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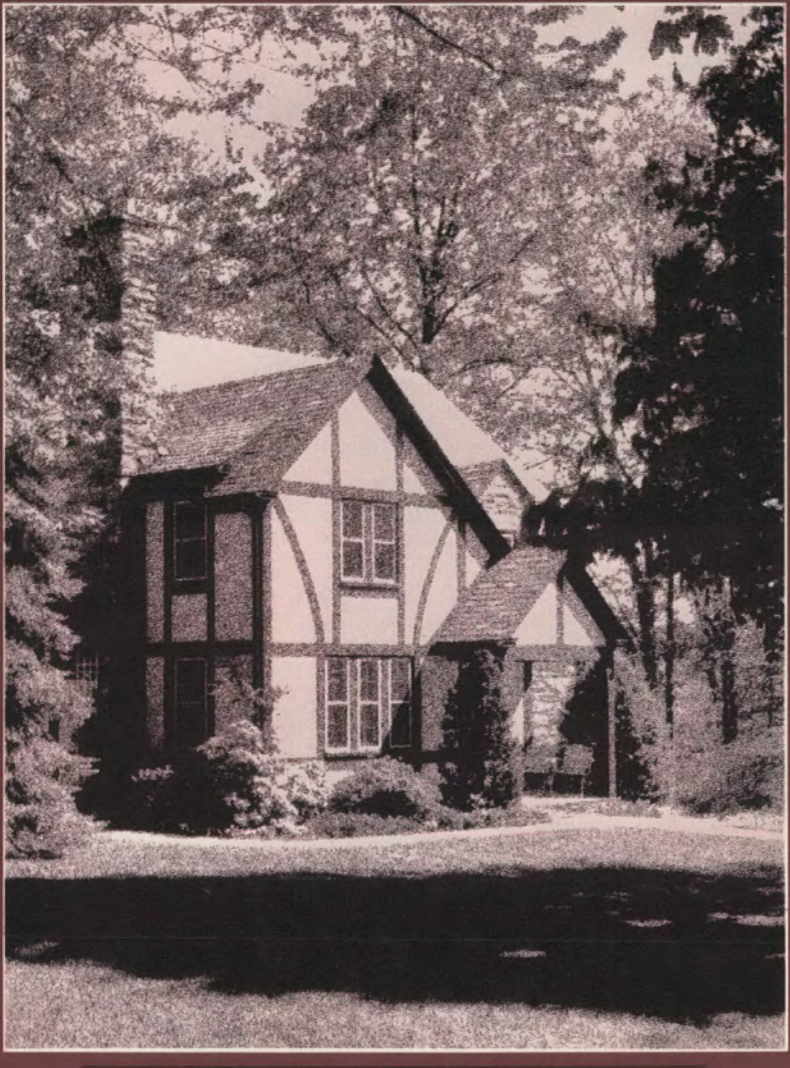
Title News



Inside: Rosy Housing Picture Forecast

a message from the President-Elect

I have always enjoyed the four distinct seasons in the Midwest. If the snow and sub-freezing temperatures are with us much longer, I may have to change my mind. I can hear Tony Winczewski of Minnesota and Ted Schneider of Wisconsin saying, "You don't know what winter is." They are probably right, but it's all in what you're used to and this Kansas boy has had about enough.

One benefit of the unseasonably bitter weather should be an added inducement for us to attend the ALTA Mid-Winter Conference in Phoenix, March 8-10. A little Arizona sun about then should feel pretty good.

The program for the meeting was one of the subjects discussed during the ALTA Executive Committee meeting in January. The suggested topics and speakers have to produce unusually fine sessions.

The presentation of informative, interesting national meetings is one of the major responsibilities of your Association. The meetings are of no benefit unless we members are in attendance. Let's get out of the cold and the snow and go.

Sincerely,

Roger N. Bell

Roger N. Bell

VOLUME 57, NUMBER 2

Title News

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Avoiding pitfalls of construction lending

The use of construction lending escrows as performed by many title insurance companies and disbursing agents, in controlling the monthly "progress payments" during the course of construction, can be an effective means to reduce the risk of litigation and losses during construction. While construction lenders have always recognized that construction lending was a high risk area, if there were any doubting Thomases, these doubts surely are resolved when one looks back at the 1973-74 real estate building debacle, particularly as it affected the real estate investment trusts (REIT).

