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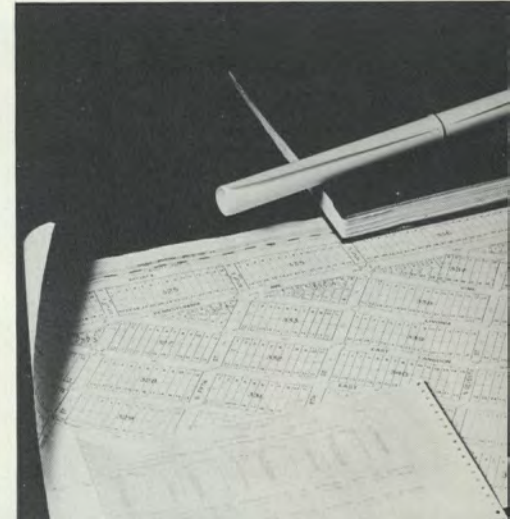
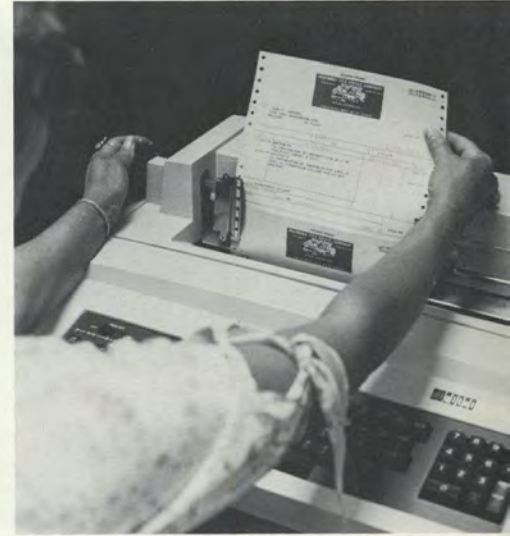
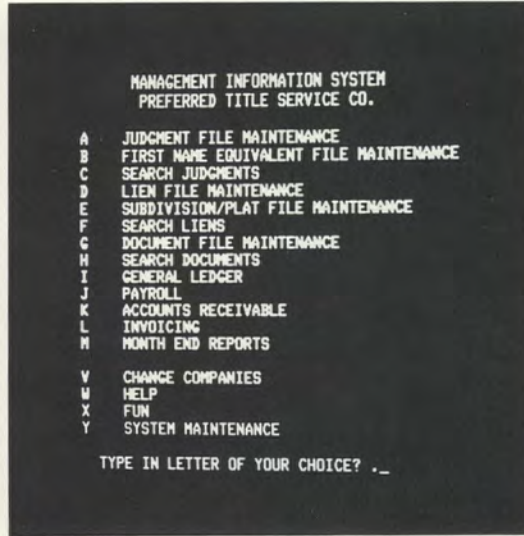
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TITLE NEWS

Volume 59, Number 10

Editor: R. Maxine Stough

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Title News is published monthly by the American Land Title Association, 1828 L Street, N.W., Washington, D.C. 20036. Telephone (202) 296-3671.

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A Message From The President . . .

To say that one moves into the responsibility of a job such as the presidency of the American Land Title Association with feelings of honor, humility and challenge is to repeat what has been said many times. But to say it any other way would subordinate accuracy to originality.

Certainly it is an honor—one which is difficult to surpass—to be chosen to lead the activities of one's professional and business colleagues as they endeavor to preserve and improve an industry and the ways in which it functions for the well-being of the users of its products and services.

It's humbling, too, to consider those who are dependent upon our actions—the approximately 50,000 people employed by our members, their families, those who need a viable title transfer system and those who benefit from the thriving private enterprise economy of which the title industry is a vital part.

The challenge is there—to preserve title evidencing as a private, independent undertaking, facilitating that commerce in real estate which sets this nation apart from others.

During the three years of my preparation for this job I've said to many of you at state and regional conventions that we as an industry and as associations, in the broadest possible terms, have been doing four things right. And, if our industry is to survive in its present form, we must continue with intensified effort to do these four things:

- Working effectively—but not necessarily suppliantly—with government at all levels;

- Similarly, working effectively—but not necessarily suppliantly—with other real estate-related groups such as attorneys, lenders, real estate brokers, homebuilders and developers;

- Educating the constantly changing audience of consumers, media people and other opinion molders whose attitudes affect the legislative-regulatory climate in which we do business;

- Looking critically at ourselves, both as to the quality of services and products which we deliver and—of increasing importance—as to the methods with which we market those services and products.

I pledge myself to a year of dedication to ALTA leadership of the collective efforts of our industry in the performing of those functions.

It is a year which I approach with feelings not only of honor, humility and challenge, but also of confidence in the support you will provide and in the success we will attain.

Sincerely,

J. L. Boren Jr.

Domestic Assets Take On Foreign Accent

by Barbara J. Grady

The flood of foreign investment capital in the American economy has reached unprecedented levels in recent years—a trend economists predict will continue. Data compiled by the U.S. Department of Commerce show that foreign direct investment has tripled over the last decade, with a significant part of the upsurge occurring in the last three years. During 1978, total foreign direct investment climbed 22.8 percent and then rose another 23 percent during 1979 when it reached \$52.26 billion.

“Investment in real estate interests foreigners because of the near certainty of price appreciation of their investment.”

The influx of foreign investment has been greeted with mixed reactions. In some states, such as Oklahoma, it has rekindled a mood of protectionism. However, in economically ailing areas such as New York City, the arrival of investment capital has been welcomed as a sorely needed transfusion.

The Port Authority of New York and New Jersey Executive Director Peter C. Goldmark Jr. noted that capital from foreign sources “represents a new source of growth for the region, capable of generating new investment, business and jobs at a time when private investment in the region is badly needed.”

While government in Washington worries about mortgage interest rates and tightening credit, the economy of South Florida flourishes. “The poor business conditions that the rest of the country complains about are unfamiliar to us. Here, business opportunities arrive left

Ms. Grady is Title News editorial assistant.



and right—basically resulting from foreigners interested in buying real estate,” a Miami, Fla., title person said.

These days, Houston, Texas, is regarded as a boomtown. Unemployed white-collar workers move there to take jobs created by new business and growth, which, to a large measure results from foreign investment in the area.

These isolated examples aside, just how extensively foreign investment capital pervades all sectors of the economy is disputed. In a report issued this summer on the subject, the U.S. House Government Operations Committee estimated that foreign direct investment could be as high as \$350 billion if the total assets of foreign-owned firms are measured.

One important reason for the discrepant figures is that Commerce measures foreign direct investment only and does not track portfolio investment. Direct investment is defined as investment resulting in 10 percent or more ownership by the investor.

Indications are that portfolio investment may be rising at a rate comparative to direct investment. For one, much of OPEC investment in this country is portfolio, according to the House committee.

Foreign holders of U.S. dollars—Eurodollars, Petrodollars and other trade dollars—have invested in many sectors of our economy. The largest amount has been invested in manufacturing, according to figures compiled by Commerce's Bureau of Economic Analysis. It is not uncommon for American manufacturers, particularly in the chemical and machine industries, to have a majority, or all, of their stock acquired by a foreign corporation. Companies thought to be American, such as A & P groceries, Timex, Saks Fifth Avenue department stores and Howard Johnsons restaurant and hotel chain are, in fact, foreign-owned.

In other cases, foreign companies build manufacturing plants here. Examples are the Japanese manufacturer of Honda cars and the French company, Michelin, which manufactures radial tires.

Banking and finance, real estate, petroleum production, retail trade and insurance are other sectors heavily invested in by foreigners.

By the end of 1978, there were over 189 foreign banks operating in the United States—a near three-fold growth from 66 in 1972, according to Sen. John Heinz III, a member of the Senate Committee on Banking, Housing and Urban Affairs. Writing in the *Journal of the Institute for Socio-Economic Studies*, Heinz warned, “If all the currently proposed acquisitions are approved by the Federal Reserve Board, foreign-owned bank assets will soar to more than \$95 billion—almost 10 percent total bank assets in the United States.”

It was reported in a recent issue of the *National Journal* that foreign ownership of the U.S. banking system is between five and 10 percent. Calling this amount “still relatively modest,” the article nonetheless acknowledged fears about the potential of American businesses and individuals becoming dependent on foreign-owned banks for decisions on credit and mortgage loans.

For example, the Hong Kong and Shanghai Banking

Nationality	1977	1978	1979
Canadians	64.6%	51.2%	44.4%
British	4.3%	8.2%	17.2%
Dutch	9.3%	11.9%	15.3%

Corp., a British bank based in Hong Kong, recently acquired majority ownership of the Marine Midland Bank, the 13th largest bank in the nation and a major source of mortgage loans for much of central and upstate New York.

