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AMERICAN TITLE ASSOCIATION

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NUMBER 6



TITLE NEWS

Official Publication of

THE AMERICAN TITLE ASSOCIATION

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Volume XXXVII

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INSIDE STORY

Most members will be interested in the Operating Expenses in Percentages included in this issue. We are able to publish only eight reports at this time, but from these readers will gather they are a cross-section of the various types of operation within the title insurance and abstracting industry. We hope readers will be prompted to send to the ATA Headquarters their own reports on operating expenses and thus in later issues more can be made available for more members.

* * *

Federal Tax Liens and their troublesome nature are not new to readers of "Title News." We constantly publish as many comprehensive treatments of this and related problems as often as possible. We are again proud to include in this issue a consideration of Federal Tax Liens and trust deed foreclosures by Mr. Royal C. Rubright, of the Title Guaranty Company, Denver, Colorado. Our thanks to Mr. Rubright for giving us the benefit of his accomplished work in this field.

* * *

The increasing appearance of the Federal Government in the real estate and title picture is well illustrated in the article by Mr. David C. Schurch, of Union Title Insurance and Trust Company, San Diego, California. Some interesting cases are illustrated here as examples of how federal liens have a way of intervening at a most inopportune time. Between the lines one might also gather from Mr. Schurch's fine article how the dilemma is perpetuated under present laws.

* * *

We are proud to present "Operations Small Plants," the contribution of Mr. F. H. "Andy" Anderson, man-

ager of Skagit-Island Counties Title Company, Mount Vernon, Washington. This article is particularly applicable in our industry where so many of our firms might be embraced under the heading of small business. Our thanks to Mr. Anderson for making this available to the ATA membership.

* * *

"Resume of Subdivision Trust Agreement" comes to us through the courtesy of Phoenix Title and Trust Company, Phoenix, Arizona, more particularly from Charles W. Mickle, the company President.

This type of operation is more prevalent in the Southwest and West. It will be of interest to other members who are not familiar with this business facility. Included here also, beginning with the heading "PLANNING TO SUBDIVIDE?" is copy from a four-page, illustrated pamphlet issued by the company to encourage these subdivision arrangements and point out how this company is prepared to service customers interested in this plan.

* * *

Breaking a title policy form down into its intricate parts for the benefit of the members of the Bar is no easy task. It would appear almost hazardous if one also wished to express what the policy does **not** provide against. In the article, "What Your Title Policy Does Not Protect Against" by Lem P. Putnam, of the Title and Trust Company, Portland, Oregon, the author accomplishes wonders in this delicate area. It was delivered before the Oregon State Bar Association and is a fine example of the type of talk that can be presented to lawyers and perhaps other related groups somewhat familiar with our operation.

OPERATING EXPENSES IN PERCENTAGES

We are again pleased to present to our members statistical data showing expenses of operating a title insurance and abstract business by class in percentages. Each bears a general explanation of the locations and type of business the submitting company pursues. Although the number of schedules here published are not numerous, they are a cross section of major title business classifications, as near as such classifications can be made.

Here a member can compare and check his own operation and ascertain how his firm compares with others in the field. Such a study

should bring edifying results particularly if such comparisons are extended to reveal dollars as well as percentages.

Since business is somewhat slower in many areas this would be a good time to check back over expenses of operation in past years and possibly project the results into the future budgets of years to come.

We plan to carry additional reports in subsequent issues Title News as they are received. Companies that have not as yet sent on their own report could make a worthwhile contribution by submitting at this time a breakdown comparable to these.

EASTERN TITLE INSURANCE COMPANY (STATE-WIDE)

EXHIBIT A

Schedule showing operating expenses percentage by class. Percentages given for the years 1950-1957 are the percentage of total operating expenses for that class for the specific year.

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries	79.79	75.98	75.70	76.40	71.35	76.03	75.07	75.78
Director Fees .....	.37	.35	.29	.26	.60	.50	.46	.47
Attorney Fees .....	.22	.22	.22	.20	.19	.19	.18	.18
Rent	4.89	5.35	8.42	7.96	7.92	7.88	7.51	7.64
Insurance .....	.20	.20	.19	.19	.17	.17	.18	.19
Advertising, Promotion and Travel	3.30	4.05	3.85	3.54	4.04	4.02	2.75	3.33
Telephone, Postage and Office Supplies	3.24	2.97	2.62	2.82	2.62	3.24	2.71	2.79
Group Insurance .....	.49	.00	.07	.29	2.11	1.14	.34	2.08
Licenses and Fees .....	.22	.00	.00	.18	.00	.00	.34	.00
Office Maintenance and Expense .....	.61	.89	.14	.58	1.56	.55	.49	.50
Dues and Subscriptions .....	.39	.42	.49	.62	.52	.50	.52	.85
Furniture and Fixtures .....	.52	2.44	1.83	.28	2.27	.48	.92	.44
Donations, Contributions .....	.09	.11	.12	.17	.12	.14	.16	.16
Taxes—Pay Roll	1.42	1.60	1.20	1.18	1.48	1.87	2.12	1.80
Taxes—State	1.13	1.30	1.01	.98	.97	1.05	1.02	1.18
Title Insurance Reserve Expense	3.12	4.12	3.85	4.35	4.07	4.52	4.01	3.09
*Title Losses .....	.00	.00	.00	.00	.00	.00	1.22	.12
Total Operating Expense	100%	100%	100%	100%	100%	100%	100%	100%

*Expensed only last two years.

EASTERN TITLE INSURANCE COMPANY (STATE-WIDE)

EXHIBIT B

Trend percentage showing increase or decrease in operating expense by class of expense. In the following example 1950 is used as the base year and percentages for each year are that class percentage of the year 1950.

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries	100	100	101	111	108	117	121	119
Director Fees	100	95	78	70	162	135	124	127
Attorney Fees	100	100	100	91	86	86	81	81
Rent	100	109	172	163	162	161	154	156
Insurance	100	100	95	95	85	85	90	95
Advertising, Promotion and Travel	100	123	117	107	122	122	83	101
Telephone, Postage, Printing & Stationery	100	92	81	87	81	100	84	86
Group Insurance	100	0	14	59	431	381	69	424
Licenses and Fees	100	0	0	86	0	0	155	0
Office Maintenance and Expense	100	146	23	95	256	90	80	92
Dues & Subscriptions	100	108	126	159	133	128	133	218
Furniture & Fixtures	100	469	352	54	437	92	177	85
Donations and Contributions	100	122	132	189	132	156	178	178
Taxes—Pay Roll	100	113	85	83	104	132	149	127
Taxes—State	100	115	89	87	86	93	90	104
Title Insurance Reserve Expense	100	132	123	139	130	145	129	99
Total Operating Exp.	100	105	109	116	120	122	128	126

WESTERN TITLE INSURANCE COMPANY (STATE-WIDE)

EXHIBIT A

Schedule showing operating expenses percentage by class. Percentages given for the years 1950-1957 are the percentage of total operating expenses for that class for the specific year.

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries—Officers	13.63	15.00	11.68	10.55	10.53	9.71	12.45	9.89
Regular	53.61	53.33	57.41	59.40	56.39	57.80	54.81	56.36
Court House Take-Off	3.36	4.00	3.11	3.26	2.45	2.28	2.48	3.08
Rent	1.99	2.18	2.49	2.45	2.47	2.40	2.77	3.28
Insurance .....	.07	.41	.05	.25	.80	.08	.18	.67
Depreciation—Furniture and Equipment .....	.57	.59	.55	.65	.70	.74	.86	1.20
Travel, entertainment, auto expense & dues	1.53	1.67	1.80	1.66	2.00	1.85	1.85	2.26
Stationery & printing	5.71	5.03	4.76	4.63	5.18	5.60	4.51	4.04
Advertising	1.76	2.39	2.58	2.34	2.88	2.72	3.12	3.21
Telephone & postage	1.28	1.36	1.27	1.58	1.48	1.50	1.47	1.67
Employee benefits	6.09	4.40	4.35	3.89	5.65	5.00	4.09	4.69
Professional services .....	.95	.49	.31	.22	.22	.99	1.02	.25
Filing fees, bonds, etc. ....	.07	.14	.13	.07	.10	.06	.06	.17
State Taxes	1.62	1.52	1.35	1.14	1.23	1.40	1.39	1.47
Title Losses	2.28	2.32	1.12	2.47	2.87	2.58	3.32	1.40
Plant Upkeep & Repair .....	.31	.00	1.77	.44	.30	.03	.01	.83
Bad Debts (a) below .....	.92	1.22	.77	.89	.75	.76	.78	.67
Social security taxes	2.02	1.60	1.58	1.64	1.93	1.99	2.05	2.10
Miscellaneous	2.32	2.35	2.92	2.47	2.07	2.51	2.78	2.76
Total operating expense	100%	100%	100%	100%	100%	100%	100%	100%
(a) Bad debts recovered .....	.73	.68	.62	.86	.60	.56	.55	.54

WESTERN TITLE INSURANCE COMPANY (STATE-WIDE)

Trend percentage showing increase or decrease in operating expense by class of expense. In the following example 1950 is used as the base year and percentages for each year are that class percentage of the year 1950.

