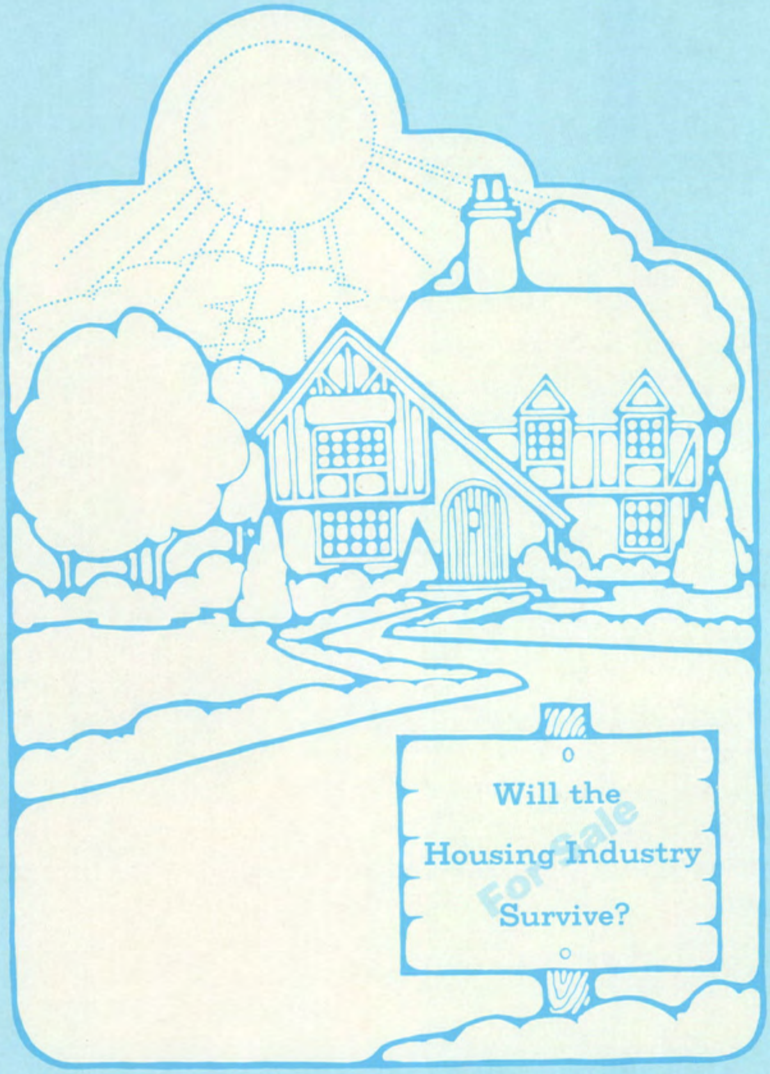
May 1982

TITLE NEWS



TITLE NEWS

Volume 61, Number 5

Features

Departments

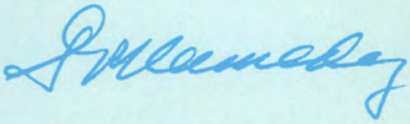
A Message From The Chairman, Title Insurance & Underwriters Section

I find these articles increasingly difficult to write and the subject matter more and more difficult to select. There are too many people who know too much about any subject under consideration. Besides, it's hard to sound knowledgeable without sounding pompous. We all know that the title business has become an exercise in survival. We've all heard enough about economic conditions, present and future, local and worldwide. To underline the odd state of affairs in the world today, as I write this officer's message the British fleet is sailing out of Portsmouth to do battle with Argentina, all of which is oddly reminiscent of a scene from *The Student Prince*. Keeping in mind that I'm not being paid for this and that with a flick of the wrist you can turn the page, let's forget the present and the future and reminisce for a while.

There are probably three or four of you out there who can remember—

- When you trusted your competitors, and they trusted you
- When nobody paid any attention to the title industry (This was my favorite period in the good old days)
- When the industry solved its own problems and was afraid to speak to the insurance commissioner
- When the most important government official was the county recorder
- When customers were loyal and understanding
- When the young thought there was no end to the real estate boom
- When nobody paid any attention to the federal government (It was either too far away, or it had no authority)
- When we all thought the Justice Department meant just that
- When quality of service was the key ingredient in acquiring business
- When we all charged adequate rates for the work done
- When losses averaged from 2 to 4 percent of premium
- When you could terminate an employee just because he didn't know a deed from a mortgage
- When you could plan more than two weeks in advance and didn't chuckle when someone asked for a five-year forecast
- When the savings and loans were still customers
- When second mortgages and second trust deeds were frowned on—much too risky
- When a bank was considered a bad risk because it was more than 45 percent loaned up
- When we'd never heard of the prime rate, M1, or the need for "a level playing field"
- When your lawyer friend would say "Hello" without charge
- When Merrill Lynch had a Beane in its name and was known as a stockbroker, and American Express just issued traveler's checks
- When it was fun to come to work

There's really not much point in all this, but I'm not sure there has to be. I do know that if you remember all these examples of the "good old days," you're probably operating from a rest home and glad of it.



Donald P. Kennedy

Will Housing Recover from the Current Government-Caused Depression?

by Jack Carlson

What is the outlook for housing's recovery from the current depression? I have identified the cause of the current depression as government policy. Clearly, we are starting from the worst of times. We have experienced the worst drop from peak to trough since the 1930s, and, in fact, from the skimpy data available, this slump is as bad as the drop of 1929 to 1933.

We can say from these worst of times that improvement is ahead—perhaps a 20 percent increase in existing-homes sales and new-homes sales by the summer and fall, some dampening effect this coming winter, and then another 25 percent or so improvement in 1983. The fact that the housing depression has been so much related to government policy is rather important as to the outlook for housing.

I do not expect government policy to improve much—until after the November election—and then modestly. Consequently, the housing recovery will be half the normal pace that we have come to expect in the postwar period.

Jack Carlson is chief economist and executive vice president of the NATIONAL ASSOCIATION OF REALTORS®, Washington, D.C. This article was prepared from remarks delivered at the March 12 General Session of the 1982 ALTA Mid-Winter Conference in Las Vegas, Nevada.

To introduce my topic, let me share an experience with you. I was President Ford's first appointment. When my nomination came before the Senate for a vote, so many senators were pleased that I had no conflict of interest because I had no relationship with the industry that I would regulate. In fact, I knew nothing about the area that I was about to enter.

I would be responsible for spending more than $600 million a year; would have 23,000 persons reporting to me; 10 major bureaus of the federal government controlling a third of the land area of the United States, the federal public domain land, plus the outer continental shelf; was doing the negotiation with the OPEC cartel at the time before we had other mechanisms—and everyone was pleased that I knew nothing about my job.

Now a similar situation exists in Washington. The President has 5,512 appointments that he can make. The appointees tend to be like me in many cases—"nobodies" filling those jobs. You might say, "Well, after some on-the-job training—experienced staff people can teach even the dumbest of people to do their jobs." The average tenure of a presidential appointee is 22 months. About the time a person learns his job, he is out the door. Having been an appointee of every President since Eisenhower, I can assure you that the day after a person left, no one knew he had been there.

The incumbent who comes in the door quickly claims credit for anything that was started even 10 years ago and came into fruition. Consequently, that creates an incentive for presidential appointees to think short run—22 months.

In the current administration, half that time has gone by for most appointees—about 11 months. The incentive is to think short run, and this attitude pervades not only the executive branch but also the legislative branch. When we talk to congressmen today, long-term planning is at best November 1982; in the case of some congressmen, long term means their primary date.

The same thing goes for a third of the Senate. Another third of the Senate may have a three-year perspective. We have a government that is perhaps the best in the world, but that government has the pervasive incentive to think short run. As a result, I do not think that we can expect that decision makers will really wrestle with long-term problems.

Let's come to the present situation. The President has announced a budget. Past experience has been that the budget, once announced, has not had one penny cut below that total level stated by the President who is still in office.

In 1957, when the budget was identified as too high, it was not cut back. The same thing occurred in 1980 with President Carter, and the budget was not cut back. There is thus no reason to think that to avoid deficits Congress will cut Reagan's budget. For very good reasons, the incentive in government is to minimize losses, not maximize gains.