Real Estate Ownership

Although admittedly not on a par with the extent of investment in manufacturing and banking, the level of real estate acquisition by foreigners is substantial. Desmond Foynes, an economist with Commerce's Office of Foreign Investment, reported that during 1977 and 1979, investment in U.S. real estate represented one-third of all foreign direct investment in this country. Of the \$12 billion of 1979 foreign direct investment, \$4.2 billion was put into real estate. Total foreign direct investment in 1977 was recorded at \$3.8 billion, of which \$1.4 billion was in real estate.

Still, these figures may not give the complete picture because they do not include small acquisitions of property such as purchases of private residences or individual condominium units. They also do not include agricultural land or real estate connected with acquisitions of or investment in, manufacturing plants.

Real estate which attracts foreigners is of several types. Developable land in expanding urban areas in the Sun Belt are especially popular. Secondly, properties in the commercial and business districts of large cities such as New York, Los Angeles, San Francisco, Denver, Atlanta and Boston are desirable. Another kind of real estate in which foreigners show much interest is residential development properties in southern Florida.

Who Are They?

The Canadians, Dutch and British are by far the largest investors in real estate, according to Foynes of Commerce. Together, they account for 70 to 80 percent of foreign direct investment in property. (See Table 1.)

South Florida real estate analysts report substantial Latin American and West German investment in property in that area. Many of the Latin Americans investing in South Florida are reported to invest through Netherlands Antilles corporations, as do many OPEC investors. Investment through such off-shore entities allows investor anonymity and certain tax advantages. Netherlands Antilles investment ranks fourth from the top among investors in real estate.

Where Do They Invest?

Most investors buy where fellow countrymen have invested before. Lewis Goodkin of the Goodkin, Inc., market research firm in Florida said, “Familiarity and con-

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venience play a large part in decisions about where to invest.”

It is not surprising, therefore, that Latin American investment seems to be concentrated in Texas, Southern California and South Florida, which are heavily populated by Hispanics. The Dutch reportedly have an inclination for properties in New York City—particularly office buildings. They also favor, along with the British, properties which they do not need to manage.

The preference to manage or not manage acquired property is often indicative of the size and nature of the investor. The majority of Canadian investment in real estate is by development companies, and they tend to manage their acquisitions. On the other hand, investment from the United Kingdom or Netherlands is mostly through consortiums, corporations and pension funds. Since these groups often are organized solely for investment purposes, their members usually do not want to manage the properties. British investment may be also from insurance firms. (See related article on page 15.)

Some Explanations

The trend of increasing foreign investment of all types in this country is a logical result of a number of economic and political factors. The devalued dollar makes it more profitable for foreigners holding them to invest in the United States rather than to exchange them for another currency. The American trade deficit makes for a large sum of dollars abroad which, in turn, means an increase in potential foreign investors.

This was not always the case. While over the past two or three decades, there were large amounts of U.S. dollars overseas, the one basic difference between then and now lies in the strength of the dollar. Following the rise of American multinational corporations in the 1950s and 1960s and their vast investments in overseas projects, the dollar came to be used to make international payments in European money markets. The dollar, therefore, was very present all over the world, yet its high value relative to other currencies deterred much investment here.

Peter C. Goldmark Jr., writing in a publication of the New School for Social Research, New York City, said, “As long as the dollar remained the strongest and most highly valued international currency, investment in the United States was, in effect, the most expensive in the world. However, as the value of the dollar dropped relative to other major international currencies, virtually all prices in the United States—of land and real estate, production capacity, portfolio investment—became bargains in the international marketplace.”

The fact that the American economy seems to suffer from inflation to a relatively less degree than those of other countries also makes it attractive to overseas investors. In addition, the sophisticated technological and managerial infrastructure of American business and of the country in general entices foreigners both because of the facility of conducting business here and because technological and managerial know-how can be taken back home.

The political stability of the United States also is considered a major attraction. While Latin American and OPEC country investors particularly appreciate it, European investors reputedly are influenced by the sta-

“The foreign investor often finds that not only is his investment capital exempt from certain taxes in his home country but he also has advantages within the U.S. tax structure.”

bility of the U.S. labor force as compared with the increasingly militant labor force in much of Europe.

Investment in real estate interests foreigners because of the near certainty of price appreciation of their investment. Also, because real property is a tangible commodity and one for which there is always demand, money invested in land retains its real purchasing power—an important fact in the face of continuing inflation.

Two additional factors are considered investment incentives for foreigners. They are trade agreements which the United States has with over 40 countries and favorable tax situations.

The Treaties of Friendship, Commerce and Navigation are bilateral treaties which generally concern rights of nationals from the treaty country to carry out a specific activity or kind of business here. Countries with most favored nation status receive the most liberal treatment.

The foreign investor often finds that not only is his investment capital exempt from certain taxes in his home country but he also has advantages within the U.S. tax structure. The most conspicuous of these and that which affects investment in real estate is exemption from a capital gains tax on the sale of U.S. real estate or real property.

Congress is on the threshold of eliminating this capital gains tax exemption through legislation proposed this year, H.R. 7765. The bill currently is being considered by House and Senate conferees, and afterwards will return to each chamber for full floor consideration.

The Federal Position

The official position of the Carter administration on foreign investment is “neutrality with encouragement.” An *Invest in the U.S.A.* program is conducted by the Commerce Department which basically consists of public relations and liaison counseling services between overseas investors and the states. Another Commerce program and a U.S. Department of Housing and Urban Development program offer assistance to foreigners who invest in economically depressed regions in this country.

The federal role with regard to foreign investment is above all one of overseer. Departments responsible for monitoring and analyzing investment in the United States are Commerce—with the largest role—Treasury, Agriculture and Energy.

Recently, it was disclosed that certain federal departments have indirectly encouraged investment in the United States. The House Committee on Government Operations discovered that the Treasury Department has

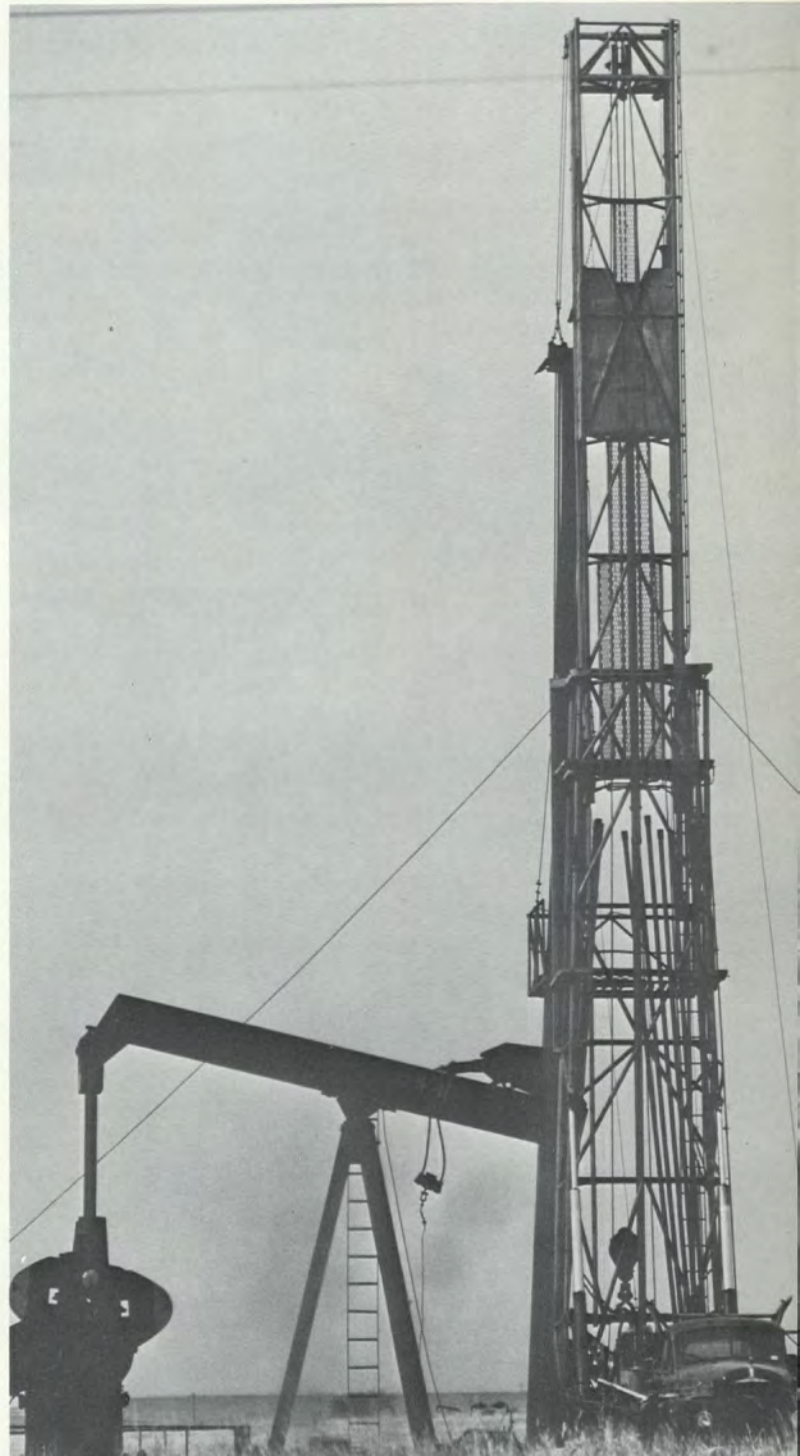
(continued on page 13)

Oklahoma Land Owned By Aliens Dotted With Title Questions

by Kenneth E. McBride



USDA—Soil Conservation Service



Increased nonresident alien ownership of real property in the United States has aroused strong feelings in many people who normally are not concerned with title problems. It is an issue which has permitted citizens to vent their frustrations stemming from a variety of international events such as the Iranian hostage crisis and persistent OPEC oil price increases. The resulting political climate is such that in any particular circumstance to which the courts or legislature may respond, it may matter little that a particular alien is from neither Iran nor an OPEC nation, but that he is a foreigner.

