TITLE NEWS

Mid-Winter Conference Excerpts

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TITLE NEWS

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Features

Departments

A Message From The Chairman, Title Insurance and Underwriters Section, By Proxy

I'd like to bring you greetings from Don Kennedy who is my boss and the chairman of the ALTA Title Insurance and Underwriters Section. However, I don't know exactly where he is and he doesn't have the slightest idea that I'm writing this. You see, after Don conducted our company's annual meeting, he rushed off to South America. I was in the office when the call came from the ALTA, inquiring after the whereabouts of Don's comments for this space in the magazine. So, you're not getting Don's comments. You're getting mine and if I were you, I'd turn the page.

I attended a meeting of the ALTA Model Title Insurance Rating Committee in Chicago on April 16. During the meeting, which was very ably chaired by Jim Tyson, comments were made as to regulator's attitudes and understandings of the title insurance industry.

On my return trip home, I began to muse while having a cocktail. Believe me, that is the best time to muse. I have been in the title insurance industry for over 35 years. I don't recall a time when this industry has been faced with such frustrating problems.

We, as a nation, have become a regulated society. As a result of such a trend, our industry regulators are seeking more and more regulations. Unfortunately, we cannot rely on the regulators having a complete understanding of our business. We are doing our very best to educate them and some are doing their very best to understand us.

Often we are on the defensive about our industry which is performing a very valuable service at a price which will result in windfall profits for the red ink manufacturers.

We must continue talking to the regulators. We must continue consulting with the regulators and explaining to them what it is that we do, how we do it, why we do it and what it costs to do it. The regulator must be made to understand that our major product, the title insurance policy, is made up from various segments of our activities such as searching, abstracting, analyzing and forming opinions. Each of these segments has a cost, unique to it, which varies from title policy to title policy with all ending up in one end product at a price that sometimes is not quite adequate. But the product itself meets the customer's needs. The individual costs are usually indeterminable. The customer's major concern, costwise, is the end price. We have to make this clear to the regulators.

We can get the regulators to understand us by digging in and constantly explaining our business no matter how frustrating it is at times to get them to listen to us. I don't believe the furnishing of policy data statistics is necessarily the way to go. Financial data, yes.

As Senator Orrin Hatch (R-Utah) said, "Government paperwork is the most onerous burden imposed on free enterprise." Every industry, large and small, has complained about needless government paperwork. After coming off a five-year program in California I don't think the result anywhere justified the expense. When needed, a sampling summary could be furnished for a fraction of the cost.

I also mused about controlled business. How can controlled business be restricted without infringing upon free enterprise? Utah is going to try it. A new title insurance act will go into effect July 1, 1981. One of the byproducts is that the title company is charged with maintaining records and reporting. This will mean more paperwork. Whether or not it will be worth it remains to be seen.

Finally, my musings got me to a few subjects which certainly initiated another cocktail—the economy, the declining home sale market, high interest rates and lack of mortgage money. Then I remembered that our industry has coped with problems in the past. Somewhere, in some office, in some company, there's an individual or a group of individuals who will solve these problems. It's been done before and it will be done again.

If you happen to see Don Kennedy don't mention you heard from me.

James E. O'Keefe
Vice President
First American Title Insurance Co.
Santa Ana, Calif.

Committees

An old saw has it that those humpbacked creatures with long skinny legs used for travel in desert regions of Asia and Africa were put together by a committee. The cynic who said that obviously had never been introduced to the ALTA committee network.

The following Title News *department has been introduced to give ALTA members a closer look at Association committee work. Chairmen have been invited to write articles on the work and accomplishments of their committees. These articles will be published on a regular basis in the following months.*

After reading the committee department each month, you will be better informed on committee activities and will have gained an appreciation for the dedicated title professionals who give unselfishly of their time to work on ALTA committees. You will also discover what many already know and that is when the camel was created, no ALTA committee had anything to do with it.

—The Editor

Errors and Omissions Liability Insurance Committee

The Errors and Omissions Liability Insurance Committee was formed to collectively obtain better errors and omissions coverage, at a reasonable cost, for members of the ALTA Abstracters and Title Insurance Agents Section. Being a rather small group by insurance company standards, abstracters have never appeared to be an attractive source of business to insurers. It was hoped that through the committee, our needs could be presented in such a manner that would attract the interest of the insurers.

Because of this perceived lack of interest, the committee decided to take a new approach. We began to look at the possibility of forming a mutual company, with reinsurance through existing errors and omissions companies. Here again, while not very interested in furnishing coverage themselves, the errors and omissions companies offered little or no encouragement to the committee plan.

It was at this point that one of the committee members, who also owned a hazard insurance agency, formed a company for the sole purpose of insuring title company liability. This company, along with two or three other companies, who have since entered the field, have made abstracters liability insurance available in most communities with the result that it is now easier to obtain errors and omissions coverage than it was a few years ago.

The committee is now going through a period of self-appraisal. The lines of liability have become distorted because of the increased use of title insurance. It is obvious that in the event of a large loss, an uninsured, small abstracter would not have sufficient assets to entirely cover it. The title insurer would have to pick up a portion of the loss. There is also a lower court ruling in one state that in effect says that since the title insurer is in the business of insuring, the title insurer cannot look to the abstracter to collect its loss.

The Errors and Omissions Liability Insurance Committee hopes to work with a committee of title underwriters to define the areas of liability between the abstracter and the insurer because we believe that the result can be much more equitable than a decision handed down by the courts. With these lines worked out in advance, it is hoped that the errors and omissions companies, having a better idea of their loss potential, might consider giving us a little break in premium rates.

It has also been suggested that the standing committee could be dissolved and re-formed as a subcommittee of an ALTA standing committee, which would include both abstracters and underwriters.

F. Earl Harper, Chairman
President
Southern Abstract Co.
Bartlesville, Okla.

Public Relations Committee

Despite the adverse housing market created by high mortgage interest rates, home buyers across the nation have continued to show a remarkable interest in land title protection.

As a result, the title industry in 1981 is as much in the limelight as might be expected during a much healthier market. This means that public opinion of the industry is being shaped and re-shaped every day.

Because of this high level of public interest, it remains important for the industry to favorably impact on public opinion so public acceptance will continue and problems of misinformation will be minimized. In order for this to be accomplished, the story of title evidencing must reach an ever-changing national audience of consumers and opinion leaders all year long.

Fortunately for ALTA members, their Association is continuing to win widespread public acceptance at a relatively modest cost through its ongoing public relations program.

The Association has invested wisely over the years in planned public relations activity that repeatedly scores high in the cost-benefit area. This performance results from the familiarity and credibility enjoyed by the public relations program among media from coast to coast—and from the consistently superior creative quality of program messages.

In communications activity of the program, the ALTA Public Relations Committee and staff emphasize reaching consumers and opinion leaders with public service messages that stress the need for land title protection in home buying. Besides being consistent with objectives of the Association as stated in the ALTA Bylaws, this approach makes it possible to reach millions in free air time and print space donated by media as a public service. Program messages urge home buyers to learn about owner's title insurance and other precautions before purchasing real estate—and suggest writing ALTA for free information on the subject.

In a recent example of program cost effectiveness, a single ALTA 60-second television public service spot emphasizing owner's title insurance was aired nearly 2,900 times by 95 stations in 39 states and reached a combined audience of more than 82 million. If equivalent air time were purchased for this spot—which won 48 hours of free air time for which ALTA made no payment—the cost would have been nearly $732,000.

It presently costs about $15,000 for ALTA to produce and distribute one of these 60-second spots.

Similarly impressive results are achieved with other ALTA public service broadcast offerings—including the award-winning spring Sgt. Braxton and fall Home Buyer Alert radio campaigns.

With the recent Federal Communications Commission removal of all requirements for amount of time that local stations must devote to public affairs programming, achievement at the present level enjoyed by ALTA would be impossible without the accompanying standards of quality that have characterized our work for years.

Continuing support from the Board of Governors, Executive Committee and Finance Committee has been essential in the development of the ALTA public relations effort, and will continue to be an integral part of what we accomplish in the future.

Although the real estate market is in poor condition, the ALTA Public Relations Program has maintained excellent momentum because of our success with media in the past. The favorable nationwide visibility being achieved through the program will contribute much toward a positive climate of public opinion that will help facilitate economic recovery.

Bill Thurman, Chairman
President
Gracy Title Co.
Austin, Texas

Directory Rules Committee

The function of the Directory Rules Committee is to respond to the recommendations and complaints of the membership with respect to the Directory and to make recommendations to the Executive Committee that will continue to give the Association a clear, concise and workable membership directory.

One of the problems that the ALTA Directory Rules Committee recently addressed was multiple county branch office listings. Some of our members wished to have all branches in all counties listed in the Directory even if they were charged an additional fee.