When I was in charge of evaluation for the federal government, there were many programs in which the benefits of change were as much as six times greater to the new set of beneficiaries than to the existing beneficiaries. The existing beneficiaries are organized, however, and can prevent the change. It is understandable that once the President has announced the benefits to those who tie themselves to particular programs, it becomes almost impossible, based on past history, to cut funds back. So I think that it is wise to understand the incentive structure of government and not to build up too much hope about what public policy will be developed that will affect your industry and my industry.

Now let me discuss the policies that are causing our problems. When I was assistant director of the budget and later with the Office of Management and Budget in charge of evaluation, it was my job to make sure that analysis occurred on major policies being considered before the decision makers—whether the President or others—reached the decision point. I was involved in all departments from the intelligence agencies to food stamps. In that position, I tried to keep up with those who were criticizing the government from the outside—I was an in-house evaluator and they were "out-house" evaluators, so to speak. Now, as an "out-house" evaluator myself, I would like to share some views with you and remove some myths so we do not overestimate what government is likely to do for us.

In March, President Reagan committed himself to a budget of $695 billion this year. In the first concurrent budget resolution, Congress said, "Right on, Mr. President, $695 billion is a commitment we'll accept." Since then, both the President

"So I think that it is wise to understand the incentive structure of government and not to build up too much hope about what public policy will be developed that will affect your industry and my industry."

and Congress have busted that budget, until the President recently said, "It's now up to $725 billion." The Congressional Budget Office said, "It's closer to $740 billion." I think that those sums are both underestimates. The budget will be well over $740 billion. The overrun of $45 billion on a commitment, a percentage overrun of more than 6 percent, is much higher than the average of the last 10 years. It is twice the percentage average and three times the dollar overrun.

There is no evidence in Washington, D.C., that spending is under control. We also had a tax relief bill last year. Almost the only notable thing about that tax relief bill was its size. The amount of that tax relief that stimulates savings and investment is actually a smaller proportion than the average of tax relief during the last 20 years—approximately 25 percent, when the average has been 28 percent. So if you think that you will have a physical-capital supply response, you cannot expect that that tax relief bill has helped in a way that is significantly different from tax relief bills of the last 20 years.

Now, we find ourselves in the following predicament: In addition to having busted the budget, in addition to having a huge proconsumption tax relief, in addition to having failed to forecast anything but rosy scenarios (certainly not a recession), we have a huge deficit. The President says for $99 billion on budget, and $118 billion if you include off-budget spending and make it comparable to last year's budget. The President has greatly underestimated expenditures. I put the deficit at a minimum of $150 billion. Instead of the budget deficit going down, as Reagan says, to $76 billion on budget, and approximately $87 billion on and off budget, I think the risk is closer to $200 billion by 1985.

Let's put this in context with this size of a deficit. We expect personal savings by individuals to be approximately $140 billion during the next 12 months. To fund the deficit, Uncle Sam will take every penny of personal savings, plus siphon more funds from businesses or from abroad or from the pension surpluses of state and local governments.

In these times, housing could normally expect approximately 25 percent of the savings pool. It has received as much as 40 percent in the past. So a deficit of $150 billion means $37.5 billion taken out of housing. You have to expect that housing cannot show a robust future when you have that large a deficit to be financed from limited savings.

This problem affects not only housing but also industry. Although this year's savings will probably be an increase over last year's, savings will be siphoned off for government purposes, and consequently industry may show no improvement. Nonresidential investment will not improve during the next two years. Private-sector investment suffers under such policies.

I believe that courage does return to the political arena. I am not criticizing the President or Congress, but we may be expecting too much to ask for that kind of discipline in terms of public policy. Maybe it is our fault that we have not provided better guidelines or restraints so that more responsible economic policy can take place.

Perhaps we need a constitutional amendment to make it more difficult to enact spending increases that rise faster than personal income. A simple majority vote may not be enough; a 60 percent majority vote may be required, which I think must be considered now. There are calls for a constitutional amendment, which needs just a few more states to reach the required 34, concerning the balanced budget. I, frankly speaking, do not like that approach as much as the one being considered in the Senate, which is more a restraint on the growth of government spending and a mandate for a balanced budget.

I always worry that because the Soviet Union has a balanced budget, a balanced budget is not a panacea for irresponsible government action. We have to make it tougher to increase government spending faster than the growth of people's incomes.

So in public policy, we have trouble with the spending and the tax side. On the tax side, I should let you know that tax relief was tailor-made for industry. Making it more favorable to invest in industry siphons funds from housing.

This policy is explicit. This was not done by accident. The current policy group in Washington, Democratic or Republican, administration or Congress, is clearly oriented towards industry, not towards housing. Any time you have the President proposing a depreciation reform of 18, 15, 10, 5, 3, where 18 is for multifamily housing, owner-occupied housing is not included in terms of providing any tax relief. The 10-year accelerated depreciation is for industry's owner-occupied buildings. The same bricks and mortar are 24 percent cheaper if they are used not for housing but for industry. You cannot miss the message.

The message is, Let us try to siphon funds from elsewhere into industry. It is understandable. Capital per worker, that is, modern equipment and structures for workers to be more productive, has gone down every year for the last five years. It is a deplorable state. It has never happened before in peacetime except during the Great Depression.

Although we need funds for industry, we also need money for housing. Increasing savings is rather important—savings that can go to the private instead of the public sector.

We are having some problems with monetary policy. Since 1979, we have finally had a repentant Federal Reserve Board say that it was going to start being part of the solution instead of part of the problem. The only trouble with repentant sinners is that they tend to overdo it. In the Fed's case, it has identified a money growth that is too low and, not only that, it has not learned to manage the money supply very well and is allowing much more oscillation than I think necessary.

Our econometric analysis shows that the primary impact on industry is caused by the deficit and the secondary impact is caused by the Federal Reserve Board's "growing" the money supply too slowly. The Fed certainly intends to grow it too slowly this year. Two-thirds of housing's problems can be attributed to those sources. One-third of the change in housing from peak to trough can be attributed to fluctuation in interest rates.

It would be much better if we had a growth in the money supply two percentage points faster than is planned for 1982,

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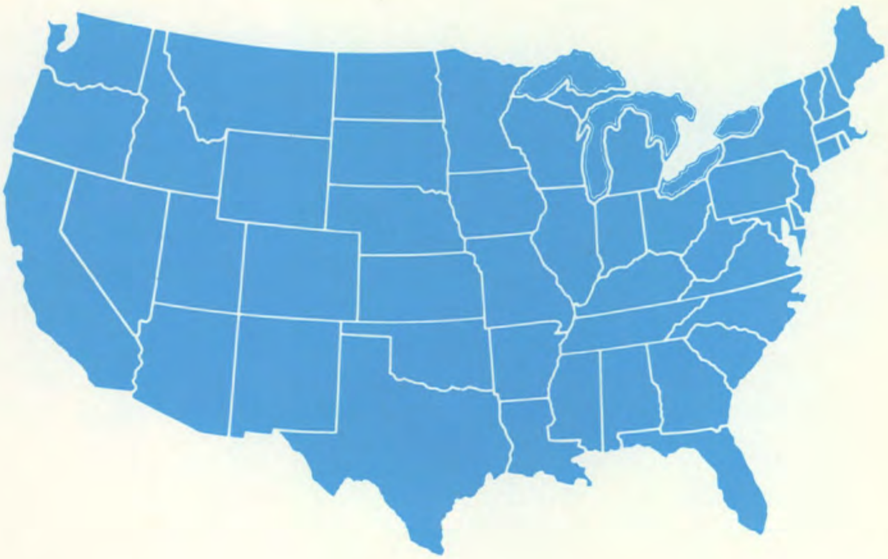
Status of HUD-Funded Model Title Systems Projects

by Jerome Smith



I think I am the third or fourth person in the last two or three years who has appeared before the American Land Title Association to speak on the Real Estate Settlement Procedures Act. RESPA, which was passed in 1974, contains several sections dealing with settlement costs. One of these, Section 14, required that the HUD Secretary evaluate RESPA and report to Congress concerning recommended future courses of action.

I shall focus on Section 13 of the act. Section 13 mandated that HUD place in operation several model land title systems devoted to improving the collection, storage, and retrieval of land records. The three objectives of Section 13 are

- To facilitate and simplify land and mortgage transactions
- To reduce the consumer cost of such transactions
- To evaluate the feasibility of developing a national uniform system or systems of land title recordation

Jerome Smith is an economist with the Department of Housing and Urban Development's Division of Housing and Demographic Analysis, Washington, D.C. Smith delivered this report at the March 12 General Session of the 1982 ALTA Mid-Winter Conference in Las Vegas, Nevada.