Unfortunately, the title insurance industry was not insulated from these adverse times. Being mindful of their obligation to be of service to the construction lenders, title companies had issued mortgagee's title insurance policies to construction lenders, with various forms of mechanic's lien coverage. In many cases, title insurers took risks in reliance on the financial responsibility of the owner/developer, and/or the general contractor, which later proved to be worthless. Nevertheless, from this painful experience some lessons had been learned. It seems abundantly clear to me, and hopefully to all construction lenders, that the way to avoid litigation and losses is to assure yourself that the contemplated improvements have a reasonable expectation of being completed by:

• Satisfying yourself that there are sufficient funds available at the inception of the construction to cover all anticipated costs, including both so-called hard and soft costs

• Exercising your best efforts to see that these funds are *actually* used for payments properly due to the contractors and material suppliers so that no mechanic's lien claims would arise.

The title industry again is faced with the request from developers and mortgage lenders to furnish mechanic's lien coverage during construction in reliance upon the personal guarantee of the developer or other principals to the transaction that all bills for the labor and material supplied in the construction of the contemplated improvements will be paid.

When a title insurance company agrees to give mechanic's lien coverage under these circumstances the net result is that the title insurer has extended a line of credit to the developer in the amount of the loan. The title insurer is in effect saying to the lender, if the contractor and principals don't pay the bills, the title insurer will pay them. The title insurer, *whose principal business is not that of making large unsecured loans,* has nevertheless extended a large unsecured line of credit to the developer.

A strong argument can be made that a title insurer, not being in the credit business, is completely out of its field in extending a line of credit in this way for several hundred thousand or several million dollars. It is difficult to see the logic of a title insurer taking these huge credit risks when the banks themselves *who are in the credit business* are not willing to do so. A system by which the lender, the developer, the contractor and the title company cooperate in

By Alex A. Marzek,
Vice President and
Associate General Counsel,
Chicago Title Insurance Co.

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American Banker

"The title insurer, whose principal business is not that of making large unsecured loans, has nevertheless extended a large unsecured line of credit to the developer."

assuring that the loan funds are used to pay the bills for constructing the project is a far more sensible way for all parties to achieve their respective profit objectives.

In over 25 years of title experience, I can't recall any serious problems arising where subcontractors or material suppliers have been paid—the problems arise *only* because they haven't been paid. This is not to say that the credit worthiness of the parties is to be ignored. However, it would be wrong to place total reliance on it, particularly when collateral credit problems, over which we have no direct control, may adversely affect the financial stability, as evidenced by the failure of several large real estate developers. Nor is it to be used as a substitute for proper, monitored disbursing controls.

Some form of disbursing service is available in all areas of the country through title companies, banks, architects and independent escrow companies. Unfortunately, up to this time, I do not know of any uniform system that has received universal acceptance. Each construction lender, contractor and title company not only has its own idea as to how funds should be disbursed, but there is a tremendous difference as to the escrow agreements, documentation and forms to be utilized.

In Chicago, for example, there is probably more uniformity than in any other part of the country, in that most of the parties will use the escrow agreements and forms developed over the years by Chicago Title Insurance Co. and Chicago Title and Trust Co., even though there are others available. By contrast, in downstate Illinois there are a number of different forms.

I would recommend that the American Bankers Association and the American Land Title Association be the catalyst for setting up a subcommittee to review and adopt a form of Construction Loan Disbursing Agreement, and supporting forms and documentation. Too much time and money is wasted by the attorneys representing the construction lenders, contractors, owners and title companies in arriving at an agreement just for a particular case.

I would further recommend that the title company or disbursing agent be brought into the discussion before construction contracts or construction loan agreements are finalized. It is most often the case that the title company is the last one to be informed about the transaction, and its requirements may be in conflict with the construction loan agreement. For example, the construction contract might not provide that the progress payments will be made by the title company, or specify the type of documentation and lien waivers which will be required of the general contractor as a condition to receiving progress payments. You can well imagine the anguish and anxiety of the owner caught between the grips of a general contractor who won't amend a construction contract (and fully intends to sue in the event of the owner's default) and the requirements of the construction lender and the title company. I've been a participant in many of these controversies, and I would encourage you to avoid the risk of litigation this situation presents.

The following are other steps which should be taken to reduce the risks of litigation:

• Satisfy yourself as to the financial and technical capacity and the experience of the developer and contractor to complete the contemplated improvements.

• Have complete plans and specifications by a competent architect that will assure your getting a Certificate of Occupancy upon completion.


Author Marzek

You can imagine the shocked expression on the face of a construction lender when he found that, after 90 percent completion, a Certificate of Occupancy would not be issued because a sprinkler system had not been included in the plans. Many of the recent REIT problems were the result of accepting less than adequate plans and specifications.

• A complete cost breakdown should be made by competent estimators based on complete plans and specifications. You're better off not getting involved if there are insufficient funds to complete and pay all bills. Please note that I use the term "competent estimators" inasmuch as they come in all sizes and packages. I remember a case where the estimating of construction costs was done by means of a supposedly sophisticated computer system, only to find (again to the chagrin of the construction lender) that, somehow, someone had overlooked a connecting two-tier underground garage which cost over $500,000.

