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June 1982

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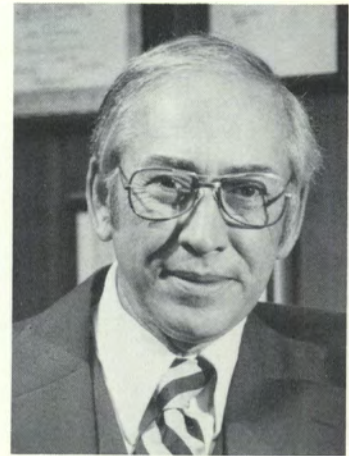
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## A Message From The President

**A**t a time when frustrated businessmen are awaiting the long-promised economic renaissance, it is easy to become introspective and search for the basic flaw in ourselves that may be responsible for our unfortunate position. We are not alone in this endeavor. For many years, critics of the title insurance industry sought to blame us for a variety of evils, some real and some imagined. Difficult conditions create a need for scapegoats and, therefore, it is understandable that some members of the industry, as well as some of its investors, are led to believe that the title insurance business creates its own permanent black cloud.

For a student of irony, there is a trace of humor, although of the gallows variety, to be derived from comparing those things that bothered us a generation ago with the problems facing the industry today. Looking at ourselves in the mirror, we find that age has softened some of the features about which we were most sensitive. Some facets of our business present a different image from the one we examined in years past.

For example, it is no longer intellectually fashionable to suggest that title insurers do not have significant claims expense. On the contrary, loss payments have increased so markedly that we now spend considerable time analyzing methods and practices that would have been accepted without question a few years ago.

"The high cost of settlement" is a theme that still rings through congressional halls, but it has been years since the title insurance premium represented even a significant part of total settlement costs. Although attempts have been made to brand title insurance an extravagance, and such attempts will likely continue, these movements suffer from a lack of credibility. It is difficult to persuade anyone that title insurance levies a disproportionate toll on the consumer.

And what of the nit-picking title insurer whose unrealistic standards create obstacles to the smooth consummation of a real estate transaction? If that characterization was ever a faithful reflection of the title insurance industry, it is not valid today. Our record of providing coverage responsive to the needs of real estate investors and of developing underwriting standards designed to improve rather than impede settlement is both unparalleled and unchallenged.

The most encouraging aspect of this self-analysis is the realization that there is no satisfactory alternative to title insurance. Current evidence suggests that other systems are costly and ineffective in accommodating the volume and velocity of real estate transactions that our industry serves. It is unlikely that any of the experiments now under way, at taxpayers' expense, will reveal a different conclusion.

To complete the circle of my thought process, careful scrutiny of the industry shows that it is not a victim of deterioration but rather a creature of evolution. We are embarked on a voyage of change that began some years ago and may never end. As the present economic turmoil subsides and prospects of a market resurgence come into view, we are likely to find ourselves in much better condition to continue the voyage.

Fred B. Fromhold

# Abstracting Procedures in Iowa

*Allen K. Buchanan delivered these remarks during the Abstracters Session panel discussion at the March 11 Abstracters and Title Insurance Agents Section Meeting, 1982 ALTA Mid-Winter Conference, Las Vegas, Nevada. Buchanan is president of Buchanan Abstract Co., Algona, Iowa.*

**M**y topic is abstracting procedures in Iowa. At national meetings, I have received the impression that there is a fantastic difference from state to state in the way that abstracts are prepared. An abstract that is required in one state might be totally unacceptable in another. So I think we must be aware of the climate in which each of us is forced to abstract to understand why we abstract the way we do.

Abstracting in Iowa is influenced by the fact that we do not have legalized title insurance in the state. Title insurance is written in Iowa but always by outside companies. This practice is set by state statute.

We have no licensing of abstracters or of plants either. As a result, our state association attempts to work as a quasi-regulatory agency. Any examiner who deals with an abstracter who is an association member is assured that that member has a complete title plant, has a minimum of five years experience, and has had his ethics and financial standing investigated.

Almost all abstracting companies in Iowa are privately owned and operated. Five years ago, I could have said all abstracting companies. During the past few years, some five companies have been acquired by S&L service corporations, and one has been acquired by one of the companies that I am not supposed to mention.

The public records in Iowa do not contain any tract index system. Iowa has strictly an alphabetical system, which our association feels makes it imperative that we all have our own in-house title plants on a geographical basis.

Another important aspect influencing our abstracting is that we work closely with our state bar association, with which we



have excellent cooperation. Twenty years ago, the two associations decided we needed more statewide uniformity, both in abstracting and in title examinations. So we established parallel committees.

The bar calls its the Committee on Title Standards, and we call ours the Abstracting Standards Committee. The two committees work closely together.

The bar association publishes a book of examination standards, the purpose of which is to create uniformity throughout the state as to what is and what is not acceptable. The committee also serves as an unofficial arbitration board. If two examiners disagree on a title objection, they often refer the question to the members of the examination standards committee, who offer an opinion that is generally accepted by the parties. The letters of opinion that they issue on such matters are published in the abstracters' newsletter, the Iowa Land Title News, not in the bar association bulletin, which probably accounts for the fact that our abstracters' newsletter is subscribed to by approximately 600 law firms in the state.

Our abstracting standards committee establishes standards regarding the "how to" of abstracting different situations. These standards are always developed by our association and then submitted to and approved by the bar association before being issued to our members. When an abstract is prepared under these standards, we can always defend it from nit-picking examiners by pointing out that it was prepared according to bar-approved standards.

These standards are constantly updated, published, and available to all association members and to any examining attorney who wants to purchase them. We also have our own standardized abstracters' certificate developed by our association and approved by the bar association. An examiner does not have to read all the fine print on the certificate to know what it does and does not cover. If he sees the standard approved form or certificate, he knows what is covered.

Our committee also serves as a question-and-answer forum for members throughout the year and at all association meetings—regional and state—and seminars.

Iowa relies heavily on statutes of limitation and curative acts. As a public relations tool, our association has published an index of all these acts that we distribute to attorneys.

Our committee monitors all legislation that affects the title industry and informs our members immediately after the legislative session concludes as to what changes there have been in the laws affecting them. We have been fortunate in having a cooperative legislature in most respects. We have been able to get excellent real estate laws enacted in the state to eliminate old claims and, as a result, our abstracts—even our new ones—are quite brief.

The basic philosophy of an Iowa abstracter, which conflicts with some of your philosophies I am sure, is that we take the word *abstract* to mean "brief summary." Believe me, our abstracts are brief and they are summaries. We make the briefest possible entry to show everything necessary and no more.

This policy places considerable responsibility on abstracters. As a result, we often find that some experienced abstracters are more familiar with the laws relating to, for example, acknowledgments than some of the examining attorneys are, because these items are all weeded out before the abstracts reach the examiners.

A perfect example of Iowa's acceptance of brevity and its reliance on statutes of limitation and curative acts is the attitude toward the state's Marketable Title Act. You might call it a 40-year act. Simply stated, it provides that any title based

on a recorded title transaction that has been on record more than 40 years with a continuous chain of title thereafter eliminates prior claims, with the exceptions of those of the federal government and unexpired leases.

Since the effective date of that act, I have never prepared a government abstract. Such is not the case in many states. Some of our neighboring states had a Marketable Title Act years before we did. These states still prepare government abstracts because the examining attorneys will not buy the short abstracts, which are extensively used in our state.

I will not attempt to discuss all our legalizing acts and curative acts. I think the fact that Iowa is not a title insurance state has created the desire among examining attorneys to secure legislation to eliminate most ancient claims.