In 1978, HUD's Office of Policy Development and Research entered into a contract with Booz-Allen and Hamilton to review both the state-of-the-art of public title records maintenance and the legal literature on title records improvements.

In addition to compliance with the RESPA Section 13 mandate, HUD had two other objectives for the demonstration project. The first was to ensure that the management, development, and implementation of each system remain local in origin. The administration of land title records is a highly politicized local operation subject to substantial interaction with, and scrutiny by, the private sector. Successful improvement of these record systems, therefore, must be a truly local effort with limited federal interference. Hence, HUD announced that the demonstration projects would be locally managed, with strong internal staff participation, and that its own role would be limited to ongoing monitoring of project progress and evaluation of project results. Further, the HUD grants were to be matched with local funds, on the assumption that this type of commitment causes local officials to manage their projects more attentively and thus helps assure their ultimate success.

The second demonstration project objective related to "transferability"—that is, the ability to share results of the demonstration projects, such as documentation and software, with other interested jurisdictions. This objective attained crucial importance because HUD could provide funding for only a limited number of localities. Hence, the results of the demonstration projects should be in the public domain and well documented.

Model Systems

As a result of the initial research, HUD identified five model systems that included several innovative features. It was decided that funding would be awarded to local jurisdictions that would develop and demonstrate innovative features by using one of the following model systems:

- Automated recordation system
- Manual recordation system
- Multipurpose land data system
- Automated Torrens registration system
- Manual Torrens registration system

Innovative Features

The department encouraged the demonstration projects to use the following innovative features to develop the model systems:

Indexing: Geographic (i.e., parcel) indexes containing records of all instruments affecting a specific property, and consolidated name indexes containing records from all local offices to assist in title searches

Automation: Computer technology to aid in system maintenance and user inquiry

Micrographics: Microforms to store document images available for public use

Reforms of Public Recording Laws: Endorsement of reforms to simplify the public recording process, and active solicitation to effect these reforms through statutory change

Reforms of Real-Property Conveyancing Laws: Endorsement of the Uniform Simplification of Land Transfers Act (USLTA)-type of conveyancing reforms, and active solicitation to effect these reforms through statutory change

The Office of Policy Development and Research issued a Request for Grant Application and received close to a hundred responses. The office eventually funded nine projects to demonstrate the kinds of model systems that had been identified.

Recordation Projects

Grants to demonstrate recordation systems were awarded to St. Louis, Missouri; Warren County, Ohio; Pinal County, Arizona; and the state of North Carolina, which subsequently passed the grant funds to Orange, Chowan, and Cherokee counties. Four of the grantees developed automated recordation systems, while Chowan and Cherokee counties demonstrated improved manual recordation systems.

Each demonstration project incorporated many innovative operational reforms, including parcel indexing, consolidated name indexing, a common recording office, and micrographics. Implementation of these features, however, varied from project to project, depending on local conditions. In the North Carolina manual system projects, the concept of a common recording office was implemented by establishing the position of county land records manager, with responsibility for maintaining centralized parcel and name indexes that include land title data from the offices of the recorder, the clerk of the court, and the tax supervisor. Maintaining the recorded documents on microfilm, however, remains the responsibility of each appropriate official. In this way, the officials contribute land title data to the system without surrendering control of mandated responsibilities.

In counties that have developed automated systems, the common recording office concept is handled through a central data base. In Warren County, Ohio, each land title office (e.g., clerk of courts and tax map department) performs its own data entry to the recorder's computer, using a remote terminal. Inquiries to the computer, though, permit a title searcher to examine land title record data from all offices interfacing with the system.

The methods for establishing a parcel index also vary from project to project. As a first step in developing these "day-forward" indexes, each demonstration project selected a parcel-numbering scheme. The schemes ranged from simple (use of the assessor's tax-billing number in St. Louis and in Pinal County, Arizona), to more difficult (use of an arbitrary number based on newly created property maps in Warren County, Ohio), to complex (use of digitized geographic location numbers based on the state plane coordinates in North Carolina). Each project developed its system on a different type of minicomputer (IBM, Hewlett-Packard, Microdata, and PRIME) and designed multiple ways for title searchers to access the automated data base (parcel, subdivision, section/township/range, name, and address). Although widely diverse in configuration and design, comprehensive recording systems capable of supporting all recordation and indexing functions were developed by each of the demonstration projects. Integration of micrographics with the automated and manual systems has provided title searchers with better access to land title documents through inexpensive multiple copies of the microfilm.

Besides creating model recordation systems with innovative features, three of the four grantees have developed additional improvements and capabilities. In North Carolina, each demonstration project received technical assistance and support from the state office chartered to help counties improve their land title systems. North Carolina is the only state with this kind of program. This innovation seems to have enhanced the quality of the project results and may prove beneficial to other states.

The recordation system developed by St. Louis is meant to be the first part of a larger, fully integrated, multipurpose land data system. That system, being designed and implemented in specific phases, will eventually support most city operations, including property-tax assessment and billing, building inspections, and zoning. Developing an automated parcel index is the key to eventually realizing the total system.

Warren County, Ohio, has the only demonstration project with an automated recordation system that includes a historical data base of parcel index entries. At the same time Warren County developed its day-forward system, it converted 42 years of historical land title data, for approximately 25 percent of all county parcels. Conversion of historical data has meant that parcel-based chain-of-title records now exist for title searchers to use. Warren County's title assurance services industry's reaction to this added capability has been overwhelmingly positive.

Registration Projects

Grants to demonstrate registration systems were awarded to the Southern Middlesex Registry, Massachusetts; Hennepin County, Minnesota; and Summit County, Colorado. Although all three states have registration statutes, they are in active use only in Massachusetts and Minnesota.

HUD wanted to examine title registration as a viable alternative to recordation. The primary aim in all three demonstrations was to promote legislative reform of the existing registration statutes. The key to this effort was the drafting and submission of bills to permit possessory title registration. Other major proposed legislation included lifting the mandatory requirement to guarantee property boundaries (in Southern Middlesex), creating an assurance fund maintained by the state rather than the county (in Hennepin County), and

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Housing Depression—
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2.5 percent to 5.5 percent for what is called M1, and a range of interest rates to try to achieve.

We have some problems. The deficit is too high. The deficit has to be funded. It is taking money away from housing and industry. Those are facts. Some persons argue that deficits do not matter, because the deficit as a share of gross national product is higher in Japan and in West Germany than in the United States. That is not the relevant information, however. What is significant is the funding of that deficit as a percentage of savings in those countries.

While Uncle Sam will take more than 100 percent of personal savings in this country for our deficit, West Germany will take 38 percent and Japan 18 percent. With a large pool of savings such as Japan and West Germany have, it is much easier to fund a deficit than with a smaller pool of savings such as this country has. We should not be misled by those who use the argument of deficit as a share of GNP.

Despite what I consider bad economic policy, for which we should hold our representatives or ourselves accountable, there is reason to be optimistic. Interest rates are starting to move from very high levels. The economy will be stimulated by the across-the-board personal income tax cut July 1 and an increase in Social Security benefits associated with the cost-of-living adjustment July 1. Those items will account for an infusion of more than $40 billion to $50 billion on an annual-rate basis starting this summer.

You and I know that real estate people, automobile dealers, and others will be out there in May saying, "Buy your house and your car now, because your ability to meet monthly payments will be helped by tax relief. Your first payment won't be due until July, when the cut becomes effective." So I expect that we may start coming out of this economic recession, or depression in the case of housing. By the way, we must realize that the economy is not suffering above the average for the postwar period.

Sales volumes are down 3 percent for the rest of the economy. Sales for new or existing housing are down 55 percent from peak to trough, twice the drop that we have had in any other recession during the postwar period (the worst one before this was from 1973 through 1975). So we do have to recover from some bad times.

Housing has always led the recovery. I would expect that because housing is starting from a very low base it will lead the next recovery. I think that during March we had more activity with both existing homes and new homes than we had in the disastrous month of January and probably more than we had in February. These data are fragments at this point, but, nonetheless, I think the improvement is coming and that it is more than just the normal seasonal adjustments.

