-A

FORM 107H-1

SAMPLE
#3 - A

NOTICE OF COUNTY TAXES

DATE 2-4-47 YOUR NO. 8029 Smith OUR NO. 305802

CODE	LOT	BLOCK	TRACT	1ST INSTALL.	2ND INSTALL.
64 PARCEL 829-35-1	125		9050	21.48 DELINQUENT DECEMBER 5TH	21.47 DELINQUENT APRIL 20TH

PAYABLE TO LOS ANGELES COUNTY TAX COLLECTOR

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA

FORM 107H2

SAMPLE
#3 - B

NOTICE OF CITY TAXES

DATE 2-4-47 YOUR NO. 8029- Jones OUR NO. 305803

ASSESSMENT	~~TAX BILLS ATTACHED~~	1st instl	2nd instl
82314	Lot 126 of Tract 12075	6.98	6.97

PAYABLE TO City Tax Collector, Arcadia

1ST INSTALLMENT DELINQUENT 12-5-46
2ND INSTALLMENT DELINQUENT 4-20-47

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

℗ THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA

FORM 107H

SAMPLE
#3 - C

NOTICE OF COUNTY TAXES

DATE 2-4-47 YOUR NO. 8029 Smith OUR NO. 305802

CODE	TAX BILLS ATTACHED
64 PARCEL 829-35-1	

PAYABLE TO LOS ANGELES COUNTY TAX COLLECTOR

1ST INSTALLMENT DELINQUENT DECEMBER 5TH
2ND INSTALLMENT DELINQUENT APRIL 20TH

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA

NOTICE OF ASSESSMENT

(SAMPLE)
#3 - D

DATE 1-31-47 YOUR NO. 7-13913 Cappel OUR NO. 337741

ASSESSMENT	LOT	BLOCK	TRACT	AMOUNT
	22	8	5320	4.25

RECORDED:	IMPROVEMENT	ACT	BOOK / PAGE	PAYABLE TO
12-23-46	1946 Weeds		- -	City of Inglewood

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

Payment may be made within 30 days from date of recording, without penalty.

Unpaid assessments of $25.00 or more will be certified to bond.

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA FORM 107A

FORM 107G

NOTICE OF INSTALLMENT ON STREET BOND

SAMPEL
#3 - E

DATE 2-4-47 YOUR NO. 8029 Smith OUR NO. 305802

BOND	LOT	BLOCK	TRACT	INSTALLMENT
25	125		9050	14.50

SERIES	IMPROVEMENT	ACT	BOOK/PAGE	PAYABLE TO THE TREASURER OF	PENALTY WILL ATTACH
2	Sewering of Palm Drive	1911	72-135	City of Los Angeles	7-2-47

- Insurance Funds Mortgage Company
- 607 South Hill Street - Room 219
- Los Angeles, California

IMPORTANT
DELINQUENT BONDS ARE SUBJECT TO FORECLOSURE

IF YOU HAVE NO BILL, ENCLOSE THIS NOTICE WHEN MAKING PAYMENT

THIS SERVICE IS RENDERED BY THE REALTY TAX & SERVICE COMPANY, LOS ANGELES, CALIFORNIA

SAMPLE #4 - A

REALTY TAX & SERVICE COMPANY

433 SOUTH SPRING STREET
LOS ANGELES 13, CALIFORNIA
MADISON 2151

Date 8:A.M. February 4, 1947 Your No. 8029 Smith Our No. 305802

Pursuant to the provisions set forth in that section of the attached schedule of services designated "C" and in consideration of the payment of its fee,

REALTY TAX & SERVICE COMPANY
a California corporation, hereinafter called the Company,

issues this - Twenty Year Contract - for the sole use and benefit of

Insurance Funds Mortgage Company
607 South Hills Street - Room 219
Los Angeles, California

hereinafter called the beneficiary:

covering the land in the County of Los Angeles, State of California, described as:

Lot 125 of Tract No. 9050, in the City of Los Angeles, as per map recorded in Book 125 Page 60 of Maps, in the office of the County Recorder of said County.

IN TESTIMONY WHEREOF, REALTY TAX & SERVICE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officer, the day and year first above written.

REALTY TAX & SERVICE COMPANY

By

Assistant Secretary.

SCHEDULE OF SERVICES

Sample #4 -B

A For the period of years hereinbefore stated, the Company agrees to mail to the beneficiary at said address within a reasonable time thereafter, notice of all future:

1. Sales for delinquent City, County and Special District Taxes;
2. City and County Assessments not included in the tax levy;
3. Delinquent installments on street bonds.

This contract is issued upon the agreement that it shall be returned to the Realty Tax & Service Company when the interest of the beneficiary ceases.

B For the period of years hereinbefore stated, the Company agrees to mail to the beneficiary at said address within a reasonable time thereafter, notice of all future:

1. Sales for delinquent City, County and Special District Taxes;
2. Delinquencies of, or bonds issued for, City and County assessments not included in the tax levy;
3. Delinquent installments on street bonds.

This contract is issued upon the agreement that it shall be returned to the Realty Tax & Service Company when the interest of the beneficiary ceases.

C For the period of years hereinbefore stated, the Company agrees to mail to the beneficiary at said address in ample time to allow payment without penalty, notice of all future:

1. City, County and Special District taxes;
2. City and County Assessments not included in the tax levy;
3. Installments of principal and interest on bonds.

This contract is issued upon the agreement that it shall be returned to the Realty Tax & Service Company when the interest of the beneficiary ceases.

D The Company certifies that there are no liens for unpaid City or County taxes, assessments, bonds or sales thereunder excepting those shown herein.

E The Company certifies that the land described does not lie within any District created under Acquisition and Improvement Act of 1925 (Mattoon), County Road Improvement District Act of 1907, Municipal Improvement District Acts of 1915 and 1927, or California Irrigation District Act of 1897, unless shown herein. Failures in the collection of assessments levied to retire bonds, or changes in assessed valuations, may alter any future costs shown herein.

H For the period of years hereinbefore stated, the Company agrees to mail to the beneficiary at said address, within a reasonable time thereafter, notice of all future:
Delinquent first installment of City, County and Special District taxes.
NOTE: This service is rendered only in conjunction with type "A" or "B".

REALTY TAX & SERVICE COMPANY

433 SOUTH SPRING STREET
LOS ANGELES 13, CALIFORNIA

LOS ANGELES, CAL. · REALTY TAX & SERVICE COMPANY ·

Property Worth Owning
Is
Worth Protecting

Gift Tax – Consequences of Taking Property in Joint

By HAMMOND, BUSCHMANN & ROLL
General Counsel,
Indiana Bankers Association

For many years it has been a common practice in Indiana for a husband, upon purchasing property, to take title thereto in the names of himself and his wife. There are indications that this is becoming more popular and that husbands are putting the family residence, bank accounts, bonds and stock certificates in the names of themselves and their wives.

Although a number of reasons may be assigned for this, it is probable that a desire to minimize taxes is present. It is a common notion that when property is held in the joint names of husband and wife the death of the husband will automatically cause the entire property to pass at once to the wife without the necessity of any administration expenses, and free from estate or inheritance taxes.

The present article concerns the imposition of the federal gift tax upon the taking of property in the joint names of husband and wife. It is quite possible that many persons are unfamiliar with certain details of the gift tax, and, accordingly, a brief explanation of this tax may be helpful.

The federal gift tax now in effect was imposed by the Revenue Act of 1932. It is applicable to gifts made after June 6, 1932, and imposes a tax upon a transfer of property by gift during any calendar year by any individual. The term "property" is used in its broadest and most comprehensive sense, reaching every species of right or interest protected by law and having an exchangeable value.

Not every gift which an individual makes results in the imposition of a gift tax. Every person is entitled to make, during his lifetime, gifts in the total amount of $30,000 without paying a tax. This $30,000 is called the donor's "specific exemption." There is, in addition, an "annual exclusion" of $3,000.[2] This means that the first $3,000 of gifts, other than gifts of a "future interest," made by a donor to any person during the taxable year are excluded in determining the taxable gifts for that year.

If the total present gifts made by the donor to any one person during the calendar year do not exceed $3,000, no report of such gifts need be made and no tax is payable. If the total of such gifts to any person in any year exceeds $3,000, or if a gift of a "future interest," no matter what the amount, is made, a gift tax return for that year must be filed.[3] From the total present gifts made is first subtracted the $3,000 annual exclusion for each person to whom the donor gave property during the year. From this the $30,000 specific exemption is then subtracted. The balance, if any, is the amount subject to the gift tax. Should any portion of the specific exemption remain, it may be applied against gifts, of either a present or a future interest, in subsequent years, but once the $30,000 limit is reached, no further exemption is allowed, other than the $3,000 annual exclusion, as against present gifts, for each donee.

The gift tax rate is cumulative; that is, the rate at which the gifts made in each calendar year are to be taxed depends upon the aggregate of the taxable gifts made in that calendar year and in all prior calendar years since June 6, 1932. Each year's taxable gifts serve to increase the rate of tax on non-excluded gifts made in subsequent years.

Reproduced by permission of the author, and of the Indiana Bankers Association and its official publication "The Hoosier Banker." To them all we extend our thanks.

What has all this to do with the purchase by a husband of a house or other property, the title to which is taken in the names of himself and his wife? It may have the very practical effect of subjecting the husband to a liability for gift taxes. That is what happened in the recent case of *Lilly v. Smith,* 96 Fed. (2d) 341, *cert. denied,* 305 U. S. 604. In that case a taxpayer purchased a residence in Indianapolis and paid the entire purchase price himself, causing title to be taken in the names of himself and his wife as tenants by the entireties. It was held that this transaction amounted to a gift to the wife and was taxable under the federal gift tax statute. Consequently, several thousand dollars of taxes were due in the year in which this property was acquired, none of which would have been payable had the husband taken title in his name only.

Should the husband purchase property and take title thereto in the names of his wife and himself, which property is subject to a mortgage, later payments made in satisfaction of the mortgage would result in further gifts to the wife. An additional gift would result if the husband, after acquiring title to the property in this manner, should expend money in improvements thereon.

A gift also results if the husband causes a tenancy by the entireties to be created in property which he had previously owned in his individual name.

In the situations above mentioned the amount of the gift is the entire value of the property, less the value of the right of the husband to the income or other enjoyment of the property during the joint lives of himself and his wife, and less the value of the right of the husband to the whole of the property should he survive his wife. The computation of this deduction is outside the scope of this article.[4] For present purposes it is sufficient to point out that this type of transaction is subject to the gift tax.

The application of the gift tax is by no means restricted to the creation of a tenancy by the entireties in real property. It applies as well when stock certificates or other personal property are purchased in the joint names of husband and wife. Since such personal property is held by the husband and wife as joint tenants (there being no such legal relationship as a tenancy by the entireties in personal property), there results, when the husband provides all of the consideration for the purchase, a taxable gift to the wife in the amount of one-half the value of such property.[5]

It is quite common for a husband to establish a joint bank account with his wife, upon which account each may draw. Usually, all deposits in the account are made by the husband. The gift tax also applies to such joint bank accounts, and there is a taxable gift to the wife when she draws upon the account for her own benefit. The extent of the taxable gift is the amount withdrawn.[5]

As pointed out earlier in this article, there are certain exemptions and exclusions to the Federal Gift Tax. These exemptions and exclusions are applicable to the acquisition of title in the joint names of husband and wife. In the case of small taxpayers, acquiring moderately priced property in joint names, they may be sufficient to avoid the payment of a tax. We understand, however, that the Internal Revenue Bureau takes the position that any purchase of property in the joint names of husband and wife results in a gift to the wife of a future interest, the amount of which is the value of her right to the whole of the property should she survive her husband. As pointed out above, the annual exclusion does not apply to future interests. Accordingly, since a part of the gift to the wife is a gift of a future interest, the gift tax returns must be filed (see

footnote 3) for any year in which property is acquired in this manner, irrespective of the value of such property. Where more expensive property is purchased, the transaction frequently uses up, in addition to the annual exclusion, the husband's entire specific exemption of $30,000, and, therefore, results in the imposition of a gift tax, as in the *Lilly case, supra.*

The gift tax law, with the exemptions and exclusions therein provided, presents an opportunity, if properly used, to lighten the estate tax burden, but the purchase of property in joint names does not accomplish this result. If the husband purchases property in the names of himself and his wife and supplies all of the consideration therefor, upon the death of the husband, if he predeceases his wife, the full value of the property is taxable in the husband's estate. (There is, however, a credit against the estate tax for the amount of gift tax previously paid,[5] but this credit will usually not be 100 per cent of the amount paid by way of gift tax.) On the other hand, if the wife dies first, none of the property is taxable in her estate, and the amount paid by way of gift tax is completely lost. In neither case has the amount of the estate tax been reduced.

The obvious answer to the problem is careful estate and gift tax planning. Banks and trust companies can be of valuable assistance to their customers in such matters. In view of the prevailing estate and gift tax rates, the present practice of placing all property in the joint names of husband and wife can, and frequently does, have unanticipated tax consequences.

1. The specific exemption was $50,000 from June 6, 1932, to December 31, 1935, and $40,000 from January 1, 1936, to December 31, 1942.
2. From June 6, 1932, to December 31, 1938, the annual exclusion was $5,000, and from January 1, 1939, to December 31, 1942, the exclusion was $4,000.
3. The gift tax return is made on Form 709, by the donor. It must be filed in duplicate, on or before March 15 of the year following the close of the calendar year in which the gifts were made, with the Collector of Internal Revenue for the district in which the donor resides. The donee is also required to file, at the same time and place, an information return on Form 710. These returns must be filed for any year in which the $3,000 annual exclusion is exceeded, and for any year in which a gift of any "future interest" is made, even though by reason of the $30,000 specific exemption, no tax for that year is payable.
4. See: Regulation 108, Sec. 86.19(h).
5. See: Regulation 108, Sec. 86.2(4), (5).
6. I. R. C. Sec. 813(a).

Public Relations

(Address delivered at 1946 Convention, American Title Association)

BYRON S. POWELL

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Wheaton, Illinois

The story is often told of Chauncey Olcott who, rising to address his audience, spoke as follows: "Ladies and gentlemen, the subject of my address this evening is, "A Better Toothpick," and I mention this now because it will be the last time this evening that I shall have occasion to mention it." Your speaker does not intend such complete abandonment of his assigned topic, but if, at times, the connection between what he has to say and the subject of "Public Relations" seems rather doubtful, he asks your indulgence in the hope that as he progresses he will somehow manage to establish that connection, however slight it may seem.

Fundamentals

The subject of public relations in the field of title endeavor, as in any field of legitimate enterprice, demands a persistent examination and re-examination of fundamentals; and in this, the injunction of the sage is first among first things—"know thyself." I shall not explore in its entirety the application of this wise injunction, but one of its phases shall receive concentrated emphasis.

It thus remains but to serve notice that these remarks are intended to launch an assault; yes, a grim offensive against that arch-despoiler of man's tranquility and happiness, worry. Worry, as that peculiar emotional habit of brooding anxiety, is utterly without value on the constructive side of any given problem and on the destructive side its potential for evil is staggering.

One worries about his children, their health, their morals and future; about his wife for one reason or another; about himself—old age—that bald spot—the car—his golf score—his future—the past—and if nothing else avails, then one indulges in just a vague overall kind of worry. It is an accursed habit — this worry business — and it never did anybody any good.

Hectic (?) Days

The great favorite of many a confirmed worrier is the health business. Consider the hypochondriac in American business life today. His number is legion and he is trapped on that merry-go-round that describes a vicious circle. He rushes about in a mad succession of split second appointments, bad meals, worse speeches (apologies tendered), anger and disputation, possibly unwise drinking; in short, he lives a day fraught with insincerity, intemperance and indigestion. Then he caps the whole performance with large doses of the great American nostrums upon which several famous fortunes have been founded. Yes, first he actively ruins his health; then he worries about it; then he takes some pharmaceutical junk to make it worse. Ludicrous, if it were not so tragic in its consequences. As far as this health business is concerned, all there is to it is a determination to follow a few simple rules of eating, sleeping and exercising, and to forget the whole thing. I like the attitude of the man who said to the hypochondriac, "Why worry? If this sickness proves fatal you won't be around to worry; and if it doesn't prove fatal, then there's nothing to worry about. So, why worry?" And to another anxious inquiry of the pill swallower, "Do you think that Dr. Smith's medicine does any good?", the good-natured man responded, "Not unless you follow directions on the bottle religiously." "What are those directions?" said his ailing companion. "Keep the bottle tightly corked, said he, "at all times."

Other favorite themes of the worriers today are the doleful domestic picture and the direful international scene. In dark foreboding they dwell upon the spiraling of prices, the obstinate unreason of labor, governrmental strangulation of business by regulation and red tape, the irritation of material shortages; yes, the country is going to the dogs in a welter of strikes, scarcity, black-marketeering, tyranny, crime, dishonesty and red herring.

This Awful World

In world affairs the awful portent of war with all its modern potential for horror and destruction looms like a black cloud of doom. In the clash and bickering of international conferences, in the pronouncements of diplomats and statesmen, in the grim warnings of journalist and politician are bred the counsels of despair and the grisly specter of world cataclysm to torture the harried worrier. Yes, the world is going to the dogs in a welter of distrust, power politics, capitalist-collectivist duel, war, pestilence and famine.

To these calamity howlers, the answer is to quote the doughty general at Bastogne, "Nuts." America has thrived and prospered in the tradition of impending calamity from the bleak winter of Valley Forge, through the

disaster of Bull Run in the dark days of '61, down to the grim December of 1941 when the nation girded itself to meet the Jap and the Hun to the strains of "Praise the Lord and Pass the Ammunition." And, as to this old world in which we have found so much happiness, it has throughout the past ages been visited by every catastrophe of which the human mind can conceive, and from each of these dark periods it has emerged always and eternally a progressive world.

Away, Gloomy Gus!

Now what does all this talk about worry have to do with public relations? Just this: An attitude of resolute optimism about you and your employees and an atmosphere of cheerfulness and quiet confidence in your office is infectious. Your customer if suitably exposed will catch it and he will leave your presence with a sense of pleasure and reassurance. A visit at your office will serve to dispel some of the gloom that has settled upon him from his perusal of the daily papers or from the head-shaking discussions of doom with his associates and acquaintances. The irritation and frustration of trying to do business in this economy of postwar malajustment will to greater or lesser extent be soothed away or even thrust out by the example of your refusal to succumb to their deadening effects. These customers will carry away with them a conscious gratitude for your quiet inspiration to courage or at least the respect of a subconscious appreciation that you are a kindly man of strength and resource and that yours is a house of quiet efficiency and purpose with full hope and confidence in the future. Thus it behooves us and all of our people to conquer at all costs the insidious malady of worry.

Contrary to the pessimistic opinion of many, I believe that a period of unparalleled opportunity in the field of public relations is upon us. Do not, I implore you, fall into the habit of shallow thinking on this subject currently reflected in shameful neglect of the customer by the condescending if not contemptuous salesman of today. Who would have dreamed that the day could come when an inquiry about a white shirt would evoke a half-concealed sneer; when an order for pork chops would bring sardonic laughter or stony silence from a waiter. Yet today such treatment is far from exceptional; on the contrary it is characteristic in greater or lesser degree of a large percentage of current customer approach.

Patience and Understanding

And yet it is *precisely at this point* that the great opportunity is missed. A little patient expression of sympathy, or a sincere effort to work out a problem to some satisfaction, partially or by substitutional means, pays off in heartfelt gratitude and a long memory of warmth and friendliness: It has been shrewdly observed that if you give a good man a raise in a period of economic decline you will bind him to you with a strength much more effective than half a dozen raises in a similar period of prosperous activity. Conversely, a little of the milk of humand kindness to a customer at a time when customer demand has all but removed the need for traditional sales persuasion, bulks large and lasting in comparison with the favor of one who is in hot pursuit of an order.

In contending for homely, sympathetic and helpful treatment of those who seek your service, I do not mean metallic politeness or phony joviality—and I do not mean to convey the idea that your customers will always be persons of sweet reason and good nature. Many, no doubt, are by way of being healthy bounders; and some, fortunately few, would be well treated by causing them to execute a slide for first base on the seat of their trousers (or slacks) out of your front door. But we must take them as they come; not ours to judge, neither to reform. As Bobbie Burns put it, "A man's a man for a'that and a'that," and in point of fact an obnoxious character is probably more in need of your patience and tolerance than those of sweeter disposition for he is basically an unhappy person.

I never tire (although perhaps my poor listeners do) of telling the stories gleaned from the years of experience in our office which, being in the city of Wheaton, just beyond the metropolitan area of Chicago, has afforded a wealth of variety in human conduct and situation at the crossroads of town, country and city. The following are selected to illustrate the suggested attitudes and behavior which are, after all, nothing more than the function of time-tested principles of applied psychology.

Some few years ago we had completed an examination of title preliminary to the issuance of a guarantee policy which was long and tedious and fraught with sundry complications representing an expenditure of many man hours of expensive effort. Our applicant was an affluent gentleman, shrewd and quiet-spoken — the exemplar of suave and genteel deportment.

After receiving our preliminary statement of title he had come to the conclusion that the effort necessary to effect the clearance of title was too great and decided to get out of the transaction as gracefully and cheaply as possible (at our expense, of course). He came to the speaker with one of those sad tales and the urgent but deferential request that we forget the major portion of our charges. We, of course, condoled with our customer over the unfortunate development and then casually began to inquire concerning the various details involved and the factual background, suggesting that a young fellow with more time and less money than our friend might by dint of patient effort ultimately effect the clearance of title and realize quite a good profit. The interview was amicably concluded by adjusting the charge at a nominal figure and the old gentleman departed on his way.

The Happy Ending

In a very short time, however, he reappeared and with a depreciatory wave of his hand stated that he had thought the matter over and had come to the conclusion that perhaps after all he would continue with the deal because (to quote him) "as you know, old chap, I'm just an old fellow puttering about and it will give me something to occupy my time." So the original charge was reinstated and the transaction proceeded eventually to a successful conclusion.

