Title News

the official publication of the American Land Title Association

Employee Incentive Activity Productive At Fidelity Title

June, 1971

Vice President's Message

JUNE, 1971

As we end spring and approach the mid-year, perhaps we should take time to look in both directions. Looking back we note that unemployment has reached serious proportions in many areas. At the same time we have experienced rapid and unpredicted increases in housing starts, due at least in part to the availability of lendable funds and reduction in their cost. Many states have had their legislative bodies in session and the spiraling cost of state government has prompted a number of new revenue enactments.

Although a number of affilated state associations have already held their annual conventions, many of such meetings are yet to come. So it is my purpose to encourage your attendance and support at these meetings. A part of the discussions will, no doubt, be directed at new state legislation having a direct bearing on your business operation. A part will apply to federal legislation, pending and enacted, prompted by bulletins from our national office or perhaps by remarks of the official representative of ALTA in attendance.

Vacation periods—increased title orders—costs all incline us to minimize the importance of our being a part of state meetings. Due, however, to the rapid and many changes that are constantly confronting our industry, our participation and contributions are made imperative. I hope you will see it this way and give your support to both your state and national trade organizations by being on hand. If we lack the interest to look after ourselves, whom can we expect to do so?

Sincerely,

John W. Warren

John W. Warren

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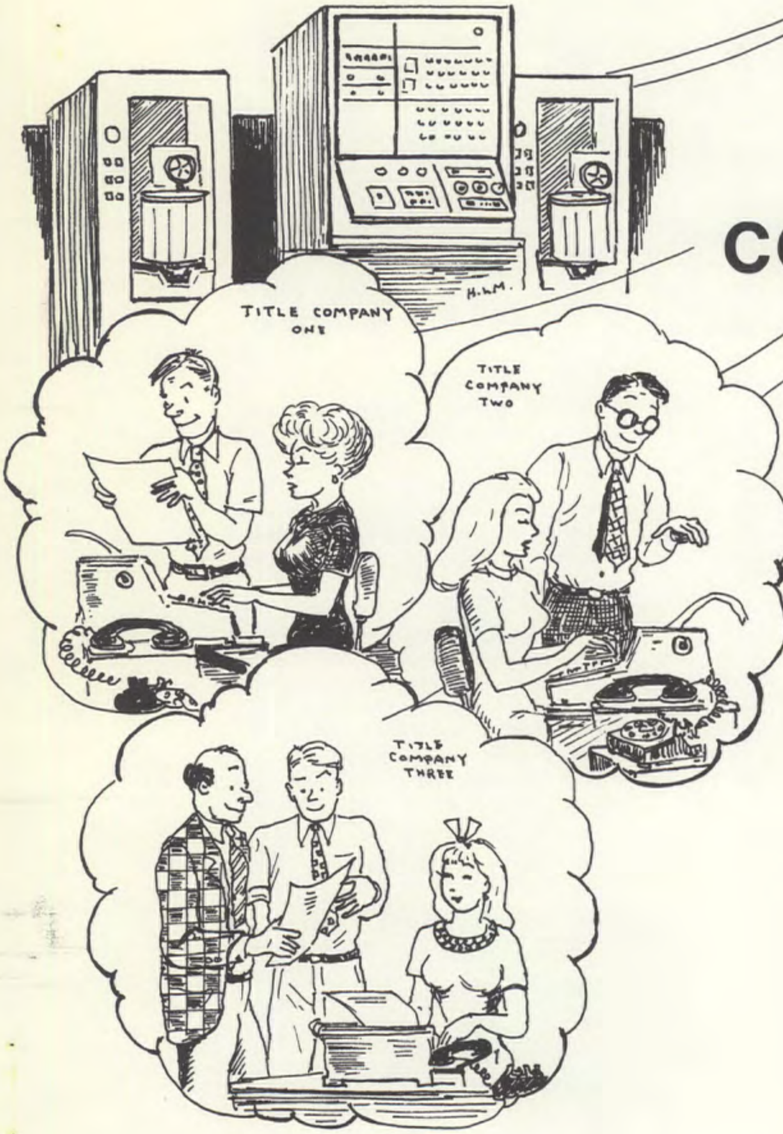

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H W Systems, Inc. is an independent computer system development company which specializes in providing management consulting and cost effective computer services to the land title industry.

ALTA Films for Television

A motion picture crew and "actors" including title company employees, workman in hard hat, and a watchdog recently completed filming in an ALTA activity to help increase national home buyer awareness of the need for land title protection.

Their efforts resulted in two 60-second television public service film clips produced in cooperation with Planned Communication Services, Inc., New York City, as part of the Association's 1971 Public Relations Program. The first clip now is in national distribution to local stations and the second will be sent out for telecasting this fall.

These views of the filming in the Los Angeles area illustrate the lively and informative nature of the clips. Above, a startled home owner in a simulated case abruptly learns that someone else's title has prevailed and that a shopping center will be built on property he thought was his. In the second clip (not shown here), a watchdog frightens away a would-be burglar as the announcer reminds that—in addition to protecting against theft and damage—it is also a good idea to safeguard an investment in a home against loss from possible land title defects. Adding authenticity to the clips are scenes shot at the downtown Los Angeles title plant of Title Insurance and Trust Company—which include Vencil Emmons (below, left) and George Sutherland (below, right) at work in their chosen profession.

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Features

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ON THE COVER: Gene P. Spence, president, Fidelity Title Insurance Company, Omaha, presents flowers to Jackie Toman in recognition of her outstanding escrow work for the company. An article in which he discusses the productive use of employee incentives at Fidelity begins on page 4.

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GARY L. GARRITY, Editor, CAROLYN E. CAPPS, Assistant Editor

Gene P. Spence, President
Fidelity Title Insurance Company

Productive Employee Incentives

Let me preface this commentary with the statement that I wish to report on applied concepts of employee incentive which have been productive to me personally and to my company. (Some may disagree with the tenor of this article; but then the article is an expression of opinion, and whether you disagree or agree, the important thing is that, if you take the time to *think about* the problems of employee incentives, this article will have been worthwhile—provided it brings positive results which mean more profit to your company.)

In the past decade, it has become the custom of the officers and directors of companies to discuss the motives of business in terms other than profit. We have tried as businessmen to balance our goals of profit with the goals of a better environment. We have proclaimed to the management of the future that business does have a heart, that it does wish to share our country's great future with those less fortunate. Such statements are noble; however, those statements also can be empty and vague slogans if used to hide the preliminary purpose of business—to make a profit.