• Adequate inspections and controls of job costs have to be maintained to be sure the costs stay within the original estimates. Many problem

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projects were directly related to owner/developers' upgradings and extras, which resulted in cost increases. Also, poor inspections fail to disclose faulty workmanship and noncompliance with plans and specifications, or payments in excess of the value of the work in place. The competency of a capable architect or engineer in this area cannot be over-emphasized.

• Another recommendation I would like to make is to have the title company make title searches to cover periodic advances. They can forewarn you of potentially larger litigation problems if mechanic's liens, judgments, secondary financing, etc., appear of record. In some states, the so-called "junior lienors" may have a prior lien as to any "progress advances" made after the recording of the "junior liens".

• *Proper disbursement of funds:* It is in this important area that title companies can be of particular service in helping the construction lender to reduce the risk of litigation and losses in construction lending. As pointed out earlier, the proper application of funds for the payment of contractors and material suppliers' bills is the keystone to avoiding the myriad problems associated with mechanic's lien claims. Even if the construction mortgage has legal priority over mechanic's liens, the prudent construction lender does not want to run the risk of delayed completion or inability of its take-out lender to close because of filed mechanic's liens, or the added costs and delays in defending against mechanic's lien claimants in a foreclosure suit.

Title companies, with many years of experience in handling the disbursement of progress payments, can, in conjunction with the issuance of their mortgagee's title insurance policy and their standard Construction Loan Disbursing Agreement, and, working in cooperation with the construction lender's architect, estimators, inspectors and in-house staff, significantly reduce the risks of litigation arising out of mechanic's lien claims. Recognizing that the largest dollar amount of losses for the title industry in the last several years has been in the area of mechanic's liens, some title companies are requiring that they monitor the disbursement of the construction draws as a condition for extending mechanic's lien coverage.

There is ample evidence that where title companies have been involved in making the payouts, they were in a better position to expeditiously resolve mechanic's lien problems, and extend their cooperation and expertise to the construction lender in resolving completion and other related work-out problems.

Generally, at the direction of the construction lender, title companies will control the payments directly to contractors and material suppliers and obtain proper invoices and lien waiver documentation. Experience has indicated that not only does this reduce the probability of the diversion of funds, but also, properly handled, is welcomed by contractors and material suppliers, many of whom have lost their lien rights because of giving lien waivers in advance and subsequently not receiving payment. Keeping subcontractors and material suppliers contented with prompt and proper payments is a significant factor in having a trouble-free project.

Where the title company is handling the disbursement of construction loan funds, and collecting the proper documentation, it is in a better position to expedite the issuance of the "take-out" policy to the permanent lender. Also, the construction lender has the benefit of avoiding the irate calls of indignant contractors and material suppliers who feel they have not been paid on a timely basis. Recent court decisions have proven that the more contact the construction lender has with the contractors and material suppliers, the greater chance there is of a claim that the construction lender induced the contractor and suppliers to do certain things, and thus should be estopped to claim any priority over their mechanic's lien claims.

The trend of recent court decisions has been to favor mechanic's lien claimants over the interest of the construction lenders, and some courts are finding that the construction lender even has the responsibility to disburse the construction loan proceeds in a non-negligent manner so as not to affect the interests of the mortgagor.

As I have stated, one method of possibly avoiding some of these problems for the lender is to have the title company disburse.

First American offers new limited policy

A new limited coverage policy designed to protect lenders in secondary or junior deeds of trust has been announced by First American Title Insurance Co., Santa Ana, Calif.

William C. Blackstone, regional vice president for the firm, said the new policy is a response to the rapid increases in the number of secondary trust deed loans being made by lenders.

"More homeowners are borrowing on the equities in their homes for a variety of reasons," Blackstone said. "Our new policy is the first of its kind in the title insurance industry and will help lenders respond to the demand for such loans."

The policy includes insurance to cover loans up to $15,000 and insures the documents of record as well as all monetary encumbrances of record. Also included is all applicable tax and bond information for the property.

Blackstone said the new policy insures that the last recorded document of title is stated to the lender. In such transactions, First American does not process and issue a preliminary title report, only a title policy.

Also included as part of the $40 policy fee will be one date-down updated report which can be requested at any time.

Housing outlook remains bright

After more than two years of high level activity, just about everyone in the housing and real estate industry is feeling good—although some would say too good—about the current housing market. This state of euphoria is a vast improvement over the doom and gloom that prevailed during the real estate depression of 1973, 1974 and 1975. While the calendar would indicate that the three-year period of depression was short, at least as lifetimes go, for those who were personally involved it seemed to last an eternity.