You will perceive, ladies and gentlemen, that through expressing interest and curiosity in this particular real estate deal and by the subtle insinuation that someone else might make a profit where he had failed, the instincts of cupidity and the competitive spirit were made to serve the legitimate compensation of our company for the time and effort expended and at the same time the old gentleman was moved to a little more exertion and imagination which was all that was needed to effectuate an ultimately profitable transaction.

And More Patience

One of the most difficult and disagreeable phases of our business is the treatment of complaints and the disposition of cases requiring adjustments. In this field the case of the angry customer is the worst. A customer comes in, properly worked up. His blood pressure is at the explosive point. He is about ready to take your head off. He calls you everything under the sun, browbeats you and makes you feel that you are a species of highwayman. Unless his case completely oversteps the limits of decorum and requires the assistance of the constabulary, do not fall into the trap of angry retort. Keep your composure; remember that a soft word turneth away anger. Let the customer talk. Let him blow off the accumulated steam. Put him in the middle of the stage. Give him the stellar role. After he has said his all, you can make the proper gestures and if you have maintained patience and some degree of affability, in a good many cases you will find that the customer is, to use a hackneyed metaphor, putty in your hands.

The Old Curmudgeon

A brief while ago, a certain customer came into our office in an explosive condition of suppressed anger and resentment. Upon his entrance and referral to an adjuster, he reached the boiling point and blew up with loud hissings of rage and vituperation. By this time the adjuster was beginning to boil too, but nevertheless he kept calm and composed, making mental notes of the answers to the several complaints. After the explosion had simmered down to burblings of injured self-pity, the adjuster went into action.

"Mr. Smith," said he, "you certainly

took a beating on this one. It has all the aspects of a lead pipe and strong-arm holdup. But as a matter of fact, this thing has been more of a headache to us than it has been to you. Let's get at the facts so you can see just what I mean."

The adjuster than proceeded pleasantly but firmly to justify the bill and the opinion from every angle. In a very short time the atmosphere had cleared and the man decided that he didn't have enough insurance and purchased $3,000 more than the value of the property, just to be safe. On the way out he was laughing heartily and paused long enough at the desk of the adjuster to leave a couple of cigars.

Not So Bad After All

The case of old Tom is one which in retrospect never ceases to bring to your speaker a sense of wonder. Old Tom was a cross which we bore with resignation for many a long year. A more cantankerous, conniving, bulldozing, harassing, scheming, peevish complaining contrary, contentious and obstreperous old man it is hard to conjure up in the memory of your speaker and his associates—all within the limits of toleration, mind you, and with intervals of apparent good temper. He was a lulu, as they say, and yet one grey day when I had been laid low by the fell circumstance of foul weather and failure to follow the precepts of health, to my utter amazement, old Tom was announced and waited upon me with honest distress and solicitude. In his gruff way he tendered good whiskey and fine cigars for my convalescence and, as he sat and talked by my bedside that wintry day, I fancied I heard his heart say, "Old friend, your misfortune troubles me and I am remorseful, for you have been kind and tolerant of an old sinner." The old man is dead now, God bless him; he wasn't as bad as he seemed.

From the foregoing remarks, it can be seen that rapid discernment of the identity of your customer, his status and background, his principles and predjudices, and generally all those characteristics which go to make up his personality, is essential. I recommend to you the keen perception of the little girl who, when asked to prepare a composition on "Men," wrote as follows:

"Men are what women marry. They drink and smoke and swear, and don't go to church. Perhaps if they wore bonnets they would. They are more logical than women; also more zoological. Both men and women sprang from monkeys, but the women sprang farther than the men."

Study Your Customer

The necessity for keen discernment of character and idiosyncrasies of the customer is especially evident in our office, situated as it is at the intersection of Main street, Honeysuckle Lane and Boulevard Metropole. The suave cosmopolite and the dirt farmer with barn and field still clinging to his boots are apt to find themselves figuratively, if not actually, rubbing elbows in our antechamber. A careless and superficial appraisal of such persons, however, is more dangerous than a rigid practice of not individualizing customer treatment at all. Many a sophisticated citizen of the world is garbed in the careless habit of the outdoors and many an artful dodger assumes the habilaments of the distinguished and successful. This deception of appearances is not to be dealt with lightly, but I always like to tell a story about Paderewski that points up the consequences of careless appraisal.

When Paderewski was on his last visit to America he was in a Boston suburb, where he was approached by a bootblack who called, "Shine?"

The great pianist looked down at the youth whose face was streaked with grime and said, "No, my lad, but if you'll wash your face, I'll give you a quarter."

"O.K.," exclaimed the youth, who forthwith ran to a neighboring trough and made his ablutions.

When he returned Paderewski held out the quarter, which the boy took, but after some hesitation, handed back, saying with a touch of pity, "Here, Mister, you take it yourself and get yourself a haircut."

Right at this point, I should like to say a few words about the current discussions of what has been called "counter interviews vs. interviews in chambers." One school of thought holds to the view that counter methods tend to cheapen title service; that the average property owner resents the ncessity of discussing the intimate details of his family history and financial affairs at a free lunch counter, so to speak, within earshot of the morbid and the curious; and that the professional customer is reluctant to disclose the details of his transactions to his competitors by this system of public examination and cross-examination. Those of the opposite mind on this subject contend for the efficiency and dispatch of the counter method decrying the waste of time, space and personnel involved in the preliminary greeting and interrogation, the assignment to one of several interviewers, the waiting by the member of the public, the eventual ushering to the private office, and the tendency, in such arrangements, to prolong interviews unnecessarily.

Train Your Personnel

Your speaker holds no brief for either viewpoint to the exclusion of the other. Rather does he invite your serious consideration of both sides of this question with a view to utilizing both methods in accordance with the peculiar requiriments of your own business. Certainly much of the routine questioning of applicants in the placement and delivery of orders and many of the routine responses to inquiries concerning progress of title work or general information is most suitably dispatched by the counter method. On the other hand, much of title clearance work and conferences of a similar character involve matters of a delicate nature which at a public counter would prove detrimental to the "interviewee," perhaps embarrassing or even scandalous. It is at this point that excellence of counter personnel comes into play. One or more able persons, depending upon the volume of interviews, capable of exercising nice discrimination and maintaining constant alertness to the probable tone and temper of impending interviews, is without substitute in wise selection and guidance into the best mode of treatment. Do not underestimate the role of your counter people; they can make or break your program for public relations.

And now, gentle and patient people, having somehow managed to achieve connection with the subject of this address, your speaker will struggle manfully to maintain that liaison. To give the devil his due, let me axplain that I did not want this talk to be merely a refresher course in the principles and practices of sound public relations, but rather a refresher of heart and spirit for new and exciting endeavor in coping with this aspect of our business.

No Platitudes From Us

Yes, we could have reviewed the prosaic rules, the conventional approaches, the standard methods. Your speaker could have narrated numerous incidents of good public relations or chanted beautiful platitudes of love and kisses. He could have restated the adage that reasonableness begets reasonableness—the watchwords of versatility and adaptibility in their relation to the treatment of the difficult customer—the proper and skillful use of friendly and disarming words—the value of novelties, trinkets, gadgets, blotters (apologies to Jim Sheridan) and special printing service in "polishing the proverbial apple." You gentlemen know the plan of arriving at so-called "necessary" meetings early. Getting in your friendly greetings and small talk, and then beating a hasty though graceful retreat after dinner even, if necessary, in the manner of Harvey Humphrey's little boy who had to "go."

Dignity

You also know well the very significant distinction between "publicity" and "public relations," and that in a conservative business such as ours, the latter must at all costs avoid bombast and sensationalism. Hollywood is wonderful where it is, but the county seat is of the heart of Columbia and she is a beautiful lady of dignity and repose. You know, too, that favorable mention in the press is important and that the art of fostering public relations has progressed far beyond the press-agent stage which plagued its beginning, and blackened its reputation.

You will recall that the real public-relations director of your company must be the president or top manager and that implementation of a public-

relations program requires the participation of every single management man, including your department heads and your branch plant executives; that policy and good product or service can never be replaced or the lack thereof augmented by a mere public-relations program; and that in their proper sphere of contact with the public each and every of your employees can and should play his role in the design for making it known that the title organization is of the people and the community, a wholesome and good thing.

First Principles

Yes, having expatiated on all such things at length, we would have had good, helpful things to think about, 'tis true. But, the great need of the hour would have been missed; the crying need of the times. We must find ourselves in a return to first principles. I earnestly submit, however trite it may sound, that the basic formula for good public relations *today and now* is simply the patient expression of sympathy and interest toward your customers; the sincere effort to assist them in their problems; the quiet exhibition of courage and cheer; and the relentless, never-ending day by day assault upon the problems and difficulties at hand, brushing off temporary defeat and failure as the jolly coppersmith brushes away an irritating fly.

In a lighter vein and with apologies tender this bit of lyrical sense and nonsense, these corny couplets which are anything but heroic, are submitted for your amusement and remembrance:

The way to good relations with the public is reverse
From how you treat your wife's relations; and they visa verse.

If you talk about your troubles and tell them o'er and o'er,
The world will think you like them and give you more and more.

Now gems of truth are often found in the charming lilt of verse,
Although 'tis true the poetry is apt to be the worse.

So remember that a smile and a way of kindly cheer
Will put your house in solid and folks will hold you dear.

And remember too that strive we must with patience and resolve
To take the challenge of the times, its tasks perform and troubles solve.

These simple rules if followed well, and mind, no reservations,
Assure good will and life serene in fine public relations.

And now, my friends, as we draw to the close of this rather windy discourse, I hope you will excuse my seeming preoccupation with the matter of our own outlook on life. I want to reemphasize my earlier remarks because I feel deeply the need for intelligent and constructive optimism in our contemporary American community.

Keep a High Heart

In our resolve to achieve unhurried efficiency and to present to our customers and the public generally the positive attitude of restrained but undaunted optimism, it is of primary importance that we have done with worry; that we focus our vision forward instead of back; and above all things that we absolutely refuse to take away from our office and desk, the cares and trials of the working day. To summarize and conclude in words of that great and wise American, Ralph Waldo Emerson, I quote:

> "Finish each day and be done with it. You have done what you could with it. Some blunders and absurdities no doubt crept in; forget them as soon as you can. Tomorrow is a new day, begin it well and serenely, and with too high a spirit to be cumbered with your old nonsense. This day is all that is good and fair. It is too dear, with its hopes and invitations, to waste a moment on the yesterdays."

What Are the Stakes?

BY FRED B. MITCHELL

San Diego

Trustee, National Home and Property Owners Foundation

Liberty comes from the limitation of government power, not from the increase of it.

We have changed from a constitution of laws to a government of bureaus, who function under general laws making their own regulations and govern by orders or directives. These orders or directives became a law which supersedes the functions of our courts and deprive the citizens of their rights under the constitution.

The National Home and Property Owners Foundation came into being to oppose this bureaucratic control and fight for the return of the government to the people where it rightfully belongs.

We are not at the crossroads, we have turned the corner,—the wrong corner.

The change of control from the Democrats to the Republicans does not solve the danger with which we are confronted. Our legislative bodies have a tremendous job of stemming the tide toward some form of State Socialism.

We must have an objective program for the future. Men must be divided into two groups: those who favor a controlled economy and those who oppose it. Those who believe that the American Way of life provides opportunities whereby men become independent or those who favor government control under which men become dependent.

We must get back to the fundamentals upon which America was built so that men become free by doing for themselves, not by having the government do for them.

The sooner we fix as our one objective the limitation of government power and not the increase of it, the sooner we will return to the fundamentals of which America was built.

The new administration is charged with the task of protecting the social gains which are sound. Social Security is fundamentally sound, but must be safeguarded by common sense interpretation and limitations. The principle of Unemployment Insurance is basically sound, but has already degenerated into a racket.

Unsound labor legislation on our books must be corrected.

No legislation is sound which does not apply to all people alike.

Organized labor has made certain definite gains which should be protected, but not at the expense of the rest of society.

No minority group is entitled to privileges not enjoyed by another minority group.

No legislation is sound that holds one group responsible under the law and puts another above the law.

America must not be lulled into a state of smug complacency as the result of our recent election. The danger is still with us, a real danger. For the legislation that would have made permanent the gains in socialized housing and a still further expansion of it, will be brought up again backed by the most powerful lobby the world has ever known—government lobbyists, spending millions of dollars of tax money under the guise of public information in order to obtain public acceptance of a controlled economy, of which this housing is only a part.

This controlled economy has pyra-

mided the cost of our federal government to a point where it is the predominating factor in our spiral of inflation.

One way to balance the Federal Budget is to eliminate the bureaucratic control and cut the federal payroll by about 66⅔ per cent. At the present time, the Government—exclusive of the Army, Navy, and Air Corps—has approximately three million employees on its payroll at an estimated cost of eight billion dollars annually.

The $8,000,000,000, of course, is footed by the taxpayers of the Nation.

In a pamphlet prepared by the Tax Department of the California State Chamber of Commerce, all the facts concerning this huge Federal bureaucracy have been presented in detail. According to this pamphlet, the number of United States employees in 1932 was 563,805. In December, 1939, this number had increased to 928,836 employees. In August, 1945—the month in which World War II ended—the Federal payroll numbered 3,649,769.

There is one Federal worker for every 47 persons in the United States.

It costs every man, woman and child in the Nation $60 every year to pay the salaries of these Federal employees.

The 3,584,000 people in Los Angeles County pay $215,040,000 in taxes every year just to pay the wages of the 76,000 Federal workers they support.

The 481,000 people of San Diego County pay $28,860,000 in taxes to pay the wages of 10,200 Federal workers they support.

And even Mono County, with a population of 1,300, supports 28 Federal employees at a yearly tax cost of $78,000.

The latest tabulation we have shows that the Federal government had 215,000 employees in the State of California exclusive of the Army, Navy, and Marines and this was 20,000 more than all of the city, county, state and school employees in the State of California.

25% of the land in America is owned by the Federal Government.

41% of California is owned by the Federal Government.

48.55% of the County of San Diego is publicly owned, most of it by the Federal Government.

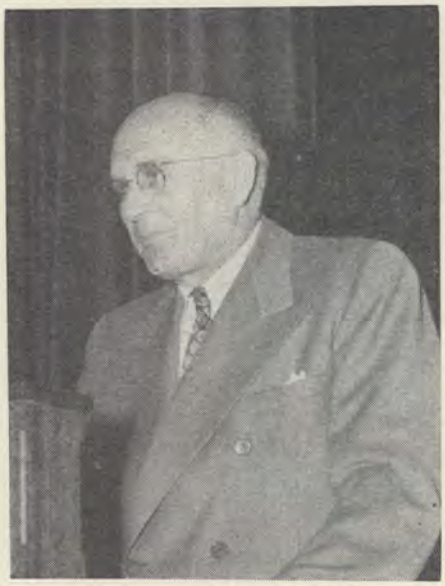
Rent control is being advocated as a hedge against inflation—a fight to keep rents down. The effect is to keep private capital from building rental units. The cure for high rents is more rental units. A reduction in rent comes from vacancy factors, not scarcity. Simple, isn't it? Elementary to everybody excepting our controlled economy advocates. Rent control must go if we are to preserve a free economy.

Public housing is another false premise on which this controlled economy rests. Our bureaucracy in Washington is not only seeking to make permanent our existing federally-owned units operated in conflict with private capital but trying to make permanent a long-range housing program which is a definite step to socialization of real estate.

Here in San Diego more than one-third of all the rental units are owned and operated by the government. They pay an in-lieu tax to be sure, and then subsidize the tenants by renting at a lower price than private capital can meet.

In order that we may not forget the extremes to which these public housers will go, let me remind you that under the Patman bill, which was conceived, written and defended by our housing authority under the guise of an emergency measure for the purpose of building veterans homes, actually would have extended government control over all real property.

One man sitting in Washington could by directives and orders set a price on what you could buy or sell a lot for building a home, and the price for which you could sell that house; also the price at which homes already in existence would be sold. And the bill was defeated only becaues it smacked too strongly of national socialism.



FRED B. MITCHELL

Fortunately, pressure enough was brought to bear so that these controls were limited to veterans housing, establishing a limit to which the veteran could go in the total price he could pay for his home.

The Wagoner - Ellender - Taft bill asked for an appropriation of six billion dollars as the beginning of a 45-year federal housing program. The proponents of this bill frankly stated that this first appropriation was only the beginning and subsequent appropriations would be necessary in order to carry out the program.

This was the last bill presented to the Banking and Currency Committee and several weeks of preparation by this committee in which only proponents of the bill, government experts who submitted added support, and only those agencies of the government favoring it were heard. No opposition was permitted in to the committee. No information opposing the bill was considered. But the National Home and Property Owners Foundation were able to bring pressure enough on the committee to present opposition.

On the last day before adjournment of Congress, Mr. Arthur Binns, president of the National Home and Property Owners Foundation, was permitted to testify before this committee and, after 2 hours and 15 minutes testimony, the committee's report, which would have come out with a recommendation "Do Pass," was tabled as the result of the preponderance of evidence against the bill by Mr. Binns.

This bill, or one like it, will be brought up again and, with the support and co-operation of the friendly lobbyists, particularly the PAC and CIO, our Congress will immediately be confronted with the necessity of passing judgment on this legislation.

Some of our legislatures will tell you they will vote their convictions regardless of the opposition. Still others are honest. They cannot help but be influenced by the continual flow of propaganda and personal lobbying which goes on continually in Washington.

The National Home and Property Owners Foundation was brought into being with definite objectives in mind:

1. Destroy the menace of tax-exempt, subsidized, public housing.
2. Keep the government out of competition with private enterprise.
3. Do away with war-time controls.
4. House all Americans in privately-owned dwellings.
5. Preserve the American system of free, private enterprise.
6. Free the home construction industry from federal subsidy controls.
7. Subject federally - owned real property to normal taxes.
8. Stem the tide toward totalitarian government and block federal interference in local administration.
9. Curb government spending to prevent inflation.
10. Enforce honesty and fairness in government-issued information.

The National Home and Property Owners Foundation was conceived and organized by a group of men who have been fighting this controlled economy in Washington for many years.

Our objectives are clear. Our program is sound. It is a program of the people. It is an organization of the largest group in America who up to now have not been organized.

We refer to the property owners of America—27 million strong.

We need the support of your organization. We need the support of you as individuals. We need the untiring and unselfish co-operation of every person and every organization in America who believes in the American way of life.

Abstracters Section
Report of Chairman, 1946 Convention

WM. A. McPHAIL, *Chairman*

Secretary-Treasurer
Holland Ferguson & Company
Rockford, Illinois

Ever since being notified that the 1946 Convention of our National Association was to be held here in this beautiful hotel, we have been making plans on how we might be able to attend. To-day we are enjoying in full the realization of our dreams of the past several months, and once again we are enjoying the pleasure of meeting and chatting with our friends of other years. Some of us have not come so far, while others have had to travel a long distance in order that they might be in attendance. Many of us come from small offices where only two or three are employed, some from offices where fifteen to twenty-five are employed, and others from those large metropolitan areas where over a thousand people are employed and work is carried on in departments. Whether we have traveled a short distance or have come a long way, or whether we come from a small office or a large one, we are all engaged in the same line of endeavor, and we are here for the purpose of exchanging ideas one with the other, which we trust will not only be helpful to ourselves but to those we serve as well.

Conditions Still Unsettled

When we met last, a little over a year ago, World War No. 2 had just come to what we considered a successful conclusion, and we were all looking forward to the near future when industry, which had been so busy with War Contracts, would re-convert to the manufacture of those articles which had to be discontinued during the war since the War came to a close, but we are still talking about and experimenting with the atom bomb, still have soldiers in foreign lands, and as yet, those in authority have been unable to agree on boundary lines or draw peace treaties satisfactory to all concerned. To-day we soberly realize that the problems of Peace do not solve themselves any more easily than the problems of War. Many of the boys in service have come home, but the world is still an armed camp. Hatred, hunger and despair have spread throughout Europe, and a real peace founded on justice seems far far away. As a result of this unsettled condition and for the want of raw materials and labor troubles, our factories have been slow in converting to the manufacture of peacetime goods. As yet many articles so badly needed are unavailable and we still have food rationing and the O. P. A. Much to our disappointment, we are still passing through that period of unrest which we have learned follows War and retards readjustment to peacetime living.

In spite of all this confusion and unrest, we of the Title Industry have enjoyed a period of prosperity the like of which we have never before experienced. Orders have rolled into our offices much faster than we have been able to complete them, and some of us have fallen so far behind in our work

WM. A. McPHAIL

that we have almost given up hope of ever catching up again. In times past, most of us used to be able to complete an order within one week of the time we received it, but now, many of us are all the way from one month to six months behind with our production. This condition has created a problem which must be solved by ourselves, singly, by increasing the facilities of our offices to meet the demand. If we fail in this undertaking, I am afraid a way will be found to supply title service, probably to our loss. If we individually fail in our effort to correct this condition, we will indirectly inflict the consequence of our failure on all others in our line of work. This condition has been brought about largely by reason of the fact that there has been an unusual demand for our service and by reason of the fact that most of us did not start soon enough to build up our force to keep pace with this demand. In the larger cities, the problem has become more acute than it has in the rural areas, because of the demand for our service in connection with the Housing Program. I am sorry to say that some of our members have taken a kind of "don't care" attitude and simply say that they are doing all that can be done. In other localities employees who realize the seriousness of the situation are working overtime to keep pace with the demand. In one office that I know of, Saturday, Sunday and Holidays are just another work day.

Federal Program

To-day our Government is going all out to back the veterans in their demand for homes by insuring repayment of money borrowed by them up to one hundred per cent. The Government is not going to hold back the demand of the veteran for a home because of the abstracters' inability to keep pace with the program. The abstracter will not be permitted to become a bottleneck in the Housing Program. Nothing short of complete performance on our part will satisfy. As yet, building materials of all kinds are very scarce. As soon as these materials are available, many new homes will be constructed. This is going to further increase the already overwhelming demand for our service and we should be making plans now how we are going to supply this service.

