TITLE NEWS

OFFICIAL PUBLICATION

AMERICAN TITLE ASSOCIATION

VOLUME XXXIX JUNE, 1960 NUMBER 6

A LETTER

from

THE PRESIDENT

June 2, 1960

Dear Friends:

Among other major activities currently being carried out by our Association is the continuing work of Ben Henley and his Committee on Standard Title Insurance Forms. As you know, their new Owner's Policy Form was adopted at our Mid-Winter Meeting in Las Vegas, and since then they have been hard at it again with many conferences and much correspondence preparing a new Mortgagee's Policy Form. Later this month they expect to have a meeting in New York on the subject with counsel of many of our good lending customers. The entire Association is indebted to these hard working gentlemen for putting together these important and intricate instruments in a form acceptable to most.

I would like to call your attention to the series of posters that Jim Robinson has had printed for advertising both Abstracts and Title Insurance. If you intend to order some, and he hopes you do, quick action on your intention will not only be appreciated, but will also help to reduce the bulk of all that has to be moved to Washington, D.C. this month.

The California Land Title Association Convention at Coronado was another fine business meeting, wonderful social time, and a delightful introduction to the summer weather that we are all anticipating with pleasure.

Sincerely,

Lloyd Hughes

TITLE NEWS

The official publication of the American Title Association

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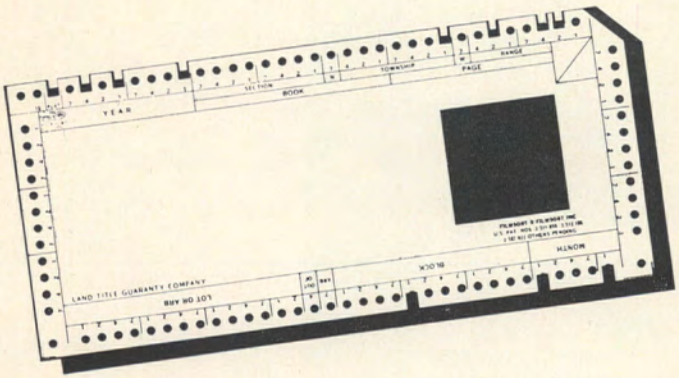
JUNE, 1960

EDITOR: JAMES W. ROBINSON

Features

Departments

Time is



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Cleaning Up After a Fresh Start

By
DAVID C. SCHURCH, Vice-President and Manager
San Diego Office, Security Title Insurance Company

After a man has gone through bankruptcy, thereby demonstrating the probability that he has been a business failure, it is difficult to understand how he can be expected to "clean up," even though he has been given a fresh start. Be that as it may, once he has received his discharge in bankruptcy, he is given a fresh start, and perhaps the second time around he will achieve success. At least he has another chance.

Of interest to us, the Bankruptcy Act contains many provisions affecting the title to property owned by the bankrupt with which the title man must be familiar. To begin, let us consider the effect of the bankruptcy of a judgment debtor upon existing judgments against him. First of all, the liens of valid judgments obtained against the bankrupt more than four months prior to his adjudication and which have become liens on his real property by the recording of abstracts are not disturbed. Although title to the bankrupt's property passes to the trustee in bankruptcy by operation of law, the liens of these judgments remain intact. However, the liens of such judgments may not attach to property acquired by the bankrupt after adjudication. If the judgments are properly scheduled; if notice of the bankruptcy proceedings is given to the creditors; if the debts upon which the judgments are based are dischargeable debts; and if the bankrupt receives his discharge, the liens do not attach to after-acquired property.

It become important, therefore, to find out whether the debt which is the basis of the judgment is a type of debt which is dischargeable. To determine this, the title insurer must examine the original proceedings under which the judgment was obtained to ascertain the nature of the judgment creditor's claim. The Bankruptcy Act declares that the following provable debts are not affected by the discharge:

(1) Taxes levied by the United States, or any State, county, district, or municipality; or

(2) Debts based on liabilities for obtaining money or property by false pretenses or false representations; for wilful or malicious injury to the person or property of another; for alimony, or for maintenance or support of wife or child; and for various specified criminal acts of the debtor; or

(3) Liabilities based on the debtor's fraud, embezzelment, misappropriation or defalcation while acting as an officer or in any fiduciary capacity; or

(4) Claims for wages earned within three months before commencement of the bankruptcy proceedings and which are due to certain employees and agents of the bankrupt; or

(5) Debts due for monies of an employee received or retained by his employer to secure the faithful performance by such employee of the terms of a contract of employment; or, finally

(6) Debts which have not been duly scheduled in time for proof and allowance, with the name of the creditor, if known to the bankrupt, unless such creditors had notice or actual knowledge of the proceedings in bankruptcy.

It is sometimes difficult to determine, from an examination of the original suit in which the judgment was obtained, whether the debt was a dischargeable one. For example, in a recent California case, a judgment creditor brought an action to renew a judgment obtained against one who went bankrupt after the original judgment was obtained, but before the action to renew the judgment was commenced. The original action was brought on a promissory note and there was nothing on the face of the record which disclosed that the debt might not be dischargeable. However, the note had been given in settlement of a transaction which was founded in fraud and the court held that the debt was therefore non-dischargeable. When the dischargeability of the debt is in doubt, the safe practice is to insist upon an order of court cancelling and discharging the judgment under the provisions of Section 675B of the Code of Civil Procedure. That Section permits the bankrupt, at any time after the expiration of a year following his discharge, to apply to the court in which the judgment was rendered against him, for an order directing the judgment to be canceled and discharged of record. An order so obtained does valid claims, liens and encumbrances. Exercise of this power is discretionary with the referee and it usually must be shown that the sale will result in a benefit to the unsecured not affect the lien of the judgment on property owned by the debtor prior to bankruptcy. In connection with this procedure it should be pointed out that the relief available is a remedy which is personal to the bankrupt and only he can plead his discharge. It would seem unwise, therefore, for the title company to ignore the judgment, depending on Section 675-B without the order, as a defense to a levy of execution. At the crucial moment, the bankrupt may not be available to plead his discharge, or, being available, he may be unwilling to cooperate. It is my understanding that some title companies in California frequently insist on the 675-B Order, while others will ignore the judgment as to after-acquired property if it appears to be based on a dischargeable debt.

One of the main objectives of a bankruptcy proceeding, of course, is to marshal the bankrupt's assets, liquidate them and distribute the proceeds to his creditors. Where the property is encumbered the court has power to sell it free and clear of all

ON THE COVER

Keeping pace with the fundamental change that has taken place within the title industry and which is reflected in the expansion of the ATA staff and facilities, the National Headquarters of the American Title Association will be established, effective July 1, 1960, in the Premier Building, 1725 Eye Street, N.W., Washington 6, D.C.

Pictured on our cover, this modern, air conditioned building in the very heart of the most important city in the world, gives promise of a greater opportunity for service to members of the American Title Association.

creditors—that is to say that there will be a surplus realized over and above the total of the encumbrances and expenses of sale. Notice of the proposed sale must be given to all lien holders and they may object to the sale. The trustee may also challenge the validity of their liens in determining proper distribution of the funds so received.

The order of sale should provide for the transfer of all lienor's rights from the property to the proceeds of the sale. The referee then determines the amount, priority and manner of distribution of such funds as between the various lien holders. Costs and expenses of the sale are first deducted and then if there is more than one lien against the property sold, such liens should be paid in the order of their priority.

Any lien holder may bid at the sale and the court may permit him to use his security interest in payment of the purchase price if he is the successful bidder.

INCLUDES TAX LIENS

It is interesting to note that the power to sell free and clear of liens includes the power to sell free of statutory liens, including tax liens whether Federal, state, county or municipal in character. The power to sell free of real property tax liens was established in 1931 by the decision in **Van Huffel vs. Harkelrode,** 284 U.S. 225. In that case, Van Huffel had acquired title to two parcels of land in Ohio from a party who had purchased the property at a bankruptcy sale. The sale in bankruptcy was pursuant to an order of the referee that the property be sold free of all liens and encumbrances and directing that the rights of all lien holders be transferred to the proceeds of sale.

Defendant Harkelrode was the County Treasurer and after the sale he asserted a lien for unpaid State property taxes which had accrued prior to the bankruptcy. Notice of the sale had been given to him by mailing. There were two mortgages against the property and the referee erroneously applied all of the proceeds to one of them, leaving the State taxes unpaid. The County Treasurer did not appear at the trial nor did he object to the manner of distribution of the proceeds. In this action Van Huffel sought to quiet his title against the State and the county. The court held in his favor, and after a reversal by the State Intermediate Court of Appeals, the United States Supreme Court granted certiorari.