I am sure that the mechanics of abstracting in Iowa are similar to those in most states. Because our records are alphabetical and not geographical we convert them to tract indexes and general indexes in our offices. Our takeoff methods are standard. We either prepare with our own equipment or purchase Xerox or microfilm copies, take them into the office, and build them into a tract system. Most abstracts in Iowa, with the exception of duplicate orders, are typewritten. We do not usually Xerox or make multiple copies of abstracts unless they are on a subdivision and we are preparing 30 to 40 abstracts.

There is some computerization in Iowa abstracting companies. I think that there are at least three computerized companies, and keep in mind that most Iowa abstracting companies are small, rural operations. At least three plants have a portion of their tract indexes built into computer operations; one is totally computerized. A number of smaller plants have small computers to handle their general indexes of information that has to be indexed alphabetically.

I do not know whether I should discuss charges. Some of our neighbors are a little jealous of the prices we get. I cannot say, "We charge this way." We had a committee study charging practices once and decided that we have 137 members and 137 ways to price abstracts in Iowa. There does not seem to be any consistent pattern.

The general rule is that our prices are a combination of clerical charges—so much per entry and per certificate—and of surcharges based on property values. Some companies go heavy on the valuation charge and light on the clerical charge; some have no valuation charge.

I think that the greatest difference between Iowa abstracts and those of other states that I have seen is the brevity of the Iowa abstracts. If you examine a typical completely new Iowa abstract from title down to date, you may see 16 entries.

The typical abstract is brief because our examiners expect us to do much of the work that attorneys probably perform in your states. For example, if you include a Xerox copy of a deed, you are expecting the examining attorney to read the entire deed, interpret it, and approve the acknowledgment and so forth. Our examiners expect us to do that for them.

Iowa title examiners do not expect abstracters to repeat long metes-and-bounds descriptions throughout the abstract. We are expected to compare the descriptions to make sure that they refer to the same piece of land described in the abstract caption and then just to say so: "Conveys land described in the caption hereof."

Iowa title examiners are thus spared having to read and proofread an entire legal description all the way through an abstract. The extra work that Iowa abstracters perform does place added responsibility on us, which may explain why we are paid a little more than some of our neighbors.

# Abstracting Procedures in the Other States

*F. Earl Harper delivered this speech during the Abstracters Session panel discussion at the March 11 Abstracters and Title Insurance Agents Section Meeting. Harper is president of Southern Abstract Company, Bartlesville, Oklahoma.*

**M**y topic is abstracting procedures in the other 49 states. Covering that topic reminds me of the story about Teddy Roosevelt and music appreciation. They say Teddy Roosevelt knew two songs—one was “Yankee Doodle” and the other wasn’t. I know a little bit about abstracting in my own state, Oklahoma. But I can’t tell you how everyone abstracts in Oklahoma, let alone in the other 49 states.

If you are buying a book for information or entertainment, a paperback will usually do nicely, but if you want a book that will look good on your library shelves, I would suggest that you purchase a more expensive, hardback copy. Perhaps this advice also applies to abstracts of title.

Back in the good old days, the Oklahoma association appointed a committee to propose uniformity in the abstracting of instruments. We even had a manual.

Those had to have been the good old days—because uniformity seemed to be the most important problem that the association faced at that time. The committee purchased a large silver traveling trophy that was presented for the most uniform abstract submitted at the annual title convention. The project was well received, and the trophy traveled around the state for several years. The abstracters who took pride in their work, of course, improved even more, and those who didn’t care made no effort to improve.

All in all, the idea was a good one, and it really did improve the product somewhat. But the program was not 100 percent effective, and it created a lot of work for an unpaid committee.

The project reached the point at which the same abstracter kept winning every year.

After a few years, the committee revamped the project and applied its efforts to developing an abstract certificate that would be uniform throughout the state. This effort met with a great deal of success—with the exception of a few nonmembers and a few recalcitrant old-timers who weren’t “going to let anybody tell me how to run my business”—and the OLTA uniform certificate and its amendments are almost uniform.

After many years, Oklahoma seems to be moving back to a more uniform abstract through copy-machine copies of recorded instruments. That may not be better, but you must admit that when we copy in full, we are at least uniform. Well,

not quite—but even then, given a little free time, the enterprising abstracter can always find a few ways to be different.

Some abstracters copy in full. Some copy only the first and last pages of a four-page mortgage and add a note that they have omitted portions of the conditions and of the requirements. Most abstracters reduce the instrument from 8½ in. by 14 in. to 8½ in. by 11 in., while a few cut and paste—the results of which are sometimes sloppy.

The move towards using today’s copying systems in abstracting has not been an overnight change. The evolution has been occurring for more than 30 years. The earliest use I recall was during an oil and gas boom in the Oklahoma panhandle during the 1940s. The particular county had only one abstracter and the demand for his services was tremendous. Our poor panhandle friend received much criticism from his fellow abstracters for departing from his professional status as a fine abstracter of titles to become a lowly record copier. That abstracter’s customers were not interested in abstracts as works of art with which to decorate their library shelves.

The next faltering step toward the shameful copy abstract probably came when people started to copy court proceedings, which were then typed in full anyway. I remember much discussion at our association meetings as first one, and then another, abstracter shamefully admitted that when a customer needed an abstract immediately, the abstracter would copy the court proceedings. Of course, since no one ever had a customer who was not in a great hurry for an abstract, this meant that all court proceedings were soon being reproduced by the best copy machine the abstracter could find and afford.

I noticed that about this time, the IBM typewriter with carbon ribbon was a strong seller in Oklahoma. Attorneys, on seeing copies of their own work that had been produced by a typewriter with a worn ribbon or dirty keys, became more conscious of product quality. The persons complaining about quality from then on were those who had brand-new carbon-ribbon typewriters. The complaints were not about the

*Continued on page 16*



## Condo Book Published



What is the future of condominiums? Are you planning to purchase a condominium with an unrelated person? Are you confused about restrictions on condo owners?

If you are seeking answers to these and other questions, *Buying, Owning and Selling a Condominium in the 1980s* by Robert Kratovil and Ruth Kratovil (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1982; \$19.95 hardcover, \$15.95 paperback) and its companion volume *Buying, Owning and Selling a Home in the 1980s* (1981) may be useful additions to your library.

Robert Kratovil and Ruth Kratovil have chosen a question-and-answer format to cover topics such as the condo board of directors, management, assessments, the annual budget, buying a condo in a building under construction, inspection, financing problems, and creative financing. Besides residential condominiums, the authors discuss coops, PUDs, commercial condos, and vacation and time-share condos. The volume includes appendices detailing FNMA conventional home mortgage rules and condominium declarations and bylaws.

## Ticor Title Insurers Elects Morrow CEO



Rocco Siciliano, Ticor chairman and chief executive officer, announced that Winston V. Morrow was elected chairman and chief executive officer of Ticor Title Insurers.

Morrow assumed his new duties on June 1. He continues to serve as president and a director of Ticor, positions he has held since March 1981.

Morrow replaces John E. Flood Jr., who resigned for personal reasons.

Morrow's previous experience includes executive positions with Avis, Inc., and Teleflora, Inc.

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# Computers and the Small Company

*C. Wesley Ashcroft presented this talk during the Abstracters Session panel discussion at the March 11 Abstracters and Title Insurance Agents Section Meeting. Ashcroft is vice president of Hogan Land Title Company, Springfield, Missouri.*

**M**y topic is computerization of operations in the small company.

At Hogan Land Title Company in Springfield, Missouri, we still type all our entries in each abstract that we prepare. We do not do so by choice, but because we have yet to find something that reduces instruments to vest-pocket size. We still prepare the vest-pocket abstracts in Springfield.

A friend of mine says that he refuses to believe that computers are smarter than people until he sees a computer refold a road map on the first try.

The question is not whether we need to computerize; the question is how efficient we want our offices to be.

