

OFFICIAL PUBLICATION

AMERICAN TITLE ASSOCIATION

DO NOT REMOVE

TITLE NEWS

VOLUME XXXIII

JUNE, 1954

NUMBER 6



TITLE NEWS

Official Publication of

THE AMERICAN TITLE ASSOCIATION

3608 Guardian Building—Detroit 26, Michigan

Volume XXXIII

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Never Underestimate

THE POWER OF YOUR ADVERTISING

Match it with that of other Title and Abstract
Companies in the

Seventh Annual

ATA NATIONAL ADVERTISING CONTEST

- You will be proud of it on display at the National Convention in Chicago . . .
- You may win Honors and Prizes . . .
- We will all get new ideas and fresh inspiration to—

**Increase Our Business with
Better Advertising!**

Send your entries for as many contest classifications as you can. See Rules and Instructions on the next 3 pages.

NOW is the time to begin planning your contest entry and display!

Announcing—

SEVENTH
NATIONAL ADVERTISING CONTEST
OF THE
AMERICAN TITLE ASSOCIATION

Here Are the Purposes - Rules - Instructions

COMMITTEE ON ADVERTISING AND PUBLICITY

- WARREN E. THOMPSON, Chairman..... Chicago, Illinois
Public Relations Officer, Chicago Title and Trust Company
- FRED H. TIMBERLAKE..... Lubbock, Texas
Assistant State Manager, Kansas City Title Insurance Company
- COVERLY FISCHER..... New York, N.Y.
Vice President, Home Title Guaranty Company.
- C. H. BRILEY, SR..... Nashville, Tennessee
Vice President, Title Officer, Tennessee Title Company
- M. G. BUDD..... Bremerton, Washington
Manager, Bremerton Title Company
- HOWARD BERNSTEIN..... Washington, D.C.
Executive Vice President, Realty Title Insurance Company, Inc.
- J. E. MAYFIELD..... Flint, Michigan
Secretary-Treasurer, Manager, Guaranty Title and Mortgage Company
- R. E. JOHNSON..... Waupaca, Wisconsin
President, Waupaca Abstract and Loan Company
- FRED T. WILKIN, JR..... Independence, Kansas
Manager, Security Abstract Company
- JOHN GORDON MCGREGOR..... San Diego, California
Vice President, Union Title Insurance & Trust Company

1. **PURPOSE**—To stimulate advertising and publicity by member companies of the American Title Association which will attract and increase business; to disseminate and exchange among the members meritorious and effective advertising techniques and to suggest use of new and varied media; to interpret the abstract and title profession and its service to the public; and to give members greater appreciation of the value of advertising and publicity.

2. **RULES**—The rules of the 1954 contest are as follows:

A. Members may choose one of two ways to exhibit **new** advertising and publicity material which they wish to enter in the contest. Either send you material to Warren E. Thompson, Chairman of the Advertising and Publicity Committee, who will see that it is assembled and mounted for display; or, prepare your own exhibits for the contest. (In either case, duplicate copies of the material for the contest, wherever available, will be welcomed at National Headquarters, 3608 Guardian Building, Detroit, Michigan. However, it is the feeling of the Association that the contest comes first, and if only one copy of certain material is available, by all means use it for your exhibit.)

B. Members submitting material which is to be prepared by the Advertising and Publicity Committee for display, should send this material by **not later than August 16, 1954**, to Warren E. Thompson, Public Relations Officer, Chicago Title and Trust Company, 111 West Washington Street, Chicago 2, Illinois. However, you are encouraged to prepare your own exhibit if you care to do so. In this event, the prepared exhibit must arrive in Chicago by **not later than September 1, 1954**. The exhibit should be shipped prepaid to the Edgewater Beach Hotel, Chicago, Illinois, Attention: Warren E. Thompson, "Hold for American Title Association Convention." Companies preparing their own exhibits for contest entry must notify Mr. Thompson in advance, giving approximate space said material will require (for instance, one horizontal board, 4' x 8'; three vertical panels 30" x 40"; etc.)

in order that the committee may anticipate the material and reserve space for it.

C. Factors considered in making the awards will include the content and character of the advertising and publicity in selling the public on the title and abstract business; originality of approach; attractiveness of presentation; economy and comprehensiveness of coverage.

D. A five-man judging committee will vote on the material submitted and determine the contest winners. The judging committee will consist of three title men (including the Chairman of the Advertising and Publicity Committee); an advertising art director; and an advertising agency representative.

E. The contest is divided into the following classifications. In submitting your entries, members will furnish information as indicated for each classification:

(a) **Newspaper and magazine advertising:** Give the cost, estimate what coverage and/or circulation advertisement had; if newspaper, state what day of week advertising ran; and state whether material was prepared with aid of outside advertising counsel.

(b) **Booklets, pamphlets, financial statements, etc.:** Give the cost; quantity; pertinent facts regarding distribution; and state whether material was prepared with aid of outside advertising counsel.

(c) **Direct mail campaigns,** including letters, blotters, series of printed messages, etc.; Give the cost; object of the campaign; how the distribution was made; results if they can be estimated; what class of mail was used; whether personally mailed or handled by a direct mail agency; and whether campaign was prepared with aid of outside advertising counsel.

(d) **Miscellaneous advertising,** including novelties, gifts, calendars, etc.: Give the cost; quantity; name and address of manufacturer; how they were distributed; for what purpose distributed (for instance, Christmas gift, office opening souvenir, customer relations campaign, etc.); if calendars, did company representative hang calendars on customer's wall or

leave with customer to hang; if calendars, what percentage of previous year's edition did company representative find hanging in offices when he delivered current calendars; conclusions as to results obtained by distribution of such novelties.

(e) **Business and office forms** which carry advertising such as legal forms, office maps, policy or abstract covers, etc.: Give cost; indicate distribution and state whether material was prepared with aid of outside advertising counsel.

