OFFICIAL PUBLICATION

AMERICAN TITLE ASSOCIATION

TITLE NEWS

VOLUME XXXVII JULY, 1958 NUMBER 7

TITLE NEWS

Official Publication of

THE AMERICAN TITLE ASSOCIATION

3608 Guardian Building — Detroit 26, Michigan

Volume XXXVII JULY, 1958 Number 7

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NEEDED NOW: A STABLE AND SOUND HOUSING PROGRAM THAT WILL WORK

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"Reproduced from "Mortgage Banker", official publication, The Mortgage Bankers Association of America, and by permission of the author."

Practically every year we get new national housing legislation, most often containing drastic changes and innovations. The result has been that everyone concerned with it scarcely has time to become adjusted to one set of rules before a new set comes along to take its place. Now, with a general business recession confronting us of still unidentified scope and character, this year is likely to be no different—except that, with Congress in its present mood, the changes could be even more far-reaching than in the past. In this article a recognized authority sets forth what he would do in national housing and home financing legislation—for FHA, VA, FNMA, etc. —and backs up his conclusions by reciting events of the past twenty years to support his present contentions. Every mortgage man may not fully agree with every suggestion; but the general philosophy underlying his program can be supported by just about every mortgage man. Let's settle on a program, says Mr. Marcus, "and then stop enacting new housing legislation for a few years so those of us who are builders or mortgage lenders would enjoy tranquility and prosperity while the public would be better served at lower costs." Mr. Marcus observes that, apart from the public, there are three groups which stand out as the most influential in the housing picture: the builders, the lenders and the Congress. As Mr. Marcus has set forth a lender and investor view, the article which follows his sets forth what would appear to be the prevailing opinion of another of these three groups, the Congress. The disparity in views, to say the least, is wide indeed. Mr. Marcus originally addressed these remarks to the American Right-of-Way Association in San Francisco.

During this post-war period of twelve years no one phase of our domestic economy has been more controversial than mortgage lending —and the controversy appears to relate to residential loans rather than to other types of mortgages.

There seems to be considerable disagreement between lawmakers, builders, mortgage lenders, statisticians and economists as to whether we have a housing shortage or a housing surplus, or whether we are in a good housing balance. Likewise, there seems to be doubt as to the adequacy of mortgage funds required to finance the housing needs of the nation for 1958. There is a wide variance in the efforts to convert figures of the Bureau of Labor Statistics on population increase, marriages, household formations, etc., to actual housing requirements for 1958 and future years.

But, none will quarrel with the premise that the population growth of nearly three million persons annually will continue to create a strong demand for houses for many years to come. It is not unreasonable to assume that almost a million additional homes will be needed each year without taking into consideration the demand for new homes due to replacement and obsolescence.

Everyone wants to encourage home ownership and to improve the standard of housing insofar as those objectives do not seriously injure other important segments of our economy and way of life. The problem then is how to aid the greatest number of families to acquire needed homes without inviting run-away inflation, without encouraging unwise borrowing and without further entering the field of socialized or public housing.

Since the end of World War II there have been many thousands of persons who, by their words or deeds, have sought to influence either the quality or number of houses erected or the manner of financing them. In the broadest sense, of course, the public determines these matters by its willingness or unwillingness to buy the package as offered. But apart from the public there are three groups which stand out as the most influential in the housing picture: the builders, the lenders and the Congress.

Housing and home financing has a special meaning to each of these groups; and although their views may differ widely, there is no desire on my part to question the sincerity of any. While builder organizations have laid emphasis on the need for increasingly easy finance terms and while Congress has stressed the social welfare aspects, it seems to me that lenders, in general, have let the other two groups capture most of the publicity and have not been vocal enough in explaining to the public the economic side of this huge and complicated picture.

A review of the course of events in the field of housing and home finance since 1945 is in order for a better understanding of this problem. For several years prior to 1945, because of wartime restrictions, there had been little private building and an acute housing shortage developed. Lending institutions which during the war had difficulty in finding an adequate supply of acceptable mortgages put a large part of their liquid assets into government bonds which quite properly were kept at low interest rates as a means of financing the tremendous war cost. Thus large reservoirs of loanable funds temporarily invested in government bonds were built up by the middle of 1945.

Our four great classes of savings institutions, namely, commercial banks accepting time deposits, mutual savings banks, savings and loans and life insurance companies, had only 23 per cent of their thrift liabilities invested in mortgages on December 31, 1945, compared with 57 per cent twelve years later. When the war was over nearly all of those institutions looked for ways to employ their assets in investments with a higher yield than government bonds.

Ten years of previous experience had proved the excellence of the FHA loan program. The Servicemen's Readjustment Act of 1944 gave promise of another safe method of getting money to work without much risk to the lender. Both of these patterns proved a boon to the building industry and it didn't take long to empty the reservoirs of loanable funds. For it was indeed a drastic change from the pattern of making one to ten year loans at 60 per cent to two-thirds of appraisal value to the new concept of twenty year loans at 80 per cent of value as provided by the National Housing Act of 1934. Ten years still later it was a fantastic jump from making loans under the FHA formula to making 30-year VA loans at 100 per cent of value. Builders found they could sell more houses if they offered terms of no down payment and could increase the maturities to thirty years. Lenders were happy to sell their government bonds to the Federal Reserve System or other bond buyers and re-employ the proceeds in FHA and VA loans. Both builders and lenders should have known that the supply of funds was not inexhaustible and that the day would arrive when they and the nation would have to live within their incomes.

The inevitable happened. Not only did our wartime reservoirs empty, but off and on since early 1948 the nation has had to catch its breath in the field of housing and home finance. The nation has been able to catch its breath because of its tremendous capacity to adjust itself, because of the willingness of thrift institutions to increase their percentages of mortgage holdings, and because of some federal restraint on building during the Korean war. At times it has caught its breath because of some slowing of construction partially due to the difficulty of obtaining mortgage funds based on liberal terms and bearing unrealistically low government fixed rates. Frequently and sometimes spread over extended periods during the breath catching inter-

ludes, builders and mortgage lenders were given stimulating inoculations, such as the pumping of funds into the Federal National Mortgage Association for the purpose of buying loans at 100 cents on the dollar, when the same loans were priced at 95 cents on the dollar in the open market. Oh, yes, our patients are still alive, but considering the nature of their illness and the cures that have been administered, it is surprising that they are in no worse condition than they seem to be at present.

At the start of 1957 it was apparent that our thrift institutions would not care to repeat their performance of 1955 and 1956 when commercial banks and mutual savings banks invested more money in mortgages than they received in deposit growth, when savings and loans associations placed all of their growth in mortgages and life insurance companies placed in real estate loans three out of four dollars of their growth in reserves.

A year ago there was wishful hoping by many builders that free and easy money would miraculously reappear, aided and abetted by sympathetic Congressional action. Yet lenders and economists almost without exception warned that there were available only two sound sources of mortgage money, namely, a reasonable percentage (say 60 per cent) of newly-created savings and 100 per cent of funds obtained from repayments of outstanding mortgages.