The committee decided this would create a Directory the size of a telephone book. They also felt that inquiries to one office could easily be referred internally. Consequently, we adhered to the rule of only one listing per county.

In another instance we were requested to list a county where the member did not have an office but where he maintained a tract index of the county located in an office in an adjoining county. In this case, the committee recommended to the ALTA Executive Committee that such a listing be permitted as long as no other ALTA member had an office in this county and that in

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the event a member would open an office in this county, the non-office member would either have to drop his listing or open an office to maintain his listing.

Nic S. Hoyer, Chairman
President
Wisconsin Title Service Co., Inc.
Milwaukee, Wis.

Title Systems Committee

The purpose of the Land Title Systems Committee is to provide information and education to ALTA members in the area of land title systems and procedure. This is accomplished by the committee's collection and dissemination of information and material on title plant, microfilm, word processing, data processing and other title production systems and procedures.

To accomplish this, the committee keeps abreast of new technological developments as they relate to systems for the title industry and it maintains liaison with manufacturers and vendors.

Constant exchanges of ideas and concepts between the committee members and ALTA members is encouraged in order to determine the ideal solution to a title systems problem. The committee attempts to address such matters as: when a title plant is necessary, what type of plant to use, what type of microfilm or equipment is best for a specific application and what type of automated plants are available.

The committee is available to ALTA membership to provide general information on specific questions. This is also accomplished by presentations on selected subjects to the general membership at the annual conventions.

In addition, the committee is currently attempting to encourage questions and exchanges of ideas on title systems and procedures by periodically publishing a column in *Title News*, wherein readers' questions and their responses from one or more of the committee members will be published.

Robert G. Meckfessel, Chairman
State Manager
St. Paul Title Insurance Corp.
Chesterfield, Mo.

Judgment Copies Available To ALTA Members

Copies of the judgment in *Wisconsin Avenue Associates, Inc.*, v. *Commonwealth Land Title Insurance Co.*, No. 79-2279 (D.C. Circuit) are available to ALTA members through the ALTA office. Requests should be directed to ALTA Executive Vice President William J. McAuliffe, Jr.

A synopsis of the case ran in the March *Title News* in which Patricia D. Gurne, Esquire, of the Washington, D.C., law firm of Jackson, Campbell & Parkinson reported that the U.S. Court of Appeals for the District of Columbia affirmed a decision of the U.S. District Court, holding that an insurer's duty to defend against unenforceability of the lien of the insured mortgage does not require the insurer to defend a challenge to only certain provisions of the deed of trust instrument where the underlying acts and the fundamental cause of complaint arise out of fraud, deceit and breach of fiduciary duty on the part of the insured in negotiating the provisions of the instrument and the underlying obligation.

Forming Public Opinion

"Now newsmen know almost everything, of course, but there is one thing they never quite get through their heads. It is that talk, or word of mouth, is the principal means of communication, and that the written word is merely the trigger. People all over the world think what they think because they have heard it talked or gossiped in bull sessions of one sort or another. The talk is the influencing factor. The written word is merely the provider of raw material."—W.M. Kiplinger, *The Kiplinger Letters*

The Organization and Claims Committee

The Organization and Claims Committee is an active ALTA committee of people who are quite interested in the future of the Association.

Last summer, our committee met in Kansas City with the first order of business being to review and make suggestions for changes in the Organization and Claims Committee Report Form that is mailed annually to abstracter/agents.

A revised questionnaire grew out of the Kansas City meeting and it was decided that it would be mailed to the membership in January to obtain the 1980 results. We are now awaiting its results.

At this same meeting, we decided that we would put together a new questionnaire to be mailed out in 1981 with a tentative title of "Abstracters and Title Agents Claim Experience Questionnaire." Areas that the upcoming questionnaire will probe are categories of losses and/or claims experienced by abstracters and agents; their loss expense, if any, and the agents portion of losses paid, if any.

The consensus of the committee is that we would like to proceed with finalizing the new questionnaire soon. This, and the preparation of our report for the 1981 ALTA Annual Convention are at the top of the agenda as we plan to meet soon.

Joseph W. McNamara Jr., Chairman
President
Security Land Title Co.
Omaha, Neb.

THE TITLE READER

PROFITS FROM REAL ESTATE PUBLICITY

By Roger J. Karvel, 220 pages, $21.95 (hard-cover), published by Real Estate Education Co., 500 N. Dearborn St., Chicago, Ill. 60610

—Reviewed by Edward S. Schmidt, Administrator, Pennsylvania Land Title Institute

The author introduces his book with an observation that the real estate industry is evolving, and that the decade of the 1980s will bring profound changes in financing, building procedures and land uses. In an interesting and highly personal manner, Karvel reminds the reader of the fundamentals of good communications and leads him through a variety of real-to-life experiences applying the principles. The results that he reports which are documented and credible, demonstrate the practical usefulness of public relations activities to the successful real estate enterprise.

Businessmen should find one of the author's definitions of public relations particularly interesting. He calls it "a nonpaid form of communication that changes or enhances public opinion." He does not say that it sells a product or service. Karvel frequently reminds the reader that the success of the public relations effort in creating favorable public opinion toward a product or service is a vital part of the selling effort.

The writing is replete with Karvel's personality which makes for a writing style that is easy and enjoyable. Karvel is articulate and enthusiastic. He is obviously a master of the subject and illustrates with reprints how the media can be used to carry a message. He thoughtfully presents his opinions, formed by his own successful application of basic concepts.

Throughout the book, he reminds that serious attention must be given to planning and strategy. Learning comes from involvement. Mistakes will happen, and persistence based upon experience is vital to ultimate success.

Anyone who is acquainted with real estate transactions will quickly identify with the many situations described and follow the wisdom and logic of experience as the author has challenged the problems and proposed his judgment and advice.

A strong flavor of reality is blended into each chapter. The text begins with a down-to-earth definition of public relations which leads, quite naturally, to an appreciation of its value. Once this point is made, the reader is constantly counselled to relate the opportunities for positive publicity to many kinds of real estate situations. "I'm convinced that the old tried and true promotional ideas usually work best, especially when a fresh, individualized approach is taken," Karvel says. And, he supports his conviction by narrating interesting incidents from his personal experience.

Fortunately, this book has retained the integrity of presenting a point of view—that there are profits available from good real estate publicity—by presenting interesting case histories attesting to the simple fact that the writer's successful experience has proved his personal beliefs.

Real estate professionals who have a desire to understand how the various news media can be called upon to participate and contribute their influence to stimulate real estate activity should reach out and accept Karvel's generous sharing of years of learning and experience in making public relations an essential part of the profit pattern.

IVT Officer, Career Titleman Succumbs

Elmer S. Carll, vice chairman of Industrial Valley Title Insurance Co., Philadelphia, Pa., died April 29.

Mr. Carll began his long career as a titleman in 1916 with West Jersey Title Guarantee Co. He served as title officer, vice president and director of the Frankford Trust Co. and was elected president of Industrial Trust Co. in 1952, which he later served as chairman. Following the merger of Industrial Trust with Jenkintown Bank in 1961, Mr. Carll served as vice chairman of Industrial Valley Bank and Trust Co. In 1964 he was elected executive vice president of Industrial Valley Title Insurance Co. and in 1970 was named vice chairman.

At the time of his death, Mr. Carll was a director of Germantown Insurance Co. and District-Realty Title Insurance Co. in Washington, D.C. He is a past president of the Pennsylvania Land Title Association.

Mr. Carll is survived by his wife Dorothy E. Brown Carll.

Land Title Institute Offers Special Rate

The Land Title Institute, Inc., board of directors has authorized a special, low tuition rate for title companies with 10 or fewer employees, which will be available for a limited time period.

Under the new rate, companies in this size category will pay tuition of $25 per month plus a modest charge for text materials.

LTI offers correspondence study for title company employees through its Basic Course and Advanced General Course. There are 12 books in the Basic Course and 18 books in the Advanced General Course, which typically are mailed to the homes of enrolled employees unless otherwise specified. Employees take an open book test on each of these, which is promptly graded at LTI before the next book is sent out.

Besides offering employees an opportunity to grow through knowledge, the courses provide title company management with a useful tool for employee evaluation.

As an indication of subject matter covered in the correspondence study, here are a number of the headings from textbooks in the Advanced General Course: title assurance, title insurance, company history, the title insurance industry, title industry and related trade associations, abstract and title plants—their structures and use, title language—glossary of title industry terms, land descriptions, forms of title insurance binders and policies, basic principles of title underwriting, escrows and closings, the approved attorney system, insured closing service, rate structures, easements, groups of parcels, development of title business, federal departments and agencies, management problems.

Enrollment information may be obtained by writing The Land Title Institute, Inc., Post Office Box 9125, Winter Haven, Fla. 33880.