(f) **Publicity releases:** State what coverage or circulation item had; state whether material was prepared with aid of outside public relations or advertising counsel.

(g) **Radio and television advertising:** Give cost, period of time radio or television contract ran; days of week and hour of broadcast; type of program sponsored; number of commercials in each program; sample transcript of commercials; state whether program was activity of company entering contest or whether it was a joint enterprise with other title companies in the area; conclusions on results obtained if possible; state whether material was prepared with aid of advertising counsel.

(h) **House organ or company publication:** Give the cost; describe circulation, indicating whether confined to company employees, stockholders, the public, or a combination of all three; state how distributed, whether personally or by mail; and state whether material was prepared with aid of outside public relations or advertising counsel.

(i) **Posters, billboards, display cards and exhibits:** Give the cost; how they were used; estimate of number of readers if obtainable; and if exhibits, whether for window display, trade show, fair, etc.; and state whether material was prepared with aid of outside advertising counsel.

3. **PRIZES**—Prizes will be awarded at the Annual Banquet of the National Convention. The prizes will be as follows:

A. A grand prize for the most effective advertising program of the year carried on by any abstract, title or title insurance company in the As-

sociation. This trophy will be a perpetual trophy and will be held by the winning company through the following year. The company's name will be inscribed on the trophy and the company will also receive a plaque or certificate which it may retain permanently, as evidence of having received the award.

B. An annual capital prize for media advertising, consisting of a bronze plaque to the abstract company producing the best single ad, series of ads, publicity story, or series of publicity stories, during the year. This plaque will be held permanently by the company winning it.

C. An annual capital prize for media advertising, consisting of a bronze plaque to the title or title insurance company—whose combined capital and surplus exceeds \$1,000,000 OR which employs outside professional advertising counsel—producing the best single ad, series of ads, publicity story or series of publicity stories, during the year. This plaque will be held permanently by the winner.

D. An annual capital prize for media advertising, consisting of a bronze plaque to the title or title insurance company—whose combined capital and surplus is less than \$1,000,000 and which does not employ professional advertising counsel—producing the best single ad, series of ads, publicity story or series of publicity stories, during the year. This plaque will be held permanently by the company winning it.

E. Certificates of Merit to the first, second, and third prize winners in each category in Section 2E, for originality and effectiveness of material.

* * *

All members are urged to participate in this contest. The rule under Section B, which allows you to prepare your own exhibits, gives an opportunity to use your own ideas and to personalize your material, with a wider latitude in its display.

Not only may all contestants win recognition for their advertising efforts, but we can each help our fellow members by submitting just the idea for which they are looking.

NOW is the time to begin planning your advertising contest entry!

Plan to Attend—

AMERICAN
TITLE ASSOCIATION

48th
ANNUAL CONVENTION

September 8, 9, 10, 11

EDGEWATER BEACH HOTEL

CHICAGO, ILLINOIS

INTEGRATING PHOTOGRAPHY INTO CONVENTIONAL ABSTRACT PLANT

Prize Winning Essay on the Use of Photography In An Abstract Plant

EARL McCALEB

*Jones County Abstract Company, Inc.,
Anson, Texas*

(Last year, the Texas Title Association sponsored an Essay Contest on the subject of "INTEGRATING PHOTOGRAPHY INTO A CONVENTIONAL ABSTRACT PLANT." Prizes were awarded for First, Second and Third place winners. Because so many of the members either need, or want, information on this subject, we have reproduced the Essay which won first place as it appeared in Texas Titles, official bulletin of the Texas Title Association.)

At the end of War II our small abstract plant consisted of an index contained on 5"x8" cards arranged by property description, or according to lot, block, township, section and survey. All of our abstracts contained typewritten sheets, which at the time of typing were made in multiple copies and the carbons filed in letter size files according to the same system as that of our index. Our daily take-off was made by typing the necessary information from the daily files in the County Clerk's office and then brought to our office for posting to our plant index. Following War II, the demand for quicker service and faster delivery of abstracts, and our inability to maintain an adequate staff of qualified employees brought about our investigation of photography in the abstract industry. Our first experimentation was several months of actual trial and error experiments to learn how we could adapt any form of photography to our business. This experience later proved beneficial in that we had learned a great deal about the darkroom procedure in developing and processing photo copies, and how to

obtain good copies of the various subjects. When, in 1947, the County Commissioners decided to install photographic methods to record the instruments filed in the county, we were able and ready to follow suit, and the introduction of photography in our abstract plant has followed these steps:

I.

Building Our Files for Reproduction

Our first step to use photography in the production of abstracts was to place a Dexigraph camera in the county courthouse to obtain negative copies on 6"x9" size paper from the legal size original instrument, which copies would be filed in volume-page order in our office. We have in this manner constructed a complete file of all instruments filed in the county recording offices since 1947. The camera used in the courthouse is fixed for reduction of sizes only. From the 8½x14 size instrument, the camera in one fixed position reduces to the 6x9 print; and from the standard deed record volume size, it reduces to the 6x9 print when adjusted to its other position.

At the same time we placed the camera in the courthouse, we placed another Dexigraph camera in our darkroom. This particular camera was to be used to enlarge the 6x9 negative copy to an 8½x11 positive copy for placing in the abstract. This camera will also reproduce size for size copies of either 8½x11 or 8½x14 dimensions. This camera was put in use as soon as we organized a system of reproduction that would not disrupt the other phases of our office routine. Several weeks of testing paper, chemicals and time of exposure prepared us to issue abstracts, mostly supplemental, that contained some typewritten sheets and some photo-copy sheets. We invited criticism and opinions from the examin-

ing attorneys as to the comparison of typewritten copy with the photo-copy. From the information thus received, we have been able to make our photo copy conform to many things requested and desired by the examining attorney. At the present time, after seven years, our supplemental abstracts are completely composed of photocopied instruments.

II.