In January of last year I spent considerable time in studying the available figures on housing and home finance and came up with certain dollar estimates for 1957, showing a potential demand of $11.5 billion for financing new home construction and a probable supply of $10.5 billion*, or a shortage of $1 billion on a basis of a possible 1,100,000 unit program. I naturally came to the conclusion that the only way we could come anywhere near 1,100,000 units was to divide the available supply of mortgage credit more equitably. This could be done by increasing down payments and shortening terms on government guaranteed or insured mortgages.

Last March I appeared before the House Banking and Currency Committee to explain my views, which I was pleased to do. Briefly, I recommended a program of 10 or 12 per cent down payment on the first $10,000 of valuation for FHA loans and 20 per cent thereafter. That would be getting back toward the original concept of FHA where the down payment was 20 per cent of the total. Then I recommended preferential treatment of veterans, offering slightly less down payment and free mortgage insurance but under the FHA program at the FHA rates and until the present privileges of veterans would expire. This would let the existing VA loan program terminate through inactivity but would give veterans a chance to get loans on reasonably conservative terms. And of course if the VA terms were replaced by the more conservative ones as suggested there would be a substantial addition to the available supply of mortgage funds.

I knew that such recommendations were too conservative for a liberal minded Congress, but I had hoped that logic might prevail. Accordingly I was not surprised when Congress passed a bill lowering the down payments on FHA loans and unwisely ordering regulation of loan discounts, which latter ruling harassed builders and lenders through the succeeding months up to and including the present time. The failure of Congress to raise the unrealistic 4½ per cent rate of veteran loans was responsible for virtually killing the VA program. It is doubtful that it will be revived by the Congress.

Following the mandate of Congress the Federal Housing Commissioner in August announced a schedule of allowable discounts and other fees and charges. This regulation added confusion to the picture and made no one happy. In all likelihood it will be rescinded by this session of Congress. Simultaneously with establishing discount controls the Commissioner raised the rate on FHA loans to 5¼ per cent. Under normal conditions this action might have been sufficient

*$11.5 million should be available for 1958.

to produce a par market for these FHA loans. But the growth of discount practices was hard to stop and the lowering of standards created a two quality FHA loan — one that could be called fairly conservative and the other less conservative — so you have a lack of price uniformity in the secondary markets. Most local banks deal only in the loans with a fair owner equity, but many eastern institutions show a willingness to buy the lesser quality loans on a yield basis. The higher yield, of course, is obtainable when greater discounts are collected. Home financing for the speculative builder is a complicated matter, and while builders may be able to sell more houses with small down payments than with larger down payments, nevertheless their profits may be severely squeezed if they have to pay heavy discounts for that type of financing.

We should have learned certain lessons from the course of events of the past twelve years. One thing we should have learned is that the laws of supply and demand affect money and credit exactly as they do commodities. We should have learned that government price controls on money are no more effective than on butter or shoes. We should have learned that we do not stop inflation by making it easy to borrow, and we should have learned to live within our means both as a nation and as individuals.

If we have learned those lessons it would seem to me that we may look for a number of years of prosperity in the home building industry. I underscore *if we have learned those lessons*, but I am fearful that there are still some builders who believe they can make water run uphill and that there are some Congressmen who place popularity above sound economic judgment.

What program would I recommend for 1958 and subsequent years? I would now let the VA program die completely as it has already outlived its usefulness. I would strengthen the FHA patterns by having a minimum down payment of 10 per cent. I would remove price controls on FHA loans except as to the top allowable interest rate. I would stop FNMA operations except in time of emergency. I would kill all proposed bills which liberalize credit further than it is now liberalized. I would cut the FHA mortgage insurance rate to ¼ of 1 per cent per annum which would be ample if over liberal credit were eliminated. If Congress would make those four or five simple changes and then stop enacting new housing legislation for a few years those of us who are builders or mortgage lenders would enjoy tranquility and prosperity while the public would be better served at lower costs.

Now turn to the widely publicized action of the Federal Reserve Board during the period of tight money. The Board is often unjustly accused of having created tight money conditions and there are all too few defenders of its wise course. One of the most subtle economic diseases is inflation, which if left to the popular free and easy spending program would gradually undermine the value of our currency, seriously cut down the values of pensions and fixed income investments and injure the safety of the nation which must depend upon its economic stability as well as its military strength.

The Federal Reserve Board recognized the dangerously rapid course of inflation during the post-war years in nearly all segments of our economy. Prices had risen sharply and credit was being extended faster than saved capital could support the credit structure. The Federal Reserve did not create those conditions, never had sufficient power to prevent them, and could not hope to completely cure them. But it did have certain powers which it chose to use. Its principal powers are psychological but it has some practical ones which it uses when necessary. The chief psychological power is to raise or lower the discount rate. This is the rate charged member banks when they borrow from the Federal Reserve Bank. I call it psychological because the banks borrow very little from the Federal and the rate change upward on their borrowings would cost them very little. But as a storm signal it is very potent. It calls attention to

the financial weather and causes many individuals, corporations and municipalities to alter their course if they believe conditions will become materially worse or better. The discount rate was raised four times in 1955 from a low of 1½ per cent to 2½ per cent and raised twice during 1956 to 3 per cent. It was again raised to 3½ per cent in August 1957, and was lowered to 3 per cent in November of 1957 and finally to 2¾ per cent in January 1958.

Commercial bank loan rates were rising during the period that the Federal raised its rates and would have risen independent of the Federal Reserve for the simple reason that more credit was sought than was available from our lending institutions. Likewise bank interest rates were already softening a bit this winter when the Federal lowered its rates indicating its opinion that the inflationary pressures on credit had subsided and a reverse situation might be in the making. Private credit movements up and down, although not created by the Federal, were stimulated by its action. The Federal Reserve has two other credit making or retarding powers which are more practical than psychological: one is its open market operation in government securities and the other is its power to raise and lower the reserve requirements of member banks. Its open market operation is now almost confined to dealing in 91 day treasury bills and hence is more of a day to day technical action than one of long range influence. Its authority to raise or lower the reserve requirements, however, is very much more powerful as a two or three point drop in reserves would release a sufficient base to create a five-fold increase in dollar amount of credit extended, and an increase of like amount in reserve requirements would have the reverse effect. The Federal Reserve has made a modest reduction of one half point in reserve requirements this year.

These observations pertain to the power and responsibility of the Federal Reserve System as it affects comercial loans and demand deposits. The Federal has much less power and influence in the field of mortgage loans and savings deposits. Mortgages do become less attractive when bond rates and interest on certain other investments rise faster than mortgage rates and vice versa. In this indirect way by affecting bond rates the Federal does assert an influence on real estate loan rates, but here again the fundamental reason of a rise or fall in those rates is a scarcity or surplus of lendable funds. Hence Federal Reserve action on its discount rate and its action in open market operations do not necessarily mean an immediate change in mortgage rates.

