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BUILDING AN INDUSTRY

ERNEST J. LOEBBECKE, *President*

Title Insurance and Trust Company, Los Angeles, California

(An address before the 1955 Convention of the California Land Title Association)

President Ralph and members of the California Land Title Association:

Those of you who are not taking this opportunity for an additional coffee break between Dick Howlett's dissertation on "Binders Without Strings" and the very fine panel presentation which Wendell and Floyd are going to make, are no doubt wondering why this topic of "Building an Industry" has been chosen and what I am going to say about it. You are no different than the members of the Program Committee or your speaker in this respect. The fact of the matter is, you find yourself listening to this because of the activities of our state legislature.

One of the very interesting things to all title men in California, of course, is the problem of mechanics' liens. At the time this program was originally set up there were a number of bills in the hopper in Sacramento covering the subject and I was asked to render a learned discourse on the effect of mechanics' lien legislation on indemnity practices. Unforunately, (or perhaps, fortunately) the legislature decided to leave the mechanics' lien laws of our state substantially "as is", and thus eliminated any reason for a talk on that subject. Immediately two points of view arose—mine was that the speaker should be changed, as well as the subject. However, I was out-voted by the Committee and so you still have me with a new and, I am afraid, much less interesting topic.

Unfortunately, I am not gifted with Harvey Humphrey's humorous approach to serious matters, nor do I have Mort Smith's facility for holding an audience spellbound irrespective of the topic being presented. However, being intrigued with the developments in our industry and its growing importance to the nation's economy, I will try to present one or two thoughts and hope you find them worthy of consideration.

All of you well know that ours is a service industry, quasi-professional in nature but having reached a stature that requires a sound industry-wide approach to the problem of gaining proper public acceptance. Perhaps some or all, of you feel that we enjoy proper public acceptance and that we need do nothing more than continue on without particular thought to the problem. Personally, I do not view the situation in quite that light.

To me the matter is worthy of thought and I would suggest that we examine it along these lines: First, how are we accepted by the public? Second, what are some of our shortcomings? And finally, what should we do about it?

On the first point I am quite sure that a substantial part of the public feels that our major mission in life is to be technical. They feel that we have some alliance with the lending and real estate fraternities which forces title insurance on the public and, having gotten ourselves into this favorable position, that we adopt arbitrary and unreasonable attitudes regarding the issuance of evidences of title. Fortunately, the segment of the public which feels this way is in the minority, for over the years we have proven to the majority of our customers that our service is sound, our prices reasonable, and our attitudes helpful. In considering our position, however, our primary interest should be with the minority group and I think we must admit that there is some justification for the way they feel about us.

This brings me to the second point, that of our shortcomings. Some of these are directly responsible for the public's feelings about us. On one hand some of us have evidenced a tendency to think of our business solely in professional terms. Such a concept inevitably leads us to spending our time and efforts in examining into the minutia of legal detail and historical background of each title. We will not issue a policy until we have checked and double checked and until we have fortified our policy with every conceivable kind of fine print. Please do not misunderstand me—I am not advocating careless or incompetent title practices, I am merely pointing out that we can go too far in this direction as easily as in any other. When we do so we are bound to make our customers feel that we are supertechnical and not at all interested in their basic problems.

On the other hand, some of us go too far in the other direction. We forget that legal clouds on a title can lie quiescent for many, many years and then come to life to haunt us. In an excessive enthusiasm to obtain business from a competitor we take a short view on matters of this kind, and because the defects in title has existed for several years and nothing has happened, we indulge in the practice of assuming risks which are basically unsound. This practice can be extremely serious. One thing it can do is cause a substantial loss and put a whale of a dent in the pocketbook of the company involved and even possibly result in financial collapse. Also, it has a tendency to lessen the stature of our industry in the eyes of the public and this can well result in ever-increasing governmental controls, promulgated under the theory that we are unable to run our own affairs without policing by a public body. Also, there is another possibility which, at the moment, you may feel is too remote for consideration. This possibility is that the public might come to feel that we do not do a good job; that their interests are not protected; that we are solely concerned with profits for ourselves; and as a result may demand some type of state or federal title service, such as the Torrens System which has so recently been laid to rest.

Then, too, there are some in this country who write title insurance purely on a casualty basis. This, it seems to me, it entirely unsound. Title insurance should constitute additional protection afforded the public after the title company has done the very best possible job of determining the condition of title for its customers.

Now, to my third point: What should we do about it? The first thing we should do is maintain and operate good workable and complete title plants, or an equivalent source of information, and a staff of sound thinking, well trained title men and women. Fortunately, almost every title man I know agrees with this concept. To me, however, it is not enough, because by itself it creates the connotation of the supertechnical approach.

The economy of this country is a dynamic one and has undergone many changes and terrific growth during the past few years. The title industry has grown with it and as it has grown its responsibilities as a part of the economic picture have grown apace. First of all, we must recognize the quasi-professional nature of our business and the fact that it closely parallels the legal profession. Our practices and our conduct should always be such that our close association with the legal profession maintains this parallel but never runs counter to it. Secondly, we must recognize that the consideration of the part title insurance plays in the overall picture is important. We must recognize the customers' problems and needs, we must recognize that because we are issuing insurance there are certain proper risks which we should assume as a matter of sound business judgment. This aspect of our business requires something besides a technical title ability. It means that all of us who provide title service must have a broad understanding of economic processes, the flow of money, and an awareness of our responsibility to the community as a whole. This is true whether we are a part of a large organization or a small one.

This concept is not confined to me

alone. If you have read the May 1955 edition of "Title News", I am sure that your thinking was stimulated, and that you were entertained, by reading an article by Bill Gill entitled "Thoughts While Rambling Around." Bill has expressed this broad concept of industry philosophy much better than I can and if you have not read the article, I sincerely hope that you will do so when you return to your office. One thing that I would like to do, however, is go beyond the points that Bill made and talk a little bit about people. By people I mean those who are engaged in the title insurance industry.

