

THE GEORGETOWN LAW JOURNAL

VOLUME 28

DECEMBER 1939

NUMBER 3

IMPROVEMENT IN RECORDING AND INDEXING METHODS FOR REAL PROPERTY INSTRUMENTS†

WALTER FAIRCHILD*

THE earliest real estate transaction recorded in the history of the world, is the purchase by Abraham of the field of Ephraim, the Hittite.¹ Another ancient record is a deed recorded on a tablet in Assyria in 670 B.C. The tablet shows four seals, the names of the persons affixing them, a description of the land, the terms of the sale, the names of seven witnesses and the date.²

These records, however, were not public records and were only evidence of title as between the parties involved. A public system of recording instruments affecting real property has existed in this country since colonial days.³ This system of recording instruments in the United States is one of the few legal concepts not traceable directly to the

†Much of the material for this article was gained from experience in the Register's office of New York County and from data prepared under the sponsorship of Martha Byrne, Register of New York County, with the assistance of the United States Works Progress Administration for the City of New York, Official Project No. 465-97-3-46, "Analysis of All Laws Affecting Real Estate," Hall of Records, 31 Chambers Street, New York City. Acknowledgment is made to Mr. William W. Springer of the New York Bar for assistance in research and in preparing the text of this article and also to Mr. Martin Werden, of the New York Bar, Chief Clerk of the Register's office of New York County.

*A.B., University of Cincinnati (1899), LL.B., New York Law School (1902); Former Special Deputy Register, New York County; President, New York Torrens Title League; Consultant, *Analysis of All Laws Affecting Real Estate*, United States Work Progress Administration; Irvine Scholarship Foundation Lecturer at Cornell University; Special Lecturer, Yale School of Law, New York University Law School, Brooklyn Law School of St. Lawrence University, and other institutions; Member of the Bar of New York; Author: *THE SKETCH OF THE TORRENS SYSTEM* (1916); *Foreclosure Methods and Costs: A Reevaluation* (1937) 7 BROOKLYN L. REV. 1; *Tax Titles in New York State*, 61 BROOKLYN L. REV. 80; *Economic Aspects of Land Titles* (1937) 22 CORN. L. Q. 229.

¹GENESIS, c. 23.

²GEORGE SMITH, *ASSYRIAN DISCOVERIES* (1875).

³1 COLONIAL LAWS OF NEW YORK (Commissioner's ed. 1896) 31, 62, 77.

common law of England. Recording acts did not appear in England until the middle of the 19th Century.

In feudal days land was transferred by some overt act, such as actually going upon the land or by delivering to the grantee a bit of earth or some other article belonging to the grantor. This procedure was known as "livery of seisin" which in present day parlance means delivery of possession.

Subsequently, written deeds came into use. It was customary for a grantee to retain possession of his deed. Each new grantee in turn received a deed from the grantor together with all prior deeds and muniments of title, which he kept in a strong box. This method had the advantage of simplicity but provided no safeguard in the event of theft or fraud.

The recording acts in the United States, by making a public record of land transfers, largely overcame the danger of theft and fraud. However, in the main, they have destroyed the localization of documents which was a virtue inherent in the "strong box" method of keeping together documents affecting a particular parcel.

The first legislation for recording of deeds and other instruments in New York was promulgated in 1664 by Governor Nicolls, the English Governor.⁴ The clerk of the court of sessions was made the recording officer.

The earliest legislation affecting the recording of mortgages was a Colonial act passed in New York in 1753, which provided for the registration of mortgages with priorities regulated.⁵ The clerks of the "several and respective cities and counties were required to provide a fit and proper blankbook for the registering of all mortgages. . . ."

Historically, this accounts for the method, at present in vogue in the United States, of having separate volumes and indexes for deeds and mortgages. Logically, there is no reason for such a separation. On the contrary, this separation is the cause of confusion when titles are examined. However, the law of human inertia which is the tendency of human beings to continue to do something, whether right or wrong, in the same manner as was done before, has operated to perpetuate this illogical and confusing method in most recording offices.

With reference to recording systems in the United States, the county clerks, who generally are also the clerks of the court, have been designated as the recording officers for real property documents. Because of the habit of court clerks of indexing cases according to the names of the

⁴*Id.* at 31.

⁵*Id.* at 957.

parties, which is necessary in personal litigation, the system of keeping track of title documents by alphabetical indexes has become the established method.