EXHIBIT B

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries—Officer	100	111	94	91	99	106	129	100
Regular	100	101	118	130	136	161	145	145
Court House Take-Offs.....	100	121	101	113	99	102	105	128
Rent	100	111	138	144	161	181	199	227
Insurance	100	640	95	445	1536	170	261	1350
Depreciation—Furniture & Equipment	100	106	108	135	161	196	218	291
Travel, Entertainment, auto expense & dues.....	100	111	129	127	169	177	172	203
Stationery & Printing.....	100	89	92	95	117	147	112	97
Advertising	100	137	161	156	210	231	251	250
Telephone & Postage	100	107	108	144	148	174	161	182
Employee Benefits	100	73	79	75	120	123	95	105
Professional Services	100	52	35	27	30	156	149	37
Filing, fees, bonds, etc.....	100	208	239	123	194	132	108	356
State Taxes	100	95	92	83	98	130	122	124
Title Losses	100	103	54	127	163	170	206	84
Plant Upkeep & Repair.....	100	—	611	170	131	1000	—	371
Bad Debts	100	113	91	116	93	126	124	100
Social Security Taxes	100	80	86	95	123	147	143	142
Miscellaneous	100	107	144	130	118	170	179	169
Total Operating Exp.....	100	101	110	117	128	149	148	138
Total Operating Income 100		90	96	92	115	133	116	117

ABSTRACT COMPANY—MID-WEST

Table showing percentages of the total operating expenses for the years
1956 and 1957 (sole Proprietor)

Item	1956	1957
Expenses (including paper, telephone, electricity, etc.).....	10.9	12.0
Rent	1.9	3.1
Owner	61.3	58.2
Employees	23.2	24.5
Depreciation	1.3	1.6
Taxes and Contributions	1.4	.6
Total	100.00	100.00

MID-WEST ABSTRACT COMPANY

TREND PERCENTAGE OF OPERATING EXPENSE

	1954	1955	1956	1957
Auto, Travel and Collect.	100	80	97	74
Library, etc.	100	136	98	162
Depreciation	100	98	96	92
Duplicator	100	50	55	46
Employees	100	48	52	69
Insurances	100	213	135	333
Cleaning	100	166	148	136
Losses	100	109	2	9
Miscellaneous	100	46	58	29
Office Supp.	100	90	85	77
Postage	100	103	96	87
Rent, Light & Heat	100	108	99	120
Equipment Repairs	100	125	97	109
Salaries—Employees	100	103	94	92
Stationery & Printing	100	128	94	78
Taxes—exc. Inc.	100	106	108	110
Telephone	100	101	101	102
Photostat	100	120	106	113
Advertising	100	100	92	64
Bad Accounts	100			131
Discounts	100	104	98	96
Donations	100	50	60	16
Dues & subscriptions	100	180	180	140
Salaries—exec.	100	148	196	105
Interest	100	78	71	64
Total	100	108	106	91

OPERATING EXPENSES PERCENTAGE BY CLASS

	1954	1955	1956	1957
Auto, Travel & Collect.	.11	.53	.64	.57
Library, etc.	.16	.21	.14	.27
Depreciation	2.84	2.55	2.55	2.74
Duplicator	1.54	.72	.80	.72
Employees	.22	.11	.11	.16
Insurances	.86	1.69	1.09	2.92
Cleaning	.14	.22	.20	.21
Losses	.05	.05	.00	.00
Miscellaneous	.05	.02	.02	.01
Office Supplies	1.76	1.44	1.37	1.40
Postage	.39	.37	.35	.36
Rent, Light & Heat	1.55	1.54	1.45	1.97
Equipment Repairs	.37	.43	.34	.43
Salaries—employees	61.75	58.80	54.78	60.48
Stationery & Printing	1.67	1.98	1.47	1.38
Taxes—exc. Income	3.22	3.20	3.29	3.79
Telephone	.57	.54	.55	.62
Photostat	1.08	1.14	1.05	1.26
Advertising	1.75	1.63	1.50	1.17
Bad accounts	.22			.38
Discounts	5.15	4.99	4.75	5.23
Donations	.73	.36	.44	.12
Dues & Subscriptions	.34	.58	.60	.51
Salaries—exec.	11.34	15.60	21.34	12.10
Interest	1.74	1.30	1.17	1.20
Total	100%	100%	100%	100%

WESTERN TITLE INSURANCE COMPANY (PLUS ABSTRACTS)
OPERATING EXPENSE ANALYSIS IN PERCENTAGES
USING YEAR 1954 AS AVERAGE FACTOR FOR
COMPUTING EXPENSE PERCENTAGE

Factor 1.878843	1954	1955	1956	1957
Advertising	4.1707	4.7528	3.9353	2.8908
Donations .....		.1052	.0582	.4180
Dues & subscriptions .....	.9032	1.2291	.9854	1.1779
Commissions .....	.0555	.0328	.0887	.5835
Covenant of purchases .....	.3100	1.0145	1.0484	1.0823
Legal services	5.2067	4.9679	3.7897	3.0684
Depreciation—Autos .....	.4158	.5927	.6434	.6979
Building	1.8668	1.8700	1.8710	1.8710
Furn. & Fixtures	2.1287	2.1748	1.9398	1.7842
Freight & cartage .....	.2617	.3487	.3667	.2464
Insurance—General .....	.9199	.6005	.9199	.8435
Group Life .....			.9760	.8682
Interest	6.8370	8.0965	9.5025	8.9043
Janitor services .....	.8003	.8875	1.0924	.9908
Maintenance—Building .....	.2177	.2741	.4656	.4774
Equipment .....	.3838	.4460	.3825	.5120
Miscellaneous	1.9940	3.4228	2.5099	2.2197
Postage .....	.4013	.5223	.5595	.5373
Rent—Building	3.0062	3.0061	3.0061	3.0061
Others .....	.2857	.2019	.1780	.1782
Salaries—Special .....	.8051	.4847	.4847	.4847
Officers	17.2256	18.5620	20.2866	21.3261
Employees	34.1106	44.4222	43.2602	37.3371
Stationery & supplies	11.0303	21.0502	15.9215	12.0961
Taxes—Building .....	.8346	.8786	.9562	.9484
Payroll	1.3434	1.7251	1.6007	1.4147
Telephone & Telegraph	1.7171	2.3072	2.5103	2.1328
Travel	1.1600	1.5889	1.9847	1.5174
Utilities	1.6083	1.9061	1.9399	1.6860
	100%	127.4712	123.2638	111.3012

SOUTHWEST TITLE INSURANCE COMPANY (PLUS ABSTRACTS)

OPERATING EXPENSE ANALYSIS IN PERCENTAGES

	1954	1955	1956	1957
Advertising	4.1707	3.7286	3.1925	2.5972
Donations .....		.0826	.0472	.3756
Dues & subscriptions .....	.9032	.9643	.7994	1.0583
Commissions .....	.0555	.0258	.0719	.5242
Covenant of purchases .....	.3100	.7961	.8506	.9723
Legal services	5.2067	3.8973	3.0745	2.7567
Depreciation—Autos .....	.4158	.4649	.5219	.6271
Building	1.8668	1.4670	1.5179	1.6810
Furn. & Fixtures	2.1287	1.7061	1.5738	1.6030
Freight & cartage .....	.2617	.2736	.2975	.2214
Insurance .....	.9199	.4710	1.5381	1.5380
Interest	6.8370	6.3517	7.7091	8.0001
Janitor services .....	.8003	.6963	.8862	.8902
Maintenance—Building .....	.2177	.2150	.3777	.4289
Equipment .....	.3838	.3499	.3103	.4600
Miscellaneous	1.9940	2.6851	2.0362	1.9944
Postage .....	.4013	.4097	.4539	.4828
Rent—Building	3.0062	2.3582	2.4388	2.7009
Others .....	.2857	.1584	.1444	.1601
Salaries—Special .....	.8051	.3802	.3932	.4356
Officers	17.2256	14.5616	16.4579	19.1607
Employees	34.1106	34.8487	35.0957	33.5460
Stationery & supplies	11.0303	16.5137	12.9166	10.8680
Taxes—Building .....	.8346	.6892	.7757	.8521
Payroll	1.3434	1.3533	1.2986	1.2710
Telephone & telegraph	1.7171	1.8099	2.0365	1.9163
Travel	1.1600	1.2465	1.6102	1.3633
Utilities	1.6083	1.4953	1.5737	1.5148
	100%	100%	100%	100%

MID-WEST TITLE INSURANCE COMPANY (STATE-WIDE)

SCHEDULE SHOWING OPERATING EXPENSES PERCENTAGE BY CLASS

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries—Officers	53.52	58.93	54.94	12.54	12.73	11.96	12.11	13.20
Regular				41.07	38.16	40.59	41.26	46.40
Employee Benefits .....	.82	.96	6.46	7.56	7.28	7.37	7.43	8.46
Rent	8.12	9.70	8.30	7.68	7.85	9.04	9.57	9.38
Telephone & Telegraph .....	.94	1.00	.93	.98	.97	.97	.92	.98
Advertising	1.07	1.00	1.44	2.10	1.52	3.27	1.99	2.19
Travel .....	.35	.30	.68	.73	.43	.76	.59	1.11
Entertainment .....	.41	.36	.74	.44	.39	.37	.53	.35
Dues & Subscriptions .....	.56	.68	.70	.77	.57	.77	.65	.80
Donations .....	.08	.09	.21	1.93	2.09	2.01	2.73	
Stationery, Prtng., Pstge.	1.55	1.65	2.73	1.58	1.23	2.81	1.85	1.84
Plant Expense	1.35	1.19	1.43	1.26	1.03	.92	1.19	.78
Janitor Service	1.05	1.26	1.00		.86	.83	1.00	1.08
Insurance .....	.65	.74	.38	.57	.76	.67	.53	.45
Repairs	1.74	.52	.93	.43	.30	2.08	.36	.22
Legal and Professional .....	.54	.56	.59	.56	.45	.81	.80	.71
Taxes (Exc. Fed.)								
Income Tax	1.12	1.42	2.32	2.91	2.66	2.79	2.98	3.47
Prov. for doubtful accts.	1.56	.81	.67	.99	.98	1.04	1.38	.79
Add. to Reserves	22.29	15.87	14.03	13.83	18.73	7.92	8.51	7.18
Furniture & Fixture								
Charge Off .....	.47	2.14	.78	.90	.47	2.41	1.86	.15
Miscellaneous	1.81	.82	.74	1.17	.54	.61	1.76	.46
Total Operating Expense	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TITLE INSURANCE COMPANY—MID-WEST (INTER-STATE BUSINESS)

Schedule showing operating expenses percentage by class. Percentages given for the years 1950-1957 are the percentage of total operating expenses for that class for the specific year.