All of us here are constantly thinking about our people. In times like these we have trouble getting enough help; at other times we have known the opposite and our worries have been centered around the problem of keeping our people busy and gainfully employed. But no matter what employment conditions are, all of us think in terms of training ourselves and our employees in the technical aspects of the title business. We pride ourselves on the fact—and we brag about it to our friends and customers—that in our office we have the best trained title people anywhere in the country. This is fine and as it should be, but almost without exception I find that it has resulted in this universal problem: Who is going to take over when I'm gone?

In the small office you will find a man who has operated a successful title company in his community and who wants to retire. He has one, two, five or ten employees, many of whom have been with him for years and whose technical competency is excellent. But as he contemplates retirement, he begins to wonder who's going to run the shop. He analyzes these people who have done such a tremendous job of title work for him and he realizes that they have had no experience in considering operating costs, price structures, new methods, development of business, public relations, community responsibilities, or any of the other myriad of things which are such an important and integral part of any successful business.

The same thing is true in the bigger organization. A few men occupy top management jobs for years. They devote their time and effort to conducting the business affairs of their organization and setting the policies. Then comes the time for retirement. The company's board of directors does just what the individual, whom I was just discussing, did. They begin to look at the available personnel in the organization and they suddenly realize that they are very short on candidates to take Joe's place. They find that their roster of employees is full of names of men who are technically competent but who haven't the slightest idea of how to handle the broader aspects of the business. Some have a tendency to blame these men and to wonder why they wtre so lozy or inept that they did not develop these abilities during their years with the company.

Whether it be a large office or a small one the fault lies with the management. It is our fault that this condition exists. We have been so busy making our people technically competent and also in making sure that all of their time is profitably spent that we haven't given them a chance to develop into well-rounded businessmen, capable of taking over when the time comes.

To me this is the challenge to our industry and the answer to what we are going to do about improving public acceptance of our industry.

We must develop ourselves and our people into individuals who are well grounded in all of the ramifications of business; who can analyze and assess the importance of the part played by the title industry in the nation's economy; who can understand what is necessary if our industry is to properly serve the public by giving thoroughly competent title service backed by soundly run financial institutions; who can understand our responsibilities to our employees, our customers, the community, and our stockholders. Times change and it is necessary for us to change with them. We must be able to recognize that new methods, new processes and new concepts affect us just as they do any other industry. We must separate sound ideas from crackpot thinking and must have the vision to realize that it is the long range picture that is important, **not** the expediency of the immediate present.

In other words, we must train ourselves and our key people to be businessmen as well as title men. We must recognize the importance of our industry and support it if we want to continue to build and to achieve our proper place in the nation's economy.

U. S. FAMILIES, 1960 VARIETY

ARTHUR ROSENBAUM, *Manager*

Economic Research Dept., Sears, Roebuck & Co., Chicago, Illinois

The future growth of our economy depends so much on the number of mouths to feed that everyone is interested in population growth and makeup. Here is a thought-provoking forecast by an economist of a foremost retail firm.

The study of population changes has, in recent years, became an indispensable part of the analysis of market trends, and of market projections. When in 1947 the Bureau of the Census published its population forecasts for 5 year intervals to 1975, a 162 million population projection for 1960 was thought to be the highest reasonably possible. We passed this figure last year and by 1960 we shall probably attain the 177 million that was considered somewhat on the high side as a projection for 1975 when made only eight years ago. Between the 1940 and 1950 censuses, the 20 million growth in population was about equal to the combined 1940 populations of Wisconsin, Illinois, Indiana and Michigan. Since 1950 another 13 million have been added, indicating a possible total increase of 26 million, or 17%, for the current intercensal decade. Last year alone the net increase was 1¾%.

These are impressive figures. They indicate rising potential levels of consumption of food, clothing, shelter, furnishings, medical care, in fact goods and services of all kinds, for many, many years ahead. How this potential will be translated into actual sales of goods and services depends upon our success in maintaining or increasing real income per capita.

Delving further into the individual components of the change in the size of our population, we find that by far the most important, as well as the most dynamic, has been the number of births. Net immigration has contributed only 1½ million in the past 5 years. The death toll has been fairly stable at around 1½ million each year. But births have exceeded 3½ milion annually for eight years in succession and in 1954, they passed the 4 million mark.

One cannot help but to be impressed as one contemplates the possible long range effects of this swelling tide of humanity upon our economy; how, beginning in the next decade, our productive potential will advance to new heights as many of these children enter the labor force; how marriages will occur in increasing numbers, and how a new impetus will be furnished to population growth. Today's infant has a much better expectation of fulfilling his productive and reproductive poten-

*Mr. Rosenbaum is manager of the Economic Research Department of Sears, Roebuck and Co. The article represents a condensation of an address given before the American Marketing Association in Milwaukee, Wisconsin, June 15, 1955.

tialities then had his parents before him.

The most difficult part of a population forecast is, of course, to estimate the number who will be born during the period. This part of the population in 1960 will consist of the children up to six years of age, a group which numbered 22 million in 1954. I would venture to guess that 1954, or possibly 1955, will establish a record year for births during this decade, although annual totals will probably continue to exceed 3½ million.

A Mobile People

Producers and distributors are frequently more concerned with population changes in particular local markets than in the population as a whole, and rightly so. Seen from this aspect, there has been uneven growth in different parts of the country. Fertility rates have been regularly higher in some states and regularly lower in others, but the gain from a net influx of population from other states has been the major factor in the population growth of such states as California, Florida, and Arizona. On the other hand, the net outmigration has been so large as to exceed the increase from natural causes in such states as Mississippi, Arkansas and Oklahoma. There has been a broad movement of the population to the West which was stepped up considerably during the war period and has continued at a slower rate since. This westward migration is demonstrated by the movement of the center of population which moved farther westward from 1940 to 1950 than in any of the 3 preceding decades. The most continuous outward movement has been from the South, with the conspicuous exception of Florida and Texas. The out-flow from the South averaged as much as one third of a million annually. Despite the strides of industrialization, in the 3 years following the 1950 census the net loss to ten southern states from outmigration has averaged over 200,000 per year.