So coming off the existing-homes sales and the annual-rate basis, seasonally adjusted at $1.8 million, I think we can move up to $2.4 million. In terms of existing-homes sales—or I should say housing starts is a better measure of coming off 0.8 million to 0.9 million moving up to 1.1 million to 1.2 million starts.

If you relate that figure in terms of the underlying demand, both demographic demand and replacement demand, we should have a combination of existing homes and new homes at 6 million a year. We shall be well below that.

Breaking the demand out in terms of existing homes; it is normally 4 million, 4 million to 5 million is the underlying demographic demand and replacement demand. In 1978, 4 million sales existed. The demand for housing stock should be closer to 2 million, and so we shall be very short of that.

Do not be misled in terms of demographic demand. It is going to be fairly strong through this decade, and then we shall have some reduction in the next decade. Since 1957, birth control has helped hold down the birthrate, so demand for more new housing stock should ease as we enter the 1990s.

But as the economy becomes healthier, the turnover of existing homes, which is rather important to you, will actually increase. That is not only in terms of the turnover within a particular community, as people's life-styles, family sizes, and other factors change, but also a shift from one region of the country to another. The population shift from the northeastern and north central areas' manufacturing jobs to the southern and western areas' service jobs will add to the turnover rate for existing homes through the remainder of this century.

"We have to make it tougher to increase government spending faster than the growth of people's incomes."

So we must be optimistic about the demand and the activity. But the problem is that housing activity has been dampened because housing costs have risen as a result of bad government policy, reflected in real interest rates for mortgages.

In the postwar period, through 1978, the average mortgage interest rate, after adjustment for inflation (I don't care which measure you use for adjustment), was approximately 3 percent. That was the real mortgage interest rate. So far this year, the real mortgage interest rate has been 11 percent. Last year, it was 6.9 percent. The forecast for this year is 8 percent, which is still double or triple the historical real mortgage interest rate.

We have no information to indicate that real mortgage interest rates in this country have ever been so high. Not only do these high rates discourage people from buying and selling homes, but home values have shrunken because of high real interest rates. If you compare a real interest rate of 3 percent with one of 8 percent, and then look at the value of any fixed asset, such as a home, you will see that the individual owner may have lost 25 percent of the home's value because of the higher rate.

Once such information permeates our society, watch out for the populist leader on the white horse, who can make hay about the damage being done to every home owner in this country. Some two-thirds of all Americans are involved in home ownership.

I would expect that mortgage interest rates will drop from 17 percent, as measured by the Federal Home Loan Bank Board, to perhaps as low as 15 percent. Although this drop would not be great, it would represent an improvement.

We both know that the new mortgage commitment rate of 17 percent is not the one prevailing in the marketplace. People have not faced the fact that they have lost up to 25 percent of the value of their homes. Sellers try to help the sales of their homes by offering concessionary financing. According to a survey we conducted in January, the interest rate in people-to-people financing is 11 to 12 percent. Seventy percent of the existing homes sold during the past several months involved some form of creative people-to-people financing: 40 percent involved the assumption of existing mortgages at below-market rates, 34 percent involved the seller taking back a second mortgage, 31 percent involved the seller holding a first

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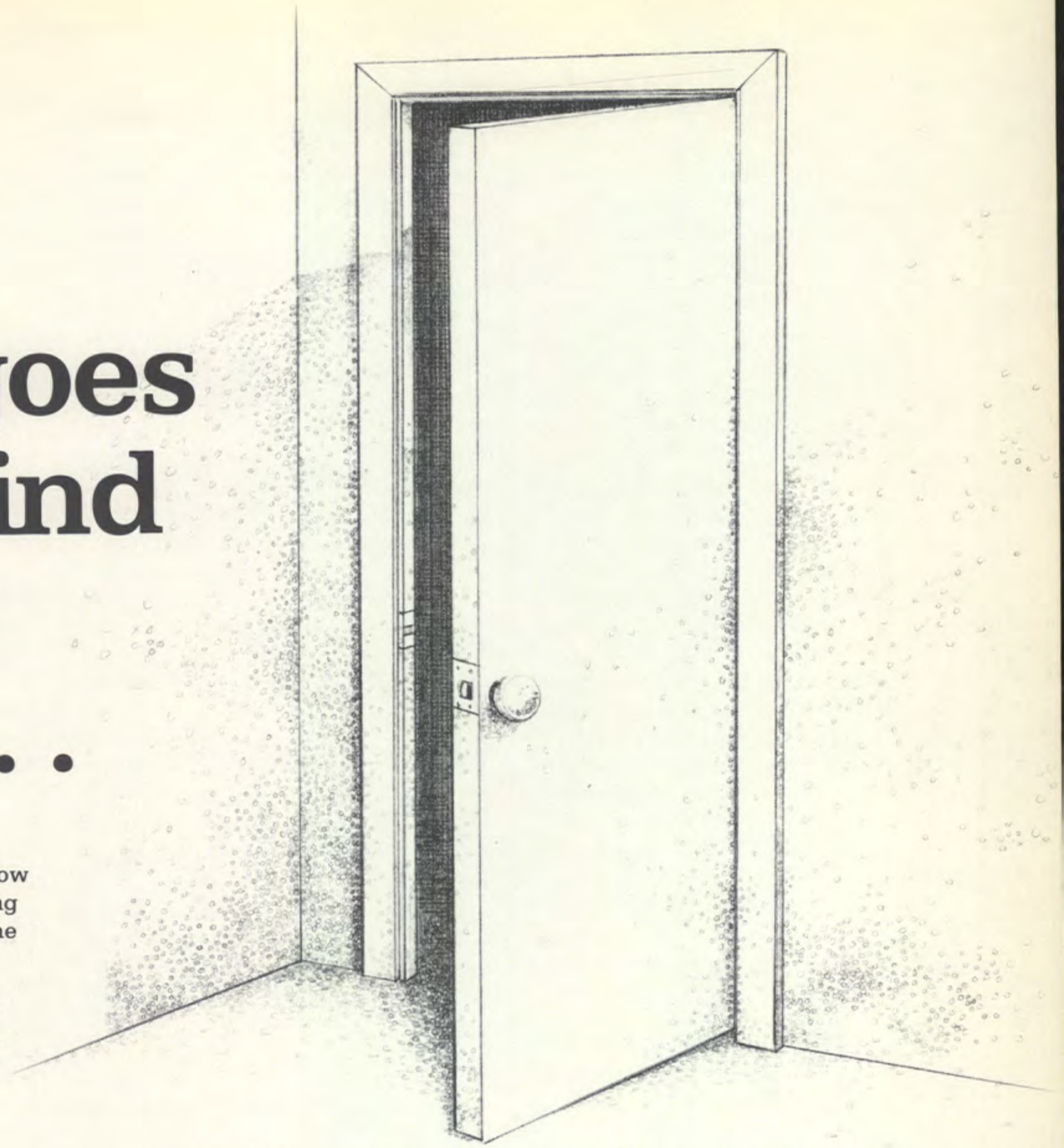
What goes on behind closed doors . . .



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

HUD Model Systems—
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compulsory phasing in registration of all property parcels (in Summit County). All the proposed legislation set forth legal reforms that the initial HUD research had indicated were necessary to achieve widespread use of title registration systems.

Although all the recordation and registration project agreements with HUD have expired, the demonstration sites are continuing to improve management of their land records.

In summary, the primary focus was on geographic indexing and consolidated name indexing. HUD wanted to improve the process of indexing and thereby improve the method of maintaining land title records.

HUD did not believe, however, that every county in the United States should automate its title records, and this applies particularly to the smaller counties. In their case, improving their manual procedures and eliminating redundancy can be considered innovative.

More important, the demonstration projects needed, and developed, greater efficiency in managing land data through the use of micrographics.

How well did the demonstration fare, based on HUD's objectives? The prime objective was to reduce consumer costs. The assumption was that improved records would make the title search simpler and more efficient and cost savings would be passed on to the consumer. HUD found, however, that this assumption is not necessarily valid. There is a weak correlation between improving records and lowering the cost of a title search. Nevertheless, the research and demonstration efforts were able to identify other benefits to the consumer and to the public and private sectors.

