TITLE NEWS

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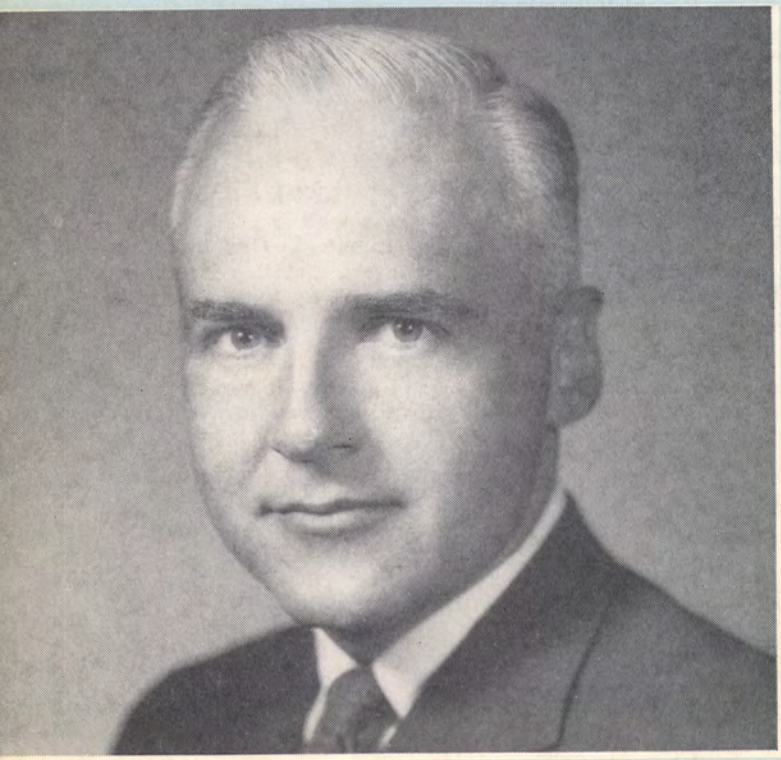
AMERICAN TITLE ASSOCIATION



VOLUME XXXIX MAY, 1960 NUMBER 5

A LETTER

from

THE PRESIDENT

May 1, 1960

Dear Friends:

May 1st, National Law Day in this country, well deserves the emphasis that it has been given by Presidential proclamation. As titlemen and women we perform a service to the legal profession, and so to the process of law. We expedite its means of determining the ownership of real property. We are proud of this association with the law, and well aware of the fact that the whole cycle of our association has as its purpose the fulfillment of the right of the individual citizen to own land.

It is particularly appropriate and important right now to support the efforts of the American Bar Association to have the legislation which has been proposed under House Bills 7914 and 7915 and Senate Bill 2305 passed. Joe Smith has sent you a bulletin on this subject and what you can do about it; and I hope you will do it, so that, as Bernard Docherty of New York Life wrote, the voice of ATA may be heard in the land.

Mac McConville and his Advertising and Publicity Committee are working hard on a contest coming up in October. This is not the time to hide your highlights under a barrel. Our industry needs all the public relations ideas it can get, and this is an opportune time to find out how your ideas stack up in the opinion of professionals.

Virginia and I were in Tulsa and Corpus Christi for the Oklahoma and Texas Title Conventions. I can't go into details of these two grand Conventions, but the vitality of our member State Associations was made evident again, and in all directions.

Yours truly,

Lloyd Hughes

TITLE NEWS

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Features

Departments

A Reappraisal of Michigan's Forty Year Marketable Title Act

By
RALPH JOSSMAN
Assistant Title Officer, Lawyers Title Insurance Corporation

There appeared, recently, in the University of Detroit Law Journal, this scholarly evaluation of Michigan's Forty-Year Marketable Title Act. We know that titlemen everywhere will find his comments interesting and informative.

It is nearly fifteen years since the Forty Year Marketable Title Act[1] was passed by the legislature. The effect of this statute was to permit a person on the end of a chain of record title extending back for a least forty years, with nothing of record purporting to divest him of title during that period, and with no one else in hostile possession of the property involved to acquire a "marketable record title" and hold it free of matters antedating the root of his forty year chain of title, unless such matters were in some way evidenced of record during the forty year period. The choice of a period of forty years for purposes of the statute was not actuated by any feeling that there was special significance attached thereto. It simply represented a rough average of the periods prescribed in similar legislation that had been adopted in other states[2].

In 1946 and in 1947, some minor amendments to the act were adopted. These operated to protect certain interests that might otherwise have been barred by the statute, by relieving them from the necessity of having preserving notices filed. The amendments also extended the time for filing the notices to claim required to keep interests and claims from being barred by the act, and permitted a simplified form of notice.[3] Since then the Forty Year Marketable Title Act has remained unchanged.

The circumstances under which the act was drafted were such that there was good reason to anticipate more extensive changes in this statute than have been effected. The Forty Year Act was not prepared as a mere academic exercise on the part of the subcommittee of the State Bar Committee on Real Property Law which prepared it.[4] A condition existed which called for a definite remedy. Unreasonable objections and petty fault finding by overly technical title examiners had become distasteful

1. Mich. Comp. Laws 565.101-109 (1948), Mich. Stat. Ann. 26.1271-.1279 (1953 rev.). The act became a statute September 6, 1945, but did not operate to bar interests, claims or charges until February 1, 1948.
2. Aigler, Clearance of Land Titles—A Statutory Step, 44 Mich L. Rev. 45, 55 (1945), 24 Mich. State B. J. 675,685 (1945).
3. Mich. Pub. Acts No. 25 (1946), Mich. Comp. Laws 565.104, 565.109 (1948), Mich. Stat. Ann 26.1274, 26.1379 (1953 rev.); Mich. Pub. Acts No. 117 (1947), Mich. Comp. Laws 565.104-.109 (1948), Mich. Stat. Ann 26.1274-.1279 (1953 rev.).
4. The members of this group were Messrs. T. Gerald McShane, (chairman), Ralph W. Aigler, Robert Crary, William R. Fox, Samuel J. Slavens and Ray Trucks. 24 Mich. State B. J. 367 (1945).

both to the Bar and to the public. It was recognized in State Bar circles that something should be done to reduce the delay and annoyance resulting from these tactics. Remedial action was expedited when it was discovered that the State Legislature was considering prescribing some of its own medicines.[5] One of them was a bill passed by the State Senate in January, 1945, prohibiting the bringing of actions to try title to real property where the claim was based on breaks in the chain of title over twenty-five years old, regardless of the validity of the claim involved.[6] It was felt by the Board of Commissioners of the State Bar that this legislation, if adopted, would result in perpetuating unmarketability instead of making titles marketable. Another legislative proposal, sponsored by an influential member of the House of Representatives, was a bill providing that recommending unnecessary suits to quiet title should be prima facie evidence of barratry in disbarment proceedings.[7]

Whatever may have been the defects of this drastic approach to the problem involved, it did indicate a definite feeling that it was up to the Bar of Michigan not only to effect some improvement in the closing of real estate transactions, but also to do it without delay. Under this pressure, the subcommittee previously mentioned was assigned to the task of working out a satisfactory piece of legislation; one was submitted. This is now the Forty Year Marketable Title Act.

Looking back on this legislation more than fourteen years later, what may we say it has accomplished? From one standpoint, it has had some sweeping consequences. Innumerable ancient interests, arising many years in the past, and for which no notice of claim was filed in accordance with the act,[8] are now deemed to be extinguished and of no effect.[9] From another viewpoint, however, it may be questioned if the act had any great effect upon the actual title of a substantial number of parcels of real property. Those interests which the act wipes out must have been created more than forty years previously. Defects in title arising within the last forty years, or rather, within the somewhat longer period running back to the creation of the forty year chain are not affected thereby. They must be disposed of in some other way. As to the ancient interests which the act undertook to render ineffective, most of them were already in that condition through the operation of other statutes; certainly only an exceedingly small fraction of these interests could have been successfully established in court. It does not follow, however, that some of these claims and interests were not being raised on title examinations, with resultant annoyances and delay in the closing of real estate transactions.

Reconciling these two points of view, we may say that while the act did not, of itself, cut off many interests that would otherwise have remained valid and outstanding, it did afford naturally timid title examiners, and also those other attorneys who, for various reasons felt themselves obliged to anticipate the objections of the timid practitioner, a new rationable for overlooking matters better left unraised. It also provides attorneys with additional legal ammunition when they are confronted with insubstantial exceptions to a title.

Some of the incidental results which it was once thought the act would bring about have come to pass. No further bizarre title legislation has been proposed. Undoubtedly, fewer suits to quiet title are being filed. It is probable, however, that this is not because of the Forty Year Act but is due rather to the increasing utilization of title insurance when dealing with questionable titles. To some extent, the forty year abstract has become popular. These are not inevi-

5. See 24 Mich. State B. J. 367 (1945) for a description of the circumstances under which the Forty Year Act was prepared and adopted.

6. Senate Bill 12. Subsequently, as a result of amendment in the House of Representatives, which was concurred in by the Senate, Senate Bill 12 became the Forty Year Marketable Title Act.

7. House Bill 120. It was never reported out by the House Judiciary Committee.

8. Mich. Comp. Laws 565.105 (1948), Mich. State Ann. 26.1275 (1953 rev.).

9. Mich. Comp. Laws 565.103 (1948), Mich. Stat. Ann. 26.1273 (1953 rev.).

dence around the metropolitan Detroit area, but seem to have won some favor outstate.[10] One of the framers of the act foresaw lower title insurance premiums in consequence of a lessened volume of claims.[11] Instead, the rates have increased along with the overhead costs of the title business. As a matter of fact, title insurance losses arise out of recent, not ancient transactions.

Michigan's marketable title law has been acclaimed by such legal scholars as Professors John C. Payne and Paul E. Basye, who have specialized in the study of clearing land titles. It has been described as "more effective than any yet adopted to put an end to the clogs of ancient defects upon land titles."[12] It has served as a model for similar legislation in other states.[13] Nor has it been without honor in its own county. When the State Bar's Committee on Title Standards, composed of members from all sections of the state, was appointed to draft some standards of title examination for Michigan, the Committee was sufficiently impressed with the utility of this statute to commence the Michigan Land Title Standards with a discussion of the act. The very first standard states that the act "is remedial in character and should be relied upon as a cure or remedy for such imperfections of title as fall within its scope."[14] This is followed by a number of standards and problems rather exhaustively illustrating the effect of the statute under various conditions.

It is certain that most of the real property lawyers of Michigan concur in the opinion of the Committee on Title Standards that the Forty Year Act should be utilized as a means of freeing land titles from ancient defects. There is, however, a small group that has exhibited some reluctance to do so. On several occasions, the writer has been asked, as a member of the Committee on Title Standards, why the Committee had recommended the use of the Forty Year Act by the Bar prior to a judicial determination of its constitutionality. Such inquiries are probably actuated by the innate conservatism of the legal profession, rather than by any serious doubts in the matter. The only specific reason for suggesting the possible unconstitutionality of the act which has been advanced has been that there is something unreasonable or arbitrary in excepting certain interests from its operation[15] or in not excepting others. But it can hardly be argued that there was no justification for the action of the legistlature in affording the particular exemptions;[16] and the judgment of the courts will not be substituted for that of the legislature in such matters in the absence of an abuse of discretion.

It is true that in Kansas and in Pennsylvania, legislation enacted for the clearance of land titles has been held to be unconstitutional.[17] But this was not by reason of there being anything inherently unconstitutional in legislation which cuts off interest, existing or not. Statutes of limitation, or the recording laws, may have such effect, but the legality of such statutes is unquestioned. The public good involved in making land titles secure takes precedence over the occasional injury sustained by some individual.[18] These decisions were based upon objectionable provisions contained in the statutes under consideration but not included in the Michigan act.