Given the mood of the nation in this regard, I preface my discussion of relevant legal provisions in Oklahoma with a caveat as to the political ramifications of such a volatile issue: It should be remembered that in some circumstances, the issue of alien ownership of land will be essentially political and not legal in nature.

Aliens seeking to invade the heartland of America by means of their Eurodollars and Petrodollars have found their march disrupted in Oklahoma by a crusading state attorney general.

A series of recent developments, including a controversial Oklahoma attorney general's opinion, have thrust the issue of alien ownership of real property into the newspapers, cast doubt on titles to land now held by nonresident aliens and have brought into question ownership of corporations in which aliens hold stock.

The present furor in Oklahoma was precipitated by a report of the state's attorney general dated May 1, 1979, on the subject of nonresident alien ownership. The report credits the ownership of land by nonresident aliens with creating a variety of ills including raising the price of land and therefore "pushing Americans out of their own market," causing "tax losses to federal and state governments," reducing gross national product and "replacing farms with the remotely controlled corporate structure."

Accompanying the report was a list of "suspect" corporations, which were so designated because the identity and nationality of the corporate shareholders had not yet been determined. The only mention of case law in the report was a lengthy quotation from a dissenting justice's opinion in a 1947 Oklahoma case.

Mr. McBride is senior vice president and general counsel, American First Land Title Insurance Co., Oklahoma City, Okla.

Opinion Set Aside

Following the publication of the May 1 report, the present state attorney general decided to re-answer questions concerning alien land ownership which had been posed to his predecessor. He did so in Opinion 79-286, dated Sept. 12, 1979, which set aside his predecessor's opinion. The following five conclusions of law were promulgated in its place:

- An alien may not directly or indirectly acquire title to or own land in the state of Oklahoma.
- An alien who can be shown to have taken up bona fide residence in this state may acquire and hold lands during the continuance of such bona fide residence; provided, that if such resident alien shall cease to be a bona fide inhabitant of this state, the said alien shall, within five years from the cessation of such bona fide residency, alienate the lands so held.
- A nonresident alien may hold land in Oklahoma only if the said nonresident alien acquired it by devise, descent or by purchase, where such purchase was made under a legal proceeding foreclosing a lien in favor of such alien, the land acquired by such means may be held for only five years.
- Title to land which has been conveyed in violation of Article XXII, Section 1, of the Oklahoma Constitution, and 60 O.S. 1971 § 121, has escheated to the state of Oklahoma.
- The word "person" as used in the Oklahoma Constitution Article XXII, Section 1, and 60 O.S. 1971 § 121, includes bodies corporate, and such bodies do not avoid the provisions thereof by obtaining articles of domestication to transact business in the state of Oklahoma.

According to the Oklahoma Constitution, subject to certain exceptions, "no alien or any person who is not a citizen of the United States shall acquire title to or own land in the state of Oklahoma . . ." (Article XXII, Section 1).

The two principal exceptions to the alien land ownership prohibition are aliens who are bona fide residents of the state, and nonresident aliens who acquire title by devise, descent or purchase at a lien foreclosure sheriff's sale. Nonresi-

"One of the most distressing conclusions reached by the attorney general is that the title to land which has been conveyed in violation of this provision is void rather than voidable."

dent aliens are permitted five years from the date of such acquisition in which to divest themselves of the property. The resident alien who ceases to be a bona fide resident of the state also is permitted five years in which to dispose of his property.

Void Or Voidable Title?

One of the most distressing conclusions reached by the attorney general is that the title to land which has been conveyed in violation of this provision is void rather than voidable. This is particularly disturbing in light of 60 O.S. 1971 § 124 which provides that any alien who holds lands in violation of the alien ownership provisions may nevertheless convey the fee simple title thereof at any time before the institution of escheat proceedings, provided that if such a conveyance is made to another party in trust for the purpose of evading the provisions of this law, such conveyance shall be void and the lands so conveyed shall be forfeited to the state.

The above statutory provision specifically permitting conveyance of fee simple prior to institution of escheat proceedings would appear to be an acknowledgment that the title of the alien is voidable rather than void and that such title can be conveyed.

Under the common law, an alien might take title to land by purchase, and, although his title was held for the benefit of the state, it was good against all the world except the sovereign. This position appears to be consistent with the underlying purpose of alien land laws to prevent the holding of real estate by aliens.

A transfer by an alien to a purchaser in good faith and for value effectively accomplishes that object. This reasoning has been so broadly adopted so as to make it a general statement found in various texts and treatises that the presence of an alien in the chain of inter vivos conveyances is immaterial because such alien is considered to be able to convey good title at any time prior to commencement of escheat proceedings.

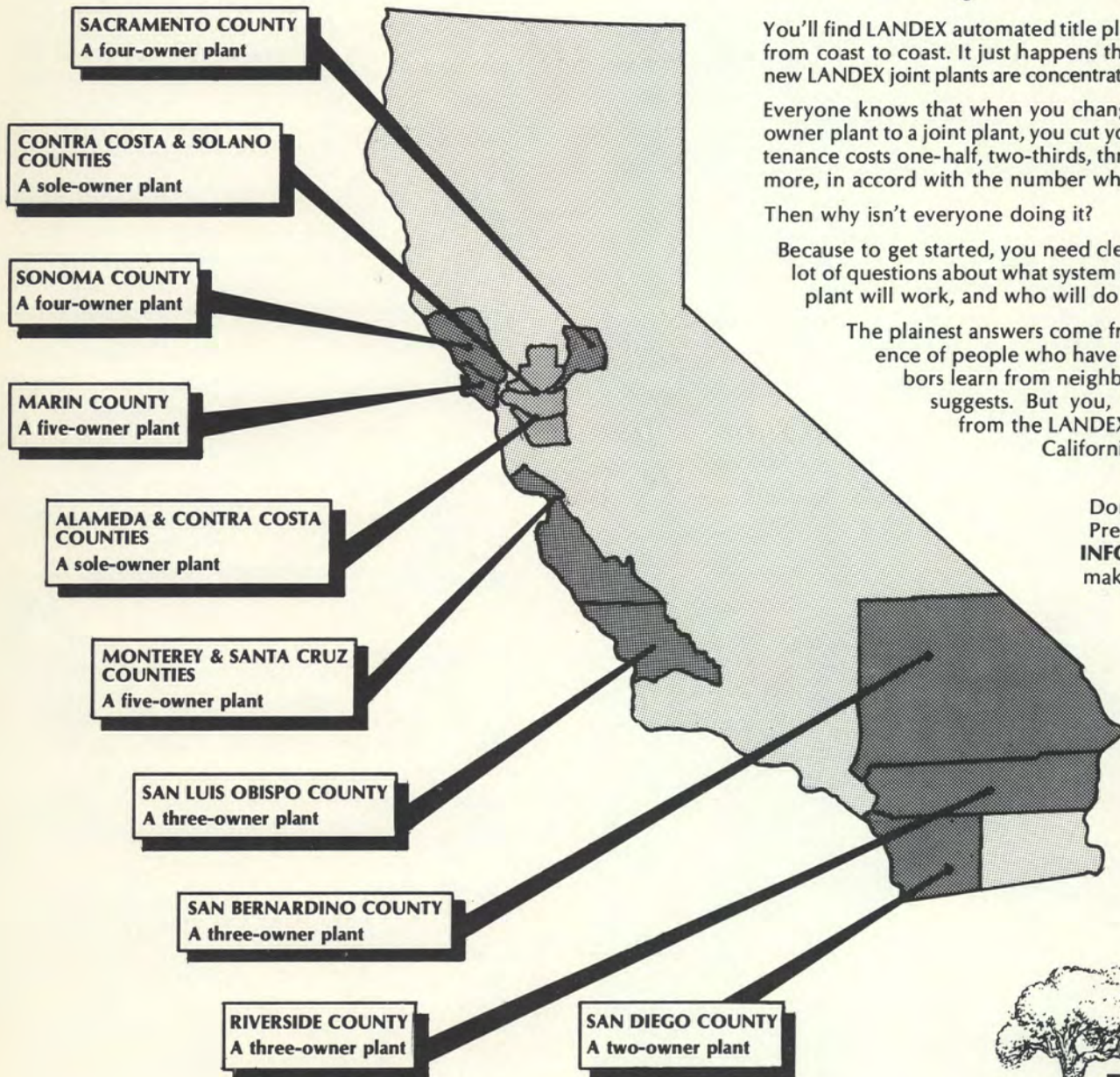
Corporate Ownership

Another conclusion reached by the attorney general which raised questions among persons dealing in real property titles concerned the status of corporate ownership. The inclusion of corporations in the alien ownership ban and the ineffectiveness of domestication constituted a drastic departure from the earlier attorney general's opinion and the usual title practice in Oklahoma.