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries—Officers	6.92	6.92	6.56	6.30	5.85	6.9	4.43	4.82
Regular	50.09	52.65	51.18	50.50	49.43	50.5	46.21	42.31
Overtime	3.43	1.92	1.79	1.98	1.86	1.7	.61	.13
Director Fees .....	.41	.38	.37	.35	.47	.55	.45	.51
Attorney Fees	7.41	5.94	5.52	5.25	5.00	2.25	5.32	5.35
Possession & Judgment Reports	1.88	1.53	1.58	1.51	1.68	1.91	1.55	1.61
Rent & Leasehold Amortization	2.94	4.03	4.76	5.31	6.26	6.02	4.70	5.28
Insurance .....	.40	.33	.32	.42	.38	.40	.38	.44
Depreciation—Furniture & Equipment .....	.83	1.00	.82	.85	.93	.97	1.19	1.37
Travel, Entertainment, auto expense & dues	2.00	2.59	2.45	2.97	2.27	2.13	4.07	4.70
Stationery & Printing	2.70	2.19	2.96	3.49	2.36	2.0	2.97	2.38
Advertising	2.42	2.14	1.92	2.31	2.01	3.75	5.49	6.49
Telephone & postage	1.49	1.55	1.48	1.46	1.33	1.50	1.40	1.47
Employee benefits .....	.69	.70	.60	1.01	3.27	3.25	3.48	3.06
Professional services .....	.56	.58	.54	.55	.48	.50	.35	.84
Filing fees, bonds, etc. ....		.38	.23	.18	.11	.12	.49	.54
Premium Taxes	2.28	2.32	2.10	2.20	2.33	2.45	2.55	2.86
Addition to unearned premium reserve	4.38	3.66	4.02	4.05	4.20	4.50	4.53	3.99
Addition to guaranty loss reserve	4.68	5.98	7.63	5.22	5.55	5.25	6.48	6.77
Provision for plant and machine repair	1.12	1.25	1.23	1.14	.97	.80	.80	.63
Bad debts .....	.16	.19	.01	.07		.08	.23	.52
Social security taxes .....	.98	1.01	.95	.92	1.09	1.20	1.12	1.23
Miscellaneous	2.23	.76	.98	1.96	2.17	1.00	1.19	2.70
Total operating expense	100%	100%	100%	100%	100%	100%	100%	100%

TITLE INSURANCE COMPANY—MID-WEST (INTER-STATE BUSINESS)

Trend percentage showing increase or decrease in operating expense by class of expense. In the following example 1950 is used as the base year and percentages for each year are that class percentage of the year 1950.

	1950	1951	1952	1953	1954	1955	1956	1957
Salaries—Officer	100	103.	105.	117.	127.	147.	174.	174.
Regular	100	109.	113.	130.	148.	133.	169.	144.
Overtime	100	58.	58.	74.	81.	122.	339.	67.6
Directors Fees	100	94.	99.	1.	169.	196.	212.	218.
Attorneys Fees	100	83.	82.	91.	101.	64.	137.	128.
Possession & Judgment Reports	100	85.	94.	104.	135.	150.	158.	153.
Rent & Leasehold Amortization	100	142.	180.	233.	320.	340.	305.	317.
Insurance	100	85.	89.	134.	141.	183.	184.	193.
Depreciation—Furniture & Equipment	100	125.	109.	133.	168.	190.	276.	293.
Travel, Entertainment, auto expense & dues	100	134.	136.	192.	170.	205.	389.	415.
Stationery & Printing	100	84.	122.	167.	131.	193.	210.	156.
Advertising	100	91.	87.	122.	123.	227.	430.	470.
Telephone & postage	100	108.	110.	126.	134.	150.	179.	174.
Employee benefits	100	105.	97.	190.	716.	700.*	973.*	789.*
Professional services	100	108.	108.	125.	128.	130.	118.	264.
Filing, fees, bonds, etc.	100	100.	65.	59.	40.	41.	237.	240.
Premium taxes	100	105.	103.	124.	153.	160.	214.	222.
Addition to unearned premium reserve	100	87.	102.	120.	144.	152.	198.	161.
Addition to guaranty loss reserve	100	132.	182.	144.	178.	185.	265.	256.
Provision for plant & machine repair	100	117.	124.	133.	132.	135.	137.	100.
Bad debts	100	121.	10.	55.		20.	277.	571.
Social Security Taxes	100	108.	110.	123.	170.	185.	219.	225.
Miscellaneous	100	35.	48.	112.	145.	160.	118.	155.
Total operating expense	100	102.	109.	127.	147.	173.	188.	174.

*Includes pension contributions

TITLE INSURANCE COMPANY—WESTERN (STATE-WIDE)

	Percentage of Expenses, by Class To Total Operating Expense				Trend Percentage, Showing Increase or Decrease in Operating Expense, by Class of Expense			
	1954	1955	1956	1957	1954	1955	1956	1957
Salaries—Officers	6.036	6.056	6.148	5.255	100	112.72	119.61	101.07
Others	59.455	58.854	54.465	55.782	100	111.22	107.58	108.92
Overtime	4.864	5.734	2.120	1.519	100	132.47	51.19	36.26
Other personnel benefits	3.071	1.185	5.487	5.823	100	43.33	209.83	220.11
Social security taxes	2.139	2.279	1.978	2.279	100	119.68	108.57	123.69
Directors' fees .....	.437	.455	.439	.450	100	116.96	117.86	119.64
Charitable contributions .....	.652	.675	.677	.710	100	116.46	122.05	126.56
Advertising, conventions, public relations and dues	3.803	4.334	4.312	5.043	100	128.07	133.16	153.95
Postage and express .....	.370	.401	.315	.314	100	121.59	100.04	98.54
Periodicals & other publications .....	.097	.093	.392	.191	100	107.67	476.27	228.73
Stationery & supplies	4.588	5.890	4.197	3.417	100	144.23	107.43	86.45
Telephone & telegraph	1.280	1.386	1.258	1.759	100	121.72	115.46	159.55
Title services purchased .....	.259	.195	.396	.396	100	84.71	179.76	177.56
Miscellaneous & sundry .....	.096	.139	.006	1.072	100	162.93	72.11	1296.18
Travel	1.837	1.671	1.542	1.420	100	102.16	98.53	89.72
Audit fees	1.051	.538	.465	.511	100	57.54	51.97	56.42
Reinsurance fees .....	.361	.208	1.531	.103	100	64.79	497.62	33.18
Insurance .....	.403	.361	.429	.374	100	100.79	124.95	107.75
Attorney fees .....	.360	.367	1.037	.639	100	114.52	338.18	205.92
Taxes—Premium	1.100	1.261	1.124	1.141	100	128.84	120.04	120.46
Rent	2.598	2.382	3.147	4.942	100	102.99	142.25	220.82
Cleaning services & supplies .....	.375	.238	.234	.171	100	71.14	73.32	53.02
Depreciation & amortization	1.568	1.536	3.207	2.177	100	109.98	240.15	161.12
Repairs .....	.684	.547	1.192	.506	100	89.70	204.85	86.00
Taxes—Real & personal property .....	.184	.184	.496	.184	100	111.81	216.09	115.83
Utilities .....	.421	.464	.446	.231	100	123.51	124.19	63.71
Losses—Title policy	1.371	2.567	2.687	2.432	100	210.26	225.67	205.87
Administrative .....	.324	(.002)	.158	1.044	100	(5.50)	57.19	374.19
Bad debts .....	.216	.002	.115	.115	100	10.47	62.89	62.23
	100.000	100.000	100.000	100.000	100	112.36	117.44	116.09

YOUR BIG DATE IN '58 IS IN WASHINGTON STATE

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September 21-26, 1958
(Sunday to Friday Noon)

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FEDERAL TAX LIENS AND TRUST DEED FORECLOSURES UNDER POWER OF SALE

ROYAL C. RUBRIGHT

Associate Counsel, The Title Guaranty Co., Denver, Colorado

In many states lenders use deeds of trust instead of mortgages to secure loans made upon real property. The chief attraction of deeds of trust is the speed and smaller expense involved in foreclosure. In Colorado, for example, a statutory method is prescribed by which the public trustee publishes a notice of foreclosure and mails a copy to the mortgagor, owner and junior encumbrancers. A public sale is then held at which a certificate of purchase is issued, and after approximately six months when the redemption period has expired, a public trustee's deed is issued which vests title in the purchaser at the foreclosure sale.

Difficulties in trust deed foreclosures are now being encountered because of the increase in the number of recorded Federal tax liens. The statute¹ prescribes the only method by which jurisdiction can be obtained over the Federal Government. The existence of a recorded Federal tax lien requires a court foreclosure which is just like the procedure in those states which use mortgages and have no statutory trust deed foreclosure provisions. This delay and expense is further aggravated by the fact that the United States has twice as long to answer under the statute cited in Note 1, i.e. 60 days instead of 30 days, and also because the United States has twice the normal six months' redemption time, or a period of one year after the sale is held. The additional time afforded to the United States to answer and to redeem is serious enough in the states where mortgages can only be foreclosed through court, but a worse situation exists in those states in which the streamlined statutory foreclosure procedure could otherwise be used.