Benefits to the Public Sector

In the model systems, records are much more efficient than under the systems that were replaced. The demonstration projects have significantly reduced—and in some cases completely eliminated—the backlog in posting title records. Indexing takes less time, since data from several offices can be entered into the system with a CRT. In one project, the new indexing procedure will provide net savings of between $20,000 and $40,000 per year. The model systems are also much more reliable than the old systems, since backup information is available on tapes and in files.

The projects also discovered a tax revenue windfall. When every parcel in a county is indexed, every parcel can be taxed. Hence, there has been a substantial increase in property tax revenues. Moreover, this leads to another benefit—a more equitable tax system.

Developing the model system was primarily the responsibility of the recorder's office. Each office, however, had to present a plan that would gain the cooperation of other offices and elected officials. In watching this cooperative process, HUD has observed that the elected officials now work more closely together as a result of the interdependency of the system. To put together such a system, local governments have to involve all the parties in the activity.

The major benefit to the public sector is that the model systems have become the cornerstone for future systems.

Benefits to the Consumer

A consumer using one of the model systems would find that there is no delay in receiving a document after submitting it for recording.

Because one model system was able to identify every parcel in a jurisdiction and every property owner, the local district attorney has been able to track and identify an individual engaged in defrauding elderly and poor people out of their homes.

The reduction in time spent in searching records means that consumers can close on a home more quickly.

The public does not have the expertise needed to search a title. Under the automated systems, however, a citizen can use the CRT to inquire about his property rather than use the Grantor/Grantee Indexes, which are cumbersome and confusing.

Benefits to the Private Sector

Since the county's posting is up to date, the title companies are also up to date. A title company can submit a document and have it returned the same day with all posting completed. A searcher using the CRT can immediately find out what took place yesterday or what is taking place today.

A searcher has to visit fewer offices, sometimes only one. Moreover, there are savings in the area of micrographics. A title company can now purchase a small reel of film at a nominal cost. Since the recorders are using more sophisticated microfilming processes, there is better quality control.

Finally, information out is only as good as information in. And the recorders say that they have been able to reduce the error rate for recorded information from one in a thousand to, possibly, one in ten thousand.

To quote one recorder, "No two searches will take the same amount of time doing it manually, but a computerized search for the same period of time can be accomplished in seconds or minutes."

A vice president of a major title company has said that "the model system is impressive!" A junior staff member of a title company, who works with a model system daily, says the system is fast, simple, and reliable.

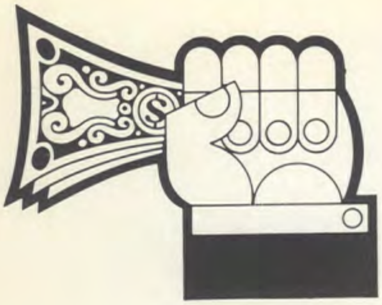
Conclusion

HUD's RESPA research and demonstration projects addressed each RESPA objective and found that there is a weak correlation between reduced costs for homebuyers and the improved land title systems. The absence of clearly identifiable consumer savings, however, does not mean the RESPA Section 13 research was without merit. The research and demonstration project results identified concrete legislative reforms and operational improvements that would enhance existing land title recordation practices.

If implemented, either wholly or in part, the improved systems can benefit both the consumer and the private and public sectors. Over time, improved public land title systems can reduce or eliminate the need for redundant and duplicate private systems. It is suggested that ALTA think seriously about that point.

HUD has submitted a report to Congress on RESPA, but has not had a reaction to the section on land records. The department is now documenting and reviewing the systems documentation and other information HUD has received from the demonstration projects and will make the information available to the public and private sectors.

One of the most satisfying aspects of this project for me is that, at the local level, I was surprised to find such a high degree of cooperation between the public and the private sectors. The attorneys, the abstracters, the title plants, and others really participated in the project by providing sound advice about how to put together a system.



Controlled Business Problems

by Stephen D. Daley

Stephen D. Daley is president of Intercounty Title Company of Illinois, Chicago. He delivered these remarks at the March 11 Agents Session of the 1982 ALTA Mid-Winter Conference in Las Vegas, Nevada.

National title insurance companies are engaged in an odds-against-winning gamble with controlled business, with their own futures and certainly those of their agents on the line.

And now it certainly seems that our federal "Big Brother" is going to help in killing the independent—whether he be a title agent, a lender, an attorney, or a real estate broker.

I guess it is fair to say that we are a doomed species.

But let me tell you my story. I am going to divide my story into five parts: controlled business, the Peat Marwick Mitchell & Co. report, HUD's report to Congress, the recent happenings in Washington, and some closing editorial remarks.

Controlled Business

Controlled business as it currently exists is devastating. At its simplest, controlled business means that a real estate broker, a lender, or a builder owns a title insurance agency to which this middleman refers all his title business. In its ultimate form, controlled business means that all real estate settlement services are provided by one of only a few vertically integrated companies.

The controlled business problem arose after RESPA was passed. Before RESPA, many title operations bought their business by paying "commissions" for the placement of title orders. I do not know what companies in other states did, but in Illinois we had a gimmick called a prompt-payment allowance. In my marketplace, two companies treated this gimmick as, they believed, a legitimate cash-flow device. If a customer paid his entire monthly bill by the 10th of the month, the customer received a 10 percent rebate. Some other companies in my marketplace paid the 10 percent regardless of when the title bill was paid. In New Jersey, the "rebates" ran between 30 and 50 percent of the title bill, depending on the particular title operation and the size of the real estate broker. In real dollar terms, a real estate broker in southern New Jersey received from his title company an average of $150 to $250 per title order placed.

Due to ALTA's lobbying efforts, Congress recognized this anticonsumer marketing gimmick and attempted to outlaw it in RESPA.

I say that Congress attempted to outlaw kickbacks, because we now have a potentially more dangerous situation with controlled business, which affects both us in the title business and the consumer—the homeseller and the homebuyer.

Controlled business was a title insurance industry response to the question of how to continue giving $150 to $250 a transaction to the middleman. Instead of receiving direct payments, real estate brokers, lenders, and even builders are "anointed" title insurance agents. In many cases, the middleman broker, lender, or builder does nothing more in the transaction than refer a title order to an underwriter who produces the title product for its so-called agent. That practice is widespread in Michigan. In some cases, the agent, in fact, does his own work, or most of it. But in any case, the result is that neither you nor I can obtain business from the lender, broker, or builder who has his own title operation.

Let me give you a few practical examples from my state, Illinois.

About two years ago, SAFECO "anointed" Coldwell Realtors a title insurance agent in DuPage County. For those not familiar with Illinois, DuPage is the state's second most populous county, with approximately 650,000 residents, and is located just west of Chicago. Coldwell Realtor's share of the residential marketplace is believed to be 20 percent, or Coldwell is involved in one of five home sales in DuPage County. In 1980, Coldwell Realtor went into the title business, and its title operation managed to obtain 55 percent of the title business in deals in which it was involved as a realtor, or an 11 percent share of the DuPage County title market. I expect the 1981 Coldwell share of the DuPage County title market to be close to 20 percent.

American/Invesco is already in the title insurance business in our area, either as an agent or as a subagent of TIM. We are not sure of the scam, but can you imagine the stupidity of appointing a condo converter a title agent?

"Although many national underwriters 'beat their breasts' about the evils of controlled business, most are playing the controlled business game somewhere in the nation."

Also of significance was the 1981 purchase by Sears of Coldwell Banker Realtors. Many observers believe that the retail giant's strategy is to attempt to market residential real estate through its existing Sears retail stores, like the very nice one that you probably have in your neighborhood.

Sears currently has 854 such stores, 2,778 other sales offices, and 25 million active customer credit accounts. Sears also owns, of course, the $8.5 billion Allstate Insurance Company, a $3 billion savings and loan association (Allstate Savings & Loan Association of California), a national mortgage banker (Allstate Enterprises), which is currently servicing $1.4 billion of mortgages, a private mortgage insurance company, and a major investment-stockbroker firm (Dean Witter).

Time magazine pinpointed what is going to happen, when in reporting the billion-dollar acquisitions of Coldwell and Dean Witter, it said that Sears is going to go after homebuyers. After all, the homebuyer will be able to purchase his home, arrange its financing, and meet all insurance needs (hazard, mortgage cancellation, private mortgage insurance, and, of course, title insurance) through Sears-owned operations. Of course, the homebuyer will also probably purchase his new furnishings as part of the deal. I am sure that Sears is looking at the 12 to 14 percent of sales price that is typically paid in a residential real estate transaction and regarding it as a very attractive return on sales.