An even more bothersome problem is suggested by the statement that a corpo-

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Oklahoma—(from page 11)

ration owned by aliens would also be subject to the prohibition in the same manner as the aliens themselves. Although this was not a part of the official conclusion, it has made many title examiners wince.

On Dec. 27, 1979, a suit was filed by the attorney general against Hillcrest Investments, Ltd., an Alberta, Canada corporation. The state court suit alleged that five described tracts had been conveyed to Hillcrest and that because Hillcrest was a nonresident alien, the state owned the property in fee simple and was entitled to immediate possession.

The principal emphasis of the defense dealt with the interpretation of the pertinent constitutional and statutory provisions. Hillcrest argued that Section 1 of Article XXII of the Oklahoma Constitution referred to natural persons and that Section 2 of Article XXII dealt with the ownership of land by domestic and foreign corporations. Section 2 limits the ownership of rural land by a corporation. Hillcrest contended that the intent of the framers of the Oklahoma Constitution was not only to restrict corporate ownership of rural land but, by implication, to permit all domestic and domesticated corporations to own urban land.

Hillcrest had filed articles of domestication under Oklahoma state laws and unquestionably was authorized to transact business in the state. Hillcrest argued that the attorney general's interpretation would deny it equal protection of the law under the 14th Amendment of the U.S. Constitution. It was further argued that domesticated foreign corporations are entitled to the same rights and privileges of domestic corporations. It was noted that the Oklahoma Constitution and statutes provide for domestication of foreign corporations. Hillcrest referred to all corporations which were not domestic as foreign.

Hillcrest also attacked the attorney general on the issue of selective enforcement. Following publication of the attorney general's opinion, he was queried by the press concerning what actions he planned to take against large multinational corporations such as Nestle and Shell Oil which employ many Oklahomans and are incorporated in a foreign country but domesticated in Oklahoma.

The attorney general's response was that actions concerning title to real property would probably not be enforced against foreign owners who provide employment and are not principally established to invest in land.

On Feb. 22, 1980, the trial judge handed down a decision in favor of Hillcrest. The

court addressed only the issue of the interpretation of the constitutional and statutory provisions and held that it was the intent of the framers of the constitution that Section 1 of Article XXII pertain only to natural persons.

According to the court's ruling, domesticated foreign corporations have the same rights as domestic corporations and that "there is no distinction between foreign corporations (those organized pursuant to the laws of a sister state) and alien corporations, and that the domicile of the stockholders of an alien corporation is immaterial."

As was expected, the attorney general appealed the decision to the Oklahoma Supreme Court. In his brief, filed in July, he reasserted many of his initial opinions, and steadfastly contended that the title held by such an alien is void and not voidable.

The Supreme Court indicated that it plans to expedite a decision on this issue. While the Supreme Court may be able to settle the legal issues in this matter, it is doubtful that any decision from the court will resolve the political fires which have been stirred.

Title Problems

The attorney general's positions have created vast title problems. If the court agrees that the title of a nonresident alien is void, then perhaps citizenship and residence should appear on every conveyance. Doubts also are raised with respect to titles which were owned in the past by alien corporations in reliance on the earlier attorney general's opinion. In the latter cases, the present owner conceivably could be divested because his seller bought the property from a corporation such as Hillcrest.

To further complicate real estate transactions, if the attorney general is successful in defeating the title of a corporation substantially owned by nonresident aliens, it could lead to the requirement of a current stockholder list showing citizenship of each at time of closing. This could effectively curtail transactions by any but closely held corporations. While the pronouncements of the attorney general have been quite popular in many areas, they have been credited with triggering a dramatic reduction in foreign investment in Oklahoma.

Many title insurers, attorneys, developers and chambers of commerce hope that Hillcrest will be successful before the Oklahoma Supreme Court. But, until the high court acts, title to property owned by an alien corporation will remain clouded. And, because neither the attorney general

nor the court has handed down guidelines, corporations with significant alien ownership have some degree of uncertainty about the status of their title to property.

The Oklahoma experience should serve as a reminder that real property law is constantly changing. It should also adequately demonstrate to the title professional the importance of being involved in the legal and political processes which shape real property law.

Foreign Accent—(from page 9)

agreements with Kuwait and Saudi Arabia not to disclose information on amounts of investment by individual investors or country of investment to anyone beyond the Treasury Department. The agreements instead call for reporting of investments from these countries in terms of aggregate investment from OPEC countries. The congressional committee maintains that Treasury agreed to non-disclosure of Kuwait and Saudi Arabia investment here in order not to discourage the investment. Not even other federal agencies or members of Congress were supplied the information upon inquiry.

State Incentives


The states have taken a more active role in providing incentives for foreign investment. In fact, 33 states maintain overseas state development offices to promote investment here, according to the U.S. Comptroller General. Many states offer investment incentives to foreign manufacturers in particular which include loans, loan guarantees, tax exemptions and counseling.

States discourage, however, investment in agricultural land and in real estate important to the national interest such as mineral lands and coastal lands. Twenty-five states have restrictions against foreign ownership of agricultural land.

With their fairly aggressive encouragement of foreign investment in their territories, some states obviously regard the investment as beneficial and desirable. The administration, as indicated by both stated position and implemented programs, agrees that foreign investment is favorable to U.S. interests. The states and the administration believe foreign investment can mean a spur to economic development with an inflow of capital, creation of new jobs, new technology and an increase in productive capacity.

The sentiments of the U.S. Congress on the pros and cons of foreign investment appear to be different, however, if accurately reflected by the detailed report of

(continued on page 23)



Underwriter's London Office Assists Foreign Investors

by Oscar H. Beasley

Editor's note: nearly two years ago, First American Title Insurance Co., Santa Ana, Calif., opened an office in London, England. The following is a report of the activities and developments in the company's London venture with foreign investors.

First American's foray into the somewhat uncharted seas of encouraging foreign investment in the United States and thereby optimally positioning itself to write title insurance on resulting real estate transfers was predicated upon the knowledge that foreign capital for investment purposes was abundant and the United Kingdom—London in particular—was the proper location for a venture of this sort.

London has been, and likely will continue to be, a main location for the deposit of foreign funds as well as a gathering place for foreign investors from all over Europe and, to some extent, from all over the world. This is due largely to London's apparent immunity to the buffeting of economic ups and downs in other parts of the world. Indeed, it is a city which remains stable in the face of even its own country's unimpressive economic climate.

United States real estate has become a popular investment for foreigners because of the surplus of dollars held overseas and the declining value of the dollar on the international money market. It is generally accepted that this present dollar surplus was created and is fueled by a staggering U.S. trade deficit which is due mainly to the nation's heavy reliance on imported oil and the increased importation of manufactured goods.

Who Invests?

We have found that American real estate is particularly attractive to British pension funds, insurance companies and another type of British investor known as the property company.

Of these, the major class is that of the pension fund. Although it usually is established for such nationalized industries as coal, steel and the British airline, other non-nationalized manufacturers and producers also have pension funds.

The property company is an ordinary business corporation which can be either publicly or privately held. The property companies are a favorable investment vehicle in England because the tax status which they are accorded in England is very similar to that received by an indi-

vidual in the United States. The tax consequences in the United States would be regulated by federal or state law.

British-based insurance companies—particularly life insurance types—are numerous and have a substantial amount of investment dollars.

It is interesting to note that when First American offered a tour of the American real estate markets for off-shore investors and related interested parties a year ago, many of the participants were representatives from pension funds and insurance companies. The balance were staff members or agents of various other types of investors.

Characteristics

Any serious student of this market who desires to break into it must first familiarize himself with British investment analysis techniques and be prepared to duplicate them.