In early days and in small communities where transactions were few, this illogical method did not present any great hardship. As years went by and the population grew, the confusion caused by mixing all instruments affecting property within a county in *libers* with name indexes only, became a great burden necessitating "searches" by specially trained people and retarding the examination of title weeks and sometimes months.

The way out of this recording morass has followed two directions. First, the establishment of registers' offices to handle real estate instruments separate from the offices of the clerks of the court. Second, the localization of records by blocks and lots so that the instruments affecting a given parcel may be found without an alphabetical search.

The first register's office was established in New York City in 1812. This office created for New York County is still in existence and is the oldest register's office in the United States.⁶

Two major defects existed in the creation of the register's office for New York County. First, and of *greatest* importance, the faulty method of personal alphabetical indexes used by the clerks of the court was continued in the Register's Office Act. Secondly, only instruments customarily recorded in deed *libers* and in mortgage *libers* were handled and recorded by the register. The county clerk, as clerk of the court, continued to handle all other instruments and retained and made entries in the *libers* setting forth the general liens resulting from the processes of litigation. These liens are:

- (1) Money judgments;
- (2) Notices of pending actions affecting title to real property;
- (3) Mechanics' liens;
- (4) Other liens resulting from the filing of papers in the county clerk's office, such as bail bonds.

The continuance of these defects of method resulted in a condition in New York which has cost property owners hundreds of millions of dollars. The wide extent of this evil is generally recognized throughout the United States.

The recording system is a derivative method of proving title. That is to say, the recording of a deed does not determine the title according to the language of the instrument, but merely preserves a record of the words of the instrument. The legal effect of the document is a con-

⁶N. Y. Laws 1812, c. 27, re-enacted NEW YORK COUNTY LAW §§ 251-257 (1).

clusion to be determined by the one dealing with the land. Because of the derivative character of titles under the recording system, defects of title may arise at any point in the history of the title even though the act or omission may have occurred a hundred years ago.

Defects arising from the derivative character of title may be caused not only from omissions or errors in the public record, but also from happenings which are not required to be of record, such as death, marriage and insanity. These matters are referred to by professional examiners as "business risks". The effective cure for such risks is to get rid of the derivative character of titles by establishing a title register for each parcel of land, made official by law and determining title according to the entries on the register. The registration system of establishing title and transferring title by certificate is commonly known as the Torrens system, taking its name from Sir Robert Torrens, Land Commissioner of Australia and famous as the first registrar-general under the Australian registration law.

It is not the purpose of this article to go into the subject of registration of title but rather to confine it to improvements in method feasible under the present recording systems.

It will be observed that the recommendations in this article relate to mechanical improvements rather than to substantive law. This is so because the general purpose of recording acts is not to change the substantive law but to provide for the place and manner of placing the evidence of legal rights in land on a public record. The defects attendant upon the search and examination of title have been caused by the inadequate method of a century ago.

Improved methods of recording and indexing will not relieve the conveyancer of the responsibility of interpreting the effect of documents, but they will relieve him of the drudgery and danger of laborious "searches" to locate the particular instruments affecting the particular parcel of land under examination. These improvements may be enumerated as follows:

- (1) Locality indexes according to block and lot maps. Alphabetical indexes are retained for collateral purposes;
- (2) Money judgments to be made specific liens and posted to the property of the particular judgment debtor;
- (3) Notices of *lis pendens* and mechanics' liens to be indexed to the particular property affected;
- (4) Judicial sales under foreclosure, partition, execution and all decrees determining title to land including probate of wills and heirships to be filed in the recording office and indexed against the property affected;

- (5) Concentration of all indexes within the office in a single volume;
- (6) Lot sheets for each parcel of land upon which every instrument affecting the given parcel is noted.

This enumeration relates to the mechanics of indexing. Appropriate legislation is necessary for the official adoption of indexing by locality for the purpose of constructive notice.

In New York County the method of indexing property by blocks was put into effect January 1, 1891.⁷

The effect of the New York block index law was to reduce the area of search from the county to the city block which greatly simplified the search. It does not eliminate the search because there are forty or fifty lots to a block and the name method of locating particular instruments had to be used to sort out the instruments within the given block.

A Commission of Land Transfer was appointed in New York in 1884⁸ to prepare and report to the legislature legislation to facilitate land transfers in cities of not less than 300,000 inhabitants. The majority of the commission recommended the adoption of a locality index system by lot. A minority of one, however, recommended the block system which was finally adopted by the legislature.⁹

It is interesting to note that the Title Guarantee and Trust Company, which had been organized a short time prior to 1884 by businessmen from Philadelphia, had just completed its locality plant for New York County according to the lot system and was an active opponent of the official adoption of the locality lot system for New York.