Defining "Unearned"

"Unearned income" is a term that will be used less if Treasury Secretary Regan gets his way. "I worked for my money," he told the National Press Club recently. "And having worked for it, and then having it taxed, and then having managed to save it, I invest it, I sent it out to work at my risk and then a return comes back to me. That's unearned? Not in my lexicon."

by James E. Murray

The Mortgage Market's Changing Face

Great changes are in motion in the mortgage market. They are largely the result of the unprecedented inflation of recent years. So that the nature of these changes can be better understood, a review of the recent history of the mortgage market is in order.

At FNMA, our private status began in 1970 when it completed its transition from a government-controlled corporation to a privately owned and managed corporation.

"My perspective on what the mortgage market will look like in about a year from now will be that most financial institutions will offer adjustable rate mortgages."

That signalled the start of a new era in the mortgage market. The emergence of a very active secondary mortgage market began when several important institutions became major factors in that market. FNMA was removed from the federal government in 1970 and in 1972 the Federal Home Loan Mortgage Corp. was formed. Both corporations began an effort to standardize the conventional mortgage market, an effort which has been very successful. Nearly 85 percent of all transactions in conventional mortgages use the FNMA/FHLMC mortgage form, even though a very small percentage of those loans are sold to FNMA or to the Federal Home Loan Mortgage Corp.

Mr. Murray is senior vice president and general counsel, Federal National Mortgage Association, Washington, D.C.

For years, the mortgage market has been financed by savings institutions and other investors, which were in the mortgage market on the basis of an economic assumption. That economic assumption was that short term interest rates would remain below long term interest rates over the course of a business cycle. That assumption is called the "normal yield curve," the yield of short term rates lower than long term rates. Therefore, it made economic sense to finance long term mortgages in short term money markets.

While other mortgage investors were leaving, FNMA refinanced those mortgages with longer term borrowing, largely in the 4- to 5-year maturity period.

Our earnings went up nearly every year. Our earnings were squeezed only during the period in which we were very heavily in the short term money market. They came out of those temporary squeezes and successfully refinanced. Of course, savings institutions were doing a similar thing. They were financing themselves largely in short term maturities, that is, demand deposits or six month certificates, and investing those funds in 30-year fixed rate mortgages.

The Beginning of Change

In 1978, everything began to change. Several things happened. Firstly, the Depository Institutions Deregulation Act was enacted. It had the effect of removing the artificial barriers on interest rates paid by savings institutions to their depositors. Savings institutions had been subsidized by Regulation Q and they had been able to pass along that subsidization to home owners by giving them below market interest rate mortgages on their homes.

The unfortunate part about the Deregulation Act was that it deregulated the liability side of the institution's balance sheet but unfortunately had no effect on its asset yield, which, for most savings institutions is significantly now below the current market.

The other event that occurred was the so-called Saturday massacre in October 1979 when the chairman of the Federal Reserve Board announced that the Federal Reserve would no longer attempt to exercise monetary control through interest rates. Henceforth, the Federal Reserve would attempt to control the monetary aggregates through bank reserves. The effect of this change in policy has been that short term rates have remained at unprecedented high levels and there has been no relief for institutions such as savings institutions and FNMA, which are so reliant upon short term borrowing to finance home mortgages.

The net effect is that very high short term rates have stayed with us for nearly two years. It means that the portfolios of most savings institutions and the portfolio of FNMA all are yielding less than the cost of borrowings.

This is a serious problem, there is no prospect for that problem or inflation to change soon. Everyone hopes that President Reagan's economic plan will succeed. Meanwhile, savings institutions, FNMA, and all the other traditional lenders in the mortgage market have to change.

Resale Finance Program

As part of FNMA's response to this current economic environment, we have announced a program to deal with the negative yield on the portfolio. It is called the FNMA Resale Finance Program. This program will upgrade the yield on the portfolio, eliminating lower yielding mortgages.

There are reports that lenders are "wrapping" other lenders' low-yielding mortgages. That is, they are making new loans available to borrowers and assuming the old, low-yield mortgage. The effect is that the new lender is able to reap a benefit from the low-yield mortgage and obtain a substantially higher yield on the new loan.

Our program will enable borrowers who have a FNMA mortgage—and there are about two million of them—to either refinance their mortgage or obtain new financing if they are selling their house.

For example, if an individual has a \$30,000 mortgage at 8 percent, we would make available an additional \$30,000 for a total new mortgage of \$60,000 at a rate of approximately 11.5 percent. This will allow borrowers to use the equity in their homes for whatever needs they may have —whether it's adding a new room to the house or financing a college education.

It also makes below market rate financing available to a FNMA borrower who is attempting to sell his house. If he were trying to sell his home and the purchaser had to obtain new financing, the new loan would be at 15 or 15.5 percent. This resale finance program would, in most cases, provide attractive financing to the purchaser. Again, if the mortgage is under ten percent, the rate on the new mortgage would be in the neighborhood of 12 to 12.5 percent.

Many sellers have had to take back second trusts with a very short maturity of two or three years. This program will provide those individuals with a vehicle to finance the sale of their homes and get rid of the subsidiary financing by the seller.

There are opportunities for title insurance companies to take advantage of this program by making title coverage available at attractive rates for most families.

Along with the refinance/resale finances, FNMA will begin to enforce the due on sale provisions in its conventional mortgages. This resale/refinance program will provide attractive, alternative financing to those borrowers who plan to sell their houses.

Recently, the controller of the currency announced the publication of the final regulation on the adjustable rate mortgage that can be made by national banks. That regulation is a flexible regulation which will permit national banks to offer a mortgage whose interest rate could increase one percent every six months, or a total of two percent per annum with no limit on the amount that the mortgage can go up during the term of the mortgage. The regulation also permits a number of different indices that would be the standard upon which the mortgage yields would be set.

"It does not make economic sense to limit the ability of a financial institution to obtain additional yield on its asset side while it has unlimited exposure on its liability side."

Also, the Federal Home Loan Bank Board has revised its regulations which are even broader than the Controller of the Currency's.

It does not make economic sense to limit the ability of a financial institution to obtain additional yield on its asset side while, at the same time, it has an unlimited exposure on its liability side. It is in the nature of financial institutions, to be intermediaries. They cannot take the risk of being unable to act as a conduit. The saver in a savings institution or the investor in our bonds and debentures should not be required to subsidize the homeowner of the adjustable rate mortgage.

If the federal government is able to control its fiscal policies and if the Federal Reserve controls the growth of the money supply, then we could return to a 30-year mortgage. Unfortunately, the financial institutions in the country can't take the kind of exposure that they did in the past, so there is no alternative to the adjustable rate mortgage in the future.

Adjustable Rate Mortgages

My perspective on what the mortgage market will look like in about a year from now will be that most financial institutions will offer adjustable rate mortgages. The rates will change for most portfolio lenders every six months to one year because that generally will accommodate their principal source of money, deposits, and principal maturity of their obligations.

The secondary market will try to be as flexible as the various regulations permit. Adjustable rate mortgages will vary in the renegotiable periods from six months to three years. In the long run, there will begin to develop a standardization of the kinds of renegotiable rate mortgages that will be acceptable in the secondary market. Those more popular will tend to be in the area of adjustable every two to three years. Most of the mortgages acceptable to the Federal Home Loan Mortgage Corp. and to Fannie Mae will probably have a rollover period of about two to three years because that more nearly accommodates the maturity of debt.

Another development in the mortgage market which will coincide with the development of the adjustable rate mortgage will be a greater use of conventional mortgage-backed securities.

A much greater part of the mortgage market will be funded through conventional mortgage-backed securities, either those that are guaranteed by FNMA or securities that will be guaranteed by the Federal Home Loan Mortgage Corp.

The amount of the disposable savings that are available to individuals has been

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Mid-Winter Conference speaker James Murray (second from right) confers with (from left) ALTA Executive Vice President William J. McAuliffe Jr., Lawyers Title Senior Vice President Billy Vaughn and ALTA President James L. Boren Jr.

by Erich E. Everbach

Whose Business Is Title Insurance?

We have worked long and hard and sometimes in vain to get state insurance regulators to recognize that title insurance is only a small facet of the whole title business; that the title business is only a small part of the entire real estate business, and that their perception of the title business may be less than perfect. They don't regulate the title business, as they sometimes think they do, but only the title insurance business.

"There have been internal changes within the structure of the NAIC that may have an effect on our business."

They can only regulate us to the extent they are authorized by state law and they cannot expect to be able to regulate in a vacuum. They can't try to adjust us with social engineering changes without regard to the competitive impact that such changes will have on our relationships with other people in the title evidencing business.

To be effective and workable, title insurance regulation has got to take into account all of the elements in the society that impact on the business and each element must be given its proper value, not inflated or worshipped nor discounted or ignored. No one person and perhaps no one small group can achieve that perfect balance. That's why they need to listen to us and we need to listen to them.