The Kansas statute required that anyone with a competing claim

10. The act recognizes that a title to real property may be subject to matters arising more than forty years in the past, or even antedating the root of title. These may take the form of interests excepted from the operation of the act, or of matters referred to in the miniments of title which make up the forty year chain.
11. Aigler, supra note 2 at 55. 685.
12. Basye, Clearing Land Titles, 178 (1953).
13. S.D. Code ch. 51.16B (1952 Supp.) (passed as ch. 256, 1951); Rev. Stat. Neb. 76.288-.300 (1958 Reissue) (passed as ch. 243, 1947); N.D. Rev. Code, ch 47-19A (1957 Supp.) (passed as ch. 280, 1951).
14. Michigan Land Title Standard 1.1, 35 Mich. State B. J. 12 (Aug., 1956).
15. Mich. Comp. Laws 565.103 (1948), Mich. Stat. Ann. 26.1274 (1953 rev.).
16. See Aigler, Amendments of the Forty Year Marketable Title Statue, 26 Mich. State B. J. 23 (1947).
17. Morrison v. Fenstermacher, 166 Kan. 568.203 P.2d 160 (1949); Girard Trust Co. v. Pennsylvania R.R. Co., 364 Pa. 576, 73 A.2d 371, (1950).
18. Aigler, Constitutionality of Marketable Title Acts 50 Mich. L. Rev. 185. 199 (1951).

against a person who met the requirements of the statute could save his rights against such person only by bringing an action within one year.[19] That of Pennsylvania imposed somewhat similar requirements, necessitating the bringing of actions to enforce interests (such as ground rents) where no question of the validity of the interest was involved, and no right of action on the claim had arisen.[20] The Michigan act contains no such unreasonable requirements. Instead of forcing claimants into court prematurely, the act provides that the timely filing of a simple notice, in prescribed form, will keep an interest alive for forty years from the date of filing so far as the act is concerned.[21] Nor did the Forty Year Act attempt to cut off any existing interests without affording an adequate period of time within which to file preserving notices. Almost twenty-nine months were provided for doing so.[22]

Furthermore, as has been observed previously, the Forty Year Marketable Title Act did not so much dispose of ancient interests as supply an additional basis for disregarding them. The act does not interfere with the operation of any statute of limitations or with the doctrine of adverse possession.[23] How many interests arising over forty years in the past, neither referred to in, nor connected with, and title transactions since then, and not exempted from the operation of the act by existing possession or user, would have enough validity to require the Forty Year Act to finally dispose of them? An attempt to assert an ancient interest of such a nature as is barred by the act would probably be decided through the application of other statutes,[24] or perhaps the doctrine of laches, without a court finding it necessary to determine the question of constitutionality.[25] Even assuming that some small portion of the Forty Year Act were found to be unconstitutional, this should not affect the remaining provisions, in view of the Michigan statute making a severance clause applicable to all legislations.[26] It is submitted that, as indicated in the Michigan Land Title Standards,[27] the Forty Year Marketable Title Act should be utilized in eliminating those title defects to which it is applicable.[28]

Notwithstanding the beneficial purposes and accomplishments of this remedial statute, it must be admitted that it does present some problems of construction. For one thing, it contains no definitions, possibly because of the time pressure under which the act was prepared. The act states that a claim of title may arise from a title transaction more than forty years in the past, disclosed by "official public record," a term not defined in the statute. Records of probate and circuit courts certainly appear to fall in this category.[29] Does the act intend that a forty year chain of title may originate in a probate court or a chancery decree which has not been recorded in the office of the register of deeds? Again, there is nothing in the act which affords a clue to the nature of the "hostile possession" which will render the benefits of the act unavailable to a person entitled to them in the absence thereof.[30]

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19. Gen. Stat. Kan. 67-612 (1949) (Repealed Kan. Laws 1951, ch. 371 1).
20. Pa. Stat. Ann. tit. 68, 451 (1958 Supp.) (Repealed).
21. Mich. Comp. Laws 565.103, 565.105 (1948), Mich. Stat. Ann. 26.1273, 26.1275 (1943 rev.). The interest so preserved could, of course, be wiped out through the application of some other statute.
22. Mich. Comp. Laws 565.109 (1948), Mich. Stat. Ann. 26.1279 (1953 rev.). As reiginally enacted, the Forty Year Act provided a period of one year from the effective date thereof, September 6, 1945, for the filing of preserving notices. Mich. Pub. Acts No. 25 (1946), extended the period for doing so until October 1, 1947. Mich. Pub. Acts No. 117 (1947), further extended it to February 1, 1948.
23. Mich. Comp. Laws 565.107 (1948), Mich. Stat. Ann. 26.1277 (1953 rev.).
24. Mich. Comp. Laws 565.101, 565.104 (1948), Mich. Stat. Ann. 26.1271, 26.1274 (1953 rev.).
25. See Mich. Law and Practice Constitutional Law, 44 (1956) and cases cited therein.
26. Mich. Comp. Laws 8.5 (1948), Mich. Stat. Ann. 2.216 (1952 rev.).
27. Michigan Land Title Standard 1.1, 35 Mich. State B.J. 12 (Aug., 1956).
28. Discussions of the constitutionality of marketable title acts in general may be found in Aigler, Constitutionality of Marketable Title Acts, 50 Mich. L. Rev. 185 (1951) and A supplement to "Constitutionality of Marketable Title Acts" 1951-1957, 56 Mich. L. Rev. 225 (1955).
29. Mich. Comp. Laws 701.28 (1948), Mich Stat. Ann. 26.3178 (28) (1938). In re Dissolution of Electro Products Corporation, 272 Mich. 548,262 N. W. 405 (1935).

There is also some ambiguity present in the statute, which caused a good deal of discussion in the Committee on Title Standards with respect to exactly what claims and interests are rendered ineffective by the act.

Section 2 of the Forty Year Marketable Title Act provides that, for the statute to become effective, there must be a **record** title of not **less** than forty years.[31] As a matter of fact, this record chain of title will extend back for a period in excess of forty years. One who has a forty-year chain of title to a parcel of property today may derive it from a root of title as much as 50 or 60 years in the past. Section 3 of the statute purports to extinguish claims whose existence depends upon events prior to "such forty year period."[32] On the other hand, section 6 thereof states that the act's purpose is to permit persons dealing with the record title holder to rely on a record title covering a period of **not more** than forty years prior to such dealing.[33]

Assume that there is a conveyance of Blackacre from A to B recorded in 1915 and one from B to C recorded in 1944, with nothing of record since 1915 purporting to divest B or C of their title, and that C is in possession of Blackacre. C has a marketable record title under the act and is entitled to the benefits thereof.[34] But does he hold title to Blackacre on January 15, 1960, free of interests arising prior to the day in 1915 when the deed to B was recorded? This distinction may be of importance if conflicting instruments, which do not, however, divest C of his title within the terms of the act, have been recorded during the period between the recording date of the deed to B with which his forty year chain of title commenced and January 15, 1920. The Committee on Title Standards believes that the preferable interpretation of the statute (which is also the more conservative one) is to say that the act benefits C only with respect to interests created before the recording of the deed from A to B with which C's "forty year" chain of title started.[35] In this instance, it would apply to those matters arising before 1915, but not as to any subsequent claims or interests even though more than forty years may now have elapsed since they first appeared of record. At least one of the drafters of the act, however, strongly favors a more liberal interpretation of the conflicting language.

With respect to the effect of possession, the Forty Year Act presents a somewhat peculiar situation. In the early stages of the drafting process, it was intended that the act should apply only in favor of someone who was in possession of the premises. On further consideration, it was recognized by the drafting subcommitee that many thousands of acres of Michigan lands were vacant property with no one in actual possession of them. In order that the owners of these unoccupied properties might receive the benefits of the act, the provisions of the proposed statute were modified.[36] The act applies in favor of the person having a forty year chain of title, with nothing of record purporting to divest him, as long as there is no one else in hostile possession of the premises.[37]

Let it be assumed that A is on the end of a chain of record title to Blackacre, extending back to 1915, with nothing of record since then purporting to divest him, or his predecessors in the chain, or their title. His forty year chain became complete in 1955. If A were then in possession of Blackacre, or if no one else were in hostile possession thereof, he acquired marketable record title to the property. His title would be free, within the limits of the act, from matters arising and interests created before

30. Mich. Comp. Laws 565.101 (1948), Mich. Stat. Ann. 26.1271 (1953 rev.).
31. Mich. Comp. Laws 565.102 (1948), Mich. Stat. Ann. 26.1272 (1953 rev.).
32. Mich. Comp. Laws 565.103 (1948), Mich. Stat. Ann. 26.1273 (1953 rev.).
33. Mich. Comp. Laws 565.106 (1948), Mich. Stat. Ann. 26.1278 (1953 rev.).
34. Mich. Comp. Laws 565,101, 565.102 (1948), Mich. Stat. Ann. 26.1271, 26.1272 (1953 rev.).
35. Michigan Land Title Standard 1.6, 35 Mich. State B.J. 22 (Aug., 1956).
36. Aigler, Clearance of Land Titles—A Statutory Step, 44 Mich. L. Rev. 45, 50-51 (1945); 24 Mich. State B.J. 675,681-682 (1945).
37. Mich. Comp. Laws 565.101 (1948), Mich. Stat. Ann. 26.1271 (1953 rev.).

1915.[38] But suppose that a few weeks before JA's forty year chain of title was completed in 1955, Blackacre was taken over by B, a trespassing stranger to the title, who has remained in possession of Blackacre since then. A had almost fifteen years, after his forty year chain was complete, within which he could bring legal action to remove B and preserve his own rights in Blackacre.[39] There are about ten years available to him at present for doing so. Nevertheless, the squatter's hostile possession has operated to deprive A of all benefit of the Forty Year Act. He did not get a marketable record title thereunder in 1955, and he does not have one now. A can not have one while B remains on the premises. It may well be questioned if the squatter's being in possession of Blackacre should be permitted to keep alive, at least for the purposes of a remedial statute, interests created over forty-five years ago, as to which he is without actual knowledge or privity. Again, had B arrived on the scene in 1956 and remained in possession of Blackacre until 1958, A would have acquired marketable record title in 1955 and would have it at the present time; but he would have been without it during the period of B's hostile possession. The fact that nothing has appeared in the record chain of title to Blackacre since the recording of the deed to A would have no bearing in the matter.

Attempts have been made to deal with some of the problems presented by the Michigan Forty Year Act in the Model Marketable Title Act, prepared as part of the Research Project of Improvement of Conveyancing Practices, carried out at the University of Michigan under the direction of Professor Lewis M. Simes. Although this model legislation has not yet been published in final form, the writer has had the opportunity of examining tentative drafts of it.[40] The Model Act is to a large extent based upon the Michigan statute, in recognition of its merits. There is, however, a different approach to the problem of possession.

Under the Model Act neither possession nor the absence of hostile possession, of the subject premises is required in order to have the equivalent of a marketable record title under the Michigan act. The person having a forty year chain of title, with nothing purporting to divest him, gets a marketable title, as defined in the Model Act, but subject to the rights of anyone else arising from a period of adverse possession or user which is, in whole or part, subsequent to the effective date of the root of title. Thus, if A's forty year chain of title to Blackacre became complete in 1955, he would not lose the benefits of the Model Act because a squatter had recently taken over the premises. He would have marketable title, but he would hold it subject to the squatter's rights.

At least two matters left unresolved by the Michigan statute are specifically dealt with in the Model Act. Reference has been made herein to the ambiguous provisions of the Forty Year Act with respect to the date beyond which conflicting claims are barred. In the Model Act this is expressly declared to be the date of the recording of the instruments with which the forty year chain commences. This is in accordance with the interpretation put upon the Michigan act by the State Bar Committee on Title Standards.[41]

The Model Act provides that the forty year chain does not have to originate in, or be carried down through, the records of the office in which deeds are recorded. Other records, such as those of a probate court may be utilized for these purposes. Such is believed to have been intended by the framers of the Michigan act, but there is no specific provision to that effect contained therein. Whether any such provision is desirable would seem open to question in view of

38. Mich. Comp. Laws 565.101, 565.102 (1948), Mich. Stat. Ann. 26.1271, 26.1272 (1953 rev.).

39. Mich. Comp. Laws 609.1 (1948), Mich. Stat. Ann. 26.593 (1938).

40. Discussion of the Model Marketable Title Act herein is based on tentative drafts thereof which have been circulated. The final form of this proposed statute had not yet been determined, but it is believed that the features thereof to which reference is made have not been changed.

41. Michigan Land Title Standard 1.6, 35 Mich. State B.J. 22 (Aug., 1956).

existing legislation providing for the recording of wills, orders and decrees.[42] Should a prospective purchaser of real estate be expected to carry his search beyond the records of the register of deeds office to look up a possible root of title?