As Chairman of this Section, I have given this matter some serious consideration, with the thought in mind that I might be able to make some recommendations at this time. I finally have come to the conclusion that we abstracters who are so far behind in our work, and I am a serious offender myself, are faced with two major problems,—problems which we will have to solve ourselves, in our own particular localities, as best we can according to conditions in these localities.

It's Up to Us

The first of these problems is that we must increase the number of skilled employees in our offices so that we can give the usual prompt service we formerly gave, even though we have an unusual increase in the number of orders taken, and second, we must work out some equitable method of increasing the fee schedule for this service so that we can pay our employees as much as is paid in other lines of endeavor in our own particular communities. Unless we pay salaries equal to those paid in other offices in our respective cities, we shall have an ever changing personnel, which of course, leads to slower production. The time has come when our offices should cease being a training ground for other offices in our locality just because we under-pay our help. Making abstracts is a highly skilled and specialized profession. To train new help in this profession, takes time

People say to me,—why don't you put on more help?—little thinking that it takes months and months of training before the new help will be an asset to our organization.

A Training Program

During July of this year, our National Association published in Volume 25, Issue No. 4 of Title News, a title course prepared by William Gill, Sr., Executive Vice - President, American First Trust Company, of Oklahoma City, Oklahoma. One copy of this issue has been mailed to each member of our Association. Mr. Gill has made many contributions of value to the members of our Association, but this piece of work is deserving of special mention, because it is so complete and because it comes to us at a time of real need. Even though it was written for the benefit of the Oklahoma Abstracters, it is easily adapted to the practices in other States. It should be of great assistance to us in the training of new employees. At this time, I wish to express to Mr. Gill my appreciation and the appreciation of the officers and members of our Association for his untiring efforts in the preparation of this most complete and comprehensive title course.

In addition to increasing our office force, we should investigate and make use of, if possible, every new mechanical device available which we think will speed up our production.

Ever Mounting Costs

I mentioned secondly, that we must work out some equitable method of increasing our rates. To-day every item of expense we have which enters into the cost of our finished product has increased all the way from twenty-five to fifty per cent. In addition, the cost of living has increased quite materially. It is conceded, man must have food, clothing and shelter. Can anyone say just how much these necessities of life have increased in the past four years, or will increase in the next few years to come? I am of the opinion the time has come when we individually are justified in working out a schedule of rates that will meet the increase in the cost of producing our product and the increase in every day living expenses of ourselves and our employees.

In an early day, abstracts of title were laboriously written in long hand. Many of these abstracts are in existence to-day, and as they come to us for continuation, we marvel at their neatness, at the patience the copyist must have had, and the time it took to write them. However, this was not to go on for all time, for as necessity is the mother of invention, a machine was perfected,—a machine they called a typewriter. The more progressive were quick to see the value of this new invention, because of its time-saving qualities, and they converted to its use and the handwritten abstract and the painstaking copyist went out of existence. Some were slow in taking up with the new method. They had to be convinced first that it really was a time-saver. Eventually, they all were persuaded and now thousands of these machines are in use in the industry.

New Equipment

During the last four or five years, other time-saving machines, such as the mimeograph machine, the multilith (which has many uses in an abstracter's office), the electric typewriter and various types of the camera have been perfected, which can be adapted to use in our industry. Now,—just as in the period when the typewriter was being introduced,—the more progressive are making use of these new machines, while those of us who have to be convinced, are standing by while the parade passes.

New Systems

As a rule, the average abstracter is slow to make changes. The very nature

EARL C. GLASSEN

Chairman, Abstracters Section, 1946-47 Term

President, Black Hawk County Abstract Co., Waterloo, Iowa

of the business makes it impossible to make changes without careful consideration. Once a satisfactory method has been set up, it is very costly to change over to a different method, even though the new method might have some advantages over the old one. For example, to-day we hear from a few that they are changing over to geographic filing of the daily transfers. Of course, one might start with a certain date and file under this new method, but to go back to the beginning and file all transactions under this method would be very costly even though the system has a great deal of merit. However, the time has arrived in our existence when we should make use of every new machine and every new method available which we are satisfied will speed up our production.

In order that we might be able to give the problems facing us to-day as much consideration as possible, we have arranged for two panels, one having to do with all methods that will tend to speed up our production, and the other with methods of increasing our rates to meet advancing costs.

State Meetings

Even though everyone has been very busy this year, State Associations have held successful conventions. Our National Secretary, Jim Sheridan, has been able to attend fourteen of these meetings. I attended my own State Association meeting, and the meeting of the Wisconsin Title Association. Last year, I recommended that State Associations try to arrange their meeting dates so that our national Secretary could attend several meetings while on one trip. Some success has been made along this line but there is still room for improvement. It is important that we have our National Secretary, or some other of the National Officers familiar with the affairs of our National Association, at every State Convention.

Regional Meetings

As the Regional or District meeting is of help to the State Association, so the State Convention is of help to our National Association. During the war, Regional meetings had to be eliminated because gasoline was rationed. Gasoline is now plentiful, and even though tires are scarce, we should really make an effort to hold these meetings again as soon as possible. At a Regional meeting, you can learn more about how your neighbor conducts his business than you can otherwise. Where a few are gathered together, every one will talk, while at a larger meeting only a few take part. I trust State Secretaries will do what they can to get these meetings started again.

I can imagine all delegates to this convention will want to make their trip out here just as much of a vacation as they possibly can, but I do hope that you will be in attendance and help along with the discussions while we are in session. To-morrow morning, we will have a two hour session with our old friend, Joe Meredith, leading an open forum, at which time the bars will be down, and all are invited to take part.

I wish to express my appreciation to Jim Sheridan and the other officers of the Section for the splendid co-operation I have received from them while acting as your Chairman. Let us hope and pray that before we meet again, the energies of the atomic bomb will be converted for the benefit of mankind rather than his destruction, that peace will be restored to the whole world, and that we, as abstracters, will have found the answers to our many problems so that we will be able to give the service our customers deserve.

Abstracters Section

A PANEL DISCUSSION

TOPICS:

"Improving and Increasing Production of Abstracts and Other Services of Abstracters."

"Is It Advisable to Close Our Doors to the Public Prior to 10:00 A.M. and After 4:00 P.M. and on Saturdays?"

"Production of Abstracts by Part-Time Employees: Working Part-Time in Office; Typing Abstracts at Home."

"Working in a New Employee with a Trained, Experienced Employee as a Team."

"Could We, Can We and Should We Stop Comparing? If So, In What Departments and in What Steps of Procedure?"

MEMBERS OF PANEL:

Andrew Dyatt, President, Landon Abstract Co., Denver, Colorado.

A. F. Soucheray, Jr., Secretary, St. Paul Abstract & Title Guarantee Co., St. Paul, Minnesota.

Earl W. Hardy, Secretary, Hardy-Ryan Abstract Co., Waukesha, Wisconsin.

Cyrus B. Hillis, Des Moines Title Co., Des Moines, Iowa.

L. L. Wheeler, General Manager, La Porte County Abstract Corporation, Michigan City, Indiana.

Moderator: Oscar W. Gilbart, President, West Coast Title Co., St. Petersburg, Florida.

Mr. McPhail: We feel very fortunate in our selection of men who are going to take part in these two panels, and feel fortunate in the two men we were successful in getting to say they would act as moderators of the panels. It is my pleasure now to introduce to you Mr. Oscar W. Gilbart, President, West Coast Title Company, St. Petersburg, Florida. Will you come up, Mr. Gilbart? Mr. Gilbart is going to act as moderator of this panel, and I believe that I will turn the meeting over to him now, and let him introduce the other gentlemen who are going to serve with him. Mr. Gilbart.

Moderator Oscar W. Gilbart: Chairman Bill, and Ladies and Gentlemen of the Abstracters' Section, when Jim Sheridan and Bill McPhail asked me to act as moderator for this panel, I wrote back I didn't have any idea what a moderator was supposed to do and how to act. If they had asked me to act as a referee or an umpire, I would have known something about it. A moderator is entirely out of my line and my duties. However, after looking in the dictionary, I found that a moderator is in a Presbyterian Church. That was all right, but I don't belong to that synagogue.

Before getting started on this panel it will be necessary to invite the gentlemen up here to sit in these chairs behind the table who are going to participate in this thing. I would like to have Andrew Dyatt, A. F. Soucheray, Jr., Earl W. Hardy, Cyrus B. Hillis, and a gentleman who is not here, Mr. Wheeler of Michigan City, Indiana, come up here. Mr. Wheeler was gracious about taking the part we had for Mr. Cain, who cannot be here. There is your panel, gentlemen.

This is your meeting. It is going to be very informal. Ask questions any time you wish. The very fact that it is informal and is your meeting indicates that it is an open forum. When these gentlemen are finished talking there will be a short period of time to ask questions or make comments. You can get any information you wish. With that in mind, and with that understanding, we are going to proceed. With your indulgence, I am going to leave the first item, **"Improving and Increasing Production of Abstracts and other Services of Abstracters"** to the last, so it will come as a summary of what we have had prior to this.

The second topic is **"Is It Advisable to Close Our Doors to the Public Prior to 10:00a.m. and After 4:00 p.m. and on Saturdays?"** That topic is going to be handled by Mr. Andrew Dyatt, President, Landon Abstract Company, Denver, Colorado.

MR. ANDREW DYATT: I suppose you won't agree with me, that this question was brought up on the theory that such a practice might make it possible for us to produce more and better abstracts in less time, because of fewer interruptions. The question then is if I close the doors, will my service improve? Will it save us money? Will these hours make working in an abstract plant more attractive, and will the shorter hours that are available to the public hurt our goodwill?

Not So Helpful

I will speak only from our own experience. Some eight or nine months ago we started closing our office to the public at 4 o'clock. My observation is that it has been of very little help in getting out additional abstracts. At least 70% of our business is handled by messengers, and I have studied the situation as carefully as I can, and I am sure that it doesn't help us a bit as far as abstract production is concerned to close the doors at 4 o'clock.

Five-Day Week

We also tried an experiment this summer. We worked all of our crew a five-day week. Half of them worked all day Saturday and the other half worked Monday, or vice verse. They got full days off, either Monday or Saturday. That has cost our company a considerable amount of money. If we tried long enough, and maybe educated the employees for a longer length of time, it might work, but on Saturday afternoon they got the idea that it was still a holiday and they would not produce the abstracts that we thought they should produce. We also found that the last hour of the day, or the last three-quarters of an hour of the day, produced less work and more mistakes were made.

As to the Saturday closing, I think that when the time comes that that is the general practice for all offices to close their doors all day Saturday, that it would be something helpful to the abstract profession. I think it would help us keep our employees and keep them happy. I don't believe now is the time to do it, because first of all we are a service institution and we should make ourselves available to our people just as much as possible. I am afraid that all of us have gotten the idea that they can't get along without us. We are very valuable. We have more work than we can do, but we are thinking about setting ourselves up like bankers and not make ourselves available to our clients and friends. I think it will hurt our goodwill. As far as we

are concerned, our feeling is we should make ourselves available to our customers every available hour of the day. That is stated within reason, of course. My recommendation would be that we continue to keep our offices open a full eight hours a day.

MR. GILBART: Are there any questions you would like to ask Mr. Dyatt?

MR. ROY C. JOHNSON, Newkirk, Okla.: You made the statement that you closed your office, and that you worked your force half a day Saturday and half a day Monday.

MR. DYATT: It was a full day week.

MR. ROY C. JOHNSON: I assume therefore you were working a forty-hour week, and that you were therefore working your entire force for the forty hours.

MR. DYATT: We were working Tuesday evening beside that.

Customer Reaction

MR. EARL GLASSON, Waterloo, Iowa: What was your customer reaction to your shorter available day?

MR. DYATT: It was all right. They didn't mind. Ours is a city abstract plant. It would probably make a difference to a smaller abstract company where the farmers come in on Saturdays, and Saturday is the busy day.

MISS JENNIE AVERY: Do I understand that you work more than forty hours a week? Do you pay them time and a half?

MR. DYATT: Yes. We pay time and a half for everything over forty hours.

MISS AVERY: You plan on working about forty-four hours?

MR. DYATT: Yes.

MR. JOSEPH T. MEREDITH, Muncie, Indiana: You say you think it will help employee relations if and when we can close on Saturday, but on the same token work a forty-four hour week, with four hours on Saturday working time and a half. Are they going to be happy giving up their time and a half?

MR. DYATT: The only reason Saturday was brought into this discussion at all is because I think it is becoming a more general practice throughout the entire United States to close all day Saturday. Many businesses in our business districts do close now.

MR. MEREDITH: Supposing we get to the point where we can handle the business from Monday to Friday all right. Don't you think we are going to have some unfavorable employee reaction if we close and don't have work on Saturday, and cut off their four hours of time and a half?

Left to right, standing: Earl W. Hardy, Cyrus B. Hills, A. F. Soucheray, Jr. Seated: L. L. Wheeler, Oscar Gilbart, Andrew Dyatt

MR. DYATT: Our employees don't like the overtime particularly. We have a hard time getting people to work overtime. If they do, we certainly don't get the benefit from their work.

MR. GILBART: May I inject this personal statement. We have the same difficulty in getting ours to work overtime also. Most of our employees would rather work so many hours a week by the clock, and quit. When you talk about overtime on Saturday afternoon, a holiday, or at night, they say that is their time. Frankly speaking, it is a little bit difficult. We can get the overtime by demanding that they return to work, but it isn't voluntary particularly.

MR. A. F. KIMBALL, Duluth, Minn.: Six months age we started closing on Saturday, and after that we were able to get our people to work overtime. It has worked out to be beneficial to us.

THE MODERATOR: Our next topic is: **"Production of Abstracts by Part-Time Employees:**

"Working Part-Time in Office."
"Typing Abstracts at Home."

This topic is to be handled by A. F. Soucheray, Jr., Secretary, St. Paul Abstract & Title Guarantee Company, St. Paul, Minnesota.

MR. A. F. SOUCHERAY, JR.: First, I want to compliment the pronunciation of my name. I thought I was going to be faced with the same situation that confronted me several years ago in Duluth. I happened to be the chief witness in a law suit, involving the conversion of an automobile. The plaintiff in the action was put on the stand and he kept referring to me as "that guy down there". So, the judge in the case said, "Would you mind standing up?" I did, and I told him my name was Soucheray. Probably it should have been different, because you know our State is noted for the Scandinavian race. After I told him my name I sat down, and they proceeded with the case. Shortly, the witness said, "that guy down there". So, I had to stand again, and I said, "Your Honor, for all purposes of this trial, you can call me Johnson." If you have difficulty with my name, you can call me Johnson, and I hope I will be able to give you some answers.

I can assure you that I much prefer to talk about everything else this morning than the topic that has been assigned to me. However, if you will bear with me, I will try to struggle through the best I can.

Not Like the Other War

Going back in the history of our business, I think we will all admit that we were caught short, and that we analyzed our picture incorrectly, believing that we were going to have the same problems that we had back in the last war. We thought that there wasn't going to be any business because our mortgage set-up was on an amortized basis at the lowest possible

interest rates, and there would be no occasion for renewals.

Uncle Sam stopped building. In addition to that, he told you whom you could hire and how much you could pay them. Other industry was in competition with you, and he took all your help and he was paying them high salaries. There was a great demand for business and we had an inadequate force to handle it. We analyzed the picture; and we went to all of our married girls who were now home, and we asked them if they couldn't help. Each night the officers would take a bundle of abstracts in their cars and drop them off. When they finished them up, and we picked them up, we endeavored to deliver them to our customers.

Our attorneys in our section likewise helped us and they informed us of people who couldn't possibly come downtown, but who were competent to type, and we likewise delivered work to them.

The Five-Day Week Again

We thought also of putting on part-time help. We find more and more people applying for positions who are not interested in working more than five days a week. We probably are still operating in the horse and buggy days, and probably many of us come to these conventions to see if we can't change some of our bad habits and straighten our house out, so we can produce more and get better cooperation out of our personnel.

We have decided against employing part-time help because of the effect it has on the rest of our help. We felt that if you put on two or three who work half days or five days a week, that it wouldn't be long before we would have to take care of other employees in the same way. We believe that in a short time we will be able to discontinue outside help in the production of abstracts, other than in the line of typing, because since V-J Day, we have been able to employ new help. Through the assistance of the book that Mr. William Gill has put out, we have been able to educate these newer people so that they are becoming a little more valuable to us.

We have had to do this. We take our older personnel and intermingle them with new personnel so that the newer ones eventually can find out what the mysteries of the title business are all about. I sincerely hope that we can do away with outside help.

Practically All Copy Work

The only type of work that we now farm out—that is what we called it—were the new abstracts where there was plenty of copy work. On extensions, we control that within our own office. To date we are able to supply our extension abstracts in twenty-four hours. Our new abstracts are about one month behind our extension abstracts. Our title insurance is right on the nose. Thank you.

MR. MEREDITH: How does he make the payment for these at home typists?

Calculating Part-Time Salaries

MR. SOUCHERAY: We handle that two ways. On some we figure it out on a monthly salary basis, depending on the person, and they keep their own time. We have depended upon their honesty. We knew these people and we knew what they could do. We told them that whatever they put in we would pay them for on a salary of so much a month. For others, we figured their services at so much a page, and we paid them on a per page basis. Our former employees who were home and married were not satisfied on an hourly basis based on their top salary when they were on our pay roll full time.

MR. THOMAS J. LLOYD, Pueblo, Colo.: We tried that working at home. In fact, that was the only way we could get by. We paid them so much per page.

MR. GILBART: The next item is, **"Working in a New Employee with a Trained, Experienced Employee as a Team."** This will be handled by Mr. Earl W. Hardy, Secretary, Hardy-Ryan Abstract Company, Waukesha, Wisconsin.

Start by Copy Work

MR. EARL W. HARDY: First of all, we do not break in our help in that way in our office. We start a new girl in by copying abstracts. We always seem to have plenty of orders that can use office copies. We do it this way for the reason that it takes a girl a long while to become acquainted with the terms and forms. She becomes familiar with the office routine. We keep a girl on that job five or six months. Meanwhile, we try to determine if she has the ability to learn the abstract business.

If she then shows that she would make a good abstracter she is shown how to look up simple continuations. She is shown this by the head abstracter. The girl will work in the office for two or three weeks. She is kept on continuations for five or six months, with instructions to ask old employees questions whenever she is in doubt. We may continue to leave her on continuations, or if she shows enough ability, we gradually work her into complete abstracts.

It is my opinion that by working the new girl in with experienced employees would be an expensive way. It would waste the older girl's time, and we would not get the proper use out of the new girl. Making copies of abstracts is always a profitable operation, and, of course, they can be copied without experience.

I do believe a new employee could be trained by an old employee, but does it seem to be the economical way to do it? I have been quite concerned about the attitude of the girls who work a year or two in our office. They do not seem to want to take responsibility. Even though it is the expensive way, perhaps it would be the better way for our organization. I am not sure though.

MR. GILBART: There ought to be a number of questions. If there are no questions, we would like to hear from those doing it different in their own offices. The only way people of this section are going to learn and take home anything is by listening to somebody tell how it is done in their office. Don't be afraid. Are there any questions?

MR. R. H. McCOY, Halley, Idaho: Mr. Hardy, I have been under the impression all of my abstracter life that it is a bad practice to copy abstracts. I do it, but I am still under the impression that it is a bad practice. I would like to hear your reaction.

MR. HARDY: I don't quite see what you mean. In other words, if we have an abstract on a certain addition and somebody comes in with an order on another lot, we just copy the abstract we have already prepared on the plat and we send it out as the original abstract. We do it when they are splitting up sections or something like that.

MR. GILBART: He has reference to office copies. In other words, each office has an office copy of that abstract. If they need a new chain of title for a new abstract, you are copying one office copy.

MR. HARDY: We don't copy anyone elses.

MR. McCOY: I labor under the impression that if there is an error in the office copy, you are going to have the same error in your new copy.

Checking Abstracts

MR. HARDY: We check those. We may have to recheck. We don't do it if it is a recent one. It may have been made fifteen or twenty years ago and we re-check it.

Mr. McCOY: I mean typographical errors especially.

MR. HARDY: It has been a profitable end of our business.

MR. McCOY: I bought an old abstract company and I found that the abstracter has omitted a great many pages in cases in the past.

MR. GILBART: It would appear to be a proper thing to have that verified and checked before putting it in your file as your office copy, if there is any doubt about it. If it was ever copied again, you would at least start off with a correct copy. They might make a typographical error in copying it at this time for a new abstract. You should start off with a correct copy in your file.

Changing Public Records

MR. EIDSON:, Harrisonville, Mo.: Suppose someone changed the records in the Recorder's Office between the time the original copy was made and the time you certify this new copy.

MR. HARDY: They don't change records up there without letting us know.

We have never found that they have yet.

MR. EIDSON: You assume that they are not changed.

MR. HARDY: I have known people who wanted to get them changed, and the Registrar wouldn't let them change them.

MR. EIDSON: I have known of serious cases where it happened. Maybe someone asked to change a deed about election time. They will change the record and not say anything about it. They did not for a long time. However, I have found at the bottom of the record that changes were made on a certain date. However, that practice is fast being given up, but for some time it was the custom.

MR. GILBART: I don't think they change the records and alter the records as much now as they used to a few years back, because in our particular county and state, it is almost a penitentiary offense for a Recorder to make any changes on any record. They just don't do it in our community. That is all there is to it.

MR. EIDSON: Some are malicious changes. I recall an instance where a copy was made of an abstract in a week from the time the original was made. A real estate man and an attorney in the meantime changed the record, and they sued for $15,000. We got out of it by going to court and proving that the record had been changed and they subsequently were tried and convicted. It was a case where the Recorder didn't do it, somebody else did it.

MR: GILBART: It is done in some places. The practice is getting less and less every year.