Mr. Everbach chairs the ALTA Liaison Committee with the National Association of Insurance Commissioners. He is vice president, Pioneer National Title Insurance Co., Los Angeles, Calif.

Very often, there is a lack of communication or imperfect communication between the various entities that seek to regulate our business and seek to have an impact upon the housing industry. If we could obtain better communication between all of those entities, we might be more effective in achieving the goals of the housing community in the United States that society desires.

NAIC Changes

There have been internal changes within the structure of the National Association of Insurance Commissioners that may have an effect on our business. A major reorganization that has been in the works for several years will finally come about in 1981.

Presently, NAIC has divided the nation into six geographic zones. This is for meeting purposes as well as convenience. Those zones will be reduced from six to four and restructured. In the past there have been yearly meetings in each zone plus two national meetings—one in June and one in December.

Two of the four zone meetings will have plenary sessions of the NAIC. The National meetings, as such, will be discontinued. This means that the number of meetings at which business might be conducted and to which we will have to attend in order to have effective liaison will be cut in half.

The committee structure of the NAIC also has been tightened up by reducing the number of standing committees to four and by limiting the duration of task force life for any task force within the NAIC to one year, with a possible one-year extension upon the approval of the NAIC Executive Committee. This probably will result in a clearer definition of which committees, subcommittees and task forces have responsibility for title insurance related matters.

It also should allow the focus of more NAIC attention, more rapidly, on problems that the NAIC desires to solve and in fewer meetings. You are all aware, I think, of the NAIC Title Insurance Task Force. It has been in evidence as a task force for eight or nine years. It has been the focal point of the attention for the ALTA in its liaison committee at the State Insurance Commissioner level for that period of time.

Recently I reported that the Title Insurance task force chairman, who is the Nevada insurance commissioner, is moving the task force toward model regulatory or statutory provisions to treat some of the areas of title insurance which the task force identified as important. These involved rate standards; rate regulation; prohibition of rebates, kickbacks and unlawful inducements, controlled business regulation, agent's financial responsibility as well as agent licensing and continuing education.

The Task Force Drafting Committee identified rate standards as being the highest priority on that list for the insurance commissioners and has brought forth a proposed model provision on rate standards. It has requested industry comment and this week the ALTA Executive Committee authorized the appointment of a high level ALTA Task Force to prepare any comments or alternative proposals, and, after further approval, to work directly with the NAIC Title Insurance Task Force to develop a workable and clear model rate standard section, targeted at specifically applying to the unique characteristics of this industry, not some other line of insurance.

This is critically important. It is absolutely necessary to have decision makers who can articulate position for this industry working directly with the NAIC at NAIC meetings and with NAIC committees, subcommittees and task forces. The Liaison Committee can continue to work behind the scenes to identify the people who should be talked to at the NAIC level and to identify those committees and subcommittees and issues that a high level task force from ALTA can work on.

It's critically important to have ALTA remain a credible spokesman for the title insurance industry. We have been placed on notice that the Title Insurance Task Force intends to complete by June 1982 all the model provisions it has identified as desirable goals. It's been in existence eight or nine years but under the reorganization, task forces can only have one year of life and that will begin in June. This Task Force is going to do all of its work within the next year and that's why it's critical for ALTA to have direct involvement in addition to its liaison.

In December 1980, the NAIC adopted a model insurance competitive pricing law that includes title insurance within a market that has been defined as noncompetitive. This does not mean there is no competition in title insurance but rather that competitive forces may not act in the absence of further regulation to keep prices as low as possible.

No one is really satisfied with the model competitive pricing law. But, in the blinding glare of television lights and the media attention focused on the action taken by the NAIC at its meeting in New York, the passage of that competitive pricing law for insurance was a foregone conclusion.

How can anyone be opposed to competitive pricing in this day and age? Significant amendments can be expected to the model law and no one expects that there will be a rush in state legislatures to adopt it and no one has suggested, even in that law, that title insurance rates should be free to go wherever direct or reverse competition would take them. Title insurance is identified as a noncompetitive market and, therefore, provided with additional regulation.

In another area of controversy within the NAIC, the A-3 Subcommittee on Profitability has been studying the inclusion of title insurance data in the property and casualty industry's profitability data base that is maintained by the NAIC in its central office. Again, of course, we have objected to being included with dissimilar lines and are trying to get the NAIC to understand that our performance and financial data cannot be measured by the yardstick created for another industry or another line.

"Try as we might, we have not yet been able to convince the regulators in the NAIC of the problems that would result in such a shift in pricing philosophy."

Some recent internal personnel changes within the NAIC central office may give us some hope of having our position heard seriously. If I were asked to simply state where the principal source of conflict is between the ALTA, the title insurance industry and the NAIC, I would have to say it's the continuing tendency on the part of regulators to try to force the title insurance industry to fit within some familiar framework of a more prevalent line of insurance and our continuing tendency to view our operations and structures as totally different and deserving of unique and individualized treatment.

This basic conflict pervades all of our discussions and results in imperfect communication. One example arises out of our discussions on this rate standard model provision. In the title industry, we speak of rate and think of rate schedules and revenue and rates in the aggregate. Regulators speak of rates, even in title insurance, and think in their own minds of each rate in our schedule and whether that rate is proper for the actual expenses and losses for that type of policy at that liability level in that geographic location and for that class of insured.

I dare say that none of you think of your rate schedule in that way. Even if we could identify the direct and allocated expenses in the detail that the regulator's view would demand (and we continue to maintain that we cannot reasonably do so) we probably couldn't price our products and services accordingly, and still serve at a seemingly reasonable price the broad spectrum of customers that we now serve.

It seems logical that because of the high, fixed and joint nature of our expenses that any scheme of allocation and charges that follow costs and losses could result in perhaps an owner's policy of a liability in the neighborhood of $100,000 ending up being priced higher than a buyer could reasonably afford because of the high loading of the fixed cost, while a similar policy with a liability 100 times greater might be priced at a small fraction of that present level.

Multiply these distortions by the number of rating categories in any of our rate schedules and you can imagine the complexity and mischief that would be brought about if our industry were forced to depart from our liability based pricing system and to adopt one based on the actual and allocated distribution of expenses and losses.

Try as we might, we have not yet been able to convince the regulators in the NAIC of the problems that would result in such a shift in pricing philosophy. There are some of us who are now resigned to suffering through attempts of some state regulators to require that our rates follow expenses and losses so that the distortions and problems that we predict may occur and serve as examples to bolster our argument that such a pricing system would be folly to our industry.

Some of our communication problems with regulators are aggravated by the continual turnover in the ranks of regulators and their staff. Just within the past few months, new insurance commissioners have assumed duties in Indiana, Missouri and California. Even our familiar NAIC Title Insurance Task Force Chairman, Nevada Insurance Commissioner Donald Heath, has recently announced his resignation.

You will remember from my past presentations that most task force subcommittee and committee positions are held by state and not by the incumbent in that office so we do not now know who the successor to Don Heath will be as Nevada insurance commissioner but the Nevada insurance commissioner very likely will be the continuing chairman of the Title Insurance Task Force.

Each change brings new challenges and new opportunities to present our perspective of the title insurance business to the regulators. Now, so you won't be left with the impression that all we have are problems and failures, let me assure you that we do have some successes or qualified successes in our relationship with insurance commissioners.

At the state level some insurance commissioners have responded to our warnings about the effects on competition of controlled business arrangements and we are just as active at the state level in trying to get a solution to the controlled business problem as we are at the federal level.

Utah Legislation

In Utah, we've seen the first controlled business bill of the modern generation pass both chambers of the legislature as part of a comprehensive title insurance bill. I talked to the governor's office yesterday and they have not yet received the enrolled act for the governor to sign but the insurance commissioner assures me that no lobbying pressure is being applied on the governor's office for a veto.

Roger Day, the Utah insurance commissioner, has carried through on his plan to get clear, statutory authority to effectively regulate title insurance in Utah. He's very nervous. When I talked to him this week I asked him, what I could report to ALTA about the new bill.

He responded that I should report that he is nervous about this bill because it imposes on him certain responsibilities that he will be unable to carry out without the dramatic involvement of the title insurance industry, both in the state of Utah and at the ALTA level.

The Utah Land Title Association has been supportive of this bill and many of its individual members should be congratulated on the hard work and spirit of compromise that they contributed to its passage. It took more than two legislative sessions to get it through. Now the work for the people in Utah really begins.

Kansas Insurance Commissioner Fletcher Bell, has focused on controlled business and sees many of the same dangers to the title insurance market place that we see. He has appointed an industry committee to advise him on regulatory and legislative changes that would foster a more effective regulation of the business in Kansas. One of his personal goals is to do his best to see that no excuse for federal regulation arises out of the state of Kansas. He has advised his committee that he hopes, before the NAIC meeting in December, that the committee in Kansas will come up with a comprehensive title insurance and controlled business bill that he can personally take to the NAIC and suggest its adoption. This is in addition to the work being done by the Title Insurance Task Force.