There are surprisingly large numbers of purchases by foreign investors through use of the all-cash transaction. United Kingdom investors are accustomed to buying property for cash and cash purchases by pension funds and insurance companies are quite common. It is almost unheard of for negotiations to bog down because the buyer needs to obtain financing.

Existing financing at favorable, stable interest rates is attractive to the British prospect. Assumable mortgages are generally unheard of in the United Kingdom, where only a limited market for mortgage financing exists. If the assumable mortgage is available at all in a large commercial transaction, it generally carries a variable rate which is governed by the minimum lending rate (MLR) which is the British version of the United States prime rate.

Unlike a U.S. transaction, in the United Kingdom the usual arrangement is for the institution which, in the United States would be the lender, to be the purchaser of the property.

A joint venture by the investor with American equity capital is also a device gaining in popularity in the United Kingdom. These case-by-case arrangements

“Any serious student of this market who desires to break into it must first familiarize himself with British investment analysis techniques and be prepared to duplicate them.”

are infinitely variable and one cannot over-emphasize the necessity of providing comfort to the off-shore investor. The United States is a foreign country to the investor and the joint venture provides the degree of reassurance that he needs.

American tax consequences are not generally a controlling factor to a foreign investor, although for the U.S. investor a tax shelter may be required. In some instances, a joint venture may be structured establishing a tax shelter for the American partner while the cash flow compensates the foreign partner.

First American has found that the off-shore investor will scrutinize the closing arrangements with a great deal more care than his American counterpart, and will require much more information regarding future projection and analysis of the transaction than the American broker supplies.

Europeans are experienced in dealing with long-term leaseholds, estates with the span of time between rent reviews declining in recent years to three years in many cases. Rents are not usually tied to an automatic sliding scale but the use of arbitration clauses is more customary and acceptable.

Most off-shore investors deal through a retained agent called a chartered surveyor whom they will pay. British firms of chartered surveyors have established offices in major U.S. cities to service the needs and investors—especially corporate bodies answerable to their beneficiaries—are frequently more comfortable dealing with British firms which are more adept at grasping the conceptual framework within which British institutions operate.

Property Types

Not unlike the American investor, the English investor wants property developed with an identifiable income stream.

A modern high-rise office building in a prime location in a medium, or large city is desirable property. Shopping centers and industrial buildings, though not as desirable, are acceptable.

Most United Kingdom investors tend to avoid multi-residence rental complexes. The problems involved with rent control and the security of tenure granted to renters have virtually destroyed the British rental market and create an unstable climate for investment. There appears to be mistrust of the American rental market because of the potential of rent control. Condominium conversions, which are called “flat breakups” in the United Kingdom are probable investments because rental problems are not present.

(continued on page 22)

Mr. Beasley is vice president and senior title counsel, First American Title Insurance Co., Santa Ana, Calif.

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The Underwriter Advises The Foreign Investor's Attorney

The following imaginary conversation is based on the comments and questions most frequently asked by attorneys who are representing foreign investors for the first time. While it is possible for lawyers to talk without footnotes, it is expected that when they write they will use a liberal sprinkling of citations and this article will be no exception. The footnotes begin on page 19.

"When it comes to aliens buying land in the United States, there is no such thing as a risk-free state."



Attorney: My client lives overseas and is planning to make a real estate investment in the United States. I understand that one or two states have laws which might present a problem.

Title Underwriter: Well, it depends on what you mean by "a problem." Actually, more than half the states have some sort of law which treats nonresident aliens differently from citizens when it comes to owning real estate. The exact number is difficult to determine because of uncertainty in the interpretation of some state laws but it is probably around 34 states.¹

Some of the laws relate to the aliens' right to own real estate, some relate to the right of aliens to inherit property or to transmit property by will or descent and others just require the alien to make certain reports not required of citizens. Whether these laws constitute "a problem" depends on what your investor is trying to accomplish.

Attorney: Aren't those laws just applicable to aliens who want to buy farm land?

Title Underwriter: The most current legislative activity in the states seems to be focused on control of the ownership of farmland² but this was not always the case. At one time or another in their history, many of the states were concerned about absentee foreign ownership and all kinds of laws were passed and repealed and modified over the years.

Mr. Brodkey is vice president and associate general counsel, Chicago Title Insurance Co., Chicago, Ill.

Attorney: How do these laws read?

Title Underwriter: Unfortunately there is no single pattern to the statutes. Most of the states started with the basic English common law rule that an alien could not inherit property and that if an alien purchased property, the title was good only up until the point that the sovereign started an action to forfeit the title.³ From there, some states gave ownership rights to aliens. Some gave ownership rights only to *resident* aliens.⁴

In several of the states, time restrictions were imposed. In Illinois, for example, an alien can own real property for only six years and if the property has not been sold within that time or the alien has not become a citizen, the state can bring an action to have the property sold with the proceeds going to the state.⁵

Some states impose a restriction on the *amount* of property which can be held by a nonresident alien. This ranges from 640 acres in Wisconsin⁶ to 500,000 acres in South Carolina.⁷

Attorney: But hasn't the Supreme Court said that restrictions of that sort are unconstitutional?

Title Underwriter: You must be thinking of the cases which set aside the statutes on the West Coast which discriminated against land ownership by Japanese.⁸ The important distinction in those cases was that the statutes attempted to discriminate against *resident* aliens. The court said this was unconstitutional but left open the question of discrimination against *nonresident* aliens.

In 1976, the Supreme Court of Wisconsin reviewed the Wisconsin statute which says that land in excess of 640 acres belonging to nonresident aliens would be forfeited to the state. The Wisconsin Supreme Court found nothing unconstitutional about this approach.⁹

Attorney: Surely that sort of thing must violate international law or the trade treaties which the United States has with various countries.

Title Underwriter: The Wisconsin Supreme Court didn't think so. In addition, if you talk to the State Department, you will find that they are extremely reluctant to have the federal government override state laws which relate to the ownership of real estate.

Most of the older trade treaties are silent on the question but the treaties which have been written in more recent times—including the treaty with Germany and the treaty with the Netherlands (which has been extended to cover the Netherlands Antilles also)—are fairly clear in recognizing that the states may impose restrictions on the ownership of inheritance of real estate by foreign nationals.¹⁰

Attorney: I have heard that all you have to do to avoid the effect of these statutes legitimately is to put the title in a domestic corporation and let the foreign investor own the stock.

Title Underwriter: That might work in some states but the laws in several states anticipate that device and state specifically that if more than a certain percentage of the stock is owned by nonresident aliens, the corporation is also subject to restrictions.¹¹ In addition, it is hard to anticipate when a court is going to look at a corporation controlled by aliens—especially one which was set up for no other purpose than to hold title—and take the position that a person should not be allowed to do indirectly what he has been prohibited by the legislature from doing directly.¹²

Attorney: Well, many of our clients would like to make their investment through the medium of a Netherlands Antilles corporation so that they can get the advantage afforded by the U. S. tax treaty applicable to the Netherlands Antilles. Do the statutes apply only to individual aliens or to alien corporations as well?

Title Underwriter: In a few states it is clear that it applies to alien corporations¹³ but you have put your finger on a substantial problem. In a number of states, there is an ambiguity between the alien laws and the corporation laws.¹⁴ Restrictions of some sort might be placed on



“Some of the laws relate to the aliens’ right to own real estate, some relate to the right of aliens to inherit property or to transmit property by will or descent and others just require the alien to make certain reports not required of citizens.”

“aliens” but the corporation laws might be set up in such a way as to permit foreign corporations (sometimes including corporations organized outside the United States) to qualify to do business and to have all of the powers of a domestic corporation. When this was done in Pennsylvania, it was made clear that the alien laws were not supposed to apply to corporations.¹⁵ But in most states of this kind, it is totally up in the air. A court would probably have to look at the local law concerning “repeal-by-implication” and might have to involve itself in the whole question of why the laws were passed in the first place.

Attorney: Well, you're the insurance company. Can't you give me some title insurance against all of these risks?

Title Underwriter: Of course we can. Depending on the exact facts of your case such as the state where the land is located, the nature of the land, and the proposed entity to hold title, there's a good chance that we could sell you some special insurance as to these risks. We might suggest a change in the structure of the transaction, especially the way in which title is to be held. The use of a limited partnership is often helpful in making the ownership more secure¹⁶ and, in one or two states, a trust could be helpful.¹⁷

Attorney: And then you could insure my client that he would have all the same rights of ownership as a citizen?

Title Underwriter: Not necessarily. For one thing, we probably would not want to insure against the effect of federal law since there are already laws on the books which permit the president to use his executive power to restrict the control and use of real estate by foreign nationals.