This is the time of year when we have an unusually large crop of prognosticators. I hope you will tolerate one more. I believe we will have a well balanced year in home construction and mortgage financing. I predict 1,100,000 residential starts compared with about 1,000,000 last year. This increase will help to bolster up some of the weaker elements in our economy. I am not worried about the supply of money provided that the type of security is good and that credit terms are made no easier than they are today. I speak with confidence because the slow-down in home construction last year and in 1956 coupled with the savings growth in 1957, particularly in banks, has allowed our thrift institutions to build up their resources sufficiently to absorb a reasonable dollar increase of mortgages without disturbing their investment ratios. And the amount of reinvestment funds from loan payoffs will exceed those of last year by over $1 billion. Then, too, despite the lowering of FHA requirements the national average on down payments will be greater in 1958 than in 1957 or previous years because of the slowdown of the federal government's veteran loan program.

I expert to see discount controls on government loans eliminated which should be welcomed by everyone.

I foresee the usual flood of proposed housing and finance bills in Congress with a tendency to enact legislation that may again develop indigestion from which ailment we are just now recovering.

I believe the U. S. Savings and

Loan League program to insure the top 20 per cent of a loan and the similar proposal of Housing and Home Finance Administrator Cole are steps in the wrong direction and will not be accepted by Congress.

Despite the confusion and uncertainties of our trial and error system most of us fared pretty well in 1957 and barring war or severe depression, neither of which I believe will occur, those who are engaged in home construction or in mortgage lending should fare better in 1958 than in 1957. Furthermore, in my opinion, 1958 is apt to produce more prosperity for the country as a whole than most of the prophets of gloom would now have us believe.

"GAB BANK"

This is an aid to a public relations program from the "Newsletter" of the Washington Land Title Association edited by Mr. Wharton Funk, the capable and enthusiastic state secretary of the Washington Land Title Association. The material following is self-explanatory and might well be considered as an excellent idea for all state associations to adopt.

Some time ago your Secretary-Treasurer received a letter from Dick Hogan of Vancouver, Washington, the new Chairman of the Public Relations Committee. Following is the letter:

"Mr. Wharton Funk, Secretary
Washington Land Title Association
Lawyers Title Insurance Corporation
1109 Second Avenue
Seattle 1, Washington

Dear Wharton:

I wonder if you will be kind enough to have published in the next News Letter something along the following:

The Public Relations Committee is attempting to collect, segregate and eventually make available information and source material as an aid to members who are called upon to give talks about our industry.

The Committee is also interested in receiving information as to any and all talks, discussions, etc., given by members of the association to outside groups.

In this connection it would be appreciated if every member who has given or gives such talks between the dates of the last convention and the next convention would drop us a line giving the date of the talk, subject, and group to which it was given. If it was a prepared talk, it would also be appreciated if a copy of it be sent to the committee.

It is our intention to classify this material, determine how many talks were given during the year, by whom, covering what subject to which groups and where. It should provide some interesting and useful data.

"The copies of the talks will be classified as to subject matter with the idea of establishing a gab bank from which members needing tested source material may draw as an aid in preparing their own talks.

Kindly send such data to

Dick Hogan, Chairman
Public Relations Committee
Fletcher-Daniels Title Company
P. O. Box 409
Vancouver, Washington

Sincerely,

DICK (signed) "

Won't you members who have made talks and who will be making talks please submit to Dick copies of your manuscripts and any other information you have which would be of use to other people who might want to use it in making talks in their community.

THE LAND SURVEYOR AND THE LAND TITLE INSURORS

HUGH A. BINYON, R. L. S.

Survey-Coordinator, West Coast Title Company
St. Petersburg, Florida

This is the text of a talk given before the Conference of Surveying and Mapping held at the University of Florida in March of this year. We are thankful to the author, Mr. Binyon for making his splendid paper available to us. In it readers gain a better understanding of the problems of the surveyors as well as how better cooperation might be attained.

In preparation for this conference on Surveying and Mapping with reference to "Metropolitan Planning," John Goggin asked me to discuss "Responsibilities, Prerogatives of, and suggested Cooperation between Land Surveyors and Title Insurance Companies."

The "Prerogatives" are limited and can readily and simply be disposed of by saying that the Title Insurance Company has the prerogative of declining to accept a survey for Title Insurance purposes.

A survey, when incorporated within a Policy of Title Insurance becomes a responsibility or liability for the Title Insurance Company, to defend at its own expense. Too few land Surveyors are voluntarily financially responsive in cases of losses due to faulty survey—and it is almost as difficult to sue a Land Surveyor as it is to sue an Attorney. So much for the "Prerogative" section.

The individual topics "Responsibilities of; and Suggested Cooperation Between Land Surveyors and Title Insurance Companies" are not subject to such simple disposition.

The reason for this is that most laymen, and many Land Surveyors outside of metropolitan areas (and too many within metropolitan areas) do not understand the "why" and "what for" of Title Insurance.

As I go along from here you will occasionally wonder "what has this to do with Land Surveying or Title Insurance?" A painted picture is a series of paint dabs—and possibly overlays of some paint dabs on others. I am going to attempt to paint a word or idea picture and I hope that when I have finished with my "dabs" here and there that you will have the picture of the Land Surveyor and the Title Insurance Company. It is very necessary to have the picture showing both of them within one frame.

To paint the picture it is necessary to use dabs of mathematics, previous and existing laws, human nature; customs—both past and present—; and court decisions. The fact that all of these, except the mathematics, are constantly changing, also plays an extremely important part.

To furnish a background for this picture, I wish to quote from a paper given by Mr. Harbert, a nationally accepted title authority, to a large group of lawyers who attended a short course for Title Examiners at the University of Illinois. Although the quotation is not short, it is the shortest cut to the contained information that I have been able to find:

QUOTE:

"Mathematical certainty of a good title is impossible. The simplest title, such as a patent from the State, requires a legal opinion on at least three facts. (1) the

proper execution of the patent in accordance with the **then existing law;** (2) a correct description of the involved; and (3) assurance that a prior patent (of the same land) has not been granted."

(UNQUOTE)

Please note that the description used in the original government patent (or Deed) is subject to question. Also please note that these men were dealing only with **title to the land.** They did not bother to determine that the land actually existed!

Mr. Harbert then quotes another authority. It is a lengthy quotation, but it so thoroughly covers the effect of changing times, court attitudes, and similar matters with their subsequent effect on Land Surveying and descriptions in much fewer words than I would need minutes to express the ideas.

QUOTE:

"In a farming district the ownership of realty is popularly known; family history is familiar to the neighborhood; boundaries are recognized by r o u g h but sufficient measurement; and each owner is in actual possession of his premises and uses substantially the whole of them. In such a community each member knows what a purchaser expects to get for his money and no one sympathizes with a speculative attack upon title or a technical refusal to complete a bargain. Consequently the law of marketability makes a close approach to common sense and justice. In metropolitan areas, on the other hand, very different standards prevail. Real estate has marvelously increased in value and is bought not necessarily for possession and use, but frequently for speculation; family affairs may be unknown to even the closest neighbors; and where every inch is valuable, precision of meaurement becomes indispensable. *** Consequently the most minute technicality may become the foundation of attack upon title; while public opinion has little, if any, restraint upon claimant. *** When, therefore, the law of marketability is modified by metropolitan cases it grows technical and complex, and the judicial point of view wavers between protection of honest title against adventurous attack on the one hand, and on the other the discountenancing of slipshod conveyancing a n d dishonest litigation brought to cut off genuine rights without due notice. The more complex the subject grows, the more the claimant is encouraged to litigate and the more nearly perfect must a title be to be held marketable. Fortunately the attitude of the courts has, in spite of this development, remained liberal, and has sanctioned highly technical rulings in only a few topics."