It is because that period is such recent history that many people are very edgy about the prospects for 1978. The uneasiness stems from a feeling that perhaps things are a bit too good to be true.

Since the Korean War, housing starts increased three years in a row only one time, that was during the early 1960s. With this historical background, it is only natural to question whether housing starts can possibly increase in 1978, making it the third year of the *current* cyclical upswing.

Another source of worry is the present consensus about the economic outlook for 1978. Real growth in economic activity is expected to be slower than in 1977, which would tend to slow housing demand. At the same time, interest rates will be on an upward trend, raising old fears of the spectre of disintermediation at the thrift institutions which would curtail housing activity.

During the past two years, the real estate industry has strained to accommodate the record demand for single-family housing. And the mortgage lending industry also has strained to accommodate the record demand for funds to support this spectacular real estate activity. So it is a healthy sign when we attempt to maintain a proper perspective and stay in touch with reality. Otherwise, our euphoria may lull us into believing activity will increase forever and that downside moves in real estate cycles are dead.

Do not, however, confuse realism with doom and gloom. This is not the case. The prospects for 1978 are very bright. Sales of existing homes will set another record in the coming year. Housing starts, especially single-family starts, will increase further during 1978. And even greater amounts of mortgage funds will be used to finance this activity. The realism in this scenario is that the increases in the next 12 months will be much smaller than they were during the last 12 months. And those increases will not come as easily. Very simply, everyone in the real estate and mortgage financing business must strive even harder to keep pace with people's accelerating desires for housing.

For the mortgage banking industry, the increase in activity during 1978 will be even stronger than for total activity. As a supplemental source of funds to meet growing demand for mortgage financing, mortgage companies will be called on to fill the gap between substantial increases in demand for mortgage funds and limited ability of traditional financial institutions to expand their lending in the face of declining savings flows.

Total mortgage lending by the mortgage banking industry in 1976 was a record $23.6 billion. This year it will reach nearly $30 billion. For 1978, mortgage banking activity promises to approach a startling $40 billion. Yet to accomplish this, the mortgage banking industry would have to increase its share of total mortgage originations only slightly from the 16.5 percent of residential lending held in 1976. A 20 percent share would not even match the 20.1 percent reached as recently as 1974.

This record activity in the industry is based on a very optimistic forecast for housing starts in 1978—some would say overly optimistic—of 2.1 million units, with single-family starts reaching 1.6 million and multifamily starts slightly above 0.5 million units. Adding mobile home shipments of nearly 300,000 units boosts total shelter production to 2.4 million units. This compares with starts of slightly under 2.0 million units and mobile home shipments of close to 275,000 units in 1977.

The key to understanding the current housing boom is the desire of consumers to upgrade their housing accommodations. The strong increases in employment levels and dollar income provide the ability for consumers to translate their desire into actual demand. In most housing markets, it is this desire that has led to the current housing boom. There are a few rare exceptions where absolute shortages of shelter exist. The development of the oil fields on the north slope in Alaska created instant shortages. This cannot be said for Southern California, where the housing shortages in Orange County are adjacent to the housing surpluses in central Los Angeles.

What is the nature of this upgrading? What do consumers want in the way of housing? In a recent survey, families were asked to give their most desired form of housing. For 85 percent, the answer was the detached single-family dwelling unit. This desire is above achievement even for those groups that have the highest proportion of homeowner-

By John M. Wetmore,
Chief Economist
Mortgage Bankers Association
of America

ship. About three-fourths of these families with a household head between ages 40 and 65 own their own housing. So aspirations for homeownership are still significantly above its achievement.

Although the level of achievement has increased significantly over the past three decades, the greatest improvement has come in this decade. This has come in two forms: First, an increase in the proportion of families that own their housing, and second, significant upgrading of housing accommodations. Most families, when they move—whether they move from one rental unit to another or one ownership unit to another—upgrade their housing.

Introduction of demographics may seem to be a digression in this discussion of the housing outlook. Yet, the distribution of population by age groups is the single most important factor determining the type of housing demanded. The reason is very simple—the nature of housing demand changes dramatically over the normal course of the family life cycle.

Young households rent their living accommodations. About 80 percent of households with a head of house under 25 years of age rent; only 20 percent own their housing. The massive shift to ownership begins in the 25 to 29 year age group, continues in the 30 to 34 year age group, and by age 40 more than three-fourths of the households own their housing. On average, the first house purchase occurs around 28 to 30 years of age.