This power was used during wartime¹⁸ and can also be exercised in the event of a national emergency short of war. The freeze of Iranian assets is only a mild example of that power.¹⁹

So, any coverage which we give to your client would probably be limited to the application of state law and only to the state laws existing at the date of the policy. It is not likely that we would be able to convince ourselves that it was safe to insure against future actions of the legislatures which could result in monetary loss to your client. We don't even do that for citizens.²⁰

One other point that you might emphasize with your client is that even if your client can legally own real estate in the United States, this does not assure him that he will have all the same rights that a citizen would have. For example, certain disaster relief programs which are available to the owners of land are unavailable to non-citizens.²¹ Similarly the owners of ranches who want to lease grazing rights from the federal government might have to establish that they are citizens before they will be eligible for such a lease.²²

Attorney: If you insist on our structuring our transaction in the safest possible way and if you limit your coverage, what's the value of title insurance?

Title Underwriter: Considering the poor drafting of the statutes,²³ the ambiguities in the case decisions and the emotional nature of the subject matter, there will be extremely few situations in which people are really certain of the risks involved in foreign ownership of U. S. real estate.

If you need a good example of unexpected risks, all you have to do is to look at the situation in Oklahoma. (See article on page 11.) It is pretty clear that the attorneys and investors felt absolutely confident in making Oklahoma land investments in which title was held in an alien corporation. There was even a 1974 opinion of the Oklahoma attorney general saying it was all right. But in 1979, that opinion was withdrawn and now the investors are being put through a great deal of aggravation and expense to preserve their land ownership.

When it comes to aliens buying land in the United States, there is no such thing as a risk-free state.

Attorney: So, if I'm going to want title insurance for the special risks of the alien investor and if some methods of ownership are safer than others, I'd better start talking with my title insurer early in the transaction.

Footnotes

¹ Generalizations and short tabulations published by popular magazines and government reports are useful only in studying general regulatory trends and can't be relied on in evaluating the effect of legislation or the lack of legislation in a particular state.

² See, e.g., Missouri Revised Statutes §442.560 (1978), North Dakota HB 1209 (1979) effective July 1, 1979 and South Dakota SB 90 (1979) all of which restrict ownership of agricultural land; Arkansas Act 1096 of 1979, Illinois Public Act 81-187 of 1979 and Virginia Chapter 289 of 1979, all of which require reports as to alien ownership of farmland.

³ *Fairfax's Devisee v. Hunter's Lessee*, 12 U.S. 38, 43-45, 7 Cranch 603, 616-19 (1812). In many states, the common law of England is specifically adopted as the rule of decision "so far as the same is applicable and of a general nature" and not contrary to the state constitution or legislation. See, e.g., Ill. Rev. Stat. ch. 28, §1 (Smith-Hurd 1969).

⁴ See, e.g., New Hampshire Revised Statutes annotated §477.20.

⁵ Illinois Revised Statutes, Chapter 6, §§1.2. See also Kentucky Revised Statutes Annotated, §381.300.

⁶ Wisconsin Statutes Annotated, §710.02.

⁷ South Carolina Code, §27-13-10, §27-13-30.

⁸ *Oyama v. California*, 332 U.S. 633 (1948); *Kenji Namba v. McCourt*, 185 Ore. 579, 609-10, 204 P.2d 569, 581-82 (1949).

⁹ *Lehndorff Geneva, Inc. v. Warren*, 74 Wis. 2d 369, 246 N.W. 2d 815 (1976).

¹⁰ The recognition of state restrictions appears in the following provisions from Article IX of the Treaty of Friendship, Commerce and Navigation, March 27, 1956, between the United States and the Netherlands:

"1. Nationals and companies of the Kingdom of the Netherlands shall be accorded, within the territories of the United States of America: (a) national treatment with respect to leasing land, buildings and other real property appropriate to the conduct of activities in which they are permitted to engage pursuant to Articles VII and VIII and for residential purposes and with respect to occupying and using such property; and (b) other rights in real property permitted by the applicable laws of the states, territories and possessions of the United States of America.

"2. Nationals and companies of the United States of America shall be accorded, within the Territories of the

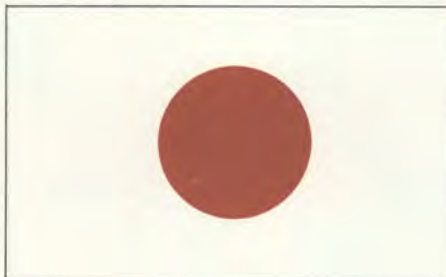
Kingdom of the Netherlands, national treatment with respect to acquiring by purchase, lease, or otherwise, and with respect to owning, occupying and using land, buildings and other real property. However, in the case of any such national domiciled in, or any such company constituted under the laws of, any state, territory or possession of the United States of America that accords less than national treatment to nationals and companies of the Kingdom of the Netherlands in this respect, the Kingdom of the Netherlands shall not be obligated to accord to such national or company treatment more favorable in this respect than such state, territory or possession accords to the nationals and companies of the Kingdom of the Netherlands.

"4. Nationals and companies of either party shall be accorded national treatment within the territories of the other Party and with respect to acquiring property of all kinds by testate or intestate succession or through judicial process. Should they because of the alienage be ineligible to continue to own any such property, they shall be allowed a reasonable period in which to dispose of it, in a normal manner at its market value." (8 U.S.T. 2043, 2055, 285 U.N.T.S. 231, 243 (emphasis added))

See also, the discussion of a similar provision in the treaty with Germany in *Lehndorff Geneva, Inc. v. Warren*, 74 Wis. 2d 369, 374-77, 246 N.W. 2d 815, 818-19 (1975).

¹¹ See, e.g., Iowa House File 148, approved June 10, 1979 and effective Jan.

"Unfortunately there is no single pattern to the statutes. Most of the states started with the basic common law rule that an alien could not inherit property and that if an alien purchased property, the title was good only up until the point that the sovereign started an action to forfeit the title."



1, 1980—replacing Chapter 156 of the Iowa Code, Minnesota Statutes Annotated §500.221(2).

¹² Compare the usury cases in which most courts, on public policy grounds, do not permit the parties to avoid the interest limitation on individual borrowers by agreeing to substitute a corporate borrower. See, *Kratovil*, Modern Mortgage Law and Practice, (1st ed. 1972), §154, pp. 99-100; *Sapphire Homes, Inc. v. Gilbert*, 426 S.W. 2d 278 (Ct. Civ. App. Tex. 1968); *Walnut Discount Co. v. Weiss*, 205 Pa. Super. 161, 208 A.2d 26 (1965); *Feller v. Architects Display Buildings, Inc.* 54 N.J. Super. 205, 148 A.2d 634 (1959); 21 A.L.R. 797, "Usury: Expenses or Charges Incident to the Use of Money" (1922), as supplemented.

¹³ See, e.g., Nebraska Revised Statutes §§76-406, 76-407, Wisconsin Statutes Annotated §710.02.

¹⁴ See, e.g., the alien and corporation laws in Connecticut, Illinois, Kentucky, Mississippi and New Hampshire.

¹⁵ Pennsylvania Statutes Annotated, Title 15, §2203.

¹⁶ Some protection may be available on the theory that an alien who occupies the position of a limited partner does not exercise control over the land and technically owns only personal property. (Uniform Limited Partnership Act §18: "A limited partner's interest in the partnership is personal property." See also, *Reiter v. Greenberg*, 21 N.Y. 2d 388, 288 N.Y.S. 2d 57, 235 N.E. 2d 118 (1968).)

Caveat: If the alien is a general partner, the interest of the partner is not just personal property. (Uniform Partnership Act §25 (1): "A partner is co-owner with his partners of specific partnership property holding as tenant in partnership.")

Such a tenancy has many of the attributes of personal property, *Id.*, §25 (2), but it is doubtful that the real property of a partnership would be treated as so far "converted" to personal property as to defeat a declared policy of the state against ownership of land by nonresident aliens.

¹⁷ See e.g., in *re Romano*, 426 F. Supp. 1123 (D.C. Ill. 1977), describing the Illinois land trust.

Caveat: A traditional trust will probably not overcome a restriction on alien land ownership: (See, *Bogert, Trusts and Trustees*, (2d ed. 1965), §168 at p. 158, §§183-84 at p. 258; *Hubbard v. Goodwin*, 3 Leigh (Va.) 492 (1832); *Sharp's Rifle Mfg. Co. v. Rowan*, 34 Conn. 329 (1867); In *re Tetsubumi Yano's Estate*, 188 Cal. 645, 206 P. 995 (1922).)

(continued on page 22)



At left, discussing content of the Suzanne Smith portion of the film with Smith are, from left, ALTA Vice President—Public Affairs Gary Garrity; Richard Smith, her husband and law partner, and Dick Ridgeway, executive vice president, Corporate Productions, Inc., the film production company.