I would guess that the Sears interest in the title insurance business is more a case of reducing closing problems rather than a desire for more profit. Charles Hilton, a Coldwell executive, characterizes real estate sales as a wheel with many spokes. To keep the wheel rolling smoothly, his firm, Coldwell, needs control of all the spokes, and title insurance is a key such spoke.

Almost all title insurance companies agree that controlled business is a bad practice. Although many national underwriters "beat their breasts" about the evils of controlled business, most are playing the controlled business game somewhere in the nation.

Peat Marwick Mitchell & Co. Report

Let me step back, for a moment, to when RESPA was enacted. Included in Section 14 of RESPA was a requirement that HUD report to the Congress on the effectiveness of RESPA. HUD hired the national auditing firm of Peat Marwick Mitchell & Co. to study the national settlement marketplace, and in October 1980, the company released a three-volume, multithousand-page report.

Those of us who have studied the report recognize it for what it is: a $1.8 million mistake. But the report exists, and its conclusions about our industry are devastating.

In conducting its national survey, Peat Marwick Mitchell & Co. interviewed 634 homesellers, 247 homebuyers, 288 lenders, 84 attorneys, 51 real estate brokers, and 72 title companies. The company does not indicate which title companies or to whom it talked, but it is apparent from the conclusions that it did not talk to anyone in the title industry who understands the business.

The parts of the Peat Marwick Mitchell & Co. report that affect us most are the conclusions:

- The title industry is not characterized by workable competition.
- Ripoffs are occurring, as "proven" by the fact that there is a 50 percent variance in title charges across the nation.
- In some localities, because of high rates, underwriters are able to offer substantial (and by inference too high) commissions to attorneys and other sales agents (such as title agents).

Peat Marwick Mitchell & Co. gives us all an *F* for our performance since RESPA was enacted. *F* is also the grade I give to ALTA for failing to get the title industry's story told by Peat Marwick Mitchell & Co.

HUD Report

I will not detail for you the company's recommendations for "bettering" the way the settlement marketplace works, because HUD has preempted the Peat Marwick Mitchell & Co. report with its mandated report to Congress. The HUD report was released on September 14, 1981.

If you think my doomsday message to date is disturbing, listen to what is being said—or has been said—to the U.S. Congress:

- RESPA does not work (and I guess that is not so bad), but kickbacks and even outright monopoly might present better alternatives than the current market structure for homesellers and homebuyers.
- According to HUD, the existing RESPA law should be substantially eliminated, and Congress should give serious consideration to "lender-packaging," which will force savings and loan associations into the title business on a national basis.

Washington Events

The prospect of savings and loan associations and others being forced into our business has been significantly expanded on in recent days by our federal "Big Brother."

HUD recommended lender-packaging. In its final report released on May 1, the President's Commission on Housing viewed "unfavorably" HUD's proposal to replace RESPA Section 8 with mandatory lender-packaging, but called on HUD "... to promulgate a regulation interpreting Section 8 ... to permit packaging of services while prohibiting fees for referrals if the referrer provides no shopping and quality control or other packaging services." The commission also urges that Section 8 "... be revised to provide that any provisions against kickbacks (payments hidden from the consumer) and referral fees be applicable only to unauthorized and undisclosed payments, and to require full, timely, and effective disclosure to the consumer of relevant information about settlement services."

"At the end of 1980, the top 13 national title insurance companies had less than $300 million in reserves to pay unknown claims. . . . I would not want to be a director or a senior officer of a national title insurance company."

On February 25, 1982, the Federal Home Loan Bank Board published for 60-day comment a regulation that would expand the activities of federal savings and loan associations to allow them to engage in security activities, including futures and options trading; to sell real estate (Broker sells a house and goes to his friendly lender; the lender is likely to say, "Welcome, cooperating broker. Sure we'll make a mortgage, but how much of the 7 percent do we get?"); to underwrite property, casualty, and life insurance; and to sell private mortgage insurance.*

If you have not read or seen this regulation, I strongly recommend that you get a copy. It is shocking.

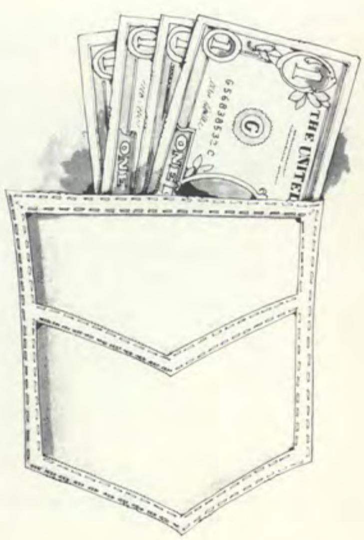
Closing Remarks

As a final note, I would like to make several editorial comments.

- The national title insurance underwriters have a problem that may result in the extinction of independent title agents. Although most underwriters will bemoan the fact that they are forced to sign up lenders or builders or brokers as agents, they all gleefully and continually do so.
- I have the greatest respect for ALTA staff efforts, but I have no confidence that ALTA will be able to resolve the controlled business problem on a national level. ALTA's latest public salvo was fired in September 1981 at congressional hearings. While I love to listen to Irving Plotkin, our industry does not have a persuasive message. Even if it had, I cannot envision ALTA beating the American Bar Association, FHLBB (which is encouraging its lenders to get in the title business), the United States League of Savings Associations, and the National Association of Realtors in Washington, or, to be realistic, beating any one of these groups. I do not think that ALTA has the horsepower to do the job, and if my personal experiences in Illinois are any indication, no realistic support will be obtained from the individual title insurance companies.
- I would suggest to ALTA a program that might work: ALTA could support a federal preemption of state regulation of the title insurance industry in exchange for controlled business prohibitions and, at the same time, seek the support of the consumer lobby in Washington. Instead of spending TIPAC money on campaign contributions, spend a few thousand dollars on a study for the consumer lobby. After all, the traditional targets of the consumer lobby are the same groups that will be opposing you—the attorneys, the real estate brokers, and the lenders.
- I wonder why ALTA has not organized or even attempted to organize any grass-roots support for the controlled business fight. Some of us have friends in legislatures or friends with influence. Where is the organization to tap that resource?
- I am truly impressed with the lobbying efforts of the Mass Insurance Consultants and Administrators, the equivalent for the private mortgage insurance industry of the ALTA. Our products—title insurance and private mortgage insurance—are somewhat analogous. But MICA has laws—national and state regulations passed—that prohibit anyone but the private mortgage insurance companies from being in the private mortgage insurance business. MICA was almost successful in eliminating its major competitor—the FHA. I do not know what the MICA formula for success is, but I think ALTA should.
- Those of you who are employed by title insurance companies should not take much comfort in some of your senior managers' rationalizations that the only casualties of controlled business will be title agents. Let me suggest two possible future events:

1. The first is the bankruptcy of most national underwriters. Remember, some builders and brokers now have control over your title product. Do you really think that any title problems will prevent deals from closing? I think they will all close, and your claims will skyrocket. I know you say that you will raise your prices, but what makes you think that you will have the time to do so? At the end of 1980, the top 13 national title insurance companies had less than $300 million in reserves to pay unknown claims. American/Invesco could wipe you all out in just one project. And, I am not bragging, but if my company alone switched from a risk-avoidance posture to a close-every-deal-regardless posture, I could bankrupt my underwriter within less than a week's activity, with losses high enough to eat up that $300 million in just a few months. I would not want to be a director or a senior officer of a national title insurance company.
2. What makes you think that Sears needs you? It needs neither the assets nor the reputations of title companies. Sears already has an $8.5 billion carrier. Both agents and underwriters would be out of business, and it would be nice if the underwriters would stop deluding themselves on this score.

- My final editorial comment is, Convince your sons and daughters that there are better careers than the one you have chosen. We are a dying industry, with probably not more than one to two years left to live.



*See "Restructuring the Thrift Industry: A Matter of Survival," by The Honorable James Jay Jackson, *Title News*, April 1982, page 6.

Housing Depression—
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mortgage, and 20 percent involved some financing by relatives and friends.