MR. LLOYD: Regarding copying the abstracts, we have had done considerable amounts of copying of abstracts. We have a copy of every abstract we put out, both the original and the continuations, but when we get an order for a new abstract in a certain subdivision we will make up a chain of title on that, and the girl copying that abstract from our copy will follow that chain of title down. We make up a new chain of title from our index books, and she will follow that down, and it is compared back.

MR. MEREDITH: Mr. Hardy, do you have any formal training for your employees? I mean, following a course of training similar to Bill Gill's?

MR. HARDY: We do not.

MR. MEREDITH: You have never tried it?

MR. HARDY: No, except I bought the course of Bill Gill's, and I have given those to all new employees.

MR. MEREDITH: You hand them to them to read?

MR. HARDY: I have asked them to read them at home.

MR. MEREDITH: That doesn't quite teach it.

JACK L. GEHRINGER, Waukesha, Wis.: I want to agree with Earl Hardy in training the employee by copying abstracts. It gives them an idea what a deed, a mortgage, etc., is. I happen to be from the same county. It is my opinion that an employee would learn faster by copying abstracts.

MR. CYRUS B. HILLIS, Des Moines, Iowa: One of the first things we do with new typists to help break them in and familiarize them with the office procedure and abstracting is to give them a new instrument that we are filing, such as a deed or a mortgage that is to be filed for record. It is amazing how quickly after they have typed a few of those instruments they get on to the form and manner of comparing it. Experience of that sort is very helpful in training a future abstracter.

Starting With Take-Off

MR. C. L. EATHERTON, Belleville, Ill.: I train my new employees by filing also. We have a lot of filing in our office. I have two take-off girls, and I put a young lady right along with them and let them take off as fast as those instruments are filed. Likewise, I do that in Probate and in Circuit Court work where we have take-off inventories and matters of that kind. I think you will find that the girls will get a great deal of experience by this take-off. Sometimes we file as many as seventy-five instruments a day in our country through our office. I think that is a wonderful way of giving girls experience.

MR. GILBART: May I ask this question? How many people in this room have training courses or have been training employees for some years back? How many have been working at it? How many years back have you been doing that? What has been your experience in that work? Did you find it successful?

MR. J. W. ENSIGN, Salt Lake City, Utah: We started a system in 1934 when the Home Owners Loan and Farm Loans got so voluminous. We had our head girl advise each typist to pick up a document and make several copies of that document. They handed each copyist a copy of that document in a book with an index so they could be readily found. When a like instrument came again, they could use that form book. It worked out nicely. They have deeds, mortgages, releases and every instrument we have in that form book, and when one girl would run across a new document, she would make copies and they would go in the form books. Every copyist had their own form book, and it saved time. They caught on very quickly.

MRS. LILLIAN P. BORGMAN, Fort Wayne, Ind.: I want to say that we don't try to teach each employee the same way. We find that if you tell a girl to sit down and copy abstracts, she will be worried sick at the length of it. We do use the other gentleman's system in certain instances. We have the instruments that are to be filed for record and we have them copy those. If she seems to like that and isn't worried, she can continue that way.

We also do this. It has been helpful. We don't try to fit a girl into a certain job. When she comes in, we sort of look her over and see what she is best fitted for. We had a girl learning abstracting. She now doesn't do anything but answer the telephone. She has a sweet voice, and no matter how disturbed a customer is, when they hang up they are happy. We pay her more than we pay the office typists. She has a million dollar voice. It seemed a shame to waste her on a desk.

We look the girl over and see what she can do. We have saved a lot of money and employees in the last six months by this plan.

MR. A. F. KIMBALL, Duluth, Minn.: In our office for twenty years we have made complete court house take-offs on five by nine paper. It is set up on the take-off in exactly the same manner and form as on an abstract. We never have any typist problems in our office. We got a girl this morning and she could copy take-offs. When you get rid of the typist problem, your problems are solved. We can hire twenty typists who just have to be able to operate a typewriter, and copy from a five by nine take-off. There isn't much of an additional cost in taking off either.

MR. C. W. DYKINS, Lewiston, Montana: Mr. Hardy, do I understand you intend to make abstracters out of each and every employee?

MR. HARDY: That is what we hire them for, especially lately. Every girl is hired with the idea that she could develop into an abstracter.

MR. DYKINS: What is your definition of an abstracter? I spent forty-five years, and I still don't understand enough to be a real abstracter. In our office we take a girl who is adapted to one thing and we teach her that. I don't try to teach her my work and the Assistant's work. You know how to abstract a deed. You know how you abstract a mortgage release. We make up a booklet of that and just simply place one of those in the hands of the girls, in addition to Bill Gill's course, and I think they will look at those and study them and get a good idea of what you are doing. It wouldn't take some good Assistant more than a half hour to make up one of these books.

MR. GILBART: Thank you, sir. Are there any other statements or questions?

MRS. HUGH O. BOONE, Twin Falls, Idaho: We follow Mr. Hardy's plan. We take an employee and have them copy an abstract which incorporates everything—deeds, mortgages, releases, base title on water rights, probates and foreclosures. We say, "Copy this and think as you go." We tell them to ask questions. We prefer that they ask

so we can explain why things are done. After they have copied half a dozen abstracts with seventy to one hundred entries, if they haven't asked questions, they won't make abstracters. Not until they do that, and we feel they will make an abstracter, do we let them make take-offs. That is the last thing they do in our office.

In a small plant your customers expect you to be able to not only answer immediate questions asked you, but to anticipate the reason they aked that question and to go back with a little more information. I think it was Mr. Hillis who gave them the original instruments. We show them the original instruments so they can prepare from copying abstracts some sort of a comparison of how much of the original instrument comes out into the copy.

For How Long

MR. GILBART: Thank you. I would like to ask you a question. When stenographers start off, it is purely copy work and they do it mechanically. When does the transition period from mechanical copying to intelligent abstract stenography work appear?

MRS. BOONE: That depends on the individual. It should be in much less than six months. If they don't have the ability to think themselves, they aren't very much good. The next thing we do is to give them probate files, and models of probates, and anybody much good should be able to do that in a month.

MR. GILBART: Thank you. Are there any other questions?

MR. WILLIAM GILL, Oklahoma City: I might tell you briefly how we train our employees. We have trained a large number of them. We give them a little booklet out of the Oklahoma Title Insurance, titled, "Their First Home". It takes you through the elementary steps. Then we take that employee—depending on which department that she goes into—and assign her to a trained employee. If she is assigned to the index room, she goes to the index room and works with an indexer.

Before we do that, however, we take that employee—regardless of what department she is going to work in—downtown to the courthouse for three or four days. We take her through the Treasurer's Office to give her general information, even though she won't have anything to do with taxes. We take her through the Court Clerk's Office and get her familiar with the Court House. If she is working at the Court House, we take her to the downtown office and take her completely through that office so she will understand both ends of the operation. For twenty years, we have been conducting classes by different employees.

Maybe for one week we will make note of all mistakes made by the typists, abstracters and indexers. We found that to be very satisfactory.

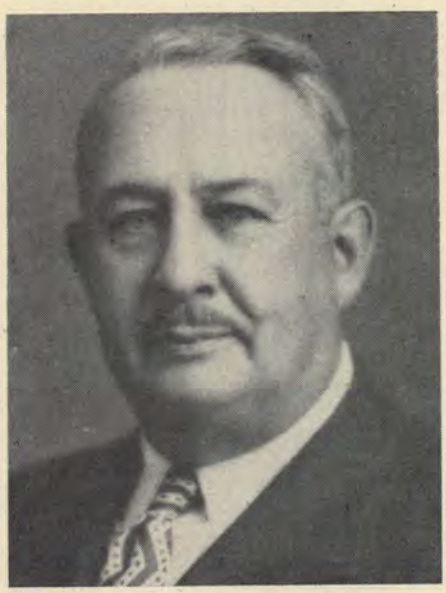
MR. GILBART: Thank you, Bill. On that training course, do you have that on your own time, or do you have your clerks come down on their time?

MR. GILL: They take it on their time. If they are not interested enough to improve, we get rid of them.

MR. ROY C. JOHNSON, Newkirk, Ohio: May I say something? We use the same idea of training on their time after hours. In connection with that, we try to entertain them. We give them a little feed or some kind of entertainment. They appreciate it. That seems to work out satisfactorily.

Knowledge of the Law

MR. LYNN MILNE, Sturgis, So. Dakota: It seemed to me that some of you gentlemen were talking about



EDWARD J. EISENMAN

Member Board of Governors, American Title Association

President, Kansas City Title Insurance Co., Kansas City, Mo.

giving a girl an abstract to copy. She wouldn't know what it was all about. I have found in our offices that the most effective means is to give them an elementary course in Real Estate Law. We take the Statute books, for instance, and refer to the pages and sections on deed, probates and quiet titles. It takes a little time. They get the fundamental idea of what has to go into an abstract. Then they have some foundation. They know what they are doing. Some of our girls have been with us a few years now and they step up to lawyers or call them up and say, "Say, you have made this mistake. Do you want us to correct it before we go on?"

Nearly all of them have a comprehensive idea of the business. I think it is a pretty good idea for them to study Real Estate Law before they touch a typewriter.

MR. GILBART: The next item is something that has been touched upon a little bit in most of these talks, but not exclusively. It is, **"Could We, Can We and Should We Stop Comparing? If So, in What Departments and in What Steps of Procedure?"** This is to be handled by Cyrus B. Hillis, Des Moines Title Company, Des Moines, Iowa.

"Could We, Can We and Should We Stop Comparing? If So, in What Departments and in What Steps of Procedure?"

MR. CYRUS B. HILLIS: Like Mr. Soucheray, I would have preferred another subject, because I don't know that I am particularly qualified to talk on this subject. My first reaction is that we can't and couldn't, and we shouldn't do away with comparing. However, there are two schools of thought in this matter, and it is probable that I will change my own mind before I leave this meeting.

We Do

In our office, like most offices, we have people of average ability—some of more than average ability. If everybody was "tops," I don't believe there would be any necessity of comparing. We do, however, and I think most offices do. There are a number of items on which we could dispense with checking, such as take-offs when they are once made and put on our books. We don't go back over the source. If the person who posts your books is a skilled poster, we have found that it was not necessary. Unfortunately, we have had to change that several times, and it was soon discovered that it was very obligatory to check the posting so that our chain of title would be correct.

We have always in our office compared the typing and the results of comparing have justified the practice. It would probably be equally satisfactory for the typist to review the result of her own work (provided she had the ability), as it is for the abstracter to check the result of his labors after they have once abstracted an instrument or a court proceeding.

It all seems to get back to the character and quality of the worker. I think it is necessary to ascertain very definitely that all of the material that goes to the typist has been copied, and with that in view we have instructed our typists to run a pencil line through every entry on their notes that they copy, and when they get through to check that to make sure that no numbers, through duplication or otherwise, have been omitted. We sometimes find that there are two identical numbers, and it might slip by if we didn't cross them out as they were typed.

Our Own Experience

We also have a take-off sheet which is a printed sheet on which is our chain with the book and page. Very frequently, even with the best of our abstracters, if there is a large number of entries that are indicated, we find

that some reference has been disregarded. If the person who signs the abstract will go through that in every abstract—that is, before it is passed out—and make certain that by checking off each item in the abstracter's notes, it may save an unnecessary expense through an omission.

We also have on this sheet a memorandum of indexes which is necessary to check before the continuation is finally completed, and our abstracters check these. It is hardly a part of this subject. While I am referring to this sheet, I might say that in these days when we have a great many hundreds of abstracts in the office, and it is sometimes necessary to produce one of them for a disgruntled customer who is dissatisfied and wants to take his abstract someplace else, to be able to find it immediately. We have a system in our office which enables us to find out where an abstract is and what process of completion it is arrived at.

The typists have been the most difficult part of our production force. We have had a great difficulty in getting satisfactory workers, and they are below the quality of previous years. They make a great many errors, and they are constantly shifting. We have had great success in sending typed material out to former workers, public stenographers and any typists of ability, whether or not they have had abstract experience. We have found that they could type the complete abstracts and compare them with the copy very satisfactorily.

MR. GILBART: We appreciate that very much. Now, the bone of contention is on the floor; anybody can grab it. The question is, are we going to continue verifying and double checking, or omit this? I would like questions and comments from anybody who wants to make statements. Who will be the first one? How many of you do verify and double check everything at all times? By a count of raised hands, I guess two-thirds of you. How many of you don't do any of it?

One Does Not Compare

MR. MILNE: I seem to be one of the minority here. I will give you my experience. I have grown up in the abstract business. Whether it was through ignorance or through self-confidence, for a good many years I have never checked. Since the business has expanded, we still haven't checked. In fifteen years, I figured I have saved $30,000 or $40,000 in salaries for checkers. In that length of time I have actually suffered a $14.85 loss.

MR. GILBART: You are doing well by yourself.

We're All Human

MR. MILNE: That is the amount. It was made by missing a tax item. We wouldn't have caught that anyway. We try to work with the examiners. Every so often I tell them that we would like the opportunity to correct any mistakes that we might make. They call us once in awhile. I don't say we don't make mistakes. At the same time, we will catch attorneys on little mistakes, and we ask them if they want us to correct them. They are appreciative. It works both ways. They have given us the opportunity to correct our mistakes. I won't contend that I won't suffer a big loss. I have had twenty years in South Dakota. If you are using cheap help, they may be more prone to make the mistakes. I believe if you get a little higher priced help, they will be more careful, and you will be a good many dollars ahead.

MR. MEREDITH: I realize that it is unorthodox not to compare, but at the same time I feel that the money that has been saved in eliminating that step is much more than any loss that I could ever possibly have.

Time and Money Saved

In the second place, during the last few years, the time saved has been just so great that it would overshadow the gains that we would make by comparing. We occasionally have an attorney who will jump us because of typographical mistakes. My answer to him is always that if he wants his work compared, and his clients will pay for it and stand the delay, we will be glad to do it. Our average clients won't stand for it, and therefore we don't do it. A typographical error isn't one that affects your title. It may be a little embarrassing when it comes down and you may have left off some name or misspelled it or transposed letters. It isn't something that can't be easily corrected. As far as I am concerned, I am satisfied with sending work our without being compared.

MR. L. L. WHEELER, Michigan City, Indiana: I am a little ahead of time here, but in talking of mistakes, there are various kinds of mistakes. There may be typographical errors in the descriptions, but I would like to understand how you would adjust matters if the abstract goes out of your office under your certification and you show what should be a $20,000 mortgage, but which actually according to the abstract is only a $2,000 mortgage. That abstract goes off to another state or city and the deal is closed thereon. What is your answer?

MR. MEREDITH: There are two checks on the mortgage; your amount in the heading of your entry and your description of the note which it secures. Now, it is possible, I suppose, to have your mistake from $2,000 to $20,000 which wouldn't hurt as much as from $20,000 to $2,000, but you might make the mistake in the heading and the description of the notes, but it is not likely.

MR. GILBART: The opposing side now has a chance.

MRS. BOONE: We do like the gentleman from Iowa. We send it out. We can't say $20,000 here and $2.000 here and mean the same thing. They will send it back and we fix it. That is all there is to it. There is no liability. That isn't an error; it is just an oversight.

No Verifying

MR. GILBART: In our company we very frankly do very little or no verifying, but we spend all of our time in the world on training the employee. I am not here to tell you ladies and gentlemen that verifying or not verifying is the proper thing. I can only state that we have had fair success in spending all our time and our efforts on the training of the employee before we turn them loose, and we have found that it has been money well spent and time well spent.

We reverse it and train the employee thoroughly first, and then we leave it up to them and impress from that point that they are on their own.

MR. FRANK C. GRANT, Lincoln, Nebraska: I have been very much interested in the matter of comparing your work after getting through with an abstract. Some years ago I had this experience. I copied a will and one line was left out. It was the most important line in the will. It happened to be it went to the very essence of the problem in disclosing the property. It occurred to me that it is important to compare some things; namely, a will.

I think it is important to compare descriptions where they are long and involved. I don't care how good the typist may be, they might leave out an item that changes the entire description. We should compare some things and let some things go.

MR. GILBART: This gentleman has something. Now, we are coming to the last item on this program, and it is supposed to be the summation of what we have been talking about, and it is the **"Improving and Increasing production of Abstracts and Other Services of Abstracters."** I imagine some of the things we have talked about will be in this. This is to be an accumulation of what we have talked about. Mr. Wheeler of Michigan City, Indiana, will lead the discussion on this particular item.

"Improving and Increasing Production of Abstracts and Other Services of Abstracters"

MR. WHEELER: Chairman Bill, non-Presbyterian Moderator Oscar, and Members of the American Title Association: In coming up on this side of the firing line, you are not such a bad looking bunch. Just because this is the first thing and has been made the last, please don't get the idea that this is going to be the dessert, because it may prove sour.

As far as improving and increasing production is concerned, I haven't done much in that particular line. When I started making abstracts thirty years ago, I decided upon having something to put away on the day that I might need a particular matter out of a court record. So, when we abstracted an

estate for the first time, we checked the inventory and found how many parcels the old man owned when he died, and made enough copies in the beginning to at least have one for each parcel of land that the man left.

Mimeograph and Multilith

In the early days I got one of those Edison-Dick Mimeographs which served very well through the years, and then six years ago I got the Electromatic typewriter. I didn't know then, and I don't know now how I ever got along so many years without an electric typewriter. They are just the finest thing I think I have. Then, this present year, I got a Multilith and that too is about the next thing to prefection when it comes to duplicating your work.

The man who first pointed out the Multilith to me happens to be from my own State of Indiana. He was a little late in getting here, but he arrived on the scene last night. When I saw him I thought I ought to "pass the buck" to him, because he knows more about this mechanical feature of the business than I do. I got one of my best ideas from him.

So, Mr. Moderator, if it is agreeable with you, and with the permission of this fine looking audience, may I call upon my friend from Indiana. Paul Jones, would you come up here?

MR. GILBART: This is Paul Jones from Columbus, Indiana, owner of the Columbus Abstract Co.

MR. PAUL S. JONES: I can't understand why I have been pointed out as a pioneer in this business of finding methods to make more money. I agree perfectly with my friend from South Dakota that what we need is to do away with some of the things that cost us the most money.

Again Comparing

I don't like to go back to the subject of comparing, but I think it is a waste of time. You point out the amount of the mortgage. The lawyer never negotiates with the abstracter when he goes to pay off the mortgage. He goes to the mortgage company itself. He doesn't rely on your statement. The main thing that every abstracter needs is some way to furnish the buyer of abstracts with what he needs right off the bat.

Anyway, I bought one of the first Edison-Dick Mimeographs, and I set up a library such as Mr. Meredith has, and through the years I have accumulated a library that applies to every edition in the territory where I work. When I found that I could make a much better copy of the original by means of Multilith, I turned to Multilith. Now, I find I can get even a better copy by having the Multilith sheets instead of typed, to have them photographed. It costs a little more money, but it doesn't have to be compared.

MR. MEREDITH: Mr. Gilbart, I am using one thing that has cut down work and saved time. We take off of the County record quite a lot of material, like suits, long wills and things like that, which the abstracters used to take off in long-hand or sort of a shorthand; either one.

Soundscriber

Some months ago I got an instrument called the Soundscriber. It is a portable dictaphone except that it takes the messages on little plastic discs, eight or ten inches around, which will take thirty minutes of dictation. Those can be filed away because you just use them once. On a dictaphone you scrape them off and it is gone, but with these little discs, it is permanent.

You can cut down at least two-thirds of the time that it used to take to take off those instruments in a court house. We find that our abstractors cut down the time of taking off instruments by at least 66 2/3% of the time.

These discs are then sent to our office where we have transcribers. They are little machines that sit on the stenographer's desk, and she uses a head-piece. The principle is the same as a dictaphone. It repeats back to them. They can use the same machine that they used to dictate, to play back. It will play back the same things they have said. The only trouble is when an abstracter starts with a chain of title, he must have the complete chain in front of her. She can't shuffle notes. When you dictate on the soundscriber, you can just dictate on the abstracts with all of your instruments and everything in their proper place, but I find it has been quite a time-saver. I pass it on to you for what it is worth.

MR. GILBART: Is there anything else? I don't want to cut off any discussion. This is your meeting. It is informal. Is there anybody else using any gadgets that you would like to tell about?

Micro-Film

MR. PAUL JONES: I might mention micro-film. I think if you need a complete take-off of the record that the only practical and reasonable way to do it is by the micro-film. In our recent experience we had contracts in counties where we had no plant, and we found it cheaper to photograph the records we needed. We put them on micro-film. We sent our force down to that county to get the information. We worked in eight counties at one time. All the records were photographed, and the cost was less than 3c a page—6c a double page. In cases where we wanted a copy of that negative, we could have it blown up to any size we wanted for an additional 6c.

I strongly advise anybody who wants to have the whole court house or a part of the court house in their office, such as the copies of all the deeds, that they use micro-film. I don't believe it is economical to do it for the mortgages or other instruments, other than wills, but I think the abstracters ought to have a complete copy of all the deeds and all the wills, because there is the basis of your title. You can do it by micro-film, as I say, for 3c a page. You can't do it any other way that cheap.

Now, the advantage is where you have a long period of time to cover that you have not covered adequately before. You can let that out on contract, and the photographer can set up the machinery in the particular office where you want this, and you will be surprised how quickly he can copy a 600-page record. It is just as fast as we can turn the page.

MR. GILBART: Thank you very much, Paul.

MR. RALPH H. HAYES, Artesia, New Mexico: Why don't you get everything. Why take just the deeds on micro-film and not get everything?

MR. JONES: Take the mortgages, for instance. In our system of abstracting, we don't set up the complete mortgage in the abstract. In our state, and yours, too, there are marginal releases and assignments, so you can't get in one shot what happens to a mortgage. You can't go back year after year and rephotograph to see what happens to it. It is not so practical. It is practical for mortgages if you want the original record on the mortgage. You can't keep your record up-to-date by means of photography because of the fact that they use marginal releases and assignments.

A MEMBER: We are micro-filming with the idea of having the entire Clerk's Office in our office, but we have a peculiar situation. Where you are operating in additional counties other than where your office is located, it seems it would be practical to have the Clerk's Office photographed in your office. Then you have to keep it up to date, after you get your past records photographed. It is a little bad now to keep up to date.