By age 30, more than half the young husband-wife families today already own their housing. The proportion of young families that have translated their desire for ownership into reality has steadily increased since 1950, and it is still increasing. So far in this decade, the increase in the proportion has exceeded the increase in the decade of the 1960s, and it is matching the rate of increase during the 1950s.

Author Wetmore

To understand the impact of the demographic trends on housing, recall that the very large number of babies born in the late 1940s and 1950s are now entering the homeownership market in record numbers, just as a decade ago they began entering the apartment market in record numbers.

The young adults aged 18 to 24—the renter group—accounted for half the increase in the adult population during the decade of the 1960s. No wonder that apartment activity began booming during the 1960s. During the decade of the 1970s, the young adult group aged 18 to 24 will account for only one-fourth the increase in adult population. Again, no wonder that apartment activity has begun lagging. In the decade of the 1980s, the group aged 18 to 24 will decrease in absolute numbers, and that decrease will offset about one-fifth of the growth in adult population. The implications for future apartment activity are obvious.

Turn now to the age groups where households become homeowners. The 25 to 44 year age group accounted for less than 10 percent of growth in the adult population during the decade of the 1960s—no wonder single-family activity was in the doldrums in the 1960s. In contrast, during the 1970s, these age groups will account for 60 percent of the growth in adult population. Again, no wonder that single-family activity has begun to soar. During the decade of the 1980s, these homebuying age groups will account for more than three-fourths the total growth in adult population. The implications for single-family activity are obvious.

It is easy to summarize these long-term trends in the demographics of housing demand. In the middle of the 1970s, the housing market crossed the threshold of a single-family housing boom that will continue through the rest of this decade and throughout the decade of the 1980s. This boom in home construction will far exceed, in absolute numbers, the previous single-family housing boom during the post-war housing shortage of the late 1940s and 1950s. In relative terms, by the end of the 1980s the proportion of single-family starts will match the early post-war boom, with single-family houses accounting for 85 to 90 percent of housing starts just as they did in the late 1940s and 1950s.

The next area to examine is the cyclical nature of housing demand. It is important to recognize that housing demand is cyclical and to understand the forces of cyclical change. Basic to all housing demand analysis is the number of new households formed. This follows a definite cyclical pattern. As jobs become more plentiful and as incomes rise, household formations rise; and conversely, when jobs are hard to come by and incomes do not rise, household formations lag. Nearly half the new household formations are single person households (the census calls them primary individual households). If the young adult just out of school finds it difficult to get a good paying job, he will live at home or share living quarters with various friends. Then, as jobs become more plentiful

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at higher levels of pay, the young adult quickly moves into a separate housing unit. The very fact that such a large share of household formations are now in the single person category makes housing demand much more sensitive to cyclical fluctuations and raises the magnitude of these fluctuations.

Migration is the second component of housing demand and is also related to employment levels. When the overall economy is expanding then growth in jobs in the cities with strong economic activity exceeds local supplies of labor and, in turn, migration picks up dramatically.

Since most houses are not placed on wheels and moved along with the families, new housing must be built in the employment growth centers. Conversely, a recession reduces job migration and thereby reduces the need for new housing construction.

The third component of housing demand is the ability and desire of consumers to upgrade their housing. More than half, possibly as high as three-fourths of the moves from one housing unit to another involve upgrading—and usually a substantial amount of upgrading. Since only one-fourth of those people who move relocate to a different metropolitan area or county, this means most upgrading is done within the same community. When employment and incomes are rising, and when consumer confidence is rising, a larger number of consumers translate their ability and desire for better housing into reality. But if consumer confidence is shaky, increased housing expenditure becomes a very postponable item. After all, most families do have adequate shelter.

The fourth component of consumer demand also is cyclical. To what extent do current income and relative housing prices and other costs provide incentive for upgrading? If interest rates rise sharply over a short time period, consumers do not have incentive for moving because the monthly payment on another house at the new higher interest rate is so completely out of line with the existing monthly payment. At the other end of the cycle, as interest rates move to more reasonable levels and after incomes have risen during the interim, the decision turns in favor of upgrading.

These four demand factors—household formations, migration, consumer confidence and the relative benefit of upgrading—are all cyclical in nature. They all respond to changes in employment and income levels.

In 1978, each of the four cyclical factors will be stronger than in 1977. Household formations are increasing, migration to major employment centers is increasing, consumer confidence about housing is rising and the relative benefit of upgrading is high. All this must be added to the strong demographic forces pushing toward single-family housing.