It should be borne in mind that there is no express provision in the Bankruptcy Act conferring upon bankruptcy courts the power to sell free of liens and encumbrances. The power has been developed by case law as being within the general equity powers of the bankruptcy court. In the Harkelrode case, the Supreme Court said that the power has been granted by implication; that it is similar to the power long exercised by Federal courts sitting in equity when ordering sales by receivers or on foreclosure, and that this power is necessary to enable the bankruptcy court to collect, reduce to money, and distribute the assets of bankrupts.

The rule of the Harkelrode case is followed in California in **Beck vs. Unruh,** 37 C. 2d 148, decided in 1951. In the opinion handed down in that case the California Supreme Court indicates that the trustee in bankruptcy may sell the bankrupt's property subject to the State's tax lien or may sell it free of such lien.

The Beck case illustrates another point of interest to us. There the property in question was subject to delinquent property taxes for the fiscal year 1926-27 and was sold to the State in June of 1927. In November of 1927 the owner of the property was adjudicated bankrupt and the property was scheduled as one of its assets. In December of 1932 the property was deeded to the State pursuant to the 1927 tax sale. The bankrupt was discharged in 1936, the trustee having made no disposition of the property in question. In 1944 the State sold the property to one Salter, whose title was later acquired by defendant Unruh.

NO CONSENT TO SALE

In 1947—20 years after the original

petition in bankruptcy — the bankruptcy court re-opened the case and sold the property to plaintiff. By that time the property had increased considerably in value. Plaintiff then brought this action to quiet his title, claiming that defendant's title was void due to the fact that the sale by the State was held during a period of time when the property was subject to the exclusive jurisdiction of the bankruptcy court and the referee had not consented to the sale. The trial court gave the plaintiff a decree quieting title.

We are all familiar with the general rule that upon adjudication of a property owner as a bankrupt, title to his property becomes vested in the trustee in bankruptcy by operation of law as of the date of adjudication. The property remains in the custody of law pending its disposition by the bankruptcy court. Enforcement of existing liens is stayed; they may not be foreclosed or otherwise enforced without the consent of the referee. This general rule applies to State tax liens. However, in the Beck case the California court held that due to the lapse of time the only reasonable conclusion was that the trustee had abandoned the property to the State as not worth the amount of the tax lien. The decree of the trial court was reversed and the tax title upheld. The fact that the property had increased in value made no difference. Finally the court held that in the absence of assertion of jurisdiction by the bankruptcy court the constructive possession of a bankrupt's property invoked long after termination of the original bankruptcy proceedings did not interfere with the power of the State court to determine title to such property.

We often encounter the situation where the bankruptcy court fails to dispose of some of the bankrupt's property even though it is scheduled as an asset. In the normal situation it is not wise for the title insurer to rely on what apparently amounts to a passive abandonment by the trustee. Something more than the mere scheduling of the property in the bankruptcy proceeding must be done. The trustee must take some affirmative action towards disposition of the property. Even under the facts of the Beck case had a title company insured the tax title (the title that was ultimately upheld) it would have been faced with long and expensive litigation.

I hasten to add that there are always the practical aspects of a given problem of this nature which should be considered. Speaking again of the failure of the trustee to dispose of a scheduled asset, the practical title man may well decide that the possibility of re-opening the proceedings may safely be ignored. If a substantial period of time has elapsed —say more than five years after termination of the original proceedings; if the record shows that the claims of unpaid creditors are relatively small, and if in the meantime no creditor has reared his ugly head upon the scene, your title committee may decide to forget about the old bankruptcy. If a creditor has assigned his claim to a collection agency, the risk would appear to be much greater, as such agencies are prone to much more perseverance than the average individual creditor. Of course, as a matter of law the property should be administered upon but there are times when practical considerations outweigh those that are on the technical side.

UPHOLD PURCHASER

A practical solution of one of these problems is well illustrated by the following example. Husband and wife owned the property in question in 1948. In July of that year they conveyed it to the husband's mother. Not long thereafter a judgment was obtained against the husband and wife. In 1950 both husband and wife went through bankruptcy and the judgment was scheduled. The property was not listed as an asset. They received their discharge in 1951. In 1957 the mother conveyed the property back to her son and his wife. They then proposed to sell to a buyer who had all the earmarks of a bona fide purchaser. What about the judgment? The title company handling the order decided to insure. After a careful look at the whole picture it

appeared that the claims of creditors were small, nearly nine years had elapsed, and there was no collection agency connected with the case. Although the title insurer felt fairly certain that fraud was involved, it decided to take the risk. It reasoned that if the title was ever questioned, a court of equity would uphold the bona fide purchaser.

Before closing, I would like to mention briefly two very recent cases, both of which announce principles of law that are unusual and perhaps contrary to your impression of what the law is or should be.

The first is the case of **Jefferson Standard Life Insurance Company vs. United States,** 247 Fed. 2d 777, decided in August, 1957. A publishing company operating in California was declared bankrupt in December of 1954. At that time all of its real and personal property was subject to three liens which had attached in the following order: First, a trust deed and chattel mortgage in favor of Jefferson Standard with a balance due in excess of $350,000 which had attached as of December 1, 1954; second, liens in favor of the United States for income and excess profits taxes amounting to some $288,000 which had attached as of March 14, 1952; and finally, real and personal property taxes levied by the county of Los Angeles which had become liens as of March 1, 1954. The amount claimed by the county was approximately $15,000.

In the course of the bankruptcy proceeding the trustee sold all of the bankrupt's assets free and clear of all liens and ordered the three liens which I have mentioned transferred to the proceeds of sale without impairment. The proceeds amounted to $382,500. Since there was not enough money to pay off the three lien claimants in full, the trustee petitioned the referee to determine the amount, validity, priority, and rights of these claimants to participate in the fund. The referee held that the Jefferson Standard lien had priority over that of the United States and ordered its claim to be paid in full and the balance of the fund paid to the United States. However, he also ordered that

the county of Los Angeles would have to be paid its claim for taxes out of the amount set apart for Jefferson Standard. Jefferson Standard appealed.

The United States Court of Appeals, Ninth Circuit, reversed the referee and determined that the lien of Jefferson Standard was prior to the county tax lien. In arriving at this result the court reasoned that the only basis for establishing priority in favor of the county would be an enactment by the California Legislature that property taxes take precedence over pre-existing mortgages and other contract liens. The court found that no such law exists in California. The opinion cites Section 2897 of the Civil Code which provides that ". . . different liens upon the same property have priority according to the time of their creation . . ." The opinion also mentions Section 3712 of the California Revenue and Taxation Code which declares that a deed issued pursuant to a tax sale passes title free of all encumbrances existing before the sale. The court held that this section was not applicable since under the facts there was no tax sale involved. Finally, the court held that Jefferson Standard was entitled to post-bankruptcy interest up to the time of payment.

As a result of this decision, we are faced with the anomaly that in California while a pre-existing mortgage or other contract lien takes precedence over subsequent tax liens, nevertheless a sale based on delinquent taxes will eliminate such pre-existing mortgage or contract lien. Query: Can a subsequent tax lien be eliminat-

ed by the foreclosure of a pre-existing mortgage or deed of trust? I have my very serious doubts. It seems probable that the California Legislature at its next session will enact legislation designed to remedy this situation.

The other case was one decided in New York in 1956 (in re New York Investors Mutual Group 143 Fed. Supp. 51). The investors group had sold real property under a contract of sale for a price of $105,000. A down payment of $15,000 was made and the balance was due in 18 months. By the terms of the contract the $15,000 down payment was made a lien on the premises. A year after execution of the contract the investors group was declared bankrupt. The trustees asked authority to sell the property subject to the claim of the vendee for the money he had invested and for an order of the referee authorizing the trustee to disaffirm the contract of sale. The basis of this petition was that the sale would net more money for the estate. Section 70-B of the Bankruptcy Act permits the rejection of an executory contract. The referee approved the sale and rejection of the contract and his order was affirmed by the New York District Court. The order was made subject to the vendee's right of repayment of the down payment plus interest. The question presented was whether the vendee's right under the contract of sale as the equitable owner of the property were superior to the right of the trustee under Section 70-B to disaffirm the contract. The court determined that the power of rejection under the statute was paramount.