Some of the statistics about the mobility of our population are somewhat startling. Each year, one out of every five persons moves to a different house. In the 6 years 1946 to 1952, three out of every five had changed residence at least once. From 5 to 5½ million persons have migrated to other states every year since 1950 for the past 4 years. The younger married couples have been the most frequent movers, and a larger proportion of veterans than of non-veterans were among the adult males in search of new homes. The demand for residential construction has stayed above the level expected on the basis of new family formation, partly because additional homes have been required merely to replace those which were vacated and have remained vacant in urban and rural places with population declines.

Although climatic conditions are more attractive in some areas than in others, the basic reason why people move over long distances is economic. People follow jobs and economic opportunity, not the reverse. The effect on the population of farms and rural areas, of the mechanization of agriculture and the development of jobs in industry is an illustration of this principle. From 1940 to 1950, population in urban areas increased by 19.5%; in rural areas by only 7.9%. In North and South Dakota, and in four Southern states, Mississippi, Arkansas, Oklahoma and Texas, where the net decrease in rural population was at least 10%, the urban population of those same states increased at least 25%. The farm population has continued to drift into the cities and towns, shrinking from 16.6% of the population in 1950 to 13.5% in 1954, thus representing a loss of over 3 million persons.

Suburban Growth: In addition to the westward movement of the population and the trek to the cities; there is a third general type of population migration which has occurred within the borders of densely populated areas: the amazing growth of the suburbs which in 162 metropolitan areas increased 35% from 1940 to 1950, compared to a 14.5% increase in the population as a whole. Although suburban populations have grown faster than the nation as a whole since the turn of the century, suburbs had lagged during the thirties. By 1950, almost one quarter of our population was living within the fringe areas surrounding 162 of our cities; population concentrated within these 162 cities constituted an additional one third. The 1950 census will undoubtedly show a larger relative concentration in the suburbs and a slight decline in the proportion living in the cities, but the metropolitan areas as a whole will probably have a larger share of the total population than is the case today.

The growth of suburban living has made for profound changes in market for goods and services. I shall only mention the creation of suburban shopping centers; the greater need for automobile ownership and use; the greater interests in lawns and gardens and in home improvement and decoration, and the greater informality in dress. Better suburban environment for children may also have had something to do with the greater prevalence of larger families.

The Infant Market

In discussing the high level of births during the past 8 years, I touched upon a facet of the study of population change which is of vital interest to all businesses concerned with the needs of infants, young children and teenagers during the rest of this decade. Baby food, vitamins, baby buggies, toys, playground equipment, school supplies and wearing apparel are among the products which spring to mind. You will recall that an increasing proportion of these births are creating larger families which generate a need for larger homes. Thus one of the results of a high level of births in each of the next five years will be to maintain the demand for residential construction to increase the supply of larger dwelling units. Homebuilders whose faces may have lengthened at the falling marriage rate, even though operating at boom levels currently, can derive some cheer from the high rate of infant output.

For a product or service which is aimed at a specific age group in the population, the most dramatic change in its market will begin with the arrival of the 1947 baby crop into that age bracket. The estimated number of 8 year old children on July 1, 1955, for example, exceeded the number who were 8 years old last year by more than one million, or 38%. By 1960, the forerunners of this onrushing tide will be 13 years old, our elementary schools will be bulging from a 38% higher enrollment than in 1950, while the high schools will be nervously preparing for the onslaught, expected by 1965 almost to double the 1950 enrollment.

In the first half of this decade, youngsters of 5 to 10 increased from 13 to 17 million, a gain of 29%. In the ensuing five years there will be a moderate rise by comparison, of 1½ million or 9%. Boys and girls of 10 to 15 years, who numbered about 11 million in 1950, increased to 13⅓ million this year. This group will expand more rapidly in the next 5 years to over 17 million, a gain of 29% in the 2nd half as compared to 20% in the first half of this decade. A significant increase in the yearly total occurred even further back, starting in 1942: the number of those aged 10 to 15 increased 20% from 1950 to 1955. By 1960, these 13⅓ million youngsters will be 15 to 20 years old, 19% more than we have now in that age group. The 14 to 18 bracket will be 21% larger in 1960 than it is today.

The textile industry, for one, is likely to reap benefits. It costs more to clothe a boy or girl in the 15 to 20 year age group than one 10 to 15, and so on down to the infant. The combined population aged 5 to 20 years will form 28% of the entire population in 1960 compared to 25% this year, and by 1965 this expanding wedge will include working adults and college students in their early twenties.

The Elderly Brackets

With the exception of two other age groups, those between the ages of 25 to 35, and those over 75, we can make the general statement that all of them will grow with the population. The persons between the ages of 25 to 35 in 1960 will reflect the "hollow" birth period of the late twenties and early thirties.

The growth in the number of persons who reach the age of 65, a sort of landmark since it has been widely accepted in industry as the age of retirement, has been written about frequently the last few years. From 9 million in 1940 to over 12 million in 1950, the number of oldsters has now reached 14 million, and by 1960 there will be nearly 16 million. Striking evidence of the success of modern medicine and of the higher standard of living is afforded by the statistics on population in the age 75 and over group. In the last half of the forties, this group increased 23%; in the first half of the fifties, there was an additional increase of 17%. There are now over 4½ million persons 75 years of age or older, and by 9160 there will be 5½ million. For the earlier years of retirement, the average person's needs are not very much different than those in the years which immediately preceded. But the needs of the 75 year and over group are considerably changed. A larger proportion require regular medical care and supervision.