Photo-Reproduction of Existing Records

Having, after three years, developed a system of photo-copying the current records from the original instrument, we then began investigating the best possible method of reproducing by photography the "old" records which were already typewritten and placed in volumes in the county recording offices. Our investigation resulted in our leasing a microfilm unit and microfilming all previous records. These two hundred rolls of 35-mm. microfilmed records now constitute our film library which is located in our fireproof vault. This film library together with our 6x9 negative files furnishes us with complete county record information in our office, and thus eliminates the necessity of making many trips to the courthouse for information. By the use of a microfilm reader, we can type from our film library, or by the use of an enlarger, we can reproduce the copy by photography for placing in an abstract. Thus, by the use of the Dextragraph camera we reproduce copies from our 6x9 negatives to place in abstracts, and by the use of the microfilm enlarger, we can reproduce copies of the "old" records for placing in our abstracts.

III. The Daily Take-Off

The only major phase of transposing information from the county courthouse to our office which we have not yet done by photography is the daily take-off in instruments placed on file. This last remaining phase is now in the process of coming into existence. Heretofore, we have made an original and one copy

of the daily take-off which shows for each instrument filed, the Grantor, Grantee, Instrument Number, Date of Instrument, Style of Instrument, Filing Date and Hour, and Property Description. Our reason for making two copies is to provide a heading to be placed on the photocopied negative. This heading is obtained by cutting the appropriate heading for each instrument from the original copy of our take-off and "shooting" it along with the instrument. (This resulted from a suggestion submitted by an examining attorney.) Each instrument, therefore, when copied by our camera has a heading exactly the identical with the heading appearing on typewritten copies in the abstract. Very careful consideration has been given to the change-over from typing to photographing the daily take-off. The method we are to employ will be as follows:

- (a) We shall place in the courthouse a microfilm camera by which we can film each instrument in each day's filing on the day same is led. This camera will contain a device for cutting the film at the end of the day's exposure, thus providing a film strip that will contain complete copies of the instruments filed that day. We shall develop each day this film strip and the following morning the strip will be ready to post from a microfilm reader at the posting desk.
- (b) At the time of photographing the instruments a "Form" heading will be placed at the beginning of each instrument, which will, upon being placed in the abstract be completed in the same manner as our other headings.
- (c) When a complete roll of microfilm has been exposed, the various "strips" will be spliced together in numerical order by use of the clerk's instrument number.
- (d) Index to the spliced rolls of film will be made according to the clerk's instrument, and the rolls of film will be arranged in the library in that order.

(e) Abstract order sheets (work sheets) will be listed from our index and show the instrument number as well as the volume and page of the instrument. (We have always posted the clerk's instrument number to our index, and this change in filing will present no problem.)

Our change-over on the daily take-off to this system will accomplish two important things: (a) We will eliminate a great loss of time required of one of our most important (and highest paid) employees in making a careful, brief description of the daily file, as well as the elimination of errors and oversights that sometimes occur in such procedure. (b) We will eliminate the photocopying of the original instrument by use of the Dexigraph camera in the courthouse, and will thereby, employ a photocopy system that is less expensive to obtain both our take-off and our permanent photocopy for filing. Less space will be required for filing.

Routine and Procedure

The routine and procedure we follow in our office to obtain the 6x9 photo negative files for our office is as follows:

When the County Clerk began using photography to record instruments, we worked out a system with the Clerk's staff to photograph on the same days that the Clerk's office photographs. The Clerk's office prepares the instruments for photographing, places the instrument numbers, the page numbers and the volume number on each instrument. The Clerk photographs each Tuesday and each Friday morning. After the Clerk's employees have photographed a sufficient number of the instruments to allow us to photograph the same instruments without causing interruption or loss of time by either office, we began to make our copies. When we have completed the "take," we bring the exposed prints to our office and develop, fix, and wash the prints before noon of that day. This requires two employees. After noon, one employee dries the prints, arranges same by

volume and page order and places the prints in file. This is a simple procedure, one that has never been changed since its inception in 1947, and one that is completely satisfactory to both the Clerk's staff and to our office. If any "retakes" of the prints are to be made, the Clerk keeps the subject instruments in a place where we can pull for retake before they return the original instruments to the proper party.

The procedure used in reproducing from our 6x9 negatives is just as simple as the above. When we receive an order for an abstract, the work sheet is checked from our index and instruments are listed by volume and page numbers. The instruments required are then pulled from our files, which are arranged by volume and page, and clipped to the work sheet, taken to the dark room, there exposed, developed and processed, then delivered to the respective check-out desk along with the work sheet. The negatives are then returned to the files.

The system used in obtaining the microfilm library was as follows: We leased from Recordak Corporation a microfilm unit suitable for our purposes, placed the unit in the courthouse in the basement of the County Clerk's office, employed one girl who in two months' time microfilmed all of the records in the county and District Clerk's offices up to the volumes that were photographically recorded. When the rolls of film were completed we mailed them to Recordak Corporation for processing. Upon their return to our office, we checked them on our reader, indexed them, and placed them in files. These rolls are indexed by volumes, and when we wish to reproduce copies of the microfilm we use the same procedure in obtaining the abstract copy as that described in the above 6x9 negative system by use of the enlarger.

Materials Used

After seven years of experience in photographing instruments for abstracts, we have found the following chemicals and papers most suitable for our purpose:

DEVELOPING FLUID:

We use Eastman's 1-gallon size powdered Kodagraph chemical. We mix new chemicals each Tuesday and each Friday mornings. The cost is 51c per can.

STOP GUARD OR COLOR GUARD:

We use either Remington Rand's Color Guard or Eastman's Indicator Stop Bath. Price is \$1.05 for 16-oz. bottle of Eastman's concentrate, and \$1.30 for 24-oz. bottle of the Remington Rand product.

FIXING SOLUTION:

We use Eastman's 5-qt. size Kodagraph powdered fixing chemical. Price 51c.

PAPER:

For both 6x9 and 8½x11 size paper we use Eastman's Kodagraph Fast Projection, Extra Thin paper. Price for 6x9, \$12.15 for 500 sheets; for 8½x11, \$20.65 for 500 sheets.