(UNQUOTE)

(By George E. Harbert, President DeKalb County Abstract Company Sycamore, Illinois)

These quotations embody thoughts known to some, suspected by others, yet which remain entirely unknown and foreign to those who attempt to approach Land Surveying solely as a mathematical science.

I presented these quotations to show that the approach to the interpretation of many land survey descriptions of past decades must be made with an understanding of the attitudes of the people who wrote the descriptions; and to show that courts do recognize public opinion to a point that some decisions rendered thirty or more years ago might vary from the decisions that you would have reason to expect today.

This matter of changing laws—or the interpretations thereof—customs, and court decisions may explain to you why today's court decisions do not always follow decisions of past cases—or it may explain why some particular recent decision did not coincide with your idea on how it should have been decided, your idea being based on that book which you have just read which bears a publishing date of 30 years ago!

Now let's get into abstracts and title insurance to see how real estate transaction methods are changing—and why such changes in transactions have brought Land Surveying more into the foreground where it is subject to much closer scrutiny and into much greater use than in the past.

In considering abstracts and title insurance, we should remember that although both are used in the evidencing of good title to land, neither one nor the other is an instrument for the actual transfer of title of land.

Abstracts and Abstractors

An abstract of title is only a history of the title to a particular tract of land—and includes only the **recorded** items. This history or abstract of title is used solely to relieve the examining attorney of the unpleasant, and sometimes exhausting, clerical details in the searching of court house records.

An abstract of title should contain a summary of all grants, conveyances, wills, and all records of judicial proceedings whereby the title to a particular tract of land is in any way affected; the abstract should contain references to all encumbrances and liens of record, as well as all types of easements, showing whether they have been released or not; and should show any other such facts of **record** as may impair the title.

An abstract should be prepared by persons experienced and skilled in the business; the indices from which the abstract is prepared should be sufficient to enable the abstractor to prepare a complete abstract; and the abstract should be backed by financial responsibility to enable its maker to pay for any damage caused by an error in his product.

Generally speaking, only t h o s e items which have been made of record **in the office of the Clerk of the Circuit Court** (or Recorder) (in the County in which the subject land lies) will appear in an abstract. Most abstracting companies do not search for special assessments not recorded as mentioned above, and very few abstractors show such items as judgments in City Courts or Small Claims Courts; z o n i n g ordinances; ordinances dealing with sewers, drainage, rentals, etc., except on special request.

Without exception, however, **all abstractors show descriptions exactly as they appear of record,** — even though they know that by changing only one letter, or one figure, that they can correct a description. (In cases involving typographical errors they generally underline an incorrect letter or figure). The abstractor's job is to show what is **on the record.** Most abstractors omit many standard words and phrases when abstracting legal matters, but in so doing they assume the responsibility for any omission of any pertinent words or phrases which will change the meaning of the original instrument.

The f i r s t instrument generally shown on an abstract is a governmental grant or patent. In the case of a platted lot, the succeeding entries following the grant or patent, will deal with descriptions of tracts of land which are either all or part of the land in the governmental grant which embrace the particular lot in question. Some lots may "straddle" land in two or more governmental grants making it necessary for the abstractor to show a chain of title running from each such of the two grants up to the time of consolidation of two tracts affecting the lot, and then continue a consolidated chain of title up thru the plat.

The mere existence of an abstract for a tract of land does **not** guarantee good title to the land described in the caption of the abstract—even though the name of the company preparing the abstract is a name containing words which might lead you to believe that the title was guaranteed when you obtained an abstract from it. Some people erroneously refer to a Title Insurance Policy as a "guaranteed abstract." An abstract may be a perfect abstract, (or history),—yet the title to the land in its caption may be so encumbered and defective, as revealed by examination of the ab-

stract, that a prudent man would hesitate to accept the land as a gift.

It is not always—I should use the word seldom—competent practice for a surveyor to survey a tract of land described in the caption of an abstract based solely on the information contained in the abstract. The abstractor is not required to know if a section or a quarter-quarter section is oversized or undersized, or if the land actually exists! When an abstractor prepares an abstract for the North 1320 feet of the NW¼ of a section after he has prepared an abstract for the South ½ of the NW¼ he does so with his tongue in his cheek— knowing that some day there will be controversy concerning either an encroachment or an hiatus located near the E & W centerline of the NW¼. Depending on the custom in his county or state, he may or may not show the Deed to the South ½ of the NW¼ which was previously recorded. If he does, he will mark such entry as "INFORMATION ONLY."

To be able to determine title lines, a surveyor needs information concerning adjoining properties. Such information is available from an abstractors tract records — which are generally more complete and arranged in a more readily available and useable form than the official records in the office of the recorder. The Recorder files his records chronologically and indexes them alphabetically, whereas the abstractor files his records chonologically and geographically—with emphasis on the geographic phase. The abstractor may or may not make a charge to the surveyor for information given. If there is a charge for the abstractors service, it will generally be small compared to the time that would be required for the surveyor to make a similar search. It should be remembered that the abstractor's job is to prepare complete histories of properties, and that his office either has all descriptions affecting all properties in his particular area, or has an index which will enable you to find such descriptions—*completely,* and with a minimum of expended time and effort. He can be of great assistance to you.

Title Insurance

To the layman, an abstract of title and a policy of title insurance are often mistakenly considered as being one and the same thing—with some slight difference — which they generally cannot explain. This "slight difference" may be the difference in having good title—or not having anything as much as a "color of title."

The abstract of title is only a history of transactions, **as recorded,** affecting the title—and very, very few laymen can read an abstract and determine if the title is sound and merchantable. Generally the layman employs an attorney to examine the abstract and advise him of the status of the title. The abstractor has already **guaranteed** that all items affecting the title of the caption land are included in the abstract—the attorney will, after examination, render his **opinion** of title **as revealed by** the abstract. Neither the abstractor nor the attorney **guarantee** boundaries, quantity, or location of the land concerned—nor can either be responsible for forgeries, frauds, or acts of omission or commission **not of record.** In some states, including Florida, an attorney **can** offer a guaranteed opinion by using some form of title insurance in **addition** to his usual opinion of title. A title insurance company generally compiles records much in the same manner that an abstractor does, and examines its own files of records or has an abstractor prepare an abstract for the title company's purpose. The Title Insurance Company then has their search (or an abstract) examined by one of their own title examiners; or by employing an attorney, acceptable to the Title Company, to make the examination. If the title appears to be valid and merchantable, the company will issue an insurance policy guaranteeing the validity of the title as set forth in the policy. The Title Insurance Policy, when issued, **does insure** against such items as forgeries, frauds and many,

many other items not of record. When rendering an opinion indicating that his client should not purchase a property based on an abstract of title, it is not unusual for an attorney to advise his client that a Title Insurance Company might insure against the objectionable defects in the title. In such instance, if the client can obtain title insurance, the client would be protected against loss due to the defects. If the application for title insurance is accompanied by an acceptable survey of recent date, properly prepared by a Registered Land Surveyor, the title insurance company **will** insure the land involved as to location, quantity, boundaries, encroachments, etc., at no additional cost. Since the Title Insurance Company does not make an additional charge for insuring the survey, you are not to assume that the surveys are unimportant—or that they are uniformly dependable and correct. They are extremely important, and too often incomplete or incorrect. Each survey plat is very carefully examined before being accepted for use with a policy of title insurance.

