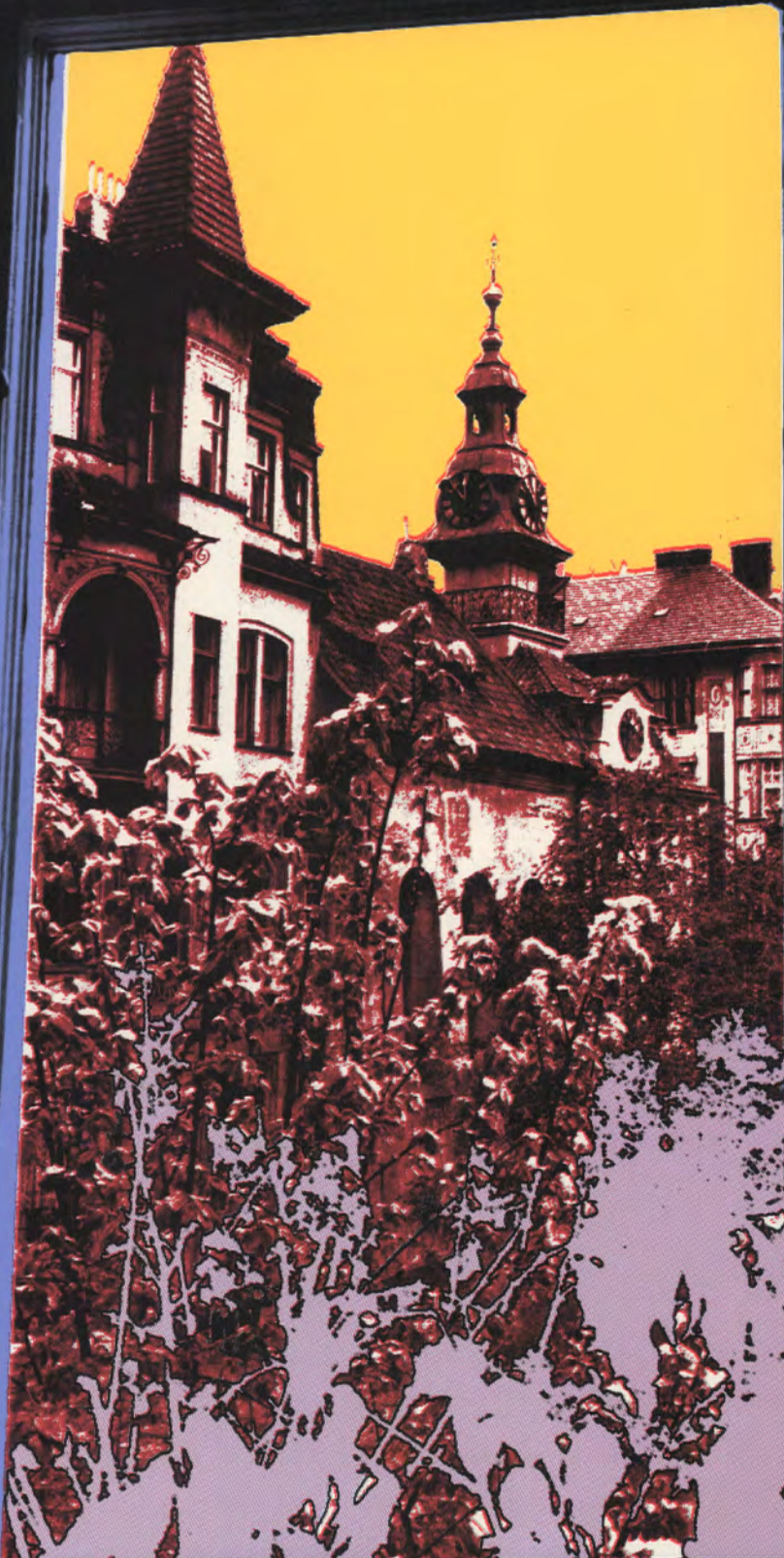


# TITLE *News*

MARCH - APRIL 1993

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Volume 72, Number 2

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## FEATURES

**On the Cover:** Prague, the Czech Republic, where changing real estate ownership from the former communist government to the private sector is proceeding at a slow pace that sometimes is painful. Louis J. Andrew, an attorney and title insurance agent based in Fond du Lac, WI, recently visited the Czech Republic and two other former Eastern Bloc countries where conversion to a market economy is under way. His observations are reported in an article beginning on page 23. (Cover design by John Peter Halford from photograph by Michal Daniel)

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## A Message from the Abstracter-Agent Chairman



**O**n January 20, 1993, my wife, Linnie, and I attended the inauguration in Washington, DC!

If you have read the preceding sentence, then there are mental responses including but not limited to, "So what," "Who cares," "I thought this magazine was supposed to be nonpolitical," "Gee how exciting," "I wonder if they liked Hillary's hat," "I thought they were Republicans," etc.!

We would enjoy talking to any of you who are interested about our answers to those and other questions. But I would like to take this space to tell you of some of the excitement.

First, we are both very patriotic people and always look forward to trips to the nation's capital. We share in the opinion that everyone should make at least one trip to Washington. The weather was absolutely gorgeous and there were flags everywhere you looked!

Second, although the majority of the people were there because of their support for the new President, there were many others who were there because of the fact that they wanted the chance of witnessing history in the making.

Third, the crowds were absolutely massive and never did we hear a "cross" word from anyone.

So there we were, two people from southeastern New Mexico, crowded together with people from all across the country trying desperately to see what was taking place on the platform and listening to the activities on the PA system.

At 12:20, the ceremony was just about over and people were *trying* to make their way to the exits, when the band began to play the national anthem. *Everyone* stopped and sang! There were tears, and hugs, and smiles, and a definite feeling of, "I am *really* glad I live in the United States of America!"

That night, we were fortunate to attend a ball at the Kennedy Center, where we not only stood 10 feet from the new President, but we also danced to Little Richard. It made for a most exciting and entertaining evening!

We left the next day, tired but proud that we had the opportunity to attend an inauguration. On the plane, while reading the articles and recalling the excitement of watching the change of an administration, it dawned on me that not only was there pride to be had in our country. There was also pride in being involved in an industry that is so responsible for helping people realize the excitement and pride of real estate ownership. Yes, ours is an industry that definitely lends itself to the American Way!

By the way, neither of us liked Hillary's hat!

Best regards,

Mike C. Currier

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## LETTERS

*Title News* welcomes letters from readers that include commentary on articles or other material published in the magazine, as well as thoughts on other issues and topics of national concern to the title industry. Letters should be kept brief in the interest of space limitations. The editors reserve the right to determine which letters will be published, and to edit what is submitted as deemed appropriate. Address correspondence to Letters Editor, *Title News*, American Land Title Association, Suite 705, 1828 L Street, N. W., Washington, DC 20036.

### RESPA -- Time for A Change

Sirs:

As a title agent member of the ad hoc RESPA Review Committee organized by ALTA to address major title industry issues raised by the new RESPA regulations, I have mixed emotions after our initial meeting.

While there was excellent help at the meeting from Sheldon Hochberg, outside counsel, and Jim Maher, ALTA executive vice president, in leading a candid discussion as we addressed RESPA ambiguities and worked on developing an informed position utilizing real world input from members, I came away feeling that the roots for the basic problem lie within the title industry. All of us can best consider what is wrong by looking in the mirror.

In my 17 years in the business, I have never seen an industry as adept at shooting itself in the foot as ours. Many of the issues addressed by the RESPA regulations, and hence by our committee, relate to "how much work is a title agent supposed to do in order to be called an agent," or "when is a title search a search, and when does it become an examination," or "if an attorney only performs ONE of the core title services, can he/she be reasonably compensated?"

In my opinion, these types of questions are at the core of some of the most serious problems facing our business.

The industry has invested much time, money and effort in attempting to circumvent the rules and provide opportunities for customers to enter the title business. Many experts hold the view that these close relationships with customers represent the most significant threat to the viability of our operations.

Congress and HUD have encouraged interest in developing these relationships, and the industry has quickly fallen into the trap—to open the door for abuse.

If the industry fails to take a long, hard look at itself and make timely changes, title companies are in clear danger of competing themselves into bankruptcy.

As a title man, I do not like what I see. Companies are consistently putting business before risk. Companies are asking state regulators to intervene in order to legitimize their actions, however inept. Companies seem willing to do just about anything to get business, and that includes breaking the law.

In my view, it is critical that members of the

ALTA Board of Governors accept the recommendations of the ad hoc committee, which are to eliminate the RESPA ambiguities, clean up the practices that are all too common in some areas of the country, and get the industry on the same page as to what constitutes a legitimate title agent. Only then will we have a reasonable chance for an end to shooting ourselves in the foot—before we hit the heart.

By the time this letter is read, the ALTA Board may have already decided which recommendations to make to HUD. I can only add that this letter backs up my previously stated opinion that the ALTA leadership MUST take action to oppose the questionable practices resorted to by some as a means for landing business in certain locations, which are undermining the financial stability of the industry. If Board members had been present at our first meeting of the RESPA committee, I am certain they would have noted, as I did, the expressions of disgust by those in attendance regarding some of these practices.

Bad judgment and poor business decisions can ultimately bring us all down. Now is the time to change direction, with the full cooperation of HUD. Let's get our house in order before someone does it for us—or the roof falls in.

Gregory M. Kosin  
President  
Greater Illinois Title Company  
Chicago, IL

### Politics -- Get Involved Early

Sirs:

After reading the article about the makeup of the 103rd Congress and issues of concern to our industry in *Title News* (January-February issue), I am again reminded of my conclusion based on working for land title political action committees at the national and state level. When it comes to supporting political candidates in their campaigns, many in the title business simply do not understand what it is all about.

It started for me some time ago when I was attending a political function, and was doing my share of complaining about the way things are in our government. An experienced political hand then asked me if I was involved in the process, and I responded that I was not. I then was told that I would be considerably less frustrated if I became politically active instead of griping from the sidelines.

I took this advice, and currently am active on the local, state and federal levels. This includes making campaign contributions to candidates who deserve my support because of their political beliefs—not because of their party lines. But the obligation extends beyond writing checks for election campaign expenses.

Since becoming involved, it has become clear to me that a candidate deserving your financial support also warrants your very best advice on leading issues. Having supporters who help with focus on the issues can be a tremendous asset to a candidate.

The time to pitch in is when a candidate is up for election, and seriously needs your help. Providing advice, fund raising activity, handing out literature, stuffing envelopes—whatever. The time to be noticed is when you are truly needed, and don't have a major issue of your own to discuss. If your candidate is elected, he or she will remember you were there when the chips were down—and you can believe your chances for future access to that person will be excellent.

I speak from experience. Over the past two years, I held several campaign fund-raising functions for a state legislator whom I had supported previously. This January, that legislator was sworn in as my Representative in Congress after winning in the November election. It goes without saying that, if I have something to discuss during the 103rd Congress, the office door of my Representative will be open.

If the title industry is to succeed in the political arena, all of us who earn our living as part of it need to financially support the national Title Industry Political Action Committee, as well as our respective state title PACs and other candidates as warranted. But it is equally important that we take an additional step, and actively work for the election of the people we need to see in Congress, in the state legislature, and in other offices.

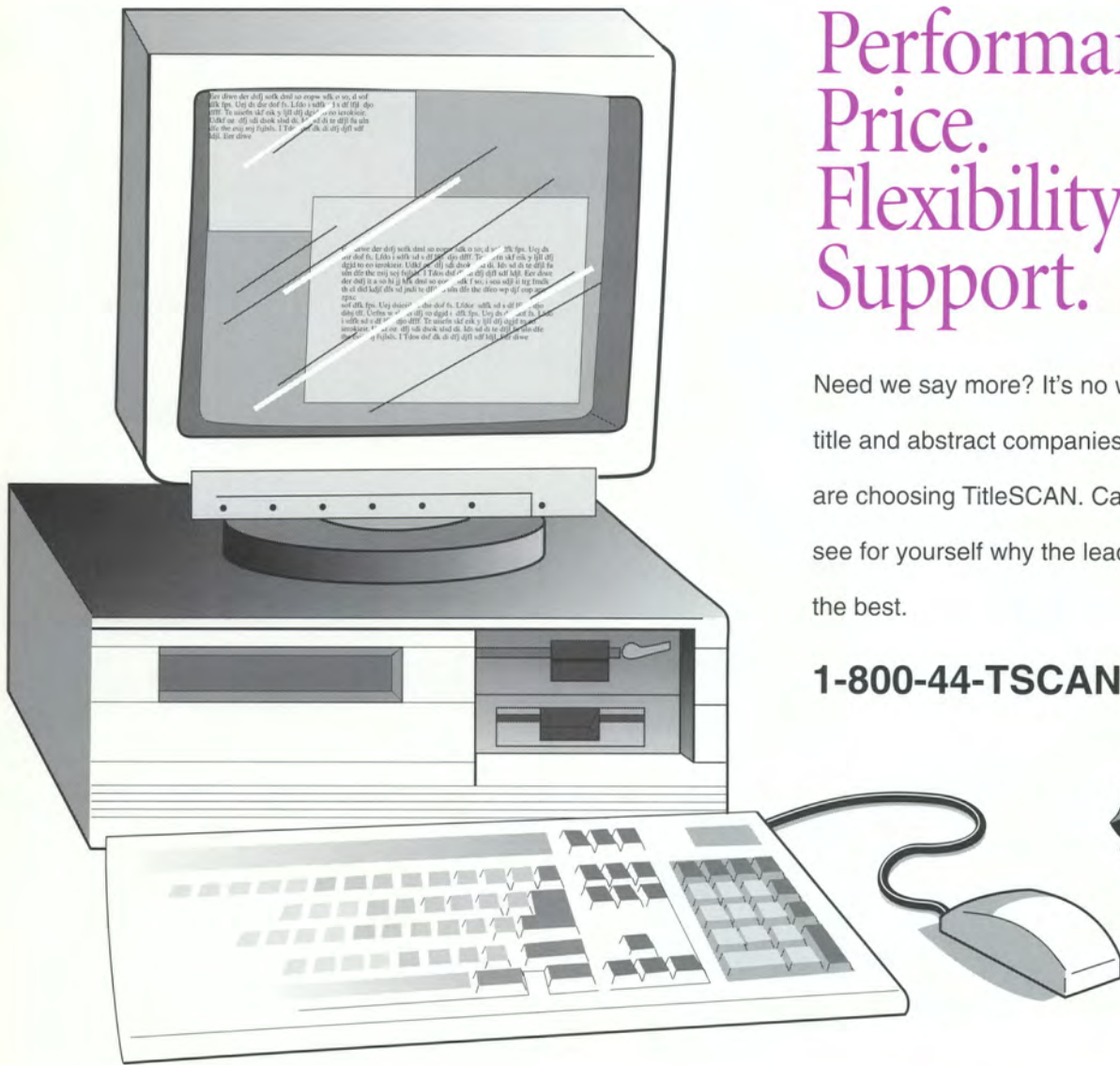
Although the title industry is not large compared to some, our people are in almost every county across the country. We can make a difference, if enough of us become actively involved.