MR. JONES: That is true, but then there is a lot of stuff that goes through the Clerk's Office that never gets in abstracts, and when you get a man photographing, you don't want him to photograph a lot of different suits that don't affect real estate.

SPEAKER: In New Mexico we don't photograph suits at all.

MISS PEARL K. JEFFERY, Columbus, Kansas: In an adjoining county in Oklahoma, they use photographic abstracts, but the attorneys don't like them. They are hard to examine.

MR. GILL: She should have added that the abstracter went broke.

CHAIRMAN McPHAIL: I want to thank Mr. Gilbart from St. Petersburg, Florida, for the very fine way he has handled this discussion. I want you all to be back here promptly at 2 o'clock. Mr. Gill is going to be here with an interesting discussion for you.

Abstracters Section

A PANEL DISCUSSION

TOPICS:

"Fee Schedules for Abstracts and Other Abstracters' Services."

(A-1) Valuation Charge.
(A-2) Time Charge.
(A-3) Revised Minimum Charge.
(A-4) Carbon Copies of Abstracts—Prices for.
(A-5) Printed Copies of Abstracts—Prices for.
(A-6) Map and Plat Drawing — Hourly Charge Therefor.
(A-7) Printed, Multilithed and Mimeographed Showings of Maps and Plats in Abstracts—Charge for.
(A-8) Any and All Other Methods and Plans of Upward Revisions of Fee Schedules for Abstracts of Title and Other Title Services Rendered by Abstracters.

MEMBERS OF PANEL:

William R. Barnes, President, General Title Service, Clayton, Missouri.

Earl C. Glasson, President, Black Hawk County Abstract Co., Waterloo, Iowa.

Donald B. Graham, Vice-President, Title Guaranty Co., Denver, Colorado.

Roy C. Johnson, President, Albright Title & Trust Co., Newkirk, Oklahoma.

Moderator: William Gill, Sr., Vice-President, American First Trust Co., Oklahoma City 1, Oklahoma.

CHAIRMAN McPHAIL: For this afternoon's session we have a topic, **"Fee Schedules for Abstracts and Other Abstracters' Services."** As we had this morning, we have a panel this afternoon consisting of five of our members. It is headed by Mr. William Gill, Sr., Vice-President, American First Trust Company, Oklahoma City, Oklahoma, who is going to act as the moderator. I will ask Mr. Gill to come forward and take charge of the meeting and introduce the gentlemen who are to take part, and I will sit by and listen.

MR. GILL: Thank you, Bill. We have quite a combination this afternoon. We have a couple of "Okies", a guy from the Rockies and one from the state where the tall corn grows.

The members of the panel are: William R. Barnes, President, General Title Service, Clayton, Missouri; Earl C. Glasson, President, Black Hawk County Abstract Company, Waterloo, Iowa; Donald B. Graham, Vice-President, Title Guaranty Company, Denver, Colorado, and Roy C. Johnson, President, Albright Title & Trust Company, Newkirk, Oklahoma.

First, I want to inform you ladies and gentlemen that the moderator is about as qualified as was the moderator for this morning's panel discussion. I do belong to the Presbyterian synagogue, but I have never gotten higher than deacon, and I understood the deacon was supposed to do something that the moderator could talk about. Today I am going to let the deacons do the work. We have two Presbyterians in this group; one back-side Presbyterian that went into the Episcopalian; another Episcopalian, and another doesn't lead any religion.

The purpose of this panel, ladies and gentlemen, with the personnel of experts is to determine to what extent our charges for services rendered are proper, and to exchange ideas and suggestions which we hope will result in making your business more profitable. If I have a dollar bill and hand it to you, and you in turn hand it back to me, neither one of us have much, but if you have an idea or suggestion and you give it to me, and I have an idea or suggestion and give it to you, then perhaps we have something that might prove profitable.

After a few brief remarks from the distinguished gentleman to my right, you are going to have your say-so. That is, I hope you will. Now, this is going to be a "free for all". You have the privilege of agreeing or disagreeing, as you see fit, but please be certain that your remarks are brief. No speeches, please.

Ever-Increasing Overhead

With the increased overhead at every turn in the road, prices must be adjusted to the extent of permitting a legitimate profit. A group of this kind represents a large group of abstracters from a number of states. Revenue producing ideas should be offered. We want you to understand, as I said before, that this is going to be a "free for all". Any member of the panel has the privilege of disagreeing with you ladies and gentlemen in the audience, and any member of the panel has the privilege of disagreeing with any other member of the panel. By my right as the moderator, I have the right to disagree with all of you if I want to. So, we will now turn to the experts, and I warn you experts that you are going to do something besides sitting there on your chairs.

Valuation Charge

The first topic we have listed here is **"Valuation Charge"**.. I am going to ask Earl Glasson if he would like to say something about the Valuation Charge. If not, we will go to some other member.

MR. EARL GLASSON: I can't resist the temptation to discourse a little bit before talking about the Valuation Charge. We were not long ago in the position of a great many of you ladies and gentlemen in that we felt the charges we were making for our work were not particularly advantageous to us. We cast around for a method in which to increase our income, and among the things which we investigated was this idea, which was rather new to me, of making a charge predicated upon the value of the property whose title we were at the moment servicing.

Conclusion

We thought about many other methods of charging, but we finally came to the point where we believe this matter of valuation charging is a fair, equitable, just and remunerative method of making charges. We felt that it was fair in that we all know that a great many properties whose titles we service from day to day just won't stand an adequate charge by reason of the fact that they are worth so little, and that we cannot get out of them the cost of our service, plus a reasonable profit.

That being true (and I think we all admit it is), it seemed reasonable to believe that there should be some method of making the more valuable

properties carry a part of the load that cannot be carried by the low-value properties. Therefore, a valuation charge should be a reasonable method of accomplishing that result.

We installed a valuation charge effective as of May 1, 1946. We gave due notice of that to our clients. The Title Standards Committee of our local Bar Association, of which I have the pleasure of being a member, was advised thoroughly on it before it was installed; in fact, before the announcements were sent out. There was not one single objection to the method.

Schedule

Perhaps the reason there was not a single objection to the method was that the valuation charge we instituted was very modest. It was much less than the valuation charges placed in effect by many other people. For instance, on properties assessed up to $999.99 (we say up to $1,000), we make no valuation charge. Our service for them is for free. From $1,000 up to $2,500, we charge $1. For the next $2,500, we charge $2. For the next $4,000 and over $10,000 assessed valuation, we charge 20c per $1,000. In Iowa properties are supposed to be assessed at 40% of the actual value, and it is surprising how accurately the assessments are made.

In other words, $1,000 property carried at $1,000 assessed value is worth $2,500. If there is a small house or it is vacant property, which has some business possibilities, and is worth $2,500, we don't make any valuation charge on that. When the property is worth $25,000, assessed at $10,000, we charge $4 valuation charge. It doesn't seem like much, and yet you would be surprised to find how that amounts up in additional revenue. That item alone increased our revenue by 5-35/100% in the month of October, 1946, alone.

We were struck by this fact that regardless of the yield of this valuation charge, we didn't care greatly. As a matter of fact, we were in a position that money is rather easy to get these days. We were making a profit, and while we used this for advantageous things such as making blanket raises for our help, we weren't particularly concerned with the amount that this valuation charge would yield to us.

Inconsistent

We were concerned with this fundamental proposition that the manufacturing plants, the public service plant, the office buildings, the hotels, and the highly valued properties should carry a large proportion of the abstracting expense. We felt that once we installed this valuation charge, even on a modest basis, that we would be in a position to increase or decrease it as the occasion might demand, without causing very much of a flurry.

The charges for the month of October, 1946, revealed two or three charges which were notable. One of them was the case of a hotel building, wherein the fee for the continuation of the abstract which consisted of an entry and a certificate was $57.13. It was assessed at $300,000. There was nothing unjust in that charge. Had we not added that valuation charge on there, we would have gotten an even $6 for our work, but we would have assumed a potential liability of somewhere around $600,000 or $700,000—maybe more. We didn't stop to figure it out. I say there was nothing unfair in charging $67 for it.

Another business property sold for $175,000, assessed valuation $60,000. We made $40 or $45 for that continuation. Is there anything unjust in that? I don't believe there is. We made hundreds of continuations for property where the assessed valuation was less than $1,000, and no account was taken of the value of the property.

Acceptance by Public

Now, all this was accomplished without a bit of flurry among out customers. In fact, the resolution of the Titles Standards Committee of the Bar Association was gratifying in that they said it was a fair and equitable method of increasing abstract prices, and recognized the fact that the abstract companies must have additional revenue in these times. Our experience has been very fortunate and very pleasing. If you are interested in that sort of thing, I suggest you give it a lot of thought, and I believe that you will arrive at the conclusion that it is really a good, sensible, sound method of increasing your revenue. Thank you.

MR. GILL: I want to hear from Bill Barnes, who has another type of valuation charge relative to title certificates, and then we will throw the floor open for any questions you have.

MR. W. R. BARNES: Frankly, Ladies and Gentlemen, I am not an abstracter in the true sense of the word. In St. Louis, we issue what we call a "Certificate of Title". In many

Left to right: Donald B. Graham, William R. Barnes, Wm. Gill, Sr., Roy C. Johnson, Earl C. Glasson

respects I am not qualified to be a member of this panel. But there is one item on our program that I am familiar with, and that is the valuation charge. Seven or eight years ago in St. Louis, the companies concluded that we must have to increase our prices, and we sought an equitable way of making that increase.

Cost and Value to Customer

We determined that the proper basis for an increase should be for any charge for a service is two-fold. First, the cost to the producer, and secondly, the value to the consumer. As an example, the freight rates for a car of gravel hauled by our railroads is about 1/20 of the rate for a car of silk, yet they use the same car, pulled over the same track, by the same engine. The gravel man couldn't pay the rate charged the silk man or he couldn't deliver gravel.

We use that as a basis for our argument. We determined that the charge should be predicated upon the assessed valuation, as Earl has done, but our rates are considerably higher than those charged by Earl. The rates we charge are $3 for $1,000 or a fraction thereof on the first $5,000; $2 for $1,000 or a fraction thereof of the next $5,000; $1 for $1,000 or a fraction thereof of the next $50,000; and 50c for $1,000 over that. Regardless of what the valuation is, it has increased the certificate from an average of $34 to approximately $46. Our increase amounts to 35% of our former prices, and yet we have had less resistance from clients than we have had on any raise we have ever made.

We felt that the person who was buying a $1,000 lot should not be put to the same cost for his title evidence as the person buying a $10,000 home. We realized also that our liability on the $1,000 lot was considerably less than it was on the $10,000 home, and by merely applying the insurance rate theory, we determined that if we missed a tax bill on a $1,000 our loss would probably be $10 or $12. However, if we missed a tax bill on a $10,000 home our loss may be $100 or $2.00. It has been very practical in our area. As I say, it has had less resistance than any raise that was ever made. I can recommend it to you as being not only practical, but profitable as well.

NOTE: Mr. John Harvey, Partner, Talley Harvey & Co., Sioux City, Iowa, had planned to attend the Coronado convention. He found it impossible to be present but sent a short statement of the history and experience in Sioux City in using the Valuation Charge Method. His statement follows:

The History of the Valuation Charge in Iowa

By John H. Harvey, Partner, Talley, Harvey Co., Sioux City, Iowa

Since the issuance of the 1939 code of the State of Iowa, the laws of this state have gone through a great many changes and many additions. Abstracters were faced in 1940, and since, with so much new details that the two following ideas were paramount in the minds of the owners of the three firms in Woodbury County.

How to justify additional revenue and how to do it Simply.

The first step in the case was to hit upon the fairest means and one least accessible. One which would forever get us away from the old, ancient, and state wide known method of charging; namely, by page and by entry. Under the old method the bankers, the realtors, and the attorneys made a laughing stock of us, pitting one competitor against another and all we did was fall in line with their wishes. Under the old, nation wide, abominable method everyone could tell you what you charge and curse you for it. Next, in the latter case it was most evident that to spend from a half hour to two or more hours figuring extra charges, reasons for justifying the same and then trying to explain the same, to the rank and file public was folly. Ours is a trained service and should carry proper respect.

In our county, the assessor, through the Auditor and Treasurer, set up our tax books yearly on a 60% actual value basis. By these books you pay your taxes; by these books your property is valued; and by this method, yearly, are our city, state and Government expenses paid. Why then, not use their figures to base **our** valuation charge? It is at least inaccessible; arrived at and made up by a trained crew of workers together with a trained committee of realtors and is now generally and wholly accepted by the entire public without criticism. One-half of one percent was finally decided upon by us and the details as to how often, length of time, adjustments for fraternal societies, etc., were worked out to suit us locally.

Next, Simplicity, under which we first considered raising of price per entry; time charge for taxes (our treasurer's office being our biggest bottle neck). Next, extra search charge for extra names, for old age assistance search, insane search, and all such extra and new additional work being as possible charges were also discarded and thrown out. We finally decided to charge what was our regular method plus the valuation charge, or where valuation charges do not fit, the time charge comes to our rescue.

You can't pay higher expenses and wages and have a competitor.

You can't educate the public and turn out good service, without the respect of your lawyers, realtors and bankers.

YOU CAN'T SERVICE AN ABSTRACT FOR THE PRICE OF A CERTIFICATE CHARGE.

Lastly the greatest benefit of all is that it furnishes a common get-together basis for the better results of all interested.

In other words we must advance and progress with the times.

Conservatives and dyed in the wool won't agree and won't better themselves, but it is true nevertheless.

This in conclusion was what it took, to get the three of us together, to get results, and to get us to meet more or less monthly, in friendly discussions of our problems in Woodbury County, Iowa.

It requires also "Give and Take", "Modern forbearance" and above all, erase your "Ego".

MR. GILL: Now we are ready for questions.

MR. GILBART: I would like to ask Mr. Glassen a question. Do you use a base rate such as a surcharge, and an entry page rate as well as your valuation charge?

No Change in Basic Rates

MR. GLASSON: Yes, there was no change made in the basic rates; the certificates, entry rate, and the per page rate. The valuation charge is merely a surcharge added on top of all other charges. In that connection, there is no break-down of charge on a customer's invoice. We never have an inquiry for a break-down of the charge. Apparently, they accept it as being correct.

MR. HUGH H. SHEPARD, Mason City, Iowa: I would like to add to Mr. Glasson's contribution by giving some of my experience. There are three abstract companies in Cerro Gordo County, Iowa, which has a population of approximately 50,000. The largest city is Mason City, Iowa, which has a population of 30,000.

The increase in the volume of abstract business in the past fifteen years is well reflected in the volume of deeds, mortgages, assignments, and releases filed for record in the office of the Recorder of Cerro Gordo County, Iowa.

There are two or three times as many instruments filed now than in 1931. It involves the employment of additional help, which is considerably less experienced and that means an increase of risk, so we put into effect the valuation charge.

Rates

Our charge is a little bit different. There is no valuation charge where the valuation is nothing up to $249. We take the assessed valuation which we find is very low indeed in comparison with the prices at which property has been selling, but it is the only definite thing that we can use. Then from $250 to $499, the surcharge is $1. There is an increase of $1 for every $500, until we get up to $5,000, and then that charge up to $4,999 is $10. Then we go up $1 a $1,000 until we get up to $19,999, which is $20. Then the charge is 50c for every $1,000 until we get to $55,999 and then the charge is 50c for every $2,000. Then, everything over $56,000 is $30.

I believe the valuation charge shall be 50c of the above where the abstract is continued for loan purposes only, and

no change of title occurs since the last continuation.

No charge on valuation shall be made if no change of title occurs and the customer has paid one valuation charge on the same land within a period of one year from the date of order. It is immaterial which abstract company made the valuation charge within the year.

On all abstracts which have not been certified since August 8, 1946, a full valuation charge shall be made, except where continued for loan purposes only, and then the 50% rule shall apply.

Whenever a change of title occurs, then the full valuation charge shall apply even though the continuation includes a mortgage.

The gross revenue of our own business increased 34% for the first six months of 1946 over the similar period in 1940. We had been charging the same rate for some years, viz.:

Regular entries: $1 per entry
Court and probate proceedings: $3 per page
Certificates: $5

Through the adoption of the valuation charge a minimum of criticism greeted the foregoing schedule when it was put into effect in August, 1946. The cost of an abstract continuation for city property was increased on the average between $2 and $4. However, some difficulty was encountered with farm property.

The average quarter section in Cerro Gordo County is assessed between $7,000 and $7,600, with a resulting valuation charge of $15 or $16, in addition to the regular charge of $1 per entry for instruments shown. Thus, the cost of continuing an abstract for a quarter section farm by showing a deed, mortgage and certificate was about $22, which perhaps was a little high. The cost seemed a little high, and there may be modifications. Then, we charge for additional names and certificates, etc., on that thing. I think that gives you the details.

We will say it is the most eminently fair system there is. We find we have to pay our employees top wages as against people of all the different industries and activities of the city. Otherwise, we would be merely a training school for these other people to hire our employees for a little bit more money. We find we have to pay to keep them, and the valuation charge helps take up that slack. There has been a vast increase of business, but we are getting caught up slowly.

MR. GILL: Thank you, Mr. Shepard.

And More Rates

MR. BOONE, Twin Falls, Idaho: We put that valuation charge in effect ten or twelve years ago. We charge $1 per $1,000. In all cases where the valuation charge amounted to only $34 we had no trouble. Where it amounted to $50, we had considerable trouble. We had so much trouble that we quit it. Now we have no valuation charge, but we have raised our rates. We increased our income perhaps 20%. We had considerable trouble, particularly on the hotel property. One I remember yet sold for $100,000. Our charge was considerable.

MR. GILL: Are there any other questions?

MR. A. W. SUELZER, Fort Wayne, Indiana: I wanted to ask Earl this. Assume that you made a continuation covering such a short period that it wasn't necessary to add anything except a new certificate, and the property was worth $100,000, what would the fee actually be?

On Quick Continuations

MR. GLASSON: If that continuation was made within six months of the time that we made a valuation charge, there would be no new valuation charge, providing that there was no change of title. If the property had been sold, and we had to make a complete search on the new owner, we would again make the same valuation charge.

Bear in mind always with respect to our exceptions to this rule that we only have one or two of them. Unlike Mr. Shepard, we have endeavored to keep this thing down to the point where the line of resistance will disappear.

We have had two questions with respect to the valuation charge in six months; one with respect to an office building which was sold and on which the continuation fee, to show nothing but a certificate, came to over $50, and one with respect to a business property worth several hundred thousand dollars, and on which the continuation fee came to around $75.

In the instance of the office building —the first item I mentioned—all we had to do was to explain over the telephone to the owner of that property why the charge was in that figure. He felt that we were perfectly justified and he sent us a check immediately. With respect to the business property —the second item—the owner was a non-resident owner, and we had quite some correspondence with that gentleman. He adopted the attitude that there should be some legislation to establish abstract fees at a reasonable basis, apparently figuring we were unreasonable in our charge. When we wrote back to him and said that we would welcome his assistance in establishing adequate abstracting fees or some sort of legislation where there could be a licence law, he sent us a check for the full amount of the charge, and he offered us his assistance in going before the State Legislature if we needed him to get that legislation in.

In every instance it is a matter of only explaining the situation, providing that you are reasonable in what you are asking. We have never been in a position where we could not justify our charges. Those are the only two objections we have ever had.

MR. GILL: Assume that you make an abstract on a $200,000 property. You bring that to date, and then ten days later it comes back to you to show a $130,000 mortgage. Then ten days later it shows $130,000 assignment of that mortgage. What would the charges be?

Deed and Mortgage Transaction

MR. GLASSON: The first continuation would carry a charge on the assessed valuation. If it is worth $100,000 the assessed valuation would be on $40,000. The second continuation would show $130,000 mortgage and it would carry only a charge for the certificate and for the showing of the mortgage. The third continuation coming in in another ten days would carry only a certificate charge and a charge for showing the assignment. In neither of the latter two instances would there be an additional valuation charge, providing the owner was the same one as on the original valuation charge. That would apply for six months.

MR. THOMAS J. LLOYD: Suppose you made the original abstract on a $100,000 property, and the abstract we would say came to $125 for the original cost. Then would you add the valuation charge on top of that again?

MR. GLASSON: That is correct.

MR. MEREDITH: Suppose there is a new sale made on this sale, and it comes back with a new owner and a new mortgage.

When the Fee Title Sells

MR. GLASSON: We would make an additional valuation charge the same as we made the first time, providing there was no change in the assessed valuation. It would go on quite a while on the scale of charges that we make. For instance, on the $10,000 assessed valuation we would only get $4. It would take quite a while to run $4 into $30,000 or $40,000.

MR. GILL: What do you do in this case, Earl? Suppose you abstract a piece of property for an oil company which is 160 acres. They paid $25 an acre for the lease. Six months later it is oil-well property and is worth $20,000 per acre and the pipe line company wants to know who to pay the oil rights to. What do you do?

MR. GLASSON: I would feel awfully bad that I couldn't make an additional valuation charge for the increased value of the property, but I still would stay by what the book said, and charge on just what the assessed valuation was.

Local Conditions Control

I think all of you will have local situations that will make my plan unworkable or unjust to you. You would have to work that out for yourselves, but I believe that every one of you could find an avenue through which you could

do that and make your charges equitable. In some instances I know the valuation charge is predicated on the sale value or the loan value of the property. We don't do that. It is too complicated to go to every customer and ask, "How much is that property worth?" We take the assessed valuation and we are done with it. It is a matter of record. Nobody can argue that it is valued too high.

MR. GILL: Are there any other questions?

MR. SUELZER: From the point of view of potential customer resistance, you bill just one blanket fee. The valuation charge never comes into issue until the customer complains that the fee is too high, and you then explain the basis on which you have calculated. Ordinarily, your customer knows nothing about the valuation charge that you use.