In addition to the beneficial effects of the Forty Year Act which have been noted, it has had some incidental results which could hardly have been within the contemplations of its draftsmen. The act contains provisions for recording notices of claim to keep interests from being rendered ineffective by the passage of the forty year period.[43] There has been some tendency for utilizing this provision as a catch-all device for evidencing some peculiar interests and claims of record. One would naturally expect that notices of claim under the act would refer to some interest arising nearly forty years previously. Frequently, or perhaps one should say usually, the interests sought to be preserved by filing the notice are of recent creation. For example, the city of Livonia is imposing a debt service charge to defray the costs of some public improvements installed under the Revenue Bond Act of 1933.[44] An ordinance of that city requires the filing of a claim under the Forty Year Act with respect to each parcel of land against which the charge is to be imposed before a building permit may be issued.[45] The idea of giving prospective purchasers of real property record notice of the existence of such a charge is indeed a commendable one. It is submitted, however, that the statutory basis for affording such notice ought to be derived from something other than the Forty Year Act. If no other provision for doing so exists, the legislature should supply one.

The filing of such notices by the city, while certainly not within the purposes for which the Forty Year Act was intended, does at least have some justification from the standpoint of social utility. There are, however, some instances demonstrating a complete abuse of the act's provisions. What else is there to say of the filing of a notice making claim to a real estate commission, the proceeds of a joint venture, or reciting that the claimant made an unsecured loan to someone who used it to purchase the specified real estate? The rights sought to be preserved are not of the nature of an interest in the land. While it can hardly be argued that filing of the notice would create an interest in land where none had existed before, the intent to hinder further title transactions involving the property seems quite obvious. The register of deeds can not refuse to accept such instruments for record; he is not authorized to go into the legal sufficiency of instruments presented for record which otherwise meet the recording requirements. However, the Forty Year Act provides some penalties against parties who seek to utilize it as a means of slandering title.[46] Perhaps some of these sanctions should be applied in a proper case.

When the Forty Year Act became law in 1945, there was some feeling that amendments would be forthcoming shortly. Although amendments were made during the next two years, they were not of a particularly substantial nature. While the act certainly does present some problems of interpretation, and is in some instances being misused, it is believed unlikely that further amendments to it will be adopted. There are several reasons for this conclusion. The act is both a remedial and beneficial statute. It has rendered a service to the bar and to the public by freeing land titles from ancient interests which might otherwise be cluttering up attorney's

42. The Probate Code directs the recording of wills and of orders assigning the residue of an estate. Mich. Comp. Laws 702.38 (1948), Mich. Stat. Ann. 27.3178 (108) (1953 rev.). A divorce decree may also be recorded, even before it has been enrolled, and such recording will constitute notice. Mich. Comp. Laws 552.104 (1948), Mich. Stat. Ann. 26.134 (1953 rev.); Coates v. Coates, 327 Mich. 44, 44 N. W. 2d 4 (1950).

43. Mich. Comp. Laws 565.105 (1948), Mich. Stat. Ann. 26.1275 (1953 rev.).

44. Mich. Comp. Laws 141.101-.139 (1948), Mich. Stat. Ann. 5.2731-.2766(3) (1953 rev.).

45. Livonia, Michigan, Ordinance 217, August 18, 1958 (amending Ordinance 51, March 17, 1952).

46. Mich. Comp. Laws 565.108 (1948), Mich. Stat. Ann. 26.1278 (1953 rev.).

opinions and holding up real estate deals. The great majority of Michigan lawyers are pleased with the statute and are endeavoring to make use of it when instances arise which call for doing so. Since there is always considerable reluctance to effect a change in a statute dealing with property, it would require a more or less concerted demand from the various local bar associations to spark a movement for amending the act. No signs of such a demand are presently in evidence and consequently the Forty Year Marketable Title Act can be expected to remain on our statute books, without amendment, for a long time to come.

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Till We Meet in Dallas

For the 54th Annual Convention

American Title Association

Statler - Hilton Hotel

October 10-13, 1960

ON THE COVER

THE HONORABLE ROBERT KEITH GRAY

Robert Keith Gray was sworn in by the President as Secretary of the Cabinet on May 16, 1958.

A 36-year-old Nebraskan, Secretary Gray received his B.A. from Carleton College where he was President of his class; took advanced work at Colorado State College and Columbia University, and received his Masters in Business Administration at Harvard University in 1949.

His active military service was performed with the United States Navy on an attack transport in the China Theater. He currently holds the rank of Lieutenant Commander in the Naval Reserve.

Appointed an instructor at Hastings College in 1949, he was elevated to the rank of assistant professor the following year. He was also guest lecturer at the University of Southern California.

In 1950 he was invited to lecture at the British Industrial Conference, Birmingham, England, and was recipient of the Chamber of Commerce award as outstanding young man of that year.

He is the author of articles in the fields of business and government and of the casebook ORGANIZATION AND OPERATION OF THE NEW BUSINESS ENTERPRISE.

Secretary Gray left the teaching profession in 1951 to manage a newly formed company which grew, under his management, to thirteen locations in the Midwest.

He took leave of absence from his business in 1955 to accept a position with the Navy Department as Special Assistant for Manpower.

Mr. Gray was called to the White House in 1956 where he served first as Special Assistant, then as Appointments Secretary to the President, and since May 16, 1958, as Secretary of the Cabinet.

Secretary Gray has been featured in several recent magazine and newspaper articles. Some of these have appeard in th following:

U.S. NEWS & WORLD REPORT, March 14, 1958, page 35
COSMOPOLITAN, May, 1958, page 44
U.S. NEWS & WORLD REPORT, May 9, 1958, page 22
WALL STREET JOURNAL, June 13, 1958, page 1
New York Sunday TIMES, Magazine Section, July 20, 1958, page 7

Secretary Gray's devotion to the cause of a balanced Federal Budget is well known. Our own ATA Executive Vice-President has secured from Mr. Gray the information which forms the basis of the article on that subject appearing in this issue on page 22.

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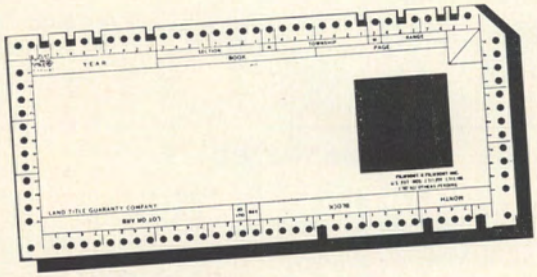

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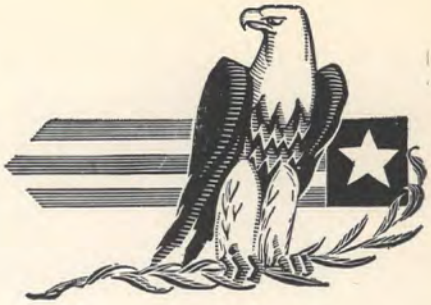
FROM THE FEDERAL REGISTER



Chapter II.—Federal Housing Administration, Housing and Home Finance Agency.

MISCELLANEOUS AMENDMENTS TO CHAPTER.

The following miscellaneous amendments have been made to this chapter:

Subchapter B—Property Improvement Loans.

Part 204—Title I Mortgage Insurance; Rights and Obligations of Mortgage Under Insurance Contract.

Part 204 is amended by adding a new 204.5a as follows:

Part 204.5a Forbearance of foreclosure.

With respect to any mortgage insured under this part, if the Commissioner finds that a default was due to circumstances beyond the mortgagor's control and determines that the mortgage will be restored to a current condition within a reasonable period of time, the Commissioner may approve forbearance of foreclosure relief as follows:

(a) Uncollected interest allowance. The mortgagee may withhold foreclosure proceedings against the mortgagor for a period of time determined by the Commissioner. If payments received from the mortgagor during the period of forbearance are insufficient to pay interest at the mortgage rate after applying such payments in the order set forth in the mortgage and the mortgage is subsequently foreclosed, the debentures may include an allowance for uncollected interest accrued during the period of such forbearance.

(b) Assignment of defaulted mortgages. With the prior written approval of the Commissioner, the mortgagee may assign the mortgage in exchange for debentures. As a requirement of such assignment:

(1) The mortgagee shall deliver:

(i) The original credit and security instruments assigned without recourse or warranty, except that no act or omission of the mortgagee shall have impaired the validity and priority of the mortgage;

(II) All rights and interest arising under the mortgage, and all claims of the mortgagee against the mortgagor or others arising out of the mortgage transaction;

(III) All title evidence held by the mortgagee, extended to include the assignment of the mortgage to the Commissioner;

(IV) All cash or property held by the mortgagee or to which it is entitled, including deposits made for the account of the mortgagor and which have not been applied in reduction of the principal mortgage indebtedness;

(V) All records, documents, books, papers and accounts relating to the mortgage transaction;

(VI) Any additional information or data which the Commissioner may require.

(2) The mortgagee shall certify that:

(I) The mortgage is prior to all mechanics' and materialmen's liens filed of record subsequent to the recording of such mortgage regardless of whether such liens attach prior

to such recording date, and prior to all liens and encumbrances which may have attached or defects which may have arisen subsequent to such mortgage except such liens or other matters as may have been approved by the Commissioner;

II) The amount stated in the instrument of assignment is actually due and owing under the mortgage;

(III) There are no offsets or counterclaims thereto and the mortgagee has a good right to assign.

(c) Condition of property. The property covered by the mortgage which is to be assigned shall meet all of the provisions of 204.11.

Section 204.11 is amended by adding a new paragraph (d) as follows:

204.11 Condition of property when transferred; delivery of debentures; certificate of claim and definition of term "waste".

(d) Upon an acceptable assignment of a mortgage, the Commissioner shall issue to the mortgagee debentures having a total face value equal to the unpaid balance of the loan at the time of assignment, plus any accrued mortgage interest and any advances made under the mortgage and approved by the Commissioner.

(Sec. 2, 48 Stat. 1246, as amended; 12 U.S.C. 1703. Interpret or apply sec. 8, 64 Stat. 48, as amended; 12 U.S.C. 1706c.)

DEPARTMENT OF THE INTERIOR
Bureau of Land Management
(Order 663)
Assignment, Transfer and Disposal of Real Property and Related Personal Property
Delegation of Authority

March 28, 1960.

SECTION 1. **Delegation of authority.** Pursuant to the authority contained in section 4 of Order No. 2830 of September 8, 1958, of the Secretary of the Interior, the Assistant Director for Operations, the Area Administrators, and the Chief, Branch of Administrative Services may exercise the authority granted to me by section 2 of the aforesaid order with respect to the assignment, transfer and disposition of real property and related personal property.

SEC. 2. **Exercise of Authority.** The authority granted by this order shall be exercised in accordance with the provisions of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C., sec 471 et seq.), the regulations of the General Services Administration, and the regulations of the Department of the Interior.

SEC. 3. **Redelegation.** The Area Administrators may in writing redelegate to any qualified employees of their areas the authority granted by this order. Each redelegation shall be published in the FEDERAL REGISTER.

SEC. 4. **Revocation.** Bureau Order No. 614 of June 12, 1956, is hereby revoked.

EDWARD WOOZLEY,
Director.

(F.R. Doc. 60-3002; Filed, Apr. 1, 1960; 8:47 a.m.)

Office of the Administrator.

Director, Community Disposition Program.

Delegation of Authority With Respect to Emergency Housing Properties

1. The Director, Community Disposition Program, is hereby authorized to execute the powers and functions vested in the Housing and Home Finance Administrator under the provisions of Public Law 781, 76th Cong. (54 Stat. 883); Public Law 849, 76th Cong., as amended (Lanham Act, as amended, 42 U.S.C. 1521), and Reorganization Plan No. 17 of 1950 (64 Stat. 1269); Public Laws 9, 73, and 353, 77th Cong., as amended (55 Stat. 14, 198, and 818 as amended); and Title 1 of Public Law 266, 81st Cong. (63 Stat. 659).

2. Any instrument or document executed by the Director, Community Disposition Program, purporting to relinquish or transfer any rights, title, or interest in or to real or personal property under the authority of his delegation shall be conclusive

evidence of the authority of such Director to act for the Housing and Home Finance Administrator in executing such instrument or document.