There is, however, welcome news

contained in an Internal Revenue Service, technical information Release No. 10, July 11, 1956.² This Release indicates that District Directors of Internal Revenue are authorized to issue "Conditional commitments to discharge certain property from Federal tax lien." A special section in the office of the District Director is usually given charge of this procedure. The District Office in Colorado, for example, provides forms designated DIR: DEN:C:D:SPS No. 59 and No. 81 Rev. 1956. If the execution of these forms sufficiently evidences the fact that other encumbrances, which have a recorded priority over that of the United States lien, exceed the value of the property, then the special procedure section will issue what is designated a "Conditional commitment to discharge certain property from Federal Tax Lien." The form locally is designated DIR: DEN:C:D:SPS No. 80, July, 1956. If the claim of the Federal Government is in fact junior and subordinate to the extent that there is no equity belonging to the tax payer, then the Government will, after foreclosure sale, upon proper showing, deliver a discharge of the lien on the particular property being foreclosed. The information release No. 10 indicates that the Government welcomes the use of this procedure. The United States was being made a party in a great many foreclosure suits where the taxpayer-mortgagor had no equity, and hence the mortgagor's interest to which the lien of the United States attached, had no value. The Government attorneys are being kept busy filing pleadings in these actions where in fact there is no financial interest to the Federal Government. The procedure referred to was apparently devised to avoid this morass of unprofitable litigation. Whatever the motive may have been,

the Government is to be commended for this effort to cooperate with mortgagees in permitting foreclosures to be conducted promptly and efficiently. No one could quarrel with the proposition that if the tax payer has an equity, and if the Federal Government has a lien affecting that tax payer, the United States should be entitled to the benefit of that equity and its application to the payment of the delinquent tax.

In those states that have a trust deed statutory foreclosure, lawyers can thus continue to conduct foreclosures by sale through the public trustee if they first secure a conditional commitment. In the event title derived under the foreclosure is to be insured and if the discharge of lien is recorded, no problems will be presented to a title company.

A word of caution is in order. The theory of a public sale is of course to obtain the highest possible bid for the property. The holder of the loan who initiates the foreclosure usually feels that the value of the property will not exceed the amount of his encumbrance and normally he will bid only the amount of the loan, plus accrued interest, advances for taxes, insurance and costs. Usually no equity remains in the mortgagor, and hence there is no equity to which a Federal lien could attach. If a stranger should bid at the foreclosure sale, truly the doctrine of caveat emptor would apply. If the stranger bids enough to pay off all the encumbrances which were senior to the United States, and a little more, but not enough to fully discharge the Federal lien, he would become involved in a difficult situation. The conditional commitment which the original mortgagee may have obtained would not help the stranger because the bid in excess of the encumbrances establishes on its face that there is an equity in the mortgagor and of course the Government would insist upon enforcing its tax lien against that equity. The purchaser would find that his foreclosure title was subject to a Federal tax lien against the property which was not

eliminated by the foreclosure proceeding.

A title insurance company would not insure the title until a release of the tax lien was obtained and recorded. The stranger might have to pay twice, that portion of his bid which exceeded the encumbrances recorded prior to the Federal tax lien, i.e. the mortgagor-taxpayer's equity. If such equity were less than the amount of the tax lien he might still be able to obtain a release or discharge under the statute³ by paying to the Government the value of the mortgagor-taxpayer's equity.

There is another danger with respect to the position which the Federal Government may take in these foreclosures. It is a problem cogently and forcefully discussed by Mr. Harold L. Reeve in two articles⁴. He discusses at page 28 of *The Title News* the equitable doctrine of *lis pendens*. In a mortgage foreclosure through court, an attorney proceeds under normal state practice and files a *lis pendens*. In a statutory public trustee foreclosure, for example in Colorado, he files a notice of election and demand which has substantially the same effect that a *lis pendens* does, because no encumbrancer or lienor acquiring an interest subsequent to the date of the filing of the notice need be notified that a foreclosure is pending. For reasons which Mr. Reeve discusses, the Federal Government tends to take the position that it is not bound by a *lis pendens* (nor presumably by a recorded Notice of Election and Demand) of record. In a public trustee foreclosure of the type we have been discussing, if the Federal lien were recorded prior to the date when a notice of election and demand was filed, then the attorney conducting the proceedings would realize that he must obtain a conditional commitment, or bring a court foreclosure. Assume, however, that the notice of election and demand is filed and at that time no Federal Tax Lien is of record. During the period of mailing and of publication of notice, and prior to sale, more than two months elapses. During that interval the Federal Government may

have filed a tax lien so that at the date the sale is held the lien exists of record. This raises a question whether the Federal lien is cut out by the subsequently held sale. Lawyers are surprised to encounter the problem, largely because they have been resting upon the well settled principle of state practice that the filing of a *lis pendens* (or a notice of election and demand) was the last event necessary to prevent rights from arising under subsequently recorded liens. I am told that when the problem has been discussed with representatives of the Federal Government they have informed lenders that the Government proposes to assert its lien and will litigate the question to the United States Supreme Court if necessary. There are apparently some conflicting court decisions⁵. Mr. Reeve's articles graphically portray the Government's success in similar litigation and a prudent lawyer in the average foreclosure case cannot indulge the luxury of an appeal to the United States Supreme Court.

In the light of this attitude it is imperative that the attorney conducting the foreclosure sale check with the abstractor or examine the public records to determine whether or not prior to sale any recorded Federal liens have intervened. If they have, he should attempt to obtain a conditional commitment following the procedure outlined above⁶. If it appears that there may be any equity in favor of the mortgagor, he may find it necessary to dismiss his proceeding and to file a court foreclosure or amend an existing court foreclosure proceeding to include the United States as a party pursuant to the statute cited

in Note 1. If the delay, increased expense and the lengthened redemption period of one year look too formidable, another alternative exists. The attorney may be able to obtain discharge of the Federal lien pursuant to 1954 Internal Revenue Code, Sec. 6325 (b) (2) (A) by using Forms No. 59 and No. 81 referred to above, and by paying the amount of the mortgagor's equity to the United States in satisfaction of the lien.

From the standpoint of the title insurance company it should not rely upon doctrines of *lis pendens* in this field nor upon the effectiveness of a statutory notice of election and demand. If a title search discloses an intervening Federal lien recorded prior to the foreclosure sale, the title company should require release or discharge of the lien, or the completion of a foreclosure proceeding valid against the United States pursuant to the statute cited in Note 1.

Presumably, the uncertainty about the existence of a Federal Tax lien would end on the date when the foreclosure sale was held on the theory that the purchaser at the sale became a "purchaser" within the meaning of 1954 Internal Revenue Code, Sec. 6323, or perhaps the purchaser has stepped into the shoes of the "mortgagee" under that section.

While a mortgagee may find his task of foreclosure simplified by obtaining the conditional commitment discussed above, any purchaser at any foreclosure sale based on any kind of lien must use great diligence to determine that proper steps have been taken to release or extinguish every Federal tax lien of record prior to the foreclosure sale.

THE PRIVATE LIEN HOLDER AND YOUR UNCLE SAM

DAVID C. SCHURCH

*Vice President and General Counsel, Union Title Insurance & Trust Co.
San Diego, California*

In these times, as the Federal Government appears in the real estate picture with increasing frequency, it is very apparent that anyone who may be depending on the security of a private lien on real property must keep his guard up at all times, lest he find himself standing in line behind Uncle Sam when the day of reckoning arrives. Although it is hard to believe, it is now established fact that the Federal Government is able to obtain an interest in a taxpayer's property which is greater than the taxpayer himself possesses.

This startling proposition is illustrated by the very recent case of *United States v. White Bear Brewing Company*, (1956), 350 U.S. 1010. A mechanic's lien claimant filed his notice of lien in compliance with an Illinois statute. A timely suit to foreclose the lien was instituted in the proper court, summons was served on the property owner, and a lis pendens was recorded, all before any Federal tax lien existed. Thereafter, Federal revenue liens against the owner arose and were recorded. The United States was not a party to the suit. The suit proceeded to judgment, sale and the issuance of a master's deed.

Several years later, White Bear Brewing Company, a complete stranger to the title, purchased the property, relying on the title resulting from the foreclosure sale and executed a deed of trust to finance its purchase. More than a year later, Uncle Sam filed suit to foreclose its tax liens to satisfy its claim against the former owner's interest in the property. White Bear and its mortgagee were named as defendants. In the Federal trial court, White Bear's motion to dismiss was granted and this ruling was affirmed in the circuit court of appeals. (227 Fed. (2) 359).

The motion was supported by defendant's contentions that (1) the recorded mechanic's lien was a perfected lien entitled to priority over the subsequently arising Federal liens and (2) the Federal liens were removed under the rule of lis pendens, long recognized by the Illinois statute and the common law. The Supreme Court, tersely refusing to issue the usual written opinion, reversed the lower courts. The mechanic's lien claimant and his successors were forced to be satisfied (but not content) with what was left over after the Government had been paid off. Thus, your Uncle Sam established an interest in property on the basis of a claim against a former owner whose rights had long since been eliminated by due process of law.

Again, consider the position of a lender whose loan is secured by an open-end form of deed of trust. The parties have agreed that, in addition to the sum originally borrowed, any future advances made by the lender to the borrower and evidenced by promissory notes duly presented to the trustee shall be secured by the deed of trust. Under the law in California and in the great majority of the other states these future advances are given priority, as of the date of recording of the deed of trust and take precedence over other liens and interests arising between such recording date and the dates of the respective advances thereunder, provided the lender has no knowledge of the intervening interests on the respective dates he makes the advances. *Tapia v. DeMartini*, 77 Cal. 383. This knowledge must be something more than constructive notice such as is imparted by the recording laws. Actual notice has been held to be sufficient and this includes knowl-

edge of facts which are sufficient to put a reasonable man on inquiry. *Atkinson v. Foote*, 44 Cal. App. 149 and *W. P. Fuller & Co. v. McClure*, 48 Cal. App. 185.