Stephen C. Crawford  
President  
Hall Abstract and Title Company, Inc.  
St. Joseph, MO

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# High Court Rejects Relation-Back Cutoff for Innocent Owner Rights

By David F. B. Smith, Esquire

The September/October 1992 issue of *Title News* discussed a federal forfeiture case, styled *United States v. A Parcel of Land, Buildings, Appurtenances and Improvements Known As 92 Buena Vista Avenue, Rumson, New Jersey, and Beth Ann Goodwin*, that was to be decided by the Supreme Court of the United States. The *Buena Vista* case was significant because it concerned the rights of innocent owners of property that had become involved in civil forfeiture proceedings brought by the United States. Although Congress provided a statutory defense for innocent owners in civil forfeiture proceedings, the United States Department of Justice took the position that this innocent owner defense "can only be asserted by a claimant who acquired an interest in the property *before* commission of the act triggering the forfeiture."

In other words, the government asserted that no one who acquired an interest in property subsequent to the occurrence of the illegal activity giving rise to the forfeiture—no matter how innocent that person was—could ever qualify as an innocent owner under the civil forfeiture statute. The government based its position on a concept known as the relation-back doctrine, which provides that the title of the United States to forfeited property relates back to the date of the act giving rise to the forfeiture. The government's position would have virtually nullified the innocent owner defense, since most innocent owners are likely to have acquired their property interests subsequent to the date of the illegal activity giving rise to the forfeiture.

On February 24, the Supreme Court issued its decision in the *Buena Vista* case and categorically rejected the Justice De-

partment's construction of the relation-back doctrine. The court made it clear that the relation-back doctrine could not be

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*In any event,  
the Buena Vista  
decision represents an  
important recognition of  
the rights of innocent  
owners in civil forfeiture  
proceedings.*

---

used to cut off the rights of innocent owners.

Although the court clearly determined to protect the rights of innocent owners, a majority of the court could not agree on the rationale supporting its ruling. Four of the justices joined in an opinion authored by Justice Stevens, which focused on the text of the statutory innocent owner defense contained in 21 U.S.C. § 881(a)(6) and compared it with the statutory relation-back provision contained in 21 U.S.C. § 881(h). The Stevens opinion reconciled these two provisions by concluding that the relation-back doctrine applied only after a judicial determination that the property at issue was forfeited to the United States. Property could not be forfeited to the United States, however, to the extent it was owned by an innocent owner. Consequently, Justice Stevens determined that an innocent owner was entitled to a determination of his right to property subject to forfeiture before the relation-back doctrine

came into play.

Justice Stevens stated that this result was consistent with long-standing Supreme Court precedent construing the relation-back doctrine at common law, which held that title vested in the United States only upon entry of a judgment of forfeiture, although once the judgment of forfeiture was entered the title of the United States related back to the date of the illegal activity giving rise to the forfeiture and cut off the rights of intervening owners. Because innocent owners had no defense to forfeiture at common law, an innocent owner had no basis to prevent the entry of the judgment of forfeiture and the resulting application of the relation-back doctrine. Once Congress established a statutory defense for innocent owners, however, it enabled innocent owners to defeat the application of the relation-back doctrine.

Justices Scalia and Thomas concurred in the ruling and much of the reasoning embodied in Justice Stevens' opinion, but relied on a somewhat different rationale to justify the ruling. Justice Scalia determined that Congress intended the statutory relation-back provision simply to codify the common law relation-back doctrine, which applied only upon the entry of a judgment of forfeiture in favor of the United States. Based on his analysis of the statutory relation-back provision, Justice Scalia agreed that the relation-back doctrine applied only after a court entered a judgment

*The author is a partner in the Washington, DC, law firm of Pierson Semmes and Bernis. He has advised title insurers and ALTA in connection with forfeiture issues, and was counsel for ALTA in the 92 Buena Vista Avenue case. In addition, he has written extensively on forfeiture law.*



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of forfeiture. Consequently, an innocent owner was entitled to establish his right to the property before a court could enter a judgment forfeiting property to the United States.

Three justices dissented from the court's ruling in an opinion authored by Justice Kennedy. Even the dissenters, however, agreed that the rights of an innocent owner who could establish that he was a bona fide purchaser for value of the property were protected from forfeiture. The dissenting justices objected to the court's ruling because it allowed a person who had received property as a gift to qualify as an innocent owner. The dissenting justices argued that the recipient of a gift of property subject to forfeiture stood in the shoes of the wrongdoer whose activity gave rise

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*It remains to be seen how the Justice Department responds . . .*

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to the forfeiture, and should never be permitted to establish a right in the property superior to that of the United States. Once property subject to forfeiture has been transferred to a bona fide purchaser for value, however, the dissenting justices reasoned that the bona fide purchaser acquired a title superior to that of the United States. Therefore, even the dissenting justices agreed that the relation-back doctrine could not prevent a subsequent bona fide purchaser for value from qualifying as an innocent owner.

It remains to be seen how the Justice Department responds to the court's decision in the *Buena Vista* case. It seems likely that the department will abandon its attempt to prevent subsequent bona fide purchasers for value from qualifying as innocent owners in forfeiture proceedings. The department may attempt to obtain congressional legislation that would prevent claimants who are not bona fide purchasers for value from qualifying as innocent owners. The Justice Department may also argue that the court's decision in *Buena Vista* should be limited to forfeiture cases involving the "proceeds" of illegal activity and should not apply to forfeitures involving property used in connection with illegal activity. In any event, the *Buena Vista* decision represents an important recognition of the rights of innocent owners in civil forfeiture proceedings. 🐾



# NAIC: Sharpening the Focus on the Title Industry

*By Richard W. McCarthy,  
ALTA Director of Research*

**S**ince 1991, the title insurance industry has come under the closest scrutiny by the National Association of Insurance Commissioners since at least the early 1980s. The purpose of this article is to help ALTA members and others understand the rationale for the changes. It is only through such understanding that a climate can be established where needed information can be conveyed to regulators which can hopefully make this examination work for the improvement of the title industry.

## **Background**

In the fall of 1991, the press and others began to question the ability of the title insurance industry to meet its long term obligations to its insureds. Questions were raised—regardless of the accuracy of their foundation—concerning the adequacy of title insurer reserves and the ability of title insurers to meet their claims paying responsibilities. The *New York Times* went beyond the questioning to forecast the demise of the title industry and with it the entire "real estate pyramid." The title industry itself sent mixed messages concerning the accuracy of some of the press contentions.

At the end of 1991, faced with these confusing but generally negative reports, the National Association of Insurance Commis-

sioners (NAIC) decided that the title insurance industry needed to be looked at more closely to determine what additional solvency controls might be necessary. In addition, they already had concerns about various market practices.

Before we go any further, it may be instructive to step back and look at the NAIC for a second.

## **The NAIC**

The NAIC is the association of the chief insurance regulatory officials of the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands. The purpose of the NAIC is to assist the various state supervisory officials in the:

1. Maintenance and improvement of state regulation of insurance in a responsive and efficient manner;
2. Reliability of the insurance institution as to financial solidity and guaranty against loss;
3. Fair, just and equitable treatment of policyholders and claimants.

The NAIC operates through a series of committees that report to the executive committee, which reports to the membership. The committees, in turn, appoint subcommittees, task forces, and

working groups to address specific topics. Where desirable, any of these groups, with the approval of the Executive Committee, may appoint an industry advisory group to work with them.

The Special Insurance Issues Committee has the responsibility for problems relating to miscellaneous lines of insurance including: title, captive insurers, surety, fidelity, mortgage guaranty, and reinsurance.

The major regulatory thrusts of the NAIC are in the form of model laws, acts, regulations and guidelines. In the past, NAIC-adopted models could be adopted by some states, modified by some other states, and ignored by many states. This voluntary approach to regulation has contributed to the great variability of state regulation that is faced by the insurers and insureds in business today.

### State Accreditation

It is this regulatory inconsistency that the advocates of federal insurance solvency have attacked. To their credit, the members of the NAIC have responded positively to their Congressional critics and have provided a mechanism for more effective state regulation by enforcing more consistency into the process of regulation. The method to produce more effective uniform regulation is the state accreditation process.

In order for a state to receive NAIC accreditation it must adopt specific NAIC models with *at least* essentially similar language to the models *and* must have in place and practice the personnel, budget, and regulatory authority to enforce the adopted models.

In the future, reinsurance ceded to a company domiciled in a non-accredited state cannot be counted on the ceding company's balance sheet. Also, a primary insurer domiciled in a non-accredited state will not be admitted as an insurer in other states. These are the sticks to be used to force states to go through the accreditation process.

The gist of all of the above is that, in the past, the title industry and other effected insurance lines could virtually ignore the model development process, planning to deal with the models on a state by state basis. (The NAIC Model Title Insurance Act has been adopted in its entirety in only one state since 1983.) Today, a model that is made part of the accreditation list is virtually assured of near nationwide adoption. Therefore, the model development process has taken on a more important role.

### Title Insurance Working Group

At the close of the 1991 Winter NAIC convention, the Executive Committee appointed a Title Insurance Working Group under the Special Insurance Issues Committee. The Working Group is currently chaired by Robert G. Lange, Deputy Director of the Nebraska Department of Insurance, with the states of Alaska, California, Florida, Iowa, Maine, Missouri, and New York represented on the working group. The 1993 charges to the Working Group are:

1. Consider development of amendments to title insurance annual statement blank to increase financial reporting requirements for title insurers.
2. Consider development of a model law to regulate title insurance agents.
3. Consider developing other regulatory tools to increase regulatory scrutiny of title insurers.

---

*The industry . . . will . . . continue to work with the regulators . . . we are currently developing a set of solvency regulations that will satisfy the regulators without imposing impossible data requirements on title insurers.*

---

All three charges require that final recommendations and reports be made by the September NAIC zone meeting (September 19-23, 1993, in Boston, MA). If all items proceed on schedule, final votes will be held during the December 1993 NAIC Convention.

Chairman Lange (a featured speaker at ALTA's Mid-Year Convention in Atlanta) has divided the Working Group into two subgroups; the Market Issues Subgroup chaired by Donald Koch, chief-market surveillance, of the Alaska Department of Insurance, and the Solvency Subgroup chaired by himself.

### The Market Issues Subgroup

The Market Issues Subgroup's primary concern is the agent-title insurer relationship. The regulators approach our industry with property/casualty insurance perspec-

tive, in which the following are generally true for all property and casualty agents:

- a) commission rates are generally below 20 percent;
- b) the agent is purely a salesperson;
- c) agents that do the underwriting and can bind coverage are generally very, very large and few in number; and
- d) the underwriting and delivery of the product are fairly standardized across the country.

Therefore, these regulators have a very difficult time understanding the title insurance industry. As we in the title industry know, with title insurance: the delivery system varies at least on a state-by-state basis; it is produced very often by very small business; commissions are more than 20 percent – and exceed 80 percent – in some jurisdictions; all agents do some, if not all, the underwriting on most transactions they handle. Therefore, title industry representatives have spent most of their time familiarizing the Market Issues Subgroup with the nuances of title insurance. Those of us who are involved believe that we have a good working relationship with the Subgroup members and look forward to continuing our work with them.

Currently, the Market Issues Subgroup is working with the NAIC Managing General Agent Model Act and the NAIC Model Title Insurance Act in an attempt to develop a comprehensive Model Title Insurance Agent Act.

Based upon discussions with the NAIC, we believe that the Model Title Agent Act will contain provisions to facilitate the following:

- a) regulating agent's commissions;
- b) licensing agents;
- c) developing claims reporting procedures;
- d) auditing agents;
- e) requiring agents to carry errors and omissions insurance;
- f) regulating controlled business;
- g) regulating the coverages offered; and
- h) requiring a bond or fidelity insurance on all agents.

### The Solvency Subgroup

The Solvency Subgroup began its work with the following observations:

- a) The ratio of losses to premiums has more than doubled (from 4 percent to 10 percent) in the past 10 years; and
- b) The state-mandated reinsurance reserve, called the statutory premium reserve (SPR), formulae have not changed in the past 10 years.

Without questioning either one of these statements, the members of the solvency

subgroup concluded *ex ante* that the industry SPR was currently inadequate. While we would agree that the SPR is not responsive instantaneously to changes in the operating environment, this does not mean that the long run SPR is inadequate.

In the manner of property and casualty reserve regulation, the NAIC has proposed a Schedule P for title insurers. Schedule P requires an insurer to detail losses incurred by year according to the year in which the premiums were earned. That is, for policy year 1982 the insurer would list losses incurred in 1982, 1983, etc. The length of time after the policy year on which an insurer is required to report depends on the "tail" for losses in the industry—for the title industry, discussions involve a tail of between 10 and 20 years.

When property and casualty insurers have a fully developed Schedule P and re-

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**C**urrently, the Market Issues Subgroup is working . . . in an attempt to develop a comprehensive Model Title Insurance Agent Act.