The use of extra thin paper gives us a uniform thickness of paper whether we use typewritten sheets or photocopied sheets. We have been able to eliminate any "curling" of paper by careful washing and drying of the prints.

Cost of Operation

As to the cost of producing a photocopied abstract compared with the

cost of producing a typewritten abstract, we cannot give an itemized comparison. We have been satisfied in our plant with these factors: We are able to put out abstract faster than previously after reducing our employees by two at no increase in cost of production when the initial cost of cameras and equipment is not considered. However, the annual salary of two employees will very quickly offset the initial expense of obtaining the required equipment. The elimination of typographical errors, corrections, and difficulty of obtaining experienced and trained employees is another factor that cannot be evaluated in dollars and cents. The fact that we can meet the demand for prompt delivery of abstracts and other services is still another factor that we value and appreciate.

While there will ever be improvements and modifications which any prudent management will always seek and strive to make, we are satisfied with the place we have been able to give photography in our plant, and if the volume of business is an indication by which we can fairly judge the reception of the photo-copy produced abstracts, then we will continue to employ and improve photographic methods in abstracting land titles.

THE KANSAS ABTRACTER describes an abstractor thusly in its recent issue:

"A guy who spends his life making sure the other fellow has good title so he can die rich—and himself dies poor.

"A man (or woman if she has no better judgment than to get into the game) who unscrews the inscrutable, solves the unsolvable, digs up family skeletons and buries them quietly, makes himself a walking encyclopedia so he can give free information, and gets blamed for what somebody did wrong before he was born.

"A man (or woman) who has to keep friendly with realtor, lawyer, banker, farmer and John Q. Public, correct their mistakes, deliver today's orders yesterday, pay this year's overhead with year before last's rates, smile when cussed for something not his fault, and keep plugging until 90 because he couldn't afford to train a youth to take his place.

"And with it all an Abtracter's that crazy fellow who's so crazy about his profession he wouldn't do anything else. Just try to buy him out and you'll see."

THE AMAZING GROWTH OF SAVINGS AND LOAN ASSOCIATIONS

By GRANT H. LONGENECKER

Executive Manager, Michigan Savings & Loan League, Lansing

Address given to the Michigan Title Association, Traverse City, Michigan, June 25, 1954

People today are savings and loan-conscious as never before. And why wouldn't they be? The savings and loan business, which actually is an old, old business, has grown in the last two decades with a rapidity that is nothing short of amazing.

Financial writers, students of finance, and other observers have tried to outdo each other in their search for superlatives to convey the unique nature of this growth. They have called it spectacular, phenomenal, meteoric—all of the words that people fall back upon when they want to describe something which is so unusual as to be not quite of this world. As a matter of fact, the growth of our business has been a very earthly thing, and it has earthly causes.

With the expressions of awe and amazement there has been much comment on the subject. Observers of the financial scene, some of them very competent, have been at considerable pains to advance reasons for our growth, in order to satisfy the curiosity of the increasing numbers of people who want to know what, exactly, happened. Generally, the reasons they set forth fall into two categories: Those which are good but incomplete, and those which are good but untrue. There has been, in other words, too much speculation concerning the development of the savings and loan business. And whenever there is speculation, there is bound to be error, lots of it.

Present Size

As a consequence, I welcome the opportunity to be here today, in order to dispel error and to **give you facts** about savings and loan growth.

Before I do that, however, I want to give you some statistics about the size of our business at the present time. There are 6,000 savings and loan associations in the country (they are known in some regions as building and loan associations). Their combined assets now total **27 billion dollars**. They finance almost **40 per cent** of homes purchased with a mortgage, and 15,000,000 men, women and children have savings accounts with them.

And now, a few figures from out of the recent past in order to give you an idea of this great growth I have been discussing. In 1940, the savings and loan business was a \$6 billion operation, doing 29 per cent of the nation's home financing. By 1947, we were a \$12 billion business, and were financing 33 per cent of home purchases. Our business has, then, increased more than fourfold since 1940!

The greatest error that abounds concerning the growth of our savings and loan business holds that we have achieved our present eminence as a result of government favoritism, particularly by that government nestled along the Potomac River. When you know the facts, I am sure you will agree it is an absurd contention. As a matter of fact, we all know that a "favorite" is not going to risk losing his choice status by talking back to the one who has the power to bestow or withhold the favors. The very behavior of those of us in the savings and loan business toward government ought to convince any sensible observer that we are **not** a fair-haired child. We have "talked back", often very harshly, to government whenever we felt it was attempting to **take over** and **run**

things, instead of merely **govern**. We shall continue to do so, whenever we think the occasion demands it.

Undoubtedly this notion that our business has been especially favored assumes plausibility to some people because of what is actually a normal and perfectly proper amount of government supervision, either state or federal, or our institutions. All **federal** savings associations are under the supervision of the federal government. Those **state-chartered** institutions which have their savings accounts insured by the Federal Savings and Loan Insurance Corporation are likewise subject to a certain degree of federal supervision.

Government Supervision

Federal supervision is not something that is peculiar to our institutions, however. It applies to **all** financial institutions which receive their charter from the federal government or participate in insurance or central banking operations under the control of the federal government. All national banks—in fact, all banks insured by the Federal Deposit Insurance Corporation—are subject to the same type of federal supervision that we are. Mutual savings banks, life insurance companies, and other types of financial businesses are subject to supervision by state government. Savings associations operating under a state charter are supervised by their state government as are state banks, state credit unions, loan companies, and so on.

Government supervision of financial institutions has been with us a long time. The theory of government supervision presupposes that if a business organization, regardless of nature and intent, is soliciting actively the funds of the public in its operations, government has a clear responsibility **in the public interest** to make certain that such funds are used in accordance with the law which authorizes the organization. We agree that such supervision is in the public interest, and we therefore welcome it. It is only when supervision ceases to be supervision and becomes intervention that

we object. We see and approve of this same government responsibility to protect **us**, the public, in operation in the federal statutes which insist that the food we eat and the drugs we use be properly prepared and labeled.