While this case is of passing interest, it doesn't pose any real problems for the title industry. Under the forms of policies issued in California no liability is assumed by the insurer which might be based upon the subsequent bankruptcy of a vendor. It is arguable that had this case been decided in California where the doctrine of equitable conversion is firmly established, the decision might have gone the other way.

Bankruptcy is an unhappy subject, and I sincerely hope that none of us in either our individual or corporate capacity will ever find ourselves on the business end of a bankruptcy proceeding.

The Enemy

I am more powerful than the combined armies of the world. I have destroyed more men than all the wars of the nation. I massacre thousands of people in a single year. I am more deadly than bullets and I have wrecked more homes than the mightiest of guns.

I steal in the United States alone over $500,000,000 each year. I spare no one and I find my victims among the rich and poor alike; the young and the old, the strong and the weak, the handsome and the ugly. Widows and orphans know me to their everlasting sorrow.

I loom up in such proportions that I cast my shadow over every field of labor, from the turning of the grindstone to the moving of a railroad car. I lurk in unseen places, and do most of my work silently; you are warned against me yet you heed me not. I am relentless, merciless and cruel.

I am everywhere—in the home, on the streets, in the factory, at railroad crossings; on land, in the air, and on the seas. I bring sickness, degradation and death—vet few seek me out to destroy me. I crush, maim, devastate; I will give you nothing and rob you of all you have.

I am your worst enemy.

I am CARELESSNESS.

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meeting timetable

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
Washakie Hotel
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

LETTERS

April 29, 1960

Mr. James W. Robinson
Secretary and Director of
Public Relations,
American Title Association
3608 Guardian Building
Detroit 26, Michigan

Dear Mr. Robinson:

I received your card, asking whether I still cared to receive the monthly Title Magazine. The card was checked in the affirmative and returned to you. I want to state that I have greatly enjoyed the magazine. It has been of great value to me in my work.

I have been employed by the State of Connecticut for the past thirty years, and my present position is one of a Senior Title Examiner. My work consists of supervising the preparation of legal instruments for the acquisition of land for highway purposes. I have to study and analyze the title abstract to determine the present owners, encumbrances, etc. We are constantly confronted with problems relative to estates, easements and reversionary rights. Time and time again, the Title Magazine has been a source of knowledge for me.

Back in September, 1949, I wrote to the American Title Association, asking whether I could become a member. Mr. James E. Sheridan, who at that time was executive secretary, replied and stated that I was not eligible, due to the fact that I was not an attorney. He stated, however, that he was placing me on the mailing list to receive the magazine, which I have received since then.

In closing, I want to thank the Association through you, for the kindness and generosity in allowing me to receive this Title Magazine.

Yours very truly,
Michael D. LeConche
36 Garden Street
Hartford 4, Conn.

April 26, 1960

Mr. James E. Sheridan
Executive Vice President,
American Title Association
Guardian Building
Detroit 26, Michigan

Dear Mr. Sheridan:

We are interested in obtaining a complete list of training films on title searching, title examination, or other title procedures. We expect to recommend certain of these films as training aids in connection with our right-of-way training program. The Right-of-Way Committee of the American Association of State Highway Officials has had a program under way for some time to aid the States in setting up effective right-of-way training.

Enclosed is a copy of the outline of suggested right-of-way training program which will give you an idea of the scope of our training activities.

Any help you can give will be appreciated.

Sincerely yours,
David R, Levin, Secretary,
Highway Officials,
American Association of
State
Bureau of Public Roads
Washington 25, D.C.

March 16, 1960 Joplin, Mo.
Dear Mr. Hinkle:

I regret that I haven't been able to pay this debt that's of long standing. I thank you for waiting on me as long as you have. You have been and are very considerate.

I have been out of a steady job now going on 6 months. I realize my duty as a servant of Jesus Christ and I would like nothing better than to clear up all hindering debts, and the one to you in particular because of your kindness to us. Right now I'm in a trial and without funds. My condition is sort of like the scripture set forth in the 5th Chapter of Exodus. I'm out of straw and it's with all respect that I say that. To know what I mean you will need to read the 5th Chapter of Exodus.

Please don't think I'm referring this to you in any way. Right now it's a good explanation of my situation.

I will not feel ill at you at any action you feel necessary to take, but as soon as I get employment I will make my debt to you one of my first efforts. I hope to remain your friend and neighbor and brother in Christ.

The Rev.

Apr. 26, 1960
James W. Robinson, Secy. ATA
3608 Guardian Bldg.
Detroit 26, Mich.
Dear Mr. Robinson:

Many thanks for the cordial letter and the copies of the "News". I have written Binyon, a valued associate, thanking him for his suggestion to you. He and I have corresponded on title and survey matters for some years, finding mutual agreement thereon.

Binyon's paper "Where on Earth" is a masterpiece of expression of the ideas and opinions of surveyors and title men over the land. His suggestions for betterment are pertinent. The ATA is a good springboard for a tryout in Committee work and recommendation.

Dan Rosecrans and I worked together many years in Title Insurance and Trust Co. of Los Angeles up to my retirement in 1947. He should be a help. I have kept in touch with general developments since being a has been (?), finding much interest still in my 55 years of survey engineering and title practice.

The paper by S. A. Bauer (Dec. 59 News) is fully up to his usual perspicacity. Sol and I were co-workers in the early days of ACSM. I have found him an exceptional person and hold him in highest regard.

May I suggest continuance of such papers dealing with survey and title problems, in the News. The layman and the title men too are often too little aware of our problems.

Would you place my name on the News subscription list, as a former and still associated Title Engineer? Any expense for the publication subscription to me will be accepted as usual.

Sincerely
Wm. C. Wattles
Mem. Advisory Council ACSM
(and an old ex title engr.)

COMPETITION

We are apt to name as competition only the companies which sell the same type of product we sell.

But the real competition is out of sight and more difficult to defeat.

A new stove may have to wait because the old washing machine conked out. A new car may lose out to a costly doctor bill or a college education.

Americans eat just as much today as they did 50 years ago, but competition has cut down the amount of bread, potatoes and many other foods.

There's plenty of competition among brands of bread, but there are many other foods which compete twice as hard.

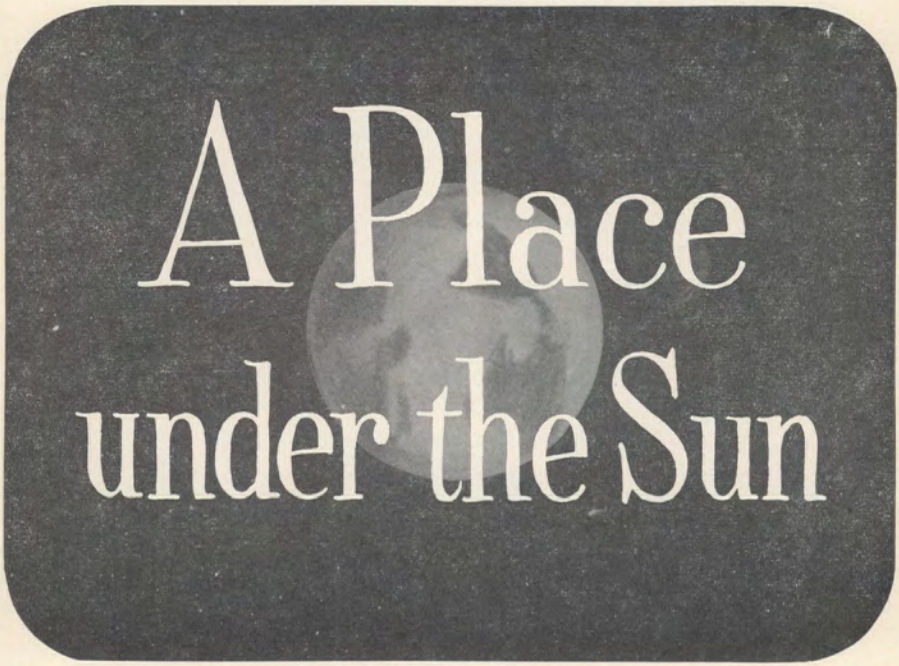
And here's another thing to think about. Competition isn't confined to production. It also affects jobs.

No matter what it is that you do in the world of work, in some other company there is an employee doing exactly the work you do.

If he does his job better, more effectively, with less waste and more production, he makes it that much easier for his company to beat our company in the competition for somebody's dollar.