Although the data from the National Health Survey of 1935-6 pertaining to men aged 75 and over are somewhat out of date, they are perhaps still representative: 81 per 1,000 are likely to have a non-disabling and 21 per 1,000 a disabling orthopedic condition; 33 per 1,000 are likely to be blind in one eye, 13 per 1,000 totally blind; 175 per 1,000 are likely to be partially deaf, 9 per 1,000 totally deaf. Nursing homes, various specialized geriatric services, hearing aids, wheel chairs, and other products catering to this group will enjoy a fairly rapid growth in demand.

The participation of aged workers in the labor force has changed considerably since the war period when labor shortages caused a relaxation of hiring standards. The long-term down trend has been resumed; in March 1955 less than 4% more males age 65 and over were employed than in March 1949, although they were 23% more numerous in 1955 than in 1949, and the relative extent of general unemployment was about the same. The declining importance of agriculture as a source of jobs has played a part, as well as technological changes in industry, and the development of pension systems.

Longer Education

Not only have the older workers been leaving the labor force; but new workers are older on the average due to the trend towards increasing the average period of formal education. In addition large numbers are required to serve in our armed forces. Hence we see a contraction in the male labor force at both ends of the age scale, and that brings us to a fact about the changing composition of the labor force which has considerable significance in the development of markets for labor-saving appliances, food products requiring minimum time and labor to serve, items of apparel which do not have to be ironed after washing, and the like.

Women Workers

Between 1941 and 1944, the number of jobs filled by women increased by over 6 million, or 45%, to replace the men who were drafted into the armed forces and to meet increased production requirements. In that huge new army of working women there were many marginal workers, those who took jobs for patriotic reasons and, of course, a large number of single young women and young wives without children. These did not stay in the labor force for the most part. However, the high employment level, coupled with the reduced labor force participation by males, has resulted in a larger proportion of female jobholders than in any previous peace-time period. In 1940, women represented only 25% of those employed, but in March of 1955, 31% of those with jobs were women. Better than half of all female workers in April 1953 consisted of housewives. Married women with children above pre-school age are predominant among these, although the Census Bureau estimated that over 2 million mothers of chidren under 5 were in the labor force in April, 1952.

A study of hours worked by these working wives and mothers in 1953 revealed that although they worked fewer hours on the average than other women, as high as three quarters of them worked at least 35 hours per week. From these facts we get an appreciation of the strong appeal of products stressing the labor-saving angle. We talk about the greater productivity made possible by technological advance in industry. Greater productivity in the home has cut down the domestic work week, permanently adding millions of housewives to our labor potential. Bureau of Labor Statistics experts expect the proportion to continue to rise.

Durable Goods Demand

Demand for housing, home furnishings and appliances, automobiles, utilities, magazines and many other products and services is more closely tied in with the changing number of families or households than with the trend in the population as a whole. From a relatively small increase of only about one half million per year during the thirties, the annual rate of household growth rose to about 600,000 for the period 1940 to 1947, then soared to 1½ million during the three postwar years, April 1947 to April 1950. In the next 4 years, the average annual increase has been about half, or 800,000, and in the next five years of this decade, the most likely average increase will be 600,000 to 700,000.

Households were formed at a faster rate than the increase in population during the last decade but in the four years since the 1950 census, the relative gain in the number of households was only slightly larger than the gain in population. The next five years may actually see a smaller percent of increase in the number of households than in the number of persons. As applied to consumer spending this means that one of the conditions which were so favorable towards increasing the share of the consumer dollar in behalf of consumer durable goods in the years since the war, will be functioning at reduced strength, and it is likely we will see a relative strengthing of non-durable goods.

The high rate of household formation in the 1947 to 1950 period resulted from an unusually large number of marriages. Since then, marriages have dropped off considerably and this has been reflected in the lower rate of new household formation. But in 1950, many married couples were sharing living quarters with relatives, primarily because of the housing shortage. As the supply of dwelling units became freer many of them moved into separate quarters and this process accounted for over one half million of the gain of 1,800,000 married-couple households from 1950 to 1954.

Except for the minor spurt in the first year of the Korean War, there have been fewer marriages each year since the record 1946 total of 2,300,000. The 1954 total of less than 1½ million was the lowest since 1944. Practically all of the girls who are old enough to get married are already married, and the number of girls who are reaching the age of 18 in the years ahead won't begin to reach sizable proportions until the first half of the sixties. Migration, the need for larger homes, and replacement of substandard housing take on added significance in residential building prospects, for the proportion of married couples still without living quarters of their own is below normal.

We notice a particularly sharp increase in households headed by persons living alone or with unrelated persons. The average annual increase in such households, 300,000, from 1950 to 1954 was 1½ times as large as during the period 1947 to 1950, and 3 times as large as during the period 1940 to 1947.

To explain this remarkable increase in non-family households, we note that female non-family households increased 32% from April 1950 to 1954, compared to 14% for male non-family households. While childless wives of servicemen may account for some of this increase, the real explanation is the mounting number of widows and divorcees who are 55 years of age and over; with little prospect of remarriage, these women prefer to continue housekeeping. A large proportion are employed, and more commonly than in the past, they frequently have other independent sources of income such as pensions and insurance. Here, then, is a second large group in our population to whom the economy of effort featured by modern household appliances is more of a necessity than a luxury. And this group, too, will expand at a more rapid rate than other households.

Buying Power Growth

One of the fundamental factors affecting consumer markets is the rise in per capita purchasing power. Real income per family increased by one-tenth both on a before-and-after-tax basis, from 1947 to 1953. Not only did the average income rise but the distribution of this income has broadened. In 1947, the middle 60% of families, ranked by size of income, re ceived 49% of the total family personal income prior to Federal income taxes. In 1951, 1952, and 1953 they received 50% of pre-tax income. Average income per family was $6,000 in 1953 compared to $5,000 in 1950 and $4,000 in 1944. The population en masse, and not merely the fortunate upper classes, is not only getting more income in dollars, but more per capita real income enabling the average individual to satisfy more of his needs and wants than ever before.