Most evidence in the housing market supports a forecast of higher single-family starts next year. Sales of existing homes have shattered records regularly for the past two years. New home sales are at very high levels. Sales prices of both new and existing homes have kept pace with the inflation in construction costs over the past decade. Thus, builders have incentive to increase activity. The huge inflation-created equity in existing housing, coupled with rising income levels has boosted the ability of homeowners to upgrade their housing. Surveys indicate a record number of consumers plan to buy houses in coming months. The conclusion is very simple—the consumer is not going to roll over and play dead in the housing market in 1978.

Even the apartment area is showing some additional strength. Vacancy rates are relatively low. Rents are rising rapidly in some strong housing markets and the HUD subsidy programs are helping boost apartment starts.

The constraints on housing in 1978 will come primarily from the supply side. Shortages of construction materials are already apparent in gypsum wallboard, insulation, bricks, cement, lumber and plywood. Shortages of skilled construction labor have appeared in the strong housing markets. Fully developed building lots with water and sewer connections are in short supply in many major housing markets. All this means even higher inflation in residential construction costs in 1978.

While mortgage financing will be more expensive next year, there will be no shortage of mortgage funds. Savings flows to thrift institutions will decline to more normal levels after the exceptionally high records of the past two years. This means even more mortgage funds will be attracted from the capital markets in 1978 to meet the demand for mort-

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Crisp honored

Florida meets, elects Harden

FLTA President Harden

A Florida titleman was presented the Raymond O. Denham Memorial Award and officers were elected at the Florida Land Title Association annual convention in Key Biscayne.

Recipient of the award this year was Robert F. Crisp who was recognized for his "outstanding and unselfish service to the association, to the abstract and title professions and to the public during the year." Crisp is secretary-treasurer of Security Title and Abstract Co. Inc. in Marianna.

Elected FLTA president for 1978 was Minnesota Title Southeast Regional Vice President Douglas Harden of Jacksonville. Donald R. Crisp of the Bay County Land & Abstract Co., Panama City, was elected first vice president.

The following were elected zone vice presidents: Mike Conway of Tallahassee Title Co., Tallahassee; Rex W. Mixon of Title & Trust Company of Florida, Jacksonville; D.R. Walker of Commonwealth Land Title Insurance Co., Orlando; Maitland F. Knapp of Fidelity Title Co., St. Petersburg; J. Herman Dance of the Gold Coast Title Co., Boca Raton, and Wayne L. Levins of American Title Insurance Co., Miami.

Company opens Midwest office

First American Title Insurance Co. has begun to serve the Midwest through a newly established regional office in Oklahoma.

Standard Title Insurance Co. in Oklahoma City recently was acquired by First American and will serve as its regional office.

Nathan S. Jarnigan, president of Standard Title, has been named regional vice president of First American with responsibilities for former Standard Title subsidiaries and agents in Mississippi, Louisiana, Arkansas, Missouri, Oklahoma and Texas.

Assisting Jarnigan in promoting the company throughout the Midwest will be James L. Kott, formerly director of customer service in the firm's Orange County, California, office.

Anniversary of company's Latin division observed

American Title Insurance Co. marked the second anniversary of the formation of its Latin division and opened another Latin branch office in Hialeah, Fla.

Over half of all new building construction in the greater Miami area is being done by and for Latins. This division provides bilingual staffs and booklets to serve this segment of Florida's population.

Dinorah Romeu will manage the new office, located at 290 West 49th Street.

Past WLTA officer authors book for university

Former Secretary of Wisconsin Land Title Association Jim Vance is author of a new book entitled, "Titles to Real Estate."

Designed to assist attorneys examining abstracts, Vance wrote the book for the University of Wisconsin Extension division as part of their program of Continuing Legal Education for Wisconsin.

Topics include title examining standards, basic abstract parts and the need for abstracters.

Copies of the book may be obtained by mailing $17.16 to Continuing Legal Education for Wisconsin, 905 University Ave., Suite 309, Madison, Wis. 53706.

Commonwealth subsidiary moves

Commonwealth Land Title Company, a subsidiary of Commonwealth Land Title Insurance Co., has moved its corporate headquarters to new and larger offices, located at Two Century Plaza, 2049 Century Park East, Los Angeles.

Former Minnesota president dies in Florida

A former Minnesota Land Title Association leader is dead at the age of 65. Walter S. Engman, who retired in 1977 as president of Consolidated Abstract Co., Duluth, died Jan. 5 in Ft. Lauderdale, Fla.

In addition to serving on the Executive Committee of the ALTA Abstracters and Title Insurance Agents Section 1970-71, Mr. Engman was secretary of MLTA from February 1949 to January 1957. He was MLTA's 1965-66 president and was awarded an MLTA Honorary Membership in 1976.

Among survivors are his wife, Jay, and two daughters.