Without profit, government will fail to function as a system of providing social programs because there will be no monies with which to work these programs. I believe it is a mistake for business to downgrade its first priority, which is to make a profit. The land title business must relate to profit, and that includes profit incentive programs, pensions, and other similar devices. Although our business and personal lives must be relevant to the great social goals of our century, the purpose of employee benefits incentive nonetheless should be to increase productivity and result in more profit to the company.

This article is based upon my experience with employee incentive programs that help create profits and will describe how such programs can be used as a tool to effectively obtain maximum profit for a title company.

Profits are created through the productivity of employees in performing land title services. A word of caution is in order at this point: Many employers are deluded into thinking that a happy employee is a productive employee. I wonder if a strong positive correlation exists between productivity and a happy or unhappy employee. Employee incentives should not be overemphasized as to what makes employees happy: a two-hour daily coffee break may make an employee happy, but it does little for increased productivity. There is, however, a positive relationship between productivity and the employee who feels secure in his job and in his future outlook. This relationship exists whether the employee has a happy personality or not. For this reason, I feel incentives should always be directed at those things which make or help an employee feel part of the company and secure in his job and in the future. If he is ever going to be happy in his work, that should give him a head start.

Despite all of the sophisticated benefits available today, the best way to make an employee feel a part of the company is to let that employee know that he or she is appreciated. Team effort, the knowledge that you are part of the team, and individual praise—in our experience—still are the best methods of obtaining maximum effort from employees. Unless you are able to convey your respect for an employee to that employee, no amount of profit incentive will produce the desired result or greater productivity. Pride of accomplishment—to do the best you can—still is alive and doing well in the United States of America. Remember to show appreciation and be grateful to those who help you make your office the best in town.

Once a feeling of pride is accomplished, then consider the forms of employee incentives such as stock pension plan, or similar programs in which you match a small percentage of an employee's salary with an equal amount monthly. Usually, this plan vests 10 per cent of the employer's investment each year the employee is with the company. The unvested portion of employees who have left the company prior to total vesting usually is distributed among remaining employees at the end of the year. How does this create more productivity? In two ways: (1) Employees have a piece of the action as you are buying stock in the company for them. As a consequence they are now stockholders interested in profits; and, (2) They have something to lose if they leave your employ. Thus, you keep them longer and enjoy the benefits of their experience longer. Please note that in order to take full advantage of this type of program, it is advisable to send the employee a monthly statement of his per cent of interest in the company, showing additional purchase of stock each month in order to remind him of his investment in the company and, the alternative, the company's investment in him. In a way, we are paying a premium for experience on a theory that a person who has been with the company for any significant length of time has gained more knowledge and expertise than a person of equal capability who has not been with the company as long.

Regular staff meetings contribute substantially to a productive employee incentive climate at Fidelity Title, and help keep company personnel better informed on current developments. Here, at a short-term planning meeting, Author Spence, left, talks with, from left, Larry Stick, Frank Drelicharz, and Joe McNamara.

I think one of the best means of reminding employees of the additional benefits, which we often take for granted, is to list annually for each employee what he receives in the way of benefits from the company during the course of a year. The individual itemization should include the free coffee and its costs; the tickets to ball games; car allowance; the health plan and what it would cost if it were not provided by the company; the pension trust and the retirement program.

The benefit most often taken for granted and provided by most companies is the health plan. Generally, it is provided to the employee without proper evaluation of its benefits. The result can be unhappy employees if the benefits do not protect them properly and fully. If your plan is skimpy in benefits, you are better off with no plan. One of the first rules of business is never to short change your employees. If they are worth anything, they are worth protecting fully. They are, after all, as much a part of the company as management and should benefit from employee health plans in the same way. Like death and taxes, hospital bills hit everyone when the necessity for such care arises. Make certain your employees are aware of your health plan benefits and review your plan every two years. You will find, as I have, that health plans vary with changing times and that additional coverages can be included at very little extra expense when they become available. Although I know there are arguments on both sides, our plan provides for semiprivate room hospital care, not a definite dollar amount per day, so that as costs rise our employees are adequately protected. This can create additional premium expense, but when weighed against the ill will caused by an employee who must shell out considerable additional monies because the coverage of a plan is inadequate, the expense can be justified.

Another key to any increase in productivity is reward. Share increased profits with those employees who were responsible for such increase and you can assure yourself of continued maximum in productivity from your key personnel. I feel the big reward should go to the sales force, which serves as our public relations arm. They are our "front line". Let's admit it—without the "hawker" out selling our business and keeping our name before our potential customers every day, we do not have much hope of survival in a competitive market. Reward the man who brings in the extra business. Use incentive goals which, if reached, provide him with a trip to a resort for a week, all expenses paid, or with a bonus commensurate with the increase in business. Do not make the mistake I made and feel everyone wants stock options based on production. Trying to stir up my sales people last summer through the stock options was a little tough when you consider the market price was $3.00 per share below the option price. Besides all of us like visual, tangible proof of reward, not an abstract (forgive the pun) concept of stock participation. A vacation, a color TV, a case of scotch, all are more direct and therefore bet-

Continued on page 13

Sherman J. Maisel, Member
Board of Governors
Federal Reserve System

Money and Housing

(Editor's note: This article is adapted from a talk presented May 6 before the Producer's Council in Washington, D.C.)

* * *

Let me list five points which express the relationship between money and housing:

— Greater cyclical stability in housing production is one of the most promising avenues toward increased efficiency and lower relative costs. If the functioning of the money and mortgage markets were improved, the likelihood of achieving a reasonable degree of stability would grow.

— More stability in mortgage markets requires a better financial structure and policies. Fluctuations arise from shifts in the demand for resources and credit in the economy as a whole, and in the way changed demand passes through financial markets. Unstable movements cannot be dampened by superficial steps. Stability requires basic institutional changes.

— A long-run shortage of credit for housing is improbable. The demand for housing starts through the end of the '70's seems quite flat—around two million starts a year. Growth in the need for such credit should roughly coincide with growth in income. Whatever structural problems arise should be solvable either through normal market flexibility or minor fiscal adjustments.

— Short-run instability in mortgage and credit flows remains a major problem. Even as the mortgage sector has experienced significant improvement, total instability may have increased. As a result, still more effort must be placed on improving existing institutions, on creating new ones, and on analyzing possible procedures for future credit allocations.

— Improvements in the illogical manner in which existing housing subsidies are structured could help solve both long-run and short-run problems. These subsidies lower efficiency, render planning by builders and others difficult, and do not aid stability as much as they might. They should be altered.

Author Maisel

Costs and Stability

For over 20 years, I have battled against the common view that housebuilding is "extremely inefficient because it is industrially retarded, organizationally incompetent, technologically backward, and subject to an unusual number of major cost-increasing restraints." It has seemed clear to me that such views could arise only from a basic misunderstanding of our free enterprise market system. I have asked—unsuccessfully—critics to explain how a major industry could withstand almost the identical criticism—world-wide—for over 100 years and still continue to operate in an ineffective manner with gross errors.