Thus it is seen that under state law, the lender who makes future advances in compliance with the terms of his contract with the borrower is protected against intervening liens of which he has no knowledge. This protection vanishes when Uncle Sam appears on the scene in the role of a subsequent tax lien claimant.

Why do we have this result? The answer is found in the conflict between state and Federal law. The trend of Federal Court decisions and administrative rulings makes it clear that, where a Federal tax lien is involved, the Government has no intention of recognizing traditional concepts under state law which ordinarily determine what is or is not a lien on real estate and the relative priorities between competing liens. Even though it be conceded that Federal law is paramount to state law in those fields which have been preempted by the Federal Government, Congress has not enacted any statute which gives priority to intervening Federal tax liens over advances made under the terms of a recorded mortgage or deed of trust. There is a very real need for Federal legislation which would provide a more equitable solution to this dilemma. It has been suggested that Uncle Sam should recognize the actual notice rule.

The danger to the private lender becomes more realistic when consideration is given to Section 6322 of the Internal Revenue Code of 1954. This Section provides that a revenue lien (for example, a lien for unpaid income tax) now "shall arise at the time the assessment is made" as contrasted to the time "the assessment list is received by the Collector" under the 1939 Code. This means that the lien now comes into existence at an earlier date than under previously existing law and, more signi-

ficantly, that we are dealing with a secret lien in Uncle Sam's favor, since it is based on information that is not available to the public. It should be mentioned that under Section 6323 of the 1954 Code, the revenue lien is not valid as against a mortgagee, pledgee, purchaser, or judgment creditor until notice thereof has been filed in the County Recorder's Office. But Uncle Sam has decided in his own forums that these exceptions do not extend to advances by a mortgagee of record made at a time subsequent to the attachment of his secret lien. As previously noted, the same harsh rule applies to mechanic lien claimants whose claims have not been reduced to judgment and the same application is made to the claims of attachment creditors who have not proceeded to judgment before the revenue lien has arisen.

It has long been the policy of the law to protect those who have contributed labor or materials to the improvement of real property and to prefer the claims of those who have attached their debtors' properties, to prevent them from disposing of it before just debts are paid. By application of the doctrine of relation back, judgments whereby these claims are perfected relate back, in the mechanic's lien cases, to the time of commencement of the work of improvement, and in attachment suits, to the date the attachment was levied on the debtor's property. Uncle Sam calmly ignores these equitable and time-honored principles of law. The rules laid down by his courts and administrative bodies are now too well established to be overturned by the Federal courts. The Supreme Court of the United States has indicated that the questions presented are not sufficiently debatable to justify full briefs and oral argument or a written opinion by that august body. (*United States v. White Bear Brewing Company*, supra.) Thus, the private lien holder too often is left holding the sack. It is submitted that the time has arrived for Congress to take over.

OPERATIONS—SMALL PLANT

F. H. ANDERSON, *Manager*

Skagit-Island Counties Title Company, Mt. Vernon, Washington

Operations-small plants, which is your job and mine for the majority of us here. Their successful operation is essential to ourselves, the insuring companies, and the whole title industry. The conduct of our business, however small it may be, has its proportionate share of good or bad influence upon the acceptance of our services.

Objectively our goal is to furnish title evidence promptly at a reasonable profit, to continue to serve present and past customers and obtain new business.

Prompt service is dependent on the condition of your plant; profit, on the rates and efficiency of operation; present and new business on customer and public relations. No part complete without the other and the whole dependent upon individuals (management and employees) working together. I repeat together, for without management it would be like a ship without a rudder—no direction, and without the cooperation of the employees, the ship couldn't even leave the dock.

Upkeep and repair of plants are of primary importance. Most all title plants are found wanting in complete information or I should say the indexing of information and the dissemination thereof to effect complete examination of the subject estate in the shortest possible time. Remember the record you now make must endure for a century or more. Comprehend that your plant work should be so performed that it need never to be revised or rewritten. Imagine your children and your children's children may depend on your work. We have nothing when we come into the world nor can we take anything with us when we go, but we can leave much for our successors.

Great improvement has been made in recent years in office quarters, furniture and equipment, but how about the plant, has it received the same attention? Some plants get a bit of

patchwork when in fact they may require a complete overhaul, especially in the acreage accounts. The old forty acre breakdown in our tract books. That is a section spread as to quarters and quarter quarters to a page is definitely obsolete, does not lend itself readily to segregations and should be changed to an arbitrary system at the earliest opportunity, especially if there is any indication of activity in the section. If you do not change over you may soon find that the account must be re-written, an expense that could have been avoided had the change been made before the account became a nightmare to the examiner. Segregations must be made immediately as they appear in the take off, to neglect this procedure will result in a costly operation. For example, sometime ago we had a search in a Donation Claim which contained some 33 arbs, four pages of the tract book was devoted to postings to *part* of arb 1, there were some 200 entries to be examined, only about 10 of them concerned the property under search. Needless to say, one trip through that account was enough. The end result was 166 arbs where only 33 had existed. Costly, yes, exasperating too, for had the posting been properly done this situation would not have developed. Speaking of plants reminds me of a visit I made to a small milltown in New South Wales, Australia during the war. Their methods of lumbering were of real interest to me, having been so close to the lumbering industry of our own northwest all my life. But the thing that impressed me the most was a huge old steam engine which they said had been purchased second hand in England before the turn of the century. This engine provided the power for the operation of the mill for these many years. It was still bright and shiny and I thought as I looked at it, of all the loving care it must have received to

have withstood the constant and seemingly endless turning.

Those who have accounts which present a constant annoyance would do well to consider putting a man or a team to work rectifying the situation. But a word of warning in this connection. Whoever does the work must know what they are doing and further they should be left to that job and that job alone until it is completed, for if you try to do it as spare time will allow, very little will be accomplished.

A good rating schedule should be simple, uniform and provide adequate compensation for services performed. Our schedule for title insurance undoubtedly should be revised and simplified, this of course is the responsibility of the insuring companies and I am not here suggesting what changes be made, but I'm sure that the insuring companies would welcome and consider any suggestions you may have in this regard, because it does affect all of us. Charges for miscellaneous services other than title insurance need consideration. A study of these charges is currently in progress and it is hoped that a suggested uniform schedule will be the result.

As to efficiency of operation, many suggestions have been made in past conventions for our benefit and it is presumed that many of them have been put to use. Some of the offices are enjoying new general index systems. Others have adopted photographic takeoff. "The Secretary", a permafax duplicating machine has been introduced to several plants for quick and inexpensive copy work. Snapout forms are available and are being used to a large extent. Telephones are one of our most useful conveniences in the office. These should be placed in strategic places and in the telephone system should be incorporated an intercom system if the rates in your community will permit. An important factor in work routine is the layout of the various processes to the end that the orders received will flow smoothly through the office. Arrange the desks and

your books in such a manner that very little walking be required. Constant shuffling back and forth wastes time, creates confusion and invites needless conversation. Delegate responsibility to your people and see that each one receive its fair share of the work load! Work is better accomplished if a person realizes that he or she is responsible for that particular phase of the operation. On occasion shift some of the personnel around to other jobs. It gives them a better perspective of other work and at the same time you may find that they may have outstanding talent for some particular job. This method also helps a great deal during vacation time in the small offices.

Do you want to improve your plant and operative techniques? Visit some other plants, observe their methods. Should you discover they are dopes and doing something contrary to your methods, find out why, there must be a reason. Don't shrug your shoulders and forget it, take their ideas back with you, think about them, it just might be that fellow has something.

Customer relations should be promoted by all personnel of the office. The customer should be treated in such a manner that he will feel that his orders are appreciated and that we are performing a personal service for him. This procedure should be maintained on telephone conversations as well as across the counter. To new business we should show our appreciation by word or letter so that the customer will know that we have recognized the order and appreciated the same.

Public relations are necessary and important to all business, large and small. Mr. Wrigley was once asked how far a business would go without advertising. His answer was that if you shut off the power in a locomotive, that train would only travel so far as it would coast because the motive power for continued advancement was no longer present. Our public relations should go beyond the scope of bringing in new business; but should also include in some man-

ner impressing new people to desire to come to us and seek employment in our establishments. In other words our story should be so told that it will make easier the recruitment of new employees.

The most important factor of our business, and perhaps all business, is the people who make up the organization under which it functions. We want average intelligent people in our organization who can be trained to do an efficient job in the title insurance business. Each community seems to present a slightly different problem in obtaining suitable help. One thing which distresses many is the fact that those who leave our offices for various reasons seldom, if ever, return. We continually wonder why this situation exists and are prone to excuse ourselves because of conditions outside of our own establishments. As a whole, working conditions in title offices are very good and compare favorably or better than most other offices. The work is interesting and there is opportunity for advancement and a career. I believe there are times when our pay rate is behind that of comparable work in other offices and upon the request for new help a very definite program should be presented the prospective employee either by a good starting wage with longer periods between reviews for the purpose of salary change, or after a period of training and work to determine the competency of the new employee, they should receive a wage which is a *living* wage and not dependent upon other sources for additional income in order to remain with us and continue a normal way of life.

We must face the facts, good or bad, and accept the blame ourselves. Much of our work revolves around real estate law and engineering. How many young attorneys or land surveyors have applied for work in your office in the last year, or the last several years? Did you ever wonder why? They are the type of employee we would like to have. We need good help. Our industry has not been suc-

cessfully mechanized, our production depends solely upon the hands and the judgment of our people. This is a machine age and because machines are producing more goods faster, we will eventually be faced with a four day week. More and more I believe our industry will be dependent upon career people. Turnover in help varies greatly from office to office and from year to year. The number of new employees throughout the state is considerable. Would someone *please* start a school to train people for our work? Or could the association set up a course of instruction. This is possible and would be a big help to us.