The advantages of the lot system are obvious:

- (1) The necessity for protracted searches is eliminated. Under the alphabetical system records grow more complex with the passing of years. A misspelling causes the searcher to lose track of his chain of title. The acquisition of more than one parcel of land by an individual results in the unnecessary examination of many instruments not in the chain of title. A single developer may deal in hundreds and sometimes thousands of parcels, every deed of which must be examined by the careful searcher to eliminate those which do not affect his particular lot.
- (2) The time necessary for searching is reduced.
- (3) The expense of searching is lessened.
- (4) The lot system is simple and understandable even to the layman.

⁷N. Y. Laws 1889, c. 349.

⁸N. Y. Laws 1884, c. 324.

⁹N. Y. Laws 1889, c. 349.

- (5) The use of the locality system increases the marketability of land. Transfer of title becomes simple and inexpensive thereby increasing its value as a more fluid asset.

LAND MAP

The base of every locality or block and lot system is the establishment of an official land map which shows blocks by their surrounding streets, roads or other physical demarcations. Each block receives a number. The block is divided within itself into the component lot or plots which are designated by numbers. Every lot may thus be identified by reference to the block and lot number.

Theoretically, for the purpose of indexing, any arbitrary subdivision of the territory into numbered blocks and lots is sufficient but in practice it is advisable to use the existing area units whatever they may be.

By a lot is meant any parcel of land, whatever may be the size or shape, which is separately owned and taxed.

In city developments, block units usually consist of the typical city block and the divisions into parcels are usually referred to as blocks and lots. In rural communities, the areas of singly-owned parcels are larger, sometimes comprising farms of many acres. It is not advisable to subdivide undeveloped areas into theoretical blocks. The actual boundaries of ownership should determine the outlines of each parcel on the land map. In country areas it is customary to refer to the subdivisions as sections and plots. The principle of locality indexing, however, is exactly the same for cities as it is for rural sections.

LAND MAPS AND TAX MAPS SHOULD BE UNIFORM

In many communities the taxing authorities have made more progress than the recording officers in working out land maps. In other communities the reverse is true.

In any case, the land map adopted should be used for taxing purposes as well as for recording purposes. Of necessity, the two tend to be identical because of the fact that taxes are levied according to the ownership of land. That is to say, the source of information for taxing purposes as to size and boundaries of parcels comes from recorded instruments.

The adoption of a uniform land map with numbered blocks and lots or numbered sections and plots is of great financial advantage to the taxing authorities. In communities where tax records are kept by the name method, which is still largely in vogue in the rural sections of the United States, it is of practical importance for the assessor to know

whether or not he has all the land in his neighborhood entered on the tax roll. In copying tax records from books of one year into the books of another year an entry might be omitted. If such an error occurs and is not detected, that property may go untaxed. It is well known to the professionals that many parcels of land in rural sections are untaxed and have gone untaxed for many years. A sort of comradeship exists and makes it seem unsportsmanlike for a person to "give away" another person whose land is not on the tax roll.

Nassau County in New York is now completing a block and lot map prepared by the county clerk for real property indexing purposes. The taxing authorities in Nassau County have been slow to adopt this land map which has been excellently prepared. Most of the communities in Nassau County still keep their tax records by the name system.

It is related that the City of Long Beach in Nassau County, having adopted the locality system of keeping tax records, added \$59,000 to its collections in the first year for properties which had been overlooked under the name system.¹⁰

PREPARATION OF LAND MAPS IN COMMUNITIES

Where the tax department has engineers or draftsmen for the preparation of tax maps, it is recommended that the tax department be vested with the authority of preparing an official land map for use in the departments.

In counties where the taxing authorities do not have such facilities, there may be engineers and surveyors employed in the highway or road commissioner's office. The great advancement made in recent years in highway construction has resulted in the development of much map making material in the offices of state and county engineers. In such neighborhoods the county engineers in the highway department are the natural makers of the land map.

The American Society of Civil Engineers has done much work in furthering the establishment of basic survey monuments.¹¹

A valuable study on the application of state systems of plane coordinates has been made by the State Planning Council of New York.¹²

The adoption by recording officers of the locality or block and lot

¹⁰*Nassau County Development of Block and Lot Indexing*, U. S. W. P. A. PROJECT No. 6101 (465-97-3-46); Ransom and Povio, *Nassau County New York Finds Land Map Cuts Costs and Increases Revenue* (Oct. 1939) AM. CITY 58.