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lated information, they can, using rather sophisticated models, develop an estimate of losses "Incurred But Not Reported (IBNR) to test the adequacy of their reserves.

Essentially, what the NAIC hopes to do is to have title insurers, using Schedule P, develop estimates of future losses and to test those estimates against the SPR. If the SPR is less than the estimated future losses, the title insurer would be required to account for the deficit as an additional reserve liability.

There are a number of issues that must be resolved before any meaningful analysis of loss data can be accomplished, namely:

- a) We must come, as an industry, to a uniform definition of losses including the proper handling of defalcations, escrow losses, jumbo losses, and recoveries;
- b) We must develop workable definitions of allocated and unallocated loss adjustment expenses;
- c) We must determine what the proper exposure base is to be (the denominator in any loss ratio): should we use premiums, total charges, liability assumed? If we use premium, how do we handle risk rate versus all inclusive rate states?

What do we do with a company whose mix of business changes drastically from an all inclusive jurisdiction to a risk rate area and vice-versa; and

d) What is the proper tail for title insurance.

These are just a few of the problems that must be resolved prior to properly collecting the data needed to correctly analyze the industry.

### Conclusion

The industry has responded to every draft from the NAIC in a timely manner and will continue to work with the regulators to improve the regulation of title insurance where necessary. In that light, we are currently developing a set of solvency regulations that will satisfy the regulators without imposing impossible data requirements on title insurers.

Currently, the Market Issues Subgroup is working...in an attempt to develop a comprehensive Model Title Insurance Agent Act.

The industry...will...continue to work with the regulators...we are currently developing a set of solvency regulations that will satisfy the regulators without imposing impossible data requirements on title insurers. ➤

## Joint Title Seminar Set for Milwaukee

ALTA's Education Committee and the Wisconsin Land Title Association are developing content for a joint regional seminar for title professionals, which will be held in Milwaukee on Friday, September 24. Program topics now under consideration include fraud/forgery, RESPA enforcement and closing problems. Detailed information will be available as the meeting date draws nearer; inquiries may be directed to Pat Berman at the Land Title Institute in Washington—(202) 331-7431.

The September meeting date coincides with the Milwaukee Annual Convention of the aforementioned state title association, which regional seminar attendees from neighboring states and elsewhere are invited to visit. Information on special arrangements that are available may be obtained from Linda Neeck-Smith, WLTA executive officer, at (414) 854-2333.

The ALTA committee anticipates completion this June on the new LTI advanced correspondence course, Course 2. Typical audiences for the course include those who have completed LTI Course 1, recent law school graduates and title employees with several years experience. More details on the availability of Course 2 will be sent to Association members in the near future.

## LETTERS

*continued from page 7*

### Clerk/Recorder Ties Beneficial

Sirs:

While attending the regional/state title association officer-executive seminars during ALTA conventions, I have heard discussion concerning the importance of developing a good relationship between a state title association and the organizations of county clerks, recorders and other public officials within a particular state. I fully agree that this goal should be given a high priority, having experienced the benefits of such efforts during my recent term as president of the Oklahoma Land Title Association.

OLTA, during my presidency, decided to actively pursue an enhanced relationship with the Oklahoma County Clerks and Deputies Association. As a result, an OLTA committee coordinated joint meetings between our title association officers and the officers and directors of the clerks organization. Further, the OLTA board of directors approved specific recommendations from our committee for strengthening our relationship with the association of clerks.

Our original goal was to encourage communication and interaction between OLTA members and county clerks, which would serve as a foundation for a solid and ongoing working relationship between the two associations. We hoped to create an environment in which problems common to the title industry and the clerks could be effectively addressed through a unified approach.

Since the inception of this effort, results have been most encouraging. Interaction between the two associations has increased steadily. OLTA has provided speakers for the annual meeting of the clerks association, as well as instructors for their educational programs. Members of the clerks association have reciprocated by serving as program panelists during the most recent OLTA annual convention.

Not the least of our accomplishments has been a joint lobbying effort by the two organizations, which helped defeat proposed state legislation that would have imposed onerous and additional recording requirements upon title companies and county recording officers.

As future issues of common interest emerge, I expect the OLTA concentration on building stronger relations with the clerks association to be more than justified. This may be especially true in areas of developing technology as we address the impact of optical disk data storage and retrieval and interconnectivity of public land record systems with private title companies through remote computer terminals.

Those state title associations who have not already done so should consider the importance of developing closer ties with their clerks/recorders through continuing activity along these lines. There is much to be gained.

Dale L. Astle  
Executive Vice President and General Counsel  
Guaranty Abstract Company  
Tulsa, OK



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# 'First 100 Days' of Administration To Be Examined at ALTA Conference

By Ann vom Eigen  
ALTA Legislative Counsel

**A**LTA, following the recommendation of its Government Affairs Committee, is presently in the process of making preparations for the Association's first Federal Conference, which will be held in Washington May 17-19.

The event will focus on the "First 100 Days" of the Clinton administration, and will serve two purposes. First, this meeting will provide ALTA members with an opportunity to educate themselves about such matters as the activities of the Clinton administration relating to interpretation and enforcement of the Real Estate Settlement Procedures Act, and proposals for health insurance reform. The event also will provide members of the Association with an opportunity to meet with their elected members of Congress, and express their views on current issues such as the effect of the new RESPA regulations on the title industry, and current tax proposals.

The Association has arranged meeting space in the Hyatt Regency on Capitol Hill, and is currently lining up speakers.

Washington trade associations typically include a spring legislative/regulatory conference as an integral part of their federal lobbying and Congressional education efforts. This practice is designed to help Congress and the administration better identify large, significant industries that play a key role in the national economy. Now that ALTA will no longer be holding its Mid-Year Conventions in Washington, "The First 100 Days" will facilitate contact by the Association membership with federal regulators and elected officials, and educate them on the integral role of the title industry in real estate transactions.

By May 17, the Clinton Administration

will have made concrete proposals, and results will have been achieved in some areas. President Clinton ran on a platform of creating jobs, fostering economic growth, and emphasizing an attention to domestic affairs, which will have to be translated into specific legislative and regulatory proposals in the new Administration. Because former President Bush vetoed so much of the legislation enacted at the end of last year, like the tax bill, Washington experts predict that many proposals affecting the housing and insurance industries, will be on the table and may well be finalized by May.

This type of program will be particularly

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*... a Washington presence will be all the more important in shaping education and lobbying this year.*

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important with the new Congress. ALTA will always have legislative issues, and a need to have a federal presence. There are 110 new members of the House of Representatives and 15 new Senators. Consequently, a Washington identity will be all the more important in shaping education and lobbying this year. Those important personal relationships with members of Congress are not the types that are developed at the last minute, when a legislative crisis is under way.

Attendance by politically active and

knowledgeable title industry members will make the title industry a far more effective lobbying force and simultaneously provide attendees with an up-to-date briefing on events in Washington.

## Political/Technical Program

Members of the ALTA Arkansas delegation have invited President Clinton to address the conference. The program will begin with a dinner address on Monday evening, May 17. A legislative program will be held on Tuesday morning, when members of Congress and their staff will address the title group. This will be similar to the program provided last year when the ALTA Mid-Year Convention was held in Washington, and was addressed by Rep. J.J. Pickle of the House Ways and Means Committee, and Representative Tom Ridge of the House Banking Committee.

This year, a number of members of Congress are being invited to provide their insider's view of current legislative action on the Clinton program. As was scheduled last year, a number of staff from key House and Senate committees will provide their perspective on current legislative developments and the outlook for the remainder of 1993. ALTA also will invite a number of RESPA experts, including members of the Enforcement division of the Department of Housing and Urban Development, and experts from the Washington legal community, to comment on regulatory developments. After a luncheon speaker on Tuesday afternoon, time will be scheduled to allow Association members to schedule appointments with members of Congress. On Wednesday, a debriefing breakfast and a short program will be scheduled. 

# Revisions Bring Improvements In ALTA-ACSM Survey Standards

By Mary C. Feindt

To continue to respond to the diverse practices of surveying and surveyors throughout the United States, ALTA and the American Congress on Surveying and Mapping (ACSM) have adopted revisions to the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. These updated Minimum Standards, which are included in this issue of *Title News*, focus on a number of improvements relating to survey classes, the surveyor certification, and the type of information that the surveyor needs from the client.

The Minimum Standards were first adopted in 1962 and subsequently revised in 1986 and 1988. They are designed to provide title insurers with reassurance that the survey upon which they will rely in issuing the title insurance policy is of an appropriate professional quality, particularly with respect to completeness and accuracy. The Minimum Standards have been developed as a collective effort to create an accepted and recognized document that presents information with respect to the services the surveyor should render, as well as reiterating the essentials requisite to the lender and the insurer.

The current revisions were originally prompted by concerns about the 1988 accuracy standards. These remain under discussion, but could be revised within the next year. So that the Minimum Standards may be more easily changed as surveying practices and technology periodically dictate, the ACSM technical engineering standards have been physically and organizationally removed as a separate document. Several especially qualified ACSM members have agreed to analyze the minimum angle, distance and closure re-

quirements for the classes of surveys. Any changes sponsored by ACSM would of course be subject to approval by ALTA.

In addition to the apprehension about the positional tolerance and precision with accuracy standards, there were other minor considerations. While many of the changes are merely editorial, a number focus on improving the process of ordering the survey. It is the intent of the Minimum Standards to create a mutual understanding between the surveyor and the client, and to identify the client as the one assuming responsibility to provide the essential data to the surveyor, including title information, and the intended use of the property.

## Names Replace 'Classes'

One significant change is substituting descriptive names for what was referred to as "classes" of surveys under the old Minimum Standards. This change was made in response to concerns expressed by surveyors that the "class" designations were confusing and resulted in the most rigid class of survey. For example, surveyors noted that Class I (now "urban") surveys were being requested merely because of the apparent qualitative characterization given by the label (i.e., a "first class" survey) rather than the practical "class" suitable to the requisite precision.

Another area where changes were made deals with what the surveyor can reasonably expect from the client (or the client's representative-attorney, real estate sales agent, or title company) in terms of information about the parcel, title information, and its intended use. These changes, and those discussed above, are included in Paragraph 1.

Surveyors and title insurers alike have been in a quandary with regard to the wording of the certification specified in Paragraph 8. Surveyors felt that it might be interpreted as an express warranty which would void a surveyor's professional liability insurance coverage. Title insurers, however, needed assurance that the surveyor would be responsible if the survey was not in accordance with the Minimum Standards. To resolve this conflict, the language was reviewed by a major professional liability carrier who concluded that the certification as adopted would not adversely affect a surveyor's professional liability insurance.

Finally, former Table 3 (now Table A) has been revised, largely by providing more detail regarding the nature of the item being checked off. This table was originally designed to provide a convenient form for both ordering additional sur-

*continued on page 28*



*The author chairs the ALTA Liaison Committee with the American Congress on Surveying and Mapping, and works as liaison representative between the two organizations. She is president of Charlevoix (MI) Abstract and Engineering Co. and has been Charlevoix County surveyor since 1944. Currently, she serves as a member of the Michigan State Survey and Remuneration Commission. A licensed professional surveyor in Michigan and in Illinois, she is an Honorary Member of ACSM. She is the first recipient of the Mary C. Feindt Award for dedicated service introduced by the Michigan Land Title Association. After receiving an undergraduate degree from Albion College, she went on to earn a bachelor's degree in geodesy and surveying and a master's degree in civil engineering, both at the University of Michigan.*



# Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys

as adopted by  
**American Land Title Association**  
and

**American Congress On Surveying & Mapping**



It is recognized that members of the American Land Title Association (ALTA) have specific needs, peculiar to title insurance matters, which require particular information for acceptance by title insurance companies when said companies are asked to insure title to land without exceptions as to the many matters which might be discoverable from survey and inspection and not be evidenced by the public records. In the general interest of the public, the surveying profession, title insurers and abstracters, ALTA and the American Congress on Surveying and Mapping (ACSM) jointly promulgate and set forth such details and criteria for standards. It is understood that local variations may require local adjustments to suit local situations, and often must be applied. It is recognized that title insurance companies are entitled to rely on the survey furnished to them being of the appropriate professional quality, both as to completeness and as to accuracy. It is equally recognized that for the performance of a survey, the surveyor will be provided with appropriate data which can be relied upon in the preparation of the survey.

For a survey of real property and the plat or map of the survey to be acceptable to a title insurance company for purposes of insuring title to said real property free and clear of survey matters (except those matters disclosed by the survey and indicated on the plat or map), certain specific and pertinent information shall be presented for the distinct and clear understanding between the client (insured), the title insurance company (insurer), and the surveyor (the person professionally responsible for the survey). These requirements are:

1. The client shall request the survey or arrange for the survey to be requested and shall provide a written authorization to proceed with the survey from the person responsible for paying for the survey. The request shall specify that an Urban, Suburban, Rural or Mountain and Marshland "ALTA/ACSM LAND TITLE SURVEY" is required, meeting the then-current accuracy standards jointly adopted by ALTA and ACSM. The request shall also designate which of the optional items listed in Table A are to be incorporated. The request shall set forth the record description of the property. The record description of the property, any record easements benefiting the property, the record easements or servitudes and covenants affecting the property ("Record Documents"), the names and deed data of all adjacent owners, as available, and any other documents containing desired appropriate information affecting the property being surveyed and to which the survey shall make

reference shall be provided to the surveyor for notation on the plat or map of survey.

2. The plat or map of such survey shall bear the name, address, telephone number, and signature of the professional land surveyor who made the survey, his or her official seal and registration number, the date the survey was completed and the dates of all revisions, and the caption "ALTA/ACSM Land Title Survey" with the certification set forth in paragraph 8.

3. An "ALTA/ACSM LAND TITLE SURVEY" shall be an Urban, Suburban, Rural or Mountain and Marshland Survey in accordance with the then-current "Classification and Specifications for Cadastral Surveys" ("Accuracy Standards") as adopted, from time to time, by the American Congress on Surveying and Mapping and the American Land Title Association and incorporated herein by reference.