But enough about supervision. Let us consider other savings and loan activities wherein government has played a part. Now, as I have already indicated, we have long been outspoken opponents of government intervention in financial operations. And we have been true to this philosophy in the pursuit of our own business. Any government credit extended to the savings and loan business, in times of financial stress has been accepted only on the condition that these institutions be permitted to follow orderly procedures in retiring this assistance as soon as possible.

Paid with Interest

As an example, a very notable one, of our determination in this respect, I want to cite the creation of the Federal Home Loan Bank System. When the Home Loan Banks celebrated their 20th Anniversary last year, the occasion was of special significance to our business because in that 20-year period, **all** of the financial assistance which had been made available by the federal government through these banks in the depths of the depression had been retired, with interest, in that relatively short period of time. In other words, the assistance given by the taxpayers through their government to these thrift and home financing institutions has been one of the best investments they have ever made, for not only have the sums been returned to the U.S. Treasury, but the people have been handsomely rewarded for the use of their money.

The same holds true in the activities of the Federal Savings and Loan Insurance Corporation,—that agency of the government which insures savers in our institutions up to \$10,000. The government funds that were necessary to establish this system for our business are now in orderly process of repayment, with interest,

from the income which the FSLIC receives from our savings associations. In fact, there is at present only about 85 million dollars of government money outstanding, and it is expected that this money will be repaid in a very short period of time. You will be interested to know that there are several savings associations throughout the nation whose assets are considerably in excess of this amount.

So, then, it is certainly not handsome handouts by government that has made us what we are today. Some skeptics may say that our institutions have relied heavily on government-backed plans of home financing, principally the Federal Housing Administration program, to propel us along the road of success. This simply is not so. Our specialized home financing institutions have, in fact, been the most enthusiastic exponents of what we call "conventional mortgage financing,"—that is, home loans made **without** reliance on any government guarantee or insurance features. At present, only about five per cent of all mortgage loans made by our savings and loan associations are through the facilities of the FHA program.

Why have our institutions been reluctant to take advantage of these government plans? Because we are convinced that mortgage financing is a sound investment and any risk involved should be assumed by the institutions themselves rather than by the federal government. This conviction has been zealously adhered to except in those instances where we have felt that a broad social purpose made participation in the government program desirable. Here I have in mind the G.I. Loan Program.

Helping the Veteran

What do we mean by "broad social purpose"? In the case of the G.I. program, we mean this: The man who spent two and a half to five years defending his country at roughly only \$50 a month was deprived of the opportunity to accumu-

late enough money to qualify for a conventional loan, and therefore he is **deserving** of assistance in acquiring his home. We have generally taken the view that helping the veteran achieve home ownership served a broad social end.

We have, consequently, been the most enthusiastic and consistent participants in the G.I. loan program. For example, in the first year of operation of this program, over 55 per cent of all G.I. loans were made through savings associations; at the present time, about 18 per cent of the total mortgage loan portfolio held by our financial institutions is in G.I. loans.

I hope that the foregoing explanation has been adequate to abolish the major misconceptions and errors concerning the growth of the savings and loan business, for I am eager to get into the story of the **real** reasons for our sensational growth. There are several reasons, so let's take them apart and look at them.

There has been, for instance, the **modernization of operations** of the savings and loan association. I said at the outset that ours is an old, old business, and it is; the first association was established in 1831. However, the entire business suffered from various limitations until fairly recent times. Cramped by old and outmoded rules and regulations, it could not expand. More important, it could not fulfill the home financing needs of our people adequately.

Throughout the 19th century and in the early decades of the 20th, our institutions thus remained small, often so small that they were operated on a part-time basis. The antiquated charters under which they were run excluded many savers from participating in their operations. Eventually the pressure of the demand for a more modern institution became so great that in the 1920's and 1930's the charters of our associations were revised and extended in order to provide a **full-time thrift and home ownership operation whose services were available to any and all who desired to use them.**

Modern Service

During the past 25-year period, almost every state in the union having state-chartered savings and loan associations has revised its savings and loan code to permit the most modern mortgage loan service, with extended loan terms and reduced downpayment requirements. At the same time improvements have been made in the type of savings account offered. Terminology and operating plans have been streamlined, and today the savings account in the typical association is the most up-to-date available anywhere. Besides the state-chartered institutions, there was created a system of federal savings and loan associations in the early 1930's.

Under the general heading of "modernization of operations" must come those two agencies I mentioned earlier.—The Federal Savings and Loan Insurance Corporation, and the Federal Home Loan Bank System, both established in the 1930's. The FSLIC of course provided that extremely attractive feature, insurance of savings accounts. This insurance has prompted great numbers of savers to place their funds with us. **All** federal associations **must** be members of the FSLIC; eligible state-chartered associations **may** become members.

The people **outside** the savings and loan business, the Federal Home Loan Bank System—what it is and what it does—is often something of a mystery. It need not be, for its functions are simple and easy to understand.

Supply and Demand

Now, there are always some associations in areas where sound mortgage loan demand is far greater than the **supply** of funds to meet that demand. In such cases, the associations may borrow (at reasonable rates) from the Federal Home Loan Bank in order to finance the demand and thereby fill the need for home ownership funds in their communities. At the same time, there are **other** areas with surplus savings funds; the supply, in other words, exceeds the demand. Here the Home Loan Bank figures in another role,—

as an investment outlet. In so doing, it channels the excess funds to the areas where a shortage prevails.

The ABC of it is this: The Federal Home Loan Bank System exists to facilitate the flow of home-financing money to those regions where the money is most needed. That the Federal Home Loan Bank System has been an important factor in the growth of the savings and loan business cannot be denied.