I must tell you of an experience of mine these past two years. In our office there were seven marriages last year, each one associated with the excitement of the coming wedding, what will the bride wear, that lucky fellow, we're just taking up a small collection for a gift. Oh, yet, the prospective bride needs an extra week for a honeymoon. Seven times in one year that happened.

Early this year one of the young ladies very discreetly told me she was doing to be a mother and could she work until June. In my excitement of being the first to know I consented. By June everyone wanted to know who her doctor was and his telephone number. Actually, we were all getting a little bit worried. You see she couldn't reach the policy files on the top shelf or the bottom one either. In fact, she couldn't get very close to her desk. All went well, she is now a mother and a housewife.

In May one of the two single girls left, decided to announce her engagement to be married in September. She liked time to plan, besides think of all the fun they had talking about it for five long months. Then, of course, there was another wedding in June, no fanfare, the gang did their talking afterwards on this one. July arrived with its pleasant summer's warmth, together with vacations and another confidential remark. One of our very best girls had

said yes once too often. This time I asked some pointed questions and decided she should terminate in September, but how did I know that she was doing to be nauseated for two months.

About a month and a half ago, I was down at the office rather early, but not too happy with this merry-go-round, when shortly two of the girls came in early and asked if they could talk to me. "Certainly come on in"—I wondered if I hadn't been paying them enough. One of them said she didn't like to come alone so her friend was with her. They sat down and looked at the ceiling and then the floor. "What did you want to see me about?" So the first one took a deep breath and blurted "I'm going

to have a baby", quickly followed by the other, "Me, too", "And just about the same time." I thought, My God, what have I done to deserve this! Surely, my cup runneth over. This is proof that personal problems can develop even though we only employ nine women—just think of it 9 marriages and 4 babies in two years.

In closing I'd like to ask you to consider four things:

- (1) Are you doing any work which could be eliminated?
- (2) Will your plant stand the acid test of time?
- (3) Are your employees efficient and happy?
- (3) Should your public relations and community activities be extended?

RESUME OF SUBDIVISION TRUST AGREEMENT

CHARLES W. MICKLE, *President*

Phoenix Title and Trust Company, Phoenix, Arizona

The Subdivision Trust was developed in order to facilitate the development of raw land into lots and to make easier the sale of the individual lots. In a sense, the subdivision trust operates in the following manner.

The owner of raw or unsubdivided land agrees to sell the land for a specified price and upon specified terms and conditions as to the amount and time of payments on principal and interest of the purchase price. Both parties then enter into an arrangement where the legal title to the land involved is conveyed to a trustee, such as Phoenix Title and Trust company, and held by it under the terms of a trust agreement, wherein the seller of the land is designated first beneficiary, the buyer is designated second beneficiary and the trustee is designated trustee. This agreement states that the trustee holds the title for the purpose of consummating the sale between first and second beneficiaries; it describes the real estate involved and set forth the terms of sale, that is, the total

purchase price, the amount of the down payment, the amount and time for periodic payments, if any, and the interest rate. These are the basic terms of the sale and should the second beneficiary merely hold the land and make the specified payments, the trustee would after the full purchase price had been paid, convey all the raw land to the second beneficiary.

As one of the main purposes of the subdivision trust is to allow the purchaser of the property to obtain clear title to individual lots by paying a proportionate share of the total purchase price, there is also included in the trust agreement specific provisions allowing the second beneficiary to obtain the title to an individual lot by paying an agreed upon "release price." The release price per lot is agreed upon between the parties at the time the trust agreement is executed and the release price is specifically stated in the trust agreement or else a specific formula for determining the release price is included

in the agreement. The agreement also gives the second beneficiary power, at his option, to subdivide the property into lots. Thus, after subdividing the property into lots, the second beneficiary is able to obtain clear title to individual lots by paying the release price for such lot. The determination of the numerical release price is a matter for agreement between the first and second beneficiaries and is determined usually in one of two ways. The first and most widely used method is to set a release price that is sufficient to pay the unpaid portion of the principal plus the interest. For example:

If, after the down payment there remained \$90,000.00 to be paid for the property and the amount of interest to be paid, calculated on the terms of payment provided in the trust, would amount to \$10,000.00, leaving a total amount of \$100,000.00 to be paid.

If the property were subdivided into 100 lots, the release price could be set at \$1,000.00 per lot, thereby insuring that when all the lots were paid for, the full amount of principal and interest would have been paid. The other method of determining the release price is to divide the unpaid principal by the number of lots to which the property is subdivided and then require that when releasing the lot, not only the release price must be paid but the interest then due on the entire trust must be paid in full. Regardless of which release price determination method is used, the release price payments made normally apply toward succeeding payments becoming due under the agreement to purchase, and conversely, any principal payments made are applied toward the release of lots.

The trustee is charged with the administration of the trust and must administer it in accordance with the terms of the trust agreement. This trust agreement is drawn by an attorney representing one or both of beneficiaries involved. The trustee must fulfill its obligation to the first the beneficiaries involved. The trustee countable to the first beneficiaries for either land or the monies paid

for the release of parts of the land. The trustee must fulfill its obligations to the second beneficiaries by conveying lots to him upon the payment of the agreed upon release price. At such time as the release price is paid to the trustee, it conveys the requested lot to the second beneficiaries, applies the amount of the release price against the balance due to the first beneficiaries and transmits money received for the release of the lot to the first beneficiaries.

There are, of course, many special provisions that may be placed in agreements of this sort upon the agreement of the parties and these provisions can be made to cover nearly every reasonable request of the parties. In subdivision trusts where the second beneficiary is a builder, it is quite common to use paragraphs allowing the builder "mortgage privileges". There are two types of paragraphs allowing this privilege. The first of such provisions allows the builder to obtain the title to lots in the subdivision without the payment of any release price if there is an escrow set up where the builder is placing a mortgage on the property for the purpose of constructing a home, and if the lending institution agrees to disburse the release price directly to the trustee out of the mortgage loan funds. The effect of this is to delay payment of the release price until the house is built. The protection of the first beneficiaries in this instance, is the agreement of the mortgagee to disburse the release price directly to the trustee out of the loan funds which it has to give to the second beneficiary. The second provision is one which allows speculative building. Here the builder may obtain a deed to one of the lots for the purpose of placing a construction loan on the property in order to build a house, provided that the property is immediately deeded back to the trustee after the mortgage is placed on the property with no recorded liens other than the mortgage having intervened between the deed to the second beneficiary and the deed from the second bene-

fiary back to the trustee. At such time as the builder then sells this house, he requests that the trustee deed the lot to himself or a purchaser from him, and at that time the release price is paid. As you see, this delays payment of the release price until the sale of the house. In both of these instances, the correct procedure for accomplishing the purpose of the mortgage privilege paragraphs is assured by requiring that the transaction be handled in the escrow department of the trustee.

Our fees for handling a subdivision trust of this type are as follows:

Trust acceptance fee.....	\$100.00
Annual fee	50.00
Closing fee	\$50.00

Planning to Subdivide?

Broker

The real estate broker is the person who represents his client's interests in a transaction involving real property. If you have real estate to sell for subdividing purposes, or you are a builder or subdivider and wish to purchase real estate in Arizona through a real estate broker, your transaction will be clarified and speeded up by dealing with a responsible broker who is operating under a state license. In case you are an owner, a broker can locate a builder or subdivider, and conversely, in case you are a builder or subdivider, a broker can locate an owner of land for subdivision purposes.

Escrow with Trust Instruction

When real estate intended to be subdivided changes hands in Arizona, the seller and subdivider place their transaction in escrow, which escrow includes specific instructions to cover the requirements for subdividing the land. The escrow is identical with that of a seller who goes into escrow for the transfer of real estate, but in addition contains comprehensive instructions for the subdivision trust which is to follow. These instructions embody the entire procedure for completing a subdivision in accordance with the Arizona statutes and the real estate ordinances and regulations

of other municipal bodies. The selection of the proper trust company to handle your subdivision trust is one of the most important phases of your real estate transaction.

Title Report

A service rendered by the title company which reveals the condition of title at the beginning of the transaction. It enables you to come in and approve the title before the transaction is closed. No charge is made by the title company for this title report if a policy of title insurance is issued by the company on the transaction. A copy of this title report is turned over to the surveyor so that all rights-of-way, easements, encroachments, and other matters appearing on the title report will be included in the subdivision plat by the surveyor. The title base is made from the title report covering all of the lots in the subdivision. This title base must be filed with the State Real Estate Commissioner for final approval of your plat. In a subdivision trust there is only one title charge. This is one of the money-saving features of a subdivision trust.

Trust Agreement and Deed

Simultaneously with the closing of the escrow, the parties execute a Trust Agreement. This Agreement provides for deeding the property to Phoenix Title and Trust Company, as Trustee, and thereafter the Trustee complies with all of the details necessary to subdivide the property. The Trust Agreement contains all clauses desired by the seller, as well as the subdivider. For the protection of the seller, there are adequate provisions for forfeiture in case of default. It further provides for the various duties which the Trustee must perform to obtain the approval of the plat. It provides for the collection of release prices when lots are deeded out and for the payment and application of funds when received.

Subdivision Plat

The subdivision plat is prepared by the surveyor and in most cases must be filed with the various municipal bodies, as well as being placed of record in the Recorder's Office. The

plat is executed by Phoenix Title & Trust Company, as Trustee, after the Title Department checks all descriptions, dimensions, and dedications for accuracy.