The key to the long term rise in our standard of living is the rise in ductivity. Our total productive capacity has outpaced the growth in population. The sharing of the benefits of this increased productivity through higher real wages and lower real prices is the basis of the rise in the general standard of living. It is reasonable to believe that the expansion of markets resulting from the general prospering of the population is a stimulation to greater achievement in raising industrial productivity.

The common assumption in economic projections for 1960 is for a continued increase in output per man-hour. Research expenditures have grown over the past 10 years from about one billion dollars per year to over three billion dollars and the results will not have their maximum effect on the pattern of industrial production until the next few years. Economists have projected models of the economy in 1960 indicating a rise from 1954 to 1960 of between 15% and 20% in disposable personal income per capita in 1954 dollars. The United States Chamber of Commerce somewhat more conservatively, has estimated the gain in real per capita spendable income at about 5% in the same period. The implication of this trend in higher income per capita, coupled with the 9% increase in population, is that by the end of this decade disposable income in 1954 dollars will increase at least 13%, and perhaps as much as 25% over 1954. The rewards of increased productivity have not been confined to the material things in life but have resulted in a partial release from daily toil. Eight-hour work days, the two-day week end, paid holidays and two-week vacations have become the common prerogative of the American worker.

Increased leisure, with more spending money, automobiles and owned homes has filled our highways and resorts with vacationing tourists and has stimulated sales of paint, lumber, power tools, garden supplies and equipment to a public appreciative, as never before, of the spiritual satisfaction of beautiful homes and neighborhoods. The cultural maturing of the population is already having a detectable influence in textiles, and design of household furniture, house furnishings and consumer products of all kinds.

The demand of organized labor for a shorter work week is based not so much upon the desire for greater leisure as upon the fear of displacement of workers from their jobs by labor-saving processes and equipment. But as investment in capital equipment becomes greater, the need for its full utilization becomes more pressing.

Thus the trend towards a shorter work week may be accompanied by a trend towards standardization of the two-shift operation. This, in turn, may result in problems of excess capacity in some industries requiring greater and greater effort in disposing of industry's output.

Conclusion

There is no magic in either long range projection or in numbers of people. We will achieve this high level of economic activity only if we keep certain fundamentals clearly to the fore. We must continue to strive for a political-economic climate that creates incentive for investment. There must be a constant striving to develop new products; to improve upon and reduce the cost of making existing products; to lower distribution costs of all goods.

STANDARDS OF PREPARATION OF ABSTRACTS

Title News has been privileged to carry numerous articles on Standards of preparations of abstracts. Here is another which sets forth the standards recommended by the Idaho Bar Committee. Within the specific suggestions contained here readers may gather some additional useful ideas. It was published in the December issue of the Montana Take-Off, the official publication of the Montana Title Association. Ed

1. All abstracts should be prepared on good, strong paper, not too heavy, which is either 8½ x 13 or 8½ x 11 inches in size, with not exceeding two entries to each page.

2. All entries should be numbered.

3. Printed or skeleton forms of abstracts requiring only the filling in of pertinent information by the abstracter should not be used, but each entire entry should be the original work of the abstracter.

4. Entries of written instruments being abstracted as distinquished from court or other proceedings, should show the following: Nature of the instrument, date of the instrument, date and time of filing, place of recording, names of grantors, names of grantees, consideration, description, signatures of grantors, date of ackknowledgment, and official before whom acknowledgment made. The entry should also show the presence of revenue stamps, where there are such. If the instrument contains any unusual provisions or any restrictive covenants they should be set out verbatim.

5. The abstract should show all grants, conveyances, or dedications of roads, highways and railroad rights-of-way involving the subject of the abstract.

6. Where the abstract includes a dedication of a town or city or additions thereto, the plat of such city or addition, or at least the portion thereof involved in the abstract, together with the location of the quarter corners, should be shown. The abstract should also contain a photostat plat or copied drawing of the property involved, and particularly where the descriptions are by metes and bounds, and/or a certificate by the abstracter that the premises involved are within the boundary lines of the plat referred to. All railroads, highways, streets, easements and set-back lines should be shown on such plat or drawing.

7. Descriptions should not be shown as an entry by merely stating that it is the same as the description at some prior entry. All descriptions should be set out in full in each entry.

8. Releases of mortgages should not be shown by the abstracter by merely stating that the mortgage is released or that it is released by a named person or corporation, or in any other such manner. The entry should give sufficient information so that the examiner may tell that it is a valid release.

9. Releases and assignments of mortgages or other instruments should be abstracted immediately following the instrument which is released or assigned where it is possible to do so. This can be done where a new abstract is being prepared. Where it is not possible to do so, then the entry showing the mortgage or other instrument which is assigned or released should state at what entry the mortgage or other instrument is assigned or released.

10. Where the abstract includes court proceedings less than thirty years old only part of the pleadings and other papers need be set out verbatim in the abstract. All other papers necessary to be included should either merely be noted as having been filed or should be abstracted only.

District Court Proceedings

The following instruments should be shown verbatim: any counterclaim or intervention, summons and proof of service thereof, affidavit to obtain service by publication, order for publication, publication of notice of summons and proof thereof, all notices of sales and proof thereof, orders, judgments and decrees. Subsequent pleadings need only be noted as filed.

Probate Court Proceedings

The following instruments should be shown verbatim: petition for letters, order setting date for hearing, notice of hearing, proof of mailing and publication or posting, last will and codicils, letters testamentary or of administration, final account, report and petition for distribution, order fixing hearing, notice of hearing and proof of posting. The following instruments and papers should be abstracted in sufficient detail so that the examiner may determine the jurisdiction of the court; testimony of petitioner and subscribing witnesses, order admitting will to probate, certificate of proof of will and facts found, order appointing executor or administrator, order for publication of notice to creditors, notice to creditors with proof of publication thereof and decree showing due notice to creditors, order appointing appraisers and inventory and appraisement of property involved, order fixing gross market value of estate, order fixing value of inheritance and tax thereon, inheritance tax receipts, order settling final account and decree of distribution, decree of final discharge.