If you blend the two kinds of rates, you probably have a current interest rate of between 15 percent and 15.5 percent. I expect people-to-people financing will remain fairly stable through the remainder of this year, so the blend rate will be going down to approximately 14 percent.

I expect underlying inflation to be, say, 8 percent (maybe, if we're lucky, 7 percent). The difference is 6 percent real interest rates, which is still double the historical record. I think we would be fortunate to drop that low—and we may at some point—but I think the average is going to be closer to 8 percent real interest rates for the year. Even though those improvements are clearly out of line with past history, they will be one of the reasons why you can expect an upturn in housing.

The bad news is that once our optimism has been built up, it is going to be dashed again because Uncle Sam does not withdraw funds evenly from the economy throughout the year. In the third week of March, the government was essentially out of the borrowing business, reducing pressure on short-term rates. You will see those rates move down smartly. Uncle Sam does not need to borrow, because we shall have started to pay our income taxes. The influx is disproportionate, because most individuals pay taxes in the second quarter of the year. On an annual-rate basis, the federal government collects $60 billion more than it spends during the second quarter. It actually adds to savings funds available for other parts of the economy.

But when we enter the fourth quarter this year and the first quarter next year, Uncle Sam will not be receiving many tax payments but will be continuing to spend. Uncle Sam will be borrowing at an annual-rate basis of $200 billion, a swing of $260 billion. There is no economy in the world, certainly not ours, that can withstand that shock and not have those interest rates turn around and go back up.

I know of no experience during the last 20 years in which the Federal Reserve Board has not taken into account that its power, its delegation of authority, comes from the incumbents in Congress. Therefore, the Fed does not want to appear to be causing politicians not to be reelected. I expect the Federal Reserve Board to be more accommodating through the November 1982 election and then to get back on its tough track of slower growth of the money supply. Once again, the housing industry will be hit hard with the upward swing in short-term interest rates and long-term rates.

As if this were not bad enough, the President was a bit misleading in his statement that present interest rates were down from those of last year when he came on board. That statement is true for the prime, which is important for home building. But the statement is not true for mortgage interest rates, which are actually higher and likely to stay that way.

We have suffered for three years with bad economic policy and bad economic conditions. Business has been forced to short-run borrowing just to make it through. The pressure to shift from short-term borrowing to long-term borrowing

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Pennsylvania LTI Holds First Graduation

Pennsylvania Land Title Institute's first graduation class.

From left, PLTA President Richard Burroughs, PLTI Administrator Edward S. Schmidt (standing), PLTI President James G. Schmidt, PLTI Vice President Marvin H. New, and PLTA Executive Vice President Moses K. Rosenberg.

The Pennsylvania Land Title Institute graduated its first class of 42 students from its three-year course of study in land title insurance practices and procedures on April 2.

Founded in 1978 by the Pennsylvania Land Title Association, the institute offers continuing education for land title industry employees to enhance their understanding and professionalism.

The graduation ceremony was held at the Philadelphia Marriott Hotel. PLTI Administrator Edward S. Schmidt was the host. Institute officers, title association members, and graduates' guests attended the event.

PLTI President James G. Schmidt addressed the graduating class. He commended the students for their good sense in preparing for the future and spoke of the valuable learning they had obtained through the program.

PLTA Executive Vice President Moses K. Rosenberg presented the keynote address. "Because you have taken the time to learn more about your profession," he said, "you have assisted yourself to assume the leadership roles in the land title industry."

PLTA President Richard Burroughs and PLTI Vice President Marvin H. New also participated in the ceremony.

NCLTA Meets

The North Carolina Land Title Association held its annual business meeting April 1–4 in the Mills House Hotel, Charleston, South Carolina.

Francis X. Coman was elected president. Other newly elected officers include Stephen Jones Jr., vice president; L. Hunter Meacham, secretary; Joseph M. Parker Jr., treasurer; and Larry Johnson, attorney section representative.

ALTA President-elect Thomas S. McDonald addressed the group on the economy, controlled business, federal legislative developments, and ALTA national headquarters activities.

More than 100 NCLTA members and guests attended the meeting.

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will be much stronger than in previous recessions.

Consequently, the pressures are going to remain on long-term rates disproportionately longer and heavier than we have experienced in the past. So we cannot expect long-term rates to move down quite as sharply as in past periods of economic recessions and recovery.

There is good news and there is some disturbing news of fluctuations that will affect us all. Of course, one of the great tragedies for your industry, for all the other housing industries, and for the financial institutions that have served these industries is that they are in an untenable position: borrowing short and having high short-term interest rates, lending long and thus fixed into those long-term interest rates, losing money and thereby losing their ability to survive.

When people are faced with a survival situation, they grasp for any policy improvement. I think that we can expect some improvement this year and some more improvement next year. I think that the underlying inflation rate is trending downward. So we can start looking for a shift from merely grasping for policy alternatives and start identifying the measures that are wise for the long run.

We have and we are in the midst of dismantling housing policy at the federal-government level. One of the dismantling steps is the proposal by the Federal Home Loan Bank Board and by Senator Garn to allow these specialized institutions, called savings and loans, not to invest one dollar, if they so choose, in housing in the future.

Now, I think it is time that we start looking ahead and stating our view on housing. Is housing a national priority? Let me argue why I think it should stay a national priority.

Housing not only provides shelter for individuals. Housing provides the shelter that nurtures the family, and, as Woodrow Wilson said, that's the foundation of any society. Housing provides an incentive for people to save more and invest in something they regard as important, their own home. Housing disperses decision making because individuals owning their own home get to determine how that home is used.

Owners participate in community activities that affect that home and their family. It is fundamental for our form of democracy to continue to disperse decision making through home ownership. That's what is outstanding about home ownership in this country.

"We must be ready for that time to enact policies that can serve this country and its housing needs for the long run."

Owning a home is different from being one of 10 million stockholders voting about the direction of a major corporation. It's different from being one of 70 million people voting in a national election, because it's immediate. Individuals have a piece of America that's their own, and it's a critical piece because that's where they nurture their family. And that's why home ownership demands priority treatment.

And that's why we cannot allow people merely to run out in a panic and jump on a horse and ride off in all directions. Instead, we need a carefully drafted, long-range housing policy.

The adjustable-rate mortgage was a necessary innovation. Even though our survey shows that only 40 percent of the marketplace is willing to accept them, that figure represents a growing proportion. Clearly, ARMs will solve the problem for our financial institutions of borrowing short and lending long.

We need to face the other transition problems the thrifts have. I was pleased to hear that the Federal Home Loan Bank Board believes that recovery could be rather soon, in perhaps less than four years. It's important to make sure that, once through this transition, we continue to serve that objective of housing, of home ownership, and not lose the specialized thrift institutions.

When you're in a panic, you should not forget about other objectives. Do you forget about antitrust policies? Do you forget about conflict-of-interest situations in which there is a fiduciary responsibility of a thrift institution that takes in deposits, and then it can lend to its own service corporation at favorable rates? What's that conflict of interest and where are the fiduciary rights violated in that process?

And also there is the anticompetitive impact. You as independent people are finding out that you have to compete with the title company that is a subsidiary of such a financial institution. Where is that thrift institution's business going to go? Are you going to be allowed to compete on an even basis?

That thrift institution also has a draw on an insurance fund, still $6 billion, that has been building up for many years. There is also a draw on the Treasury of the United States, three quarters of a billion dollars now. It has the advantage of a draw on the open window at the Federal Reserve Board.

And it has a draw on the Federal Reserve Board as lender of last resort. Is that fair competition for you? Do you have those benefits? Then why should thrifts be allowed to come into your business, and is that the structure that we want? Is the consumer better served?

I would argue no. We must look at those policy changes and make sure we recognize that they have a legitimate problem. The legitimate problem does not justify thermonuclear warfare on the structure of industry in this country. And those conglomerate-type arrangements are going to have to be resisted, so we don't have cross-subsidies and less competition and higher cost. We also need to resist so we don't end up with centralized financial institutions controlling all the business. We could have the ridiculous situation, and I'm using it just for illustrative purposes, that a New York bank, Marine Midland Bank, may turn out to be one of those large financial institutions involved in all of your business and in other business, owned by the Shanghai and Hong Kong Bank dictating how many funds will go into housing and at what rates across America. And that's the kind of centralized direction we're going in now.