4. On the plat or map of an "ALTA/ACSM LAND TITLE SURVEY," the survey boundary shall be drawn to a convenient scale, with that scale clearly indicated. A graphic scale, shown in feet or meters or both, shall be included. A north arrow shall be shown and when practicable, the plat or map of survey shall be oriented so that north is at the top of the drawing. Symbols or abbreviations used shall be identified on the face of the plat or map by use of a legend or other means. If necessary for clarity, supplementary or exaggerated diagrams shall be presented accurately on the plat or map. The plat or map shall be a minimum size of 8 1/2 by 11 inches.

5. The survey shall be performed on the ground and the plat or map of an "ALTA/ACSM LAND TITLE SURVEY" shall contain, in addition to the required items already specified above, the following applicable information:

(a) All data necessary to indicate the mathematical dimensions and relationships of the boundary represented, with angles given directly or by bearings, and with the length and radius of each curve, together with elements necessary to mathematically define each curve. The point of beginning of the surveyor's description shall be shown as well as the remote point of beginning if different. A bearing base shall refer to some well-fixed bearing line, so that the bearings may be easily re-established. All bearings around the boundary shall read in a clockwise direction wherever possible. The North arrow shall be referenced to its bearing base and should that bearing base differ from record title, that difference shall be noted.

(b) When record bearings or angles or distances differ from measured bearings, angles or

distances, both the record and measured bearings, angles, and distances shall be clearly indicated. If the record description fails to form a mathematically closed figure, the surveyor shall so indicate.

(c) Measured and record distances from corners of parcels surveyed to the nearest right-of-way lines of streets in urban or suburban areas, together with recovered lot corners and evidence of lot corners, shall be noted. The distances to the nearest intersecting street shall be indicated and verified. Names and widths of streets and highways abutting the property surveyed and widths of rights of way shall be given. Any use contrary to the above shall be noted. Observable evidence of access (or lack thereof) to such abutting streets or highways shall be indicated. Observable evidence of private roads shall be so indicated. Streets abutting the premises, which have been described in Record Documents, but not physically opened, shall be shown and so noted.

(d) The identifying titles of all recorded plats, filed maps, right of way maps, or similar documents which the survey represents, wholly or in part, shall be shown with their appropriate recording data, filing dates and map numbers, and the lot, block, and section numbers or letters of the surveyed premises. Names of adjoining owners as they appear of record and recorded lot or parcel numbers, recording information identifying the current description of record and similar information, where appropriate, shall be shown. The survey shall indicate platted setback or building restriction lines which have been recorded in subdivision plats or which appear in a Record Document which has been delivered to the surveyor. Parcel lines shall clearly indicate contiguity, gores, and overlaps. Where only a part of a recorded lot or parcel is included in the survey, the balance of the lot or parcel shall be indicated.

(e) All evidence of monuments shall be shown and noted to indicate which were found and which were placed. All evidence of monuments found beyond the surveyed premises on which establishment of the corners of the surveyed premises are dependent, and their application related to the survey shall be indicated.

(f) The character of any and all evidence of possession shall be stated and the location of such evidence carefully given in relation to both the measured boundary lines and those established by the record. An absence of notation on the survey shall be presumptive of no observable evidence of possession.

(g) The location of all buildings upon the

plot or parcel shall be shown and their locations defined by measurements perpendicular to the boundaries. If there are no buildings erected on the property being surveyed, the plat or map shall bear the statement, "No buildings." Proper street numbers shall be shown where available.

(h) All easements evidenced by a Record Document which have been delivered to the surveyor shall be shown, both those burdening and those benefitting the property surveyed, indicating recording information. If such an easement cannot be located, a note to this effect shall be included. Observable evidence of easements and/or servitudes of all kinds, such as those created by roads; rights-of-way; water courses; drains; telephone, telegraph, or electric lines; water, sewer, oil or gas pipelines on or across the surveyed property and on adjoining properties if they appear to affect the surveyed property, shall be located and noted. If the surveyor has knowledge of any such easements and/or servitudes, not observable at the time the present survey is made, such lack of observable evidence shall be noted. Surface indications, if any, of underground easements and/or servitudes shall also be shown.

(i) The character and location of all walls, buildings, fences, and other visible improvements within five feet of each side of the boundary lines shall be noted. Physical evidence of all encroaching structural appurtenances and projections, such as fire escapes, bay windows, windows and doors that open out, flue pipes, stoops, eaves, cornices, areaways, steps, trim, etc., by or on adjoining property or on abutting streets, on any easement or over setback lines shall be indicated with the extent of such encroachment or projection. If the client wishes to have additional information with regard to appurtenances such as whether or not such appurtenances are independent, division, or party walls and are plumb, the client will assume the responsibility of obtaining such permissions as are necessary for the surveyor to enter upon the properties to make such determinations.

(j) Driveways and alleys on or crossing the property must be shown. Where there is evidence of use by other than the occupants of the property, the surveyor must so indicate on the plat or map. Where driveways or alleys on adjoining properties encroach, in whole or in part, on the property being surveyed, the surveyor must so indicate on the plat or map with appropriate measurements.

(k) As accurately as the evidence permits, the location of cemeteries and burial grounds

(i) disclosed in the process of researching title to the premises or

(ii) observed in the process of performing the field work for the survey, shall be shown.

l) Ponds, lakes, springs, or rivers bordering on or running through the premises being surveyed shall be shown.

6. As a minimum requirement, the surveyor shall furnish two sets of prints of the plat or map of survey to the title insurance company or the client. If the plat or map of survey consists of more than one sheet, the sheets shall be num-

bered, the total number of sheets indicated and match lines be shown on each sheet. The prints shall be on durable and dimensionally stable material of a quality standard acceptable to the title insurance company. At least two copies of the boundary description prepared from the survey shall be similarly furnished by the surveyor and shall be on the face of the plat or map of survey, if practicable, or otherwise attached to and incorporated in the plat or map. Reference to date of the "ALTA/ACSM LAND TITLE SURVEY," surveyor's file number (if any), political subdivision, section, township and range, along with appropriate aliquot parts thereof, and similar information shown on the plat or map of survey shall be included with the boundary description.

7. Water boundaries necessarily are subject to change due to erosion or accretion by tidal action or the flow of rivers and streams. A realignment of water bodies may also occur due to many reasons such as deliberate cutting and filling of bordering lands or by avulsion. Recorded surveys of natural water boundaries are not relied upon by title insurers for location of title.

When a property to be surveyed for title insurance purposes contains a natural water boundary, the surveyor shall measure the location of the boundary according to appropriate surveying methods and note on the or map the date of the measurement and the caveat that the boundary is subject to change due to natural causes and that it may or may not represent the actual location of the limit of title. When the surveyor is aware of changes in such boundaries, the extent of those changes shall be identified.

8. When the surveyor has met all of the minimum standard detail requirements for an ALTA/ACSM Land Title Survey, the following certification shall be made on the plat:

To (name of client), (name of lender, if known), (name of title insurance company, if known), (name of others as instructed by client):

This is to certify that this map or plat and the survey on which it is based were made (i) in accordance with "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys," jointly established and adopted by ALTA and ACSM in 1992, and includes Items \_\_\_\_ of Table A thereof, and (ii) pursuant to the Accuracy Standards (as adopted by ALTA and ACSM and in effect on the date of this certification) of a(n) [insert "Urban," "Suburban," "Rural," or "Mountain/Marshland" here]

\_\_\_\_\_, Survey.

Date: \_\_\_\_\_  
(signed) \_\_\_\_\_ (seal)

Registration No.

Adopted by the American Land Title Association on October 17, 1992.

Adopted by the Board of Direction, American Congress on Surveying and Mapping on November 11, 1992.

American Land Title Association, 1828 L St., N.W., Suite 705, Washington, D.C. 20036.

American Congress on Surveying and Mapping, 5410 Grosvenor Lane, Bethesda, MD 20814

## TABLE A Optional Survey Responsibilities And Specifications

NOTE: The items of Table A must be negotiated between the surveyor and client. It may be necessary for the surveyor to qualify or expand upon the description of these items, e.g. in reference to Item 6, there may be a need for an interpretation of a restriction. The surveyor cannot make a certification on the basis of an interpretation.

If checked, the following optional items are to be included in the ALTA/ACSM LAND TITLE SURVEY:

1. \_\_\_\_ Monuments placed (or a reference monument or witness to the corner) at all major corners of the boundary of the property, unless already marked or referenced by an existing monument or witness to the corner.

2. \_\_\_\_ Vicinity map showing the property surveyed in reference to nearby highway(s) or major street intersection(s).

3. \_\_\_\_ Flood zone designation (with proper annotation based on Federal Flood Insurance Rate Maps or the state or local equivalent, by scaled map location and graphic plotting only.)

4. \_\_\_\_ Land area as specified by the client.

5. \_\_\_\_ Contours and the datum of the elevations.

6. \_\_\_\_ Identify, and show if possible, setback, height and bulk restrictions of record or disclosed by applicable zoning or building codes (in addition to those recorded in subdivision maps). If none, so state.

7. \_\_\_\_ (a) Exterior dimensions of all buildings at ground level

(b) Square footage of:

(1) exterior footprint of all buildings, or gross floor area of all buildings, at ground level

(2) other areas to be defined by the client

(c) Height of all buildings above grade at a defined location.

8. \_\_\_\_ Substantial, visible improvements (in addition to buildings) such as signs, parking areas or structures, swimming pools, etc.

9. \_\_\_\_ Parking areas and, if striped, the striping and the type (eg. handicapped, motorcycle, regular, etc.) and number of parking spaces.

10. \_\_\_\_ Indication of access to a public way such as curb cuts, driveways marked.

11. \_\_\_\_ Location of utilities serving or existing on the property as evidenced by on-site observation or as determined by records provided by client, utility companies and other appropriate sources (with reference as to the source of information) (for example):

(a) railroad tracks and sidings;

(b) manholes, catch basins, valve vaults or other surface indications of subterranean uses;

(c) wires and cables (including their function) crossing the surveyed premises, all poles on or within ten feet of the surveyed premises, and the dimensions of all crosswires or overhangs affecting the surveyed premises; and

(d) utility company installations on the surveyed premises.

12. \_\_\_\_ Governmental Agency survey-related requirements as specified by the client.

13. \_\_\_\_ Significant observations not otherwise disclosed.

14. \_\_\_\_\_

## CLASSIFICATIONS OF ALTA-ACSM LAND TITLE SURVEYS

### Introduction

The degree of precision and accuracy necessary for a particular cadastral survey should be based on the intended use of the land without regard to its present use, provided the surveyor has knowledge of the intended use. If the surveyor has no such knowledge, the degree of precision may be based on the present use of the land.

Four general survey classes are defined using various state regulations and accepted practices. These general classes are listed and defined below.

### Survey Classes By Land Use

#### URBAN SURVEYS

Surveys of land lying within or adjoining a city or town. This would also include the surveys of commercial and industrial properties, condominiums, townhouses, apartments and other multi-unit developments, regardless of geographic location.

#### SUBURBAN SURVEYS

Surveys of land lying outside urban areas. This land is used almost exclusively for single family residential use or residential subdivisions.

#### RURAL SURVEYS

Surveys of land such as farms and other undeveloped land outside the suburban areas which may have a potential for future development.

#### MOUNTAIN and MARSHLAND SURVEYS

Surveys of lands which normally lie in remote areas with difficult terrain and usually have limited potential for development.

Should these above cited specifications be in conflict with state laws, rules or regulations, the more stringent requirements must be followed.

The combined precision of a survey can be statistically assured by dictating a combination of survey closure and specified procedures for a particular survey class. ACSM and ALTA have adopted specific procedures for control surveys in order to assure the combined precision of a particular survey class. The statistical base for these specifications is on file at ACSM and available for inspection. The surveyor shall employ, in his or her judgement, proper field procedures, instrumentation and adequate survey personnel in order to achieve accuracies comparable to those adopted by ACSM for a designated class of survey.

## AMERICAN CONGRESS ON SURVEYING and MAPPING

### MINIMUM ANGLE, DISTANCE and CLOSURE REQUIREMENTS FOR CLASSES OF SURVEYS

(1)

SURVEY CLASS	DIR. READING OF INSTRUMENT (2)	INSTRUMENT READING ESTIMATED (3)	NUMBER OF OBSERVATIONS PER STATION (4)	SPREAD FROM MEAN OF D&R NOT TO EXCEED (5)	ANGLE CLOSURE WHERE N = NO. OF STATIONS NOT TO EXCEED	LINEAR CLOSURE (6)	DISTANCE MEASUREMENT (7)	MINIMUM LENGTH OF MEASUREMENTS (8), (9), (10)
URBAN	20" <1'> <span style="border: 1px solid black; padding: 0 2px;">10"</span>	5" <0.1'> N.A.	2 D&R	5" <0.1'> <span style="border: 1px solid black; padding: 0 2px;">5"</span>	10" $\sqrt{N}$	1:15,000	EDM or Doubletape with steel tape	(8) 81m, (9) 153m (10) 20m
SUBURBAN	20" <1'> <span style="border: 1px solid black; padding: 0 2px;">10"</span>	10" <0.1'> N.A.	2 D&R	10" <0.2'> <span style="border: 1px solid black; padding: 0 2px;">10"</span>	15" $\sqrt{N}$	1:10,000	EDM or steel tape	(8) 54m, (9) 102m (10) 14m
RURAL	<span style="border: 1px solid black; border-radius: 50%; padding: 0 2px;">20"</span> <1'> <span style="border: 1px solid black; padding: 0 2px;">20"</span>	N.A.	1 D&R	<span style="border: 1px solid black; border-radius: 50%; padding: 0 2px;">20"</span> <0.3'> <span style="border: 1px solid black; padding: 0 2px;">20"</span>	20" $\sqrt{N}$	1:7,500	EDM or steel tape	(8) 40m, (9) 76m (10) 10m
MOUNTAIN/ MARSHLAND	<span style="border: 1px solid black; border-radius: 50%; padding: 0 2px;">1"</span> <1'> <span style="border: 1px solid black; padding: 0 2px;">1"</span>	N.A.	1 D&R	<span style="border: 1px solid black; border-radius: 50%; padding: 0 2px;">30"</span> <0.5'> <span style="border: 1px solid black; padding: 0 2px;">30"</span>	30" $\sqrt{N}$	1:5,000	EDM or steel tape	(8) 27m, (9) 51m (10) 7m

Note (1) All requirements of each class must be satisfied in order to qualify for that particular class of survey. The use of a more precise instrument does not change the other requirements, such as number of angles turned, etc.