(Reorg. Plan No. 3 of 1947, 61 Stat. 954; 62 Stat. 1283 (1948), as amended, 12 U.S.C. 1701c)

Effective as of the 29th day of March, 1960.

NORMAN P. MASON,
(Seal) Housing and Home Finance administrator

(F.R. Doc. 60-2810; Filed, Mar. 28, 1960; 8:47 a.m.)

A VISIT TO A TITLE INSURANCE FIRM

By DANIEL F. O'LEARY
Real Estate Editor, Philadelphia Sunday Bulletin

Painstaking Research Protects All Owners of Property Covered By Special Policies

The transfer of real estate from owner to another, while it sometimes seems to be a cumbersome process, is deliberately surrounded by formalities which safeguard the rights of both buyer and seller.

In this area, a sale is almost always concluded in the office of a title insurance company.

Among the documents which the owner receives at the time of settlement is a title insurance policy, which protects his interest in the property against any defects in the title except those specifically noted as exceptions.

What goes on behind the scenes before a title company issues this insurance is a painstaking search to find any and all flaws and claims which may cloud the title.

Each Case Is a Big Job

A visit to the Commonwealth Land Title Insurance Co., oldest such firm in the world and largest in this area, disclosed the infinitely painstaking research which goes into each application for title insurance.

Commonwealth, with its main office at 1510 Walnut St. and 25 branch offices throughout Philadelphia, Delaware, Montgomery and Chester Counties, has about 600 employes handling title insurance throughout Pennsylvania and 11 other states.

In 1956, Commonwealth Title Co. and the Land Title Insurance Co. merged to become the present Commonwealth Land Title Insurance Co.

The old Real Estate Title Insurance Co., which merged with Land Title, was the first company to insure titles. It was founded March 28, 1876.

Most Are Specialists

Most employees of title companies such as Commonwealth are behind-

the-scenes workers, specialists in various functions of title research.

Commonwealth maintains a 12-story building at 1220 Sansom St., called its title plant, where about 200 employes keep records of all properties in Philadelphia up to date, processing applications for title insurance and sifting data from every available source which may shed light on the condition of the title.

In addition, the company has another title plant at 317 N. Broad St., where it keeps records for Montgomery and Bucks Counties. At Media, it built a new building at 2d and Olive Sts. three years ago for a title plant serving Delaware and Chester Counties.

Does Large Projects

While Commonwealth usually works on individual title searches, in recent years it has done a number of mass searches for large tracts because of giant redevelopment projects and highway construction jobs. It examined 5,700 titles for properties in the Eastwick redevelopment area for the Philadelphia Redevelopment Authority.

In making settlement for a property, buyers and sellers deal with the settlement clerks, who have had long training in all aspects of real estate title work. They handle the documents involved in the sale and make calculations for final settlement.

Before the settlement, the company's specialists have combed the records to turn up all pertinent information regarding the property.

Broker Supplies Data

Application for title insurance is made generally by a real estate broker or attorney, who gives the company all information in his possession regarding the property.

From this, the company's clerks go to work and gather all other available data which may affect the title.

They make a tax search and a lien search. They check the names of the sellers in files of persons against whom judgments are outstanding.

Even judgments against persons with somewhat similarly spelled names are turned up, on the chance they might be against the seller. If they are not, the seller can remove the objection by making an affidavit that the judgments do not involve him.

Checks City Records

To keep up to the minute on Philadelphia properties, Commonwealth keeps a staff in City Hall to make a daily record of deeds, mortgages, judgments, liens and other documents filed with the Department of Records, as well as papers filed with the prothonotary which may affect properties. They also examine federal court records for bankruptcies and other proceedings.

The company makes a photocopy of all deeds and mortgages and files them in its title plant. Title clerks can gather most of the information about a property from this source.

Althought it may never have occasion to make a title search on a particular property, the company maintains a record of each of the more than 500,000 parcels in the city.

Seeks Out Data

When working on an application for title insurance, title clerks assemble all the information on hand.

This is reviewed to see what additional information is required, such as a tax and lien search. It is routed through the plant and gets a final review before a title report is made up for the person ordering it.

From this report, the broker or attorney can see what impediments there are to a clear title to the property. These are listed as exceptions.

Some exceptions such as back taxes, judgments and liens can be removed simply by paying the amounts due, which the title company will take care of out of proceeds of the sale.

Some Are More Permanent

Some exceptions cannot be removed so easily. These include easements, building restrictions and covenants.

Companies will insure the title subject to these exceptions.

Experts maintain that a title is only as strong as its weakest link. If there are any weak links in the chain, it is their job to find them, they believe.

Hidden elements which may cloud a title include the human elements of error. Sometimes a mistake may have been made previously, such as overlooking liens or mortgages.

Forgeries are another hazard. The seller may not be the real owner or the sole owner.

Also, a deed or mortgage may be signed by one under age and repudiated by the minor upon reaching 21 years, or the seller may be insane or otherwise incompetent.

Wills, Estates Are Vital

Orphans' Court documents may be very important in tracing a title. There are a host of things which may affect a title—a will may have been revoked by the testator after its execution, there may be children born after its execution, a spouse may claim an interest or an heir presumed dead may be alive.

The marital status of the seller is a special hazard. The person representing himself or herself as single, a widow or widower may have a husband or wife living. Or the spouse who does join in the deed may not be the legal spouse of the seller. The law requires that the spouse of a married person must join in the deed, even if the property is held in only one of their names.

Any of these situations rising against a title could make it unmarketable. After a claim is made against the owner, it is the title company's function to protect the owner and straighten out the title to make it marketable again.

* * *

We recognize that our basic public relations challenge lies in educating prospective purchasers of real estate to the value and need for our services. The above story is an excellent example of one means of accomplishing this objective.

Desk of Veronica Straub, title clerk at Commonwealth Land Title Insurance Company, is heaped high with some of the thousands of records of individual properties which the company maintains.

meeting timetable

MAY 11, 12, 13, 1960
Illinois Title Association
St. Nicholas Hotel, Springfield, Illinois

MAY 12, 13, 14, 1960
Pennsylvania Title Association
Galen Hall, Wernersville, Pa.

MAY 13-14, 1960
New Mexico Title Association
The Sundowner
Albuquerque, New Mexico

MAY 19, 20, 21, 1960
California Land Title Association
Hotel del Coronado
Coronado, California

MAY 20-21, 1960
Tennessee Title Association
River Terrace Motel
Gatlinburg, Tennessee

MAY 24, 25, 26, 1960
American Right-of-Way Assn.
6th Annual Nat'l Seminar
Shoreham Hotel, Washington, D.C.

JUNE 3, 4, 1960
South Dakota Title Association
Sawnee Hotel
Brookings, South Dakota

JUNE 6-7, 1960
Southwest Regional
Sheraton-Dallas Hotel
Dallas, Texas

JUNE 8, 9, 10, 11, 1960
Oregon Land Title Association
Gearhart Hotel, Gearhart, Oregon

JUNE 9-10-11, 1960
Wyoming Title Association
Worland, Wyoming

JUNE 16, 17, 18, 1960
Colorado Title Association
Harvest House Hotel
Boulder, Colorado

JUNE 19-20-22, 1960
Idaho Land Title Association
Shore Lodge
McCall, Idaho

JUNE 30 - JULY 1-2, 1960
Michigan Title Association
Boyne Mountain Lodge
Boyne Falls, Michigan

JULY 9-12, 1960
New York State Title Assn.
Saranac Inn, New York

JULY 29-30, 1960
Montana Title Association
Rainbow Western Hotel
Great Falls, Montana

AUGUST 12, 13, 1960
Minnesota Title Association
Hotel Duluth
Duluth, Minnesota

SEPTEMBER 8, 9, 1960
North Dakota Title Association
Bismarck, North Dakota

SEPTEMBER 15, 16, 17, 1960
Kansas Title Association
Warren Hotel
Garden City, Kansas

SEPTEMBER 22-23-24-25, 1960
Washington Land Title Association
Olympic Hotel
Seattle, Washington

SEPTEMBER 23-24, 1960
Utah Land Title Association
Cottonwood Country Club
Salt Lake City, Utah

SEPTEMBER 25, 26, 27, 1960
Missouri Title Association
Statler Hotel, St. Louis, Missouri

SEPTEMBER 25-26-27, 1960
Nebraska Title Association
Clarke Hotel
Hastings, Nebraska

OCTOBER 3-6, 1960
Mortgage Bankers Assn. of America
Conrad Hilton Hotel
Chicago, Illinois

OCTOBER 9-13, 1960
American Title Association Annual Convention
Statler Hilton Hotel
Dallas, Texas

OCTOBER 20-21-22, 1960
Wisconsin Title Associatioin
Liggetts Holiday Inn
Burlington, Wisconsin

OCTOBER 30, 31, and NOVEMBER 1
Ohio Title Association
Netherlands-Plaza
Cincinnati, Ohio

NOVEMBER 14, 15
Indiana Title Association
Sheraton-Lincoln Hotel
Indianapolis, Indiana

NOVEMBER 17, 18, 19
Florida Land Title Association
Everglades Hotel
Miami, Florida

DON'T JUST STAND THERE

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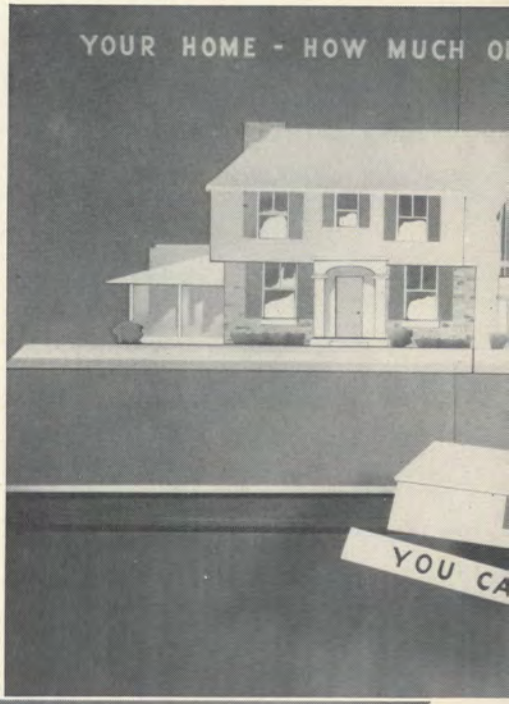
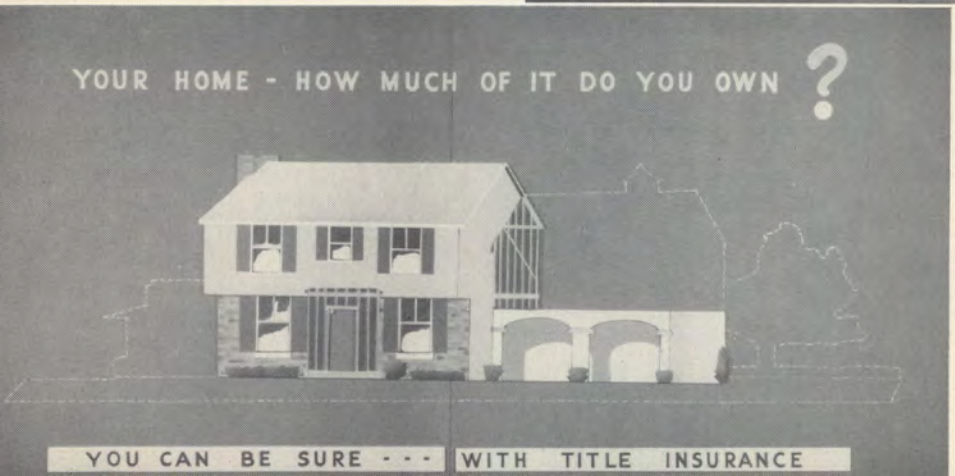
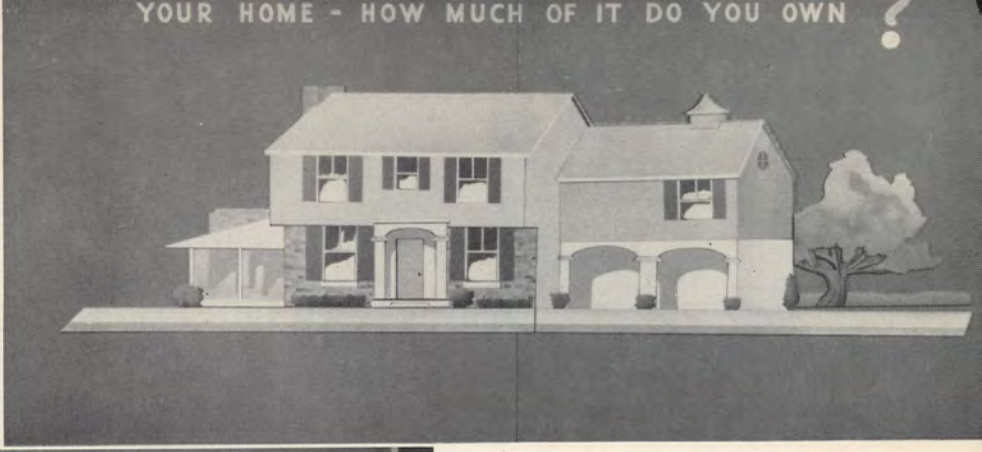
Just write to ATA Headquarters and ask the staff to ship you a new visual aid — a beautiful, colorful model home mounted with magnets on a steel plate.