Failing to receive a satisfactory answer, I have pointed out that the type of free market which exists in housebuilding should guarantee an industry in sound adjustment with its basic institutional needs. We should expect evolution not revolution in any large industry.

However, efficiency could be significantly increased through greater stability. The availability of funds would improve. A more systematic approach to development and financing would become possible. Better systems should reduce costs. Such improvements are occurring and are bringing some of their hoped-for fruits. As a result, however, some are beginning to fear that the traditional shortage of equity money for development and construction is being replaced by sudden outpourings of speculative funds.

Perfect stability in building is unlikely. This unfortunate fact follows directly from a competitive and uncontrolled market. Builders are many and everywhere. Houses are durable. Nationally, production in a year amounts to only 3 or 4 per cent of the existing stock. Even if production halted completely, inventory of vacant units would allow the increment of families to be housed for the next year or two.

All of these characteristics mean that large fluctuations in the production of housing are to be expected. Roughly the same degree of instability can be found when we examine other series on durable production such as autos or that for business structures and equipment. This degree of instability for the production of durables is in contrast with that found in such areas as electric power production or retail sales of nondurable goods. Instability in these areas is less than half of that exhibited by housing, autos, or plant and equipment outlays.

Given basic instability, however, if movements in credit offset rather than increased the market's inherent tendency to fluctuate, all would gain. Such offsetting has not occurred in the past. Institutional changes should aim at making future credit movements decrease rather than increase housing fluctuations.

Money and Stability

For housing to receive a more stable flow of credit, the supply of savings and the level of investment demand throughout the entire economy must be smoothed out. In addition, housing must be able to compete for credit on sounder terms than it has in the past.

Shortages of housing credit have not been artificial or arbitrarily created. They have reflected the manner in which scarce commodities are rationed in our economy. Credit becomes tight when the growth of aggregate demand speeds up and either threatens to exceed or does exceed available resources. Such imbalances may arise from war, from too rapid business investment in plant, equipment, or inventories, from sudden spurts in consumption, or from too rapid an increase in housebuilding itself.

When a discrepancy arises, demand must be cut to fit supply. Such curtailments can occur through higher taxes, reduced government spending, curtailment in credit, or inflation. In fact, all four adjustment processes usually go together.

Availability of mortgage credit is more unstable than total credit because it suffers from unfortunate institutional handicaps. Mortgages are usually purchased by financial institutions. Because of their asset structure, these institutions find it difficult to compete for funds when short-term rates rise rapidly. In addition, attempts to aid mortgage borrowers have established long-term disabilities such as usury laws, fixed interest ceilings, complexities of loans, and problems of foreclosure. These make mortgages non-preferred loans. When demand is high, lenders can choose more preferred borrowers. Potential mortgagors are cut out.

It is occasionally proposed by some, ignoring the basic underlying problem, that housing's lack of credit be dealt with by creating additional money to fund mortgages either directly or indirectly. Unfortunately, funding mortgages through creating new money is likely to decrease rather than add more resources for housing, unless demand is curtailed elsewhere. Paradoxically, the more total credit expands, the less there may be for housing. Thrift institutions, the basic source of mortgage money, are always threatened by inflation. They cannot continue to function and invest in mortgages if inflation drives the value of equities up and that of debt instruments down.

Will There Be Enough Credit In the 70's?

Some people worry about a basic shortage of mortgage credit in the 1970's. For such a shortage to occur, there would have to be either (1) a sudden and unexpected increase in the demand for housing, or (2) a great change in the underlying savings and investment structure of our economy, or (3) a major loss in competitiveness of mortgages in the credit markets.

While any of these developments is possible, I think all of them are improbable.

The demand for housing or mortgage credit is unlikely to outstrip the growth of the economy. On the contrary, the basic demand for private housing starts is now close to its expected level for the rest of the decade. Recent starts are within the range of normal variation around the projected average for the decade. The translation of starts into dollar volumes of construction and borrowing is difficult because of unanswerable questions of prices, costs, and efficiency, but I would be surprised if the demand for housing credit or resources changed much in either direction from their past increasing relationship to the remainder of the economy.

Similarly, with respect to the supply of savings and credit, it is possible that a series of massive policy errors could so disrupt the savings and mortgage markets as to produce a major mishap. Since I am a confirmed optimist, I place low probabilities on the likelihood of such extreme errors. Difficulties may, of course, exist with respect to the cost of credit to families with low incomes. This I discuss in my final section.

The Demand for Private Housing Starts

Table I shows a projected demand and supply for housing for the decade April, 1970, to April, 1980, based upon a preliminary analysis of available Census data. The picture may alter somewhat when final Census data appear.

The Census contained no surprises. It seems to me that it reconfirmed the view that private housing starts at an annual average rate of 2 million units a year during the 70's could readily meet both actual market demand and the nation's housing goals.

A two-million private starts level, according to the table, would more than adequately achieve the 10-year Congressional goal of the construction or rehabilitation of 26 million units. In fact, with 20 million private starts total production or rehabilitation of housing units would be close to 28 million, or considerably above the stated goals.

Yearly estimates for the decade show both demand and required production to be quite flat. The current level of starts and its various supplements are already cutting into the backlog of demand. If, as some predict, starts at the turn of this year reach two million, the goal for the following eight years could well be to maintain this level in order to obtain stability.

We should not, of course, overemphasize the probable accuracy of projections this far into the future. A continuation of war, economic events far different from expected, and atypical years toward the end of the decade would shift both demand and supply relationships. For example, the projections I made in 1962 for the past decade turned out to be 5 per cent too high—mainly because of the Vietnam war's effect. Still, even with such caveats, I would not expect the errors for this decade to exceed by much those of the last decade. Such a range (5 to 10 per cent) should not have a major effect on analysis or policy decisions.

Most of the table is based on standard assumptions. These include a fairly high rate of household formation with removals and rehabilitations growing somewhat faster than the housing stock. As a result, the table implies a steady removal of sub-standard units and continued improvement in the total housing stock.

The inclusion in the figures for demand of a large number of vacancies probably strikes the uninitiated as the most startling item in the table. The demand for vacancies is shown as 235,000 a year more than those which occurred in the 1960's. Clearly individual investors or builders want vacancies as low as possible. Why should they be included in demand?

The projection assumes that there is some level of vacancies (actually 9 per cent of the stock) that is normal if people are to have desired mobility, recreational units, and a relatively unconstrained choice of housing types.