Note (2) Instrument must have a direct reading of at least the amount specified (not an estimated reading), i.e.: 10" = Micrometer reading theodolite, <1'> = Scale reading theodolite, 10" = Electronic reading theodolite, 20" = Micrometer reading theodolite, or a vernier reading transit.

Note (3) Instrument must have the capability of allowing an estimated reading below the direct reading to the specified reading.

Note (4) D & R means the Direct and Reverse positions of the instrument telescope, i.e., Urban Surveys require that two angles in the direct and two angles in the reverse position be measured and meaned.

Note (5) Any angle measured that exceeds the specified amount from the mean must be rejected and the set of angles re-measured.

Note (6) Ratio of closure after angles are balanced and closure calculated.

Note (7) All distance measurements must be made with a properly calibrated EDM or Steel tape, applying atmospheric, temperature, sag, tension, slope, scale factor and sea level corrections as necessary.

Note (8) EDM having an error of 5mm, independent of distance measured (Manufacturer's specifications)

Note (9) EDM having an error of 10mm, independent of distance measured (Manufacturer's specifications)

Note (10) Calibrated steel tape.

# Ethics, Values and the Bottom Line

By Karen E. Koogler

**A** return to family values was the battle cry on politicians' lips throughout this past election year. Ironically, those who most vehemently espoused the importance of values and strong moral character were found most lacking of those very same qualities. We, the American public, quickly became disenchanted with the mud-slinging, name-calling, and character-bashing that permeated the Presidential campaign. We became irate at the unethical behavior of many of our public "servants" and ousted many of them from office. More than ever before, we voiced our concerns and voted our consciences. In doing so, we sent a strong message to our government — that we intend to take our country back by removing it from the greedy hands of special interest groups and returning it to those who not only value honesty, integrity, fairness, and equity, but *exemplify* it in their actions and behaviors.

Yet, government officials are not alone in feeling the pressure of this "do good-be good" philosophy. As consumers, we are placing equal pressure on corporate America. As we emerge from the 1980s *Era of Excess* into the 1990s *Era of Ethics*, we find corporate America moving from a culture which previously exalted profits over people, quantity over quality, and volume over values, to a more *balanced* culture where people matter, and personal values can peacefully coexist with organizational goals. Corporate America is beginning to recognize that *strong ethics* translate into *strong business*.

## Title Industry Survey Statistics

In September, 1992, a survey was conducted by The Koogler Group, as part of a presentation on ethics and values for the ALTA Annual Convention. With the help of many state title associations, a two-part sur-

vey was distributed to 350 title agents, underwriters, abstracters, and attorneys. Of those responding, 75 percent were "corporate agents" (i.e., corporations, family-owned businesses, and partnerships). The remaining 25 percent were divided among abstracters (12 percent), underwriters with no direct settlement operations (8 percent), attorney agents (3 percent), and underwriters with direct settlement operations (2 percent). An overwhelming

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**L**ike many other industries . . . we are in the midst of a paradigm shift between the Era of Excess and the Era of Ethics.

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majority (82 percent) of those responding worked for small companies, ranging from one to 24 employees.

## Ethics Code; Training; Reporting; Compliance Monitoring

Of those surveyed, 31 percent indicated that their companies have a published code of ethics or similar policy statement. Another 5 percent report that a code or similar policy statement is currently under development. By comparison, a 1988 survey conducted by the Ethics Resource Center in Washington, D.C. reported that 71 percent of the respondent companies in the construction industry and 90 percent in the finance/"general" insurance industry had such codes. Title companies *with* codes, however, scored higher than the other industries in *distributing* such information. Reportedly 80 percent of these companies distribute their code to all em-

ployees, as opposed to 36 percent and 71 percent, respectively, for the construction and finance/insurance industries.

With respect to ethics *training*, 30 percent of title professionals reported their companies provide some form of training to all employees. Of those who *do* provide training, 53 percent prefer to do so via informal discussions. Ethics articles, public talks by directors or executives, videotapes, and posters, provide alternate methods for some.

Asked where employees could go to report an ethics violation, 51 percent report to immediate supervisors, 32 percent report to others (including manager, president, owner), while 17 percent report to human resource departments, legal departments, or corporate ethics officers. Regarding compliance monitoring, 64 percent of those responding indicate that they *do* have some form of compliance monitoring: i.e., reporting to supervisors or department heads (46 percent); periodic internal audits (12 percent); through meetings and discussions (4 percent); signing of affidavits and pledges (1 percent); or use of



The author is managing director of The Koogler Group, a marketing and educational design firm, and based the accompanying narrative on a presentation developed for the 1992 ALTA Annual Convention. She is the author of six industry publications including *Closing Concepts: A Title Training Manual*; *Behind The Scenes: A Look at the Settlement Process*; and *Closing Real Estate Transactions: Process and Problem Solving with the HUD-1*. Her latest book, *Workplace Ethics: Bringing Ethics and Values to the Bottom Line*, demonstrates how to balance personal goals with organizational goals. For more information, or to receive a copy of the 1992 ethics questionnaire, write The Koogler Group, 11234 Park Boulevard, Suite 221, Seminole, FL 34642.

hotlines or other anonymous reporting methods (1 percent). Also, 36 percent utilize *no* monitoring methods. Only 58 percent of respondent companies ensure confidentiality to those reporting violations.

### "Top Ten" Industry Problems

When asked to review and rate 24 potential ethical problems within the title insurance industry, statistics show the top ten to include (in order of importance): controlled business; conflicts of interest; kickbacks; quality control; embezzlement; giving excessive gifts and entertainment; antitrust issues; false or misleading advertising; misuse of proprietary (company/firm) information; and abuse of expense accounts.

### Personal Values

Part II of the survey dealt with ethics and values from a *personal* perspective. Respondents participating in the survey comprised 57 percent women and 43 percent men. Age groups surveyed included 21-35 (22 percent); 36-50 (57 percent); and 51+ (21 percent). For purposes of this article, following are two composite profiles from the compilation of statistics for both genders.

Jane Doe, age 40-something, works in a *staff* position within a corporate title agency. Her top five personal values include *honesty, integrity, fairness, human dignity, and loyalty*. Her *mother* was most instrumental in her ethical upbringing. She has seldom, if ever, been asked, directly or indirectly, to do something on behalf of her company which she felt uncomfortable doing or regretted doing at a later date. She also has not felt pressured by others to take action or behave in a manner which conflicts with her personal value system. If she suspected the owner or president of her company of embezzlement or other such act she is somewhat undecided as to whether or not she would feel comfortable reporting her suspicions to her title insurance company/underwriter or other authority. After all, Jane says, "*Nobody would believe you over a President.*" Jane feels strongly that an ethics program would be beneficial for her company.

John Doe, Jane's older brother, is also 40-something, and holds a *management* position within a corporate title agency. John's top-five personal values are the same as Jane's, al-

though he values *integrity* before *honesty* and *loyalty* over *fairness*. Not surprisingly, John's *father* was most influential in his ethical upbringing. Like Jane, he has seldom, if ever been asked, directly or indirectly, to do something on behalf of his company which he felt uncomfortable doing or regretted doing at a later date. John *has*, however, felt pressured by others to take action or behave in a manner which conflicts with his personal value system. John is more apt than Jane to report his suspicions of embezzlement or other such act by the owner or president of his company to his title insurance company/underwriter or other authority. Like Jane, John feels equally strong about the benefits to be derived from a company-sponsored ethics program.

The survey then asked respondents to share their thoughts and suggestions for im-

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## Ethical decision-making requires . . . checking with our hearts as well as our heads, and balancing instinct with logic.

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proving ethical conduct within the workplace. Their composite suggestion bears our attention:

"I feel we need more education and information on the subject of ethics. A written policy and a positive, structured, training program would instill more *company pride* and provide employees guidelines for proper business conduct. Perhaps we allow too much of our education on ethics policies to be taught informally, or expect it to filter down by *osmosis*. Rules applied should be followed by *everybody*; including family-member employees who should be required to follow the same standards as the rest of the employees. *Honesty*. Regular meetings and informal discussions to discuss these matters would be helpful. More positive feedback from employers and employees. *Eliminate controlled business*. Educate our customers, realtors, and bankers about conflicts of interest created by

our competitors; and to not have to meet "*offers*" of other title companies. Impress on employees to do the *right thing*. Stop bad-mouthing our competitors and start worrying about where our company is going and how *we* are perceived in the marketplace. Fire a lawyer and increase the *working* staff. *Loyalty*. Talk about problems openly and not behind peoples' backs. *Equality*. Total quality: quality *workplace*, quality *product*, quality *management*, quality *employees*. More discussion and training about potential problems that might be encountered. I think there's a solid base and support for conducting business ethically in our company, but it would only help to reinforce that."

In closing, respondents were asked to review a series of 14 potential ethical dilemmas and rate each based on their level of comfort with the actions taken. Collectively, the respondents felt little or no comfort with most of the situations presented; while individually, some felt a *high* degree of comfort with several. Situations that evoked at least *some* collective level of comfort included:

1. Purchasing and placing fax machines in local real estate offices
2. Implementing a downsizing program without forewarning employees of their impending dismissal
3. Attorneys acting as title agents as well as client advisors
4. Paying a developer \$4,000 per month for a 12 x 14 "closing room" in exchange for receiving a chunk of business valued at \$150,000 net income per year
5. Failing to notify the lender that \$5,000 of a friend's closing costs were actually borrowed funds, thereby violating lender regulations
6. Placing full-time employees on part-time status which causes them to lose their benefits; then hiring additional part-time staff at a later date rather than reinstate current employees to full-time status with benefits
7. An attorney, with no real property experience, "backing" an escrow closing officer in opening her own corporate agency — in exchange for payment of \$150 per closing for "document review" plus \$1,000 per month retainer for legal services

While many would consider *all* of these situations to be unethical, there are those who might find at least *some* to be accept-

*continued on page 31*

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# New Opportunity in Eastern Europe

By Louis J. Andrew, Jr.

**C**onversion from communism to a market economy is progressing slowly and sometimes painfully in Eastern Europe. The changeover includes switching real estate ownership from the government to the private sector. While privatization of real estate has begun, many problems remain.

In January, I was privileged to serve as a member of a delegation sponsored by The Kriebel Institute of the Free Congress Foundation (please see accompanying description), which presented seminars on entrepreneurship in a free market economy in three former Eastern Bloc countries. During this tour, we visited Tartu, Estonia; Prague, capital of the Czech Republic (formerly a part of Czechoslovakia); and Ljubljana, Slovenia.

My travel to the three countries allowed a fascinating view of the cutting edge problems and concerns being faced by leaders there in taking their economies private. Envisioning what might be ahead for their respective real estate markets would involve informed speculation at best. There are major difficulties to be faced before substantial progress seems attainable. Yet, the enthusiasm for a market economy in the countries was a delightful surprise.

Before arriving, I didn't know exactly what to expect. As it turned out, people in all three locations were hungry for as much information as possible. Although they were, for the most part, unsophisticated in western ways, they were more than willing to learn.

Each of the countries is struggling in different degrees with the switch to capitalism and a market economy. Slovenia and the Czech Republic were considerably ahead of Estonia. Slovenia was marginally in front of the Czech Republic but was suffering from an unwillingness on the part of western governments and businesses to invest

## An Ambassador of Entrepreneurship

Louis J. Andrew, Jr., who shares his impressions of market economy conversion in three former Eastern Bloc countries in this article, is a resident of Fond du Lac, WI, where he has been a resident most of his life. He has practiced law there for some 25 years and is the owner of five companies operating title insurance agencies in central Wisconsin.

His January visit to Estonia, the Czech Republic and Slovenia was sponsored by The Kriebel Institute of the Free Congress Foundation, which has conducted over 60 trips to states of the former Soviet empire. Emphasis during the repeated travels to Eastern Europe has been on helping interested parties become more familiar with entrepreneurship in a market economy—with separate emphasis on various political topics in-

cluding the selection of candidates to run for office and managing political campaigns in a democracy.

Paul Weyrich and Dr. Robert Kriebel, respective chairman and president of the sponsoring organization, have been offering the seminar tours for about four years and have found their programs to be in high demand. They have been to each country of Eastern Europe, including all states of the former Soviet Union, at least once—and to some many more times.

Author Andrew holds membership in ALTA, where he serves on the Land Title Systems Committee, and he also is a member of the Wisconsin Land Title Association. Although his five title companies are automated and saw gross sales reach the \$1 million mark last year, he considers his most valuable asset to be their 40 or so employees—all title people he considers to be "definitely high calibre."

He received his undergraduate degree in accounting from the University of Notre Dame, then went on to earn his juris doctorate at Marquette University Law School. His law practice includes representing small and medium size business, along with real estate, estate planning and probate work.

The author and his wife are the parents of five children ranging in age from 14 to 25, a family setting that fits in well with his hobbies of flying small planes, sailing, cooking, reading, music and motorcycling. In the accompanying photograph, he profiles American entrepreneurship during his Kriebel tour seminar presentation at the Hotel Krystal, Prague, Czech Republic.



## Iron Curtain Absence Triggers Upswing In Foreign Interest Among Title Firms

Since the dismantling of the Iron Curtain, there has been an upswing in communication between a number of title insurance companies and the governments of former communist nations headed for conversion to a market economy. As might be expected, the interest from overseas is especially driven by an appreciation for title industry expertise that contributes substantially to the success of the American real estate market—and title underwriter interest in expanding market horizons.