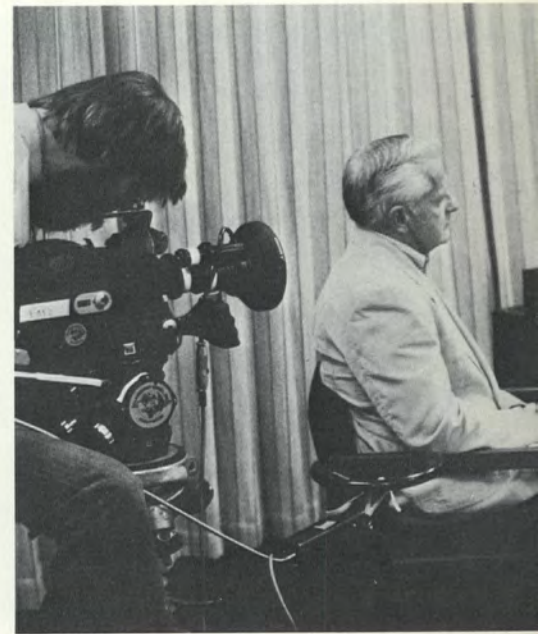


Hart

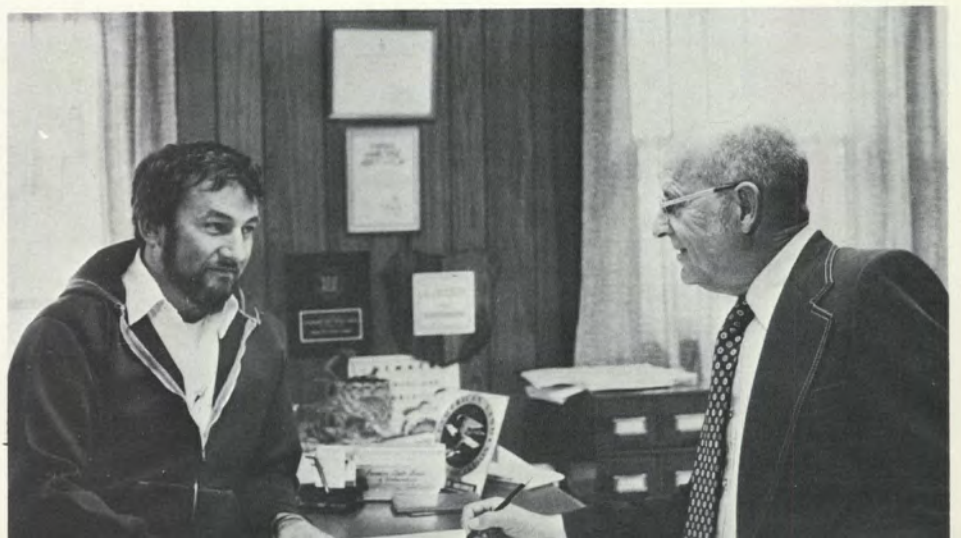
In the bottom photo, Tom Hart, right, abstracter and title insurance agent in Westmoreland, Kan., is visited by Randall Hupe, a local builder who needs title binders immediately so he can obtain construction loan funds from his lender and begin work. This scene, based on an actual experience, is re-enacted before the camera for the new ALTA film.



Everbach



Smith



Title Professionals Star In New ALTA TV Film

Below, the film crew prepares to shoot a scene in the ALTA film sequence featuring Erich Everbach (second from right) vice president for a large title insurer in Los Angeles. In the foreground is a couple—portrayed by Joan Miller and John Weir—with a title problem.



The camera moves from Bath, Maine, to Los Angeles—then to Westmoreland, a small town in central Kansas. As the panorama of local scenery unfolds, a voice reminds that—wherever in the country a home is purchased—land title professionals are on the job, protecting the interests of buyers and other investors.

This profile of the title industry is seen in "The Land We Love," a new quarter-hour television public service film produced as an activity of the ALTA Public Relations Program. Prints also are available for purchase by members of the Association.

Starring in the film are three professionals who re-create actual experiences from their working lives. They are Suzanne Smith, an attorney in Bath who recommends owner's title insurance to her home buyer clients; Erich Everbach, vice president for a large title insurer in Los Angeles; and Tom Hart, an abstractor and title insurance agent in Westmoreland.

Smith is shown counseling Louise Evans, a home buyer client in Bath, an historic shipbuilding community, before accompanying her client to closing at a local financial institution. She also tells why she considers owner's title insurance important to her clients.

Everbach is shown in a meeting with an insured couple and with Harriet Feller, an attorney, regarding a problem created when another individual claims a right-of-way across the couple's property. In another sequence, Everbach and Collyer Church of his company meet with a mortgage banker, portrayed by Robert Hanson, to present a creative solution for a problem arising when it was discovered—with construction under way—that a condominium was being built on a site dedicated for a street.

In Westmoreland, Hart is shown talking with Erwin Scott, county register of deeds, as he arrives at the court house to make a "take-off" from the public records. During another scene, Hart's office is visited by Randall Hupe, a local home builder who needs fast service on title binders so he can obtain construction loan funds from his lender and begin work.

Other points of emphasis in the film include the preventive nature of title evidencing, title insurance responsibility for helping clear up title problems and protection against hidden title hazards, and title insurance encouragement of real es-

tate investment in remote locales where conditions are unfamiliar to the investor.

In its closing narration, the film reminds home buyers and opinion leaders who make up the nationwide television public service audience that: "People tend to hold the land very dear. Whether it be in busy cities . . . or the quiet of a small New England town . . . or in rural America . . . it is the responsibility of people who work in the land title industry to be guardians of the land we love."

Producer of the film is Corporate Productions, Inc., Toluca Lake, Calif., a company that previously made the quarter-hour television public service films, "1429 Maple Street" and "The American Way," for ALTA. The latest live action, 16 mm color sound film has a running time of 13½ minutes and can be purchased by members of the Association for \$100 per print plus postage. Orders should be addressed to Business Manager, American Land Title Association, Suite 705, 1828 L Street, N.W., Washington, D.C. 20036.

Nationwide television distribution of "The Land We Love" will begin in January, 1981, and will result in viewing of the film by an audience of millions in free public service time for which ALTA makes no payment. The film will be offered to commercial, independent, and public stations; to cable stations; and will be shown via cable satellite.

Members of the ALTA Public Relations Committee involved in the film project are Chairman Jim Robinson, Vice Chairman LeNore Plotkin, Randy Farmer, Jim Kramer, Frank O'Connor, Ed Schmidt and Bill Thurman.

ALTA Vice President—Public Affairs Gary Garrity served as technical adviser and coordinator during production.

Land Title Institute Merger Is Announced

Effective Sept. 1, 1980, the Land Title Institute, Inc., a well known organization offering correspondence study for title company employees, has been merged into The Land Title Institute, Inc., a non-profit corporation organized by the American Land Title Association under the laws of the District of Columbia.

The Land Title Institute, Inc., will continue to offer correspondence study from its existing location in Winter Haven, Fla.

The merger occurred when Hart McKillop, sole stockholder of the former Land Title Institute, Inc., donated all of his stock to the new corporation. McKillop is an ALTA honorary member and a retired senior vice president of Lawyers Title Insurance Corp.

Thomas S. McDonald, president, The Abstract Corporation, Sanford, Fla., and Glenn Graff, manager, Lawyers Title Insurance Corp., Winter Haven, were elected chairman of the board and president of the new corporation, respectively. Charles H. Newman, III, president, Trinity Title Company, Fort Worth, Texas, also was elected to the board.

Others elected to the board are McKil-

Beasley—(from page 19)

Many investors today are interested in forestland or farmland. To understand why, it is important here, again, to study British investment analysis techniques and valuation of such land, since their outlook is considerably different. Scarcity and control of the land as well as a need for real productivity dominate the analysis.

The area of the United States that is most widely sought after is the southern tier, from Florida and Georgia across the South and Southwest to California and anchored in the middle of Texas. This is not to say that other parts of the country are avoided. It is merely a statement of preferences observed over the last two years.

An Assessment

First American's ultimate goal is obviously to encourage the sale of title insurance in the United States and, for that matter, in the United Kingdom markets. Establishment of the United Kingdom office has been productive in furthering the goal, by providing a method of contact with the investor and a limited service or clearinghouse for both U.S. property owners and off-shore investors because it affords a place to get the two parties together.

lop; Fred B. Fromhold, chairman of the board and chief executive officer, Commonwealth Land Title Insurance Co., Philadelphia; and ALTA Executive Vice President William J. McAuliffe Jr. McAuliffe also was elected secretary-treasurer.

Ramona Chergoski, a former Lawyers Title employee who was employed by the former Land Title Institute, Inc., for over 10 years, was named assistant secretary-treasurer and registrar of the new corporation.

Enrollment in the institute's Basic Course and Advanced General Course is open to subscribing title companies, with tuition based on the total number of employees of the subscriber. Detailed information on the two correspondence courses may be obtained by writing The Land Title Institute, Inc., P.O. Box 9125, Winter Haven, Fla. 33880.