Nebraska chooses Andrews president at convention

NLTA President Andrews

The Nebraska Land Title Association elected William L. Andrews of Ainsworth president at its convention in Omaha recently. Harold Schwabauer will serve as vice president. Over 100 registrants attended the meeting.

Ray Sweat

Samuel Gillman

Names in the News...

Ray E. Sweat, a senior vice president and senior title counsel with Pioneer National Title Insurance Co. and Title Insurance and Trust Co., Los Angeles, has been elected president of the National Board of the Title Underwriters Association at that group's annual convention.

Samuel R. Gillman has been elected president of District-Realty Title Insurance Corp., Washington, D.C. He comes to the company after nine years as president of Columbia Real Estate Title Co., also in Washington.

Elected vice chairman of the firm's board was **Jerome Malin. Vance N. Caskey** was promoted to the position of senior vice president.

The former executive vice president of Columbia Real Estate Title Insurance Co. in Washington, D.C. **William Murdock,** has been elected company president.

Columbia Title is a subsidiary of American Title Insurance Co., Miami, Fla.

After over 30 years in the title industry, **Paul O. Burch,** vice president of Title Insurance Company of Mobile, Ala., has retired. Credited with being instrumental in enabling the company to modernize the indexing of land records for Mobile and Baldwin Counties, Burch was presented a resolution of appreciation for his service by the board of directors.

Title Insurance Company of Mobile is a subsidiary of Commonwealth Land Title Insurance Co.

William Murdock

Alice Davidson

Paul Burch

Henry McDonald

Edward Moskowitz

Harry Gold

John E. Korsmo has purchased the Cass County Abstract Co. in Fargo, N.D. from **Irene M. Fraser** and succeeds Ms. Fraser as the firm's president. Korsmo's son, **John T. Korsmo,** joined the company as its vice president and treasurer.

Alice Davidson of Troy, Mich., was elected an assistant vice president of Lawyers Title Insurance Corp. In this capacity, she serves as manager of escrow services for the company's Troy office. She has been with Lawyers Title since 1960.

Recently appointed assistant state counsel in Connecticut for Lawyers Title were **Henry McDonald Jr.** of Norwalk and **Steven H. Winkler** of Hartford.

Stephen W. Anderson, manager of the Lawyers Title Augusta, Ga., office, was transferred to Tennessee, where he will manage the Chattanooga branch of the company. **Richard E. Moran** was elected assistant manager of the Pittsburgh branch office.

Richard Benson has been named assistant vice president and branch manager of Commonwealth Land Title Insurance Co.'s Phoenix office.

Steven Winkler

Stephen Anderson

Richard Moran

Richard Benson

James McCutchen

Lillian Dier

Edward Moskowitz has joined USLIFE Title Insurance Co. of New York as vice president and general counsel. He is the former vice president of the national division of Security Title and Guaranty Co.

In other USLIFE Board of Directors action, **Harry Gold** was promoted to vice president and associate general counsel and **Lillian M. Dier,** to company secretary. Gold has served in various legal capacities during his 20 years with the company. Ms. Dier, who has worked with USLIFE of New York for 18 years, will continue to serve as administrative assistant to the president.

Pioneer National Title Insurance Co. has appointed **James W. McCutchen,** vice president, to the position of regional marketing manager. Formerly PNTI's New Mexico state manager, McCutchen will be based in the company's central region headquarters in Chicago.

Appointed to replace McCutchen as New Mexico state manager was **Joe Bob Cave.** Prior to his promotion, Cave was assistant state manager. He will remain in Albuquerque.

ALTA action...

Demand for the new ALTA owner's title insurance promotional folder, "Buying A House Of Cards?", has made a third printing necessary one month after the publication initially was offered to members of the Association.

Copies of the folder may be purchased by members for $14.00 per 100 plus postage, by writing the ALTA business manager in the Washington office of the Association.

Development of the folder is an activity of the ALTA Public Relations Committee.

ALTA has scheduled its second annual federal reception for May 9 in the caucus room of the Cannon House Office Building, Washington, D.C. More than 500 members of Congress, their staffs, agency personnel and real estate industry representatives will be invited.

The Title Industry Political Action Committee (TIPAC) Board of Trustees met recently in Chicago to develop solicitation strategy for 1978, a federal election year.

TIPAC solicitation authorization requests have been mailed to ALTA members. Broad participation and prompt return of the authorization requests will help TIPAC to remain an effective, viable title industry voice.

The TIPAC Board is chaired by Francis E. O'Connor. Ralph C. Smith is vice chairman; Gerald L. Ippel is treasurer, and Mark E. Winter is the executive secretary.

Legislative contact cards have been mailed to ALTA members for 1978. The purpose of the cards is to determine member political interest and identify federal legislative and agency contacts.