¹¹Committee on Boundary Surveys.

¹²Frederick, *Preliminary Material for Use of Advisory Committee on Maps and Surveys* (Filed in office New York State Planning Council, Albany, New York).

method of indexing is retarded in many cases because of the large cost of preparing land maps. It is believed that it is not possible to install a locality system in a recording office until after a land map has been fully completed. While it is a great advantage to have a completed land map for indexing purposes, it is not necessary for a recording office to delay the commencement of such a system because of the lack of a completed map.

It is entirely feasible to commence the indexing of future recorded instruments at any time by preparing a lot sheet with a diagram of the parcel conveyed as instruments are currently recorded. As successive lot sheets with their diagrams are prepared, the data is accumulated upon block or section maps. In the course of time, the land map is developed by the practical operation of the system.

There are very few places, however, where considerable data for the preparation of maps does not exist.

AUTHORIZATION BY LAW

In order to make locality indexing effective for the purpose of constructive notice, it is of course essential that the recording act for the county be amended. There is a certain advantage, however, in having the mechanics of the locality system substantially established before the recording act is amended. This enables an office to follow the line of least resistance and also to draft a statute which will fit into a developed system to which the conveyancing public has already become accustomed.

ALPHABETICAL INDEXES NOT ELIMINATED

The adoption of a locality method of indexing, even by official enactment, does not do away with the necessity of an alphabetical index. An alphabetical index, collateral to the locality index, is useful to a searcher interested in settling an estate where he does not know the property; also for judgment creditors and others interested in finding out what property is owned by a given person. When the locality index is adopted, however, the name index is no longer used for the purpose of determining the chain of title.

NAME CARDS

Grantee name cards should be made currently as deeds are recorded, with the block and lot properly noted. The name cards should be arranged in dictionary order. Two files are necessary, one for last owners, the second for transfer purposes into which grantee cards are placed as titles are transferred. When name cards are complete in an office, prop-

erty owned at the present date by any person, as well as prior ownerships, may be determined on inspection.

KEY BLOCK MAPS

The map of a given block with its subdivision into lots is often referred to as the "key block". The number of the lot under search furnishes the "key" to the chain of title. When instruments are located in chronological order in the block and the lot number is marked opposite each indexed entry, the chain of title is picked up by following the lot number.

This statement presupposes either that the block system has been in use for a number of years or that the instruments recorded prior to the beginning of the system have been examined and indexed according to the block and lot numbers.

RE-INDEXING OF PRIOR RECORDED INSTRUMENTS

It is not necessary for the commencement of a block and lot system that all instruments recorded in an office be first indexed. The indexing of all future recorded instruments may proceed without the re-indexing of prior recorded instruments. In the course of time, chains of title are developed.

Any office, however, that may have additional help, may proceed to abstract and locate prior recorded instruments. This is known as re-indexing.

The process followed for re-indexing is to abstract all deeds and other papers which may affect title. The abstract of each instrument is on a convenient form and shows the grantor and grantee or other parties; the date of record; liber and page; the description of the property, the estate conveyed and the subject clauses. At the top of the abstract form is a space for making a diagram of the property described. It is advisable to have the abstractor abstract an instrument in its entirety to safeguard against error or omission. After the abstract is made and verified and the diagram drawn, it is located by comparing the diagram with the block map and entering the block and lot number. As abstract slips accumulate, they are sorted chronologically according to their block and lot number and entered upon the block and lot sheets.

In re-indexing prior recorded instruments it is advisable to begin with the latest recorded instrument and go backward in point of time. There are two reasons for this order of procedure. First, if funds will not permit an entire job of re-indexing, the later recorded instruments are more useful to the searcher. Second, the earlier recorded instruments

often contain descriptions which are vague and difficult to locate. By first locating the property described in instruments last recorded and going backward through the chain of title, the difficulties of locating are simplified. The component parts of a tract fit together like a mosaic or a picture puzzle.

In New York County the block indexing law was passed in 1889 and went into effect January 1, 1891.¹³ In 1910 a re-indexing law was passed authorizing the register to re-index all instruments prior to 1891 according to the official block system.¹⁴

It is sometimes said that locating by lots is more difficult than by blocks. The contrary, however, is true. In connection with the re-indexing work in New York, it was found to be more accurate and took less time to check the description of a lot against the diagram of the particular lot in the key block rather than to rely upon the bare outline of the block itself.