Still another vital factor in our growth has been the improvements that have been made in **methods** of home financing. From the very beginning of the business, our associations have offered a home mortgage loan which was repaid in periodic installments of interest and principal. But there were two major reasons why this highly desirable type of mortgage was not used extensively until the last 15 or 20 years: First, our associations were too few, in both numbers and assets; second, some wrinkles in that periodic-repayment type of mortgage still had to be ironed out.

The wrinkles **were** ironed out and, as I have already explained, the obstacles in the way of the expansion of our associations were removed, with the result that we were in position to offer realistic plans for financing home purchases to many millions more people.

At this point it must be clear to you that, although I am trying to separate and isolate the various factors that have been responsible for our magnificent growth, each factor has **affected** and **complemented** the other factors. It has been an overlapping and interacting kind of development. For instance, the great stream of savings funds that has flowed into our institutions in the last few decades has enabled us in turn to furnish a fresh flow of funds to home buyers. Through their monthly repayments of the borrowed funds, the home buyers in their turn keep us supplied with plenty of money to meet withdrawal requests of our savers on a payable-on-request basis. Thus are the needs of our two divisions of customers, savers and borrowers, kept satisfied.

Real Heroes

And now we come to the **human** factor as one of the indispensable factors in savings and loan growth. I want to emphasize it, because sometimes I have troubling thoughts that people—human beings—are in danger of becoming the **unsung** heroes and heroines of our modern business and industrial life. We get so used to explaining the success of an enterprise in terms of machines, methods, procedures, and the like, that we are inclined to neglect that outstandingly important factor, **people**.

All right, then, what kind of people have helped us to our position of prominence and prestige in the financial world? The answer is this: People with skill and know-how, with imagination and initiative; people with creative ability and the will-to-do; people who have been aggressive in the **constructive** sense of that often ill-used word. These are the kind of people who have built the savings and loan business. As a result of the various improvements in operating procedures, qualified men and women of this type were induced to seek their careers in the thrift and home ownership field.

Their intangible qualities have produced very concrete results, in the form of intelligent advertising, business promotion, and public relations effectiveness. They have taken the position that the old-fashioned notion that a financial institution must necessarily be aloof and austere and impersonal is no longer appropriate in an era which is spending money, as never before, for studies to try to learn more about the explanations for, and control of, human nature and conduct. As a consequence, they have concentrated upon **service to people**. They have recognized that both thrift and home ownership are very **personal** matters to those engaging in them, and hence they have placed their appeal in both respects on a personal basis.

Growth and Expansion

Naturally, the increased activity of savings and loan associations has required expanded quarters, and so a great many associations have moved

from their previous locations, which very often were inaccessible to the best "traffic centers" of their cities, or they have followed decentralization patterns and have established themselves in locations in neighborhoods where savers and prospective savers would find it most convenient to do business. This matter of convenient location and attractive offices may on the surface seem minor, but actually it has been an important contributing factor in the growth of our business.

Another factor, one which is more generally known than some of the others I have been discussing, is that the business climate of the post-World War II period has contributed greatly to the flowering of our business. During the war, our housing supply remained almost in a static condition. Materials which are essential in home building were required for the more immediate task of winning the war. On the other hand, what with war marriages, we had an unusual increase in the number of families. To compound the situation, we had a shortage of consumer goods, with the result that people saved much that normally they would have spent. A huge backlog of savings quite naturally developed.

When peace came, we had this picture: First, an unprecedented demand for housing, and second, money in the hands of families for the down payments needed to acquire homes. Having experienced the improvements I have mentioned earlier, the savings and loan association was ready and able, with the funds of its savers, to bridge the gap between the price of the home and the family's own funds. (Incidentally, our business is extremely proud of the part we played in helping overcome the acute postwar housing shortage.)

To round out the list of factors which have combined to win for the savings association the designation of "fastest-growing financial institution in America," there is the factor of return on savings. The principal reason that our institutions are able to pay a higher rate of return on savings funds than other financial institutions has to do with a difference in

the type of investments. Our **long-term** investments in home mortgage are for 12 to 15 and 20 **year** periods as contrasted with 30, 60 and 90 **day** investments of other financial institutions. This capacity of ours to make thrift worthwhile has, understandably, persuaded great numbers of people to do their savings with our organizations.

Success Combination

Put together all of the factors I have discussed today, and you have the explanation for the savings and loan "success story." Obviously, no **single** factor could have been responsible for so remarkable a growth. Rather, credit for that growth must go to this **combination** of factors:

- (1) A modern charter.
- (2) Good products—thrift and home ownership.
- (3) Public confidence.
- (4) Capable management fired with zeal for the job to be accomplished.
- (5) Aggressive merchandising through intelligent advertising, attractive quarters and strong emphasis on service.
- (6) An economy favorable to thrift

and home ownership during this period.

- (7) A strong incentive to thrift through an adequate rate of return paid on savings accounts.

It has been my purpose today to talk about the past and the present of the savings and loan business. In closing, I want to say just a few words about the future. We expect the savings and loan business in the years ahead at least to equal and probably to surpass the splendid achievements of the years gone by. Our expectation is based on solid ground. The savings and loan business is a local operation; it is a conservative operation; and it has an enviable record among all financial institutions of stability and effectiveness even in periods of great financial stress.

Above all else, the savings and loan business has that one quality without which no business can grow—optimism. Optimism essentially means a **belief in progress**. We believe that as long as the American people embrace the philosophy that reveres both thrift and home ownership, progress is inevitable, both for our business and our country.

THE ARBITRARY TRACT SYSTEM

J. M. ELMSLIE, JR.

Hill County Abstract Company, Havre, Montana

I have decided to write about the arbitrary tract system here in Hill County, as this is something new we have developed in our spare time during the last four or five years. In fact, other than an electric typewriter, this is about the only new things in our office for quite a few years.