A good example is the time spent performing accounting tasks in the office. We don't spend any time doing accounting; we contract our accounting out. The contractor does an extremely reasonable job. Even though we have an office computer and some experienced computer programmers, we don't see how we could save money or be more efficient by doing accounting on our computer. We currently spend less than \$1,000 a year on our accounting services, and I don't think we can improve on that by using our computer.

There is no glory to doing any of your jobs by computer. I am familiar with one company that performed many services by computer. The company was proud of the fact and advertised its computerized services to its customers. Then the company hired a research firm to determine what the customers really wanted. After a great deal of investigation and expense, the company found out that its customers did not care how a job was performed so long as they received their products in a short time and in an accurate form.

So I think that you should examine your office and determine the amount of time it takes to have certain tasks completed before you start thinking about computers.

In my opinion, the quality of the software is what makes or breaks a computer installation. Unfortunately, in our industry we have many plastic-bag computers. Many people bought computers thinking that the computers were going to do something in a certain way. When the computer performance did not meet expectations, they shoved the computers into a corner of their offices, where the machines remain unused and covered in plastic.

The hardware available today is great. My company has two or three different computers. Today's computers don't break down very often; their mechanical performance is good.

Any problems you may have will be with the software. There are three types of software available. The first is mass-market software. For smaller companies, mass-market software is the most accessible and usable. The most common service is word processing.

For each small computer on the market today, a word-processing software package is available. Most of these packages start at \$99 and go up, depending on whether they include features such as mass mailing and mail merge. These packages enable you to store and retrieve whole documents, portions of documents, or any information that would have to be typed more than once.

One example of application of word-processing equipment in an abstracting office is to reproduce the legal description in an abstract. You would have to type this information several times, but with word-processing equipment, you can enter the description once, store it, and retrieve it when necessary.

One other mass-market product that I use and enjoy is Visacalc™, which is produced by the Personal Software Company. Visacalc enables you to create a ledger sheet, much like that used by an accountant, with column headings such as "Month to Month," "Number of Orders," "Comparisons," or "Projections." When you are preparing a spread sheet, you know that if you change January's entry, it often changes the whole cross-footed spread sheet. With Visacalc, if you change one number in your spread sheet, the system recalculates the entire spread sheet. The system is also useful for keeping track of the number of recordings and the volume of lending activity.

Because this system is not tailor-made for the title industry and enjoys widespread use, the cost is relatively low.

At the opposite end of the spectrum is the second type of software, the custom package. Software that is specifically designed for a particular office can be extremely expensive and cannot be used by any other company.

The third type of software is the vertical software package. There are packages for doctors, for lawyers, for dentists, and even for title companies. These packages are not so expensive as custom software, but because the title industry is relatively small, vertical software packages for it will certainly be more costly than mass-market products. If you are thinking about purchasing such a system, try to buy one that fits most of the tasks performed in your office.

Of course, the most economical way for a small office to computerize might be to use just word-processing equipment.

# Customer Awareness

*Earnest Hoberecht made these remarks during the Abstracters Session panel discussion at the March 11 Abstracters and Title Insurance Agents Section Meeting. Hoberecht is president of Blaine County Abstract Co., Inc., Watonga, Oklahoma.*



**M**y topic is "You can't live without customers." This statement seems to be obvious, but I have noticed that many abstracters forget that the customer is the most important thing in the world.

The plant owner is not the only one who should know and remember this. Everyone on the payroll should be impressed with the idea. Keep this thought in mind: Whoever is dealing with the customer is the company in that client's eyes. How you behave and how you react leave the impression on the person that you wish him to spend his money with you. So be sure your actions and words leave the right impression on everyone who walks into your office.

Your company must advertise. I am sure you all remember the old saying, "Trying to do business without advertising is like trying to kiss a girl in the dark. You know what you are doing, but nobody else does."

Our company spends a considerable amount of money for advertising and public relations. Our slogan is "We help people." Our main advertising is a column that I write and that is published in advertising form in four weekly newspapers in our county. The column is entitled "Memo from Ernie." It consists of two philosophical sayings, then a space in which we insert some advertising, and then two more philosophical sayings. These columns are widely read in the county and often quoted by major newspapers throughout the state.

Another type of advertising is a birthday sign in our window. We put up birthday greetings each day to 6 or 10 people. We insert just first names.

We mail 8 or 10 birthday cards every day. At Christmas, we send 2,000 Christmas cards.

We run ads in oil and gas publications and in several oil and gas directories. We have an electric sign at the local cattle sale.

We have a business card with a calendar on the back. We distribute free calendars every year.

Every morning, we have 35 daily newspapers delivered to the local hospital. The paper carrier affixes an orange stamp to each copy, which reads "Delivered through the compliments of Blaine County Abstract Company."

Every Thanksgiving, we send a personal letter to each person who has ordered an abstract from us during the year. This "thank you" letter is produced on an IBM Memory typewriter.

Each letter we mail from our office contains some sort of insert. We make good use of ALTA inserts.

We give the sweepstakes award—the largest award made—at the Blaine County Student Cattle Show each year.

We have a WATS line so our clients and prospective customers can call us free from anywhere in Oklahoma.

We publish our own Blaine County maps. Our company's name, in large letters, is the only advertising on the maps. We do not share space with other advertisers. We give the maps away.

We also store abstracts for no charge and advertise this service in our newspaper space.

You need to advertise, but all your advertising money will be wasted if your company does not have a good public relations program.

Customer awareness is the obligation of everyone on the payroll. It is every employee's obligation to help the company make money—by working and by participating in a "customer awareness" program. Every employee must remember that he was hired in the first place to help the company make money.

Everyone should remember one vital thing while at work—and away from work. The most valuable asset your company

has is its list of happy and satisfied customers. Everyone must make an active, conscious effort to keep it that way. If you do not have satisfied customers to buy and use your product, your company is not going to last long. There will be no business, no company, no manager, and no employees.

When my father and I went into the abstract business in 1936, we borrowed \$500, bought three desks and a couple of file cabinets, and sat down to await our first customers. We were open almost a month before a local doctor walked in and ordered an abstract. The abstract bill was \$50, which was a pretty good piece of money in those depression days.

When that doctor walked through our office door, we were happy, we were smiling, we welcomed him, we beamed with excitement. He could easily see that we were delighted to have him in our office and appreciated his business.

It is still our company philosophy to greet every customer as quickly as possible. We do not let customers wander around looking for a friendly face or for someone to take care of their needs. We want them to feel at home, relaxed, and appreciated.

You are a customer to somebody. Just be honest with yourself. Don't you think you are the most important customer? Don't you want people to appreciate the money you spend with them? Aren't you the most important person in the world? Other persons feel the same way.

If you are running a business, you must make your customers feel welcome, important, and appreciated. You must make them happy. You have to do a good job for them to be sure they walk out satisfied.

It is a business, but it is also a game. Remember that you are trying to be more clever than your competitor, and you are trying to get a client to turn over his money to you willingly.

It can be interesting and exciting to maintain the atmosphere that lets your customer know and feel immediately that he has come to the right place to do business.

Make your clients feel welcome. Make them feel that you are glad they came in to do business with you.

I don't know a person in the world who does not desire to feel that his business is appreciated. The program is easy:

1. Catch your customers' attention. Greet your visitors with a sincere smile and a welcome as quickly as possible. Glow with happiness that they have come into your office.

2. Establish your customers' needs. Ask what you can do to help them. Be patient and listen. Many customers do not know exactly what they want. Ask questions and listen while they tell their stories. Their stories—their needs—are the most important in the world. Listen intently, even if they seem to be trying to tell you how to run your work.

3. Offer a solution. Tell them you can furnish an abstract or title insurance and will see that the matter is properly handled as quickly as possible.

4. Be polite and sympathetic. Always be kind and considerate. Let your clients know that you believe their problem is important and worthy of your company's attention and resources. Pay attention to your clients. Don't be preoccupied with another project. Be interested and attentive.