In general, title companies involved are not ready to go public with many details on possible activity pointed toward developing a closer relationship with former Eastern Bloc or other nations that are contemplating changes in the structure of their real estate ownership and investment. But a group of title executives close to the action were willing to share thoughts—and in some cases experience—relating to the subject with *Title News*.

Stewart Title Guaranty Company Senior Vice President Mark Winter recently headed a project of the Hungarian-American Enterprise Fund, under which company experts conducted a study and made technical and legal recommendations for developing a new land title system in that country. Study results and a prototype system were ready for the Hungarians in about two months.

Explaining the Hungarian needs in an annual report of the company, he said at the beginning of the project: "Land registration records are in poor condition or incomplete....Entries are made manually and, even in a system where 97 percent of the land is owned by state agencies and cooperatives, registrations are uncertain and four to six months behind."

Winter added: "In a system this chaotic and unreliable, investment decisions are delayed or cancelled. This in turn adversely affects the restoration of properties and development of a tax base to support essential services."

Last year, before citizens decided to separate Czechoslovakia into two nations, officials from what was that country visited Washington, D. C., for a close-up look at the American real estate economy. This included a stop at the ALTA office, where the American system of conveyancing and title insurance was explained

and questions were answered. Later in the day, First American Title Insurance Company Vice President Larry Blessingame conducted a tour of the company's District of Columbia title plant for the group, and arranged for them to visit the office of the District of Columbia recorder.

Included in the delegation were the chief justice, Slovak Supreme Court; the respective directors of the Legislative Department Ministry of Finance and Ministry of Justice; and a representative of the Legislative Department, Presidium of the Federal Government.

Chicago Title Insurance Company Vice President and Associate General Counsel Hugh Brodkey reports that his organization over the years has developed a way of analyzing and marketing a title insurance product substantially like that offered in the United States for a number of foreign nations—including Canada, the Bahamas, Guam, Puerto Rico and the U. S. Virgin Islands.

Requests from United States developers also brought Chicago Title to look at technical and business aspects of issuing title insurance in countries including Mexico, Costa Rica and Spain, he added.

Brodkey recalled that the company, for about 10 years, operated a title insurance business in the United Kingdom through a qualified English insurance company, C. T. I. Dominion Title Insurance, Ltd. Title policies were produced on both residential and commercial transactions in England and Scotland, through company offices and agents. The company also has the capability for producing policies in Ireland.

Starting in the late 1970s when there was a rapid increase in foreign investment in United States real estate, Chicago Title began developing a substantial amount of information and contacts relating to foreign conveyancing systems, Brodkey said. Company representatives assisted attorneys and advisers from this country in presenting information to help foreign investors better understand the American conveyancing system and title insurance.

"Our experience in England and our investigation of foreign systems highlighted a very important distinction," Brodkey remarked. "Real estate professionals

in one of the former states of Yugoslavia because of the political unrest.

We saw very little evidence of political instability, other than the talk of the people that demonstrated the hate one political group had for another. This left one feeling that the current situation will have no clear solution for many years to come. The general feeling seemed to be that it was too late for western governments to enter the conflict because much damage already had been done. It seemed evident that the region would continue to have political tensions for many years.

There is a deficiency of many of the things that a western business person takes for granted. The biggest of these is a total lack of a functional banking system that people trust and an almost total lack of capital, except for the largest and most attractive projects.

Things such as check-clearing and the payment of accounts receivable, which we take for granted, can take as long as 60 to 90 days. In a society where a business person must pay for raw materials and almost all items purchased in advance, this near impossibility to clear checks for payment can put a real damper on things.

In many instances, cash is the only medium of exchange. In one instance that was related to us, a person cashed a check in Vienna, waited about 10 days for the check to clear, then, rather than having the money transferred to his own bank account in Prague, had the funds turned into cash (about \$60,000) and carried it across the border in his pockets.

The alternative would have taken about 60 days. The cash was needed to purchase goods with a hefty profit already built in because the goods were sold. The sale would have been lost without access to the cash to pay for the goods in advance.

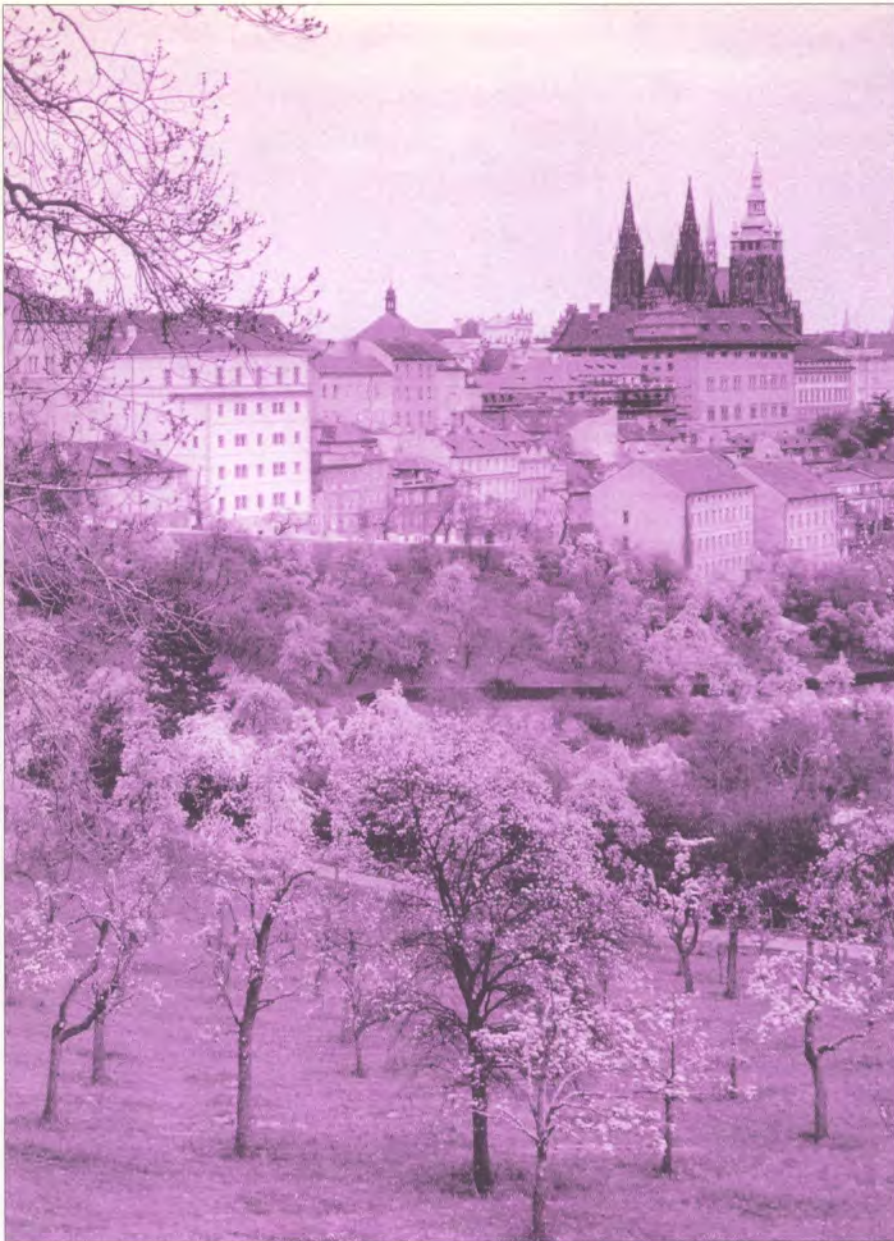
The status of privatization of real property in each country is a little different, but they all follow a familiar pattern.

The political solutions to privatization try to balance the interests of all of the parties involved. Remember, in almost all of the states of the former Soviet empire, there was no such thing as private property. The state owned it all. It owned all of the real estate and all of the businesses. Further, in almost every case, it mismanaged and did not care for the property or the business.

With a few exceptions, there were no private homes. People rented from the state or perhaps a state-owned cooperative. The sole exceptions were Slovenia and the other former states of Yugoslavia, where there was some private ownership. But they were the sole exception that I am

*continued on page 27*





The skyline of Prague, accented by Hradcany Castle. (Photograph by Michal Daniel)

aware of.

In the privatization of real property and businesses, some of the interests that must be balanced in the political process are those of the former owners at the time of expropriation by the government; the residents of housing units; the management and employees of state enterprises (remember, all enterprises were state enterprises); the people as a whole and the government as to the proceeds of sale of property; and many other subtle interests that don't seem apparent at first blush.

An article in the Czech magazine, *Ekonom* (the Czech equivalent to the *Economist* published in the United Kingdom), entitled, "The Current Situation of Privatization in Czechoslovakia" by Eva

Klavcova, points out that there is one additional interest that westerners may not envision—that of "the group of persons who have succeeded in getting rich under the past regime, be it as a result of their privileged position in the society, of the trade on black or gray markets or other types of *socialist* business." These people still retain much power in many enterprises and in the government. They can be a force to be reckoned with.

The privatization process in Estonia and the Czech Republic is the easiest to explain, and I will therefore confine the details of this narrative to these two countries.

### **Estonia: Two Property Categories**

In Estonia, my knowledge of privatiza-

tion is confined to anecdotal information received from several professors at Tartu University, where our conference was held, and information received from other attendees at this meeting. They told me the government will be attempting to sell or give away almost all of the assets which it owns and has decided not to keep on a permanent basis. Thus farms, apartment complexes, most businesses, homes, etc., will be sold or given away.

The property to be given away can be divided into two categories. First, all property expropriated by the communist government will be given back to the former owners. There are about 100,000 such properties. The problem is that the procedure to be used has not been decided upon, and funding for the process does not seem to be available because of the terrible state of the economy and the budget of the Estonian government.

One can imagine the problems in trying to prove who the owners of property were 50 years ago and then accounting for the deaths of people during the past half century, to determine who were the rightful owners.

The university professor I talked with on this subject thought it would take years to complete the process. That is quite understandable.

Comprising the second category of property to be given away are the flats occupied by Estonian workers. Each of these flats is to be valued on a fair market basis. A worker then is given credit for one square meter of the flat in which that person lived, for each year actually worked in Estonia. The remaining value of the flat must be purchased. Financing is to be provided by the government, but the terms have not been decided.

All other property to be privatized in Estonia will be sold, using a variety of methods. These approaches have not yet been determined.

There is agreement in principle on these various methods of distribution, but unanimous assent is lacking. As an example, one man with whom I spoke expressed the fear that the agricultural industry, upon which Estonia is very dependent, will be destroyed by giving the farms back to the owners before privatization. He conceded that the collective farm methods used under communism were not very successful, but said that a total knowledge of farming methods in Estonia was held by the people who occupied these farms.

He said forcing them to leave and putting the farms in the hands of others, regardless of how equitable this might be,

was foolhardy. Time will tell whether he is right.

It should be remembered that the average wage in Estonia is \$650 per year. The east-west wage differential was brought home recently when C-SPAN, the Congressional cable channel, rebroadcast the Russian evening news, where the announcer stated the Russian Congress of Peoples' Deputies had decided that Boris Yeltsin's salary was to be 72,000 rubles per month. The announcer said that, on the day of the broadcast, the dollar was worth 550 rubles. You can do your own math to see what Mr. Yeltsin is making. His is certainly a job no American would want.

### Czech Approach Similar

In the Czech Republic, the privatization process is similar but not identical to that of Estonia. Quoting again from the article in *Ekonom*, Eva Klavcova says the privatization process is "...returning property to original owners or their heirs, sale of a property to domestic or foreign investors, free transfer of a property to cities and municipalities and several other entities (including pension and social security funds and foundations) and distribution of a property through a voucher privatization process." This is the general approach to all privatization.

As for housing, most people live in flats. About half the flats are cooperatives, which are different from cooperatives in the United States in that the parties share all the expenses but do not have any ownership interest in their units. This would now change. The units would be sold to the occupants. The occupants would have a certain period of time to indicate if they were interested in buying. If so, they would be given the first right to buy and financing would be provided. If they did not buy, the flat would continue to be rented out by the cooperative.

From what I was able to find out, there is no provision in the Czech Republic to give any credit to workers in buying a flat for time worked in Czechoslovakia prior to privatization.

Those occupying the other 50 percent of the housing that is not owned by cooperatives (which usually means the government owns the property) will be encouraged to change to cooperatives, with unit sales then being handled in the manner prescribed for cooperative ownership.

If the property is not changed to a cooperative, it will be handled the same as privatization of a business. This means using one of several fairly obvious methods, ac-



Photograph by Michal Daniel

ording to *Ekonom*:

1. Direct sale to a private person in a private sale
2. Public or private auction
3. Transfer to a joint stock company, the stock of which will be sold through voucher privatization (more about the voucher system later)
4. Transfer to a joint stock company, where the stock would be sold as follows: 20 percent to a private business person or persons (perhaps the former managers of the company), 50 percent to citizens using privatization vouchers and 20 percent to the National Property Fund, with the remaining shares to the municipality in which the business is located

The problem the government is having in dealing with this is there are no strictly defined rules as to how the program should

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*In the Czech Republic, land records were not destroyed, but also were not kept up for the half century of communist rule.*

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be administered. This is also a problem for business people trying to purchase a business that is to be privatized. As in Estonia, there are insufficient money and staff available to administer the program. The U. S. Agency for International Development has sent 20 people to help the Czech government with program administration.

The voucher privatization system is an interesting method for attempting to share the ownership of these businesses and property with all of the citizens. Each citizen is given privatization vouchers, which may be used to buy an interest in the companies being privatized under methods 3 and 4 above. This system has not been implemented--but it will be in coming months. It should be interesting to see how it works. This method is being used in a number of the Eastern Bloc countries.

The Czech Republic is considerably more prosperous than Estonia. The average annual wage is about \$3,000 per year, and the mentality of the people seems more suited to a market economy.