S. R. V. W. U. A.

This abbreviation stands for the Salt River Valley Water Users' Association. It is one of the duties of the trust officer to pro rate the assessments in handling the change of title to your property. The S.R.V.W.U.A. has a split-out charge and a transfer charge. The split-out charge covers the cost of changing the S.R.V.W.U.A. records into lots and a copy of the plat must be sent to their office, together with funds to cover this split-out charge. The transfer charge is payable when each lot is subsequently sold.

Maricopa Planning and Zoning Commission

A copy of every proposed subdivision plat in the county must be submitted to the Maricopa County Planning and Zoning Commission for their approval. This commission determines the size of lots, the location of streets, and controls the usage and possession of each lot. A signed copy of the plat must be filed with this commission.

City Planning Commission

The City Planning Commission has jurisdiction of all subdivisions within the boundaries of the city limits of Phoenix and for a distance of three miles beyond the city limits. Signed copies of the plat must be filed with the City Planning Commission and if the subdivision is in its jurisdiction, the plat will be approved by the proper officers of the City of Phoenix.

Board of Supervisors

Each plat located within three miles of the city limits of Phoenix must be executed and submitted to the Board of Supervisors of Maricopa County. There is a slight delay at this point of subdividing as the Board of Supervisors is the last official body to act before recording the plat. A hearing for consideration of the plat is held and 15 days' notice is required for this hearing. Upon approval, the

Board of Supervisors signs the plat and it is then ready for recording in the Office of the County Recorder.

Restrictions

After the subdivision plat is recorded, it is permissible for the subdivider to record restrictions covering the usage of lots in the subdivision. These restrictions cover such things as residential or commercial usage, the setback restrictions, side-lot-line restrictions, types of construction, prohibitions against usage, and remedies for violation. The Trust Department of Phoenix Title and Trust Company has many sample forms of restrictions, and the subdivider may draw upon the vast experience of this department for assistance in the preparation of these restrictions.

Federal Housing Administration

It is advisable for each subdivider to submit his proposed subdivision plat and his proposed restrictions to the local office of the Federal Housing Administration for tentative approval. After receiving tentative approval and after recording the plat and restrictions, the Trustee will send properly certified copies of the plat and restrictions to the office of the FHA to fill out and complete their records for future loan applications.

Arizona State Department of Health

Every subdivision plat must be approved by the Arizona State Department of Health before any lots can be sold. The application must be submitted in duplicate by the subdivider to the department, accompanied by three sets of subdivision plats showing size and location of water piping and indicating means of sewage disposal. The proposed method of garbage disposal must also be disclosed. The application must be accompanied by a letter of agreement from the water company or department serving domestic water to the subdivision.

State Real Estate

Department of Arizona

Every subdivision plat must be approved by the State Real Estate Department. An application must be filled out by the subdivider and a supplementary list of documents must accompany the application, to-

gether with a small fee. Upon receiving notice from the State Real Estate Department that the subdivision has been approved, the subdivider is now in a position to proceed with the sale of lots or the building of homes.

Some of the Advantages of a Subdivision Trust

Where sellers and buyers are not paying cash for the full purchase price, a subdivision trust answers the problem because the title to the real estate is in the name of the Trustee free and clear of encumbrance, and the Trustee, as such, is able to record the subdivision plat and make the proper representations as to ownership to the various state and municipal bodies.

Because the title to the real estate is in the name of the Trustee, subsequent sales of lots are handled directly by the Trustee, as owner, and it is therefore not necessary to obtain a title search on each sale by the Trustee. For this reason, substantial reductions in costs occur and these are passed on to the subdivider by way of reduced title insurance and trust fees. The dollar saving to the subdivider in itself justifies the subdivision trust.

Many builders and contractors like a subdivision trust because the Trust Agreement may contain provisions to enable the land to be deeded out to the builder or contractor and a construction mortgage placed thereon, and the lot simultaneously returned to the name of the Trustee where it is held until the property is sold. The release price for the lot is then taken out of the sales price of the house and lot. This enables builders and contractors to have more working capital for the development of their tract. Some Trust Agreements provide for deeding out the lot and placing the construction mortgage thereon, and taking an assignment of mortgage monies for the payment of the lot.

The Trust Department of Phoenix Title and Trust Company has many printed and mimeographed forms developed through its years of experience to facilitate the administration of subdivision trusts. These same forms are used as exhibits in various applications to the State Health Department and State Real Estate Department. In setting up a subdivision trust, these forms immediately become available to the beneficiaries of the trust for their use.

WHAT YOUR TITLE POLICY DOES NOT PROTECT AGAINST

Talk given before the Oregon State Bar at its Continuing Legal Education Meeting, April, 1956, by Lem P. Putnam, Ass't Sec'y, Title and Trust Co., Portland, Oregon.

"What your title policy does not protect against."

When Ray Jones first broached that subject to me—it gave me a little touch of indigestion. Much the same as you would feel if you were asked to talk to your local P.T.A. on "What an attorney can't do for you." I'm used to puffing my product—that's the American tradition. I'd much rather take a customer thru the front door into the parlor, but you're not customers in the true sense of the word. Very seldom are you as an attorney—the insured in a policy. For that reason and because

of your technical knowledge—you're entitled to come around to our back door and into the kitchen. That's where the important matters of policy in a home are decided. The front page of a title policy is like the parlor of a home—it's elegant and imposing but the back pages are tremendously important.

A title policy is divided into three parts—

1. The basic Contract.
2. The exceptions.
3. The conditions and stipulations.

My words today will be concerned chiefly with No. 2, the exceptions. I

shall refer to the stipulations in one instance only. I shall suggest to you the use of a check-off chart as a trouble preventive for your client. I shan't be argumentative or biased just because I happen to be employed by a Title Company. I'm on my own time from 12 to 1.

Most court decisions contain a rationale *decidendi* or major premise. If you take nothing else with you today—mark well this fundamental precept. It forms the foundation for a majority of the printed exceptions in a Title Policy. Title insurance is based upon an examination of the Public record. It insures the validity, the authenticity and the result of instruments and matters of record. The title company makes no examination of the premises. Its premiums are predicated on an examination of the Public record only. A title policy cannot protect against incumbrances, existing at the date of the policy, concerning which nothing appears on the public record—but which could have been discovered by an inspection of the premises. In reviewing the exceptions of the standard policy—I shall constantly refer to this basic proposition.

Let's go thru the "usual printed exceptions", they're called Schedule "B" and read as follows: "This policy does not insure against loss by reason of the matters shown or referred to in this schedule"—

No. 1—"Easements, liens or incumbrances, including material or labor liens—which are not shown by the public records;"—For example—if a neighbor is using a portion of the described land for a driveway, it's quite possible there is an unrecorded easement or a prescriptive right existing. The title company bases its examination on the record. It's the purchasers responsibility to inspect the premises, then inquire from the neighbors as to the extent or source of the driveway use he discovers. If remodeling has been done in the last month or two—it's possible that a materialman's lien may yet be filed. Mr. Purchaser can see that work has been done, he inspects the premises—the title company cannot, they

make no inspection and they do not insure against unrecorded lien rights.

—"Mining claims"—These claims are kept in a separate record—difficult to search—descriptions are often inadequate—an examination of the premises should (in most instances) disclose whether or not the property is being mined.

—"Reservations in patents"—most land in Oregon is affected by these reservations. Nothing can be done about it. Copies of patent forms will be furnished to any interested parties.

—"Water Rights claims or title to water"—Water rights are personal rights and records are kept by the State Engineer at Salem. If there exists a small stream on your clients property—suggest he write to Salem.

—"Rights or claims of persons in possession or claiming to be in possession, not shown of record";—here is our basic premise again.

1. An incumbrances. 2. Nothing of record. 3. Inspection of premises will reveal its existence.

I have known instances where a family of strangers to the transaction were living in the house at the time the seller showed the house to the buyer. Mr. Buyer bought the place, got his title policy showing no incumbrances and then requested the parties in possession to vacate. Parties in possession said—"Nope, we have a contract to purchase with payments to date" and as Georgie Gobel would say—"You can't hardly make that kind move no more."

—"Any state of facts which an accurate survey and inspection of said land would show"—Back to our major premise again—here is a defect which can only be discovered by an inspection or survey. For instance the location of the building on the land. If any part of the building or driveway is on someone else's land—damages resulting therefrom are not covered.

—"Assessments, which are not shown as existing liens by the public records"—Here again our rationale *decidendi*—an incumbrance—nothing of record—determinable by an inspection. Included here might be this sit-

uation—the city installs a new sewer main in the street after notifying the adjacent owners there would be an assessment. One owner sells before the work is completed and before a lien is entered. If the seller is dishonest, this situation spells trouble—because the buyer's title policy will not protect against this unrecorded lien. Mr. Purchaser should examine the sidewalk and street for signs of recent work—and consult a neighbor or two and the City Engineer's Office if he finds evidence of work.

—“Taxes not yet payable” — This covers the period between July & October when taxes are accruing but you can't pay them and no one knows how much they are.

—“Pending proceedings for vacating, opening or changing of streets or highways, preceding entry of the ordinance of order therefore.” This situation is like your woman client who repeatedly files divorce but never lets you enter a decree. Many vacation proceedings are commenced—few are completed. The title company does not show pending proceedings in its policy.

—“Any laws, governmental acts or regulations, including but not limited to zoning ordinances, restricting, regulating or prohibiting the occupancy, use or enjoyment of the land or any improvement thereon, or limiting the height of improvements, or prohibiting a reduction in the dimensions or area, or separation in ownership, of any lot or parcel of land; or the effect of any violation of any such restrictions, regulations or prohibitions.” This exception sounds long and involved but its meaning is short and simple. Zones and regulations thereunder are constantly changing and shifting. There can be as many changes as there are meetings of the city council. Zoning commissions often handle each particular problem presented to them as a separate entity. Hence the title company policy does not attempt to help you pre-determine a decision of any governmental commission. Not long ago there existed the Ascot Zoning District, Villa Park and Riverside Districts and these bodies printed their

regulations. We set these forth in our reports and furnished copies of the rules as a service to our customers because only portions of the County were affected. Under the new law, the entire county is covered by Zoning regulations.