This short discussion on abstracts and title insurance is not intended to represent a complete dissertation of the two subjects; it is merely to show you the general differences between the two—and to give you an idea of **why** the title insurance companies want a surveyor to show what is on the ground **as it is, and also the record lines in addition**—not how they would be if prorated; or if adverse possession, etc., were considered by the surveyor. The Title Insurance Company's examiner must make his own decision as to ownership of questionable areas. Some Land Surveyors have had the idea that they should prepare two separate plats—one to show record lines, and one to show actual occupation. This is not true. The **"as is"** and **"record"** should show on the one plat so that any encroachments or overlaps are readily discernable and cannot be questioned.

This discussion is not intended to indicate that an abstractor is only a clerk who assembles the records. In addition to being an exacting clerk, the abstractor must also be well acquainted with all land law, probate law, and many other fiields of law, as well as court procedures. The title insurance man is basically an abstractor who, in some cases may be no better qualified to examine a title than are some abstractors, but he is one who is willing to take calculated risks in insuring his opinions against financial loss to his clients. All titles are not insurable as some have too many serious defects to be insurable.

Abstract Companies seldom have to pay claims inasmuch as they only search and compile records with a carefully worked out and time proven system. The abstractors liability is only for the correct and complete compilation of the records.

Title Insurance Companies do pay claims. During 1955 and the first six months of 1956, seventeen of the forty-one Title Insurance Companies on the Atlantic Coast from Washington, D.C., to Jacksonville, Florida, paid out $392,000 in claims for loss or damage. A large percentage of these claims were the result of faulty surveys.

Possibly you wonder why Title Insurance has so "suddenly" come into such prominence during the last thirty years.

Until about 1930 the funds for Mortgage lending were generally obtained locally without any idea of assigning such Mortgage paper to distant lending organizations. Any distant assignments were difficult because the buyer of the Mortgage paper had to examine the bulky abstract in the home office (say New York and quite often the New York Attorney didn't know Florida laws. Too much confusion resulted, and the practice of using "approved" local attorneys was tried, and is still in use by some organizations.

With the advent of Home Owner's Loan Corporation, Reconstruction Finance Corporation, F.H.A., Veterans' Administration Home Loans, and the subsequent lending across state lines by many Life Insurance Companies,

a simple financially sound method of guaranteeing either or both the Mortgage and subsequent assignments, and the underlying title to these Mortgages, which could be readily mailed with the Mortgages—and which would not require the tedious re-examination of abstracts, became desirable and necessary to facilitate and reduce the cost of the total transaction. In addition, these lending agencies wanted dependable survey information, which was not available with the use of abstracts. The local Title Insurance men were acquainted with both the local surveys and the local surveyors. Consequently, the Title Insurance Companies now insure the quantity and location of the land as well as the title to the land.

Title Insurance was the answer to the problem because seldom more than four pages of paper comprising the Title Policy (five pages when a one page survey was included) would need to accompany the Mortgage paper to any place in the world; and such Title Insurance Policy insuring the Mortgage has the backing of statutory reserve indemnity funds such as are required of life insurance companies. The Mortgage being insured remained insured without further action of re-examination when passed from hand to hand. The title to land as well as a Mortgage is insurable, thus making it possible to buy or sell real estate with the same facility.

Due to its effectiveness and simplicity Title Insurance has come into such popular use in the metropolitan areas of Florida that in several communities the use of Title Insurance has replaced the use of abstracts in over 70% of the transactions.

Much of this popularity is due to the fact that the Title Insurance Company will insure the location and quantity—as well as quality, when easements are concerned—of the land in question according to an acceptable survey which is attached to and made a part of the transaction and Insurance Policy.

The Title Insurance Company, when insuring the title to land in a real estate transaction, becomes a third party to the deal—according to a Florida Supreme Court Decision of about five years ago. In becoming such a financially liable third party, the Title Insurance Company has the right to determine and decide whether or not a survey meets the requirements of the transaction.

In developing an accurate and difficult survey based on records and facts, the cooperation between the Land Surveyor and the Title Insurance Company is essential. The Title Insurance Company needs the section breakdown to interpret a description; and the Land Surveyor needs the various descriptions of adjoining lands within a section to determine intentions of past grantors in order to prevent encroachments and/or hiatii.

A few of the large scale public developments wherein the Land Surveyor and the Title Insurance Companies have been, and due to their continued liabilities, still are in complete cooperation are as follows:

1. MICHIGAN TOLL ROAD — Project linear survey was laid out on airphoto mosaics. Engineers drew route and right-of-way land required on photo mosaics. Land Surveyors transferred right-of-way lines from photo mosaics to land. Title Insurance Companies and Land Surveyors determined whose land was affected. Land Surveyors surveyed the affected land. Both Title Insurance Companies and Land Surveyors cooperated in writing descriptions of lands to be condemned or purchased. Title Insurance Companies insured title to land to Toll Road Authority.

2. O'HARE AIRPORT, CHICAGO —7,000 acres acquired thru joint efforts of Title Insurance Companies and Land Surveyors.

3. SUBDIVISIONS IN THE SKY!
   Grand Central Terminal (New York).
   Chicago Union Station.
   Merchandise Mart (Chicago)
   Chicago Post Office.

Sun-Times Newspaper (Chicago).

Prudential Insurance Co. Bldg. (Chicago).

All of these last were built over railroads or over railroads and adjacent lands. In some cases the owner of the building owned the land and leased the space under or in the building to the railroad. In other cases the railroad owned the land and leased caisson, column, and "air rights" to the owner of the building. There are other variations of ownerships and leaseholds. Office leases therein are weirdly but effectively described in three dimensions allowing easements for hallways, elevators, columns, caisson lots, etc. A veritable Land Surveyor's nightmare —but such do exist with the titles to the lands and leaseholds insured!

The Title Insurance Company, or the Abstract Company, can be of assistance to the Land Surveyor in his preparation of plats. Pinellas County now requires evidence of ownership before a plat will be accepted to record. Errors in plat boundary descriptions have often been found and corrected under this system, before the plat was filed. On several occasions drainage and/or power line easements were found of record that had been missed by the surveyor.

The Land Surveyor can be of assistance to the Title Insurance Company, when making a resurvey, by indicating both the old basis of bearings and the new basis of bearings on plat or map—or by nothing in the new description that the new bearing and course describes a certain line in the old description as contained in the Deed or Mortgage as recorded in a certain Deed or Mortgage book. Also, when filing a new plat, the Land Surveyor is giving valuable information to the Title Company when he shows adjoining subdivisions.