One additional complication is that, on January 1, 1993, Czechoslovakia split into two countries, the Czech Republic and the Slovak Republic. No one seems able to give a good answer as to why this was done. From everything I saw and heard, it appears both countries will not be as well off after the split as beforehand. There seems to be a consensus that the Slovak Republic will be considerably worse off.

### Title Insurance Unavailable

Title insurance as we know it is not available in any of these countries. The United States Agency for International Development has offered to the Czech government, and to several others in eastern Europe, assistance in setting up a land title system similar to the United States in the belief this would assist them in attracting foreign equity and debt capital. They have refused so far, preferring to go with the western European model that depends more on attorneys or public officials searching land records and certifying titles. Advisors from the European Economic Community are assisting them in this conversion.

The western European system is somewhat similar to a Torrens-type system. Here, the public official in the land registry office certifies title to all of the parties involved in a transaction. All of the parties need to be represented by attorneys and real estate specialists, who prepare all documents under rigid guidelines and present them to the land registry official.

The land registry official then decides whether the documents are suitable for filing, and whether the official can certify the desired result based on the documents. If not, the records are rejected and the parties start all over again.

In eastern Europe, the problem is even greater. Once the communists expropriated real property, land records were not needed because the state owned the property. The land records offices were essentially closed and the documents were put in storage.

Raymond J. Batula, Jr., managing partner of the Prague office for the Washington law firm of Hogan and Hartson, told me land title records in the Czech Republic are in great disarray. He said a chain of title type system is used, with records kept in the registry courts, and title is proved by a public official searching these records and providing a certificate of title based on this search.

In the Czech Republic, land records were not destroyed but also were not kept up for the half century of communist rule and are extremely difficult to work with. Mr. Batula's firm uses a group of Czech lawyers to work with public officials and perform related services for clients.

The land records office is not open to the public in most east European countries, meaning that you cannot walk in to conduct a search on your own. Those desiring information must depend on public officials to perform title searches.

Those with whom I spoke, including representatives of American title underwriters and people in eastern Europe, doubt that a title insurance system similar to that of the United States will ever be developed in the former Eastern Bloc nations.

Most of the capital investment in the Czech Republic comes from Germany. Since the likelihood is that those investing both debt and equity capital in eastern Europe will have the greatest influence on the ultimate form the land title system will take, it is expected that the Czech Republic eventually will have the German system or something similar.

Comparing the vigor in the economy from a visit I made in 1989 (two months before the fall of communism) to my return trip in January, the difference is like night and day. The Czechs have adapted well to the market economy. Goods in the stores are plentiful compared to 1989, when nothing was there you would want to buy. Bohemian crystal can be purchased all over Prague at prices unheard of in the west. The people are smiling, whereas in 1989 they were distrustful and would not look a west-

erner in the eye. It was wonderful to see how changing to freedom and democracy could bring such a dramatic shift in the

---

*It was wonderful to see how changing to freedom and democracy could bring such a dramatic shift in the happiness . . . of the people.*

---

happiness and demeanor of the people.

My hearty recommendation is that, if you are a traveler, you go to eastern Europe. The people are friendly, the food excellent, and the accommodations clean and tolerable but not fancy (unless you are willing to pay New York prices). Travel in eastern Europe is a great bargain by western standards. As an example, on our last night in Prague during the January visit, we had dinner in the old Palace Hotel dining room. The food was superb, the service passable and, for five of us with a four course dinner and four bottles of Moravian wine (excellent), the cost was only \$30. Where else can you find quality at prices like that?

Most of the time, you can find people who speak English. Always, you will meet people who are fascinated by Americans and who are willing to gain their friendship. 🐦

## FOREIGN INTEREST

*continued from page 24*

operating in a country with a highly developed real estate economy already know their own system and, for the most part, are satisfied with the way in which the system allocates risk. American developers and investors going into the same system may not be satisfied with that allocation of risks, and have great need for title insurance to minimize or reallocate those risks."

Brodkey said the emerging needs in former communist areas of Europe have added another important dimension to the title industry view of developments in foreign nations.

"Central and Eastern Europe, the Balkan countries and the parts of the former Soviet Union have not yet worked out their systems—indeed, in some cases, they have not even decided how far they want to go

in embracing the concept of private ownership of land," he commented. "Both the legal structure and the mechanical problems of establishing and maintaining land records are in a state of flux. The United States title insurance industry is very much needed in these new markets."

Commonwealth Land Title Insurance Company Executive Vice President and General Counsel Irving Morgenroth said his company for some time has been exploring the possibility of extending title services to other countries, holding the view that there is a significant demand for title insurance or an equivalent protection elsewhere in the world.

"Although we have resisted invitations to lend credibility to dubious projects in foreign countries, we are concentrating our interest in those areas in which we believe a broad-based market can be developed," he said.

Marked differences in legal concepts and philosophies regarding interests in real estate among foreign nations represent a major contrast with those supporting the underwriting of the company in the United States, Morgenroth pointed out. As a result, Commonwealth has found it necessary to develop a substantial body of information and analysis before reaching a decision on providing title coverage in the new markets these countries represent.

"While I am not in a position to discuss our market strategies, I can suggest that Commonwealth will be prepared to launch such an expansion at an appropriate time," Morgenroth declared.

## April Stock Split For Lawyers Title

Lawyers Title Corporation, holding company for Lawyers Title Insurance Corporation, has announced a three-for-two stock split of its common stock to all shareholders of record on April 15, 1993. Issuance and distribution of the new stock has been scheduled for May 6.

According to the announcement, revenues for the company totaled \$471.2 million for the year ending December 31, 1992, an increase of 21.6 percent over the previous year. Net income for 1992 totaled \$11.9 million—or \$2.82 per share—compared with a net loss of \$22.7 million for 1991.

Operating margin for 1992 was 10.8 percent, contrasted to 1.7 percent the previous year, the company reported. Capital gains included in revenues and operating income before income taxes were \$10.2 million for 1992, against \$4.5 million for 1991.

# Voice Mail, Automated Fax Provide Improved Service for ALTA Members

On February 19, the ALTA office began a new era of communications with ALTA members. In order to serve you better, ALTA headquarters has installed a new voice mail and telephone fax system. The new system has been introduced as part of staff's on going efforts to provide better and more cost effective services to you, the ALTA members. Major features of the new system include Voice Mail and an Automated Attendant, as well as the high-tech Fax-on-Demand, and Broadcast Fax systems.

As is generally known, Voice Mail in recent years has become a standard business communication tool. With Voice Mail, ALTA members can now communicate with staff almost immediately, eliminating much of the time-consuming "telephone tag." The unavailability of a staff member need no longer suspend your ability to contact them. Messages may be left at any time of day or night. Likewise, ALTA staff members may retrieve their Voice Mail messages from anywhere at any time.

We have not, however, eliminated the human element. During normal business hours (8:45 a.m. - 4:45 p.m.), our receptionist will continue to greet ALTA members. Additionally, callers still have the option of leaving a written message via the receptionist should they not wish to utilize voice mail. However, by using voice mail, you can leave a message in your own words, eliminating lost or garbled messages and adding a level of privacy not previously available. Staff members now have their own personal extensions -making your Association easier to reach than ever before. Both ALTA and Land Title Institute staff extensions are listed below, as well as on the accompanying tear-out card in this issue.

During non-business hours, callers will be greeted with a friendly welcome by the Automated Attendant. This service allows you to directly dial the staff person you wish to reach via their extension. Should that person not be available, you will be given the option of connecting to their voice mail. While the primary function of the Automated Attendant is to assist callers during non-business hours, callers may—when necessary—be guided through a system of options to their party's extension. Examples would be when staff members are in a meeting, or when there is heavy activity in the office.

The new Fax-on-Demand program is a

quick, efficient and convenient way to receive documents staff currently faxes out on a regular basis. Members can retrieve documents, such as convention registration forms, directory listing information or educational materials, from the ALTA database by using a touch-tone telephone. Ac-

## ALTA Staff Personal Extensions

**Member toll free (800) 787-ALTA**  
**Other (202) 296-3671**

<b>James Maher</b> executive vice president	<b>(219)</b>
<b>David McLaughlin</b> accounting, dues	<b>(222)</b>
<b>Gary Garrity</b> <i>Title News</i> , public relations, media	<b>(218)</b>
<b>Richard McCarthy</b> research, TIAC E&O insurance	<b>(216)</b>
<b>Leigh Vogelsong</b> conventions, meetings	<b>(220)</b>
<b>Kathleen Robinson</b> membership	<b>(230)</b>
<b>Ann vom Eigen</b> legislative, TIPAC	<b>(214)</b>
<b>Edmond Browne</b> legal, regulatory	<b>(221)</b>
<b>Kelly Throckmorton</b> , continuing legal education, title forms	<b>(224)</b>
<b>Sherri-Lynn Minor</b> legislative, TIPAC	<b>(213)</b>
<b>Edna Day</b> accounting, dues	<b>(223)</b>
<b>Sharon Johnson</b> research, E&O insurance, meetings	<b>(225)</b>
<b>Carol Cowan</b> <i>ALTA Directory</i>	<b>(227)</b>
<b>Colleen Terry</b> <i>Title News</i> subscriptions, reception	<b>(210)</b>

## Land Title Institute

**Telephone (202) 331-7431**

<b>Patricia Berman</b> education	<b>(215)</b>
<b>Teresa Gant</b> LTI correspondence courses, videos	<b>(232)</b>

cess to the information comes through a voice-prompted menu. Once you have selected a document you wish to receive, simply enter your fax number, push a button and your request will come to you within minutes. Again, this program may be used 24 hours a day, seven days a week. By making frequently requested documents available via Fax-on-Demand, we can improve our quality of service to you while decreasing costs.


The additional component of the new ALTA communication system is Broadcast Fax. This feature will enable ALTA headquarters to dispatch important announcements to the entire membership within a matter of hours. By transmitting from our fax machine directly to yours, we can provide you with any late-breaking news, whether it be of a legislative, regulatory or other nature. Presently, ALTA uses an outside service bureau for this service. By bringing broadcast fax in-house, we will maintain better control, saving at least 60 percent on transmission costs. To take full advantage of this service, please make sure ALTA headquarters has your fax number.

ALTA staff looks forward to this improved communication with you, the ALTA members. Please feel free to contact us with any problems or suggestions via our member toll-free line: 1-800-787-ALTA.

## SURVEY STANDARDS

*continued from page 16*

vey services (beyond that generally required for land title survey purposes) and including such services within the certification. The purpose was to eliminate the need for four-page certifications which pose difficulties for surveyors to execute. The table has been revised to reflect the optional nature of the list of services. The note, formerly located at the bottom of the list, has been moved to the top by way of an introduction and to further emphasize the optional nature of these check-off items.

This latest revision reflects again the changing nature of the surveying and title industries. While over 20 years passed between the adoption of the initial standards and their first revision, recent history demonstrates the need for more frequent updates. Technology and practice changes will continue in the surveying community and in the title insurance industry as well. It is hoped that flexibility and responsiveness of both ALTA and ACSM will continue to be reflected in these joint standards. 

## NAMES IN THE NEWS



**Doti**



**Kermott**



**Mason**



**Crane**



**Oddo**



**Golden**



**Newcomb**



**Rowe**

**Dr. James L. Doti**, president, Chapman University, Orange, CA, has been elected to the board of directors of The First American Financial Corporation. Before being elected the university's president, he served as dean of its school of business and economics.

In other announcements, **Gary L. Kermott** has been named First American Title Insurance Company regional vice president for Arizona and Utah, and **Joseph J. Oddo** is now vice president-county manager for the company's San Diego County operations, San Diego, California.

First Land Title Company, Fort Wayne, IN, has promoted **Myla Greenlee** to vice president with responsibility for title production and market development in Allen County, and has named **Del Webb** vice

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**Jackson**



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**Wikle**



**King**



**Mastrianni**



**Chellis**



**Newman**



**Sammartino**



**Hayes**

president in charge of closing.

**Ronald G. Golden** has been elected senior vice president and manager of the Continental Lawyers Title Company Los Angeles office. Continental is a wholly owned subsidiary of Lawyers Title Insurance Corporation.

Elsewhere at Lawyers Title, **Martha K. Mason** has been named assistant vice president-regional sales manager and **Richard H. Crane, Jr.**, assistant vice president-regional systems administrator, both Mid-Atlantic regional office, Richmond, VA; **Eric P. Newcomb** has been appointed senior underwriting attorney, Midwestern and Rocky Mountain States regional office, Chicago; **Sharon M. Rowe** has been named operations manager, Rocky Mountain branch and Denver national division offices, Englewood, CO; **Charles L. Winfree, Jr.**, is now manager of the Dallas branch office; and **Marlene Ray Brown** has been named office manager, Anne Arundel-Severna Park, MD, branch.

**Ken Wikle** has been appointed manager, Datatrace Information Service Company Great Lakes plant center, and **Daniel C. King** is now Datatrace sales representative, both Mount Clemens, MI. Datatrace is a subsidiary of Lawyers Title.

Chicago Title and Trust Company has named **Seymour A. "Skip" Newman** and **Salvatore Sammartino** vice presi-

dents. They retain responsibilities as manager of the external accounting unit and assistant treasurer, respectively.

**Romey L. Jackson** has been named president and **Jim Scecina** vice president of Commonwealth Land Title Company of San Antonio, a new Texas subsidiary of Commonwealth Land Title Insurance Company. **Jackson** is responsible for title operations throughout Bexar County, where **Scecina's** responsibilities include plant operations, business development and closings.

**Camille Mastrianni** has been promoted to vice president in Commonwealth's New Haven, CT, office, where she serves as branch manager. **J. Lee Chellis** has joined the company as account development representative, Severna Park, MD.

**Linda D. Bal** has been appointed office manager for the Fidelity Title & Guaranty Co. Sand Lake Road office, Winter Park, FL.

**Walter A. Hayes** has been named program manager, Title Agents of America, errors and omissions professional liability firm based in Houston, TX.