You have been in stores where you were ignored or treated badly. You have walked out and said, "They didn't treat me courteously; they were indifferent, and I'll never go back."

Don't put your company in that sad position. The offending person's behavior probably did not represent the policy or wishes of the company's owners and managers. But that offending person lost a customer. On the other hand, friendly, courteous, efficient employees—who reflect a real interest in

their clients—can create a bright image for the organization and help keep customers happy.

Everyone is delighted to give their business to employees like these because he feels the employees and company deserve it.

Getting along with people is important. And here let me introduce one side note: More employees are fired because they can't get along with people than are fired for incompetence. You don't need unfriendly employees waiting on your customers.

Employees should also remember that their attitudes off the job are important. They shouldn't badmouth the company during off hours. They should be proud of their company, speak well of it, and reflect confidence and pride. Such behavior will pay off for the company and for you individually.

In this day of consumerism, you can be proud of your company and of your work. We in the title business are working to protect the consumer, the buyer. We have been doing this all along, but it doesn't hurt to point this out these days when protecting the buyer has assumed additional importance.

Always remember to keep cool. Never lose control of yourself. Never get into an argument with a client—a discussion, yes; a heated argument, no. Remember that nobody can put money in your hand when your fist is clenched.

Most of us have a limited number of potential clients—and we need them all. It doesn't do any good to hold grudges or to carry on a feud.

If we lose a client, we have to work to get him back. We run the risk of losing customers every day. People who make mistakes and people who don't smile lose customers. People who don't tell customers that their business is appreciated lose customers.

We reduce the risk of losing customers by keeping in mind at all times that our job is to keep our customers satisfied with good service and through good public relations.

Keep in mind that people usually do business with their friends. So one of the jobs of every employee in an abstract plant is to make friends.

In our company, we try to make as many friends as we can with people in the petroleum business. Since our plant is located in a "hot" oil and gas exploration area, we try to be as helpful as we can to the oil and gas companies and to the lease brokers and record checkers who come into our county. We let them check our index records, and we assist them in any way we can. We get a lot more orders from the people whom we have befriended.

Those of you who operate in communities where there are realtor and homebuilder associations have a good opportunity to build friendships with these groups and to get orders from their members.

Become members of these organizations. Attend their meetings and luncheons. Become officers, participate in the organizations, and make your presence and friendliness evident.

It will not take you and your associates long to be on a first-name basis with the realtors and the homebuilders—potential friends who may be ordering their abstracts from your company.

*Continued on page 15*



## Public Relations and Profitability

*Bill Thurman is president of Gracy Title Company, Austin, Texas. He presented this talk during the Agents Session at the March 11 Abstracters and Title Insurance Agents Section Meeting.*

**M**y topic is profitability and business development. I have nothing new or amazing to say about public relations or marketing techniques, but shall offer a few tips on what has been successful for our company.

Let me give you some background on our operation in Austin, Texas. Texas has strong state regulations governing the title industry. Our rates and our forms are promulgated by the state insurance board. We have what we call a package rate. The title premium includes the search, the examination, the closing, and the issuance of the policy.

Gracy Title Company is one of nine title companies in Travis County, which has a population of between 350,000 and 360,000. We perform closings in our own offices; the rates are the same for all nine companies.

How do we develop business in this kind of climate? Each of you will have to determine who your customers are in your particular geographic area before you decide how to develop more business from certain groups. Most of our business comes from realtors, builders, mortgage bankers, attorneys, and savings and loans. In larger transactions—and the number is increasing in routine single-family home closings—the sellers, buyers, and lenders are almost always represented by attorneys. Most of Gracy Title Company's marketing strategy or public relations is directed towards attracting these business groups.

We do, however, receive a large amount of business from the public. We do not aim a lot of public relations at the general public; what we do is try to create a favorable image and let the public know our name and our location. When customers call, our employees take the time to answer questions, explain our industry, and guide persons who are trying to sell their homes themselves. Our employees provide customers with contract forms and try to help them estimate their closing costs.

One item that I am sure has been responsible for much repeat business is the "important papers" packet. I am sure that many of you provide this to your customers at closing. The packet contains copies of the closing statement, the plot survey, and so on. Our name, telephone number, address, and guaranty file number appear on the front of the packet. We instruct customers to keep all papers regarding the transaction together in the packet, including the title policy, which they receive later in the mail, and the deed, which is sent directly to them from the county clerk after recording. We urge customers to use the guaranty file number appearing on the packet when they are borrowing money or selling the property. We have a complete file set up on the property, which enables us to handle future transactions expeditiously.

We know that our suggestions are taken seriously, because customers use the guaranty file number when they call us and have their packets with them when they visit our office.

Our company philosophy is that top management should be involved in business development. What we have to sell is service. It does no good to try to develop more business if you cannot speedily and efficiently handle the business you already have. It is not good practice to bring in more business and do a poor job with it. If you do, your new customers will leave and will probably never return.

On the other hand, if you wait until you know that you can handle a large new account, you will perform the job in a manner pleasing to your customers, who will be motivated to give you repeat business.

To succeed in developing new business, a title company today must be adept in four areas:

- Providing unexcelled service.
- Knowing the profession.
- Knowing the customers' businesses.
- Knowing the customers.

**Providing unexcelled service.** Because Texas has set rates, guaranteeing top service is even more important for our company. Even if our rates were less than those of other companies, however, I think that customers would take their business where they could receive the best service, even if that service cost more.

The best way to develop business is to provide unexcelled service. By service, I mean handling transactions under all kinds of situations with speed, efficiency, and confidence. Always make sure that closing statements are ready before customers arrive for settlement. If you make a mistake, rectify it as quickly as possible, and apologize.

Be prepared to speed up disbursements by hand delivering papers, making necessary telephone calls, transferring funds by wire, or driving across town to get a cashier's check, have a note paid off, or make a builder's deposit. At today's interest rates, your providing that little extra is vital to your customers.

When our company saw the new competition coming, we headed it off by spending more money. We opened two branch offices and hired more employees. We added people to our abstract department so we could get searches out faster and commitments out sooner. We added more employees to our processing department so we could get title policies out quicker and loan packages to our lenders as soon as possible. We hired two delivery persons for our downtown office and one each for our branches; each courier has his own car.

Our spending the extra money has paid off. Some of the newer companies in town have taken great steps and are getting a good market share. Some of these companies have new employees who have not been in the business long. I think that our company is at an advantage in providing better quality and faster service. We increased our market share this year.

We make a point of letting everyone know that we are the oldest company in town—we've been here since 1873. We put this fact on our letterhead, on our envelopes, in our advertisements, on our closing statements, on our lapel pins, and on our T-shirts. People in town can see joggers wearing Gracy Title Company T-shirts to jog around the lake.

Our slogan is "The oldest title company in town isn't the only reason we're the best," which leads me to the second area.

**Knowing the profession.** Although this statement seems obvious, it is important. Customers must be confident that you are



able to do your job and to close transactions without errors or surprises.

**Knowing the customers' businesses.** The more you know about how your customers operate, their problems, and their market, the better able you will be to serve their needs. You must spend time with customers and their staffs in their offices.

**Knowing the customers.** We discovered that we did not even know who some of our customers were.

The title industry is a personal business. There is a definite need to establish rapport with your customers, ideally a personal friendship. There is no greater business loyalty than that found between friends.

We have been fortunate enough to have developed such personal relationships with some of our customers and their companies. We feel privileged that some of our customers have invited us and our employees to parties, to luncheons, and on company trips.

I feel that the best business development program is a call program that I am sure all of you have. If possible, have some of your top officers involved in this for special calls; all closing officers are involved in ours. A call program is important because it establishes a systematic and regular contact between the customer and the company personnel. You will have to have regular meetings during which information about customers is shared and call assignments are made.