In many cases where an abstract is not available and a title in a transfer is to be insured, one of the parties to the transaction will "jump the gun" and without knowledge of the Title Insurance Company, order a survey —without having the correct description. The end result is that the survey description and the Title Insurance description do not agree. This results in more and unnecessary work for the Land Surveyor, and usually a postponement of the closing of the deal.

The land Surveyor can be of great assistance to Title Companies, Abstractors, Attorneys, County Officials, and everybody in general in his selection and use of names for plats. Here is an example of one which seems unnecessarily extended: "SUNHAVEN HOMES — UNIT TWO—'REVISED' REPLAT OF LOTS 17 THRU 48, BLOCK 12." That is the actual and correct title of that plat. When used for title purposes, it must appear exactly that way on all legal documents, without abbreviations or deletion of any words or punctuation. In city work, especially, the Title Insurance Company is interested in the location of underground footings which may encroach—and unrecorded sewers. This information can be supplied by the land surveyor.

Many times it has been said that the Land Surveyor of today must follow in the footsteps of the Land Surveyor who went before him. That hot breath he sometimes feels on his neck could be from the Title Insurance Company man who is trying to keep up with him and help him do the job right.

There's still a lot of paint on the palette, but my time is running out. Possibly my "dabbing" has brought an outline of the whole picture to you. You must remember, however, that there is much left unsaid here and that although the picture, when completed, may appear to remain motionless, there is, and there always will be, an imperceptable forward movement.

DOES TITLE INSURANCE REALLY GUARANTEE TITLE?

It is not often an article on title insurance appears in a magazine which has wide national circulation designed for readers outside the title and related fields. We know it is important the public understands about title insurance but when it comes to circulating such information such is another story. That is why this article is important. It is a reprint from the nationally famous magazine, Good Housekeeping of February 1958. We are grateful to Mr. Ross C. Roach, Advertising Manager of Kansas City Title Insurance Company, for making this fine presentation available to our readers.—Ed.

DOES TITLE INSURANCE REALLY GUARANTEE TITLE?

If you're a homeowner, or thinking of becoming one, you've doubtless heard a lot of talk both about the "title" to your property (in other words, its legal ownership) and about "title insurance," which is a kind of certification that this ownership won't be jeopardized by others' claims. This doesn't mean that if you have title insurance, your title can't be questioned. It means only that title insurance will provide you with compensation if anything (within certain limits) **does** go wrong with your title.

Title Insurance is provided by privately operated companies for a fee, and most real-estate counselors agree that it's a good thing to have if it's available in your state (in some states it isn't). Nonetheless, there are a few misconceptions about just how much and how little of a guarantee you get out of "insuring title" on your home.

The answers to the following questions, supplied by the Kansas City Title Insurance Company, will help clear up some of these misconceptions.

Isn't "title insurance" the same as a "title search"? No. A title search is no more nor less than what its name implies—an exploration of various records to determine, among other things, who seems to be the lawful owner of a particular piece of property. It also shows whether others have an interest of any kind in it, and whether there are any judgments against the owner for which the property might later be seized as security. A title search is conducted, or ought to be, in any real-estate transaction, including one in which a policy of title insurance is involved. Title **insurance** goes a step farther; it certifies that the title search revealed no major uninsurable flaws in the title. It backs this up with a guarantee that the new owner will be compensated if flaws **do** turn up.

If the title search is thorough, why do you need title insurance? Because even the most painstaking title search won't necessarily reveal all claims against a piece of property. Some may not be a matter of record—for example, the existence of a wife whom the seller hasn't owned up to. Other claims may be overlooked, for the records to be searched are many and extremely complex. Still other claims may hinge on a complicated legal point interpreted in your favor by the lawyer conducting the search but later decided against you by a court.

What happens if a claim is made against your title? If the title is not insured, you yourself must pay for any cost of defending it. And if the claim is decided against you (or if your lawyer advises you to settle out of court), you may have to pay a large sum of money or actually turn over your property, or part of it, to a stranger—even though you bought it in good faith, for full price, from someone who, the records seemed to show, had a right to sell it. If, on the other hand, your title is insured, the $200. You pay only one premium for title insurance, at the time the policy is issued. After that, there is nothing more to pay.

insurance company pays all costs of defending it against claims—whether or not they are proved valid. And if the decision does go against you, the insurance company will pay you the full amount of any loss suffered, up to the original price of the house.

Can your house be taken away from you if you have title insurance? Yes, it can, if someone else can prove he has a valid claim to the title. But in this case, as explained, the insurance company will give you what you paid for the house.

What other troubles can result from a faulty title? You may be inconvenienced by rights others have in your property, such as the right to make use of your driveway. Even if the title-insurance company is not successful in buying out the intruder, the money it pays **you,** in recompense, will make the inconvenience seem much less of one. Or you may find you are unable to sell your property or to get a mortgage loan on it because of a cloud on its title. If your title insurance includes "marketability" coverage, the insurance company will make an adjustment.

Is title insurance a blanket guarantee that you will be compensated for loss resulting from any claim on your title? No, it isn't. One standard limitation to virtually all title-insurance policies is loss caused by defects in the title that arise **after** the date of the policy—in other words, defects that result from actions of the policyholder himself. For example, claims by a divorced wife of the policyholder to an interest in the property are not covered, nor are liens resulting from debts incurred by the policyholder. Nor is the insurance company responsible for losses caused by zoning ordinances or by governmental or police action. If your house is condemned for a state highway, for example, and you get less than you paid for it, the insurance company won't stand the loss.

Depending on what the title search reveals, the insurance company may also include certain specific exceptions in your policy. For example, if the search shows that there is an unresolved dispute about one boundary line of the property, the company won't guarantee to pay for loss resulting from a decision that goes against you concerning the line. But the exceptions in a title-insurance policy are usually minor. If the title search reveals major flaws in the title, the company just will not insure it—in which case, you probably will not want to risk buying the property.

Is there more than one kind of title-insurance policy? Yes, there is. The kind we've been talking about so far is an "owner's," or "fee," policy. This kind protects the **owner** of the property for any of the losses mentioned above, up to the full purchase price of the property.

What other kind is there? A "mortgage title-insurance policy." This, too, is taken out by the owner, but it covers only the amount of the unpaid mortgage on the property, and any benefits paid under it go not to the owner but to the person or firm that advanced him the mortgage loan. Some mortgage-loan companies insist that such a policy be taken out as a condition of granting a loan. In this case, the property owner is advised to take out an owner's title-insurance policy as well, to cover his own investment, since the mortgage policy gives him no protection. As the mortgage is paid off, the face amount of the mortgage policy will decrease and that of the owner's policy will increase, in proportion.

Why isn't title insurance available in all states? Because in some states with relatively settled populations, not enough property changes hands to make it worth while for title-insurance companies to be formed there or for out-of-state companies to register with the state insurance department. Moreover, in some sections of the country, title insurance is relatively new.