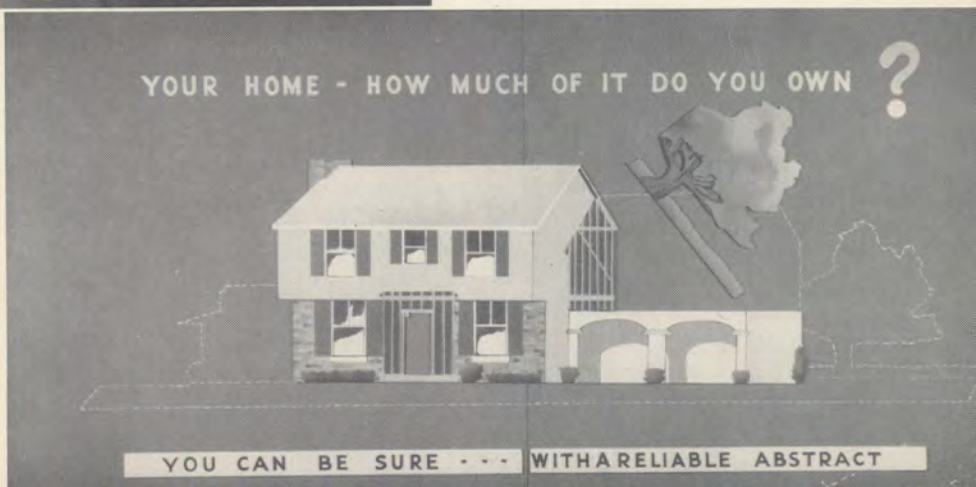




So you buy a home. You pay the purchase price and move in, exuberant with the joy of home ownership. Then you learn that the contractor who added the room above the garage hadn't been paid for his labor and material. Zip! There goes a part of your pretty picture.

And so it is with unpaid special assessments, easements for public utilities, agreements for common drive-ways and building line restrictions. Your audience is left with a skeleton — and a sincere desire to learn more about the protection of an abstract or a title insurance policy.

Write to ATA Headquarters for a copy of the script to accompany this visual aid.



LOOKING BACK

Fifty years ago a Fairbury, Nebraska, high school junior officially entered a profession in which he is still engaged, and at the same location.

It was on Nov. 4, 1909, that Russell A. Davis, hurrying to the Jefferson County Abstract office from the class room, took the firm's day book and went to the courthouse to make notations of the day's official filings in various county offices.

Then it was back to the office to compile and run off copies of the report, and then to distribute it to the business houses. Too late in the day? Not in those days. The abstract office, like stores and other offices, knew no eight-hour day nor 40-hour week.

Davis said he had spent considerable time about the office during his earlier youth, but that it wasn't until that November that he was entrusted with compiling the fiilings.

From that day on, with the exception of service during World War I and a couple of years' residence in Idaho after the war, Davis has been associated with the office. He has been a member of the firm since April 4, 1921.

He points with pride to the first entry in the day book which bore his handwriting, Volume 22, No. 259, of "Davis' Daily Abstract."

The volume number indicates the founding of the firm had been some years earlier; it was Dec. 8, 1886, that his father, J. Monroe Davis opened an abstract office here.

The elder Davis had been a Rock Island dispatcher, then a farmer six miles south of Beatrice, before going into the abstract office.

His first "office" consisted of "a table, a chair and an ink bottle" in the rear of the office of A. W. Matthews, clerk of the district court, Russell Davis said. At that time, the county offices were housed in a three-story building on the present site of the First National Bank. It wasn't until the 1890's that the present courthouse was built.

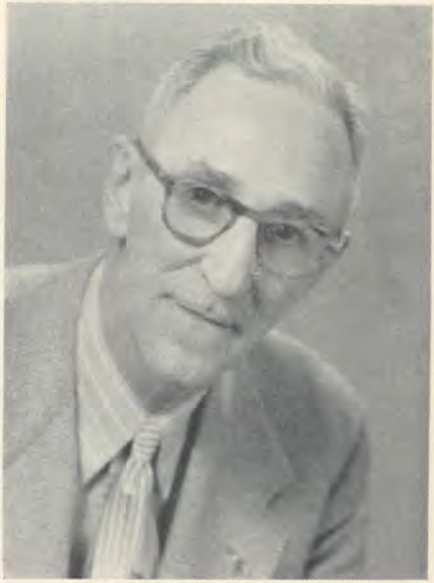
Beside the bank on the ground floor, and the "courthouse" on the second floor, the building housed the "opera house," on the third floor. Russell recalled that there was a wood stairway on the north exterior of the building, leading to the third floor.

"On either side of the steps, there was a well-greased two-by-four," he said. "They used a two-wheel cart to haul scenery up to the opera house, with those two-by-fours as rails.

"It used to be rare fun for small boys—including me—to climb up to the third floor and then slide down these greased boards."

From the time it was established, the office was in that same building, with the exception of the period in 1924 when the landmark was being razed and replaced by the present structure. The office was in the courthouse during that time.

After graduating from Fairbury High, Davis attended and graduated from Nebraska Wesleyan. During the three summers while he was in college, he worked on a plat of Fairbury, showing original town and additions, blocks and lots by number. This



RUSSELL A. DAVIS

map, put in use in 1915, was the only such plat until the Davis firm issued a revised and up-to-date map 43 years later.

"When my father established his office," said Davis, the town included only the original town (First to Eighth, A to H streets) and McDowell's First Addition (First to Eighth, H to K)."

It was after Davis' return from Idaho that the firm assumed the title it was to carry for 16 years, "J. Monroe Davis & Son." His father at that time opened an abstract office in Hebron, and operated it until his death at the age of 87 in March, 1940.

The firm wasn't without a J. Monroe Davis for long, however. Jim Davis had assisted his father, Russell, in the office from the mid-1930's until he was called to active duty with the National Guard in December, 1940.

On his return from World War II in 1945, he immediately became a partner in the firm with his father.

The "Davis Daily Abstract" became a casualty of World War II soon after Jim was called to duty. The work of compiling and issuing the report had become too much of a task for the short-handed office. For a time prior to its suspension, Davis had even included some news notes about the day's news events in town, with the legal data.

Reporting of real estate deeds, mortgages and releases was the main part of the abstract business in the early days of the county, the firm's records show.

"Nowadays," said Davis, "titles must be checked for a multitude of data, such as liens for federal income taxes and social security, ASC severance agreements, easements for pipelines and electric lines, dikes and highways, and mineral rights."

When Davis' father opened the business, and for some 20 years after, a skilled penman was an asset to the firm, for all the records were handwritten in pen and ink. Abstracts were kept on a sheet some three feet wide, with a separate line for each entry.

Nowadays, the entries are typewritten in paragraph style.

Davis showed examples of the beautiful penmanship of those, in a book from the Voswinkel office, acquired by his father, in which the entries were written by the late Luther Nelson. For some 18 years, the entries in his father's office were written by Daisy Holmes, aunt of Cliff Holmes Sr., sister of the late Ira Holmes.

There were four abstract offices in Fairbury when the Davis firm was established 83 years ago, but for the past several years the Davis office has been the only one in this country.

Beside preparation of the two Fairbury plats, Davis has contributed to the keeping of title records in another way. Between 1936 and 1940, he compiled an "irregular tracts book," in which such small or odd-shaped pieces of ground were described exactly, and also identified by number.

This book hasn't been formally adopted by the county commissioners' resolution, but it is used by the assessor and treasurer in compiling tax assessments and payment records.

Davis said that Nebraska has used the "Tyler system" of land titles thru its history. He said that the "Torrens system," was authorized by the legislature some decades past, but was dropped when accumulated funds lacked a long way of meeting claims against it for defective titles under the system.

Reprinted from the Fairbury, Nebraska, Journal.

THE BATTLE

of

THE BUDGET

There is nothing so compelling as the prodding of young minds in earnest pursuit of knowledge. At the University of Detroit Evening College of Commerce and Finance it has been my pleasure to conduct a class in Current Economic Problems once a week. A regular part of this course each year has been a veritable tearing apart of the Federal budget. We look. We struggle with terms, and eventually we come up with a better understanding of the magnitude of the business of our Government. This article was prompted by this same group of young men.

In sensing the enthusiasm with which this class pursued the matters of the budget it occurred to me how vitally important it is to every citizen. It seemed eminent we should make available the highlights of the manner in which the fiscal responsibilities of the Government are allocated. It is an important message which needed telling in an abbreviated manner. When we finally were able to come up with a concise and learned treatment of a complex report we felt very fortunate indeed.

Too many believe the budget to be hopeless jargon. It is not. Neither is it as obscure as one might, upon first examination, conclude.

Realizing we could not carry the entire budget message to the membership of the American Title Association, yet desirous of presenting salient facts, I was fortunate enough to obtain from Mr. Robert K. Gray, Secretary of the Cabinet, The White House, Washington, D. C., the summarization we are proud to present here. We are indebted to Mr. Gray for his efforts in bringing this to us.

In an address before the Tax Foundation last December, Maurice H. Stans, Director of the Bureau of the Budget, said:

> One first thing that I have learned is that there are many misconceptions as to what the Federal budget really is.

Mr. Stans then explained how the budget is a summation of the Nation's responsibilities and opportunities, and that if we go about it in the right way we can consider the Federal budget as a mirror of the great purposes which motivates us as a Nation.

Considered in this light the budget takes on an air of importance which few of us pause to realize. The budget is a device for planning the future. It presents a picture of what the present position of the country is and in what direction it is travelling.

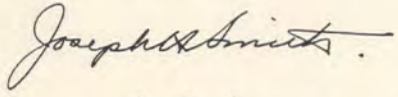
Since all Government expenditures involve us directly it seems only natural that this business of Government is our business.

We like to believe we are assisting in a small way the fulfillment of

the hope expressed by Mr. Stans, whom I quote again, when he said:

I would like to see us make some real progress toward better citizen understanding of the budget. As a beginning, we should try to reduce the concept of Government budgeting to terms that are meaningful to everybody. Except for its dimensions, the Federal budget is parallel to a family's budget, as a plan for living, with its goals, its fixed costs, its choices among variables, its contingencies, and above all its relevance to what we can afford within our means. The simple idea that whatever is spent must somehow be covered by what is earned would help to dissipate the widespread delusion that in some strange way when money comes from Washington it doesn't cost anybody anything.

Although the "battle" is being waged at the present time, and on some matters decisions have already been made, it behooves all citizens to be knowledgeable with respect to their business. And, I repeat, the Government is our business.



* * *

On January 18, 1960, President Eisenhower sent to the Congress his budget for the United States Government for the year running from July 1, 1960, to June 30, 1961. In doing so, he invited the Congress to join with him in a determined effort to achieve a substantial budgetary surplus which would make possible a reduction in the national debt.

The President's budget is now being considered by the Congress as part of a process which has recently come to be known as "the battle of the budget." This annual "battle" illustrates an important point about the Federal budget which is often misunderstood. The budget is not a forecast. It is, rather, the President's proposed plan of action for the Federal Government in the fiscal year ahead, based on his judgment as to the kind and size of Government programs required to meet our national needs. It contains estimates for the expenditures to be made in carrying out existing programs and any new programs proposed by the President. It also contains estimates of the revenues to be collected under existing and proposed laws, based on certain assumptions about the state of our economy in the period covered.