Where the title to the property devolves through a probate sale or setting apart of a probate homestead, then the examiner of the title should specify the papers and instruments which are to be abstracted verbatim or abstracted, and the extent thereof.

Bankruptcy Proceedings

The following instruments should be shown verbatim: part of petition together with property involved, adjudication, trustee's appointment and acceptance, notice of first meeting of creditors and proof thereof, notice of hearing of petition to sell property and proof thereof, order of sale, notice of time and place of sale and proof thereof, order of confirmation, trustee's discharge of bankrupt, discharge of trustee. The remainder of the proceedings, including trustee's deed, may be abstracted.

11. Court proceedings should be included as an entry of the abstract in the same chronological order as the other instruments are included in the abstract.

12. Where the abstract shows a court proceeding in which there has been a judgment rendered the abstract should show whether or not

an execution has ever been issued thereon.

13. All abstracts should be certified upon a uniform certificate, preferable adopted by the legislative action or by agreement of the Idaho State Bar and the Idaho State Abstracter's Association.

14. The certificate should show the payment of taxes by stating that "taxes for .... (year) and all prior years paid in full," or some similar language, instead of showing only the status of the taxes affected by the abstract involved.

15. When an abstract is brought up to date the abstracter may either certify to the portion prepared by him on a new certificate or may use an extension certificate. Whether the abstracter should be required to furnish a complete new certificate to cover the entire abstract as distinguished from the portion prepared by him should be governed considerably by the reputation and ability of the abstracters who prepared the earlier entries therein.

16. Obvious defects in instruments should be underlined by the abstracter to call the attention of the examiner to the fact that the error is in the instrument and not on the part of the abstracter.

17. Original affidavits, former opinions of attorneys, old tax receipts, mortgages and other papers should not be clipped, stapled or otherwise affixed to abstracts. If they are proper instruments to be included in the abstract and are not already shown therein they should be recorded and either the original instrument inserted in the abstract as an entry or an entry should be made of the recorded instrument. Papers which are not properly part of the abstract should be detached from the abstract—with the permission of the owner of the abstract, of course,—and not considered by the examiner in his title examination.

18. The use of worn out, faded and obliterated abstracts should be discouraged. Where the abstract is in such shape that part of the information shown thereon is either obliterated or torn off, a new abstract, or at least a portion thereof, should be required.

19. The abstracters should proofread abstracts for errors before delivering them to their client.

20. After an abstract has been examined and returned to the purchaser or owner with the examiner's requirements attached thereto, the requirements should be complied with as nearly as possible and the abstract then returned to the examiner for a final opinion.

21. Abstracters should not attempt to give opinions upon the title of the property covered by the abstracts which they prepare.

PUBLIC RELATIONS – WITH YOUR ABSTRACT

Following is suggested copy for an enclosure to be attached to each abstract leaving your office:

"To the Owner of this Property:

This abstract presents, in as brief form as is consistent with the law, all matters shown in the records or files in this county which affect the title to this property. For the information in this and other abstracts, we have made search of, and have complete index books in our office, for the following records:

RECORDER'S OFFICE

Deeds	Mortgages	Old Age Liens
Plats	Contracts	Sales Tax Liens
Leases	Easements	Income Tax Liens
Claims	Affidavits	Fence Agreements
	Trade Names	Incorporation Records

CLERK'S OFFICE

Wills	Divorces	Attachments
Suits	Marriages	Sheriff's Sales
Estates	Trusteeships	Mechanic's Liens
Judgments	Guardianships	Lis Pendens Records

TREASURER'S OFFICE

Dog Taxes	Old Age Taxes	Tax Sales &
Poll Taxes	Personal Taxes	Redemptions
Personal Taxes	Real Estate Taxes	Special Assessments

AUDITOR'S OFFICE

Tax Sales	Institution Liens	Resolutions of Necessity

SHERIFF'S OFFICE

Executions	Condemnation	Attachments

There are now in our county records more than .... law and equity case records and files; more than .... estate records and files, and more than .... recorded instruments affecting title to someone's real estate.

THIS ABSTRACT IS NOT YOUR TITLE, it is only what the records show as to your title, and **it is important that you have it examined by your attorney,** so that if any corrections of the record are needed they may be done now, and not at some future time when it may be difficult to do so."

IOWA TITLE NEWS, Published by the Iowa Title Association.

WHY TITLE INSURANCE

(Realtor Points Up Import)

ROBERT H. LIPPINCOTT, *Realtor, Doylestown, Pa.*

The following article appeared in the quarterly publication of the Bucks County Realtor, the official organ of the Bucks County (Pennsylvania) Board of Realtors, an affiliate of the National Association of Real Estate Boards. We are indebted to the author for permission to reprint his views within the pages of Title News. Ed.

Because it so perfectly illustrates the necessity for any kind of insurance, I will repeat the oft used expression, "Why lock the stable after the horse is stolen?" Fortunately for us, not all things in life require the finality of decision required by an insurance purchase. The reason for this is, that most emergencies are not cured by the terms of a contract previously entered into, but by your own ability to make a decision, and to act on that decision when required.

Should you cut your finger, a trip to the drug store or doctor will ordinarily take care of the situation. If your television or car should fail to operate, a telephone call will produce the repairman and your problem is solved. Insurance, however, is the one thing you cannot buy after the damage has occurred. This applies to your automobile insurance, insurance on your life, fire insurance on your house, or any such indemnifying contract, which is based on the person or thing being in a satisfactorily insurable condition at the time the risk is assumed by the company. Title Insurance also falls in that category.

Have you ever considered that the purchase of a home is usually the largest single investment the average person makes? At prevailing prices, few houses sell for less than $10,000, with the popular ranges running from $12,000 to $20,000, quite a tidy sum to expend without thought of protection.