Vacancies did not grow in the

Continued on page 13

Table 1

SUPPLY AND DEMAND FOR HOUSING UNITS, 1960 — 1980

(In thousands; annual rates)

	April 1 1960 to April 1 1970	April 1 1970 to April 1 1980	▲ '70's minus '60's
Demand			
1. Change in households	1040	1400	360
2. Removals:			
Private	500	580	
Public	10	20	
Mobile *	105	230	
Subtotal	615	830	215
3. Vacancies:			
Normal (9%)	95	120	
Deviation from normal	—105	105	
Inventory under construction	15	15	
Subtotal	5	240	235
4. Rehabilitation **	265	310	45
TOTAL	1925	2780	855

	April 1 1960 to April 1 1970	April 1 1970 to April 1 1980	▲ '70's minus '60's
Supply			
1. Private starts [1]	1410	2000	590
2. Public starts	40	70	30
3. Mobile shipments *	210	400	190
4. Private and public rehabilitation **	265	310	45
TOTAL	1925	2780	855

[1] Includes subsidized starts.

* Based on assumed 400,000 mobile homes shipments annually and 10-year average life.

** Actual levels of rehabilitation are unknown. What is known is that sub-standard units as a result of market action decreased from approximately 37% of stock in 1950, to 18% in 1960, to 9% in 1970, or by about 10.6 million units between 1950 and 1960, and 4.5 million between 1960 and 1970. The indicated level of rehabilitation could further reduce the ratio to under 2% in 1980.

Constitution and By-Laws Amendments Proposed

(Editor's Note: In accordance with Article XI, Amendment or Revision, ALTA Constitution and By-Laws, the following proposed Constitution and By-Laws changes recently were submitted to the Association Board of Governors by the Constitution and By-Laws Committee. These amendments will be submitted for approval by ALTA active members at the 1971 Annual Convention in Detroit in October. They are presented here to provide an opportunity for ALTA members to study them in advance of the upcoming Convention.)

* * *

On August 21, 1970, the Executive Committee determined that a meeting should be held during each Mid-Winter Conference and Annual Convention which would be limited to active members of the Association. The following amendments to Articles III and IV of the Constitution are necessary to comply with this action of the Executive Committee:

NOTE: New language is indicated by underscoring.

* * *

PROPOSED AMENDMENT TO SEC. 5, ARTICLE III OF THE CONSTITUTION AND BY-LAWS

Sec. 5. REPRESENTATION AND VOTING AT MEETINGS OF MEMBERS: Only active members shall vote. Each active member in attendance at any meeting or polled on any proposition shall have one vote. Vote of any firm, partnership or corporate member may be cast by any member of such firm or partnership or officer of such corporation. No vote may be cast by proxy at any meeting of members.

Associate members, honorary members and delegates of affiliated associations may attend any meeting of this Association or of its Sections, <u>except closed sessions, and</u> may participate in the deliberations and discussions but shall not have a vote.

PROPOSED AMENDMENT TO ARTICLE IV OF THE CONSTITUTION AND BY-LAWS

Sec. 3. <u>CLOSED SESSIONS: At each Annual Convention and Mid-Winter Conference there shall be, as a regular part of such meeting, a closed session. Attendance at such closed session shall be limited to active members of the Association only.</u>

Amend Article IV, Sections 3, 4 and 5 by renumbering them Sections 4, 5 and 6 respectively.

On April 1, 1970, the Board of Governors adopted the recommendation of the Planning Committee that the Constitution and By-Laws be amended in the case of the Liaison Committee with the National Association of Insurance Commissioners and the Federal Legislative Action Committee to provide for the appointment by the president of a chairman and such other members as the president shall deem advisable. The Board stipulated that there be due representation of each Section on the Liaison Committee with the National Association of Insurance Commissioners and that the members of the Federal Legislative Action Committee be selected from different geographic areas of the country. The Board also agreed that all mandatory provisions concerning the size and nature of any subcommittee be removed from the Constitution and By-Laws.

Although not part of any recommendation, the Constitution and By-Laws Committee considers the language pertaining to the Young Titlemen's Committee in Sec. 4, Article VII of the existing By-Laws to be ambiguous and not in keeping with the pattern established for other committees. The Committee is, therefore, recommending clarifying language which would empower the Board of Governors to establish the maximum age of members of this Committee rather than the Committee members themselves.

The following amendments to Articles VII and VIII of the Constitution are necessary to comply with the recommendations of the Planning Committee, Constitution and By-Laws Committee and action of the Board of Governors:

NOTE: Deletions are shown by strike-out, and additions are shown by underscoring.

* * *

PROPOSED AMENDMENT TO

SEC. 4 OF ARTICLE VII OF THE CONSTITUTION AND BY-LAWS

Sec. 4. (a) OTHER COMMITTEES: The President within thirty days after election shall fill expired terms and vacancies, if any, in the Liaison Committee, the Grievance Committee, the Standard Title Insurance Forms Committee and Standard Title Insurance Accounting Committee and shall appoint all members of the Planning, Judiciary, Liaison Committee with the National Association of Insurance Commissioners, Membership and Organization, Legislative, Federal Legislative Action Committee, Public Relations, Constitution and By-Laws Committees, and Young Titlemen's Committee, and such other committees as may have been authorized by the Board of Governors or by the members at any convention, each to consist of a Chairman and such number of members as he shall deem advisable, unless otherwise provided by the Constitution and By-Laws.

(b) Except with respect to standing committees, the composition of which is otherwise prescribed in these By-Laws, the Board of Governors is authorized and empowered (1) to create and establish such other committees, not provided for or specified in the Constitution and By-Laws, as it may deem necessary to carry out the orderly functions of the Association in accordance with its purposes and objectives; (2) to designate whether any such committee shall be a standing committee or a special committee; (3) to change the designation of any such committee from special to standing or from standing to special; (4) to specify the functions and powers of any such committee; (5) to determine and change from time to time the number of members and their terms; and (6) to abolish any such committee or terminate the term of any committee member.

The Liaison Committee shall be composed of the Immediate Past President, the Vice President, the Chairman of the Abstracters and Title Insurance Agents Section, the Chairman of the Title Insurance and Underwriters Section, the Chairman of the Standard Title Insurance Forms Committee, and four appointed members. The four appointed members shall be selected on a basis that will at all times afford the Committee broad geographical representation. The Vice President shall be Chairman of the Committee.

The Grievance Committee shall be composed of a Chairman who shall serve for one year and six other members divided into three classes of equal number, initially to serve one, two and three years, each succeeding class to serve for three years. No two members of the Grievance Committee shall be accredited from the same state, territory or district and each Section of the Association shall be represented on the Committee.