MR. GLASSON: I presume over a period of years that would be true. However, at the moment the matter is too fresh in the minds of realtors, bankers and building and loan executives, to make that a true statement. We are all at the moment very conscious of that. They have noticed there is an additional fee being paid for our services, and regardless of the fact that it isn't itemized on the invoice seems to make no difference to them. As a matter of fact, I think they are rather grateful that we don't itemize them. In almost every instance they are acting as a collection agency for us. That is all there is to it with them. They like it that way.

CHAIRMAN McPHAIL: What is your base rate?

MR. GLASSON: $6 for a certificate, $1 per entry, and approximately $3.50 per page of court work. This valuation charge is on top of that.

MR. GILL: Does any member of the panel disagree with him? Are there any questions you want to ask?

MR. DONALD B. GRAHAM, Denver, Colorado: I am assuming you have competition at home and that this rate was established with the knowledge of your competitors.

Late

MR. GLASSON: Your assumption is exactly 100% wrong. We haven't had competition for almost twenty years. In that twenty years we have made no revision of charges. I therefore am in the position that I can say, "Now, I have leaned backwards for you fellows. In the face of increasing costs and increasing requirements on my service, now is the time that I have to have additional revenue." Mr. Shephard has two competitors. In instances where there is competition, it is my observation that it is easier to get a higher valuation charge than where you are alone and have to be a good boy,—or else.

MR. C. D. EIDSON: I presume Mr. Glasson's figures are based on a county assessment. You have a County Assessor. I am wondering if you happen to know, or does anybody know, how to base the valuation where you have some thirty different Assessors of the county. One time it is assessed 25%, the next 40% and the next 60%. That is my difficulty.

MR. GLASSON: I can answer your question, because in Iowa we have the Township Assessor system. We don't have a County Assessor. Any incorporated city or town has one Assessor, and for the outlying properties the Township does the work. If I were you I would adhere to the assessed valuation just the same.

As a matter of fact, so far as we are concerned, it doesn't make any difference if this thing is imposed on a just valuation, because we are looking at it as the overall picture of what it will do to our abstract company's income. The Township Assessor will value properties at a lower level than the city. It will be advantageous to the farmer, but not to the city property owner. There is some inequity there.

MR. GILL: We are going to pass on to the next topic. That is the **"Time Charge"**. I don't believe anybody on our panel is competent to discuss the time charge, unless it would be Earl Glasson, who investigated it before he put in the valuation charge. I am going to ask Earl what he found out about the time charge, and anyone else in the audience can tell us about it.

Time Charge

MR. GLASSON: Obviously in our studies of additional revenue producing sources, we talked about and studied the time charge. The time charge to us in our conclusions appeared to be a fee for running tract books and judgment indices for varying periods of time. Now, obviously there must be justification for that kind of a charge.

I couldn't find a single objection to it excepting this, that obviously your certificate charge is predicated on a complete judgment search period—in the State of Iowa it is ten years. Personal tax liens and income tax liens and judgments outlaw in ten years after rendition or assessment, as the case may be. Our charge covers a period of ten years. In our particular section we have a peculiar situation. We have almost no abstracts which would come within the definition of what you call "complete" abstracts, going back to the source of title. Most abstracts starts with property from subdivisions.

Again, we discovered that a great many of our continuations—and yours as well, I am sure—will be made for the purpose of loan closings wherein the lender prefers to deduct the last abstract fee from the proceeds of the loan and to hold it until he gets the bill, whereupon he pays us out of that money.

Simplicity

If we had too complicated a system, it would be impossible for him to find out what that charge was going to be. It is easy enough to figure out what an assessed valuation charge is going to be. You can call the County Treasurer and determine what the assessed value of the property is going to be.

If on top of that he had to count the years for which we were going to make a time charge, he would have an additional operation to go through. Again, we had as our paramount idea that the fees should be based on the simplest method possible. We discarded the time charge.

There is one other justifiable theory on which a time charge could be made. That is what the public utilities call a "Ready to Serve Charge". This is viewed from the angle that we have maintained a tract of indices. It is the only method of determining titles, and we have maintained these regardless of whether we are getting revenue from the particular piece of property, which carries various postings. If need be, we could justify a time charge, but on the contrary, those tract indices, whether we use the postings, are a part of our stock and trade, and we maintain those just for the privilege of being in that business. Therefore, we felt that the charge we make against our tract indices is in the way of interest on our investment and was a sufficient recovery of any items posted and not used, and not thereby returning a remuneration to the company. We felt that the time charge was too complicated and too hard to explain. There were actually more arguments against it than there were against the valuation charge, and we therefore discarded the idea entirely.

There is plenty of justification for it, if you like the charge and the method. It would be readily accepted as has been our valuation charge. I think it is entirely justifiable.

MR. JOHNSON: You raise the question and make the statement that it is more simple to have an assessed valuation charge based on the assessment than to have a time charge. You must find out from the Assessor what the assessed valuation is, but on the time charge you can look at the abstract and determine the period of years to be covered and ascertain if you had a schedule before what the charge would be.

MR. GLASSON: That is probably true. As I said, having convinced ourselves we wanted a valuation charge, we hesitated to add another complicated charge like a time charge. Had we decided not to have a valuation charge we probably would have had a time charge. Either one of the two would be easily figured. We didn't want two operations necessary for the lender to figure abstract charges on the next continuation. As I say, you can find

justification for it and it would be well worth your while.

Surcharge

MR. GILBART: We used to have a time charge in our community some ten years ago, but we discarded it. We have not used it for a good many years. We depend on our surcharge to absorb the overhead and the upkeep of our records. Our base charge and surcharge now is $10, and I think that covers it in our community.

MR. JOHNSON: You charge a man $10 if he comes in ten days later?

MR. GILBART: Yes.

MR. GILL. Who in the audience has a time charge? Mr. Meredith, tell us why you put it in and how it works.

MR. MEREDITH: Of course, we put it in because we had to get more money. Of course, I don't agree with Earl. There is more justification for the time charge because it is covering more records, and it is very easily explained to the public that you are going to make a search for five years and that you have to look over more records than if it is just for one year. I don't know why we eliminated the first year, but we did. There is no charge for the first year. If it comes back in ten days or two weeks with other continuations, there is no time charge. We charge 50c a year up to ten years. That is where we made our mistake; we stopped at ten years. The only reason is because we have a ten year judgment search in Indiana. So, we felt that prior to that time we wouldn't have to make a judgment search and we wouldn't make a time charge. But we have to make a search for other instruments as well and we made a mistake on putting the limit on ten years. I think maybe we can take it off one of these days and let the charge run on. If we get a continuation that covers ten years, there is a $5 surcharge on that continuation.

The only one it isn't fair to is the fellow with the little vacant property that isn't worth much, and he pays more for it than the fellow with the high price property. In that case, the valuation charge is more fair.

Time Charge Favored

We have never put in a valuation charge. There was no objection at all from the attorneys, realtors or the main customers on this time charge. We have never had any objections to it. We itemize our charges. We itemize them for entries. We itemize them for certificates and we itemize them for the time charge just like a plumber does. We used to have a lot of objections. They would say, "I can't understand why it is that much." That has been eliminated. It is on the bill and the realtor has the bill in front of him. When the customer couldn't understand, the realtor would sympathize with the fellow, and he would say, "I think it is too much, too." Then, we would have them both back on our necks. We itemize now. I heartily recommend it.

MR. GILL: Are there any other remarks or questions on the time charge?

MR. LLOYD: When you say you itemize a bill, do you mean you put down so many entries?

MR. MEREDITH: We put down so many entries. There may be ten or fifty, and I put them down at so much.

MR. EIDSON: Moderator, I would like to ask Joe what his charge is above ten years.

MR. MEREDITH : We have no charge at all. We made a mistake in stopping at ten years.

MR. GILL: Are there any other questions or remarks? We are going on to **"Revised Minimum Charge"**. Who wants to say something on a "Revised Minimum Charge"?

Minimum Charge

MR. SUELZER: We do have a minimum charge. Our certificate charge is $7.50 with a minimum of $10 for the continuation. In other words, let me mention this that the sixty-day period figures in our charges. Within sixty days we have a minimum charge of $7.50. We start with a $5 certificate charge and then we add on it per item in the formal way, but the minimum is $7.50 within sixty days.

Therefore, our minimum in the case of what we call a "recertification" in a mortgage transaction is a blanket of $7.50, which the lender always adds to our continuation charge when sending the abstract back. If the period is over sixty days, our certification charge is $7.50 with a minimum of $10.

In other words, we add on the $7.50 certificate charge the regular item schedule. If it happens too that there are only one or two instruments that according to the schedule would bring it to $8.50 or $9.00, the minimum is $10, so that in no case where the continuation covers more than sixty days do we charge less than $10. That was our last schedule revision. It is about two years old now. We never had any questions about it.

MR. BOONE: What do you charge per entry?

MR. SUELZER: We have different charges. A transfer of deed is $1 providing it doesn't run over a page. It is 50c for every additional page over one. Instruments like releases of mortgage and assignments of mortgage are 50c. We show both the mortgage and the release after the mortgage has been paid off. In the case of special assessments for city improvements, we charge $1 each. We show those whether they are open or paid.

Full Data

Our explanation for that is so that the property owner will know definitely that the pavement in front of his house is fully paid for. Sometimes in a continuation we have a showing of as many as four special assessments, all fully paid at $1 per. For court proceedings, which are generally quite full, our attorneys require almost a transcript. We copy all pleadings in full, single space, and charge $1.50 for that. Decrees are double space and we charge $1 a page. I would say that our average continuation will run in the neighborhood of about $18.50.

MR. J. ALBERT LASKEY, Toledo, Ohio: We are just thinking about this at the present time. We have a minimum charge of $8 for our certificate. We don't put on an abstract certificate, but a continuation, and it is $8 at the present time. If it were ten years, it would be $8 because of that minimum. We are figuring on putting in new minimums so that if we went back two years it would be $9. If we went back three years, it would be $10. There would be $1 a year minimum. We would charge about the same as Mr. Suelzer. We would charge $1.50 for the showing of the deed; $2 for suit or probate; 75c for each additional page, and add it up, and whichever was the greater would be what we charged.

In other words, if it went back just a week and we had to show land sale proceedings or something like that we would charge on the basis of items, but if it went back ten years and only showed a deed, it would go on the minimum charge.

MR. MEREDITH: He has a time charge then.

Combines Them All

MR. H. S. PATTERSON, JR., Gadsden, Alabama: I think that we probably have a system that represents a combination of all that has gone on this afternoon. We have two minimums; one for $15 on continuations and $25 on the so-called "originals". The continuation minimum accounts for five pages and a continuation, which includes our certificate and an index. I don't know how many use indexes, but we do. That allows then for three pages of record matter to go into the continuation.

On our originals, that minimum covers the first eight pages, and again including the certificate and index. On those minimum number of pages we go up to the rate of $1 per page, double spaced, on legal sized paper. I think the system was worked out and put into effect about three years ago after the company had been operated some thirty-odd years.

CARBONS AND PRINTS

MR. GILL: Are there any other comments on the minimum charge? If not, we are going to pass on. We are going to take A-4 and A-5 and combine them. I don't know whether any member of the panel is competent to talk on it. Mr. Graham, what is your experience in Denver on carbon copies and printed copies. What do you charge?

Multiples

MR. GRAHAM: I don't think any of us in Denver like printed copies of abstracts. They seem to have the feeling that the public feels that a printed abstract should be sold at a dime or a nickel, like the Saturday

Evening Post. We do use some carbon copies. We are not very proud of them. In these days of heavy orders and lack of help, we have used carbon copies. We are coming more and more, of course, to Mimeograph or Multilith copies, and we have a schedule of fees for that kind of work.

Rates on Multiples

The first abstract, of course, is at the regular rate — our regular fee schedule. The second is 80% of that; the third 70%; the fourth 40%, and the fifth 30%, with a minimum of $20. They can't average out any less than $20 apiece. That schedule has apparently been satisfactory to our customers, and I don't think we have found any particular fault with it. Occasionally a customer wants 50, 100, or 200 abstracts at one time. If you buy ten of them you pay $20, but the schedule for the large orders has not been worked out yet. We have been talking about it, and we hope to work out some sort of a graduated scale.

In the past we have given reduced prices and have always gone too far—20%, 30%, 40% or something like that. It seems to me that where abstracts are ordered, 30, 40, 50, or more at a time that the fee should be reduced one or two percent. Something along that line would be more logical and everybody would feel that they had a more fair deal.

As I said before, we don't like printed copies. We don't object to carbon copies, provided it is just one or two that are made. The customer doesn't seem to object to that. No one seems to object to the Mimeograph or Multilith copy.

MR. GILL: Thanks, Don. Does anyone have any other schedules you go by that are better or worse than Don's?

More Multiple Rates

MR. SHEPHARD: For multiple abstracts we have no carbon copies. We don't believe in them. For the first abstract we charge the regular price, plus valuation.

2nd abstract—75% of total cost of 1st abstract.

3rd abstract—60% of total cost of 1st abstract.

4th abstract—40% of total cost of 1st abstract.

5th to 10th, incl.—25% of total cost of 1st abstract.

11th to 25th, incl.—20% of total cost of 1st abstract.

All over 25—10% of total cost of 1st abstract.

The minimum charge for abstract from plat to date is $5. The minimum charge for an abstract from the government to date is $7.50.

Where an abstract is made from a copy, we use the regular rates to figure the value of reproducing copy abstract, add valuation charge, deduct 25% from amount, and add continuation and certificate at the regular rates.

On multiple abstracts we take the cost of the master abstract plus valuation charge, without regard to the amount charged for the first copy, then the second abstract is 75% of the cost of the master abstract, plus valuation charge, and the scale is just the same, and the method of figuring is just the same as on multiple abstracts as set out in the paragraphs above.

When estimates are made on any abstract work and the order is not immediately received by the estimating abstracter, he should immediately advise the other abstracters of the description and the amount of the estimate, thus saving the other abstracter's time in arriving at estimate costs.

CHAIRMAN McPHAIL: Do you make up abstracts at the same time and hold them and wait for them to call for them ten years later?

MR. SHEJHARD: We usually prefer to certify the whole bunch at one time.

A. B. WETHERINGTON

Member, Board of Governors, American Title Association

Secretary, Title and Trust Co. of Florida, Jacksonville, Fla.

CHAIRMAN McPHAIL: Do they take them then and pay for them?

MR. SHEPHARD: We charge a continuation rate when we issue them.

Multiple Rates—Oklahoma

MR. GILL: I am going to give for the sake of the record an Oklahoma picture. For the first abstract we charge the full price; for the second one, 60%, the third one, 40%, the fourth one, 30%, the fifth to the tenth, 25%, eleventh to twentieth, 20%, and over twenty abstracts it is 10c per entry. There is a minimum of 10c per entry, that is where you make a contract on a new addition to make up a large number of abstracts.

MR. LLOYD HUGHES: On your 10c per entry, do you add a certificate charge on each abstract to that?

MR. GILL: No, we make a flat charge of 10c per entry for a certain number of abstracts.

MR. HILLIS: Do you know what that would average?

MR. GILL: I don't have the least idea. I had to wire the office to get this schedule.

MR. JOHNSON: That is a minimum charge of 10c.

MR. SUELZER: Some years ago we made an effort to show the charges for those same kind of jobs for any number of abstracts. I spent about a week filling pages with figures, in an effort to fix it so that one more abstract would always produce an addition to the fee. I would like to ask you whether under the schedule you read if it provides in every instance for one more abstract to make an addition to the fee.

MR. JOHNSON: It does.

MR. SUELZER: I was always getting to this point where a man might get fifty more abstracts and pay maybe an infinitesimal additional sum for the extra fifty than if it was fifty less. Our schedule works about the same way, except we don't bracket and we get ours down to one more abstract and calculate that fee.

MR. WHEELER: In your case do you certify that these abstracts are true copies, or do you let them go out with the corporation name and signature in print, instead of signing them in pen and ink?

MR. GILL: We get an order for an abstract and we put the number down, certify it, and let it go. We sign the slip. You mean identify each sheet?

MR. WHEELER: The final certificate. Does your name appear in print or pen and ink?

MR. GILL: Pen and ink. There is no charge for that. It is included in the contract charge.

Are there any more comments on the contract price? We are going to skip on to A-6, **"Map and Plat Drawings—Hourly Charge Therefor."** The artist on our panel is Roy Johnson from Oklahoma. What do you do?

Map and Plat Drawing—Hourly Charge Therefor

MR. ROY JOHNSON: I am not an artist. I do think that a plat or a map is an essential part of everybody's abstract. We happen to be engaged in the mortgage-loan business as well as the title business, and we run into occasional abstracts that do not have proper plats or maps, and they are very important. It does sound to me like a good idea that such map drawing or plat drawing might be upon an hourly basis for charge. However, the thought does occur to me that a good many of us during the past few years have not had an experienced map drawer or plat drawer. How you can charge a reasonable charge to a customer for an amateur plat drawer, I am not sure. It doesn't seem like a very feasible thing.

If you do have in your organization an experienced draftsman, I think it would be weell to put the charge on an hourly basis. I recognize that some plats are very simple and some perhaps are much more complicated. I do think that a plat is essential. A good plat should go into every abstract and should be as neat as possible.

In our own organization we make an effort to try to let every new person who comes into our office have an opportunity to draw a plat or two. You either have the art of drawing plats or you don't have the art. Occasionally, we can pick up someone who uses the pen to a little better advantage than some of the rest of us. We try to give the plat drawing to those people who are a little more adapted to that particular art.

I again state that if you have an experienced draftsman, it would be well to charge on an hourly basis. I don't think it should be done if the draftsman is inexperienced.

MR. GILL: Does anybody else have a comment to make on the charging for plats?

In Office

MR. SHEPHARD: We draw the plats in our own office. Some are more complicated than others. We make a minimum charge of $1 to $4 for the plat, depending on the length of time it takes to prepare them.

MR. GILBART: Isn't it possible, Roy, to photograph those plats and either reduce or blow them up as you need, without having them drawn mechanically?

MR. JOHNSON: That is a very nice thing to do if you are making a contract job, but if you are making a single abstract on a particular parcel, I am sure you would find it more expensive to have that photographed, blown up or down, than to draw it.

Blueprint Firms

MR. GILBART: In our community we have a blueprint company who has a copy or a photostat of all the plats in the county. He has a complete set, and whenever we want a plat for an abstract, we call him on the phone and give him the number of it, and he photographs it and sends it to our office. He charges us 75c. We charge $1 for putting it in the abstract. We don't have to have any draftsman to do it. Depending on the size, he reduces it or blows it up to fit our size. We get them all for 75c apiece.

MR. GILL: What if it is an irregular metes and bounds description?

MR. GILBART: Our abstracter does the drawing. There is no extra charge as far as the employee is concerned. We charge $1 for the plat if it is simple.

MR. GLASSON: I have an unusual amount of foresight. I read the program in advance and I will show you the things I brought along. We do have a draftsman in our employ. He is not a whiz. He does presentable work. It has been our experience, regardless of whether the draftsman is an expert or an amateur, that if you set an hourly charge the production will equal that of the person in the other class. If your draftsman is an expert he will turn out more work than someone in an amateur class.

. . . Mr. Glasson then displayed several plats and maps . . .

Charges

MR. GLASSON: We charge $2 as a minimum for maps with the exception of the mechanically reproduced maps. Wherever we have a metes and bounds description to draw out mechanically, we find that the $2 minimum to cover one-half hour's work is a profitable figure. For each additional half hour there is an additional charge of $2. Our minimum is $2. We run into decent figures sometimes, but always we have found that the complexity of the drawing is self-explanatory for the charge. We don't have a bit of trouble in getting money out of it.

Wherever we have an addition like this I have with me, we have a lot of them printed. They are jerked as the occasion may demand. A $1 charge covers the effort of going down and getting the thing. It makes a good looking abstract. You could pick up additional dollars by using that system.

Hand Drawn

MR. L. B. CARDON: I think you will find that one of the best advertising features you can have in the abstract business is a satisfactory map in your abstract. It not only should be well drawn with all the descriptions shown, but it should all be on rather heavy paper. The map is used more than any other part of the abstract, and if it is going to stand up during the life of the abstract, it has to be on pretty heavy paper.

We use almost exclusively the drafting line even where we have hand-drawn plats, and we find that it is very much more satisfactory than paper. I have a Multilith machine, and I have been using that for subdivision jobs. The only criticism I had to that particular plat was that it was on lighter paper. It is more satisfactory to put them on heavier paper. I think also that people are willing to pay for plats whether you figure it on a valuation basis, a time basis, or just how you figure it. I think the charge you make for the plat is one of the easiest pieces of money that you will get in the abstract business. When attorneys need a plat they are willing to pay anything to make the plats more readable.

Multilith Plates

MR. JONES: By using the Multilith you can make plats very cheaply and not use the pen and ink at all. I just make a pencil sketch in plats. I take that pencil sketch and a metal Multilith sheet, and I use an ordinary sheet of carbon paper between the pencil and the Multilith sheet, and I find that I can trace that plat right on the metal sheet and get a reproduction that is as good as an inked in drawing which is one of the matters of making plats.

Now, if you will have that carried out in your office by just tracing in your pencil sketch through an ordinary sheet of carbon paper, you will get a plat that will print up to 4,000 copies, and cost not more than 4c a copy.

Contact Printing

MR. B. E. SCOTT, North Platte, Neb.: I have a contact printing machine we have been using on these plats. Our City Engineer has a big map of our main town in the County—North Platte—and he had negatives from that, and he has made a big wall map. We have those negatives of the cities, and in sections where we can take certain subdivisions or areas large enough to fit abstracts, and we make a plat to put in. For some farm land (we have a lot of irrigation there) the Irrigation Department has taken an aireal survey, and we have just flattened them out. We don't have actual pictures, but they are actual showings of the sections. We have negatives of those and we put them in the abstracts, which makes a nice plat.