In Hill County, especially immediately outside the city limits of Havre, and also adjacent to some of the small towns like Rudyard, Gildford, Box Elder, etc., we have 40-acre tracts, which have been cut into many small and different shaped parcels of land, all by long metes and bounds description, with no or few plats or surveys filed. Before we developed

our system of arbitrary plats and indexes, any instrument affecting one of these small parcels of land was merely indexed in our tract book in the 40-acre subdivision in which it was located. Some of these 40-acre subdivisions would have four or five hundred various instruments posted on them, all metes and bounds descriptions. When an abstract was ordered on one of these tracts, it was necessary to pull all of these cards, check out each description, and eliminate those which did not affect the particular tract being abstracted. Sometimes it took hours to do this, and after checking three or four hundred cards, there may be only ten or

so, that would affect the piece being abstracted. This situation was a nightmare, and as time went on it, of course, kept getting worse. We actually hated to see anybody enter the office from that part of town, for we knew what it meant. Not only was it hard to find the time to check one of these titles out, but most of this land is low in value and we generally did not make enough profit, if any, on the abstract, for the amount of time and labor involved. Yet these people were entitled to just as good service as the rest of the public.

Numbered Lots

To remedy this situation, about five years ago, taking one of these forty-acre tracts at a time, we began to work out an arbitrary system, with a map of the forty-acre tract, showing all of the parcels owned by various parties. Each parcel was laid out to scale on the map according to the metes and bounds description in the deed. Incidentally, for these maps we used a very high grade, linen backed plat paper, and keep them in a flat binder. The map of each forty-acre tract is 13"x13" on a sheet of paper 18"x18". After all of these various parcels were laid out on the map, we gave each one a number. Then in our tract book, we set up a new sheet or sheets, for the forty-acre tract, with a number for each of the parcels, corresponding with the number on the map. (Just like a lot number in a surveyed and platted City Addition.) Then all of the various instruments which had been posted against the said forty-acre tract were carefully checked and indexed, just on the particular arbitrary lot number or numbers to which it applied. When we were through, not only did we have an accurate map of the said forty acres, but a tract index for each of the various tracts therein, against which was indexed only those instruments which affect that piece of land.

Simplifies Orders

Now, when some party orders an abstract on one of these pieces of land, he merely gives us the description on his deed, we take the descrip-

tion, check our map to see which arbitrary number it is, then go to our arbitrary index, take down the entries posted against that number, just like we would if it were one of the lots in one of the platted city additions. Now, it is no more difficult and takes no longer to make one of these abstracts, than an abstract in a platted subdivision, or on regular farm land. We do, however, charge some extra for these abstracts, to partially compensate for the great amount of work taken to build this system and maintain it, and also because most of the descriptions are metes and bounds and quite lengthy.

Now that the system is set up and in operation, if any of the parcels are further cut up into smaller ones, we give the new parcels arbitrary numbers also, the first entry indexed on the new arbitrary tract being the deed, with reference being made back to the arbitrary number, out of which this new tract came, for the chain of title prior to this deed creating the new tract.

This system has worked very nicely for us. We now have about 30 of these forty-acre subdivisions worked out this way, which includes all in the county that were cut up enough to warrant it.

Sooner The Better

We also have several situations in the city of Havre itself on which we have used this system. There is one block in Havre, for instance, on which there were no lots shown on the plat of record. Now there is about twelve houses on the block, all with different ownerships and chains of title, so we have divided this block into arbitrary lots, and index the instruments as they are filed, accordingly.

If we had not adopted this system for these cut-up, unplatted fortys, we would be lost in a few more years, whereas now, they give us no more trouble than any other ordinary abstract. I think that any abstracter that has come up against this situation, will eventually have to develop some type of arbitrary tract; and we have found out, the sooner the better.

HAWAIIAN TITLE TALK

(The following was written by Howard J. Burnham, President, Clark County Title Co., Vancouver, Washington, in his capacity as editor of Washington Title Association Title Tales, Feb., 1954.)

Fee simple titles are a comparative rarity in the Hawaiian Islands, the prevailing tenure being a leasehold interest. Furthermore, the informal and constant practice of procreation by the original parties in interest (to the exclusion of time for written transfers or devises) makes the tracing of a title a weird and labyrinthine excursion into the realm of combinations and permutations. In this regard, the sesquipedalian polysyllables which serve for family nomenclature will give any serious researcher an acute case of vowel trouble.

In the beginning, an island, or **Mokupuni** was ruled by a **Moi**. He, in turn, divided it into large wedge-shaped divisions known as the **Moku**. A mountain peak generally served as

the focal point for the **Moku** with the boundary lines radiating to the shoreline. Each **Moku** was ruled by a chieftain called **Alii Ai Moku**, and was further divided into narrower wedges termed **Ahupuaa**, each governed by an appointed chieftain, the **Konohiki**.

There was primitive logic in this mode of division, for each wedge provided upland forests to be hewed into lumber, sources of rock for walls and fences, agricultural areas for tillage, and the sea coast whence came the many varieties of fish and crustaceans that formed the staples of native diet.

Supplementary divisions were made for single families. If this small subdivision reached the sea it was an **Ili**, but if landlocked it was a **Moo**. Moreover, a small private holding on the sea front was a **Kuleane**. And if a non-contiguous inland tract constituted a part of the holding, it was a **Lele**.

PERSONALS

JOSEPH H. SMITH

Secretary, American Title Association

The formal opening of the offices of the Abstract corporation, Deland, Florida, took place on July 6. New modern quarters are in Title Building, 108 North Florida Ave., DeLand. MORTON McDONALD, President of the firm, and Chairman of Abstracters Section, ATA, welcomed guests at open house party.

★ At the Kansas City Title Insurance Company, Kansas City, Missouri, June 29 was observed as EDWARD J. EISENMAN DAY in celebration of Mr. Eisenman's 50th year with the company. Mr. Eisenman, President of the firm, who started as an office boy, was honored at an afternoon reception at the home office.

★ After thirty-two years of service, Vice-President JOHN L. PRINCE retired on June 30 from Security Title Insurance Company, Los Angeles, California, under the company's retirement program. He has been a member of the firm's Board of Directors since 1926.