The budget, therefore, is not intended as a prediction of what the actual expenditures or revenues of the Government will be. Nor is it a prediction of what the Congress will do. Conditions may change in such a way as to alter the estimates in the budget. Moreover, the Congress has the right to raise or lower the budget in response to the wishes of the people as it understands them. All of these factors affect the budget results for the year.

Budget summary.—The budget for the year ending June 30, 1961 (fiscal 1961) calls for receipts of $84 billion and expenditures of $79.8 billion. The net result is an estimated budget surplus of $4.2 billion, which would be the second largest in the Nation's history. The President proposes to use this surplus for debt retirement, pointing out that failure to reduce the debt in prosperous years would result in an ever larger public debt if emergencies or recessions produce deficits in the future as they have in the past. Moreover, the President stresses the need for a surplus and debt retirement to help counteract inflationary pressures, to reduce the competition of the Treasury with other borrowers in the capital and credit markets, and to increase the supply of savings available for the productive investment which is necessary for economic growth.

In his budget message, the President also notes that continued economic prosperity in future years can be expected to bring with it further increases in Federal revenues, paving the way for further reductions in the public debt and-or lightening the tax burden, provided, of course, that Federal expenditures are held in check.

Budget receipts.—Four-fifths of the estimated receipts in fiscal 1961 will come from income taxes on individuals and corporations. Another 11 per cent will come from Federal excise taxes, while all other revenue sources will yield the remaining 9 percent.

The estimated receipts of $84 billion compare to an estimated $78.6

billion of receipts in fiscal year 1960. The increase is based on the assumption that the Nation's output of goods and services will rise from about $480 billion for calendar year 1959 to about $510 billion for calendar year 1960, thereby increasing personal and business incomes and the collections from income taxes and other sources.

To attain the estimated receipts, the President is proposing that present tax rates on corporation income and certain excises, now scheduled for reduction on July 1, 1960, be extended for another year. Other proposals underlying the estimate of receipts include revisions in the tax laws to provide for the taxation of certain income earned by cooperatives and to prevent unintended and excessive depletion deductions by the producers of mineral products.

To help defray the cost of the Federal airways system, the budget calls for an increase in the effective excise tax rate on aviation gasoline from 2 to 4½ cents per gallon, and an equivalent excise tax on jet fuels, which are now untaxed. This proposal is in line with the general principle of requiring the beneficiary, rather than the public in general, to pay the cost of special Government services or benefits.

Budget expenditures.—On the expenditure side, Federal budgetary outlays in fiscal 1961 are estimated to be $79.8 billion. Of this amount, $45.6 billion, which is 57 per cent, is for major national security programs, mainly the military functions of the Department of Defense. Another $9.6 billion—which is 12 per cent—is for interest payments, almost all for our national debt. Two other large categories of expenditures are agricultural and agricultural resources and veterans' services and benefits, which together amount to an estimated $11.1 billion or 14 per cent of the total budget; these categories largely cover benefits provided under existing laws. In all, these four areas of budget expenditures account for 83 per cent of all estimated expenditures. The President's discretion regarding the level of these expenditures is considerably limited by world conditions and legal requirements.

The total of $79.8 billion estimated to be spent in the fiscal year 1961 is $1.4 billion more than the estimate for 1960. Actually, expenditures for uncontrollable items and for built-in costs under existing legislation and commitments increase by over $2 billion, but there are certain offsets.

Looking at this $2 billion increase in detail, we find that the items which are substantially uncontrollable in preparing the budget, such as veterans' compensation and pensions, farm price supports, and interest on the public debt are estimated to rise by $1.1 billion in 1961. A further increase of $0.6 billion is estimated to result from commitments made in prior years for civil public works projects and other construction, for Federal housing programs, for loans by the development loan fund under the mutual security program, and for other programs. Built-in program increases to reflect present national policies total more than $0.4 billion; most of this increase is for space exploration and for modernizing the Federal airways.

Other increases totaling $0.4 billion are estimated for expansion of certain activities and for new legislative proposals included in the budget on a selective basis of need. These include the first-year expenditures for some new high priority water resources projects, new construction of Government office buildings, and the first step in an orderly 12-year program for modernizing veterans' hospital facilities.

All of these increases are offset in part by normal decreases and nonrecurring items and by the President's proposal to cover the postal deficit by raising postal rates.

Highlights of the budget. — In the budget message, the President notes that a substantial budgetary surplus and debt reduction can be attained while at the same time maintaining required military strength and enhancing the national welfare. Briefly described, the highlights of his program follow:

Major national security. — The military functions of the Department of Defense will absorb an estimated $41 billion of the total $45.6 billion of expenditures planned for major national security. The remainder is for military assistance, atomic energy, and stockpiling and defense production.

The President states that "our aim at this time is a level of military strength which, together with that of our allies, is sufficient to deter wars, large or small, while we strive to find a way to reduce the threat of war. This budget, in my judgment, does that."

Interest. — Interest payments are estimated to increase by $200 million in 1961. The President points out that market interest rates have been relatively high recently as a result of inflationary pressures, the large demand for loanable funds, and heavy Federal borrowing required by the 1958 and 1959 budget deficits. Consequently, the Treasury has been forced to refinance the heavy volume of maturing securities at higher interest rates, increasing interest costs.

Agriculture and agricultural resources.—Approximately $5.6 billion, or 7 per cent of 1961 total budget expenditures, are estimated for agricultural programs. Price supports and other programs designed to stabilize farm prices and farm income are expected to account for more than two-thirds of all expenditures for agriculture.

In the budget message, President Eisenhower proposes more realistic price supports, especially for wheat, in order to encourage the adjustments in production needed to permit relaxation of Government controls over farm operations. The magnitude of the problem is indicated by the fact that wheat stocks on July 1, 1960, are expected to equal two years' normal domestic consumption.

Veterans' services and benefits. — Expenditures for veterans' programs in 1961 are expected to amount to $5.5 billion, including compensation of $2.1 billion for service-connected disabilities and deaths and $1.7 billion for nonservice-connected pensions.

Veterans and their dependents and survivors now total 81 million people, many of whom are potential recipients not only of veterans' benefits but also of benefits under the general social security, health, and welfare programs financed by the Federal Government. Except for supporting a program of vocational rehabilitation for peacetime ex-servicemen with substantial service-connected disabilities, the President generally opposes any further liberalization of veterans' benefits.

Labor and welfare.—Labor and welfare activities are expected to require budget expenditures of $4.6 billion, or 5.7 per cent of the 1961 total. By far the largest labor and welfare program is public assistance; Federal grants for this purpose are expected to amount to $2.1 billion in fiscal 1961. Other expenditures include $0.9 billion for public health; $0.8 billion for education, science, and general research; and $0.4 billion for labor and manpower services (mainly for administration of unemployment compensation and job placement services).

In addition to the labor and welfare programs financed in the budget, it is estimated that the various retirement trust funds, the disability trust fund, and the unemployment trust fund will pay out a total of more than $16 billion in benefits in 1961.

Commerce and housing. — In this budget category, expenditures for civilian outer space programs will be virtually doubled, and expenditures

for civil aviation will rise substantially. However, total expenditures of $2.7 billion are expected to be $0.3 billion less than in 1960, primarily because legislation is proposed to increase postal rates by enough to cover a prospective $0.6 billion postal deficit. The President points out that over the past 13 fiscal years, 1947-59, the Federal budget has had to finance postal deficits totaling $6.8 billion, which is almost half of the increase in the national debt during that time.

All other budgetary programs will require spending of $6.2 billion in fiscal 1961. These include international affairs, natural resources, and general government activities.

Looking to the future.—One important conclusion that emerges from an examination of the budget is that the President's discretion regarding the level and distribution of future Federal expenditures is limited by decisions of the past and present. It has been pointed out that even if no new programs are added to the budget, Federal spending for some existing programs will rise in 1961 and after due to built-in factors. An effort to counteract this trend is reflected in the budget for 1961 in the form of proposals in a number of programs which, if enacted, would reduce future budgetary expenditures —the prime example is the President's proposal to revise farm price support laws.

For the longer run future, Maurice H. Stans, Director of the Bureau of the Budget, has estimated that the Federal Government is saddled with commitments totaling nearly $750 billion.

In addition to the $290 billion public debt, obligations already made plus huge unexpended balances in the defense program will require future outlays of approximately $100 billion. The Federal Government will also be called upon to discharge an accrued liability of approximately $30 billion for military retirement. The unfunded present accrual for retirement benefits for civilian Government employees is almost $28 billion. Finally, future pensions and other veterans' benefits will cost about $300 billion.

To these future commitments and built-in program increases must be added the constant pressures for increased spending exerted by various political groups. To combat these pressures and avoid unnecessary burdens on the taxpayers will require interest and participation of the citizenry in the battle of the budget. An active and sustained public opinion can mean the difference between prudence and discipline, on the one hand, and irresponsibility and greater burdens in the future, on the other.

MEMORIAL DAY

From the silence of sorrowful hours
The desolate mourners go
Lovingly laden with flowers,
Alike for the friend and the foe.

Unlike most of our holidays, Memorial Day is not celebrated. It is a day of sorrow, a day of honor, rather than a day of rejoicing.

Of course, it's a legal holiday and most people will not have to go to work. There will be a grand weekend added to a one day paid vacation.

Some will relax at the beach — if it's warm enough—or fix the car, mow the lawn, or simply loaf.

But to millions of Americans, this day will be holy, for it commemorates fathers and brothers and friends who died in the Civil War, in the two World Wars, in the Korean War.

In front of statues, monuments, or markers throughout the cities and towns of America, an official will place a wreath honoring the unknown soldier or of known soldiers who lived in the community and died on foreign soil to help us preserve the liberties we cherish.

Remember them . . . pray for them . . . and let there be peace—always.

By
PALMER W. EVERTS
Executive Scretary, New York State Title Association

Title companies, abstracters and lawyers seek to determine with meticulous care, from the records, the ownership of land. They can draft on paper a sketch of the perimeter, the length and direction of boundary lines and the distance from street or road intersections. But just where is the land located on the ground itself? Where are the lot lines and corner posts?

Determination of these important facts is normally referred to a surveyor whose established reputation within his community for technical skill, knowledge and integrity gives his work an authority that is generally accepted in his area.

Where a surveyor's work has indicated careful and detailed investigation of conditions, descriptions and lines have been changed and corrected without court action merely by the willingness of title companies to accept the survey submitted. Such a survey may specify that it is issued to the owner and the title company insuring the property.

However, when a title company, without knowledge of a surveyor's experience or financial responsibility, accepts his survey for a policy it takes on additional risk against his potential errors. It also assumes these risks without additional cost to the client. If the survey is not accurate a claim against a title insurance company which insured the title on an erroneous survey may develop into a substantial financial loss to the insuring company.

Such a loss was recently sustained by a title insurance company. About ten years ago the insured's predecessor in the title involved acquired lots 31 and 32 on a filed map. He decided to build and ordered a survey for the purpose of erecting his building. The survey furnished by the surveyor erroneously designated his property as being lots 32 and 33 and the predecessor proceeded to build his house on lots 32 and 33. Four subse-

quent conveyances were made, each of which correctly described the property as lots 31 and 32 on the filed map and the erroneous survey was accepted and relied upon by each grantee and finally by the title insurance company. The owner of lot 33 has now brought suit to compel removal of the house from his lot and for alleged damages. The policy of title insurance was in reliance upon the erroneous survey and contained no exceptions as to the encroachment. When the title company sought to have the surveyor defend the action it was learned that he died a few months prior to the time the suit was brought. The loss sustained by the title insurance company was very substantial.

The case is illustrative of the dangers inherent in insuring titles where reliance is placed on the survey of an incompetent surveyor.

Throughout the State there had been substantial interest in establishing a list of surveyors in each county available for ready reference, together with some knowledge of their experience and reliability.

The New York State Title Association accordingly decided to develop such a state-wide list of surveyors to assist its members throughout the State in readily securing survey service and as a guide in Metropolitan New York which might also be helpful in selecting the services of surveyors of known ability.