The Kansas Scene

Again, the Kansas Land Title Association is directly involved in helping Fletcher Bell meet his goal. That committee will next meet on April 7 to review a drafting subcommittee controlled business proposal that just may set a standard for the industry because it operates through the Unfair Trade Practices Act that exists in most state insurance laws.

Whether we accomplish controlled business regulation through an insurance commissioner's regulation or whether it will take an amendment of the Unfair Trade Practices Act is a question that will have to be resolved in each state.

"Whether we accomplish controlled business regulation through an insurance commissioner's regulation or whether it will take an amendment of the Unfair Trade Practices Act is a question that will have to be resolved in each state."

Although I won't describe the controlled business bill in Kansas in detail, I would like to outline what we are doing because it seems to be a distillation of all of the concepts that we have worked on before. In it, the regulatory authority is placed squarely on the title insurance company or title insurance agent. Their activities—not the activities of others—would be regulated under this bill. Obviously, the insurance commissioner has little or no authority to regulate banks, savings and loan service corporations or others unless he licenses them.

Title insurance agents and title insurance companies shall not be a party to or knowingly permit an arrangement in which a producer of title business or an associate refers title business to the title insurance company or title insurance agent in which the producer or associate has a financial interest. That's the broad framework. The producer of title business in this proposal includes everyone. We have not yet made any concessions for the special interests of anyone.

It includes attorneys, people in the business of making loans, of buying or selling real estate or representing such people. All the people that we have identified as being within those that can affect the placement of business are covered. An associate of such a person is someone not directly involved but someone who may be used as a subterfuge in order to get around the prohibition of producer referral.

Financial interest has been identified in this as being any interest more than a one percent share in the title entity. In addition, if it is a less than one percent share but has been acquired or maintained for the primary purpose of obtaining financial benefits from the referral of the producer's title business, then that would be prohibited also.

Referral means just what it should mean. In Kansas it appears that the principal problem of controlled business is in the major metropolitan areas and not in the rural areas. If we're going to get something done practically and politically, we should confine it to the major metropolitan areas. So, real estate transactions arising out of a county with a population of less than 25,000 people would not be covered by this regulation.

I think it's workable. We encourage you, if you are in business in Kansas, to read it, discuss it and work with it. The committee, as I said, will be meeting April 7. I'm a member of that committee as are Hatch Jones and Roger Bell. There are local people involved also such as Joe Jenkins Jr., Sam and Carl McCaffree. There are a lot of people on that committee whose names should be familiar to you in the state of Kansas and we look for your involvement and your suggestions on how this proposal can be refined.

We've won some, lost some and tied some in this game of insurance regulation but probably more important is the effort that we make through the ALTA, at the NAIC level and with state regulators to explain our perspective of this business and to try to understand their perspective so that we can be better able to communicate with them.

Our business is too important to society to allow any single group to twist it to its own end. We who work in it each day are co-trustees with the other groups who use it, who invest in it and who regulate it.

FNMA—*(from page 12)*

declining in the last four or five years. This has led to an attempt to find ways to make savings more attractive for individuals. At the same time as the disposable savings are decreasing, the so called non-disposable savings have been increasing dramatically. These non-discretionary savings are going into pension funds. I think it has a certain symmetry that pension funds, which are acquiring much of the new investment in the country, invest home financing for young people who are investing in pension funds and need homes.

Through the use of mortgage-backed securities, we can bring additional funds to the mortgage market. The long term problem in the mortgage market is that it has become unattractive to financial institutions, particularly the savings institutions.

That presents a major problem for the housing market because there is such a great demand for housing. The baby boom of the 1950s has resulted in mature couples who are forming households, and as yet, the housing is not available for them.

by Phil Jones

Reagan and Congress: Conflict or Cooperation?

It is a pleasure to get out of Washington. Things have been changing so fast around there that it's almost impossible to keep up.

There is no end to the scandals. We didn't even have Abscam out of the way until we had this new episode in the tea room. Many of you may not know what the tea room is. It is the men's room on the sixth floor of the House office building where one of the congressmen recently was found involved in some things that were not particularly becoming.

As a matter of fact, they've now dubbed that particular scandal the Fagscam. But, really, that was a low budget operation when you compare it to Abscam. When the Capitol police found out what was going on in the tea room, they had so little money to spend on this that they simply drilled two holes through the wall of the men's room and assigned six Capitol Police detectives around the clock to watch everybody going in and out of the men's room.

Rep. John Hinson (R-Miss.), as you know, is planning to resign over this entire matter. Really, he had little choice because officials believed from the very beginning that if they were able to get rid of former Rep. Wayne Hays a few years ago for misuse of public funds, they could certainly get rid of Rep. Hinson for the misuse of public facilities.

In one way, the Hinson matter is encouraging because finally we have a scandal involving a member of Congress where the defendant does not claim entrapment or alcoholism.

Mr. Jones is CBS News correspondent in Washington, D.C.

The latest scandal involves Paula Parkinson. She was a lobbyist who apparently was achieving her lobbying goals the same way that Liz Ray was performing her typing duties a few years ago.

The Paula Parkinson matter is the talk of the Hill right now. The Republicans aren't exactly sure how they ought to feel about it. They still don't have a majority in the House of Representatives but, this is one particular case where it appears they do have full control since it seems to involve Republicans exclusively.

I've been digging around on the Paula Parkinson case myself ever since Rita Jenrette went on television to announce that there was a lobbyist who had had several affairs with members of Congress. I found a Parkinson listed in the Washington directory and I called the number and a fellow answered the phone and I said, "Is Paula there?"

He said that she was not there but that I could reach her in Dallas and he gave me her address. He asked who was calling. I told him my name, being careful to avoid any direct mention of CBS and hoping that he'd never seen me before. I asked to whom I was talking and he said his name was Hank Parkinson, Paula's husband. He also said they were separated, pending divorce.

I passed all this information along to our correspondent in Dallas and he went to the address I had been given. Sure enough, Paula was there. At the time, I only had the name of one person alleged to have been involved with her. I will not disclose his name here today except to say that last year he was listed on Mr. Reagan's vice presidential possibilities.

Well, she denied having had any affair with this Congressman. She did admit that she knew him and she passed along a very curious comment to our Dallas correspondent. She said, "I know him and I also know several members of Congress on a one-on-one basis."

The Nation's Business

What's really happening in Washington these days? Is the nation's business getting done? Is there cooperation or conflict between the new president and the 97th Congress? Is the Republican ultra right taking over the world? Are we headed down the road to another Vietnam with the situation in El Salvador? Is there indeed a move to reinstitute the Watergate era tactics of surreptitious entering under the guise of national security? Is there a mood in Washington to crack down on the press? My answer to all these questions is "yes" and "no."

Frankly, I thought that the nation's business was being done but I attended a small dinner party with David Stockman of the Office of Management and Budget the other day and he was allowing as how there are times that this nation's business stops. It all occurs in the Cabinet Room during meetings with the president.

He said that if you are the one talking and the jelly bean jar arrives in front of you, you must stop what you're saying and reach in and get your jelly beans and pass it on to the next person. The time that the nation's business is halted depends, in large part, on the person getting the jelly beans because, according to Stockman, in this administration we have two kinds of people.

Firstly, there are the grabbers. According to Stockman, the grabbers are those people who just reach in and grab a handful of jelly beans, exercising no discrimination at all and pass the jar on. Then, he said, there are the pickers. These are the folks who pick out certain colored jelly beans and, just for the record, Stockman disclosed that the president happens to be a grabber.

Seriously, I think that the administration is getting the business done surprisingly well. The president has done, what I think, is a brilliant job in forcing the Congress and the American people in general into accepting the fact that we can lick these problems, that it's going to take sacrifices. Some people are going to pay a little more than others but it can be done and that the people should no longer expect the federal government to do everything.

Even the most liberal of Democrats in Congress decided that many of these social programs that we have are no longer good and that they will either have to be revamped or cut out altogether. Of course, there's been a lot of the old tired rhetoric that you've been hearing in all of these budget cut debates. I covered the Senate Budget Committee hearings on the reconciliation matter and at times watched the room turn into a veritable barnyard as senators spoke of oxen being gored, sacred cows being slain and carts being put before horses. They worried about doing in geese that lay golden eggs, cutting off noses to spite faces, being penny-wise and pound-foolish, robbing Peter to pay Paul and we even heard warnings about throwing the baby out with the bath water.