ATA's

SPARKLING NEW MOVIE



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On October 9-13, Texas titlemen will be hosts to the American Title Association as it convenes at the Statler-Hilton Hotel in Dallas. There is every reason to believe that the hospitality of Jimmie Pigman, the Texas State Title Association's President, Charlie Hampton, the Immediate Past President; Texas members of the Convention Committee; and, indeed, every Texas titleman, with sufficient strength to lift a limp abstract, will match the sweep and grandeur of their broad plains, magnificent cities and a wealth of natural beauty.

CENTER—Dallas' Big Tex, towering 52 feet above the crowds at the State Fair of Texas, is a top attraction at the annual October exposition, world's largest state fair. The big cowboy who "talks" in a deep voice—with a Western drawl, naturally—is often used as a symbol of the Western hospitality that has made Dallas famous.

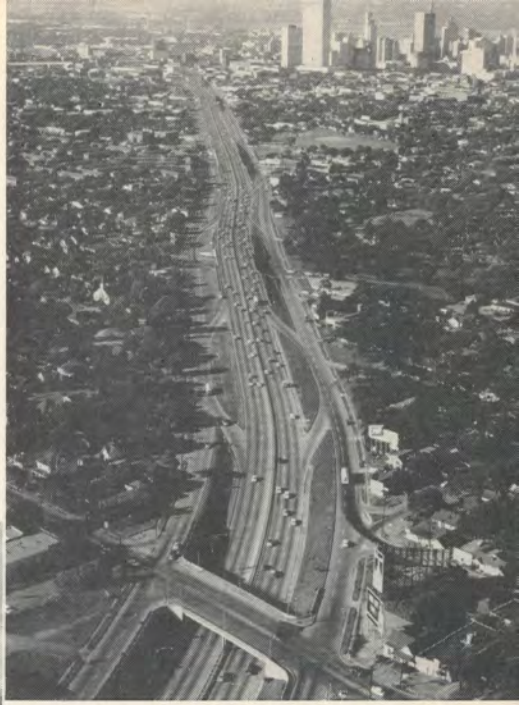
Below (left)—Just one of Texas' many wonders, "The Pyramid of the Sun". (Center)—An Arkansas Pioneer, John Neely Bryan, originally from Tennessee, built a one-room log cabin on the banks of the Trinity River to found the city of Dallas in 1841. The restored cabin stands today on the lawn of the Dallas County Courthouse. (Right)—Dazzling Dallas, heart of the metropolitan area with over a million population.

VENTION

T SOUTHWEST

ARMS FOR ATA'S

NNUAL MEETING



Above—Central Expressway, the route of U.S. Highway 75, stretches through the heart of Downtown Dallas, running 16½ miles in the City. It offers a rapid route through the City, for no traffic crosses the ten-lane super highway, and the few red lights along it are located only in the downtown section.

Title Insurance for Co-operative Banks

By CARLTON W. SPENCER
Chairman of the Board
Massachusetts Title Insurance Co.

A Comprehensive Discussion of What it is, How it Works and the Advantages Which Accrue to Both Lender and Borrower—Gives Mortgage Portfolio Greatly Increased Marketability—Insisted on by VA and FHA in Some Areas —Does Not Compete With but Aids and Supplements the Work of Conveyancers—Presents Opportunity for Title Holders to Obtain Full Title Insurance At Low Cost—A One Payment Plan.

With the monumental task before us of carrying the message to all who are interested in the purchase or sale of real estate (and few, indeed, are the citizens who are not) we commend the excellent manner in which Mr. Spencer outlined the advantages of title insurance at the meeting of the Co-operative Bank Club of Massachusetts in Boston on February 25, 1960.

I am very glad to have this opportunity to talk to you about title insurance, for its use is growing in this country, particularly in the urban areas. It is used extensively by agencies of the federal government. It is demanded today by the large national mortgage investors.

Title insurance, as the term indicates, insures the validity of title to real estate. It protects against the uncertainties of land titles. It indemnifies against loss arising from defects in titles or from the enforcing of liens existing prior to the issuance of the policy. It guarantees that the title is what it purports to be.

Potential Causes of Defective Titles

The risks covered by the title insurance policy include any negligence or fraud on the part of the examining attorney or abstracter. Thus it affords protection against negligent failure to find or recognize a defect appearing in the public records. In an article entitled "Lender Protection Through Title Insurance" which appeared in the October 1958 issue of Banking, there are listed thirty-three potential causes of defective real estate titles, including some that examination of the record title cannot be expected to disclose, such as forgery, incapacity of parties, and undisclosed heirs in a probate proceeding.

Title insurance has grown rapidly during the past ten years. In the urban areas to an increasing degree the measure of acceptability has become insurability rather than the traditional test of marketability. The chief reason for the increased use of title insurance has been the attitude of the large institutional lenders, notably the life insurance companies. Not only do these lenders make loans in every part of the country, but they also purchase mortgages in every part of the country. It is inevitable that they should desire standard and uniform title protection and procedure. It follows that lenders who contemplate the possibility of selling their mortgages in the national market wish to obtain the higher degree of marketability that goes with an insured title.

Attitude of Government and Its Agencies

A second reason for the increased use of title insurance results from the attitude of the United States Government and its agencies. The Veterans Administration and the Federal Housing Authority do not require title insurance on home mortgages, but most of the VA and FHA loans outside of New England are insured. In areas where the FHA and the VA lenders do not utilize title insurance,

no question is raised by the government agencies at the time of the loan as to the sufficiency of the title. However, should it become necessary for the lender to transfer property to either of these agencies, neither will accept transfer until the evidence of title is presented and submitted to its administrator and legal counsel. Generally speaking, where title insurance is presented, it is accepted without question as evidence of a valid title. If it happens that counsel for the FHA or the VA should refuse to accept the property because the title is defective, the lender who has title insurance is protected because the company then makes good on its policy.

Investors in government guaranteed mortgages, including Fanny May (F.N.M.A.), regard this requirement of evidence of title as the Achilles heel of the FHA or VA mortgage because, as I have indicated, the guarantee is conditional upon satisfactory evidence of a valid title and, if the holder of the mortgage cannot present satisfactory evidence of valid title, the underlying guarantee may be worthless. If the number of titles submitted to the FHA or the VA as the result of foreclosure should increase, it is reasonable to suppose that these agencies will become more exacting and rigid in their title requirements. Title insurance offers to lending institutions an inexpensive and effective way of assuring a minimum of difficulty when conveyances to these agencies may be required. The secondary market for FHA loans is strictly a title insurance market.

Several Savings and Loans Now Require It

Five Massachusetts federal savings and loan associations are now requiring title insurance on all of their mortgage loans. The First Federal Savings and Loan Association of Boston adopted title insurance July 1, 1957. Wollaston in Quincy followed in November of 1957, and the Boston Federal on January 1, 1958. Waltham adopted title insurance in August of 1958 and the Natick Federal decided at the close of last year to obtain title insurance on all loans commencing January 1, 1960. These institutions have adopted title insurance largely because of the desire to have a marketable portfolio. They recognize that if they should ever wish to sell their mortgages or borrow on them, they will have a much more valuable asset if their mortgage loans are title insured. The president of one institution told me that before he recommended the adoption of title insurance to his board of directors, he talked with a vice president of The First National Bank of Boston and asked whether he could borrow two million dollars on mortgage loans in his community. He was told that this might be done. He asked whether the transaction would be facilitated if he had title insurance. The answer was, "Indeed it would."

Other lending institutions have utilized title insurance to a limited degree. I think the chief reason why the federals have been first to adopt it is that they have had more experience with the buying and selling of mortgages and thus have perhaps a greater awareness of the desirability of the insured portfolio. They feel that an insured portfolio, because of its marketability, is worth more as an asset to the institution than one that is not insured.

Titles of Commercial Properties Insured

During the past few months Massachusetts Title Insurance Company has issued insurance policies on many commercial properties. Such policies were issued on property of Container Corporation of America, New England Gas Products, Inc., Sun Oil Company and on Raytheon's new plant in Norwood. Last August the Massachusetts FHA regulations were modified so as to require title insurance on all rental housing projects. The first transaction which the Massachusetts Title Insurance Company had, following this new regulation, was the apartment house erected at 1600 Beacon Street, Brookline, financed by the Suffolk-Franklin Savings Bank. The amount of the policy issued by Massachusetts Title Insurance Company in that case was over one million eight hundred thousand dollars.