We have a monthly meeting in our office. You may wish to hold meetings more or less frequently. During our monthly meeting, call assignments are made for prospective customers, for new people we have heard about, for regular customers to thank them for their business, and for problems.

We use call report forms. The callers turn these forms in to the coordinator of the program.

We have a customer file for present and prospective customers. The files contain customer information sheets, which list a record of the number of closings we have received from the particular customer and an annual and a monthly income amount. This information is provided by each closer's secretary. The forms also list the name of the company or individual who gave or referred the transaction to us, as well as the sales price and the title insurance premium amount.

Our monthly meetings give us the opportunity to see who is sending us business—so that we can thank them—and who is not sending us business—so we can call them and find out why.

When we make these calls, we sometimes discover why a customer does or does not like something we do; we also find out about our competitors. We offer customers assistance and ask if we can be of help in the near future.

When we visited some realtors, we discovered a need that we could fill. We now mail realtors a listing showing all the lenders in the area, the key persons in each agency, their telephone numbers, the lenders' current interest rates, whether the lenders are currently making loans, and what points they are charging. We try to issue this information monthly—although with the way interest rates have fluctuated, that sometimes isn't often enough.

Realtors frequently request that we attend their sales meetings, at which time we go over closing statements with them to help their new sales personnel understand closings and better estimate closing costs. We also make slide presentations, use ALTA and TLTA films, and talk about title insurance and the title industry.

One matter for concern is that these sessions often result in realtors' asking specific questions about pending contracts. You should make sure that you have knowledgeable employees attending these sessions.

We also have programs for constructive criticism. One program that has been successful is holding discussions of ways in which to ensure smooth closings. Such a program is helpful not only in developing business but also in educating realtors and sales personnel about the title industry and about preparing sellers and buyers for closings. We provide realtors with a checklist and discuss when to talk and when to inject humor to ease tension. We talk about potential problems, such as the presence of children at closings.

We have found entertaining an effective way to develop business. We have secretaries invite to lunch those persons from, say, the mortgage companies and savings and loans with whom they have business on a daily basis. These persons are the ones who call us to turn in an order, to ask us to disburse on their loans, and to send them affidavits as soon as possible. These are the persons to whom we have to send our mortgagees' information letters and for whom we have to wait before we can proceed. Since we have started our lunch program, we have found that it is easier to get the small favors that we occasionally have to request. We can get that rush pay-off statement when we need it, or that loan check so we can provide our customers with quicker service.

Our market share has increased since we started this program, and we have noticed a definite increase in willingness to help us when we have a problem with one of the other company's transactions. Of course, the ultimate success of such a program depends on your employees. We make recommendations about whom to invite to the lunches, and we discuss the program's purpose with the employees involved before and after the lunches.

Another small, but effective, program that we have is to invite several real estate and financing classes from Austin Community College to visit our office at least one evening during a semester. We spend three hours showing the students our plant and telling them about our business; the visit usually concludes with a long question-and-answer session.

We conduct the same kind of program for persons enrolled in courses to prepare them for real estate license examinations. Another closer and I also lecture on closings to such classes.

These activities are good ways to meet new sales personnel, potential realtors, and employees of mortgage banks and savings and loans.

Although banks in our area were previously not quite so involved in making real estate loans, their business in this area has increased lately. We recently arranged a luncheon for the real estate personnel, trust officers, and top executives of three of the largest local banks. Our top executives, closers, and closing secretaries also attended. We thanked the bank personnel for their business, introduced our employees, mentioned how experienced our employees were, and announced how much money we had run through the banks' escrow accounts during the previous year.

In closing, I would like to emphasize that if you institute similar programs in your companies you should involve your employees who deal directly with your targeted audiences. Even if your budget is limited—as ours is—you can still try hard to convey your message and to combat your difficulties by offering superior service. You need to use public relations techniques more often, and the ALTA Public Relations Committee and ALTA's Gary L. Garrity are willing and ready to help.

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#### *Customer Awareness— from page 12*

Develop good relationships with the banks and savings and loan associations. Help their employees who are unfamiliar with deeds, mortgages, and releases. Assist them in learning and in preparing instruments properly. Doing so will make them look good in their supervisors' eyes and will make them friendly to you.

We still run our plant by the slogan, "The customer is always right." We don't forget this because we know the customer is spending his money with us. We think it's bad if the customer doesn't leave our office satisfied and content with the product, the service, and the attitude of the employees who waited on him.

Always remember these two important words, "Thank you." They are not worn out yet.

Nothing in this world succeeds by accident. If you want a good public relations program, you must plan it, work with it, and make it click. Only in that way can you ensure that the customer will continue to come back to you.

Your customers are doing you a favor when they buy from you. They are free to take their business anywhere they want. Without them, your company will not have profits, and if that happens, it won't last very long.

It's fun to win friends and influence people—and to accept their money with a smile.

abstracters but about the other attorneys who did not have carbon-ribbon typewriters.

I must admit that I dragged my feet when my competitor started to use duplicating equipment to copy his abstracts. This attitude was only natural, because my former boss, the person who trained me in this business, was the abstracter who kept winning the trophy.

At first, we copied only instruments that were usually typed in full anyway, such as assignments, releases, mineral deeds, rights and so forth. Then one day the reason that we started to copy everything came along. A local attorney was examining one of our abstracts. He saw an instrument that we had abstracted, and he could not believe that the instrument could be that fouled up. So he asked for a complete copy.

We were, of course, right. But from then on, unless we could not reproduce an instrument because of the quality of the original records, the customer received nothing but complete copies. We did hear a little mumbling from a few of our examiners, but usually only when the quality of the original records was such that obtaining a good copy was difficult.

Since then, some examiners have admitted that having a complete copy of the instrument before them for examination is often helpful.

To forestall any complaints that might have developed if a multipage instrument cost two or three times more, we charged based on the number of pages formerly required to abstract the instrument rather than on a straight charge per page.

We also discovered that our county recorder became more critical of instruments submitted to his office for recording. In

our state, the clerk or recorder has the statutory authority to refuse instruments submitted to his office for recording if the quality is so poor that they cannot be reproduced by an approved copy machine.

Although the practice had no real influence on our decision to go to direct copies, in the past, a friend of the clerk might discover an error in an instrument that had already been recorded and persuade the clerk to change the instrument. We no longer have that problem, as we and our competitors receive copies of original instruments for our records as soon as the originals are filed. The copies that the clerk sends us become our daily takeoff for keeping our files up to date. These copies are then filed by book and page for reproduction, after reduction, for use in preparing future abstracts.

We have hard copies dating from 1963. If the abstract is to be continued for a period of less than 20 years, our service is fantastic. Our county is small, and so far the copies have not caused a space problem.

For copies dating before 1963, we have the clerk's records on microfilm and use a reader-printer to make copies. We also make a copy of the reader-printer copy for use in our abstracts. We obtain usable, readable copies in 75 or 80 percent of the cases.

We have copies of many of our formerly abstracted titles, and we store abstracts for many of our customers and lenders. In many cases, we copy from these.

We have to type 5 to 7 percent of our old instruments. Believe it or not, we actually have several employees who like to do some straight typing for a change.

I have not mentioned any brand names of copiers or equipment. There are many good pieces of equipment on the market, and in most cases the service provided on the equipment is more important than the manufacturer's name.



## Oklahoma Chooses Humphrey at 75th Meeting



Bill Humphrey, Guarantee Abstract Company, Enid, was elected president of the Oklahoma Land Title Association at its Diamond Jubilee Convention, held at the Williams Center, Tulsa, May 6-8.

Other newly elected officers are Ronald Horton, president-elect; Owen Harper, vice president; W. Langley Jr., treasurer; and George Goetzinger, secretary. Kenneth McBride and Glenn Nichols are the new board members.