Part of it is because high real interest rates provide a premium for those in financial institutions. That premium does not exist when we get back to normal interest rates. We certainly should not allow that kind of restructuring of industry in the United States to occur because of a short-term problem.

We clearly have a challenge, all of us. So I want to leave you with a view that there are improving times ahead. You and I are going to have to participate when it's once again possible to enact wise public policy, which will be after the November 1982 elections. We must be ready for that time to enact policies that can serve this country and its housing needs for the long run.

In the meantime, I think you can expect a 20 percent improvement in the next six months and another 20 to 25 percent in 1983. It should be more than double or triple that. You and I petitioning our government will determine how much better it will be.

Names In The News . . .

Alvin W. Long, chairman and chief executive officer, Chicago Title and Trust Company, and chairman, Chicago Title Insurance Company, nominated **Richard P. Toft** as president and chief executive officer, Chicago Title and Trust. Toft is also president and chief executive officer, Chicago Title Insurance.

Long was nominated honorary chairman of the combined board of directors of the Chicago Title companies. He continues to represent Chicago Title in various civic, community, and professional activities.

William Halvorsen was named manager of Cook County, Illinois, title operations for Chicago Title Insurance. Before assuming this position, Halvorsen was manager of title operations for the Chicago office. He joined the company in 1973.

Christopher Abbinante was named manager of Chicago Title's branch satellite office in Cook County. He joined the company in 1976 and was formerly a title officer and manager of the Skokie branch office.

Transamerica Financial Corporation promoted **Juho Arens** to senior vice president/corporate development. Arens, formerly director of marketing, is responsible for the company's strategic planning, financial planning, and communications functions. He joined Transamerica in 1978.

The company also announced the promotion of **Robert A. Christie** to senior vice president, treasurer, and chief financial officer. Formerly vice president and treasurer, Christie is responsible for the company's financial functions, including debt and liability management and distribution of financial reports. He joined Transamerica as assistant treasurer in 1966.

Transamerica Title Insurance Company announced the appointment of **D. John Cesario** to major accounts manager, corporate sales. Cesario oversees liaison with major commercial and industrial realtors, developers, law firms, and corporations throughout the United States.

H. Lee Boatwright III was elected a director of SAFECO Title Insurance Company of Maryland. Boatwright is president, chief executive officer, and director of Central Savings Bank, Baltimore.

SAFECO of Maryland also announced the elections of **Catherine B. Disney** and **Louis C. Jira** as vice presidents.

David B. Lawrence was appointed southwestern regional counsel at American Title Insurance Company's Dallas, Texas, office. Lawrence oversees regional claims settlements and adjustments as well as other real estate title insurance underwriting and legal matters.

Stanley M. Rumian was appointed branch manager of Lawyers Title Insurance Corporation's Morristown, New Jersey, office. Rumian joined Lawyers Title in 1979 as a title attorney with eight years experience in the title insurance industry. He was promoted to branch counsel in 1980.

USLIFE Title Insurance Company of Dallas announced the promotion of **Dave Ginger** to manager of the company's Texas agency department. A nine-year veteran of the title industry, Ginger is vice president and agency representative for USLIFE.

W. Sidney Druen was elected vice president and associate general counsel of the Nationwide Insurance Companies, which are based in Columbus, Ohio. He is also assistant secretary of the companies. Druen joined Nationwide as an attorney in 1970.

Mark Shickler and **Liz Martinez**, both formerly of USLIFE Title Company of Albuquerque, joined Albuquerque Title Company, New Mexico. Shickler was appointed president and Martinez serves as escrow officer at the company's main office.

Janet Maxwell was named director of market research for First American Title Insurance Company, Santa Ana, California. A 10-year veteran of the company, Maxwell has served with the market research department since 1979. Before that, she was general index poster for the company.

Ralph Abrego was named title examining manager of Title Insurance and Trust Company's Woodland Hills, California, office. He supervises title officer activities, support staff, and client relations. Before assuming this position, Abrego was senior title officer for the company's Van Nuys office.

Michael E. Tingle was named vice president and manager of Title Insurance and Trust's Ventura County, California, office. Before this appointment, Tingle was title operations manager for the company in Las Vegas, Nevada. He joined the company in June 1971 as a title officer.

Alan E. Diederich was named vice president and manager of Title Insurance and Trust's Employee Benefit Trust Department. Before this appointment, Diederich managed the trust benefits plans for the company.

Henry L. Adams was elected a vice president and senior advisory title officer of Title Insurance and Trust's Central California Division. Adams analyzes high-liability transactions and serves as principal technical advisor for 29 counties. Before assuming this position, Adams managed the company's Sacramento operations. He joined Title Insurance and Trust as a title searcher in 1956.

W. Michael Wigley was named president and chief operating officer of Commonwealth Land Title Company of Houston, Texas. A 10-year title business

Toft

Long

Halvorsen

Abbinante

Maxwell

Lawrence

Rumian

Wigley

veteran, Wigley previously served as executive vice president for the company. Before that, he was senior vice president and district manager for another underwriter in Dallas.

W. Paul Holladay Jr., former Commonwealth of Houston president, has resigned to enter the agency field as a Commonwealth representative.

Michael K. McKenna was named manager of Pioneer National Title Insurance Company's Tarrant County, Texas, office. He manages the company's commercial main office and nine branch offices. Before assuming this position, McKenna, who is an assistant vice president for Pioneer, managed sales and marketing in the Dallas/Fort Worth area. He joined the company in 1971.

Kathy Doran was named Dallas County manager and assistant vice president of Pioneer. Doran manages the branch offices in Dallas, Denton, and Rockwell counties. Before this appointment, she was an escrow manager for the company in Richardson, Texas.

Owen L. Wagoner was named vice president and assistant county manager for Pioneer. Before his new appointment, Wagoner was title department manager in Phoenix, Arizona.

Calendar of Meetings

June 4
South Dakota Land Title Association
Ramada Inn
Sioux Falls, South Dakota

June 6–8
New Jersey Land Title Insurance Association
Seaview Country Club
Absecon, New Jersey

June 11–13
Illinois Land Title Association
Sheraton-West Port Inn
St. Louis, Missouri

June 17–19
Oregon Land Title Association
Marriott Hotel
Portland, Oregon

June 17–19
Tennessee Land Title Association
Chattanooga, Tennessee

June 17–19
Utah Land Title Association
Little America Hotel
Salt Lake City, Utah

June 17–20
New England Land Title Association
Tamiment Resort and Country Club
Tamiment, Pennsylvania

June 27–30
Michigan Land Title Association
Hidden Valley
Gaylord, Michigan

July 8–10
Land Title Association of Colorado
Tamarron Resort
Durango, Colorado

August 5–7
Idaho Land Title Association
North Shore Resort Hotel
and Convention Center
Coeur d'Alene, Idaho

August 6–7
Kansas Land Title Association
Holidome
Lawrence, Kansas

August 12–14
Minnesota Land Title Association
Sheraton-Ritz
Minneapolis, Minnesota

August 12–14
Montana Land Title Association
Copper King Inn
Butte, Montana

August 26–28
Wyoming Land Title Association
Shoshone Lodge
Cody, Wyoming

September 10–12
Missouri Land Title Association
Sheraton Hotel
Springfield, Missouri

September 12–14
New York State Land Title Association
Concord Hotel
Kiamesha Lake, New York

September 13–15
Ohio Land Title Association
Sawmill Lodge
Huron, Ohio

September 15–17
Dixie Land Title Association
Callaway Gardens
Pine Mountain, Georgia

September 16–17
Wisconsin Land Title Association
Civic Center Inn
Eau Claire, Wisconsin

September 17–19
North Dakota Land Title Association
Holidome
Minot, North Dakota

September 19–21
Indiana Land Title Association
Marriott Hotel
Clarksville, Indiana

September 22–25
Washington Land Title Association
Seattle Marriott—SeaTac
Seattle, Washington

October 3–6
ALTA Annual Convention
Sheraton-Boston Hotel
Boston, Massachusetts

October 15–17
Palmetto Land Title Association
Litchfield Inn
Litchfield Beach, South Carolina

October 20–22
Nebraska Land Title Association
Lincoln Hilton
Lincoln, Nebraska

November 10–14
Florida Land Title Association
Hyatt House
Sarasota, Florida

December 1
Louisiana Land Title Association
Royal Orleans
New Orleans, Louisiana

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

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