Another reason for the adoption of title insurance is, of course, the obvious one that it does protect the institution against losses arising from a defective title. The system used for so many years in Massachusetts, namely, that of making mortgage loans upon the title examination of the lending institution's attorney, has proved unusually satisfactory in this area where the quality of the work done by the lawyers is high and the registries of deeds and of probate are well maintained and reliable. However, there are defects in title which the most careful examination cannot be expected to disclose, such as forgery and incapacity of parties. Losses arising from title defects of this sort are not common but they can be substantial. The concern of management over a claim of a defective title is in most instances out of all proportion to the number of dollars involved. It is a relief to management to know that, if a claim of a defective title is made, the title company immediately assumes defense of the title and will make good on its policy if the defect results in a loss to the institution.

Borrowers Like Title Insurance

A third reason for the utilization of title insurance by lending institutions has been the desire on the part of the borrowers themselves to obtain title insurance. In the Kiplinger Magazine for October, 1953, the home owner was advised; "To protect your own rights to the title you should take out a title insurance policy on your own hook. The smart thing to do is to buy full coverage—buy it when you buy your house and buy a policy in an amount equal to what you pay for the house."

People who come to this area from other sections of the country are accustomed to title insurance and desire to have it. We have had several instances during the past year where borrowers from the Workingmens Cooperative Bank and the Boston Five Cents Savings Bank, which do not require title insurance on their mortgage loans, have requested it. It has been issued upon the report of the institution's attorneys, who are approved by the title company, and the borrower has been obliged in many cases to pay only the cost of the premium in order to obtain a home owners policy at the time of the mortgage transaction. The attorney for an institution which does not require mortgagee's insurance may or may not make a charge for preparing the report to the title company. Of course, no charge for such services is involved when the lending institution requires a mortgagee's policy, for then the information necessary for the issuance of the owner's policy is available to the title company. In this connection you will be interested in a statement made last October by Mr. Norman P. Mason, Federal Housing Administrator, speaking at the New York meeting of the American Title Association. Mr. Mason said: "Title insurance can save a man's home, his future and the future of his family. Mr. Average Citizen knows about our great title companies, and when he purchases his home he finds only satisfaction in the fact that the mortgage lender orders a policy of title insurance. But does he know that in many instances the title policy protects only the lender? Is he told that for only a few extra dollars a title policy will be written to protect him, the home-owner, as well as the lender? Wouldn't it be good business for you to make certain he fully understands, since you have a worthwhile product to sell him? The evidence indicates that something is being done along these lines. The FHA lawyers tell me that there is a steady increase in the number of home-owners' policies in the title evidence which comes to them for examination. This is good for you and good for the home-owners. Keep it up."

Misunderstood by Some Attorneys

In almost every area of the country where title insurance has been introduced resistance has been met at the outset from the attorneys. This is almost wholly due to misunderstanding on the part of the attorneys. They are not sure how title insurance might adversely affect them, but they are apprehensive that in some way it might compete with them. This attitude on the part of attorneys disap-

pears as soon as they understand how title insurance operates. It is true that the major national companies do search and examine titles preparatory to insuring them. These national companies, however, operate outside their home areas on the reports of approved attorneys. The Massachusetts Title Insurance Company issues its policies entirely upon the reports of approved attorneys. Thus operated, title insurance supplements and does not compete with the attorney's services. The work of the attorney is not increased, for the closing procedure is exactly the same where title insurance is used. The examining attorney is selected by the lending institution. He is approved by Massachusetts Title Insurance Company and by its re-insurer, The Title Guarantee Company of New York. When he comes to his settlement sheet he has an item for title insurance, as well as an item for his services. He records the papers just as he would without title insurance. After this, he sends a report to the title company on the basis of which it issues a policy, and also issues a policy to the home owner if he has chosen to have insurance. If the company's exposure on any one title exceeds $25,000, it is customary for the company to consider the report and sometimes the abstract before a policy is issued and before the papers are recorded. If a claim is made on a policy and it should be found that the attorney has overlooked a title defect, the company does not look to the attorney, but stands responsible to the policy holder. That is what the company receives the premiums for. Thus the attorney is relieved from his heavy responsibility for errors or oversight in performing his exacting and highly technical work.

Frequently the question is asked whether the attorney and his client do not receive adequate protection from the negligence policy which the attorney may carry. The answer is "No." The amount of insurance ordinarily carried by the attorney for a banking institution is hardly adequate to cover the risk of substantial errors. Moreover, it protects him against his legal liabilities and not his moral responsibilities. If the defect in the title which the lawyer passed is not found until more than six years after the transaction, the statute of limitations will have run and, if the lawyer makes good to his client, he must do so with his own money. Also, the Supreme Judicial Court of Massachusetts recently held in the case of Connors v. Newton National Bank that a cause of action against an attorney for negligence did not survive his death.

Limitations of Land Registration

Land registration, useful though it is, cannot take the place of title insurance. Land registration in this country has never lived up to the hopes of its sponsors. It is well administered in Massachusetts, but, because it is a judicial process, it is slow and expensive. Moreover, the benefits accrue largely to the subsequent owner rather than the original petitioner. Eight of the nineteen states which adopted the Torrens system of land registration have repealed it, and in only four of the eleven states in which it remains does any substantial volume of registration exist. Suggested reasons for the failure of the Torrens system to meet with widespread public approval are that the average land owner does not desire to invite a lawsuit by seeking to register a title which he considers good, and that substantial lawsuits may arise from an attempt under a Torrens proceeding to fix definite boundary lines. Moreover, a title considered marketable might be found to be unmarketable if distrubed, whereas, if permitted to lie dormant it might be made good by lapse of time. In Massachusetts, the decree of registration can be attacked for fraud at any time within one year, and the Massachusetts statute lists five encumbrances which, though unregistered, will prevail over a certificate. Finally, the Torrens certificate does not require anyone to assume the defense in litigation attacking the title of the registered owner. The property owner must defend the litigation at his own expense and even if he is successful he cannot obtain reimbursement.

Title insurance is different. When

an attack is made on the title, the company assumes the full expense of the defense. Most of the large lenders will not loan on a Torrens certificate unless title insurance is also obtained.

Company One of the Oldest

Although the Massachusetts Title Insurance Company is a small company, it is one of the oldest in the nation. It was formed in 1885 by persons who came to Boston from the Baltimore and Philadelphia areas where title insurance was prospering. Like all title insurance companies, it operates under the supervision of the state insurance commissioner. It has issued some title insurance in every year since 1885. Last year, the company issued insurance policies in excess of twenty million dollars.

Some of you may remember the Conveyancers Title Insurance Company which failed in 1932. The failure of this company was entirely attributable to the guaranteeing of the payment of the mortgages. Massachusetts Title Insurance Company has never engaged in this practice and few companies in the country do so today. As far as I can determine no company which has confined itself to the insurance of land titles has ever failed.

Because Massachusetts Title Insurance Company is a relatively small company, its management deemed it prudent to obtain re-insurance. Therefore a treaty was entered into with The Title Guarantee Company of New York, which is licensed as a title insurer in Massachusetts and is the largest New York title company providing for 100% re-insurance on all policies issued by the Massachusetts Title Insurance Company. This means that the holder of a policy issued by the Massachusetts Title Insurance Company has full recourse against either company, or both, for the full amount of his policy.

Last month the John Hancock Life Insurance Company placed the Massachusetts Title Insurance Company on its list of approved companies and authorized acceptance of its policies up to the amount of three million five hundred thousand dollars on any one policy. The mortgagee's policies issued by Massachusetts Title Insurance Company are the American Title Association mortgagee's form, the standard provisions of which are written by every major title insurance company in the country. This form eliminates many exceptions which heretofore appeared in policies.

Title Insurance Very Inexpensive

Title insurance is very inexpensive. A single premium only is paid. An owner's policy costs $3.75 per $1,000 of coverage. Manifestly, at these rates the title companies must require the owner to take out a policy which covers the value of his property. Actuarially, it would not be feasible to permit the owner of a property worth $100,000 to carry only $20,000 of title insurance. The owner's policy protects the owner and his heirs or devisees so long as they own the property. If the property is sold, the policy holder no longer has an insurable interest and the policy is void. Since the liability of the title company to a mortgagee is generally for a much shorter period of time and will be a declining one if the mortgage is amortized, the rates are lower. A mortgagee's policy costs $2.50 per $1,000 of coverage. The mortgagee's policy is assignable as a matter of right. Its terms similarily protect a government agency which may take over the property. Moreover, if the mortgagee should acquire title by virtue of foreclosure or acceptance of a deed from the mortgagor, the mortgagee still has the benefit of the policy. If a borrower at any institution which requires title insurance on its mortgage loans elects, at the time of the mortgage transaction, to take a home owner's policy, he is credited with most of the premium paid for the mortgagee's insurance.