ALTA President Fred B. Fromhold and Land Title Association of Colorado President Jack W. Brockman were guests.

## Wichita Company Honored for Service

The Wichita Chamber of Commerce presented Security Abstract & Title Co., Inc., with the Chamber's annual "Over the Years Award" at an awards dinner.

Roger N. Bell, Security president, and John M. Bell, Security executive vice president, accepted the award for the company's long-term service to the Wichita area.

1982 also marks the 50th year that the Bell family has been in the title business. O. A. Bell became manager of the old Guarantee Abstract Co. in 1932. In 1944, he left Guarantee and formed Security from the former B. F. Sadil Abstract Co. Security was expanded in 1959 with the purchase and merger of Midland Abstract.

## McDonald Honored

Thomas S. McDonald, ALTA president-elect and president of Lawyers Title Group, Inc., Sanford, Florida, received the Greater Sanford Chamber of Commerce's 1982 John S. Krider Memorial Topper Award.

The award, the most prestigious bestowed by the Sanford group, is conferred "in recognition of outstanding leadership, distinguished and unselfish service to the community."

McDonald was mayor of Sanford in 1963 and a member of the Sanford City Commission from 1961 to 1964.

## NMLTA Elects Ward

The New Mexico Land Title Association held its 1982 annual meeting April 30-May 2 at the Four Seasons Hotel in Albuquerque.

Jack Rattikin Jr., Abstracters and Title Insurance Agents Section chairman, represented ALTA at the meeting.

The 1982-83 NMLTA officers are Charlene Ward, president; Warren Hill, president-elect; Kevin Peterman, vice president; and Roger Pierret, secretary-treasurer. Olivia Gonzales, John Wright, Sue Vollenweider, Craig Dunbar, Joe Bob Cave, and Phil Garcia are the new directors.

The 1983 meeting will take place May 12-14 at the Inn of the Mountain Gods in Ruidoso.

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# The NAIC Model Code and the

**B**efore I discuss the possible effects of the proposed NAIC model code on the title insurance agent, I shall review the history of this model legislation.

The group concerned with developing the model title insurance act is the National Association of Insurance Commissioners, which comprises the state insurance regulators. When NAIC wishes to study a particular kind of insurance, it forms a committee called a task force. The states, not the individuals currently serving as insurance commissioners, are appointed to the task force, and one state is designated chairman.

The practice of assigning states rather than persons causes problems at times, as it did in the case of the Title Insurance Task Force. When the Title Insurance Task Force was formed, Nevada was named chairman state. The incumbent Nevada insurance commissioner had little interest in the task force and did not do much about it. With the appointment of Don Heath as Nevada insurance commissioner and the interest of Wayne Wilson, however, the task force was revived. The group formed the Advisory Committee to the NAIC Title Insurance Task Force to assist it. The idea of drafting model legislation resulted from a meeting of the task force and its advisors.

**T**he task force became increasingly frustrated with the committee, which consisted mostly of ALTA members, because it felt that committee representatives had to have all their suggestions sanctioned by ALTA. At a June 1981 meet-

ing, the task force reconstituted the committee, appointing only one ALTA representative (William J. McAuliffe Jr.) and selecting representatives from title companies, the American Bar Association, and the bar funds. A member of the original committee, I was named to the new committee, but with the understanding that I would present my own views and not seek ALTA's concurrence.

One of Wayne Wilson's last tasks as deputy attorney general for Nevada was to produce his version of a model title insurance act. The draft was presented to the committee, which met twice. The final revised draft was completed on February 12, 1982, and submitted to the current task force chairman, Patsy Redmond, for consideration by the whole task force.

I think that when the task force next meets it will probably act on the draft.

Now I would like to discuss the act itself. The proposed code is approximately 36 pages long, and roughly half of it concerns the title agent. The purpose of the model act is to present a sample to states wishing to regulate their title insurance industry. The act's provisions are merely suggestions; individual commissioners are free to propose any state legislation they wish. Because the title insurance industry is small relative to other insurance industries, most state commissioners will probably follow the model act's suggestions closely.

**T**he model defines title industry terms and outlines areas that should be regulated, such as title insurance compa-

*Theodore W. Schneider is president of Kenosha County Abstract Company, Inc., Kenosha, Wisconsin. This talk was presented during the Agents Session at the March 11 Abstracters and Title Insurance Agents Section Meeting.*

# Title Insurance Title Agent

nies and title insurance agents. The act contains antirebate and controlled business provisions, regulates fees and forms, and provides for regulations and enforcement.

Besides the fact that it brings the controlled business problem to the attention of an important group, the model act is significant in that it deals with the agent. Until now, regulation of the title industry usually meant regulation of the underwriters' reserves, premium computations, and financial conditions. Insurance commissioners were not aware of the agent's role in the industry.

Agents appeared on underwriters' financial reports under the category "Commissions Paid to or Retained by Agents." Insurance commissioners discovered that that category of the underwriters' reports consisted of approximately 60 percent of their income and wanted to know what the agents were doing.

The model act defines an agent as any person authorized in writing by a title insurer to solicit title insurance, collect premiums, and determine insurability in accordance with underwriting rules and standards prescribed by the title insurer. The term *title agent* includes those who represent or issue policies for the title insurer but cannot include bona fide officers or salaried employees of a title insurer.

Under the definition, *person* can be natural persons, partnerships, associations, cooperatives, corporations, trusts, or any other legal entity you can imagine.

The act also provides for licensing of title agents. Some states have had licensing for some time. If the title agent is a natural person, the agent must be at least 18, have been appointed an agent by a title insurer, be competent and trustworthy, and pass an examination.

If the title agent is one of the other kinds of legal entities, that entity must designate to the commissioner which members, officers, or employees will exercise the powers and perform the duties of the agency. Those individuals designated must pass an examination.

The act provides that the examination may be promulgated by the commissioner, who may instead choose some outside testing facility to administer the test. One suggestion is for a state association to approach its commissioners and offer its services in administering the test.

Section 23 of the act calls for title agents to provide the commissioner with evidence of financial responsibility.

At the time of filing an application for a title agent's license, each prospective licensee shall provide the commissioner with evidence of financial responsibility in a minimum amount of \_\_\_\_\_ which evidence shall consist of any one of the following: a fidelity bond in a form approved by the commissioner, professional liability insurance, cash or securities, or other equivalent financial protection deemed adequate by the commissioner to assure the performance of any service in conjunc-

tion with the business of title insurance.

I suppose that if an agent has a contract with its underwriter that provides some sort of indemnification for the agent against title losses, that might be acceptable to the commissioner.

So far, the act seems something agents can live with; the next part may not be so easy, however. The next part deals with agents' records and reports. I objected to this matter in the Advisory Committee and have filed a minority report outlining my objections. I shall quote the particular section of the act and let you see if you agree with my objection.

(1) Every title agent shall keep books of account and records and vouchers pertaining to the business of title insurance in such a manner that the commissioner or his authorized representative may readily ascertain from time to time whether the agent has complied with all of the provisions of this act.

(2) Every agent shall file annually with the commissioner before the thirti-

*Continued on page 22*

# Names In The News . . .



Ryan



Guerin

**James Ryan** was named resident vice president and regional marketing manager for Chicago Title Insurance Company. Ryan oversees sales and marketing for the Chicago metropolitan area. He joined Chicago Title in 1972.

Commerce Title Company announced that **Robert A. Blanshard** joined the firm as Dallas office branch manager. Before joining Commerce, Blanshard was a branch manager for another title company.

**Grattan J. Guerin** was appointed California escrow administrator for Lawyers Title Insurance Corporation. Guerin joined Lawyers Title as a sales representative in 1968 and was named Los Angeles escrow manager in 1972. He was elected branch manager in 1979.