"The generosity of Hart McKillop has resulted in the establishment of an enduring educational resource for the benefit of people throughout the title industry," President Graff said. "I wholeheartedly recommend that every manager who has not already done so inquire into the correspondence study available through The Land Title Institute, Inc. It's good business."

Boom Expected

The housing industry seems destined for a boom in the 1980s, despite a sharp drop in construction for 1980, reported *Nation's Business*, monthly magazine of the U.S. Chamber of Commerce. Housing starts are expected to stop at 1.1 million this year, or almost 40 percent below 1979. The good news is that up to 2.4 million new housing units will be needed annually in the 1980s to meet demand.

Stock Acquired

Pioneer National Title Insurance Co. (PNTI) has acquired all outstanding stock of American Title Co., Houston, Texas, from A. T. Capital.

American Title was established in Houston in 1886. It has been underwritten by PNTI during the past 14 years, and, according to PNTI President Gerald L. Ippel, the two companies have had a successful relationship.

American Title continues to operate under its own name and is directed by the same officers as before the acquisition.

Brodkey—(from page 19)

¹⁸ See, *Trading with the Enemy Act*, 50 U.S.C.A. App. §51 et seq. 44 (1970), and *Alien Property Custodian Regulations*, 8 C.F.R. pts. 501-510 (1975).

¹⁹ See, *Foreign Assets Control Regulations*, 31 C.F.R. pt. 500 (1975), used to "freeze" the U.S. assets of citizens and companies of Cambodia, North Korea, Vietnam and the Peoples Republic of China; *Cuban Assets Control Regulations*, 31 C.F.R. pt. 515; *Rhodesian Sanctions Regulations*, 31 C.F.R. pt. 530, lifted in December, 1979.

The Iranian "freeze" involved the *International Emergency Economic Powers Act*, 50 U.S.C.A. §§1701 et seq. and the *National Emergencies Act*, 50 U.S.C. §§1601 et seq. and 3 U.S.C. §301.

²⁰ There is no ALTA-developed form of "alien endorsement." A typical endorsement issued by a title insurance company might read as follows: "The Company hereby insures the Insured against loss arising from the entry of a court order or decree declaring or ordering the escheat of title to the State of _____ or the forced sale of the land pursuant to any law of the State of _____ existing at the date of this endorsement related to the ownership of land by aliens not resident in the United States."

²¹ 7 U.S.C.A. §1961 (b) (Supp. 1978). Constitutionally questioned and upheld in *Cabrera Gomez v. Butz*, 430 F. Supp. 422, 425 (D. Puerto Rico 1977).

²² See, e.g., 43 U.S.C.A. §315b (Supp. 1978) (grazing rights); 30 U.S.C.A. §22 (1971) (minerals).

²³ In addition to the ambiguities created by the inconsistencies between the alien and corporation laws of some states, other states have created some confusion in the law by first granting ownership rights to aliens and then repealing them in whole or in part. This situation exists in Kansas, Montana, Oregon, Utah and Wyoming.

Tax Problem?

When all else fails...
~~for~~ fails...

If you've contacted the IRS with a Federal tax problem but had no results, call **IRS Taxpayer Assistance and ask for the Problem Resolution Office**. The number's in your telephone directory.

A public service message from the Internal Revenue Service.

Names In The News . . .

Pioneer National Title Insurance Co. (PNTI) promoted three Tennessee employees to positions of assistant vice president and manager.

Frank S. Perry was named assistant vice president and agency manager for Tennessee state operations, headquartered in Nashville. He formerly managed the company's Davidson County operation.

Succeeding Perry in Davidson County and named assistant vice president and manager is **Joe E. Wooten**. He was elected twice to PNTI's President's Club for outstanding sales achievement and formerly managed Knox County operations.

Robert G. Key was promoted to assistant vice president and manager of Knox County operations. Key was elected to PNTI's President's Club for 1980.

Martin I. Demsky and **James M. Orphanides** were named vice presidents of Commonwealth Land Title Insurance Co. They both work in the company's New York City national title service division office which provides services to corporations involved in large interstate real estate transactions.

Demsky and Orphanides joined Commonwealth in 1979.

Land Title Insurance Co., San Diego, Calif., announced the appointments of **Linda Bunting** and **Nancy Vanni** as accounts managers. They are responsible for sales activities in the company's north county region and south bay region, respectively.

Junius Holmes, president of Little Rock Abstract Co., Little Rock, Ark., celebrated his 50th anniversary with the company Sept. 3. Starting as an office boy in 1930, Holmes worked his way through company ranks and became president in 1948.

Little Rock Abstract Co. is a wholly owned subsidiary of Commercial National Bank, Little Rock. It was acquired in 1972.

Patrick Wayne Mumford was appointed president of AMI Title Insurance

Co., Raleigh, N.C. He has been with the company since 1976, most recently serving as senior vice president in charge of title operations in South Carolina. AMI Title is a subsidiary of American Mortgage Insurance Co., Raleigh.

Scott Lieberg of the Title Insurance and Trust Co. (TI), Los Angeles, Calif., was elected assistant vice president and sales manager for the company's east Los Angeles County operation. He formerly was account manager for TI's east district operation.

Chicago Title Insurance Co., Chicago, Ill., announced the following appointments:

John Gordon and **Earl Marker** were appointed title examining officers in Chicago, both promoted from senior title examiner-attorneys.

Bernard Legenski was promoted to assistant vice president-sales in Philadelphia, formerly a senior sales representative.

Elizabeth Bierwirth was promoted to administrative services officer in Milwaukee, formerly a title operations officer.

James Conmy and **Robert Smith** were appointed title operations officers and branch managers. Conmy, a former title officer, manages the Philadelphia metro operations. Smith, promoted from customer unit manager, manages the Southwest Chicago office.

And in Milwaukee, **Gene Matzke** was promoted to divisional accounting officer from divisional accounting manager.

Robert E. Montgomery was elected president of American First Title Insurance Co., Oklahoma City, Okla. Montgomery brings over 16 years of experience in real estate development and insurance management to the position. He is president of Montgomery Properties, Inc., his own development company, which he will continue to operate.

American First additionally announced that **Patricia Manning** was promoted to manager—title operations from her former position as underwriting manager, and **Mitchell Chesney** was promoted to vice president—director of agency operations. Chesney recently joined the company.

Jefferson Pilot Title Insurance Co., Charlotte, N.C., announced the appointment of **Patrick M. McNeely** as Charlotte branch manager. McNeely is a member of the North Carolina and American Bar Associations.



R. E. Montgomery



Joseph N. Friedman

Joseph N. Friedman, vice president and senior regional counsel for First American Title Insurance Co., New York, N.Y., was elected a trustee of Richmond Hill Savings Bank in Queens County, N.Y. Friedman has been with First American since 1966 when the company acquired the firm he formerly was associated with. He has authored several articles on foreign investment in U.S. real estate in the *New York Law Journal*.

World Trade

"The dependence of the United States upon world trade and financial flows has become enormous. Export markets constitute a major source of demand for U.S. goods and services. Today, one of every seven U.S. manufacturing jobs and one of every three acres of U.S. farmland produce for export. Imported goods, ranging from raw materials to highly sophisticated capital equipment, are thoroughly enmeshed in all phases of U.S. economic activity. International investment has become a major factor in U.S. production both at home and abroad. The U.S. international capital markets are highly integrated, and the dollar serves as the principal vehicle for trade and finance internationally, as well as domestically."

—G. William Miller, U.S. Secretary of Treasury

Foreign Accent—(from page 13)

the Committee on Government Operations. The committee points out that anticipated economic development benefits are not always realized. When investment capital is borrowed here, or income derived from the investment is shipped overseas to parent companies, or when prices paid by foreign investors are above and beyond what the market calls for and therefore preclude American bidding, or when investment in a region threatens the sovereignty of local business, heavy foreign investment may be harmful.

For now, Congress's primary concern is the lack of thorough monitoring of foreign investment, which leaves the government without sufficient information to develop a sound policy response to the surge of investment from overseas.

Calendar of Meetings

October 14-17

American Land Title Association
Honolulu, Hawaii

October 24-26

Palmetto Land Title Association
Myrtle Beach Hilton
Myrtle Beach, South Carolina

October 26-29

Mortgage Bankers Association
San Francisco, California

October 30-31

Land Title Association of Arizona
Westward Look Resort
Tucson, Arizona

November 16-21

U.S. League of Savings Associations
San Francisco, California

December 3

Louisiana Land Title Association
Royal Orleans
New Orleans, Louisiana

November 5-8

Florida Land Title Association
Don Cesar Hotel
St. Petersburg Beach, Florida

November 7-13

National Association of Realtors
Anaheim, California

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