Forecast—*(concluded)*

gage financing. This process will be aided by new secondary market tools of the GNMA Guaranteed Mortgage-Backed Security, higher mortgage limits under the FHA Insurance Program, and higher mortgage limits on conventional mortgage purchases by FNMA and FHLMC. In addition, the life insurance companies, after a decade of inactivity, are now entering the conventional single-family mortgage market again.

The outlook for the private nonresidential construction sector is an uneven mixture. Small strip shopping centers will continue strong as a direct result of high levels of residential construction. Construction of giant regional shopping centers will lag. Office buildings are beginning to show signs of life in some major markets but will still lag elsewhere. Rising economic activity is bringing a revival of warehouse and light industrial construction. But the burst of capital spending for new plants appears to be on the horizon for 1979 rather than 1978. Thus, the strongest cyclical increases in nonresidential construction are likely at some time beyond 1978. This means nonresidential activity will keep growing in 1979 and 1980 providing continued stimulus for further growth in the economy.

In conclusion, this is an optimistic forecast for housing in 1978 and for the economy in 1978, and beyond.

Calendar of Meetings

March 7-10, 1978
ALTA Mid-Winter Conference
Hyatt Regency Hotel
Phoenix, Arizona

April 16-18, 1978
North Carolina Land Title Association
Quality Inn—Fort Magruder
Williamsburg, Virginia

April 20-22, 1978
Oklahoma Land Title Association
Hilton Inn West
Oklahoma City, Oklahoma

April 27-28, 1978
California Land Title Association
Islandia Hyatt House
San Diego, California

April 27-29, 1978
Arkansas Land Title Association
DeGray Lodge
Arkadelphia, Arkansas

April 27-29, 1978
Texas Land Title Association
Houston Oaks
Houston, Texas

April 30-May 2, 1978
Iowa Land Title Association
Roosevelt Royale
Cedar Rapids, Iowa

May 12-13, 1978
New Mexico Land Title Association
Inn of the Mountain Gods
Mescalero, New Mexico

June 4-6, 1978
Pennsylvania Land Title Association
Pocono Hershey Resort
White Haven, Pennsylvania

June 11-13, 1978
New Jersey Land Title Insurance Association
Seaview Country Club
Absecon, New Jersey

June 15-17, 1978
Land Title Association of Colorado
The Inn at Estes
Estes Park, Colorado

June 15-17, 1978
Utah Land Title Association
Sweatwater Hotel
Sweatwater, Utah

June 15-18, 1978
New England Land Title Association
Granite Hotel and Country Club
Kerhonkson, New York

June 16-17, 1978
South Dakota Land Title Association
Holiday Inn
Aberdeen, South Dakota

June 18-20, 1978
Michigan Land Title Association
Grand Hotel
Mackinac Island, Michigan

June 22-24, 1978
Oregon and Washington
Land Title Associations
Thunderbird Inn at Jantzen Beach
Portland, Oregon

June 23-25, 1978
Illinois Land Title Association
Breckenridge Pavilion Hotel
St. Louis, Missouri

July 13-15, 1978
Idaho Land Title Association
Sun Valley Lodge
Sun Valley, Idaho

August 3-10, 1978
American Bar Association
Annual Convention
New York, New York

August 17-19, 1978
Minnesota Land Title Association
Normandy Hotel
Duluth, Minnesota

August 25-26, 1978
Kansas Land Title Association
Holiday Inn & Holidome
Hutchinson, Kansas

September 9-12, 1978
Indiana Land Title Association
Indianapolis Hilton—Downtown
Indianapolis, Indiana

September 10-13, 1978
New York State Land Title Association
Buck Hill Inn
Buck Hill Farms, Pennsylvania

September 14-15, 1978
Wisconsin Land Title Association
Midway Motor Lodge
Green Bay, Wisconsin

September 14-16, 1978
North Dakota Title Association
Williston, North Dakota

September 15-18, 1978
Missouri Land Title Association
Tan-Tara Resort
Lake of the Ozarks
Osage Beach, Missouri

September 20-22, 1978
Nebraska Land Title Association
Lincoln Hilton
Lincoln, Nebraska

September 24-28, 1978
ALTA Annual Convention
Boca Raton Hotel & Club
Boca Raton, Florida

October 21-25, 1978
American Bankers Association
Annual Convention
Honolulu, Hawaii

October 29-November 2, 1978
U.S. League of Savings Associations
Annual Convention
Dallas, Texas

October 30-November 1, 1978
Mortgage Bankers Association
Annual Convention
Atlanta, Georgia

November 10-16, 1978
National Association of Realtors
Annual Convention
Honolulu, Hawaii

American Land Title Association

1828 L Street, N.W.
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