The accuracy of the locating work is best tested by reading through the chain of title by the lot number to see that there are no breaks in the chain. A so-called "break" may indicate an error in locating, or an unrecorded deed, or descent of title by will or inheritance where this fact is not indicated in the recording office. In the latter case it is helpful to check the records of the surrogate's court to account for the "break" and satisfy the indexer that no error has been made.

All data thus collected should be preserved and indexed in a manner useful to anyone searching a title.

LAST OWNER

The entries in the abstract index are made in chronological order according to the date of the instrument. The deed into the last owner should be posted on the lot sheet so that the last owner of a particular parcel may be readily ascertained. The last deed received for record is not necessarily the last owner's because frequently, correction or supplemental deeds or deeds omitted from records are recorded on a date later than the deed into the present owner.

MORTGAGES AND ENCUMBRANCES

This method of re-indexing applies to mortgages, leases and other instruments as well as to deeds. It is not advisable, however, to post on the lot index sheets references to expired instruments.

¹³N. Y. Laws 1889, c. 349.

¹⁴N. Y. Laws 1910, c. 682.

OMITTED INSTRUMENTS

There is a large number of previously recorded instruments which no longer have any legal effect. Laws relating to the legality of particular instruments in the state and county within which the block and lot system is being installed, must be taken into consideration in determining what instruments may be properly omitted from the re-index. A list of instruments authorized to be omitted was inserted in the amendment to the re-indexing law of New York County.¹⁵ This list may be used as a guide in other counties.

Generally speaking, the list of omitted instruments includes mortgages satisfied of record; releases, assignments and other instruments affecting discharged mortgages; satisfactions of mortgages; leases which by their terms have expired and assignments of or mortgages upon and other instruments affecting expired leases; other instruments relating to expired liens.

ABSTRACT INDEX OR LOT SHEET

In New York County, as a by-product of the re-indexing work, a lot sheet was prepared for each parcel of land. This lot sheet is designated as the abstract index. Its name indicates the nature of the sheet, which is not only an index to every deed and other paper affecting the lot but also constitutes an abstract of the chain of title. At the top of the abstract index appears a diagram of the particular lot with the block and lot number. Below it in columns are spaces for the entry of each instrument by the serial number, grantor, grantee, date of record, liber, page, estate conveyed, subject clauses and remarks. The abstract index for each lot is divided into three parts with a page for: (1) deeds; (2) mortgages; and (3) encumbrances other than mortgages. The form of each page is similar but a different color is used for each of the three pages.

In New York County the abstract index was started in 1916 by the entry of the name of the last owner as of that date. Open mortgages were posted on the mortgage sheet and open leases and other encumbrances on the encumbrance sheet. Notations of covenants and restrictions of record were also entered on the encumbrance sheet.

A lot sheet, once having been prepared, is substantially permanent. Occasionally, the identity of a lot is changed by the division of a large lot into smaller lots or by the combining of small lots into a larger plot. In such case, the sheet of the grantee index for that lot is closed and a new one opened for the new lot.

¹⁵N. Y. Laws 1910, c. 682, as amended N. Y. Laws 1912, c. 220.

A change in a lot outline requires a change in the land map. The changes are noted immediately on the lot index sheet and at stated periods, usually once a year, the changes are officially made in the land map.

In New York City, with 816,150 separate taxable parcels, some changes in lot outlines occur frequently, but a change in any given lot very seldom happens. Most lot outlines remain unchanged for fifty to one hundred years. The preparation of an individual lot sheet, for a given lot, may be done in an hour or so but having been prepared it will stand on the average for a generation.

So, also, the recording of instruments affecting a given lot is infrequent. Large recording offices like in New York may receive hundreds of instruments for record each day but the transfer of a particular lot seldom occurs. On the average, a transfer of a given lot happens once in twenty years. Titles to given lots have periods of activity caused, perhaps, by the death of an owner, sale of the lot to an operator and finally to a permanent investor.

A lot sheet with space for ten transfers will usually take care of all deeds recorded over a century.

The simplicity of the lot sheets and the ease and economy with which they are kept posted to date, after it is once started, is sometimes not understood by those who have not had experience. The common impression is that the enormous number of instruments of record make the problem so complex as to make the lot system impossible of practical operation. The prevalence of this impression is the result of the mixing of instruments in an office together in libers without regard to the property affected.