## WHAT ARE WE WORTH?

I don't really have a good idea.

Let's ask the accountant.

What does the accountant know about the value of our company?

He's been working with our numbers for years.

The value of our company comes from more than just the numbers!

Like what?

Whoever values our Company has to know about market demographics, the title insurance industry and how it works. They have to know how to value a title plant; factor in what our competitors are doing, and all the other things that are *important* to our industry. Our accountant doesn't get involved in that... We should use a *professional* business appraiser.

Who should we call?

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Pennsylvania Land Title Assoc.

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215-688-1540



## NEW MEMBERS

### WELCOME!

ALTA proudly welcomes its newest members and sincerely thanks those members responsible for their recruitment. The recruiters noted in parentheses have now qualified for membership in the ALTA Eagle's Club and are eligible for the "Recruiter of the Year" prize.

### ACTIVE

#### Florida

Maximum Title & Guaranty, Melbourne, FL. (Recruited by John Casbon, First American Title Insurance Co., New Orleans, LA.)

#### Georgia

Attorneys Title Guaranty Fund, Inc., Cartersville, GA. (Recruited by John Casbon, First American Title Insurance Co., New Orleans, LA.)

#### Iowa

Beverly Wild Abstracting, Guthrie Center, IA.

#### Louisiana

Jackson B. Davis, Shreveport, LA. (Recruited by John Casbon, First American Title Insurance Co., New Orleans, LA.)

First Louisiana Title Corp., Harahan, LA.

#### Pennsylvania

Tri-County Abstract, Inc., Stroudsburg, PA.

#### Vermont

Vermont Attorneys Title Corp., Essex Junction, VT. (Recruited by Richard Patterson, Connecticut Attorneys Title Insurance Co., Rocky Hill, CT.)

### ASSOCIATE

#### Florida

E. Richard Alhadeff, Miami, FL. (Recruited by John Casbon, First American Title Insurance Co., New Orleans, LA.)

#### Indiana

Max W. Hittle, Jr., Krieg DeVault Alexander & Capehart, Indianapolis, IN. (Recruited by Edward Schmidt, National Escrow Title Co., Inc., Greenwood, IN.)

#### Louisiana

Robert A. Hawthorne, Jr., Kean, Miller, Hawthorne, D'Armond, McCowan & Jar-

man, Baton Rouge, LA. (Recruited by John Casbon, First American Title Insurance Co., New Orleans, LA.)

#### Maryland

Capital Professional Insurance Managers, Inc., Chevy Chase, MD. (Recruited by William W. Rice, III, Great Valley Abstract Co., Wayne, PA.)

#### South Carolina

T. Patton Adams, Adams, Quackenbush, Herring & Stuart, P.A., Columbia, SC. (Recruited by John Casbon, First American Title Insurance Co., New Orleans, LA.)

#### Virginia

Courtland L. Traver, McGuire, Woods, Battle & Boothe, McLean, VA. (Recruited by Commercial Title Group, Ltd., McLean, VA.)

#### Vermont

Doug Pierson, Pierson, Wadhams, Quinn & Yates, Burlington, VT. (Recruited by William W. Rice, III, Great Valley Abstract Corp., Wayne, PA.)

### ETHICS --

*continued from page 21*

able business practices. Supporting this theory are the common findings by investigations conducted through the "RESPA police" which include, among other things:

1. Agents providing money, vacations, trips, fax machines, computers and interest-free loans for referral of business.
2. Agents paying *excessive fees* to those providing legitimate services, or splitting fees for little or no work with a company in a position to refer business.
3. Agents failing to disclose controlled

business arrangements to consumers.

Not only are many of the situations depicted in the survey *unethical* — they are in direct violation of RESPA regulations. Companies operating in violation of RESPA regulations create an unfair advantage for themselves over those companies choosing to abide by the regulations, act in a responsible and ethical manner, and "play fair." Of course, as we have seen in the recent past, this does not exclude "harmed" companies from *blowing the whistle* and acting as informants in supplying information regarding the suspected unethical and/or illegal acts being perpetrated by their competitors.

So where does this leave us? Like many other industries comprising corporate America, we are in the midst of a paradigm shift between the *Era of Excess* and the *Era of Ethics*. Ethical, as well as *unethical*, behavior is a matter of *choice*; guided by *conscience* — not driven by *consequences*. Ethical decision-making requires a clear understanding of the situation; identification of all *stakeholders*; asking the right questions and pondering the answers; knowledge and consideration of potential alternatives; foresight into consequences; practice; and review. It means stepping back, taking stock, balancing the needs of others with our own; and invoking those tried and true personal values of honesty, integrity, fairness, justice, and equity. It means taking responsibility for the decisions we make, admitting when we are wrong, and learning from our mistakes. Ethical decision-making requires more from us than the average by-the-book rational business decision. It requires checking with our *hearts* as well as our *heads*, and balancing *instinct* with *logic*. Finally, it means making decisions that bring people together rather than divide them; decisions that can withstand public scrutiny; decisions we can be *proud of*.

We have much to look forward to. Our government seems to have gotten the message that unethical behavior is no longer acceptable. Our schools and colleges are, once again, integrating the teaching of values and ethics into the curriculum. Corporate America now has more companies than ever creating codes of conduct, and providing ethical training to management and employees alike. I predict, by the turn of the century, our *return to family values* will provide a solid foundation — not only for our *immediate* families — but for our *extended* families as well: our schools, our houses of worship, our workplaces, our industries, our communities, our nation, our world. 🦋

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Written at the home buyer level to reach the widest range of public interest. Explains why safeguarding against land title problems is essential, includes a basic discussion of how title insurance works, presents concise summaries of title hazards actually experienced, and points out that ALTA members are widely respected for their expertise. \$30.00 per 100 copies



## **The Importance of the Abstract in Your Community**

Describes, in quick-read form, what an abstract is and tells about the role of abstracters in expediting real estate transactions. Points out that the skill and integrity of ALTA member abstracters represents an important asset to those who purchase and otherwise invest in real property. \$17.00 per 100 copies



## **Buying A House of Cards?**

For those needing a lively, high-impact piece of promotional literature. In quick-read text, the folder makes it clear that title hazards are a sobering reality—and emphasizes the importance of owner's title insurance for home buyers. Reminds that home ownership is a major investment that can be protected by the services of ALTA member abstracters, agents and title insurers. \$14.00 per 100 copies

*Send checks made payable to the Association to  
American Land Title Association, Suite 705, 1828 L  
Street, N.W., Washington, DC 20036. You will be  
billed later for postage.*



# 1993 AFFILIATED ASSOCIATION CONVENTIONS

## May

6-8 **Tennessee**, Nashville Opryland Hotel, Nashville, TN

6-9 **Texas**, Stouffer Hotel, Austin, TX

13-15 **New Mexico**, The Legends, Angel Fire, NM

13-16 **Palmetto (SC)**, Radisson at Kingston Plantation, Myrtle Beach, SC

18-21 **California**, Silverado, Napa, CA

## June

3-4 **South Dakota**, Aberdeen Holiday Inn, Aberdeen, SD

3-5 **Colorado**, Hyatt Regency at Beaver Creek, Avon, CO

5-8 **New Jersey**, Mystic Hilton, Mystic, CT

13-15 **Pennsylvania**, Inner Harbor, Hyatt Hotel, Baltimore, MD

18-20 **New England**, Sea Crest, Falmouth, MA

20-22 **Oregon**, Sunriver Lodge Resort, Bend, OR

## July

8-10 **Utah**, Sun Valley, Sun Valley, ID

9-11 **Illinois**, Eagle Ridge Resort, Galena, IL

15-17 **Michigan**, Grand Hotel, Mackinac Island, MI

## August

5-7 **Indiana**, University Place Hotel, Indianapolis, IN

12-14 **Minnesota**, Holiday Inn, Fairmont, MN

12-14 **Montana**, Rock Creek Resort, Red Lodge, MT

12-15 **Idaho**, The Shore Lodge, McCall, ID

12-15 **North Carolina**, Williamsburg Lodge, Williamsburg, VA

19-21 **Kansas**, Overland Park Marriott, Overland Park, KS

22-25 **New York**, The Sagamore Bolton Landing, Lake George, NY

25-27 **Wyoming**, (To be determined)

## September

8-10 **Nebraska**, Ramada Inn (Downtown), Lincoln, NE

9-11 **Dixie**, Perdido Beach Resort, Orange Beach, AL

9-12 **Maryland/DC/Virginia**, Kingsmill, Williamsburg, VA

16-18 **Missouri**, Holiday Inn, St. Joseph, MO

16-18 **Nevada**, (To be determined)

16-18 **North Dakota**, Holiday Inn, Bismarck, ND

19-21 **Ohio**, The Lafayette, Marietta, OH

23-24 **Wisconsin**, Wyndam, Milwaukee, WI

29-Oct. 2 **Washington**, Skamania Lodge, Stevenson, WA

## October

31-Nov. 3 **Florida**, Saddlebrook Resort, Westley Chapel, FL

## November

10-12 **Arizona**, The Mirage, Las Vegas, NV

## Title News Offering Classified Ads

Effective with this issue (see next page), *Title News* is introducing "Marketplace," a new classified advertising section for reaching the nationwide land title industry audience. The new department will feature placements on situations wanted, help wanted, for sale and wanted to buy.

Basic format for the section is single column, text advertising placements. A box may be placed around an ad for an extra charge, and there is a discounted rate for three or more consecutive placements in the magazine. **Made-up** examples are shown below to provide an idea of style.

Rates for situations wanted or help wanted ads are \$80 for first 50 words, \$1 for each additional word, 130 words maximum (per insertion rate drops to \$70 for first 50 words plus \$1 for each additional word, for 3 or more consecutive placements). For sale or wanted to buy ads have a rate of \$250 for 50 words, 130 words maximum (per insertion rate drops to \$225 for 50 words, \$1 for each additional word for 3 or more consecutive placements).

Placing a box around an ad costs an extra \$20 per insertion for help wanted or situations wanted, \$50 per insertion for sale or wanted to buy.

Those desiring to place classified advertising in the new "Marketplace" department should send ad copy and check made payable to American Land Title Association to "Marketplace-Title News" care of the Association at Suite 705, 1828 L Street, N. W., Washington, DC 20036.

### Sample: Help Wanted

LEAD ABTRACTER wanted for three-county Kansas operation. Must be certified or comparably qualified. Send resume to *Title News* Box H-326

### Sample: Situations Wanted

COUNTY MANAGER for northwestern title underwriter branch seeks competitive opportunity with improved growth potential. Excellent fast track record, references. Write *Title News* Box E-418.

### Sample: Sale

TITLE PLANT for sale, Florida location. Microfilm, documents and tract books cover county for over 50 years. Computerized posting. *Title News* Box S-135

### Sample: Wanted to Buy

WANTED TO BUY: Used SOUNDEX system, needed by Indiana title agency. Particulars in first letter. *Title News* Box B-247.

## MARKETPLACE

*Rates: Situations wanted or help wanted, \$80 for first 50 words, \$1 for each additional word, 130 words maximum (reduces to \$70 for first 50 words, \$1 for each additional word, three or more consecutive placements). For sale or wanted to buy, \$250 for 50 words, \$1 for each additional word, 130 words maximum (reduces to \$225 for 50 words, \$1 for each additional word, three or more consecutive placements). Additional charge for box around ad: \$20 per insertion for situations wanted or help wanted, \$50 per insertion—for sale or wanted to buy. Send copy and check made payable to American Land Title Association to Title News Marketplace, American Land Title Association, Suite 705, 1828 L Street, N. W., Washington, DC 20036. Responses to classified placements should be sent to same address unless otherwise specified in ad copy.*

### Help Wanted

NATIONAL TITLE INSURANCE UNDERWRITER has two positions open for state manager in the states of Maryland and Ohio. Prior marketing/management experience preferred. Send resume and references to Title News Box H-301.

## CALENDAR OF MEETINGS

### 1993

May 2-4 **Title Counsel Meeting**, La Fonda, Santa Fe, NM

May 17-19 **ALTA Federal Conference**, Hyatt Regency Washington, Washington, DC

June 10-12 **Title Insurance Executives Conference**, Marriott at Sawgrass Resort, Ponte Vedra Beach, FL

October 13-16 **ALTA Annual Convention**, Marriott's Desert Springs Resort and Spa, Palm Desert, CA

### 1994

April 11-13 **ALTA Mid-Year Convention**, Scottsdale Princess, Scottsdale, AZ

## Local VFW Salutes Minnesota Man

Joel Holstad, president, National Title Resources Corp., White Bear Lake, MN, has been presented with an American flag by local VFW leaders in recognition of a direct mail piece developed through the company that encourages contacting war veterans and their families to express appreciation for their sacrifice.

The mailer includes a color photograph of the Iwo Jima Memorial in Washington, along with a patriotic message, and was distributed to clients, business associates, public officials and VFW members in connection with Veterans Day.

September 21-24 **ALTA Annual Convention**, Walt Disney World Dolphin, Orlando, FL

### 1995

April 5-7 **ALTA Mid-Year Convention**, The Westin Resort, Hilton Head, SC

October 18-21 **ALTA Annual Convention**, Loews Anatole Hotel, Dallas, TX

### 1996

October 16-19 **ALTA Annual Convention**, Westin Century Plaza Hotel, Century City, CA

## Fromhold Leads Pennsylvanians

Michael J. Fromhold, First American Title Insurance Company, is serving as current president of the Pennsylvania Land Title Association after election to that office during the organization's most recent annual convention.

Other new officers: William Corrigan, Penn Title, vice president; James Conmy, Lawyers Title Insurance Corporation, secretary; and William W. Rice, III, Great Valley Abstract Corporation, treasurer.

## New Wave Systems Purchased by SMS

Specialized Management Support, Costa Mesa, CA, has purchased New Wave Business Systems in a move to strengthen its market position in southern California. SMS provides computer systems and services to real estate, escrow and title operations.

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