The Standard Title Insurance Forms Committee shall be composed of a Chairman and eleven other members. No more than two members shall be accredited from the same state, territory or district. No appointment shall be made that will afford any corporate member, or affiliated group of corporate members, directly or through its, or their, agents, concurrent representation by more than two of its officers or employees. The members shall be divided into three classes of equal number, initially to serve one, two or three years, each succeeding class to serve for three years. ~~The Chairman shall appoint a subcommittee on uniform language for Schedules A and B and other blank spaces in the standard title insurance forms, to be composed of not less than six committee members, one of whom shall be designated subcommittee Chairman. With prior approval of the Board of Governors, the Chairman may appoint other subcommittees to carry out the objectives of the Committee as in Article VIII, Section 19 provided, each to consist of a Chairman and such number of other committee members as he shall determine.~~

The Legislative Committee shall be composed of a Chairman and one member from each state or territory of the United States and the District of Columbia.

The Young Titlemen's Committee shall be composed of a Chairman and ~~anyone~~ persons under a maximum age to be established from time to time by ~~a majority vote of the members of the Committee in attendance at a meeting called by the Chairman or Vice Chairman~~ the Board of Governors and who, individually or through company membership ~~is an~~ are active ~~member~~ members of the Association.

The Standard Title Insurance Accounting Committee shall be composed of a Chairman and eleven other members. Not more than two members should be accredited from the same state, territory or district. No appointments shall be made that will afford any corporate member, or affiliated group of members, directly or through its or their agents, concurrent representation by more than two of its officers or employees. The members shall be divided into three classes of equal number, initially to serve one, two or three years, each succeeding class to serve for three years. ~~The Chairman may appoint such subcommittees as he deems necessary, each of which subcommittee shall be composed of not less than six committee members, one of whom shall be designated as subcommittee Chairman.~~

~~The Chairman and members of each of the Committees referred to in this Section whose terms expire shall continue in office until their respective successors are appointed.~~

~~The Liaison Committee with the National Association of Insurance Commissioners shall be composed of a Chairman and five other members, each representative of an active member of the Association.~~ Each section shall be represented on the ~~committee~~ Liaison Committee with the National Association of Insurance Commissioners. Each member of the committee shall be or represent an active member of the Association.

~~The Federal Legislative Action Committee shall be composed of a Chairman and four other members~~ The Chairman and members of the Federal Legislative Action Committee shall be selected from different

Continued on page 15

names in the news

LOEBBECKE

SICILIANO

MACNEIL

JOHNSTON

HOWLETT

The TI Corporation (of California) has announced realignment of its management and responsibilities structure.

Ernest J. Loebbecke is advanced to chairman of the board and remains chief executive officer of the company. **Rocco C. Siciliano,** a former Under Secretary of Commerce, joins the company as president and chief administrative officer. **James D. Macneil,** executive vice president—operations, assumes corporate supervision for the company's title insurance and trust operations and for Adrian Wilson Associates, architectural-engineering firm. **Douglas F. Johnston,** executive vice president—finance, becomes responsible at the corporate level for operations of Jeffries Banknote Company and of the TI Home Transfer Service Corporation. **Richard H. Howlett,** executive vice president, general counsel and secretary, assumes additional responsibility for the company's TI Properties Corporation subsidiary.

* * *

SWARTZ

John Swartz, attorney with Obermayer, Rebmann, Maxwell & Hippel, Philadelphia, has been elected to the board of directors of Commonwealth Land Title Insurance Company.

Commonwealth also has announced the following promotions: **Frank J. Ruck, Jr.,** manager, Chestnut Hill (Pa.) office, to title officer; **Robert DiCerbo,** manager, Ambler (Pa.) office, to assistant title officer; **James D. Meccia** and **Frank W. Feoranz,** Hackensack (N.J.) office, to assistant vice presidents.

* * *

J. Stevenson Peck, president and director of Union Trust Company of Maryland, Baltimore, has been elected a director of The Title Guarantee Company.

* * *

SUTTON

COCKE

TAYLOR

PEARCE

HATFIELD

HAND

SHAPIRO

Lawyers Title Insurance Corporation has announced the following elections: **Henry B. Sutton,** counsel, Atlanta branch office; **Richard Cocke** and **James A. Taylor, III,** assistant counsels, Richmond office; **Ewell E. Pearce,** formerly Miami branch manager, now in charge of business promotion and sales for lower east coast, Florida; **William A. Hatfield,** manager, Miami branch office; **John H. Hand,** manager, Sarasota (Fla.) branch office; **Haskell Shapiro,** title officer, Boston branch office.

* * *

Julian H. Boos, formerly vice president—marketing, has been elected president, Peninsular Title Insurance Company, Jacksonville, Fla. He replaces **N. Clement Slade, Jr.,** who continues to serve as vice chairman of Peninsular's board of directors.

* * *

EAGAN

John J. Eagan, senior vice president, has been elected corporate secretary of Title Insurance and Trust Company. **Russell P. Place, Jr.,** has been elected trust officer and **Anne R. Jacobi** assistant trust officer, both in the company's trust department in Los Angeles. **Philip J. Ready,** has been appointed manager of escrow operations for TI operations in San Francisco.

* * *

MAINE

Inter-County Title Guaranty and Mortgage Company has announced the following elections: **Frank J. Kroemer,** vice president and comptroller of Inter-County, to the board of directors; **Henry E. Maine,** claims counsel and head of new claims department; **Howard Oken,** title officer; **Harry Gold,** office counsel; **Valentine J. Miller,** assistant vice president — personnel; **Mrs. Lillian Dier** and **Mrs. Viola Delahunty,** assistant secretaries. In addition, **James W. Kaye, Jr.,** has been named assistant secretary in the company's White Plains (N.Y.) office.

* * *

SWEAT

MANGIARACINA

REITINGER

Pioneer National Title Insurance Company has announced the following: **Ray E. Sweat,** vice president, has been elected corporate secretary for PNTI; **Philip M. Mangiaracina,** assistant vice president, has been appointed manager, midwest agency operations, Chicago; **Edward L. Brix** has been appointed manager, Wayne County (Mich.) office, Detroit; **James A. Callahan** has been appointed manager, southeast regional office, Atlanta; **John Reitinger** has been named Cook County (Ill.) manager for title insurance, real estate, and related financial services for PNTI, with headquarters in Chicago.

* * *

Bertrand J. McDonall, Jr., has been named director of sales for Employee Transfer Corporation, Chicago, a subsidiary of Chicago Title.

* * *

BURNS

Ray Garrett, Jr., partner in the law firm of Gardner, Carton, Douglas, Chilgren and Waud, and **Robert H. Pease,** senior vice president, Draper & Kramer, Inc., have been elected to the Chicago Title and Trust Company board of directors.

Chicago Title also has announced the election of **William E. Burns** as a vice president. He continues as manager of the Madison County (Ill.) office.