One Premium

Unlike most insurances which repeat on a weekly, monthly, annual or some other periodic basis, Title Insurance is unique in that it is paid only once, but protects your property on a perpetual basis so long as title remains in you or your estate, and no transfer by deed has been made. By pro-rating the cost over the number of years of ownership, this is probably the most inexpensive insurance we are privileged to buy.

What does Title Insurance do for you? A fair question that can be fairly answered. It insures you against loss by lien or encumbrance, and by guaranteeing that nothing has occurred in the devolution of your title to impair its marketability. The last is a very broad statement covering many possible hazards, but sums up briefly the primary purpose of Title Insurance. To permit peace of mind while using your property, and the confidence of your ability to convey a marketable title after the property has served its purpose and is resold by you.

Unrealized by most people is the fact that a substantial part of the court's activities are consumed in matters pertaining to real estate titles. These cases vary from such routine matters as settlement of estates, to fraud, forgery, and other matters of a criminal nature. It is against the many risks and exposures such as these that your Title Policy guarantees protection.

Having witnessed numerous incidents attesting to the value of this very necessary protection, I have but one bit of advice to anyone contemplating ownership of real estate. DON'T BUY WITHOUT TITLE INSURANCE.

PITFALLS IN TITLE CLOSING

CARLETON E. REIFFENSTEIN, *Attorney*
New York City, New York

Excerpts from an article in the October issue of the New York State Bar Bulletin by Carleton E. Reiffenstein, a member of the New York State Title Association.

Most loaning institutions have competent and experienced counsel who examine title and certify to the bank as to the sufficiency of the title for mortgage loan purposes. Most real estate activity is now tied in with institutional financing and acceptance of title for mortgage loan purposes is mistakingly accepted by the layman and by many lawyers as adequate for a purchaser.

Title examination and acceptance thereof for mortgage loan purposes by a lending institution is of itself no assurance to a borrower or to his attorney that his title is marketable and free from encumbrances. When a person buys a home his equity is not the amount of his down payment but is the entire purchase price, plus any increase in market value. He may not acquire the equity all at once but he is legally bound to pay the whole purchase price over a period of twenty years or more and he is entitled to and needs competent legal counsel of his own to assure him that his investment is negotiable. It is apparently a human characteristic to avoid going to a doctor, dentist or a lawyer until we have exhausted our own remedies and abilities and much work in public relations must be done by the legal profession in order to educate the public as to the need for individual legal counsel.

A borrower's lawyer should be able to advise him of the privileges and penalties he is subjecting himself to when he borrows under any type of mortgage. The different provisions of the standard form of F.H.A. insured, the V.A. guaranteed and the local conventional bonds and mortgages should be studied so that the obligations of the borrower can be explained to him in simple language. Lending institutions may safely and legally loan on real estate encumbered by certain easements and by restrictions that have been violated under certain conditions. The statutes and regulations governing F.H.A. insured and V.A. guaranteed mortgages set forth the circumstances under which such loans are acceptable.

A thorough understanding of the variations in title acceptable to F.H.A. is of great value to a borrower's attorney. Until recently any violation of a setback restriction could be disregarded for mortgage loan purposes provided no forfeiture or reversion of title would result by reason of such violation. This is strictly for the benefit of an F.H.A. mortgagee and does not help on a G.I. loan and it definitely does not help an individual purchaser.

Except for title questions arising on examination of title most problems and disputes arise because of poorly prepared contracts for the sale of real property. The contract most commonly used is in the form of a purchase offer which is available in stationery stores and which most real estate companies have printed for their own use. The execution of such a form without competent legal advice can be embarrassing as well as expensive.

The author then proceeded to cite an example occasioned by such oversight from which he developed several rules of practice.

First: Be sure the property your client is selling or buying will qualify for the type of financing required.

Second: Provide a time limit for obtaining the necessary financing and incorporate a provision releasing the parties from any claim or obligation thereafter.

Third: Prepare your own contracts. You know the legal rights and liabilities of the parties better than the man whose specialty and training is selling.

Fourth: Know normal loaning procedures and practices for all types of financing. If you know a G.I. or an F.H.A. loan takes two months to perfect and a conventional loan takes two weeks, you certainly will not provide for a closing and completion of the contract in one month.

BOOK REVIEWS

"Mortgage and Real Estate Investment Guide, 1955 Edition"

"Mortgage and Real Estate Investment Guide, 1955 Edition" by Malcolm C. Sherman, 317 pages, published by Rapid Service Press, 375 Broadway, Boston, Mass., $10. This material gives time saving assistance to those concerned with mortgage and real estate investments in answering in each of the 48 states, District of Columbia, Alaska, Hawaii, Puerto Rico and British Columbia the salient legal questions applicable to the remedies and procedures to be followed for the investor's protection, including

Foreclosure remedies in FHA, VA and conventional loans, time to complete, approximate costs and attorneys' fees, redemption periods, etc.;

Laws governing "open end" mortgages, fixtures, leases, dower, curtesy and community property showing whether husband and wife must both sign mortgage where title to security is in one of them, mechanics' and materialmens' liens, life company investments in real estate for the production of income, reverter provisions in deeds and when objections thereto may safely be waived, etc.;

Step by step conduct of the loan closing with check lists pertinent to the agreement of sale and other papers that may be part of the transaction;

Sample forms in general use with specimen clauses covering eminent domain, fixtures, prepayment options, tax prepayment language, insurance, etc.;

Notes on constantly recurring legal questions from "Acknowledgments—error in form" to "VA Loans (answers to questions thereunder)."

The author is a member of the American Title Association, the American Bar Association, and Associate Counsel in the Law Department of the John Hancock Mutual Life Insurance Company and Manager of its Abstract Division which is responsible for the legality of the company's mortgage investments. This book is the result of his 23 years' experience with mortgage and real estate investments in these various jurisdictions.