★ Mr. DANIEL A. WHELAN, President of Guaranteed Title and Mortgage Company, Brooklyn, New York, has been elected President of the New York Board of Title Underwriters. It was further announced that Mr. HENRY J. DAVENPORT, President, Home Title Guaranty Company, New York City, was elected Vice-President and Mr. EDWARD T BROWN of the law firm of Watters and Donovan, New York City, was elected Secretary-Treasurer.

★ The newly-elected President of the Illinois Title Association is DONALD A. McLEAN, of E. J. Tupper Company, Inc., Galesburg. JOHN R. PARKER, Vice-President of Logan County Title Company, Lincoln, continues as Secretary.

★ The Arkansas Title Association has elected JUNIUS HOLMES, Secretary, Little Rock Abstract Company, Little

Rock, as their new President and re-elected Mrs. SALLIE B. CAULDER of Lonoke Real Estate and Abstract Company, Lonoke, as Secretary. HARRY VanDALSEM, Manager, Perryville Abstract Company, Perryville, was re-elected Treasurer.

★ JACKSON HOSPERS, Secretary of Sioux Abstract Company, Inc., Orange City, was elected President of the Iowa Title Association at convention last month. DON A. HUGHES, Secretary-Treasurer of Moore Abstract & Title Company, Cherokee, was again elected Secretary.

★ At the Convention of the California Land Title Association in May, RALPH L. HORINE, First Vice-President, Pioneer Title Insurance & Trust Company, San Bernardino, was elected President of the association. RICHARD E. TUTTLE continues as Executive Vice-President and Mrs. HAZEL PARKER as Secretary.

★ The Michigan Title Association elected CLARENCE W. DILL, Vice-President, Burton Abstract & Title Company, Detroit, as President for the coming year and WALLACE A. COLWELL, Vice-President, Abstract and Title Guaranty Company, Detroit, was elected Secretary. Re-elected as Treasurer was S. K. RIBLET, Manager, Newaygo County Abstract Office, White Cloud.

★ The newly-elected President of the Texas Title Association is L. B. ELLIOT, Owner-Manager of Mitchell County Abstract Company, Colorado City. Miss Lottie Harris of the same company will function as association Secretary.

★ At the meeting of the Title Insurance Executives of the Eastern Seaboard, American Title Association, Mr. GEORGE C. RAWLINGS, Executive Vice-President, Lawyers Title Insurance Corporation, Richmond, Virginia, was elected Chairman for the coming year.

COMING EVENTS

Date	Meeting	Where to Be Held
Aug. 27-28	Montana Title Association Convention	Grand Hotel, Harve, Montana
Sept. 8-9-10-11	American Title Association National Convention	Chicago, Illinois Edgewater Beach Hotel
Sept. 17-18	North Dakota Title Association Convention	Williston, No. Dakota
Oct. 2	South Dakota Title Association Convention	Aberdeen, South Dakota
Oct. 3-4	Kansas Title Association Convention	Hutchinson, Kansas Baker Hotel
Oct. 4-5	New York State Title Assn. Convention	Lake Placid, New York
Oct. 7-8-9	Nebraska Title Association Convention	Fairbury, Neb. Mary-Etta Hotel
Oct. 7-8-9	Oregon and Washington Land Title Associations—Joint Convention	Tacoma, Washington Winthrop Hotel
Oct. 10-11-12	Missouri Title Association Convention	Jefferson City, Missouri Hotel Missouri
Oct. 21-22-23	Wisconsin Title Association Convention	Delevan, Wisconsin Lake Lawn Lodge

CODE OF ETHICS

The American Title Association

The foundation of the American heritage of personal Freedom is the widely allocated ownership and use of the land. Upon the furtherance of that heritage, depends the survival and growth of free institutions and of our civilization. The Land Title Profession is the instrumentality through which titles to land reach their highest accuracy and attain the widest distribution.

The Title Profession having become such a vital and integral part of our country's economy, there are imposed on each member of the American Title Association obligations above and beyond those customarily required of participants in ordinary commercial pursuits and a code of ethics higher and purer than ordinarily considered acceptable in the market-place, to the fulfillment of which the Title Profession is dedicated. Each member of the American Title Association shall be ever zealous to maintain and improve the quality of service in his chosen calling, and shall assume personal responsibility for maintaining the highest possible standards of business practices, and to those purposes shall pledge observance and furtherance of the letter and spirit of the following Code of Ethics.

FIRST

Governed by the laws, customs and usages of the respective communities they serve, and with the realization that ready transferability results from accuracy and perfection of titles, members shall issue abstracts of title or policies of title insurance only after a complete and thorough investigation, founded on adequate records and learned examination thereof, and shall otherwise so conduct their business that the needs of their customers shall be of paramount importance.

SECOND

Every member shall obtain and justifiably hold a reputation for honesty and integrity, always standing sponsor for his work intellectually and financially.

THIRD

Ever striving to serve the owners of interests in real estate, members shall endeavor (a) to facilitate transfers of title by elimination of delays and unnecessary exceptions and (b) to make their services available in a manner which will encourage transferability of title, provide adequately for obligations which they assume in connection therewith and afford a fair return on the value of services rendered and capital employed.

FOURTH

Members shall support legislation throughout the country which is in the public interest and will unburden real estate from unnecessary restrictions and restraints on alienation.

FIFTH

Members shall not engage in any practices detrimental to the public interest or to the continuing stability of the Title Profession.

SIXTH

Members shall support the organization and development of affiliated state title associations founded and maintained upon the Principles set forth in this Code of Ethics.

SEVENTH

Any matter of an alleged violation of the principles set forth in this Code of Ethics may be submitted to the Grievance Committee of the American Title Association.

Plan to Attend—

AMERICAN
TITLE ASSOCIATION

48th
ANNUAL CONVENTION

September 8, 9, 10, 11

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