When the vote was taken, all members—Democrat and Republican—voted for cuts that even exceeded what President Reagan had requested. As far as the budget cutting is concerned, I think that the Republicans are doing what they must. They're taking the positive, thinking approach and predicting that they're going to obtain perhaps 90 percent of what the president requested.

"The Reagan liaison with Congress is the best I've seen. Probably the last time it even got close to being this good was in the pre-Vietnam period of the Johnson presidency."

Even Sen. Alan Cranston, the Number Two Democrat in the Senate, has conceded that he thinks the president is going to get at least 75 percent of what he wants. By all predictions, I think that would be a victory in itself even if he got 75 percent.

But, when they talk about the percentages of what will be passed they're not talking about specifics. They're talking about the total amount of cut and that is where the president is going to win. But the great debate that is beginning will only get much more intense.

This debate involves the various definitions of the social safety net. These are the things that begin to break down and this is where there is increasing evidence, I think, that the Reagan administration may be just a little quick on the trigger. When you find Sen. Orrin Hatch, an ultra conservative Republican from Utah and chairman of the Senate Labor and Human Resources Committee, joining the ranking Democrat and the most prominent card-carrying liberal in Washington, D.C., if not the nation, Sen. Edward Kennedy, to restore money for handicapped and to not gut the legal services program as the president wants, it is clear that the president is far from being out of the political woods in this whole matter and also even some evidence that perhaps not all the programs were thought out as much as they should have been.

The recent public opinion surveys showing that Reagan is not as strong in the polls at this juncture of his presidency as some previous presidents were is further indication that we're about to enter into a very serious debate over whether the president really did get a contract last November to do such quick and across the board dismantling.

My personal feeling is that it is impossible to do this as quickly as he wishes without hurting some innocent people in this country. However, having said that, I also think that this may be one of those no-win situations for the president and for the country because if the president doesn't move quickly, if he doesn't move while the liberal Democrats and the liberal lobbyists who have been making lots of money and a very good living over the last few years on these various causes are in disarray as a result of the November election, then it will be impossible to get anything done at all.

I think you only have to look back to Jimmy Carter's presidency to see exactly what I'm talking about. Jimmy Carter arrived in town with many good intentions, with many ideas of cutting through the Washington bureaucracy but he didn't stand up and fight for what he believes in; he didn't move quickly, and he didn't move in an organized way.

Reagan and Congress

At least you can say that the Reagan administration and the president himself have established themselves as people who are willing to stand up and fight for their convictions. They're able to articulate their points of view on the economy.

The Reagan liaison with Congress is the best I've ever seen. In talking with many people who have been around there for years I find that they think it's the best ever. This is good. Probably the last time it even got close to being this good was in the pre-Vietnam period of the Johnson presidency. Sen. Howard Baker (R-Tenn.) tells a marvelous anecdote about a visit he paid his father-in-law, Everett Dirkson, who was Senate minority leader. This occurred before Baker came to the Senate. While he was visiting Sen. Dirkson in his office, the phone rang.

The conversation on Sen. Dirkson's end of the line went something like this: "No, Mr. President, I really can't come down tonight." There there was a pause and obvious pressure from the other end. Baker's father-in-law replied, "But Mr. President, I was down there last night until very late. When I got home, Mrs. Dirkson wasn't very happy. If I do this two nights in a row, I'm going to be in big trouble."

Finally Dirkson was able to get rid of the president but about 20 minutes later, a lot of commotion was heard in the Senator's reception area. When he investigated, what he saw was two beagles coming in on a leash followed by Lyndon Johnson and the Secret Service.

Johnson came in and said, "Ev, if you won't come down and drink with me, I'll come up to drink with you. And, they went in the back room, pulled out the bourbon bottle and, for the next three or four hours, drank and did business.

This all occurred right in the middle of the historic civil rights debate of 1964. This is how business gets done. There's not a thing wrong with it and President Reagan has started off very well. He's been to the Hill twice. Yes, in part, it's a lot of show. Yes, as House Speaker Tip O'Neill said after the first meeting with the president up in the Capitol, "Well, it was a fine social hour." It may have been, but there's nothing wrong with a social hour between politicians. There is still a honeymoon and it's a longer honeymoon than President Carter had.

Is the nation's business getting done in the area of foreign affairs? Well, Democrats will argue that it is not. They will tell you that the administration has no policy in Central America, no policy in Africa, no policy for China and a hard line policy, a cold war attitude toward the Soviet Union. But, they are not exactly right.

The administration does have a definite policy and that is to change the previous policy. Now if there's any criticism it has to be based upon that premise. Take El Salvador. Many Americans are yelling that the administration is going to lead us into another Vietnam. And the administration squirms and denies this all the time putting more money and more advisers down there.

The fact is that the parallels to Vietnam are, indeed, in El Salvador. The fact is that the Carter administration was already friendly to the Duarte regime before Reagan ever arrived on the scene and we all recall that it was presidents Eisenhower and Kennedy who started the involvement in Vietnam. But, it was Lyndon Johnson who got blamed for Vietnam because it was he who really escalated the situation with American troops.

So, even though Carter began the friendship with the current regime in El Salvador, I think Mr. Reagan, by his insertion of military advisors, has to be aware and has to be reminded by the press and by the American people that if not careful, he could indeed become the Lyndon Johnson of El Salvador.

Some of the most reasonable Democrats that I talk with in Congress agree with the hit list or domino theory that Secretary of State Alexander Haig put forward. Indeed, the Soviets, through Cuban surrogates, are involved in exporting their influence all over the world. Nicaragua was the first in Central America and although not totally lost, no one could argue for very long that our status with Nicaragua is very good. I think that everyone would agree that it's far too late to do much there. So, El Salvador may, indeed, be the next game in town.

"It's curious to note that many of these senators who say the lights are too bright now are the same senators who supported a resolution to allow television cameras into the Senate Chamber back in 1974 at the time it appeared there might be an impeachment trial against Richard Nixon."

This administration seems to be basing almost every foreign policy decision on how it potentially will affect our relations with the Soviet Union and whether or not it provides a proper signal to the Soviets which will tell them that we do not intend to continue to tolerate the mischief that they are exporting. Consequently the administration has decided to support almost any anti-Soviet government and, in the process, it has left itself open to criticism that it is abandoning Mr. Carter's human rights program.

My personal feeling is that the administration is not—as charged recently by the Democrats—really beating plow shares into swords. I think there's a great deal to be said for a policy that does have high public officials speaking openly about Soviet mischief. After sitting through the Salt II hearings, I can say that I think that the United States must start responding in a more realistic way.

The Nation's Defense

We do need updated missiles and delivery systems. We do need a manned bomber program. It was absolutely chilling to sit there in those hearings and to hear friend and foe of the Salt II Treaty talk about the new backfire bomber that the Soviets are building at a rate of 30 a year. These were not counted by our negotiators in the total aggregate of delivery system weapons that the Soviet Union could have.

At the same time that they were not counting the Russians' backfire bomber, we were being forced to count old B-52s that were actually museum pieces out in Arizona. This realistic approach, even though it will cost more, is one that had to come.

But the administration has a potentially disastrous internal problem because it has too many voices already. If there is hard line rhetoric needed, it must come from the president of the United States. In cases where there are congressional hearings, the secretary of state, since he is confirmed by the Senate, is the one to come up and speak for the president. But in no case should we see or hear the head of the National Security Council speaking out.

These people are to talk to the president and the secretary of state only. The president should, in my view, state publicly that the next time any of these people speak out or do interviews or make speeches before political groups that they will be fired. I always remember one line that former Sen. Jacob Javits used in many Foreign Relations Committee hearings. He said, "Great nations don't bluff."

This is not the time to have a bunch of White House aides shooting off their mouths in what sounds like gunboat diplomacy.

While on the subject of presidential aides and whether the nation's work is being done, you will soon hear that after 60 days or so this administration still does not have many of its people in place. In the Justice Department, only two people have been confirmed and are on the job.

At Commerce, we have one. At the Veterans Administration, which has one of the largest budgets, we still don't have anybody in as head. Now why is this? Well, the bottleneck is not the Senate. The Republicans have the majority control there and they have gotten these nominations through very quickly. The problem is two-fold.

It is, in part, due to the system that developed in the post Watergate period with all the FBI checks and financial disclosures. Even though it may be good and the right thing to do, the system tends to bring about a more leisurely pace. But, to compound that, what we have in the Reagan administration are the political people who are taking these names after they have been checked out fully, after they have passed all ethics and financial disclosure problems, they now reach the political type people—the Nofzigers and others in the White House.

They are eliminating these people and inserting names that they want to repay for political contributions. Also, the ultra conservatives are fighting hard. They feel that they lost many of the early battles. They did not get many people in the cabinet so they have held tight to get their people at the second and third levels.