Boards of directors of banking institutions sometimes ask whether the increase in the closing costs, due to the requirement of title insurance on mortgage loans, will adversely affect the bank's competitive position. The answer is that it will not. Two institutions, now using title insurance provided by Massachusetts Title Insurance Company on all their mortgage loans, used to pay one-half of the

cost of the mortgagee's insurance policy to reduce the increase in closing costs to the borrower, but soon found that this was unnecessary and thereupon abandoned the practice. The borrower now pays the entire costs of mortgagee's insurance. In a letter written this past summer by Mr. Milton B. Wiggin, Executive Vice President of the Wallaston Federal Savings and Loan Association, in reply to an inquiry from another lending institution, this statement appears:

"We had some concern in the beginning as to whether prospective borrowers would feel that the small increase in closing costs resulting from title insurance premiums was objectionable. We found that it was not. Our borrowers accepted the increase in cost as entirely reasonable and we have never lost a loan as a result of having adopted title insurance. On the contrary, a number of applications have come to us as a direct result of our having adopted title insurance. Purchasers of homes show an increasing interest in obtaining title insurance protection and in getting it through financing here.

"Our board feels that the value of our mortgage portfolio is enhanced by title insurance and, needless to say, it is reassuring to me as executive officer to feel that on these insured loans neither the Association nor its attorneys can take a loss or be put to legal expense as a result of a title defect or an alleged title defect. We are very glad we adopted it."

Increase in Demand

Coming events cast their shadows before them. The public and lending institutions are more and more asking for title insurance, and I believe you will all one day wish to utilize it. One of the most significant changes in the American economy has been in the use of the real estate mortgage as a credit instrument. From a short-term, burden-some and sometimes difficult-to-negotiate purchase - money loan, it has become a modern, streamlined credit device providing for regular amortized payments. The accelerated use of mortgage financing today, the inauguration of a nationwide mortgage market, and the emergence of the mortgage as a popular type of investment have made title insurance an essential part of investment in real estate. Mr. Frank J. McCabe, Jr., Executive Vice President of the Mortgage Bankers Association of America, recently said, "Title Insurance has contributed a measure of investment quality to mortgages impossible to estimate." Title insurance provides desirable added protection for mortgage loans just as FDIC and FSLIC insurance provides desirable added protection for bank deposits and savings accounts. It is not so much a question of whether the lending institution can survive without either type of insurance as whether the institution should have it to secure the maximum protection now available and to have its mortgage portfolio at its highest value.

Helps Banker, Realtor and Attorney

Title insurance means much to many people. It can, as Mr. Norman Mason said, save a man's home, his future and the future of his family. It can quiet a controversy concerning a title and enable a realtor to consummate a transaction which would otherwise fail. It relieves the attorney from the heavy responsibility arising from an undisclosed flaw in the title. It protects the VA and the FHA lender against the loss of the government guarantee and the government insurance because of a defective title. To the banker, it means a more marketable portfolio in a tight money market. To the mortgage investor, it means security. Wherever land is a principal source of material wealth and wherever marketability is essential, title insurance has been used increasingly. It is regarded as the most effective, the most efficient, the most inexpensive and the most complete form of title protection that has yet been devised.

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Perhaps one reason the dollar will not do as much for you as it used to, is that so many people nowadays do not want to do as much for a dollar as they used to.

THE COMPLEAT ABSTRACTER

By
PHIL CARSPECKEN, Formerly of Des Moines County Abstract Company, Burlington, Iowa

(As Ike Walton Might Have Written It)

The Compleat Abstracter, unlike the Compleat Angler, seeks not the Trout or the Pike in murmuring streams which flow through flowery meads, but pursues with exceeding patience and some cunning a slithery creature called The Title, being an ephemeral fish which coyly swims in the murky waters of multitudinous records. Verily it be strange sport, and not unattended with peril, for in bringing the creature to gaff it is ofttimes the Abstracter who gets "hooked," being jabbed with the dorsal fin called The Mortgage, or gashed with the poisonous fangs called Judgments.

The Compleat Abstracter must be a man of parts—or half-parts. Imprimis, he must be what is quaintly termed a Half-bottomed Barrister, and familiar with the archaic lingo affected by those of that fraternity, who speak not in good, honest English, but, flatulent with Profundity, emit ponderous and rumbling words and phrases such as "Enfeoffments, Messuages, Hereditaments and Shifting-and-Springing Uses," and such gibberish. He must know that "Livery of Seisin" hath naught to do with oddly seasoned liverwurst, and that a "Vested Remainder" is, what is not left after the pants are worn out. He must learn the ambiguous use of that twinned abortion "and/or," and slow up for the "to-wits," and never, never run an Estoppel Sign. With such skimble-scamble must he acquaint himself ere he be a "Compleat" Abstracter.

The Title hath aught to do with the alienation of a thing called The Messuage, and when the Abstracter hath thus messed around with The Messuage, and coralled the thing called The Title, and dressed and bound it in the Compleat Abstract, doth he receive the acclaim of those called "Dear Hearts and Gentle People?" He doth not! Too often the owner of The Messuage rails bitterly at the remuneration involved, and mutters darkly about some Angel of Vengeance called "Torrens," whose dire retribution he threatens to invoke. And that captious wight yclept "Ye Examiner," to whom the Compleat Abstract is handed for inspection, receives it gingerly and holds his nose, seemingly intent upon discovering some taint, whether there be any or no, and forthwith fulminates a sulphurous "Opinion,'" branding The Title as a thing akin to a stinking mackerel, and ripping Gehenna out of the Compleat Abstract, which doth mightily burn up the Compleat Abstracter.

In sooth, the Compleat Abstracter hath exceeding travail in thus stalking his prey through forests of Indices and morasses of Geneology, and some appreciation seems justly his due. But doth anyone ever say to him, "A good job, old Grub-worm!" or words to that effect? Hell no! — I mean, Gadzooks no!

Od's bodikins! The sport hath little to commend itself, and I should think that when the Compleat Abstracter hath compleated his Compleat Abstract, it were well to toss the thankless job out the window and go a-fishing for the Trout "and/or" the Pike!

IN THE ASSOCIATION SPOTLIGHT

A HEARTY WELCOME

MEREDITH SMITH JOINS ATA STAFF

Rounding out the Executive Staff at the National Headquarters, Meredith Reynolds Smith, Jr., enters the title industry as Assistant to the Director of Public Relations.

Smith comes to us with the highest recommendations. He is young, handsome and eager to report for work in the Detroit office. Meredith, who answers to the nickname of "R", has a splendid background of educational experience for the kind of career he is about to undertake. He was graduated from Michigan State University with a BA degree, majoring in Business Administration and Industrial Psychology. His major interests lie in Advertising Psychology, Market Research, Public Relations, Public Speaking and Business Communication.

His wife, Nancy, shares his enthusiasm for the new job. His hobbies are: competitive swimming, fishing, golf and bridge. His home is in Alexandria, Virginia and he is well acquainted with the Washington area.

As outlined in the resolution adopted at the 53rd Annual Convention, ATA's newest executive will assist in the publication of TITLE NEWS, the production of the Directory and the expediting of bulletins, publicity releases and similar matters.

MEREDITH REYNOLDS SMITH, JR.

We should explain—the nickname "R" does **not** mean he is related to our Executive Vice President, Joseph H. Smith.

Hawaiian Escrow Company

The escrow department of Title Guaranty Company of Hawaii has been incorporated as Title Guaranty Escrow Services, with Kenneth Makinney as president.

Offices are at 850 Richards St. and 420 Nahua St.

Vice president is David T. Pietsch. He and Makinney are co-owners of the parent Title Guaranty Company of Hawaii, with which the new escrow company is affiliated.

Secretary-manager of the new company is Louis Cannelora. Howard Moir is treasurer and auditor; Verna M. Hemmy, chief disburser; Marjorie Miyahara and Jan Wasson, closing officers, and Vivian Filomeo, stenographer.