* * *

Lewis W. Douglas, Jr., president, The Lewis Douglas Development Company, Los Angeles, and **Gregor G. Peterson,** president, Sutter Hill Development Corporation, Palo Alto, have been elected directors of The First American Financial Corporation, Santa Ana. They replace **L. Rex Kennedy** and **James E. Liebig,** who have resigned.

Inter-County Opens New Virginia Branch

Inter-County Title Guaranty and Mortgage Company has opened a new office at 10560 Main Street, Fairfax, Va., to serve northern Virginia.

John Standish, formerly with Inter-County's Maryland office, has been appointed manager for the Fairfax operation, which is the first fully controlled Inter-County branch office in Virginia. The office will be under control of the Maryland headquarters, which is directed by W. Dawson Cave, vice president.

The opening of the Fairfax office brings to five, the number of Inter-County agencies in Virginia.

EMPLOYEE INCENTIVES—Continued from page 5

ter incentives for the employee to give that extra ounce of effort.

Be sure that the public and our industry are told of your employees progress. Give credit to the employees for the company's success whenever you can, and be sure news media are contacted and given the information about any employee promotions or accomplishments.

In order to give your employees the tools to increase productivity both in and out of the office, encourage their attendance at schools which will increase their knowledge of the service they provide. No one can know too much about the land title business. To obtain maximum productivity in any field, and title evidence certainly is no exception, the best tool an employee can have is expertise.

Finally, have lots of staff meetings. Keep your people informed of what's going on and let them inform you of what's going on. You'll find the information you get probably is of more significance than that you provide. But, either way, you keep your people "in the know". No one wants to work for a company that keeps him in the dark about the future plans. I don't mean to imply that deep, dark secrets such as guaranteeing title to the moon should be discussed. But employees generally need to know if for no other reason than to feel part of the progress of the company.

In business, progress is marked by profit. Profit is earned by performing a service. The better the service, the better the profit. Our employees are the key to better service. Give them the feeling of participation, the knowledge, and the profit-incentive, and your company will progress.

William Holstein Honored by Jaycees

WILLIAM HOLSTEIN

William T. D. Holstein, vice president of LaCrosse (Wis.) County Title Company and president of the Vernon County Title Co., Inc. (Viroqua, Wis.), recently received the LaCrosse Jaycees Distinguished Service Award for outstanding community leadership.

Besides being active in ALTA (member of the Young Titlemen's Committee) and in Wisconsin Title Association, he is a director of the Coulee Region Kiwanis Club and chairman of its Festival Pops Night.

He is a director of the LaCrosse YMCA and chairman of the youth and camp committee; chairman of Division 300 of the LaCrosse Area United Fund; treasurer of the LaCrosse Chapter of the Kidney Foundation; first vice president of the LaCrosse Community Theater; and member of the Greater LaCrosse Chamber of Commerce, serving as an ambassador and member of the aviation and military affairs committees.

In addition, he is a LaCrosse Plug and director of the Coulee Region Festival of Arts.

Chicago Title Obtains Interest in Agency

Chicago Title Insurance Company recently has acquired half interest in The Guardian Group, Inc., its issuing agent in Philadelphia since 1969.

Guardian, which operates in surrounding Philadelphia, Bucks, Delaware, Montgomery, and Chester counties, will continue operations under Mark Yaskin, chairman of the board and counsel; James Hines, president; and Edward Geller, vice president.

Jack Levine, resident vice president of Chicago Title, and LeRoy D. Sanders, Chicago Title vice president, have been elected to Guardian's board of directors.

MONEY AND HOUSING—Continued from page 8

'60's. Because of over-building, vacancies grew at too rapid a pace through 1965, but since the war accelerated, the number of units started has been less than the growth in basic needs. We have cut into both the fat and sinew of vacancies. Normal and increased vacancies to make up for this shortage from a considerable share of the increased demand projected for the 1970's. The postponability of this demand creates a large likelihood of instability for starts.

The footnote of the table points out that very little is known about the supply and replacements of mobile homes and similarly of rehabilitations. We know only that in the past rehabilitations and mobiles have been significant in housing new families and upgrading the stock. So far as these supply elements are concerned, the table uses rather conservative assumptions. It shows these factors adding less to net supply than other observers usually allow. As a result, many may believe that the estimate of two million private starts a year is too high. However, since movements in both mobiles and rehabilitations are somewhat self-limiting inasmuch as they create their own off-setting pressures in the opposite side of the table and vice versa, I prefer to stay with a conservative approach rather than lowering the projected starts.

The existence of a more or less steady demand for starts throughout the decade is unexpected. It results from the assumption that the sizable backlog of missing normal vacancies will be filled earlier rather than later in the decade. Household formation and need for replacements do, of course, rise steadily. On the other hand, the existing shortage in vacancies is over one million units. With starts at a two million level in 1972 and thereafter, this source of demand would decrease as the others rose.

The fact that basic demand is likely to be so stable does not, of course, lead to a similar prediction for starts. It does mean, however, that the goal of finding policies to decrease production fluctuations is not inconsistent with the basic underlying forces. Stability in supply may not be achieved, but it is both possible and worth striving for.

Mortgages and Savings

I have not changed my past analysis of the long-term availability of mortgage funds. Most projections of savings and investment show that significant problems could arise only if our economy started to operate very differently from the past. Such a critical shift is possible, but unlikely in the coming eight years.

Some observers are concerned because they believe mortgages will not be able to compete with other financial instruments. They fear either too much competition from the stock market or that financial institutions, through a self-defeating attitude towards innovation, will lose their market shares.

Competition. I assume that some logical relationship must exist between equity and debt yields. At some point, the mortgage market will be able to attract necessary funds.

The fact that deposit institutions must compete with other markets for savings is one of the reasons why the form of the mortgage should change. Variable interest rates, equity participations, differences in amortization schedules are all ways of allowing deposit institutions to bring their assets into line with their liabilities. Unless innovations are made, they will not be able to compete with other investments nor will they hold or expand their share of savings.

While a decline in deposit institutions' share of financial flows would slow adjustments, it need not cause a shortage of mortgage money. The history of financial institutions is that new ones arise if existing ones fail to adjust. One can picture many ways in which the mortgage market could continue to operate even if the share of deposits in total financial flows fell. The fact that governmental sponsored agencies raised more than half the money for the net growth of mortgage funds in the last half of 1969 is a good example of how the system achieves an adjustment.

Total Savings. While the additional resources needed for a desired equilibrium between savings and investment do not appear large, given the size of past programs and the economy, a specific effort may be required to achieve them. The important requirement is that the level of savings, including that produced by the government's surplus or net lending, equals the desired level of investment. When such an equilibrium occurs, most of the problems of the residential mortgage market will disappear.