The other question that I raised earlier in my remarks is whether or not we're headed into a period of reinstituting the pre-Watergate breaking and entering, doing surreptitious things under the guise of national security. This is something that is beginning to occur. The administration wants to relax many of the limitations that were placed on our intelligence gathering right after Watergate.

Two or three years ago this was a problem, but what has occurred since the arrival of Judge Webster to head the FBI is a much closer coordination between the FBI and the CIA and there are many people in Washington who are beginning to say that we have to be careful. We must do

"Indeed, the Soviets, through Cuban surrogates, are involved in exporting their influence all over the world."

everything we can to boltster this relationship where the FBI performs according to its charter which is to handle domestic intelligence and the CIA takes care of things abroad.

If we don't do that, we're headed back into the same problems we had during the Nixon period which you all know resulted in people being wiretapped and other things that were illegal and a lot of lives were destroyed in the process.

The Nation's Press

Now I want to say a final word on the plight of the nation's press. I'm sorry to report to you that there is a new anti-press attitude developing in Washington but more specifically it's occurring on Capitol Hill and not that much within the Reagan administration.

There are a couple of battles that I'd like to tell you about. One battle we're having is to get television cameras into the Senate Chamber. We have had a television system in the House of Representatives now for two years but have faced great opposition to get them in the Senate. The argument is that the lights are too bright and that they will blind the Senators.

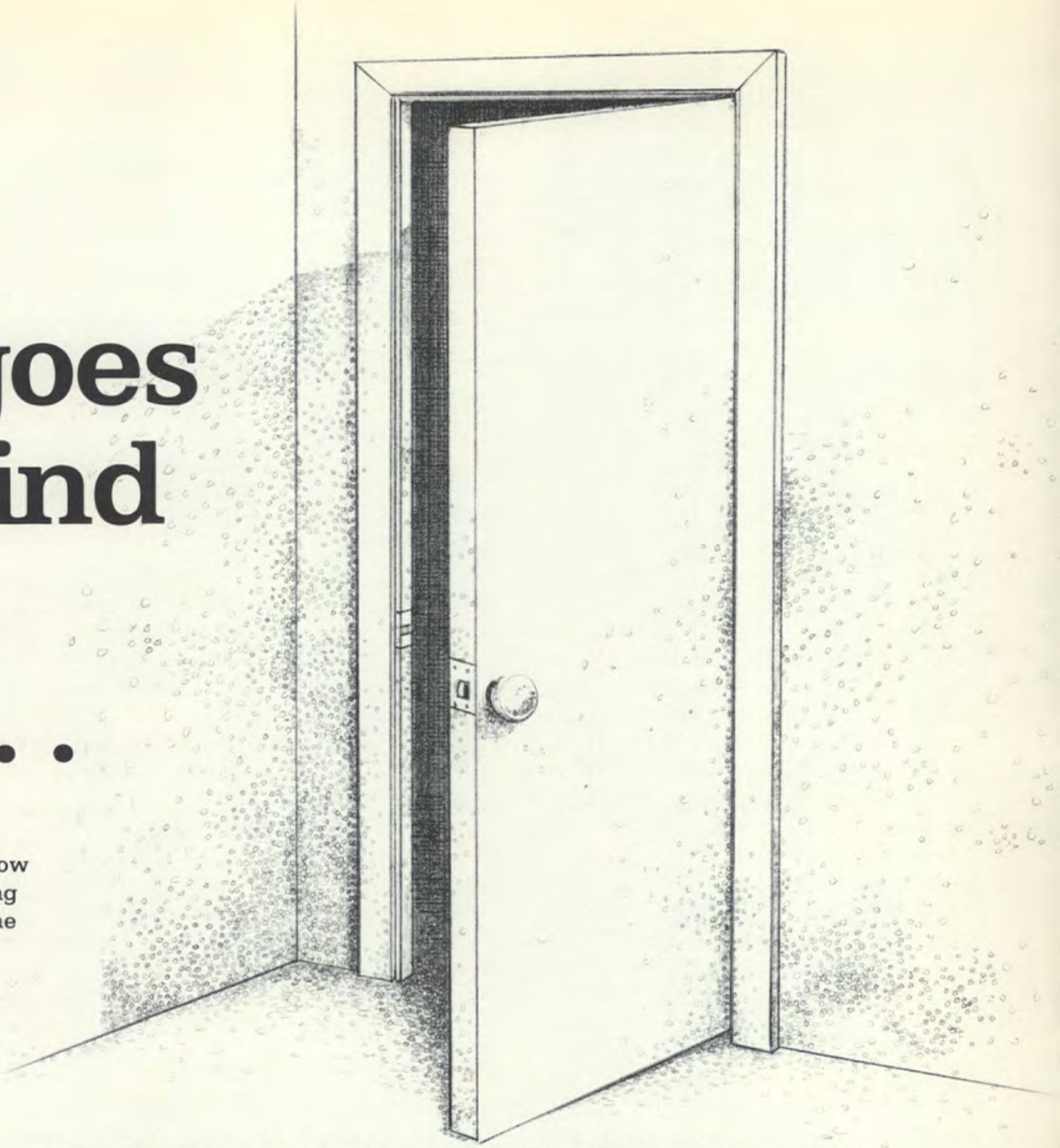
It's curious to note that many of these senators who say the lights are too bright now are the same senators who supported a resolution to allow television cameras into the Senate Chamber back in 1974 at the time it appeared there might be an impeachment trial against Richard Nixon.

Back then, these Democrats decided that they better let television cameras in because, if they didn't, the American people would feel that the Democratic-controlled Senate was railroading a Republican president out of office. What's curious about all this is that back then it took more lights because the cameras weren't as good then as now. Many of us are asking why is it that the lights were not too bright during the Nixon problem but they are too bright now when such things as the Panama Canal Treaty debate and other controversial things come up that the Democrats don't want to have seen.

The Republicans now control the Senate. They are inclined to let television cameras in. I think we have a shot at it but it's going to take a lot of help and a lot of pressure from outside. You may think that

(continued on page 23)

What goes on behind closed doors . . .



in the title industry? Do your customers really know? The brochures and visual aids listed below can be a tremendous help in advising the public and your customers on the important and valuable services provided by the title industry.

These materials may be obtained by writing the American Land Title Association.

Brochures and booklets

*(per hundred copies/shipping and/or postage additional)

House of Cards.

This promotional folder emphasises the importance of owner's title insurance $17.00*

Protecting Your Home Ownership

A comprehensive booklet which traces the emergence of title evidencing and discusses home buyer need for owner's title insurance $24.00*

Land Title Insurance — Consumer Protection Since 1876

Tells the story of the origin in 1876 in Philadelphia. $15.00*

Closing Costs and Your Purchase of a Home

A guidebook for homebuyer use in learning about local closing costs. This booklet offers general pointers on purchasing a home and discusses typical settlement sheet items including land title services. $25.00*

Things You Should Know About Homebuying and Land Title Protection

This brochure includes a concise explanation of land title industry operational methods and why they are important to the public. $17.00*

The Importance of the Abstract in Your Community

An effectively illustrated booklet that uses art work from the award-winning ALTA film, "A Place Under the Sun" to tell about land title defects and the role of the abstract in land title protection. . . $30.00*

Blueprint for Homebuying

This illustrated booklet contains consumer guidelines on important aspects of homebuying. It explains the roles of various professionals including the broker, attorney and titleperson. $35.00*

ALTA full-length 16mm color sound films

A Place Under The Sun (21 minutes)

Animated film tells the story of land title evidencing $140.00

1429 Maple Street (13½ minutes)

Live footage film tells the story of a house, the families owning it, and the title problems they encounter. $130.00

The American Way (13½ minutes)

Live footage film emphasizes that this country has an effective land transfer system including land recordation and title insurance. $130.00

The Land We Love (13½ minutes)

Live footage documentary shows the work of diversely located title professionals and emphasizes that excellence in title services is available from coast to coast. $105.00

Miscellaneous

ALTA decals . . . . $ 3.00
ALTA plaque $2.75

Names In The News . . .

Francis Chappell

Thomas Digges

Lawyers Title Insurance Corp., Richmond, Va., announced the election of **Francis P. Chappell** as manager of the Philadelphia National Division office. This office services large national companies in eastern Pennsylvania, Delaware and southern New Jersey.

Thomas F. Digges was elected a senior title attorney for Lawyers Title. He works from the Richmond, Va., branch office.

Lawyers Title also announced the elections of three new branch managers. **Douglas R. Taylor** was elected manager in Columbus, Ohio. He has been assistant vice president—sales since 1979. **Pasquale J. Ficcio** was elected Elizabeth, N.J., branch manager for Lawyers Title. Ficcio succeeds **Joseph P. Petrucci,** former branch manager in Elizabeth, who will manage the Lawyers Title's West Palm Beach, Fla., branch office.