Patricia Brownell is in charge of the Waikiki office.

Petroleum Landmen Meet

American Association of Petroleum Landmen will hold their Sixth Annual Convention in Los Angeles, California, June 22-25. Attendance of approximately 1,000 landmen and 800 wives is expected. The Convention will get under way with registration beginning at 8 a.m. at the Ambassador Hotel which is the Convention headquarters.

A full program has been planned by the California Convention Committe headed by Ralph Cormany, Signal Oil and Gas Company, Los Angeles, the General Chairman for the three-day Convention.

On Thursday and Friday landmen from throughout the United States and Canada will hear leading oil industry executives, officials of government, and representatives from title companies and banks discuss oil industry problems as they relate to landmen and their work.

A full program has been set for the wives of the visiting landmen.

Landmen and their wives will be guests of Title Insurance and Trust Company, its branches, subsidiaries and affiliate companies, as a welcome reception on Wednesday.

A luncheon meeting for the officers and directors of AAPL will be held at noon Wednesday with the Los Angeles Landmen's Association acting as host.

A guided tour of the Wilmington Field and West Los Angeles operations will afford visiting landmen an opportunity to see town lot drilling operations firsthand.

Committee meetings and a golf tournament will round out the preconvention activities scheduled for Wednesday.

M. W. Hankinson, Humble Oil and Refining Company, Houston, Texas, is president of the Association. AAPL's national headquarters offices are located in Fort Worth, Texas.

Larger Quarters

General Title Service Corporation has commenced construction of its new office at Forsyth Boulevard and Meramec Avenue in Clayton, Missouri. Jas. S. Barnes, president, has stated that increase in the firm's volume of business and the desire to provide the utmost in customer facilities have necessitated the move to larger quarters.

General Title is engaged in all phases of the land title business, including the issuance of certificates of title, title insurance, escrows and construction disbursing, and is general agent in the St. Louis area and adjoining counties for Kansas City Title Insurance Company.

Founded in 1931 by the late W. H. Barnes, General Title's first home was in the old Claymo Hotel Building, and adhering to tradition and progress, the company will move to the remodeled offices in the site of its original home on May 1, the birth date of its founder.

The new offices will contain a total of 12,000 square feet. Located on the main floor will be a reception area, executive offices, conference room, and construction disbursement department. On the second floor will be the escrow closing department, including three large closing rooms, reception area, examiners' offices, bookkeeping and stenographic departments, and vault. Another customers conference room and large lounge

and powder rooms will be located on the third floor. The sub-level area will contain the office printing department, mail and photostat rooms, drafting department, stock and supply rooms, and storage area.

All floors are served by stairways and a self-operating elevator.

Parking will be available on a private lot and the new municipal lot to be erected directly across the street from the new offices.

Abstract and Title Sold

The purchase of over 93 per cent of the stock of Abstract and Title Guaranty Company, a Michigan company with assets of over $4,600,000, was announced May 2 by Lawyers Title Insurance Corporation, Richmond, Virginia. Abstract and Title Guaranty Company is Michigan's oldest company with a history dating back to the last century.

Lawyers Title's President, George C. Rawlings, disclosed that the purchase price at "around $4,000,000," made this by far the most important acquisition made by Lawyers Title up to this time. The Michigan company has had an operating income for the past five years averaging close to $3,000,000 per year. It's December 31, 1959, financial statement showed admitted assets of $4,686,911. Lawyers Title had assets of $24,223,267 for the same period.

Abstract and Title Guaranty Company, with headquarters in Detroit, has a branch office in Mt. Clemens, Mich., and operates the Washtenaw Abstract Co. at Ann Arbor as a wholly owned subsidiary.

Rawlings said the operations of the newly acquired company would be combined with Lawyers Title's Michigan operations. Lawyers Title maintains one of the largest of its 40 branch offices in Detoit, along with the company's Detroit National Title Division. It also has Michigan branches in Flint, Grand Rapids, Mt. Clemens, Pontiac and Royal Oak, as well as Brooks Abstract Company, an agent in Lansing.

While the Michigan company is the largest company Lawyers Title has thus far purchased, it is the fourth major acquisition within the past 19 months. In August, 1958, the company purchased the Atlantic Title Company in West Palm Beach, Florida; in October of that year the company announced its purchase of Title Guarantee & Trust Co. of Toledo, Ohio, together with a Sandusky subsidiary; in November of 1959, Lawyers Title announced the purchase of the Central Abstract Corporation of Orlando, Florida.

GEORGE RAWLINGS

Good Loan Experience

Mortgage loan delinquencies over the country showed an overall total for the quarter ending March 31 of 2.21 per cent, as against 2.24 per cent in the first quarter a year ago, the national delinquency survey of the Mortgage Bankers Association of America disclosed today. This percentage of mortgage loans in arrears was the lowest for the first quarter since 1957 and third lowest since the national study was inaugurated in 1953.

The study covers 2,763,299 mortgage loans on 1 to 4-family units, of which 61,155 were delinquent at the end of the first period.

Veterans' mortgages, while showing a somewhat higher delinquency ratio than FHA insured mortgages and conventional loans — those not backed by government insurance or guarantee—continue to make a favorable credit showing nation-wide. Veterans' loans one month overdue amounted to 1.95 per cent, as against 2.01 per cent a year ago. Veterans' loans three months or more overdue fell sharply to .38 per cent, as against .39 per cent a year ago.

FHA insured loans one month in arrears amounted to 1.44 per cent, as compared to 1.43 per cent a year ago. Loans three months or more past due fell to .25 per cent, as against 19 per cent a year ago.

Conventional mortgage loans a month delinquent amounted to 1.01 per cent, as against 1.09 per cent in the first quarter of 1959. Loans three months or more overdue were .20 per cent, as against .19 per cent a year ago.

FHA Revisions

FHA Commissioner Julian Zimmerman announced recently the new schedule of minimum down payments authorized by the Housing Act of 1959. The effective date of the new schedule is April 29, 1960, but the new terms may be utilized, if desired for any loan subject to an outstanding commitment or pending application.

Arizona Changes

Henry Kavanaugh, 934 E. Berridge Lane, Phoenix, Arizona, has begun his new duties as manager at the office of the Phoenix Title and Trust Company.

Kavanaugh joined the Company in 1952 and was assigned to the North Central Branch, and was assistant manager prior to his promotion.

He was brought up in Pendleton, Oregon. He joined the Navy and saw service in the South Pacific as Pharmacist Mate from 1942-45. He credited his assignment to this branch of the service because his father was a Doctor. He graduated from the University of Oregon in Salem, 1949. His first business experience was in Real Estate. He has a wife, Mary Lou and there are four small daughters, Katherine, Patricia, Amy Lou and Clare. He holds memberships in Alpha Tau Omega, and the Casey Toastmasters clubs.

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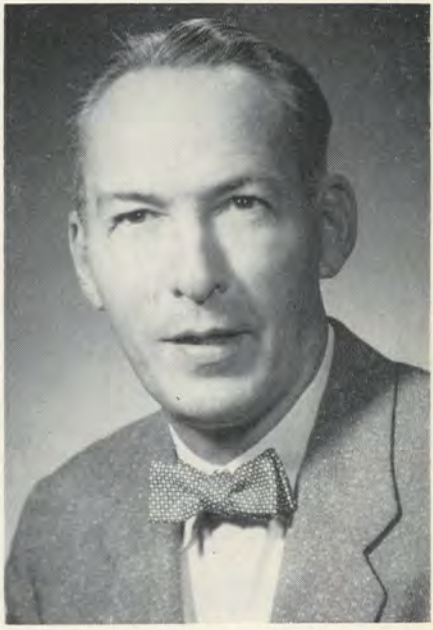
Appointment of David L. Stehr as vice president and senior title officer of Lawyers Title of Phoenix, Arizona, was announced jointly by Harry V. Cameron, President, and Robert S. Vaughan, Executive Vice President.

Stehr, an attorney, has been engaged in title insurance work in Phoenix for the last 17 years. He is a graduate of Fordham University Law School.

At the same time it was announced that Leslie Lewis, a vice president of the company, has been transferred from the title department to public relations.

Lewis has been with the firm since it was established here, and has been in title work for more than 12 years. He is a resident of Glendale.



DAVID L. STEHR

Florida Mortgage News

William A. Martin, vice president and treasurer of the Federal Title & Insurance Corp., Miami, Florida, took over recently as president of the Mortgage Bankers Association of Greater Miami.