CURRENT POSTING ECONOMICAL

The current posting of deeds and mortgages to the abstract index lot sheet is done by marking upon the instrument when received for record the number of the block and lot affected. The description in the instrument is read against the indicated lot and if it is found to exactly coincide, then it is entered on the lot sheet. The posting of instruments directly to the lot sheet does not increase the work or financial burden of the recording office but, on the contrary, simplifies it.

CHANGES IN SUBSTANTIVE LAW

This discussion covers mainly the manner in which rights in land are recorded. How legal rights in land are created and transferred, either by common law or statute, is a subject of importance worthy of a separate study.

The modern tendency of law is in the direction of making the rules for creating rights and transferring titles for real property the same as for personal property. If this principle is accepted it follows that general liens must give way to specific liens. There is no reason why a land title should be encumbered with the general lien of a money judgment any more than should goods or money in a bank. If a creditor wishes to hold a debtor's bank account, the statute provides a method of accomplishment. Imagine the delay in business transactions which would result if the transfer of money or goods could not be made without first examining the judgment records in the county clerk's office.

It is not intended in this article to enter into a discussion of changes in substantive law relating to land titles which may be desirable. The following suggest themselves:

- 1) Descent by death, title to real property to pass to the administrator or executor and transferred to heirs or devisees the same as personalty.
- 2) Estate taxes, whether federal or state, to be governed by rules the same as for personal property.
- 3) Corporation franchise taxes, the lien to be made specific in amount and noticed directing against the particular property to be charged.
- 4) Dower and curtesy to be abolished. These estates were eliminated in New York in 1930.¹⁶

It is often argued that to require specific notice of liens for real property places an undue hardship on creditors and taxing officials because of the difficulty of determining the particular property which a person may own. This objection will be obviated by the adoption of improved methods of recording.

¹⁶N. Y. REAL PROP. LAW §§ 189, 190.

INFANTS AS MEMBERS OF CORPORATIONS

WILLIAM Q. DE FUNIAK*

IT IS quite common to find infants as members of corporations, and only too frequently they perform the functions of stockholders, or even of directors or officers, without regard, both on their part and on the part of their fellow stockholders, to their disability of infancy. This subject of infants as members or stockholders of corporations is one of many varying aspects. Some aspects have seldom, if ever, been adjudicated or legislated upon. Others have been presented in the courts innumerable times, but only too often have resulted in conflicting viewpoints. Whatever the statutes or judicial decisions, throughout the subject there runs the unbroken thread of the disability of infancy.

It is the purpose of this discussion to cover the subject of infants in all their relations to corporations, where existing authorities warrant the treatment of such matters. Omissions will undoubtedly occur unknowingly, and many purposeful omissions will occur where a wealth of material on certain points would result in unduly lengthening this article if all such material were discussed. Accordingly, where duplication of authorities exist, the treatment is confined to representative cases, and citations are made to sources containing exhaustive collections of cases.

AS AN INCORPORATOR

Statutes creating or regulating the creation of corporations determine, of course, who can be incorporators.¹ While some statutes prescribe the qualifications of persons who may be incorporators, requiring variously "persons of full age", "persons of lawful age", and the like,² many do not define the qualifications required but merely give the right to be incorporators to a specified number of persons or individuals.³

*LL.B., University of Virginia (1924); Member of the Bar of Kentucky and of the Bar of California; Author: *Fraud or Misrepresentation by Purchaser Inducing Sale of Shares of Stock* (1938) 26 KY. L. J. 285; *Right to Deficiency Judgment where Mortgagee Purchasing at Foreclosure Sale Has Later Resold at a Profit* (1939) 27 KY. L. J. 410; *Reducing Rate of Dividend on Preferred Stock* (1938) 14 NOTRE DAME LAWYER 23.

¹13 AM. JUR. "Corporations", § 23; FLETCHER CYC. CORP. (Perm. ed. 1939) § 81.

²An exhaustive listing of the various statutes is believed to be unnecessary, but several are cited as examples. See ILL. STAT. ANN. (Jones, Supp. 1938) § 32.406 ("natural persons of the age of twenty-one years or more"); IND. STAT. ANN. (Baldwin, 1934) § 4913 ("natural persons of lawful age"); N. Y. GEN. CORP. LAW § 7 ("natural persons of full age"); WISC. STAT. (1937) § 180.01 ("adult residents of this state"). And see UNIFORM BUSINESS CORPORATIONS ACT § 2.

³See, for example, IOWA CODE (1935) § 83.39 ("any number of persons"); MICH. STAT.