The really critical variable in determining that these total funds are sufficient will be the action of the federal government, just as it has been for much of the past. This is because obtaining an adequate pool of savings is primarily a question of fiscal policy, that is to say, of government spending, tax, and lending programs in relation to general economic activities.

Short-Run Instability

We have noted that fluctuations in the availability of mortgage credit have increased rather than decreased the basic instability of house-building. Can this be turned around? Can credit act to improve stability? I think so.

Part of the problem arises when the total demand for credit and resources exceeds the supply and as a result mortgage credit gets squeezed out. As many now recognize, improved fiscal policies are almost certainly the most direct method of correcting the problem. At times, however, the problem may arise primarily from an excess credit demand in a specific sector. In that case, the correct solution may be to raise the marginal cost of borrowing in this sector through such devices as taxes, decreased tax exemptions, or direct additional charges for borrowing.

A problem also exists, however, because the mortgage system itself causes the availability of funds within it to fluctuate far more than desirable. Mortgages fail to compete adequately for their share of the general credit supply. Changing existing institutions or creating new ones may correct this problem.

The government must play an even more dominant role in the search for stability or contra-cyclical policies in the housing and mortgage market than it does in the long-run markets. The federal government is by far the largest factor in this market through its tax and subsidy programs, its guarantee and insurance procedures, its sponsored agencies, and its programs for direct lending and grants. If the government desires to achieve certain housing goals, devising the necessary programs requires some technical skills not impossible to secure. The critical problems are in the final analysis primarily political. The government must determine what priority housing is to have in our national scale of objectives. It must then translate this priority into actuality by a proper selection of policies.

I think more and more people are coming to realize that the attempts through an almost bewildering array of laws and regulations to place mortgage borrowing in a special market with slightly lower rates may have done more harm than good. Such efforts have magnified normal instability. They have not attempted to separate markets by need. Great improvements might be possible if we allowed those who are willing and able to do so to bid freely for funds in the market. At the same time, those who are rationed out by high rents or high prices from adequate shelter should be offered direct government aid or other assistance to enable them to enter the market for funds also.

One method of allowing mortgages a fair crack at the general supply of credit has been through the establishment of lending agencies such as FNMA (Federal National Mortgage Association) and FHLB (Federal Home Loan Bank Board). These agencies form part of an evolving general program of developing money and capital market institutions capable of integrating mortgage finance more closely into our financial markets. Such evolution will continue to lessen the dependence of mortgage lending on the more traditional sources of funds, such as savings and loans and insurance companies.

Variable interest rate mortgages offer another way of making mortgage investments considerably more attractive for lending institutions. The fact that lenders' income would move more closely with current market rates would insure the ability of financial institutions to compete more effectively for funds as rates change. They also would make mortgages a less risky and, therefore, more valuable investment. Variable interest rates need not alter the borrower's monthly payments but rather could increase or decrease the amount of repayment on principal made each month and therefore would lengthen or shorten the ultimate term of the mortgage.

Subsidies and Stability

There may be times when the flow of mortgage money should be increased by additional subsidies. The government may desire to improve the allocation of credit compared to the haphazard allocations which result from the mixed price and nonprice elements of our financial structure, or it may want to increase flows for stabilization purposes.

Unfortunately, as I see it, current procedures, in addition to being haphazard, waste a good deal of the government's money. High or moderate income households receive too large a share of subsidy funds. Proposals to subsidize mortgage borrowing in general are likely to make matters worse. Beyond the fact that benefits are not being distributed in accordance with needs, our existing incentives have created too much instability. Families are pushed in and out of the mortgage and housing market through both rationing and prices. Our current knowledge of the extent to which the government aids the mortgage and housing markets, and the distributional impact of this aid is woefully deficient. A considerable effort, both empirical and theoretical, is badly needed to provide the necessary information for the development of rational, effective housing programs.

Zeiser Re-Elected NELTA President

ALTA Abstracters and Title Insurance Agents Section Chairman James A. Gray, center, and ALTA Executive Vice President William J. McAuliffe, Jr., right, extend congratulations to Bruce H. Zeiser, left, on his re-election as president of New England Land Title Association. The photograph was taken April 28 at the NELTA Convention at Newton, Mass.

PROPOSED AMENDMENTS—Contd. from page 10

geographic areas of the country.

The Chairman and members of each of the Committees referred to in this Section whose terms expire shall continue in office until their respective successors are appointed.

PROPOSED AMENDMENT TO SEC. 19 OF ARTICLE VIII OF THE CONSTITUTION AND BY-LAWS

Sec. 19. THE STANDARD TITLE INSURANCE FORMS COMMITTEE shall (1) review from time to time the standard title insurance forms approved at Annual Conventions or Mid-Winter Conferences and recommend for use by Association members, (2) recommend for such use new standard forms or revisions of existing standard forms in a continuing effort to keep title insurance coverage responsive to the justifiable needs of insureds, and the title insurance industry and consistent with requirements of supervisory authorities, ~~and~~ (3) confer with counsel or other representatives of insureds who utilize the services of member companies of this Association throughout broad geographical areas and with supervisory authorities of member insurers for the purpose of implementing the foregoing objectives, ~~The sub committee named in the fourth paragraph of Section 4 of Article VII, shall~~ and (4) study common or frequently recurring circumstances or conditions affecting insurance of titles to interests in real property and develop uniform language recommended for use in Schedules A and B or other blank spaces of the standard title insurance forms. Recommendations of any sub-committee shall be subject to approval by a majority of the whole number of the Committee. The Committee shall report at each Annual Convention and Mid-Winter Conference of the Association to the Title Insurance and Underwriters Section or to the membership, or to both Section and Association membership, as the occasion shall require, and all reports and recommendations of the Committee shall require action by a majority vote at the convention or conference at which they shall be submitted in order to qualify as standard forms or procedures. All reports of the Committee shall be advisory in nature and no members shall be required to follow their recommendations nor to use recommended standard forms nor to follow recommended procedures. Neither the Committee nor any sub-committee shall render formal written opinions to members of the Association, to policy holders, or prospective purchasers of title insurance.

Abstracter Completes 50 Years Service

LELAND I. SELVEY

On March 1 of this year, Leland I. Selvey, 75, of Lamar, Missouri, observed his fiftieth year in the abstract business.

Except for World War I military service, he has spent his entire life in Lamar—the birthplace of Harry S. Truman. In 1950, he served as president of the Missouri Land Title Association.

His wife, Mrs. Marguerita Selvey, advises that his contributions to abstracting and to his community are too numerous to list. She adds that her husband has become an institution in Lamar and surrounding Barton County.