A Survey Committee was appointed which, through the Association Bulletin, invited all members to submit names of surveyors in their areas whom they had found reliable.

About five hundred names were received. A questionnaire was sent out to each of them with a letter explaining that a Directory was being published and assuring them that there would be no cost to them. A set of Minimum Standards for Title Surveys were developed and a printed copy mailed to each surveyor with a request that he indicate his approval of them.

Many surveyors requested that they be listed in several counties. To comply with these requests a county card index was prepared to provide a card for them in each of the counties requested.

A directory of these surveyors was then developed for publication. The printed list carries nearly five hundred listings, each giving the name of the surveyor or surveying firm, his address and his telephone number.

From information received by the Association on the questionnaires returned three items of broad interest were coded after each name. Surveyors who have approved the New York Title Association Minimum Standards have been designated with a capital "A". Those who have reported financial worth of $10,000 or over have been designated with a capital "B". Those who have reported that they normally do surveying and/or engineering work on a full-time basis (other than government or municipal employees) have been designated with a capital "C".

There are, of course, many other competent surveyors in the State. However, if the current list is helpful to our members in locating good surveyors in the State and avoiding incompetent service it will prove well worth the investment made.

REMEMBER WHEN ?

A full belly was a sign of prosperity not of neurosis.

Men still had equal rights.

With two bits you had enough for the movies, popcorn, and a nickel for the streetcar.

To start your car and use your telephone you had to crank them.

"Oh, You Kid" label button.

A man could eat lunch at home, since jobs were close to home.

The barber knew exactly where to part your hair—in the middle.

Girls worried whether to start smoking instead of how to stop smoking.

Christy Mathewson was pitcher of the New York Giants.

A cow was a major necessity for a family of more than six children just as the television is today.

Alaska News

Tom Henderson of the Title Insurance Company of Alaska was guest speaker at the first annual meeting of the Alaska Society of Professional Land Surveyors.

His topic for the meeting, which was held in Anchorage, concerned land title problems as they relate to the land surveyor.

Officers who will serve the group include Maurice P. Oswald of Anchorage, president; Robert B. Halght of Fairbanks, vice president; Newitt V. Lounsbury of Anchorage, secretary-treasurer; Stanley McLane of Kenai, Richard Denning of Palmer and E. G. Fenn of Anchorage, directors.

The purpose of the new society is to promote professional ethics of the land surveyor and the study of land surveying problems and education of land surveyors. The next meeting of the group is set for April 2.

Additional information on the society may be obtained by writing to the secretary at 711 Sixth Avenue, Anchorage.

Firm Acquired

The acquisition of a majority stock interest in the newly organized Alaska Title Guarantee Co. by the Washington Title Insurance Co., is announced by C. Edwin Courtney, president of Washington Title, Seattle statewide organization.

The new Alaska title insurance firm will have offices in Anchorage and Juneau, out of which it will serve 13 recording districts.

Heading the new company as president is Charles W. Barnes, Anchorage, who has been a partner in a firm specializing in the examination of Federal Land Office records and preparation of status reports covering federal oil and gas leases and offers to lease. He is also a partner in Alaska Scouting Service which publishes a weekly news report on oil and gas developments in Alaska.

Other officers are: John R. Roderick, vice president, Alaska businessman; John P. Irvine, secretary, president of Alvest, Inc., an Anchorage investment firm. Harold O. Lightle will be general manager. Courtney will serve on the board of directors of the Alaska company.

Basic records necessary for the creation of a title plant have been microfilmed for all of the 13 recording districts. The record compilation is in process at the Seattle office of Washington Title Insurance Co. and is expected to be completed in approximately six months. Policies of title insurance issued by the Alaska company will be reinsured by Washington Title.

Merger

Officers of the Abstract and Title Insurance Corporation of Buffalo, N. Y., have announced the merger of their company with The Title Guarantee Company, New York, N. Y., effective March 7, 1960.

No change of personnel is contemplated as the firm now becomes the Abstract Title Division of the Title Guarantee Company.

From New York

Mr. Otto Fromkes, President of the New York State Title Association, has called attention to an important New Jersey decision holding that title insurance is a contract of indemnity, under which the title company is liable only for actual loss sustained by the insured, to the policy limit, by reason of defects in the title insured against which existed at the time the policy was issued. The case holds that there is not liability for negligence under a title policy and title company is not liable for loss sustained by reason of a defect in the title which occurs after the date of the policy.

The complaint seeks damages of $4,000. Plaintiff's claim is based on a title policy issued on November 4, 1953, insuring an 82 acre tract which she purchased. On April 12, 1954. the same company insured the title of the Highway Authority to another tract purchased by it from plaintiff's grantor. Both tracts included within their respective meets and bounds a 4.24 acre parcel, thus resulting in an overlap. Plaintiff alleges that by insuring both titles, the Title Company enabled the Highway Authority to enter into possession of the lands and premises lawfully belonging to her by virtue of which she was damaged in the amount of $4,000, being the value of the 4.24 acres at approximately $1,000 per acre. The complaint alleges negligence and breach of contract.

Plaintiff contends the Title Company knew of the question involved in the 4.24 acres, that despite this knowledge it issued the policy to her, thereby agreeing to indemify her from all loss or damage not exceeding $2,000.

In a prior determination it was found plaintiff knew of the uncertainty of the boundaries of the land she was to receive because of the as yet unknown requirements of the Highway Authority; that it was the intention of the parties that the lands could not be definitely ascertained until after it was known just what lands the Highway Authority would need, and that in the event of condemnation, plaintiff would be entitled to compensation for the lands which it was later determined contained 1.14 acres of this 4.24 acres and the grantor to compensation for the lands later determined to be 3.31 acres taken. Plaintiff has received $792.82 in condemnation.

Held: A contract of title insurance, as distinguished from that of employment to examine the title to premises, does not involve liability for negligence. The liability of the insurer under the title policy is for loss or damage by reason of defects in the title to the property. The insured is entitled to reimbursement thereunder for all losses actually sustained, not to exceed the amount of his insurance, by reason of defects in the title and in the absence of provision to the contrary, he is limited thereto. Further, such policy protects only against losses from tiitle defects which existed on the date the policy was issued and not against those which came into being after the issuance of the policy.

On the facts here it was never the intention that plaintiff should have title to the 4.24 acres. Plaintiff has suffered no actual loss other than the taking by condemnation of the 1.14 acres and for this she has been compensated. Booth vs. Chelsea Title, Superior Court, Law Div. April 6, 1960.

Loan Survey

Tight mortgage money, while it has increased home loan interest rates, has not reduced the size of home loans nor has it shortened the length of time over which home mortgage money may be borrowed.

These are the findings of a survey of over 1500 savings and loan executives by the United States Savings and Loan League.

Regarding the size of home loans, the survey indicated that slightly larger loans on both new and existing homes are being made this year than in 1959.

A year ago, loans on new homes in excess of 70 per cent of purchase

were described as "typical" by 73.9 per cent of savings and loan executives polled.

Today, 78 per cent of savings and loan executives say loans in excess of 70 per cent of sales price are "typical."

So far as existing homes are concerned, the trend is also toward slightly larger loans.

Of the savings and loan executives reporting in the 1960 survey, 62.2 per cent reported that their "typical" loans were in excess of 70 per cent to sales price. Last year at this time, the figure was 58.2 per cent.

As to the term of loans, the League survey revealed that on new homes, nearly 68 per cent of savings and loan executives say their most typical loan maturity is in excess of 20 years.

A year ago, loans of more than 20 years were reported as "most typical" by only 61.4 per cent of savings and loan executives.

In the purchase of existing homes, 27.2 per cent of the respondents reported they were making loans of 20 years and over, compared with 24.1 per cent a year ago this time.

W. O. DuVall, League president, said that the first result of tight money will usually be higher interest rates and that if tight money is prolonged and intense enough, smaller loans will be made and the length of time over which loans may be repaid will be reduced.

"However, only the rise in interest rates occurred during the tight money period of the last 18 months," said DuVall, who is president of the Atlanta Federal Savings and Loan Association, Atlanta, Ga.

"Loan amounts were not reduced, nor were loan maturities. On the contrary, the trend toward larger loans and longer-term loans apparently continued.

"Thus, while home credit became more expensive, there was apparently always enough competition among lenders for loans to prevent a shortening in terms and higher down-payments."

Wood Promoted

At the annual board of directors meeting of First American Title Co. of San Bernardina, California, C. Wayne Wood was promoted to executive vice president and member of the board.

Wood has been associated with the firm since its opening in 1948 as Land Title Co. of San Bernardino. He has been vice president and assistant manager since 1955.

Re-elected to the board of directors were Donald P. Kennedy, of Santa Ana, chairman; Merle A. Rickert, Robert Newman and Ben H. Bearss, all of San Bernardino; Donald S. C. Anderson of Redlands, and F. D. Rose of Pasadena.

In addition to Wood, officers re-elected include Rickert, President; Edward Young, assistant vice president; Lorne Meek, secretary-treasurer; and Ellen J. Jynn, Doris J. DeSpain, Josephine Mills and Ernestine Turrow, assistant secretaries.

A native of Phoenix, Arizona, Wood has been a resident of San Bernardino since 1938. He graduated from San Bernardino High School and is a Navy veteran.

Active in civic affairs, he is past president of the Optimist Club and of the Junior Chamber of Commerce Little League, and is a mason. Last year he served as a colonel in the Arrowhead United Fund campaign.

The name of the San Bernardino firm was changed the first of the year to coincide with the establishment of a parent-company, First American Title Insurance & Trust Co., for Orange County Title Co's affiliates in six Southern California counties.

Missile News

Jack B. O'Dowd, President of the Tucson Title Insurance Co., Tucson, Arizona, was among the three Tucson civic leaders who attended the Nike Ajax guided missiles firing at Ft. Bliss, Texas, recently.

Along with Tucson's Mayor Don Hummel and Lee Little, manager of

radio station KTUC, O'Dowd was a guest of the 47th Artillery Brigade and had the opportunity to tour the test facilities of the Army's anti-missile project at the White Sands Proving Ground in New Mexico.

Later the men visited the headquarters of the U.S. Army Air Defense Command at Colorado Springs, Colorado.

Going Up!

Richard G. Sleight has been named manager of Title Insurance and Trust Company's San Luis Obispo, California branch. He succeeds James F. Crawford who has been appointed research title officer at the home office title research department in Los Angeles.

A former San Luis Obispo city councilman (1957-1959), Sleight has been assistant manager of TI since 1953. He has been employed with the firm since September, 1941, and first served as messenger and later as a searcher and title examiner at the home office. A veteran of World War II, Sleight served with the U.S. army from January 1943, to November, 1945, and is a member of the San Luis Obispo American Legion, post No. 66. He is also past president of the Lions club and Junior Chamber of Commerce and is now active in the Chamber of Commerce industrial development committee activities.

Crawford, a veteran of more than 33 years' company service, was appointed San Luis Obispo manager in January, 1952, after joining the firm in 1926. He had served as TI searcher, title examiner and title examiner senior prior to being promoted to manager.

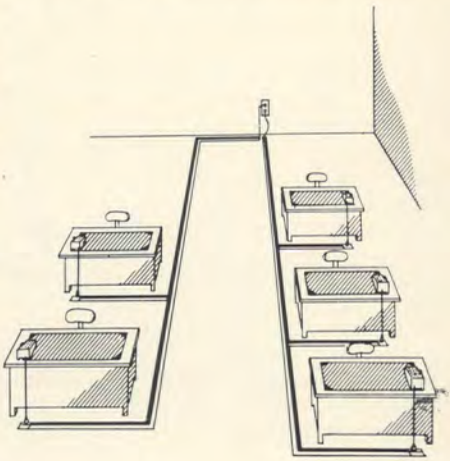
As research title officer, Crawford will be involved in carrying out the practices and procedures applying to operations of department and research projects of legal and specialized title nature such as public lands, mineral reservations, school lands, congressional grants of rights-of-way and lands to railroads and oil and gas matters. He will particularly be concerned with the research in our coast counties areas.

Long familiar with the central coast area in his business associations, Sleight was secretary of the San Luis Obispo real estate board for several years and was a director of the Morro Bay Harbor Improvement association in 1956. He is also a charter member of the High Twelve club, a Masonic organization.