**Marcia J. Blackwell** was appointed branch manager of Lawyers Title's Porter County branch office, Valparaiso, Indiana. Blackwell joined the company as a searcher in 1978 and was promoted to office manager in 1980.

**John G. Broussard**, president of Broussard Accountancy Corporation, Orange, California, and **John H. Scully**, managing partner of the San Francisco Partners and the Texas Partners, Larkspur, California, were elected to the board of directors of The First American Financial Corporation.

**John Clark Hoag** was named associate title counsel for Title Insurance and Trust Company. Hoag analyzes legislation and ensures proper execution of company underwriting policy. Before assuming this

position, Hoag was associate claims counsel for the law department of Title Insurance and Trust and Pioneer National Title Insurance Company. He joined the company as a title searcher in 1976.

Title Insurance and Trust appointed **Edward P. O'Donnell** major accounts manager of its Ventura County, California, operation. In his new position, O'Donnell provides subdivision and industrial/commercial title services to builders, engineers, and developers. Before this appointment, he was title exam manager for Ventura County.

**Marsha Printz** was named trustee sales officer of Title Insurance and Trust's Sacramento office. Printz conducts trustee sales and assists beneficiaries and trustors with foreclosure problems.

**Diane C. Brown** was appointed branch manager/commercial division of Title Insurance and Trust's Sacramento office. Brown trains branch personnel, works on expansion of the company's Point West operations, and is an escrow officer.



Broussard



Scully

**Ted D. Padilla** was appointed vice president/manager of Tigor Title Service in downtown Los Angeles. Padilla handles title and escrow services to industrial/commercial realtors, attorneys, and developers. Before his appointment, Padilla was vice president and division sales manager of the southwestern division. He joined Title Insurance and Trust in 1968 as a title searcher.

**Denise Anthony** was named major account manager for Tigor Title Service's West Los Angeles office. In her new position, Anthony is responsible for business development of commercial, industrial, and subdivision accounts and for maintaining client contacts.

Tigor Title Service also announced that **Richard E. Wylie** was appointed major account manager of the company's Encino operations. Before assuming this position, Wylie was sales manager for Title Insurance and Trust Company in Reno, Nevada. He joined the company in 1977 as an account manager for the central division.

**William C. Howatt** was named sales manager of Tigor Title Service's Santa Ana office. He coordinates sales, assists in developing new business opportunities, and services existing accounts.

**Yvonne "Evie" Owens** was named manager, Tigor Title Service Center, and assistant vice president, Pioneer National Title Insurance Company. Owens develops national and local commercial business. Before assuming this position, Owens was senior national title representative for the company.

**Robert Schramm** was promoted to vice president/communications for Commonwealth Land Title Insurance Company. He supervises all internal and marketing communications programs for the company. Schramm has served as Commonwealth's assistant vice president and director of advertising and public relations since June 1981. Before that, he was the company's advertising manager.

**Nicola A. Barbato** was appointed assistant vice president for Commonwealth. A Commonwealth employee since 1973, Barbato has served as the company's assistant treasurer for the state of New York since 1976.



Schramm



Boerger

**Daniel Podell** was named manager of Transamerica Title Insurance Company's Weld County, Colorado, operations. Podell joined Transamerica in 1980 as a management trainee in Denver. He was a management trainee in Greeley before becoming county manager.

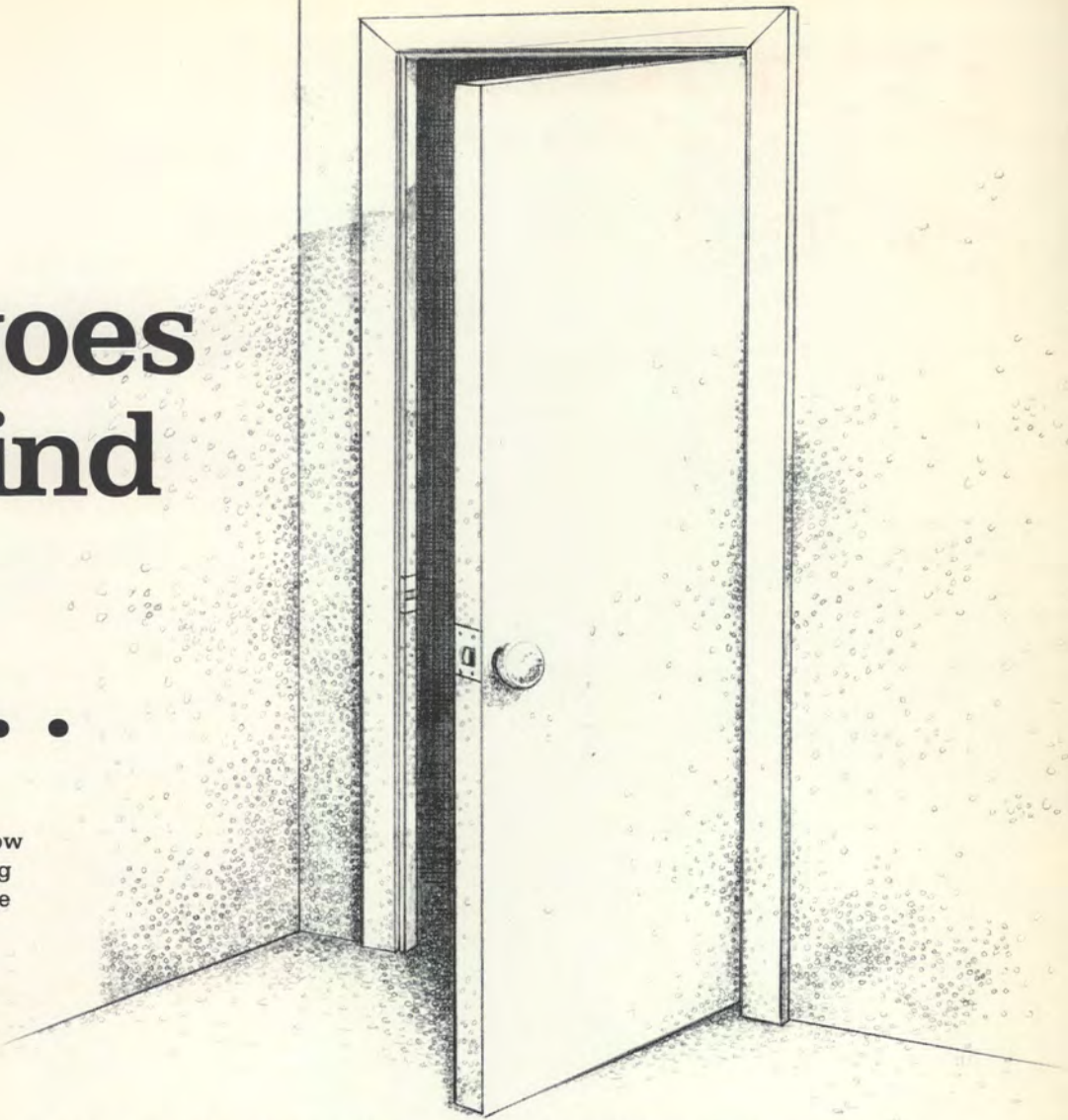
**Herbert Moon** was appointed manager of Transamerica's Orange County, California, operations. Before assuming this position, Moon was area manager for Title Insurance and Trust Company.

**Carla S. Boerger** was named vice president and sales manager of First Land Title Company of Fort Wayne, Inc., Indiana. Boerger joined First Land in 1979 as a closing officer.

# 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.



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### 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

eth day of April a true statement of his financial condition, and income statement including premiums received and loss claims and a report of escrow transactions including amounts received and dispersed during the preceding year and amounts on hand as of the thirty first day of December preceding which shall be in a general form and content and provide the information as called for by the commissioner. All information reported pursuant to this requirement shall be given confidential treatment and shall not be made public by the commissioner, or any other person without prior written consent of the agent to which it pertains. The commissioner may waive this requirement or provide for alternative requirements with regard to agents whose compliance with the requirements of this paragraph may be unduly burdensome or impractical.