MR. GILL: The next question is: **"Any and All Other Methods and Plans of Upward Revisions of Fee Schedules for Abstracts of Title and Other Title Services Rendered by Abstracters."**

Charge for Service

If you don't do any of the other, what can you do to get a little additional revenue? We have been trying this for about six months. Take this plat here. Suppose we were abstracting a little corner like I marked out there. We would say to the customer when he came in, "We are bringing this abstract to date." We may not have to show anything, but we say we are going to bring it to date and check a period of five years. We are going to have to check everything lying around that to see if any overlap of any kind exists. When we get through, we may show only one entry. It may take us a half day to check it out. Therefore, there should be an additional charge of $7.50, $10, or $12.50. There is no complaint on making an additional charge for the additional search you have to do on irregular descriptions. Does anyone have any other suggestions?

Conflicting Entries

MR. HILLIS: In line with that suggestion of yours, from the very earliest time in our county, we have always made an additional charge for a conflicting conveyance or in conflicting entries of any kind, on the theory that there was necessary an additional inquiry and check to determine whether or not those people actually own the property, or perhaps finding out what

property they really owned. Whether or not anything was found, the charge was made.

MR. GILL: Are there any other suggested ways of increasing the revenue? Roy, what do you do to make a living, in addition to what you have already said?

Daily Legal Reports

MR. JOHNSON: You mean other than poker playing and the like of that? Well, Bill, we have for several years published a daily legal report which is pretty widely circulated to all the banks and real estate offices, etc. They pay us $2 a month for that service.

MR. GILL: Are there any other suggestions

MRS. PEARL K. JEFFERY, Columbus, Kansas: I issue a daily bulletin which shows the records of the courthouse, and I used to get $2.50 a month for that.

MR. GILL: Are there any other suggestions?

MR. R. H. McCOY: Along about the first of August in our County, I compiled a list of chattels on mortgages and mailed them out to green buyers, which they appreciate. We sell that at a flat fee.

MR. FRANK K. STEVENS, Angleton, Texas: How many here don't put indexes in their abstracts? Do any of you know a good reason why you don't?

MR. GILL: I would rather have the reason why you do.

Index the Abstract

MR. STEVENS: Your index and contents of abstracts saves the attorney's time. Anytime you leave one out, they really feel hurt about it. We said we charge for putting it in. We don't charge much, but I think every abstract worth making is worth indexing.

MR. GRAHAM: What is an index in an abstract?

MR. STEVENS: It is just a list showing the page, the grantor, the grantee, and the nature of the instrument and the pages of records. You could bury that, but anyway it is a big help to the lawyer to have an index.

MR. GILL: Are there any other comments?

Before turning the meeting back to our Chairman, I want to make this brief observation. I believe that one of the best ways to produce business and increase your revenue is with your public relations program. The talk we heard in this section meeting from Mr. Powell this morning is one of the finest public relations talks I have ever heard in a group, but the trouble of it is that we are too prone to go back and not do anything about it. It has been the practice now in our office to program our work and then work our program.

I think that when we get back home that we ought to make an inventory of what our public relations program is. I kind of like to break it down this way in four different subdivisions. Proper public relations consists, as I see it, of four things.

Four Excellent Points

The first one is employee and employer public relations. In other words, you have to have a proper public relations program with your employee to get the best out of the employees and to keep them satisfied and on the job.

The second is the community public relations. Now, I think that would mean, what part do you play in the life of your community? Do you take part in the Red Cross, Community Chest Drives and any community activity? That is nothing more than community public relations.

The third is customer and potential customer public relations. I think it is worth just as much to us to cultivate a customer as it is to go out and get a new one. Perhaps it is worth more to cultivate one than to get a new one. If you keep a good customer, you save the time of getting a new customer.

The fourth is political public relations. I mean by that, play politics, if you want to call it that. Get well acquainted with the County Commissioner, the County Clerk, or anyone you have contact with, and particularly the members of your Legislature and of Congress. You never know when a matter of legislation is going to affect your business quite materially. You get a great deal further if you know your Legislators personally than if they are just mere acquaintances when you go to talk to them.

I want to thank the members of the panel for leaving their places of business to come to California and help out.

CHAIRMAN McPHAIL: Ladies and Gentlemen, I want to thank Mr. Gill, Mr. Barnes, Mr. Glasson, Mr. Graham, and Mr. Johnson for their entertainment this afternoon. It was not only entertainment, but it was instructive. All of us have derived a lot of good from it.

Abstracters Liability Insurance

MR. MEREDITH: The only reason that I bring this up this afternoon is because the Resolutions Committee has to meet tonight and has to make a report tomorrow. We have been discussing something this morning and this afternoon.

For a good many years a good many of the abstracters have been buying what we call, "Liability Insurance". I think practically all of it is from Lloyds of London, and we have been paying them any kind of a price. It is a very good price—seemingly what the traffic will bear. It is about $75 for a $10,000 policy, with $1,000 deductible. Very few have any losses. It looks pretty silly that we as an organization couldn't do that cooperatively for ourselves. Not only would it be liability coverage, but perhaps might take care of the abstracter's bonds which are required in many states. In my own state we don't have a bond law. As I understand it, the abstracters have to lay the money on the line and pay for the bond besides that, which doesn't seem so practical.

With that in mind I have this resolution which I want to submit to the Abstracters' Section, and if it is approved by them it would go to the Board of Governors for their approval or rejection:

BE IT RESOLVED, that The American Title Association consider the possibilities of writing, as a co-operative, abstracter's liability insurance and abstracter's bond protection, for its members. And that for this purpose a special committee be appointed by the President of The American Title Association to report its findings at the midwinter meeting in New Orleans, unless further time be required.

MR. MEREDITH: I move the adoption of this resolution, Mr. Chairman.

MR. GILL: At one time—perhaps at two different times—we had a committee that did the same thing. The report was adverse, but regardless of that I am going to second the motion that the resolution be adopted.

CHAIRMAN McPHAIL: Are there any remarks? Now is the time to speak up before we vote.

MR. C. W. SPACHT: I wondered if we would all have to patronize it.

CHAIRMAN McPHAIL: I don't think you will. This calls for another investigation. We will need a committee to investigate the subject.

Are there any more remarks on this resolution presented by Mr. Meredith? You have all heard the resolution. It was seconded by Mr. Gill. All those in favor signify by "aye". Those opposed, the same sign. It is unanimously carried. I will transfer it to Mr. Sheridan.

(Note: This Resolution was presented to the Board of Governors which unanimously approved the creation of this special committee.

The following committee was appointed:

Joseph T. Meredith, President, Delaware County Abstract Company, Muncie, Indiana.

Oscar W. Gilbart, President, West Coast Title Company, St. Petersburg, Florida.

Roy C. Johnson, President, Albright Title and Trust Company, Newkirk, Oklahoma.

Ben F. Hiltabrand, President, McLean County Abstract Company, Bloomington, Illinois.

Chairman of Committee: Earl W. Hardy, Secretary, Hardy-Ryan Abstract Company, Waukesha, Wisconsin.)

Thanks, Bill Gill

MR. GILBART: I don't know whether this is out of order or not. If it is, you can sit me down. The man

who has contributed so much to this particular section of the industry is Bill Gill, and I would like to see some appropriate resolution put upon our particular record of this entire meeting in appreciation for what he has done for this section in publishing his title course.

CHAIRMAN McPHAIL: There is a resolution being prepared which is to be presented to the convention on that very subject. Mr. Graham informs me it is being taken care of.

MR. SHERIDAN: It could well also be obtained in the section. He deserves it—and more.

MR. GILBART: I so move.

MR. HILLIS: I second the motion.

CHAIRMAN McPHAIL: It has been moved and seconded that this section go on record as being very heartily in approval of the efforts that Mr. William Gill has put forth for the benefit of the abstracters in the United States. All those in favor say "aye". Those opposed. It is unanimously carried.

. . . There was standing applause. . .

MR. WILLIAM GILL: You know, for the past number of years I have always gone to the Texas Title Convention and the Arkansas Title Convention, and I have been told a number of times that they are pretty decent conventions. We have an unwritten law which says that I can say anything I please and no one takes offense. You can tell any type of a story, no matter what it is, and no one will take offense.

I am glad that I came to this fine convention. I appreciate the things you have said about the title course. Thanks a million.

Abstracters Section—Open Forum

Presiding: Jos. T. Meredith

President, Delaware County Abstract Co.
Muncie, Indiana

CHAIRMAN McPHAIL: This morning we have an open forum discussion which will be led and presided over by Mr. Joseph T. Meredith, President, Delaware County Abstract Company, Muncie, Indiana. We have had the pleasure of Mr. Meredith's appearance several times, and I don't believe I ever heard anyone who led an open forum meeting better than Joe does. I would like to have Mr. Meredith come forward.

I want you all to stand and give your name clearly if you have something to say. You must remember that there are a lot of our members who haven't been fortunate enough to get to this convention, and through this meeting we are going to be able to convey to them your thoughts on the subjects brought up. It is only through the medium of our Title News and bulletins that we convey matters of importance to them, so please bear that in mind when you are speaking and give your name. Thank you very much.

MR. JOSEPH T. MEREDITH: Thank you, Bill. It is well that we get together. This is where we let our hair down and talk frankly to each other.

The subjects that have been assigned to us may be what we want, or they may not be what we want. We will start out with them, and if we get on something more interesting, that is what we will talk about until you finish.

Free Service

The first subject that they have listed for us to discuss this morning is "Elimination of Free Service." By that I suppose is meant furnishing information to customers on descriptions and checking of one sort or another. There are two schools of thought on that. Some abstracters feel it is one of their best means of creating goodwill. Others feel that that is their business and that is what they are in the business to sell, and they have nothing to sell but time and information and therefore should charge for everything.

No doubt there are some of you this morning who feel both ways about that. Let's have your feelings about it, if you have any. Let's see if you will be perfectly frank by a showing of hands, those who furnish free information to lawyers. They are very much in the minority. Those who furnish free information and feel that you would like to discontinue it and feel that you are being imposed upon. Well, there are those who do it and don't feel they are imposed upon. Of course, they go too far with it. There is no question about that. What part of information do you give, Sir, that you feel you should be paid for?

MR. J. W. ENSIGN, Salt Lake City, Utah: We are called upon by the lawyers to analyze descriptions, particularly those that they are unable to do. Many, many times we are called on to just make a picture of every description so they can make their examination. They never expect to pay for it. They think it is a part of the abstracter's duty.

Many questions come up that we are familiar with that they ask us off-hand. We give that free and have always done it. We never charge for it. It got to be where we were spending most of our time giving free service. I feel that we should either make a charge or else we should refuse to do it. They get their pay from their clients for examinations, and then they expect us to make it for them half the time.

MR. MEREDITH: Are there others who would like to speak on that subject?

MR. McCOY: I have about the same complaint. My lawyers in drawing conveyances ask us very often to prepare the description, which we do. That goes even down into Mrs. Boone's territory. I have one attorney who is very bad about it. He does a lot of work in our county. We have prepared recently descriptions on tracts of 2,000 acres for contracts and sales without any fee.

MR. MEREDITH: Of course we furnish that information, but we charge for it. I don't know why you would be expected to give a man a description of a piece of property and have him not expect to pay for it.

That thing developed in our county to the place where we mimeographed restrictions, and they still sell for a buck apiece. Are there others?

Free Information That Pays

MR. WHEELER: This subject of free information works both ways. Attorneys are a great source of business, and if they religiously and conscientiously favor you with their business, then if you give them information along with the descriptions and ownerships and things like that, you feel that you are going to get the order for the abstract. When a man gives you one order every two or three years and he comes in with the same sort of a proposition, then I think we should look at it differently. Make him pay, especially if you think he is going to go elsewhere with his order. We are continuously asked by attorneys—some of them good attorneys too—"What is your slant on this thing?" Some of them get all mixed up and a little off the beam. Where do they go to get back on the beam? They go to the abstracter, and I give out a lot of free information that a doctor would charge for. I think it works both ways.

MR. MEREDITH: I think you are right.

MRS. LILLIAN P. BORGMAN: We had a number of calls from attorneys and banks who wanted to know who owned such and such property. It was all free information. We have now a statement of ownership. If they want to know whose name the title is in, we charge $3, and we just sign it. It is no certificate of any kind. They spend as high as $10 depending on how much we

have found in that search. If they really want information, they will pay for it. If not, we don't get the inquiry. It hasn't hurt our business at all.

Rule of Common Sense

MR. MEREDITH: I think perhaps the fairest way to sum up this particular question is that it is a question of whether or not you are being imposed upon. If you are being imposed upon by free service, then I think it is time to call a halt and say, "Look, we haven't anything to sell but our time and service. This takes time, and therefore we are going to have to charge you." I don't know whether this is done generally. I suspect perhaps it is.

Hourly Charge

MR. STEVENS: I wondered if any of you have any experience with oil men who come in and use your records to run the titles of ownerships, etc. That is perhaps my worst trouble.

MR. RALPH H. HAYES: We have a great deal of that in our county. I think our other two competitors are here. We all make a charge for it, and a very healthy charge, because the oil men always want mineral ownership, and with mineral ownership you have to run every instrument all the way back. It takes a lot of time, and it is a lot of trouble. We have an hourly charge of $5 for checking.

MR. MEREDITH: Do you do the checking?

MR. HAYES: Yes.

MR. WHEELER: We had a flock of oil men in our county, but we had no oil. Several companies came in with field men. They acquired options on several thousand acres of land scattered about, largely through the young man in my office who was very affable and who was always willing to take an automobile ride. He would go out with them in the country and try to assist them in getting the signatures. He was a notary. He pitched in and helped them. They paid for the service, but they finally hired my man and took him down to Texas.

MRS. BOONE: We do not put our name, certificate or signature on anything for less than $5. All information other than a last grantee statement or a statement of incumbrances is free, and we find that our attorneys do a lot of things for us. Sometimes we get tired when we have sixteen of them wanting information and we have forty-five abstracts to get out that week. It irks you a little bit. That is the way an abstracter has to do business in a smaller place. As Mrs. Borgman said that thing will go fine in cities like she is in, but I do not think it will in a town where there are 15,000 or 20,000 and where the clients are also your personal friends.

MR. MEREDITH: If there were sixteen in my office at one time, I would put in a hot plate and serve tea.

MRS. BOONE: I did.

MR. SCOTT: I was wondering, does anyone charge a fee in addition to the filing fees for filing?

MR. GILBART: Yes, I do. We try to make anywhere from a dime to twenty cents for each instrument we take in for recording. We are not in the courthouse town. We have to mail the instruments up each day. The money that we try to make on each paper that is filed, either a deed or a mortgage, takes care of registering in our office, mailing it, getting it back, checking it off, and mailing it out. We try to make a few cents on every paper we handle, depending upon the size of it, of course.

MR. MEREDITH: Are there others who would like to answer that question? We don't charge anything. We are glad to have the original papers in our office to abstract them.

Let's pass on now to **"Publicity for Abstracters."** I think that is a question that is very appropriate. We all feel

ROY C. JOHNSON

Member, Board of Governors, American Title Association

President, Albright Title and Trust Co., Newkirk, Okla.

we could do something that could help us, but we don't know exactly what to do. I was interested in the display Pearl Jeffery had upstairs. I woud like for her to tell us how she feels that those little gadgets work out.

Souvenirs

MRS. PEARL K. JEFFERY: I very seldom let anyone come into my office and leave empty handed. It goes back to the time when I was a little girl, when father would pay the bill for groceries which was generally $5 or $6, the grocer would hand me a little sack of candy. I guess that sticks in my mind. It makes me feel that way toward my customers today. I try to see that no one leaves without something.

MR. MEREDITH: Customers or visitors?

MRS. JEFFERY: They may be customers—potential customers. If it is someone who I feel is not going to be much of a customer I might give them a thimble. I have better things. I don't put my name on them. I think it pays. I get a lot of fun out of it.

MR. MEREDITH: Are those gadgets very expensive? What will they range per item?

MRS. JEFFERY: From 2½c to 75c.

MR. WHEELER: I have used it at Christmas time with things such as mechanical pencils and other similar gadgets. I had a Bob Ripley monthly blotter one year which kept me busy. I had to furnish a copy every thirty days. One morning the Bar Association called a meeting in the library and raised heck with Mrs. Wheeler because of a paragraph that appeared on the blotter that was delivered that morning to the offices of each laywer. They gave me a "going over." Then I gave them a citation, and they all cooled off. But I stopped that after the first year.

MR. MEREDITH: Of course, we don't want to give away arguments. How many use newspaper advertising —display advertising? There are just a few. I am not sure if you are in a community where you have competition or no competition. If the competition is friendly and neither one does advertising, I am not sure that it is necessary. I don't think you have much to sell the general public, but no doubt many of you feel it is well worthwhile.

Cooperative Advertising

MR. GILBART: May I ask this group if any of you do any cooperative advertising with your competitor in a general way. That is what I would call institutional advertising for the industry. Don't any of you do that?

MR. ROY JOHNSON, Newkirk, Okla.: We have done something like that through the State Association, by putting out a booklet. You have probably heard of "Our First Home," which is an educational booklet on the fundamentals of titles, and we distribute that to schools and the public in general. We have done that cooperatively with our competitor.

MR. MEREDITH: Do you feel that is a pretty successful effort?

MR. JOHNSON: I do think, particularly with young people with no idea of the title at all, that it is a worthwhile thing. So many people don't read those things. It is interesting, but it is too long.

MR. MEREDITH: Do you pass them out among the realtors?

MR. JOHNSON: Yes.

MR. MEREDITH: Is there anything further?

Newspaper Advertising

MR. EIDSON: We have found one practice rather satisfactory, Joe. It is newspaper advertising. We ask a

question made up from the files and we print the answer. There might be a thousand people who might come in and ask the same question. We have had many many compliments on the service.

Statistics

MR. LLOYD HUGHES, Denver, Colo.: We have for some years put out a publication which we call "Record Statistics" which carries all the loans that are made in our county, and also all the deeds, and then we compare the different figures to the same period in previous years. It has proved very popular. We have requests for it from all over the country. On the back of the book we always carry some sort of an ad.

MR. MEREDITH: Do you have a regular mailing list?

MR. HUGHES: Yes, we send them out every month, and every month we have requests for additional names to go on it. When we get requests for something, we figure we have something pretty good.

Cooperative Advertising

MR. SHEPHARD: The Iowa Title Association put out a booklet that is entitled, "What You Should Know if You Buy, Own, Sell, or Mortgage Real Estate." I think the Montana Association and other Associations have had it. The Iowa Association adapted the booklet to our own use. I put out several hundred of those . It is appalling to note ignorance on title matters on the part of the general public as to the important features that constitute a part of their daily life. When they get those, the real estate men, land owners, etc. come back for more. We have put out several hundred of them, and we think it is time well spent. They cost about 3c apiece or something of that sort. The Cedar Rapids Reporter puts them out.

I used to put out an expansive file which was a thing with about a dozen envelopes with a stiff board binder. It was tied up with a nice red string. I haven't had them since the war. They are very effective to put out, and you would be surprised to see how many people come back for those expansive files. They are perhaps keeping papers in them for a generation or more. They cost about 20c or 25c apiece. That is one of the most effective things ever put out. When you give the men your abstracts, you can give them expansive files to keep it with.

MR. MEREDITH: Does the State Association put that little booklet out?

MR. SHEPHARD: It is put out under the sponsorship of the State Association, but the individual members buy it. If any of you people wanted to get samples of that, you could write to the Cedar Rapids Reporter, Cedar Rapids, Iowa. It is very effective and well put out. It describes the kinds of deeds, how the property comes through an estate, conveyances, and operations of legal proceedings, etc. It is in a rather tabloid form. It is very clear, concise, and quite readable.

A SPEAKER: We have a different situation in our state. We have twenty-three counties and twenty-two abstract companies. There is only one county that has two abstract companies. All the rest have one abstract company in each county. All we need to do is to advertise just for goodwill.

Cooperation Between Competitors

MR. MEREDITH: We will now leave that subject and go to "Cooperation Between Competitors." Is there anyone here who has any problem with his competitor, whether you are sitting beside him or not? There might be those in the room who could be helpful in telling how they solved their problem. No one has a competitor who is bothering him. That is fine.

Legislation

The next is "Legislation Affecting Abstracters." There seems to be throughout the United States a sort of wave on the part of the attorneys who get from one state to the other, through the Bar Association meetings, of putting on a statute book some sort of a statute of limitation that will freeze titles. We have been worrying about that. We had legislation proposed in our state in the last session of the Legislature that would freeze titles at twenty-five years. We would have had to depend upon the transfer books in the Auditor's Office to determine the title, which of course was not the safest or wisest course. It does show the tendency is here. There are two states within the last two or three years that have had some such statute. I would like to know how it is working out. Is there someone here from Wisconsin?

MR. HARDY: We have a thirty-year statute, but so far we can't figure out that it has hurt us a bit. The lawyers don't seem to pay much attention to it. The only place you have to watch it is if you are in the mortgage business. We are in that business. We have some old mortgages for which you file affidavits, or renewal agreements for, which you have to watch.

MR. MEREDITH: They tend to freeze titles.

MR. HARDY: They are supposed to clear up the titles of anything over thirty years. It doesn't freeze them.

MR. MEREDITH: Does it depend on an accurate record title for thirty years?

MR. HARDY: It is supposed to cover anything. If there is any error for over thirty years, they are not supposed to pay any attention to it.

MR. MEREDITH: Does it help you in meeting objections to the title?

MR. HARDY: Yes, it does help some in that. They waive old objections in some cases.

MR. MEREDITH: Is there anyone here from any other state where they have something similar?

MR. McPHAIL: Do the attorneys in your county still require you to go back and make abstracts from the beginning of time?

MR. HARDY: Oh yes.

Short-Term Abstracts

MR. MEREDITH: That threat of a short-term abstract was brought to us by the Federal Government in the acquisition of cheap land before the war, and these various legislative efforts were perhaps along that same direction. That is the reason all of you must be very diligent in watching the legislation entered in your various Legislatures to see that no adverse act gets on the statute books.

Are there any other states that have similar legislation?