Title Insurance and Trust company employes at San Luis Obispo headquarters, 1141 Chorro Street, congratulated their new manager at an impromptu gathering.

Wiring Problem?

Need electrical outlets at various places in the middle of a room? Now you can order by mail, or through local dealers, a complete over-the-floor wiring system fabricated to your particular needs. All you have to do is submit a sketch showing where the outlets are needed and the manufacturer will build a complete "Custom Electriduct" wiring system ready for you to place on the floor and plug into a wall outlet. Safety engineers welcome this nearly flat rubber encased wiring, since the danger of tripping over messy tangled extension cords is eliminated. Electriduct hugs the floor inconspicuously, is stumble-proof, and equipment on casters rolls over it easily. This new



idea eliminates the high cost of tearing up the floor for installation of permanent wiring. Also, straight-standard lengths of this "ready to plug in" extension cord are available in 4, 5, 6, and 10 foot lengths. Free literature may be obtained by writing Electriduct Division of Ideas, Inc., 214 Ivinson Avenue, Laramie, Wyoming.

Named Manager

Raymond L. Martin has been named assistant vice president and manager of the office which Security Title Insurance Company opened recently at 5621 Freeport Boulevard, Sacramento, California. He is a native of Sacramento and a 1949 graduate of San Juan High School. He served in the Navy until 1953, then began a career in title insurance as a searcher in Los Angeles. During this period he attended Los Angeles City College.

State Supervision

Every company engaged in Rhode Island in the business of insuring title to real estate would be placed under the supervision of the insurance commissioner under a bill received by the General Assembly recently.

The bill, put in by Rep. John F. Doris (D-Woonsocket, would make the companies subject to provisions of the law covering domestic insurance companies "insofar as the same shall be applicable to such business." It was referred to the corporations committee.

Preparation of Leases

Titlemen will find a wealth of practical suggestions in the new, expanded edition of "Preparation of Leases", just issued by the Practising Law Institute. Written by Milton R. Friedman of the New York City firm of Parker, Duryee, Benjamin, Zunino & Malone the monograph covers in comprehensive detail all types of urban leases. Mr. Friedman, a leading authority on real estate law, is a frequent lecturer to legal and business groups. He is the author of the textbook" Contracts and Conveyances of Real Property," and numerous Law Review articles.

The handbook covers condemnation in detail. The value of a lease in condemned premises is the difference between the present rental value and the rent reserved for the unexpired term, plus renewal rights. The tenant's claim for compensation is against the entire award and has priority over the landlord's claim. Thus, if the tenant holds a long-term lease and rental values have risen, his claim might consume the whole award, leaving the landlord without either property or compensation. The author notes that this result is usually barred in landlords' lease forms by a clause terminating it in the event condemnation or sale in lieu of condemnation.

Notable among the other topics discussed in this valuable monograph are shopping center leases, leasehold mortgages, subtenancies, landlord's exculpatory clauses, renewal privileges, security deposit, holdover, modification of lease, default and forfeiture and tenant's option to buy.

"Preparation of Leases," priced at $2.50, may be ordered from the Practising Law Institute at 20 Vesey Street, New York 7, New York. In accordance with the policy of the Institute, all purchases are subject to a 10-day approval period.

Wisconsin Plan

Now under construction and expected to be occupied about June 1 is a new building to house the Waukesha Title Co., formerly known as the Waukesha County Title and Abstract Co. The new building is at 615 W. Moreland Blvd. practically across the street from the new court house.

President of the firm is Jack L. Gehringer, 1545 Longwood Ave., Elm Grove, Wisconsin, currently president of the Elmbrook Chamber of Commerce. Secretary-treasurer of Waukesha Title Co. is John J. Gehringer, 12500 Laurel, Elm Grove. The firm's counselor is Math J. Stitch, 2525 Fairview Lane, Brookfield.

Title Man Honored

The new John F. Forward Elementary School opened in portable classrooms last month in San Carlos, California, with an enrollment of 220 pupils.

The school was named for the late John F. Forward, former county recorder, San Carlos Mayor and founder of the Union Title Insurance and Trust Company.

Mr. Forward passed away in 1926.

Milestone

Morton McDonald, President of The Abstract Corporation, Deland, Florida and Past President of the American Title Association, commemorated his 35th anniversary in the real estate title industry last month with the mailing of a humorous but thought-provoking booklet to all customers and potential customers.

Apartment Financing

An important new concept in the purchase of resident ownership apartment homes was announced recently by Sylvester Morning, builder-developer of the Brentwood Sunset cooperative apartment project in Brentwood, West Los Angeles, California.

Morning has arranged a unique financing program which will allow purchasers to assume individual loans through Savings & Loan Assn.

Morning also has announced that Title Insurance & Trust Co., through Bill Wilson, vice president and manager of the subdivision department, will issue individual title policies to buyers.

Heretofore, it has been necessary for purchasers of cooperative apartment units to participate in one large master loan and title policy.

Public Relations Officer

Craig Drachman has been promoted to the position of public relations officer for Phoenix Title & Trust Co., Tucson, Arizona offices.

His appointment was announced recently by Rhes H. Cornelius, president of Phoenix Title.

Drachman, a member of a pioneer family, has been with Phoenix Title since May, 1959. He is a graduate of the University of Arizona, where he was a member of Sigma Alpha Epsilon fraternity.

The new public relations officer is now working on the drive to raise funds for Tucson Medical Center and is active in other community affairs.

Cerini Goes T'N'T

Ernest J. Loebbecke, president of Title Insurance Trust Company, Los Angeles, California, has announced the election of Floyd B. Cerini as Vice President. Loebbecke stated that Cerini, who has spent the major part of his career in fields allied with real property law and in the title insurance industry, will devote himself primarily to the technical phases of the company's business.

A second generation Californian, Cerini was born in Oakland and received his law degree from the University of California School of Jurisprudence. Following graduation, he engaged in the private practice of law and later served as attorney for a Berkeley bank. From 1941 to 1950, he was a partner in a San Francisco law firm from 1950 to 1953, at which time he was elected executive vice president of Land Title Insurance Company in Los Angeles. He became president in 1959 and, upon its merger with Security Title the first of this year, he was made executive vice president of that company. He resigned that position on March 22nd.

Active in trade and professional associations, Cerini is a past president of the California Land Title Association. Currently, he is a Director of the California Mortgage Bankers Association and Chairman of its Legislative Committee. He is also a Director of the Southern California Mortgage Bankers Association and he is active in the Home Builders Council of California.

Join Security Title

Hal Ledford, Donald Peterson and R. L. Bratt have joined the staff at Security Title Insurance Company, Santa Ana, California, office, F. R. Marvin, vice president and manager reports.

Ledford and Bratt were assigned to the public relations department while Peterson was assigned to the Subdivision Department.

Prior to joining Security, Ledford was an independent fee appraiser in Santa Ana, dealing primarily in industrial development. He was co-founder of a county industrial development. He and his wife, Grace, reside with their three children in Santa Ana Heights.

Bratt, before coming to Security, was engaged in public relations activities in Los Angeles and Long Beach during the past eight years. He and his wife, Nancy, reside in Santa Ana.

Peterson, formerly of Los Angeles, has worked in every phase of subdivision and the building trades over the past thirteen years. He and his wife, Gertrude, and two children also live in Santa Ana.

"With these additions to our staff," Marvin said, "we can be sure of greater service to our clients throughout the entire county."

You Are Invited

President Otto Fromkes, of the New York State Title Association, extends a very cordial invitation to the Presidents of all State Title Associations to attend its Annual Convention to be held at Saranac Inn July 9-12, 1960.

An outstanding business program is being developed. Golf and a delightful social program is promised for both the men and their ladies.

Civic Activity

Harold W. Wandesforde, senior vice president and secretary of the Washington Title Insurance Co., Seattle, Washington, will head the business division of next fall's United Good Neighbors campaign.

March 28,1960

Mr. Joseph H. Smith
Executive Vice President
3608 Guardian Building
Detroit 26, Michigan

Dear Joe:

It was so unexpected, and undeserved as well, to find the pictures and write up of an inconsequential member of our national association set up so nicely in the March issue of TITLE NEWS. Our thanks as well to Editor Robinson, who "let it in."

Of course we appreciate it, and shall treasure it as a memento of the many meetings and real enjoyment we have had over the years with Jim Sheridan and yourself at the various meetings. They are grand folks, those who have lent so much over the years to make our Association what it is today and our little company has assuredly profited much from our membership and attendance at these meetings. We shall miss meeting many of them whom we grew to love and respect for their loyalty and unselfish service for the association, for it is not likely we will be able to see them so often from now on.

I presume after such an issue you have too many requests for any additional copies, that otherwise might be accumulating, but some of my "oldtimers" associated with me thro the years expressed a wish they might have one, and I told them it was not likely any additional or excess copies were ever printed. Would be happy to pay for them if available.

Expect you're all busy preparing for the Washington move.

Sincerely,

Claire Gibson, Secretary-Treasurer, Title, Bond and Mortgage Company, Kalamazoo, Michigan

In Memoriam

Frederick I. Bergen

Notice has been received that Frederick I. Bergen, Vice President of Inter-County Guaranty and Mortgage Company, New York, N. Y., died on February 26 in the Manhattan Hospital.

Mr. Bergen had been assistant to the Vice President of the Mortgage Corporation of New York and a Vice President of the Manufacturers Trust Co. prior to his affiliation with the Inter-County Title Guaranty and Mortgage Co.

Ralph J. Richards

Ralph J. Richards, who recently joined Security Title Insurance Company, Los Angeles, California, as vice president and senior escrow officer of Los Angeles operations, died in Glendale Memorial Hospital, March 13, as a result of being struck by a speeding car driven by an 18-year-old youth who was booked on felony drunk driving. Ralph's wife was also struck a glancing blow by the car and at first was not expected to live.

A native of Saginaw, Michigan, Ralph had most of his schooling in California. From 1911 until his retirement, he had been affiliated with Title Insurance and Trust Company in escrow work. Just prior to joining Security he had been with Escrow Service Company in Westwood.

He leaves his wife Anna and two married daughters.

Banks H. Richardson

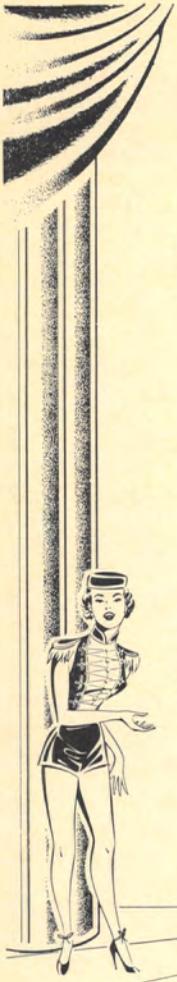
Banks H. Richardson, president and manager of the Sonoma County Abstract Cureau in Santa Rose, California, died February 9 in a Santa Rosa hospital. He had been hospitalized since he suffered a cerebral hemorrhage on the preceding Friday.

Richardson succeeded the late W. B. Corrick in January of 1958 as head of the Sonoma County Abstract Cureau when Corrick retired. Richardson was a veteran of 33 years in the title business and had been associated with the Shasta County Title Company before coming to Santa Rosa. He was a member of the Santa Rosa Lions Club, the Shrine Club Band, the Athelstan Lodge of the Masons in Mobile, Alabama, the Mobile Consistory Club of the Scottish Rite, and the Abba Temple Shrine. His genial disposition and great capacity for friendship made Banks Richardson beloved by all who knew him. His unexpected death is not only a personal loss to his family and friends but a loss to his community and to the title field in which he occupied so prominent a place.

He is survived by his wife, Marion of Santa Rosa; sons Steven of Redding, and Philip of Santa Rosa; daughter, Marilyn Richardson of Santa Rosa; and brother, Henry Lorenz of Rosemead.

Just Reward

A man knocked at the heavenly gate,
His face was scarred and old.
He stood before the Man of Fate
For admission to the fold.
"What have you done," St. Peter asked,
"To gain admission here?"
"I've been a titleman, Sir," he said
"For many and many a year.
The pearly gates swung open wide;
St. Peter touched the bell
"Come in and choose your harp," he said
"You've had your share of hell."



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