He and other officers were installed at a banquet in King's Bay Yacht and Country Club.

One new director elected to the Board of Governors, W. L. Randol, was also installed. He is treasurer of the National Title Insurance Co.

Title Insurance Aids

Commonwealth Land Title Insurance Company, Philadelphia, Pa., named Christopher Davis assistant vice president, and Edward J. Coghlan, William Gilbert and LeRoy D. Schoch assistant title officers.

Washington Co's Acquired

American Title Insurance Company of Miami, Florida, has acquired controlling interest in the Columbia Title Insurance Company and the Real Estate Title Insurance Company, both of Washington, D.C.

Announcement of the action came at a meeting of the boards of directors of the two District of Columbia companies at the Washington offices of Berens Securities Corporation which handled negotiations in the transaction. Terms of the transaction were not announced immediately.

The two District of Columbia companies are among the oldest title insurance companies in the country, having been organized in 1881. Operations, which have been conducted on a joint basis, cover the District of Columbia and the surrounding counties of Maryland and Virginia.

A combined balance sheet of the companies at the close of the last fiscal year, Nov. 30, 1959, showed total fixed assets of $1,287,000, and capital, surplus and legal reserves of $1,224,000.

American Title's consolidated balance sheet for the fiscal year ending Dec. 30, 1959, showed total admitted assets in excess of $11 million, and capital, surplus and legal reserves over $5 million.

In a joint statement to the boards, Joseph Weintraub, chairman of the board of American Title, and Harry J. Kane, Jr., president of both the Washington companies, said that no changes in the officers or personnel were contemplated, and that both Real Estate Title and Columbia Title will continue to operate as subsidiaries of American Title.

At the board meetings, Mr. Weintraub and Jay R. Schwartz, president of American Title, were elected to the board of Real Estate Title, and Mr. Weintraub to the board of Columbia Title.

It is contemplated that Mr. Kane and George W. deFranceaux, a director of Real Estate Title, will be named to the board of American Title.

Mr. Kane announced that he contemplates both Columbia Title and Real Estate Title will enter the national field as a result of the affiliation with American Title.

Celebrates Anniversary

Milton T. Vander Veer, Chairman of the Board, Home Title Guaranty Company, at the Company's annual meeting, announced that Harold W. Beery, President, had just celebrated his fortieth year with the Company.

Mr. Beery joined the predecessor company February 16, 1920 as a title examiner. After serving many years as an executive officer, he was elected President in December, 1957.

"The basis of our government being the opinion of the people the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate for a moment to prefer the latter. But I should mean that every man should receive those papers and be capable of reading them." —Thomas Jefferson

From Kansas City

Eugene T. Phillips, for the past eight years a special representative of Kansas City Title Insurance Company, has been named assistant secretary of the company.

In his new post, Phillips will have direct supervision over the order and closing (non-escrow) divisions. Phillips resides at 4022 the Paseo.

Elected

Floyd B. Cerini, executive Vice-president of Security Title Insurance Co., Los Angeles, California, Operations, has been elected to the Board of Directors of the Southern California Mortgage Bankers Association.

In Memoriam

Wisconsin Titleman

Truman E. Davis, 52, well known Rhinelander, Wisconsin businessman and sportsman, died April 13 in St. Mary's Hospital after a long illness.

He was associated with his father in the Oneida County Land and Abstract Co. for many years and was vice-president of the firm. He was also active in the Wisconsin Title Association.

Born in Rhinelander July 9, 1907, he was the son of Mr. and Mrs. Charles E. Davis. A graduate of Rhinelander High School in 1925, he was married to the former Bernice Carlisle in Minneapolis, September 2, 1933.

He served for two and a half years with the educational department of the U.S. Army during World War II, being discharged in September, 1945, with the rank of staff sergeant. He spent 18 months in the China-Burma-India theater. During his stay in the CBI area he taught bridge for a year in the Red Cross Club at Calcutta, India, and won the CBI bridge championship in May, 1945.

An ardent trout fisherman, he also excelled in golf and bowling as a participant.

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Wilbourne F. Harris

The Oregon Land Title Association lost one of its most prominent members in the passing of Wilbourne F. Harris. Mr. Harris was the president of the Douglas County Title Company. In addition, he was the last surviving member of the original board of directors of the Umpqua Savings and Loan Association, and former mayor of the City of Roseburg. He was born in Topeka, Kansas, but was a long time resident of Oregon.

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R. S. Rodgers

Many friends throughout the title fraternity were shocked and saddened on March 24 by the sudden death of Robert S. Rodgers, president of Lubbock Abstract and Title Co.

Mr. Rodgers also was a regional vice-president of Texas Title Association and a civic and business leader of his community. Lubbock Abstract and Title Company represented Dallas Title and Guaranty Company in the Lubbock area.

A graduate of Texas Tech and the University of Texas Law School, Rodgers had been a Lubbock resident since 1926, when he moved there from Bonham, where he was born in 1910.

Rodgers was a member of St. Paul's Episcopal Church.

He formerly was associated with the Federal Land Bank. In World War II, he was a Chief Warrant officer and saw overseas service, participating in the Battle of the Bulge.

Survivors include: his wife; two sons, Robert and Stephen; and two sisters, Mrs. C. A. Tubbs, Lubbock, and Mrs. Charles Fagg, Hobbs.

Warranty Deed

39478 . . . $2.00

KNOW ALL MEN BY THESE PRESENTS: That for and in consideration of the sum of One Dollar, cash in hand paid, the receipt of which is hereby acknowledged, I, the undersigned HERBERT M. BACON, have this day bargained and sold, and by these presents do hereby bargain, sell, grant, transfer, and convey unto D. B. ROWE and COLONEL A. D. MARTIN, each owning an undivided one-half interest, as equal tenants in common, their heirs and assigns, the following described outer space situate south of the Mason-Dixon Line in the southern portion of the United States of America, to-wit:

All that portion of outer space which hovers and is now hovering all over Dallas County, Texas, together with all the purities and impurities floating around therein. Being a part of the same outer space laid claim to by Herbert M. Bacon by instrument duly recorded in the Register's Office in Knoxville, Knox County, Tennessee. (Tennessee is also known as the Volunteer State.)

TO HAVE AND TO HOLD unto the said D. B. ROWE and COLONEL A. D. MARTIN, each owning an undivided one-half interest, as equal tenants in common, their heirs and assigns, the above described outer space, together with all the hereditaments and appurtenances thereunto belonging as an estate in fee simple forever.

AND I DO COVENANT with the said D. B. ROWE and COLONEL A. D. MARTIN, their heirs and assigns, that I think I am lawfully seized and possessed of the said outer space, that I think I have a good and lawful right and power to sell and convey the same, that I think the same is unencumbered except for some wildcat claim made by a Yankee from Illinois, (which is invalid as Hades, I'm sure), and also any unrecorded claims owned by the Men from Mars, and I think I will warrant and forever defend the title thereto as long as I do not incur any expense of any kind from so doing.

The grantees herein assume all unpaid taxes which have accrued against the subject outer space.

The subject conveyance is not immune from litigation by any means but I feel sure any lawsuits which may arise in connection with the grantor's title will be resolved in favor of the grantor if such lawsuit or lawsuits are tried in the Deep South by a tribunal of honorable and solid southern gentlemen.

WITNESS my hand on this the 27 day of February, 1960.

(signed) Herbert M. Bacon
Herbert M. Bacon, Owner and Agent for all outer space south of the Mason-Dixon Line.

STATE OF TENNESSEE)
COUNTY OF SULLIVAN)

Personally appeared before me, the undersigned Notary Public in and for the State and County aforesaid, HERBERT M. BACON, with whom I am personally acquainted, and acknowledged that he, as the within named bargainor, executed the foregoing instrument for the purposes therein contained and expressed.

WITNESS my official signature and seal at office in Hamblen County, Tennessee, this 27 day of February, 1960.

(signed) Blake F. Piercy, Jr.
Notary Public

My commission expires: October 27, 1962.

Filed for Record on the ..... day of ..... A.D. 19 ....., at ..... o'clock ..... M.
Duly Recorded this the ..... day of ..... A.D. 19 ....., at ..... o'clock ..... M.

ED. H. STEGER, County Clerk

Instrument No. .....

5290/521
Mr. Knight Dallas County, Texas
By ..... Deputy


AMERICAN TITLE ASSOCIATION
EST. 1907