How much does a title-insurance policy cost? The cost varies widely in different parts of the country. However, a typical premium for a combination owner's-and-mortgage title-insurance policy on a $15,000 house might range from around $115 to

ABSTRACT CONTENTS FROM THE TITLE EXAMINERS VIEWPOINT

WALTER R. BROWN, *Attorney*
The Federal Land Bank of St. Louis, Mo.
(From Missouri Title News, 1958)

I must confess at the outset, I am unable to take up this subject with complete unbias. I am somewhat like the Southern Colonel who shortly after the Civil War published his four volume work under the imposing title of "An Unbiased Review of the War Between the States from the Southern Viewpoint."

A title examiner does develop a sensitiveness to abstracts. In appearance most abstracts give the examiner a feeling of confidence while some, I fear, raise a question in the examiner's mind at first sight. One does learn not to be too critical of the physical appearance of an abstract as I have found in some instances the best abstracting encased in a very discouraging package. Be that what it may, it is nearly a certainty that an abstract in appearance attractive directly reflects the trustworthiness of the material it contains. At this time it should be pointed out that a title examiner is not, in the larger sense, a stranger to the abstracter; he is the "alter ego" of the abstracter's client; his examination is the end result of all the abstracter's efforts who, when commissioned, takes up the added burden of preparing an abstract so built and constructed that his client cannot easily be mislead or confused as to his title. I must add, in this connection, that the abstracters of this state have gladly taken up this burden and I would indeed be remiss in my duty to my many friends happily engaged in the business of preparing abstracts, if I failed to point out that the degree of competency and business integrity displayed by them is, in my opinion, as high as it is in any of the other honored professions.

Now to the abstract. An abstract is defined "to be that which comprises or concentrates in itself the essential qualities of a larger thing or of several things; an abridgment, compedieum, epitome or synopsis". And that is an abstract, which like Gaul, is divided into three parts: A Caption; a Chain of Title; and a Certificate.

THE CAPTION

On this subject I feel strongly. The caption of an abstract must show **what, where, when** and by **what authority.** It should show, by an accurate and concise, but complete, description the land carried in the chain to answer the "what" and the "where" of the foregoing and should, I feel, detail the sorce of the information carried in the abstract to answer the "when" and "what authority." Absent a complete and accurate caption an abstracter in preparing an abstract must be as confused as was the youngster with his new saxophone who complained that regardless of how sweet he blew into the thing it always came out sour.

The caption must describe the land under search, not necessarily by the description in the client's deed, which is often in error, but by the correct description of the land the client **thinks** he owns. Of course, the abstracter may be unable to determine just what his client does claim to own and I fear that some, rather than to disappoint a client are compelled to limit their search to the grantor-grantee indexes and leave to the examiner the problems of description. However, this situation could, in a measure, be avoided by the abstracter first making a detail plat of the lands under search. By reference to adjoining descriptions, surveyor's records, township plats, private surveys, tax records, etc., he could determine with considerable accuracy the description of the lands for which he is commis-

sioned. In most farming areas aerial surveys are available and it would seem that these, in connection with the public records, would make the preparation of such a plat not too big a burden. If it develops that by use of all these aids the abstracter is still unable to work out an accurate description for his caption then it would probably be best that the preparation of the abstract be delayed until survey is obtained.

In connection with the preparation of the caption and the plat I suggest every abstracter, and examiner for that matter, familiarize himself with Hon. Wilkie Cunningham's excellent article on "Making Land Surveys and Preparing Descriptions to Meet Legal Requirements" appearing in the June. 1954 issue of the Missouri Law Review Volume 19, No. 3.

As an examiner I recommend that every abstract contain a plat of the lands abstracted and that it be attached before the caption, or if it be later in the abstract, the caption should carry a note giving the page where it is to be found. It would please me greatly if all abstracters followed this practice and gave as much visiual information on that plat as possible. In this connection I have in mind several abstracters in this state who by the use of detailed Plats make an examination of their abstracts almost a pleasure. I am sure their clients have been better-served by reason of these abstracters probably going "over and beyond the call of duty" in this regard. In short, I consider the plat and caption to be of equal importance.

CHAIN OF TITLE

I am not convinced that an index to the chain is important enough to merit its inclusion in the abstract and while it is often thought necessary I believe it could be eliminated with little, if any, inconvenience.

The chain of title is truly the meat in this sandwich. Personally I like my sandwich meat to be in one piece although I must confess that I have eaten some which I suspect was the result of an order to "sweep out the kitchen". So it is with abstracts; most are built according to the accepted plan on grantor-grantee basis; some are "swept up" and a few I fear, like Topsy, just grew.

From the examiner's viewpoint I would like all abstracts to contain a synopsis of the title transfer in chronological order passing the chain from grantor to grantee in the order of conveyance with such extraneous matters as affect the title inserted in timely sequence, with full copies of such instruments in which the abstracter, in his judgment, finds some question which he is not prepared to summarize. In so preparing a synopsis of the instruments in the chain of title the abstracter is performing the historical duties of his craft, employing his professional skills for the benefit of his client, a duty and responsibility inherent in the ancient and honorable profession of abstracting. I hope professional abstracters will not lightly abandon the exercise of this skill which is truly that which sets their calling apart from others.

I prefer abstracts to be so built that my chain sheet would show somewhat along the lines of the following which I set out to shorten this already too long discussion.

> The Northwest Quarter of the Northwest Quarter of Section 1; the South 250 feet of the Northeast Quarter of the Northwest Quarter of the Northwest Quarter of Section 1; the North 250 feet of the South 500 feet of the Northeast Quarter of the Northwest Quarter of Section 1; Township 1 South, Range 1 East of the Fifth Principal Meridian.

DO YOU REALLY OWN YOUR OWN HOME?—MAYBE IT'S YOUR NEIGHBOR'S

MERLIN F. SAILOR, *Attorney, Marshalltown, Iowa*

Title to real property is evidenced in various ways—through a policy of title insurance following the building of a chain of title and a careful legal examination; by an abstract of title followed by the opinion on title by a qualified member of the Bar; in certain jurisdictions, by the minutes of an attorney followed by his legal opinion.

In Iowa, it is customary that the purchaser shall have delivered to his counsel an abstract of title, which abstract is examined by his attorney. This being an article prepared by an Iowa attorney, it necessarily follows it is based upon the customary Iowa procedure.

The points advanced by Mr. Sailor are usable, of course, by abstracters in other jurisdictions where the abstract of title, followed by opinion of title by a qualified attorney, is the normal procedure. Ed.

Do you intend to buy real estate? What do you know about abstracts? In case you're interested in learning a little more about them, here's a story of a gentleman who got the lowdown 10 years later than he should have.

He came to my office and said he had bought a small cottage on contract 10 years before.

He made his small payment every month after that, and now was through. The cottage was his. He has a new deed; the indentations of the notarial seal had never been crushed.

The name of the grantor on that deed was familiar. A jury was even then determining whether or not he owed $10,000 damages for an automobile accident. He was known to be insolvent.

I examined the abstract. My client was lucky. Except for $18 worth of personal taxes, and the possibility of loss in the lawsuit involving the grantor, his title was good.

The $18 would have cared for two of those monthly payments. He'll probably lose that.