This was a trade-off with the lawyers. Part of the act provides that lawyers, in the extension of their relationship with a client if they are also title agents, may issue a title insurance policy and not be considered a producer of title insurance business.

The lawyers complained that much of this required financial information would be mixed in with their ordinary law practice accounting system and would be impractical to provide.

(3) Every title agent must file with the commissioner within thirty days following the execution thereof a copy of every agency contract with each title insurer and all amendments and related documents thereto which contract; amendments and related documents shall accurately reflect the complete business and financial relationship between the title insurer and the title agent. Such contract will be confidential.

Under the third paragraph, "... any title agency contract filed with the commissioner may, upon appropriate notice of the title insurer and title agent, who are parties to the contract, be disapproved by the commissioner if he finds that such contract provides for amounts to be paid or retained by the title agent that are unreasonable or excessive in light of the agent's duties and responsibilities thereunder and as modified by amendments

and documents related thereto or in light of the general level of amounts paid to or retained by other title agents in the state performing comparable duties or assuming comparable responsibilities. No title agent shall act as a title agent under an agency contract that has been disapproved by the commissioner." Do you buy that? I don't.

**T**he Advisory Committee tried to convince me that this provision had to be included. They kept saying that this provision is to prevent competition for a market share based on a contract with the real estate company, with the developer, or with the savings and loan association, in which the entity does not perform any title services but is merely an order-taker. The underwriter does everything, but the agent still collects a commission.

I think that the committee has gone to extremes in this act to prevent such relationships, so really we are talking about us—the people who actually produce title evidence—not the aforementioned people having to put contracts before the commissioner. I may be naive, but I always felt that negotiations between an agent and an underwriter were privileged and not the commissioner's business. The split that I am able to get from my underwriter should not be controlled by the commissioner and should not be judged based on what my competitor gets from its underwriter.

The commissioner could sit down with two contracts and say, "Hey, you have a 70/30 split, but your competitor has only 60/40. I am not going to allow you to get 70/30." Well, there may be other circumstances that my underwriter and I have agreed on that permit this split, which is why I do not think this act will fly with this provision. At least I have objected to it.

As far as filing financial information, I think that as long as I have been able to show financial responsibility when I am licensed, I should not have to do so every year; so long as I can continue to provide the commissioner with proof of financial responsibility—it is none of his business what my assets are.

**W**ho can't get a license under this act? Section 21 states that no license may be issued, continued, or permitted to any person who is a producer of title business unless that person acts or will act as a title agent only with respect to the issuance of title insurance policies in transactions in which that person has not otherwise participated in his capacity as a producer of title business.

This section excludes the agency con-

tract with the realtor unless as an entity itself the realtor actually is in the business of producing title evidence for the public.

There are other provisions that set limited and reporting requirements for modified controlled business entities, and these restrictions are stringent. The commissioner can refuse to issue a license, can suspend an agent for a year, and can revoke an agent's license if the agent fails to meet any of the act's requirements, knowingly violates a provision, makes misstatements on the application, misappropriates others' funds, engages in fraudulent practices, acts in an untrustworthy or financially irresponsible way, or is a source of injury and loss to the public. The commissioner can take an agent's license away if the agent is convicted of a felony.

What do all these stipulations mean to an agent? I can speak only in terms of an agent in my state. How many state insurance departments regulate title agents? Would these restrictions be burdensome to these agents? Would these restrictions alter the way in which the agents were currently being regulated?

In Wisconsin, we do not have this much regulation. We have a license requirement. Agents are required to pass a test. One of the questions on this test is, "What is the insurance commissioner's name?" Since the name is written across the front of the test paper, I suppose a person wouldn't get a license if he missed that question.

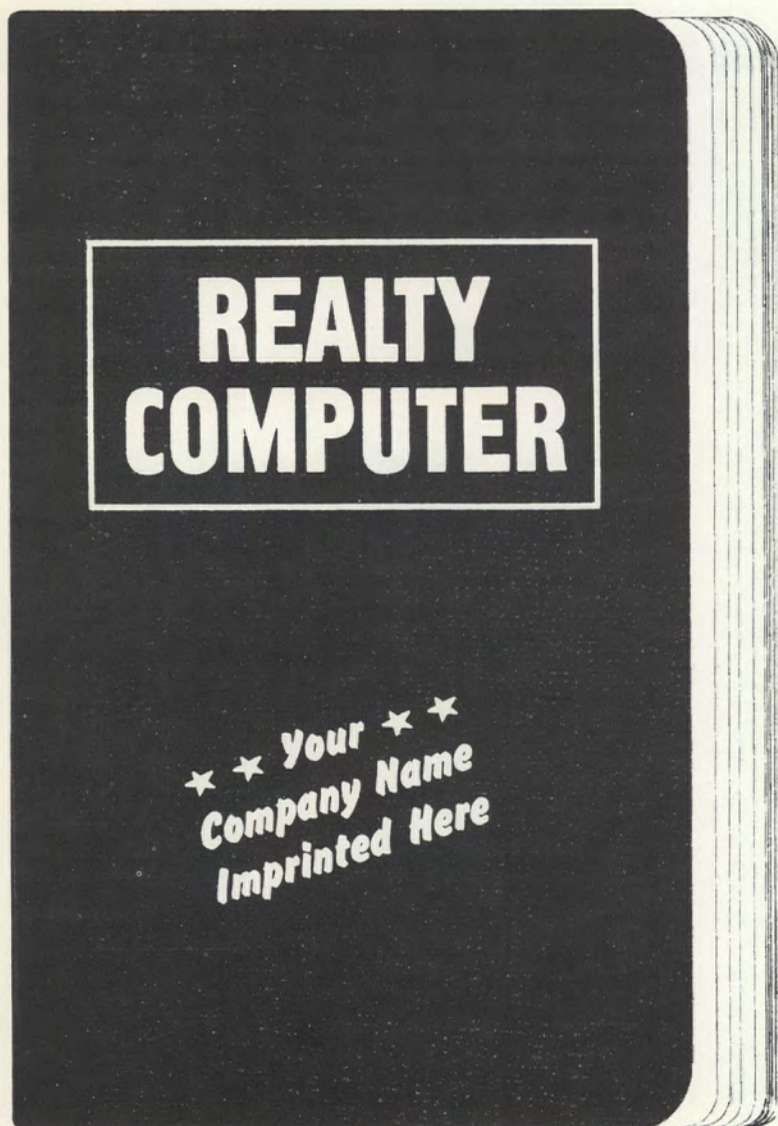
Wisconsin has some regulations regarding prohibitive business practices, but on the whole I do not think that Wisconsin agents are overly regulated.

If the proposed legislation were adopted in Wisconsin, I am sure that it would meet resistance. I hope that our present system of operation and our rate structure will meet any test to which the commissioner will subject them.

**I**f this legislation is proposed in your state, I would suggest that you support it. I think it is good because it approaches the problem of controlled business from many angles. If we get the insurance commissioners' support, we may be able to eliminate the problem.

On the whole, I think the act is well conceived and will help the industry. If you feel uncomfortable with specific provisions, such as those that I have mentioned, you may want to question those. For the title agent who employs good business practices and treats his clients, the public, and his competitors honestly and fairly, the model legislation should present no problems.

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# Calendar of Meetings

## 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 16-18

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

## October 21-23

Land Title Association of Arizona  
Carefree Inn  
Carefree, Arizona

## November 10-14

Florida Land Title Association  
Hyatt House  
Sarasota, Florida

## December 1

Louisiana Land Title Association  
Royal Orleans  
New Orleans, Louisiana

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