That covers the usual printed exceptions. It should be pointed out that the exceptions listed after the printed ones are also of some importance. We spend a great deal of time and money in uncovering these exceptions. If your client receives \$10,000.00 policy with exceptions No. 5 therein reading—Judgment entered against John Brown, former owner in the amount of \$10,000.00—it's important. Some buyers believe all they need is a title policy with their name on the front. Why worry about page 3 where the exceptions are? Also—we are constantly asked to pay water bills and gas bills. Sorry — They're just not covered by Title Insurance.

—Now let's consider one paragraph of the Stipulations on page 4 of every policy. Paragraph I reads as follows: This policy does not insure against . . . (c) “defects, liens, encumbrances, or other matters created or suffered by the insured claiming such loss or damage; or defects, liens, claims, encumbrances, or other matters existing at the date of the policy and known to the insured claiming such loss or damage”—this condition was designed mainly as a defense against fraudulent acts by the insured. For example — assume John Brown in purchasing property knows that one of the grantors in his deed is a 15 year old, but is promised the property at a thousand dollar discount if he'll go ahead with the deal. He will get a title policy. F.F.I. yet the deed signed by a minor is voidable and his title is certainly not marketable and his actions constitute bad faith. This clause is the title company's protection against such collusion.

Another example—imagine a married woman purchasing real property and receiving a policy F.F.I.—the following week—a judgment creditor levies against the property using a judgment entered against the new owner when she was single under

her maiden name. This incumbrance could not be uncovered by the title company. It was created by the insured, its existence was known by the insured and the loss should be shouldered by the insured.

One more admonition before I recapitulate and submit a suggested check chart. The title report speaks as of the date and hour set forth therein. You are not safe in assuming any state of facts subsequent to that hour. A deed could be filed, or a judgment entered, one minute after the hour stated — thus completely altering the status and marketability of the title. Request the parties that you be allowed to act as escrowee for the funds until the necessary recheck can be received from Your Title Company. Consider using our Escrow Service. A disbursement before recording and recheck is at the buyer's risk.

Now for a suggested routine to be used by you as a safeguard for your clients. Most of them are anxious to protect themselves, that's why they consulted you—here is a 5 step positive direction for you to give to your buyer—it's something he can do—it's something the Title Company can't do.

1. Inquire into the rights or claims of parties in possession, and possible easements not of record.

2. Examine and determine the exact boundaries and area of the property, the location thereon of improvements, and have a survey made if necessary.

3. Determine whether there are any lienable claims for labor done or materials furnished.

4. Determine whether there are any pending proceedings for street or other improvements which may result in liens.

5. Determine the extent of zone or set-back ordinance restrictions, or other Governmental regulations affecting the property.

Mimeographed copies of this check chart are available at the door as you leave.

—Before I close let me give you one more analogy.

I have a Stude—it's about 3 years old and beginning to show its age. It never would go up a hill very fast. (It's like the draftee who was asked by the doctor if he had any physical defects—he answered—"you bet, Doc, —no guts.") I could have a new paint job put on my old Stude so it would look like a new car but that wouldn't make it go up a hill any faster. It'd be the same old Stude underneath. So it is with a Title policy. It's a contract—no matter how fancy you paint the outside it's still the same contract underneath and like my Stude—there are some hills it never could get over, wasn't designed to go over and never will go over.

Gentlemen — the minimum suggested fee for an attorney's counseling in Oregon is \$20.00 an hour. Unless I can pull together the four corners of my talk so that you leave this room with a question answered, so that you leave instilled with the urge to take some affirmative action toward the protection of your home buying clients, unless I can do this—we have just wasted collectively, you and I, over a thousand dollars in council fees.

All right—what do all of these facts I've been talking about point up? They emphasize the importance of an understanding, by you the practicing attorney, of the vacuum which must be filled in the real property transaction of today. The demise of the abstract system and the birth of Title Insurance may have altered the attorney's role, but it has not lessened the importance of your presence. An insurance policy induces repose—a relaxing of the guard by a purchaser. It is your responsibility to know the areas in which Title Insurance does not apply—to know the areas where your counsel is needed, to be aware of the inherent dangers existing and finally it is your responsibility to properly instruct your client in a positive program which will immunize him from future losses and future litigation.

NOT-FOR-RENT SIGN GIVEN COURTHOUSE

(From Oklahoma Title Association "Telegram")

County commissioners cannot charge abstractors rent for the use of space in the county clerk's office, the state attorney general ruled Tuesday, March 18, 1958, in a dispute involving use of Oklahoma county courthouse space.

The opinion was requested by James W. Bill Berry, county attorney, who said commissioners last September attempted to charge abstractors \$15.00 per employee per month, but the abstractors have refused to pay the charge.

Berry said the county clerk has a large room for stocking real estate records in such a manner that the public and abstractors have access to them, and the abstractors have appropriated approximately one-third of the room's space.

"There are five companies of abstractors, each of whom has from 5 to 12 employees working in this room," Berry wrote. "They have installed 36 desks. Some of them have no outside office and by installing their own desk, telephone and typewriter they are able to maintain their entire abstract business in the courthouse. All abstractors obtain utilities, light, heat and water, plus janitor service free."

The attorney general said under state law an abstractor is entitled to free access to county records and that there is no statutory authority permitting the rental of a portion of the clerk's office either to an abstractor or to some other person.

The opinion said, however, that an abstractor does not have a "right" to maintain an abstract office in the county clerk's office. It said an abstractor, or other citizen, is entitled only to the desk or tables, chairs and space which are reasonably necessary for examining and copying records.

"In controlling his office, a county clerk has a right and duty to make reasonable rules and regulations to protect the records, to minimize the interference with the performance of

the duties of the office by the officer and his deputies, and to minimize the interference by one citizen with the rights of another citizen."

"No person may demand the right to occupy or control any space in the clerk's office to the exclusion of other members of the public."

The opinion added that while an abstractor may not be entitled to an exclusive space in the clerk's office, "It would certainly not be an abuse of discretion on the part of the clerk to permit such abstractor to leave typewriters, desks, and other personal property in the clerk's office over night."

The opinion, in conclusion, stated these general rules:

"The county is not required to furnish sufficient space for the exclusive use of abstractors to install their own desks, chairs and telephones, to the exclusion of the general public from said space."

"The obligation of the county to a bonded abstractor is sufficiently complied with, if, considering the space available, the county clerk should furnish desks or tables and chairs in a number sufficient to meet the requirements of the general public including abstractors."

"The decision of the county clerk will ordinarily be controlling as to the sufficiency of the number of tables, desks and chairs necessary to serve the public including abstractors. However, such a decision may not be so restrictive in nature as to actually constitute a denial of free and unhampered access to the records."

"An abstractor is not legally entitled as a matter of 'right' to install his own private telephone on desks or tables furnished by the county for use by the public including abstractors. However, because of the particular nature of an abstractor's problem in serving the public, it would not be an abuse of discretion by the county clerk to permit

such an installation of a telephone either on a desk furnished by the county or one furnished by the abstractor, if such does not unduly interfere with the inspection and access to the records by the county clerk, his deputies, other abstractors, or other citizens."

How To Invite Depression

A man lived by the side of the road and sold hot dogs.
He was hard of hearing so he had no radio.
He had trouble with his eyes so he read no newspapers.
But he sold good hot dogs.
He put up signs on the highway telling how good they were.
He stood by the side of the road and cried: "Buy a hot dog, Mister."
And people bought.
He increased his meat and bun orders.
He bought a bigger stove to take care of his trade.
He got his son home from college to help him.
But then something happened. . . .
His son said, "Father, haven't you been listening to the radio?"
There's a depression on.
The European situation is terrible.
The Domestic situation is worse."
Whereupon the father thought, "Well, my son's been to college,
He reads the papers and he listens to the radio, and he ought to know."
So the father cut down on his meat and bun orders,
Took down his advertising signs,
And no longer bothered to stand out on the highway to sell hot dogs.
And his hot dog sales fell almost overnight.
"You're right, son," the father said to the boy,
"We certainly are in the middle of a great depression."

—The Clarkston Letter

COMING EVENTS

Date	Convention	Place
June 29-30 July 1	Michigan Title Association	Grand Hotel Mackinac Island, Michigan
August 1-2	Montana Title Association 50th Anniversary	Placer Hotel Helena, Montana
September 4-5-6	North Dakota Title Association	Ray Hotel Dickinson, North Dakota
Sept. 21-26	Annual Convention— American Title Association	Olympic Hotel Seattle, Washington
October 11-14	New York State Title Association	Galen Hall near Reading, Pennsylvania
October 12-14	Nebraska Title Association— 50th Anniversary	Town House Omaha, Nebraska
October 13-14	Indiana Title Association	Sheraton Lincoln Hotel Indianapolis, Indiana
October 23-25	Wisconsin Title Association	Oakton Manor on Pewaukee Lake, Wis.
October 26-28	Ohio Title Association	Commodore Perry Hotel Toledo, Ohio
October 26-28	Missouri Title Association	The Elms Excelsior Springs, Mo.
November 6-7-8	Kansas Title Association	Broadview Hotel Wichita, Kansas



Examine With Care

**AMERICAN TITLE ASSOCIATION
GROUP LIFE INSURANCE
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*Designed Expressly for ATA Members and
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Suite 747

Chicago 4, Illinois

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AMERICAN TITLE ASSOCIATION

3608 Guardian Bldg., Detroit