The lawsuit might have wiped him out, but the jury saved him by deciding the case in favor of the defendant. The contract had never been recorded. That abstract served my client no useful purpose. So far as he was concerned it was a mere historical record.

CAUTION! If you intend to buy real estate, go ahead. It is a sound investment if the price is right, but if you value your peace of mind and the contents of your pocketbook, get your abstract and have it examined before you part with your money.

The abstract is an interesting document. It shows the history of the land; who owned it, and what was done with it.

But to most laymen it looks like a puzzle. If the following example doesn't confuse you in the least, pat yourself on the back:

It begins: Original entry and patent to A; deed, A and wife to B, deed B (single) to C and D, husband and wife; probate proceedings, C died; mortgage D, E, F, G and H, husband of G to I; affidavit that E, F and G were the sole heirs at law of C; second mortgage to J; release I to D, E, F, G and H; foreclosure, and the various steps in that; sheriff's deed to J.

The record lies before you. Deeds, mortgages, released, leases, contracts, probate, foreclosure, affidavits, guardianships, partition, judgments, taxes, liens, alimony orders, special assessments . . . You reach the final entry. It is a deed, Y to Z. You are buying the property from Z.

YOU TOO! All seems well until your lawyer notices that the deed from K to L recites "Township 83", instead of "Township 82", as appears in all the other entries.

That merely means that L never owned the land at all, and neither did M, N, O or X, Y or Z.

And you won't either unless something is done about it.

Obviously a mistake has been made. You should get a quit-claim deed from K. But K is dead. He had 17 children. Some of them are in the insane asylum, some are dead, some are minors, one is a fugitive from justice, one of K's grandchildren is an illegitimate concerning whom there is some dispute— his father is dead.

Of the five you can find, three are willing to quit-claim; "Sign off" is the common term.

The other two smell a windfall and will try to hold you up. You may have to bring action to quiet title, and that will cost some real money, $100 or $1,000 and you might not get title in the action.

If you have already paid for your property you can sue Mr. Z for your expenses, and the chances are you will find him judgment-proof. If you have not paid him, don't; not until your lawyer approves the title. It is up to Mr. Z to make the title good, and if he doesn't you can abandon the deal. But it is always easier to hold the money back than to get it back.

Suppose you are buying the place from Old Sam, whom you have known to be a bachelor for 40 years. So you pay him and take your deed, and after while Old Sam dies, and in due course an old hag comes along claiming to be his widow.

Maybe she can prove her claim, and then she'll get a one-third interest in your property.

Your abstract might show that John and Mary Smith, husband and wife, once owned the land. They gave the deed to Mr. Z. You ask your old friend John about that. You thought his wife's name was Agnes.

"Oh, that's all right," he'll tell you. "I divorced Agnes years ago, in Reno."

Well, you be careful . . . Many Reno divorces are worthless. Maybe John is a bigamist, and Agnes still has right of dower in that property, and if John dies first she'll come in for her one-third.

Possibly Mr. Z bootlegged on the place, and was caught. There might be a mulct tax of $600 against the premises, roosting on the record. The federal padlock law has never been repealed . . . They used to lock up the place for a year.

Mulct taxes come from the unlicensed sale of cigarets, running gambling houses and houses of ill repute. Better investigate.

GIVE UP? And even after you have had your abstract examined, and have your lawyer's approval, there is still some danger.

You might haul out a load of furniture only to find that the house burned down last week, or you might find a family looking out of the windows at you, claiming ownership by right of adverse possession, and able to prove it, too. The fact of adverse possession wouldn't show on the abstract. You find out about that by looking around.

Once when I drew a deed, the purchaser stood by with his abstract in his hand. I asked if he wanted me to examine it. He did not.

Furthermore he said the examination of abstracts was merely a lawyer's graft, and he was not to be grafted upon. I let him go, and I can't help hoping, wickedly perhaps, that he gets his shirt-tail singed off in the transaction.

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COMING EVENTS

Date	Convention	Place
August 1-2	Montana Title Association 50th Anniversary	Placer Hotel Helena, Montana
September 4-5-6	North Dakota Title Association	Ray Hotel Dickinson, North Dakota
Sept. 21-26	**Annual Convention— American Title Association**	**Olympic Hotel Seattle, Washington**
October 11-14	New York State Title Association	Galen Hall near Reading, Pennsylvania
October 12-14	Nebraska Title Association— 50th Anniversary	Town House Omaha, Nebraska
October 13-14	Indiana Title Association	Sheraton Lincoln Hotel Indianapolis, Indiana
October 23-25	Wisconsin Title Association	Oakton Manor on Pewaukee Lake, Wis.
October 26-28	Ohio Title Association	Commodore Perry Hotel Toledo, Ohio
October 26-28	Missouri Title Association	The Elms Excelsior Springs, Mo.
November 6-7-8	Kansas Title Association	Broadview Hotel Wichita, Kansas

Canticle to the Land

WHAT does the land know of the fretful impatience of men? The land lies quiet; the mother of all life, yet quiet as if life and time had no meaning; quiet beneath the driving clouds, the wandering winds, the endless procession of the seasons, quiet beneath the hand of God.

The land lies quiet with its allies, the sun, wind and rain; lying patient and empty beneath the sky, mantled with snow; then warming under the sun, clothing itself with green, welcoming the birds, feeling the corn leap on the warm nights; then clothed with color such as men cannot contrive . . . and then relapsing into the quiet, the waiting, of winter . . .

And when man comes to love the land and share its bounty, he and the land can labor together, and the hand of God helps them; for the land loves hearthstones, and yields abundance; and when man has gone, as man must always go, no scars remain.

But when man comes to fret and misuse the land, to strip away the fertility gained of eons under the slow rake of time, then the land turns her back upon him, and he slinks away leaving only shame and desolation.

And when man comes in bitterness and hate to tear great wounds in the yielding earth, and to poison those wounds with steel and cordite, then the land feels the endless sorrow of God, and hastens to wash away the wounds with cooling rain, and covers them with the soft green of the grass, and receives into her arms the bodies of the sons of men, and again lies quiet with her allies, the sun, wind and rain . . .

For what does the land know of the fretful impatience of men?

—Wm. G. Law.

Ten Little Escrows

Ten little escrows, business looking fine;
One got cancelled,
Then there were nine.
Nine little escrows, waiting for their Fate.
Parties didn't tell the truth and—
So there were eight.
Eight little escrows (no such thing in Heaven)
Buyer hadn't got the funds, and
Now there are seven.
Seven little escrows, nothing much to fix;
Litigation started, and—
Now there's six.
Six little escrows, active and alive.
Seller committed suicide,
So now there are five.
Five little escrows, wish we had some more;
The checks came back marked "N. S. F."
And that leaves four.
Four little escrows, taken in by me;
The documents were forgeries,
We're left with three.
Three little escrows, CERTAIN TO GO THROUGH.
The buyer went to Patton—and
Now there are two.
Two little escrows; the buyers' getting "done";
Unfortunately found it out; so
That leaves one.
One little escrow;
Work is nearly done.
Flaw in the title—
Now there's none!!!

—H. A. Durham.