And, Mrs. Selvey offers an observation that will come as glad tidings to many titlemen. Her husband remains in near perfect health, she says, probably because of his 40-year devotion to golf.

meeting timetable

1971

June 30-July 3, 1971
New York State Land Title Association
The Otesaga
Cooperstown, New York

July 8-10, 1971
New Jersey Land Title Association
Seaview Country Club
Absecon, New Jersey

August 12-14, 1971
Montana Land Title Association
Florence Hotel
Missoula, Montana

August 26-28, 1971
Minnesota Land Title Association
St. Paul Hilton
St. Paul, Minnesota

August 26-28, 1971
Nevada Land Title Association
CalNeva Lodge
Lake Tahoe, Nevada

September 15-17, 1971
Nebraska Title Association
Villager Motel
Lincoln, Nebraska

September 17-19, 1971
Missouri Land Title Association
Downtown Holiday Inn
Kansas City, Missouri

September 17-18, 1971
North Dakota Land Title Association
Tumbleweed Motel
Jamestown, North Dakota

September 17-18, 1971
Wisconsin Title Association
Racine Motor Inn
Racine, Wisconsin

September 23-25, 1971
Ohio Land Title Association
Sheraton-Columbus Motor Hotel
Columbus, Ohio

September 24-25, 1971
Kansas Land Title Association
Holiday Inn Towers
Kansas City, Kansas

October 3-6, 1971
ALTA Annual Convention
Statler Hilton Hotel
Detroit, Michigan

October 24-26, 1971
Indiana Land Title Association
Indianapolis Hilton
Indianapolis, Indiana

October 28-30, 1971
Florida Land Title Association
Colonnades Beach Hotel
Palm Beach Shores, Singer Island, Florida

November 4-5, 1971
Dixie Land Title Association
Mobile, Alabama

December 1, 1971
Louisiana Title Association
Royal Orleans Hotel
New Orleans, Louisiana

1972

March 1-2-3, 1972
ALTA Mid-Winter Conference
Regency Hyatt House
Atlanta, Georgia

October 1-2-3-4, 1972
ALTA Annual Convention
Astroworld Complex
Houston, Texas

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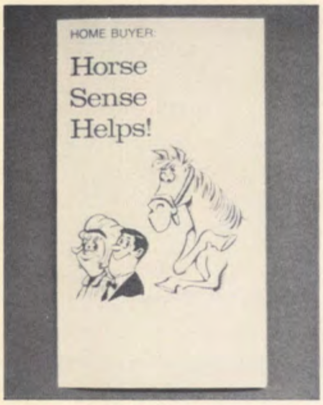
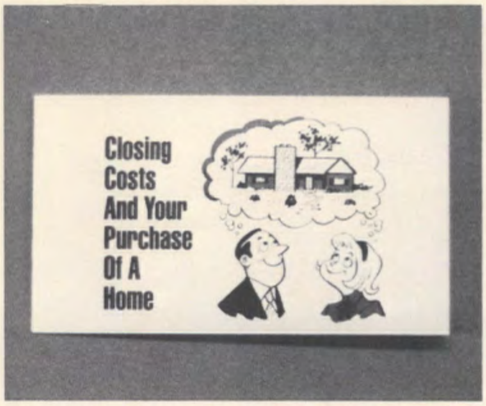
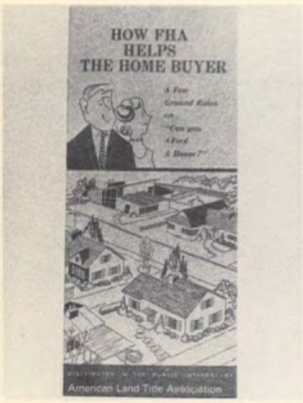


HOME BUYER: HORSE SENSE HELPS! A concisely-worded direct mail piece that quickly outlines title company services. 1-11 dozen, 65 cents per dozen; 12 or more dozen, 50 cents per dozen; designed to fit in a No. 10 envelope.

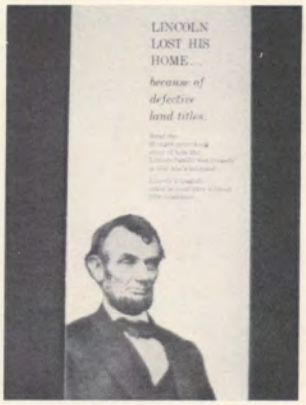


CLOSING COSTS AND YOUR PURCHASE OF A HOME. A guidebook for home buyer use in learning about local closing costs. Gives general pointers on purchasing a home and discusses typical settlement sheet items including land title services. 1-11 dozen, $2.25 per dozen; 12 or more dozen, $2.00 per dozen.

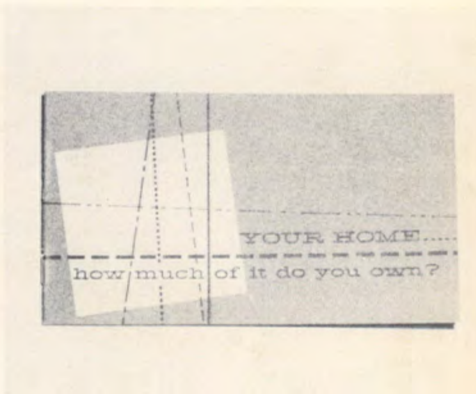
AMERICAN LAND TITLE ASSOCIATION ANSWERS SOME IMPORTANT QUESTIONS ABOUT THE TITLE TO YOUR HOME. Includes the story of the land title industry. $11.00 per 100 copies of the booklet.



HOW FHA HELPS THE HOME BUYER. This public education folder was developed in cooperation with FHA and basically explains FHA-insured mortgages and land title services. $5.50 per 100 copies.



LINCOLN LOST HIS HOME . . . BECAUSE OF DEFECTIVE LAND TITLES . . . A memorable example of the need for land title protection is described in this folder. $5.00 per 100 copies is the cost for this publication.



YOUR HOME . . . HOW MUCH OF IT DO YOU OWN? An imaginative booklet that explains the importance of secure home ownership and land title protection for the layman. Includes a mythical story of a home-buying family called the Myopias and uses clever illustrations to emphasize important points. $13.00 per 100 copies.

(CENTER) PERSPECTIVE: AMERICA'S LAND TITLE INDUSTRY. A collection of six articles by experts that comprehensively explain the land title industry and its services. This attractive booklet is available at 35 cents per copy for 1-48 copies and 30 cents per copy for 49 or more copies. (RIGHT) THE AWARD-WINNING ALTA FILM, "A PLACE UNDER THE SUN." Eye-catching color animation and an excellent script bring the story of the land title industry and its services to life in this highly-praised 21-minute sound film. Prints may be obtained for $135.00 each.

American Land Title Association