"Ogden's California Real Property Law"

A state title association has become a book publisher on a substantial scale. The California Land Title Association announced in February that publication of "Ogden's California Real Property Law," a one thousand page volume on California title law and practices, is complete and is now available for distribution. The author, the late Melvin B. Ogden, was widely known and highly respected as one of the outstanding real property attorneys in the United States. At the time of his death Mr. Ogden was Vice President and Chief Title Officer of Title Insurance and Trust Company, Los Angeles.

Shortly after World War II the Association retained the services of Mr. Ogden for the preparation of "Outline of Land Titles," a mimeographed work of some 560 pages. Over 1,000 copies of this extremely useful material were distributed to the title companies of California in 1948. However, this work was not published in conventional book form and its distribution was restricted to the member title companies of the California Land Title Association.

In 1952 Mr. Ogden commenced the work of revising and expanding his "Outline of Land Titles." He outlined the new book and wrote many of the chapters before his death. The book has been completed, as outlined and envisioned by him, by his associates at Title Insurance and Trust. Richard H. Howlett, who succeeded Mr. Ogden as Vice President and Chief Title Officer, has directed the work. Lawrence L. Otis, Vice President and Chief Counsel, is the author of a number of chapters and has collaborated in its preparation. For the past several years, Thomas J. Beaudet has devoted all of his time in research, preparation and organization of material for the book. After Mr. Ogden's death, Mr. Beaudet assumed even more responsibility for the successful completion of the work.

The California Land Title Association has found that many of its publications, (e.g. "Outline of Land Titles," reprints of articles from the annual proceedings, etc.) are eagerly sought by attorneys, right-of-way men, government agencies and all others concerned with real property transactions. For this reason the Association decided to print "Ogden's California Real Property Law" in a quantity substantially beyond that which is necessary to meet the immediate need of the title companies, and to offer the book for sale to the general public. Furthermore, it was decided to charge the same price to outsiders as will be paid by members of the Association. This means, of course, that attorneys and others will be obtaining an authoritative treatise on California title law at a price substantially lower than that customarily charged for such a definitive law book.

The book is divided into 22 chapters. Chapter One covers the "Nature of Real Property," and the last chapter "Title Insurance." In between, such subjects as estates in real property, cotenancy, community property, titles (including Spanish and Mexican land grants, public lands, and state lands) recording, deeds, contracts of sale, leases, homesteads, descriptions and boundaries, easements, covenants, conditions, and restrictions, liens, mechanics' liens, mortgages and deeds of trust, taxation, estates of decedents and wards, title litigation, and escrows are treated succinctly yet comprehensively and with stylistic excellence.

Although the work is scholarly and complete, it was prepared and organized primarily to afford a quick and accurate answer to day to day title problems. Easy access to the desired information is assured by: (1) a complete 41 page index; (2) section headings, appearing at the beginning of each chapter and presenting a logical outline of the material to be found therein; or (3) if the point being researched involves interpretation of a legal decision, use may be made of the 48 page table of cases, containing about 3500 decisions.

The response to the announcement of publication has been gratifying, with early sales indicating a strong interest in the book from areas outside the State of California. Perhaps this is because the book lends itself admirably to the use of anyone in another State who is concerned with California real property law and title company practices. It is a comprehensive analysis of California real property law in one durable and attractive volume. Specific problem situations are analyzed in the light of controlling statutes and decisions. Title company practices and requirements necessitated by the law are clearly set out under separate headings. The chapter on title insurance includes a helpful and authoritative analysis of the title insurance policies commonly used in California. Examples are given to the risks insured against, while those matters not covered are pointed out.

The title companies of California take justifiable pride in publishing this book. But more important, all the members of the California Land Title Association are keenly aware of the countless contributions made over many years to their Association, and to the ATA, by Mel Ogden. For this reason, all of these companies are gratified to have had an opportunity to participate in this project, which will be an enduring monument to the author.

"Ogden's California Real Property Law" may be purchased from the printer, Parker & Son, Inc., 241 East Fourth Street, Los Angeles 13; payment for the book should be enclosed with the order. The price is $17.50. Purchasers residing within the State of California must add a 3 per cent sales tax, but purchasers outside the State need pay no sales tax.

RICHARD E. TUTTLE,
Executive Vice President
California Land Title Association

COMING EVENTS—

Date	Meeting	Where to Be Held
April 27-28	Texas Title Association	Commodore Perry Hotel Austin, Texas
May 18-19	Pennsylvania Title Association	Hotel Claridge Atlantic City, New Jersey
May 20-22	Iowa Title Association	Chieftain Hotel Council Bluffs, Iowa
May 23-25	Illinois Title Association	Abraham Lincoln Hotel Springfield, Illinois
May 25-26	Eastern Seaboard States Title Insurance Regional	Waldorf Astoria New York, New York
May 28-30	California Land Title Association	Sheraton Palace San Francisco, California
June 1-2	Central States Title Insurance Regional	Edgewater Beach Hotel Chicago, Illinois
June 15-16	Wyoming Title Association	Townsend Hotel Casper, Wyoming
June 21-23	Colorado Title Association	Hotel Colorado Glenwood Springs, Colo.
June 21-23	Michigan Title Association	Sheraton-Cadillac Detroit, Michigan
June 21-23	Wisconsin Title Association (50th Anniversary)	Lorraine Hotel Madison, Wisconsin
September 20-22	North Dakota Title Association	Grand Forks, North Dakota
September 20-22	Oregon-Washington Title Association—Joint Meeting	Gearhart Hotel Gearhart, Oregon
September 22-25	New York Title Association	Whiteface Inn Lake Placid, New York
September 23-24	Kansas Title Association	Allis Hotel Wichita, Kansas
October 8-11	Mortgage Bankers Association of America (43rd Annual Convention)	Conrad Hilton Hotel Chicago, Illinois
October 16-20	National Convention—American Title Association (50th Anniversary)	Hotel Fontainebleau Miami Beach, Florida
November 12-13	Ohio Title Association	Deshler-Hilton Hotel Columbus, Ohio