Adverse Possession Statute

MR. GLASSON: The State of Iowa has an adverse possession statute which I understand is similar to the Wisconsin statute. This statute has provision for any title having any tract which has been in the undisputed and adverse possession of the owner since January 1, 1930. All that is necessary in order to show undisputed and adverse possession is to file an affidavit stating facts. It is not even a statutory form. It is merely an affidavit. The attorneys quite generally are accepting that statute and titles, depending on that adverse possession as a complete bar to all objections prior to January 1, 1930.

The case of Lane vs. Travelers' Insurance Company decided by the Supreme Court of Iowa in 1942—I believe it was—held that the statute was effective even as against the interests of minors who had not had their day in court. The Iowa court obviously, as you can see, is of liberal tendency and a decision such as that really is rather far-reaching.

The proposed Michigan freezing statute was largely based on a theory valuated in the Lane vs. Travelers' Insurance Company. However, from the standpoint of the abstracter and his revenue it makes no particular difference, because what it actually does is make additional entries for the abstracters. There has been no serious proposal so far as I know of starting abstracts for January 1, 1930. We still make them back to the usual points of source of title, so that we don't call that adverse legislation.*

**For discussion on the Michigan statute see Title News Vol. 25, Issue No. 1, Page 12.* Ed.

MR. GILBART: We don't have any active legislation at the present time. We have a twenty year statute limitation on defective deeds and mortgages. After twenty years they are considered good. Where minors are in the picture it is thirty years.

MR. MEREDITH: Are there others who would speak?

MR. JOHNSON: What about these long-term amortized mortgages that run twenty-five or thirty years?

MR. GILBART: They would not be applicable under that particular statute.

MR. MEREDITH: It is twenty years past the due date.

Are there others who have anything to say about that particular subject? If not, we will move along.

Warning

CHAIRMAN McPHAIL: I think I have one thing that might be said there. That topic might be a little broader than what we are talking about, and I am thinking about legislation that might be introduced because of the fact that so many of us are in arrears with our work. Let's not lose sight of that. I tried to stress that in my opening remarks yesterday. I think it is quite important that those of us who are behind in our work get up to date and make certain we are not responsible for adverse legislation.

MR. MEREDITH: Of course, your problem is this. The chances are that the folks we have here at this convention are among the more active and the progressive abstracters who are using every means possible to keep their plant where it is servicing the public .The danger is that in your state you will have places where they are not so particular and where they don't have the plants and facilities to get out the work. In your busy occupation with your own offices you are apt to overlook that.

More Warning

If at all possible, your various State Associations should police your own organization and your own members to the extent of going into the counties where you have no members and insisting that their work be brought up to date, or even to the point of putting someone in there to do it and also urging and helping your own members. You can see that while your own section is being serviced the best that anyone could ask, if you have one corner of the state where the service is poor, and the flow of real estate titles is being bottle-necked because of the lack of delivery of evidencing of titles, that is where your trouble is going to start. There are enough people in the Legislature that if they can take a "pot shot" at some portion of the national economy of which we are a very small portion, it gets to be very popular, and they sock you in no mild form.

I think Bill is exactly right, and all of you through the State Associations should endeavor to bring up all the weak spots that you possibly can. I think perhaps that is the point.

Plant Problems

MR. MEREDITH: The next item is, "Plant Problems." Perhaps many of you have some ideas that you would like to express or get opinions from other members on. Plant Problems is a very wide subject. We are all interested in speeding up our work. There is no question about that. In cutting corners and doing everything that we can to improve our service, maybe some of you have evolved plans that have been satisfactory to you that the others would like to hear about. Do any of you have any new or novel ideas? There has been a lot of talk here about photographic equipment. How many of you use it in your title business? There are quite a few. Do you all feel that it cuts down your time?

Photo-Copy

MR. M. E. SCHMIDT, Newton, Kans.: It gives us an exact copy of the record. We use photocopy. We find it quite a time saver, especially in checking titles. We can jerk the sheets affecting a certain piece of property and check through that title in no time.

MR. MEREDITH: Do you file geographically?

MR. SCHMIDT: We file in the same order that the volumes are filed in the Registrar's Office.

MR. MEREDITH: What size do those pictures come to you?

MR. SCHMIDT: When our original pictures were taken we reduced them to a legal size—8½ x 14—and we have kept that up.

MR. MEREDITH: You don't attempt to use those pictures in an abstract. You copy from them. Of course, your typists have to be abstracters as well as typists.

MR. SCHMIDT: Yes.

MR. MEREDITH: Do you do that yourself? Are the records photostated in your county?

MR. SCHMIDT: It is a typed record and we take the picture off the record instead of off the original instrument.

MR. MEREDITH: After being copied?

MR. SCHMIDT: Yes.

MR. WHEELER: I would like to ask the gentleman from Kansas if he had any difficulty in making such arrangements with the Recorder. Is he friendly, unfriendly, or just mad at you?

MR. SCHMIDT: We have had no difficulty. In fact, we have sold our County officials upon the idea of protection. We had an experience in our county in 1893 where some people burned a lot of mortgage records, and we sold them on the idea of an insurance angle, that in case anything should happen in the way of a fire to the records at the courthouse that there would be duplicate records. They are very favorable towards us.

MR. MEREDITH: Do you have competition in your county?

MR. SCHMIDT: Why, yes.

MR. MEREDITH: Do you feel that even though you use only a portion of those instruments that it still pays to do it?

MR. SCHMIDT: We feel definitely so because in making an abstract you can jerk all your sheets and put those on the stenographer's desk, and she can go through the whole abstract without getting up, instead of getting up and getting books as in the Recorder's Office. It is a saver of time.

MR. MEREDITH: For the information of those who are interested, how much per page does that cost you to put that in your office?

MR. SCHMIDT: The original record that we took ran right around 7c a page.

MR. MEREDITH: Developing, filing system and all?

MR. SCHMIDT: Yes.

MR. MEREDITH: Are there other questions?

MR. WHEELER: Do you enjoy that privilege to the exclusion of your competitor, or does he or they have the same thing?

MR. SCHMIDT: They do not.

MR. STEVENS: We don't use photography in our plant, but I have been investigating it with the idea of starting it, and I will probably use it just as soon as I can get equipment. I have delayed a little bit to see if I could get any better ideas than I already have. I don't know whether this will be of any interest or not, but I will tell you what we are planning to do.

MR. SCHMIDT: We already have records in our office copied in full on the typewriter. I don't suppose any other abstracter in the world was crazy enough to do that. We have been doing it and we have it right up to date. We have them in bound volumes. If I put in photographic work, I think we may just shoot pictures of those in our office. At the time we begin that, I plan also to have a machine at the courthouse with which I will photograph the daily files. It will probably be on about a 6 x 9 size to go into a filing cabinet of that size, and we will probably arrange those geographically.

They will be negatives, but of course it would give us positives in the final job. I don't plan to put anything but the positives out.

MR. MEREDITH: I don't doubt it. There are those attorneys or customers who object to having to use the entire instrument.

MR. STEVENS: In our particular part of the country they want them in full. Most of the oil companies want them in full, and their attorneys do too. It wouldn't be changing it at all. We have been doing it for years.

MR. MEREDITH: Are there any other questions?

Micro-Film

MR. GILL: That may be not right and to the point. I wonder how many of us think what would happen to indexes if they would burn up, and what would they cost to replace them? We gave that considerable thought, perhaps more thought on account of being a large county. It would take $150,000 to replace our indexes if they were destroyed by water, fire or smoke, so we had those indexes micro-filmed and put in the vault. If the plant should burn tomorrow, we have the micro-film. We could go right ahead and not be slowed

down. If we didn't have that we couldn't put enough force in the courthouse to rebuild those indexes in less than three years. It is something to think about. You might want to consider micro-filming your indexes.

MR. MEREDITH: Do they have films now so that they don't have to rewind them?

MR. GILL: We have only had our films six or seven months. So far, we have done nothing with them. As I understand it, they keep in usable condition if you keep them in a reasonably cool place.

MRS. BOONE: I would like to know where you keep the extra set.

MR. GILL: It happens that we keep them in the same building that we are located in. We do that because we have one of the finest vaults in the Southwest.

MRS. BOONE: We have a fireproof vault.

MR. EIDSON: I would like to ask Mr. Gill a question. I have done exactly the same thing he has. What are you doing about where you stop, and going on from there?

MR. GILL: We are not worrying too much about that, because we are going to put in, as I suggested the other day, micro-film equipment of our own. About every three, four or five years we will bring the books up to date again.

MR. HAYES: One manufacturer of micro-film equipment for a reasonable charge will make an extra copy and store it in their vaults where the humidity and temperature are regulated. They take them out every six months and examine them to see that they are in good condition. That would be an additional safety factor, rather than keeping the film in your vault.

MR. MEREDITH: There are a few abstracters who are suspicious enough to not want any extra copy of any of their records made.

Now, there is another question on your plant problems that I think might be brought out here. That is your employee-employer relation, which is after all a part of your plant problems. It is your method of keeping your folks happy. There are some problems that perhaps some of you would like discussed. We will take a few minutes for that.

Incentive Plans

MR. HARDY: I would like to inquire if anyone has the incentive system in connection with their plant.

MRS. BOONE: We decided that a man with a wife and family should get a base salary of $250 a month, and then a percentage of our net. He then has the incentive of keeping down costs. It has worked satisfactorily, because almost any man can take home $300 a month.

MR. MEREDITH: Does that include all of your organization?

MRS. BOONE: Except the veteran trainees, and right now we are considering it. If they are good enough we throw out the whole program. That is if a man is worth $200 a month to you.

MR. MEREDITH: Are there others who have the incentive program?

MR. DYKINS: We reward our workers at the end of the year with a bonus, and the bonus is based upon their loyalty, production and matters of that sort. It doesn't take very long for knowledge of the fact of who receives the largest bonus to reach the others. I think it has an effect on the others.

MR. MEREDITH: I don't know. That is a dangerous thing. It is like throwing a bone out to a bunch of dogs. The best gets it, but the rest are all mad. Are there others with an incentive program?

ARTHUR C. MARIOTT

Councilor to U. S. Chamber of Commerce
Vice-president, Chicago Title & Trust Co., Chicago, Ill.

Bonus

MR. LLOYD: I have an incentive plan in our community. At the end of the year I pay the employees a bonus on a pro-rata basis. I take a certain percent of the net profits and that is divided and pro-rated among the employees, according to their monthly salary.

MR. MEREDITH: How do you find it works?

MR. LLOYD: It is working fairly well. Of course, this year we are going to have a better year than what we have had in the past, and it is going to amount to a considerable amount for them.

MR. MEREDITH: Do you think it keeps your employees with you?

MR. LLOYD: I believe it does.

MRS. T. S. THOMPSON, Brighton, Colo.: I would like to ask two questions with regard to that. In the first place, what is the percentage of the bonus? How does it relate to the salary? Second, does the bonus come out before the taxes? Third, do they know what the percent will be at the beginning of the year, or is it up to the management to divide it which way they see fit at the time they distribute it?

MR. LLOYD: I take 20% of the net profit. They all know that 20% of the net profit is divided among the employees. The bonus is deducted before taxes.

MRS. THOMPSON: Is it 20% of the profit after the taxes?

MR. LLOYD: You deduct the amount of the bonus that you are paying the employees from your income—your gross income, because that is the same as the salary paid, and it is deductible.

MRS. THOMPSON: We have had a good deal of trouble with ours so that it would be so recognized.

MR. LLOYD: If the bonus is paid prior to December 31, it is deductible from this year's income on your taxes.

MRS. THOMPSON: Your percent of 20% is 20% before the taxes?

MR. LLOYD: It is 20% before the taxes.

MRS. THOMPSON: That amounts to a good deal more than 20% of your profit.

MR. LLOYD: Yes.

MR. MEREDITH: It sounds strong to me.

MR. SPACHT: I wondered how they handled the bonus in regard to the withholding tax and the Social Security.

MR. MEREDITH: It would be subject to tax, of course.

MR. LLOYD: Whatever you pay the employee is subject to the withholding tax. The Federal Government will check up on it. If you pay the employee $100, 20% of that is for withholding and has to go to the government. It is up to me to deduct that. I show the amount of the bonus and then I show the amount that has been deducted for the withholding tax.

CHAIRMAN McPHAIL: We are indebted to Mr. Meredith for the way he has conducted this forum. We thank you, Joe.

I noticed that Mr. Suelzer, our President, came into the room. Come forward Al. I want to say we are all very proud of Al. Al is an abstracter who has worked himself up through the Abstracters' Section to the top. We have an abstracter who is the President of the National Association. Al, it is a pleasure to have you with us.

From the National President

PRESIDENT SUELZER: I won't keep you more than a few minutes. This Section, as you all know, is home to me. This is where I belong, and in this Section I can really understand what they are talking about, and happily next year this is where I will spend most of my time.

I think the Section can be justly

proud of its accomplishments during the last two years. I doubt that any member who attended the sessions during the last two years didn't go home with the conviction that he had really learned something of practical, constructive benefit that he could put to work for himself in his own office.

I think that during the last two years—(I am speaking now of Bill McPhail's administration)—there has been sort of a rebirth or revitalization in this Section and capable, alert, energetic leadership has come to the front. I know that last year during several of the sessions, a very substantial number of those listening with great interest were members who had come out of the Title Insurance Section to hear the Abstracters' Section program. It has seemed to me that there is developing in this Section a fine transformation. There is a change in our attitude towards those who use our services. We are not so much chained in the old ways as we used to be. There is a willingness to investigate and study. There have been changes in our methods and routines. There have been changes in our facilities to make those changes effective in our offices. It is different from the way it used to be. We used to come to these meetings and hear suggestions for improvements, and then we would go home and do nothing about it.

I think there has also been a change in our attitude toward those with whom we do business. There is an awareness of the importance of our services in the business life of the community. There has been a change in what I always thought to myself savored of a inferiority complex. In the place of the attitude we used to have, most of the abstracters now have a forthright willingness to state the terms on which we are willing to deliver our products.

This Section last year had the honor of having the National President chosen from its ranks. (Applause) I hope that in the future this section will be more often honored with National officers. (Applause) I think this section should condition its thinking to an expectation that it will hereafter more often be called on to fill National offices. (Applause) I think that this section feels that nominations for National offices should reflect the sentiment of the membership of this Association and of the constitutional sections in it pursuant to the ideals which prompted a change in our procedure on nominations and elections to be assured that truly democratic principles would prevail.

The presidency has not been too arduous a job. I don't know to what extent I succeeded in it. I do know that except for the willing and efficient cooperation of Bill McPhail and of others in other sections, and particularly of Jim Sheridan, I would not have gotten very far with it.

I will close with that, and with appreciation of the honor that you accorded me, and in offer of my willingness to have you from now on command my services in which ever way you can use them.

CHAIRMAN McPHAIL: We thank you very much, Mr. Suelzer, for those very impressive words. As Chairman of this section I want to thank you very much for the very kind things you have said about my efforts in connectio with it. When I attended my first National Convention in 1929 at San Antonio, Texas, I never dreamed that I would be asked at any time to be an officer of any of the sections of the Association. I suppose my continuous attendance had something to do with it. I was very much surprised when I was asked to be a member of the Executive Committee of this section, and I was even more surprised when I was asked to be the Chairman of this section. I acted as Chairman last year and I was asked again this year to be the Chairman.

Report of Judiciary Committee

By R. W. JORDAN, Jr., *Chairman*

Vice-President,
Lawyers Title Insurance Corporation,
Richmond, Va.

During the year your Committee has been on the lookout for Court decisions of interest to the membership of the Association. Most of those coming to our attention have dealt with questions of real estate law in particular states and will be omitted from this report. There are, however, three (3) cases of general interest which your Committee feels should be reported briefly.

The first case originated in the Supreme Court of the United States and is yet to be decided. It is the now famous Tideland case. Probably most of the membership is already familiar with this case and the facts thereof. Briefly stated, the United States of America has instituted suit against the State of California questioning the State's ownership of land under tidal waters. The outcome of this case may have far-reaching effect and the opinion of the Supreme Court, as and when rendered, should be carefully analyzed and considered by all title people.

The second case is styled the Commonwealth of Virginia, at the instance of the Council of the Virginia State Bar, acting through the Third District Committee and others vs. Jones and Robins, Inc., a Virginia corporation, et als, and was tried in the Law & Equity Court, Part II, of the City of Richmond, Virginia. It involved the question as to whether real estate agents could prepare deeds and deeds of trust as an incident to the closing of sales and loans made through them.

In Virginia the practice of law is defined by the Supreme Court of Appeals and Section (2) of the rules prescribed by the Supreme Court of Appeals is as follows:

> "Specifically, the relation of attorney and client exists, and one is deemed to be practicing law, whenever . . . (2) One, other than as a regular employee acting for his employer, undertakes, with or without compensation, to prepare for another, legal instruments of any character, other than notices or contracts incident to the regular course of conducting a licensed business."

By a unique line of reasoning Judge Willis D. Miller of the Law & Equity Court, Part II, concluded that deeds and deeds of trust are "contracts" within the meaning of the foregoing definition of the practice of law and that real estate agents may prepare deeds and deeds of trust when such are done as an incident to the business for which they were licensed. Mr. James E. Sheridan, the Executive Secretary of the Association, has been furnished a copy of Judge Miller's opinion and the case will in all probability be appealed to the Virginia Supreme Court of Appeals.

The third case is primarily of interest to title companies operating in several states. As an aftermath of the famous South-Eastern Underwriters Association Case, The Prudential Insurance Company of America instituted suit against the Insurance Commissioner of South Carolina to enjoin the collection of a license tax upon a foreign insurance company based upon the amount of premiums from business done in the state. Since no such tax is levied against domestic insurance companies the position of The Prudential was that the tax discriminated against interstate commerce and in favor of local business and that the tax was an undue burden on interstate commerce, which the insurance business had been held to be in the South-Eastern Underwriters Case. The State of South Carolina denied that the tax was discrimina-

tory and pleaded the McCarran Act.

After an adverse decision in the Supreme Court of the State of South Carolina, 35 S.E. (2nd) 586, The Prudential appealed to the Supreme Court of the United States and the opinion of the latter Court is to be found in Volume 90, page 1023, Law Edition. It is hard to discern what may have been the opinion of the Supreme Court of the United States if it had not been for the McCarran Act but in the light of this Act, the Court upheld the tax. Section (2) of the McCarran Act provides:

"(a) The business of insurance, and every person engaged therein, shall be subject to the laws of the several states which relate to the regulation or taxation of such business.

"(b) No Act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any State for the purpose of regulating the business of insurance, or which imposes a fee or tax upon such business, unless such Act specifically relates to the business of insurance."

In closing this report the Chairman of your Committee wishes to express to the members of the Committee his appreciation of the cooperation and assistance which they have given him. All of us have been busy with the affairs of our respective Companies and we regret that necessarily our service to the Association has been rather limited.

Report of Resolutions Committee

By STEWART MORRIS

Chairman, Secretary
Stewart Title Guaranty Co.,
Houston, Texas

Whereas, during the past year the Association has been of increased importance to its members through the efforts and abilities of its officers and governors, and

Whereas, its worth to its members has been of such value that it is desirable to record an appreciation thereof,

Now therefore, be it resolved that the members of this association express their deep gratification to President A. W. Suelzer and all the officers and governors for their untiring labors and constant vigilance in making the past a most outstanding year and preparing the way for continued progress.

Whereas, one of the most outstanding and valuable contributions to the progress of the Abstract and Title Insurance business and to the membership of our Association has been presented to us by Wm. Gill, Sr., of Oklahoma, in the form of the Title Course, and

Whereas, it is the express and earnest desire of the Abstracters Section, as well as the other sections of this organization, that an expression of appreciation be extended to him for this most constructive and complete guide and discourse on the procedure of preparing Abstracts of Title,

Now, therefore, be it resolved that the American Title Association extend to Wm. Gill, Sr., its most sincere thanks and appreciation for this invaluable gift.

Whereas, the program of the 40th Annual Convention has been exceptionally fruitful and beneficial to the title industry, and

Whereas, the Association wishes to express its appreciation to those members whose efforts have given us so much of value and contributed so largely to the success of this convention,

Now, therefore, be it resolved that our thanks be presented to the moderators and to those who presided at other sessions; to those who prepared addresses; and to all those who took part in the panels, forums and discussion sessions.

Whereas, upon the widespread ownership and use of land in the hands of millions of small owners rests the safeguards of the inherent rights of private property ownership and human freedoms, and

Whereas, millions of home and property owners lack a common voice and

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unity of action to protect the fundamental rights of private property ownership, and

Whereas, The National Home and Property Owners Foundation is organized to foster, maintain, protect and extend the private ownership of homes, farms and other real property,

Now, therefore, be is resolved by members of the American Title Association, in convention assembled, to support and endorse the efforts of The National Home and Property Owners Foundation to achieve the aforesaid purposes and objectives.

Whereas, we have had taken from us during the past year A. T. Hastings of Spokane, Washington, President of American Title Association in 1908 and 1909,

Be It Resolved, that we express our gratitude of the services and friendship he gave during his lifetime, and that our Secretary forward a copy of this Resolution to his family.

Whereas, the Hotel del Coronado through its highly efficient management and courteous personnel has made possible a most pleasant and comfortable convention, one to be remembered for many years.

Now, therefore, be it resolved that the American Title Association wishes to extend its sincere thanks and appreciation to the management and personnel of this hotel.

Whereas, the 1946 Convention of this Association has been most enjoyable, and it is desirable to spread upon the record our appreciation of the efforts of those who have made its success possible,

Now, Therefore, Be It Resolved, that we hereby express our gratitude for this magnificent convention to our hosts, the California Land Title Association and its associates, and particularly the title companies of Southern California, and to the committees which have so well attended to our comfort and entertainment, headed by Mr. Harvey Humphrey, General Convention Chairman; Mrs. Hazel Parker, Chairman of the Registration Committee; Mrs. James D. Forward, Sr., Chairman of the Ladies Entertainment Committee, and Floyd B. Cerini, Executive Secretary of the California Land Title Association.