In Birmingham, Ala., the Lawyers Title branch office has two promotions. **Don A. Wade,** formerly assistant branch counsel, was named branch counsel. **William T. Letson,** was named assistant branch manager, formerly office manager.

James W. Robinson, a vice president and 35-year veteran of Title Insurance and Trust Co. (TI), Los Angeles, was presented with a Distinguished Service Award for 1980 by the California Council of Civil Engineering and Land Surveyors at the Council's 20th annual convention.

The award was in recognition of Robinson's national reputation in the title insurance underwriting practices field, his outstanding public identity as a land surveyor and for his efforts to advance the profession through educational programs, workshops and seminars.

TI also announced many promotions in company offices throughout California.

Michael L. Brown, vice president, was promoted to manager of TI's Merced County operation.

Harold E. Hargon was promoted to area manager in TI's Sacramento office and elected vice president.

Charles E. Gillmore, vice president, was promoted to manager of the company's Santa Cruz County operation.

Marcia K. Marcus was appointed major account manager and elected assistant vice president in TI's Los Angeles County office.

Frank C. Rountree, assistant vice president, was promoted to manager of TI's Realty Tax and Service Division in the recently merged San Bernardino and Santa Ana offices of the company.

Harper G. Imler and **Murray Rosenfeld** were promoted to senior real estate officers for TI's Los Angeles office.

Johnny Parkinson was promoted to senior trust real estate officer of the company's San Diego office.

Don E. Christopher was promoted to title examining supervisor in TI's Sacramento office.

Patricia Higginbotham was promoted to trust administrator in the company's San Bernardino office.

Michael D. Blood was promoted to trust administrator of the Newport Beach office of TI.

John L. Sweeney was appointed title operations manager in TI's Contra Costa office.

Luke Morley was appointed subdivision consultant for TI, also in Contra Costa.

Christina Cordova was appointed escrow manager for TI's Sacramento County office.

Carol C. Bisguier, vice president with Title Guarantee Company of New York, was promoted to assistant title counsel in White Plains, New York.

The American Realty Title Assurance Co., Columbus, Ohio, announced the appointment of **Paul V. Pavlic** as state title counsel. Pavlic formerly was legal counsel for Suburban Title Agency of Grove City, which merged with American Realty last year.

SAFECO Title Insurance Co., Los Angeles, Calif., announced that **Warren J. Eljenholm** was elected executive vice president of the company. Eljenholm is also director of marketing and a member of the board of directors, offices held since 1976 which he will continue.

Commonwealth Land Title Insurance Co., Philadelphia, Pa., announced the appointment of **Seymour Passin** as corporate vice president. A 20-year veteran of the title insurance industry, Passin also is New York State sales manager for Commonwealth. He works from the company's New York City office.

(continued)

Lawyers Title Occupies New Building

Lawyers Title Insurance Corp.'s new national headquarters building, in Richmond, Va., is in the Brookfield office and hotel complex at the intersection of West Broad Street and Interstate 64. Lawyers Title occupies approximately one-half of the 132,000-square-foot building. The headquarters staff of 230 moved from the former headquarters on Cutshaw Avenue, also in Richmond.

Commonwealth also announced the promotion of **James E. Kilgallon** as vice president and general manager for the company's title plants for the Philadelphia five-county area.

Goodwin Schlossberg was appointed assistant counsel for Commonwealth's Washington, D.C. office.

Michael Koloski was appointed manager of the Boise, Idaho, office of Commonwealth.

Thomas M. Erickson was promoted to manager of Transamerica Title Insurance Co.'s Cowlitz County operation, in Longview, Wash. Erickson formerly was plant manager at Transamerica's Bremerton, Wash., office.

Patricia D. Gurne, a partner in the Washington, D.C., law firm of Jackson, Campbell and Parkinson, has been elected a charter member of the George Washington University Board of Trustees. Her election brings to five the number of women serving on the 41-member board.

The Jackson firm formerly was the ALTA general counsel.

SAFECO Title Insurance Company of Maryland announced that **Catherine B. Disney** was elected assistant vice president and **Michael J. Romans** was elected assistant secretary. Disney and Romans work out of Baltimore, Md., the company's headquarters and the eastern regional headquarters of SAFECO Title Insurance Co., the California-based parent company.

Nation's Business—*(from page 20)*

this all sounds like television news business. It's not. I don't really care. I can continue to do stories from the United States Senate with an artist and quoting the members. That's no problem.

But when you stop and think, it is unfortunate that we do not have one piece of tape or film in our archives of some of the great debaters who have appeared on that Senate floor. These things are needed for future generations, for educational purposes and for part of the legacy of this country.

Many of these politicians who have been around for years, think it's their institution and they'll do with it what they want. It's this arrogance that's leading to our current stalemate.

Finally we've had a case where we've been thrown out of a committee hearing because in the House side some Republican decided that the cameras created a circus atmosphere. We really thought we were making progress but when things like this happen it's questionable.

Garrity Leads Panel At NAREE Meeting

ALTA Vice President—Public Affairs Gary Garrity, right, moderates a panel discussion on improvement of the working relationship between the real estate press and news sources during a recent National Association of Real Estate Editors seminar in Park City, Utah. Panelists shown from left are Marianne Zippi, Charles Kober Associates, Los Angeles; Otis Wragg, General Development Corporation, Miami, Fla.; and Beth Van Houten, Federal National Mortgage Association, Washington, D.C. Other panelists who are not pictured are Lew Sichelman, NAREE president and real estate editor, Washington, D.C. Star, *and Dave Kinchen, real estate writer, Los Angeles* Times.

LTI Promo Debuts At State Meetings

Ramona Chergoski, third from left, registrar for The Land Title Institute, Inc., and fellow members of the Chordinators dropped by a recording studio en route to a recent engagement to tape a lively musical tag for a five-minute LTI promotional presentation that will be played at 1981 conventions of ALTA-affiliated title associations. After LTI President Glenn Graff narrates on the particulars of the correspondence study organization for title company employees, the barbershop-style musical group winds it up with a jingle that advises listeners to "sign up with LTI" in order to "help your people learn." Other Chordinators are, from left, Shirley Gossick, Fran Desmond and Zella Hoffman. Information on the correspondence study may be obtained by writing LTI at P.O. Box 9125, Winter Haven, Fla. 33880.

Calendar of Meetings

June 7-9
New Jersey Land Title Insurance Association
Seaview Country Club
Absecon, New Jersey

June 11-24
New England Land Title Association
The Sea Crest Hotel
North Falmouth, Massachusetts

June 12
South Dakota Land Title Association
Holiday Inn
Watertown, South Dakota

June 22-24
Oregon Land Title Association
Ashland Hills Inn
Ashland, Oregon

June 25-27
Land Title Association of Colorado
Sheraton Steamboat Resort
Steamboat Springs, Colorado

June 25-28
Illinois Land Title Association
Marriott's Lincolnshire
Lincolnshire, Illinois

June 28-30
Michigan Land Title Association
Grand Traverse Hilton
Traverse City, Michigan

July 16-18
Wyoming Land Title Association
Ramada Inn,
Casper, Wyoming

July 30-August 2
Idaho Land Title Association
Shore Lodge
McCall, Idaho

August 6-8
Montana Land Title Association
Sheraton Hotel
Billings, Montana

August 6-9
Utah Land Title Association
Elkhorn Village
Sun Valley, Idaho

August 13-15
Minnesota Land Title Association
Holiday Inn
Grand Rapids, Minnesota

August 14-15
Kansas Land Title Association
Holidome
Dodge City, Kansas

August 20-23
Alaska Land Title Association
Juneau, Alaska

August 30-September 1
Ohio Land Title Association
Hyatt Regency
Columbus, Ohio

September 1-4
New York State Land Title Association
The Otesga
Cooperstown, New York

September 9-12
Washington Land Title Association
Thunderbird Motor Inn
Wenatchee, Washington

September 11-13
Missouri Land Title Association
Lodge of the Four Seasons
Lake Ozark, Missouri

September 13-15
Indiana Land Title Association
Merrillville Holiday Inn
Merrillville, Indiana

September 16-19
Dixie Land Title Association
Broadwater Beach Hotel
Biloxi, Mississippi

September 17-19
North Dakota Land Title Association
Kirkwood Motor Inn
Bismark, North Dakota

September 20-23
American Land Title Association
The Broadmoor
Colorado Springs, Colorado

September 23-25
Nebraska Land Title Association
Holiday Inn
Kearney, Nebraska

October 2-4
South Carolina Land Title Association
Hilton Head Island, South Carolina

October 15-16
Wisconsin Land Title Association
Pioneer Inn of Lake Winnebago
Oshkosh, Wisconsin

November 11-14
Florida Land Title Association
Hotel Royal Plaza
Lake Buena Vista, Florida

American Land Title Association
1828 L Street, N.W.
Washington, D.C. 20036

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