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EXTENSION OF THE TORRENS SYSTEM
INTO HAWAII, THE PHILIPPINE ISLANDS AND
LATIN-AMERICAN JURISDICTIONS*

By R. G. Patton**

In primitive society ownership was always predicated upon
possession and to a very large extent that is the case in the most
advanced civilizations. If you purchase an article of clothing or
jewelry, you and the retailer from whom you make your purchase
probably merely exchange two items of property, you giving him a
sum of money and he giving you the article purchased. Neither of
you inquire into the title of the other and, except in the case of
stolen property, the title is unassailable. Practically the same system
prevailed in England in respect to land at the time of the settlement
of the American colonies, and to a large extent, since then. Since
a tract of land was not of such character that it could be picked up
by the vendor and handed to his purchaser he did the next best thing
by handing to the latter a symbol of the land, such as a twig or a
clod of earth, with appropriate words showing his purpose in doing
so. His ownership was evidenced by the fact that he was in pos-
session which was technically designated by the statement that he
was seized of the premises. The physical act by which he transferred
his seizin or possessory ownership to his purchaser was designated
as livery of seizin. As deeds gradually came into use in England
they were used merely for the purpose of reducing to writing the
evidence of that ceremony, and it was still the ceremony, and not
the deed, which constituted the operative act to transfer the title.

Later it became common to use deeds instead of the ceremony
and there grew up the practice of delivering to the purchaser not
merely possession of the land but possession of title deeds—the
deed from A to B, that from B to C, one from C to D, etc. In case
of a mortgage it was customary to deposit the title deeds with the
lender, in addition to any contract of mortgage which was given.
The inability of the owner to later furnish the title deeds to a

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to the Instituto de Derecho Comparado of the University of Mexico and
published in Nos. 4 and 6 of its Boletin del Instituto de Derecho Comparado,
of which Institute Mr. Patton was made an honorary member in recognition
of the numerous articles he has contributed to Spanish-American law reviews
on Trusts and Conveyancing.

**Referee, Land Title Calendar, District Court of Hennepin County,
Minnesota; Professorial Lecturer, Real Property Titles, University of
Minnesota; also Guest Lecturer (1950), Trusts, Graduate School for Latin-
American Lawyers, New York University School of Law.
prospective purchaser who did not know of the existence of the mortgage was very good protection to the mortgagee.

While the laws of civilized countries differ greatly in the methods used for transferring title to land, it is possible to classify them into four distinct systems of conveyancing. The first is that just described in which no public record is made of the transfer. It is still the principal system in use in England although it is being rapidly replaced by the fourth system which will be the main subject of this study.

The second system has received its principal development in the United States. Under it, title passes by delivery of the deed the same as in England. The difference is that unless recorded in a designated public office the deed is of no effect as to a subsequent purchaser who has no notice or knowledge of its existence; and in many states it has no effect as against the rights of a subsequent judgment creditor of the grantor. Instead of examining the original deeds to ascertain who is the present owner and the extent of his estate, a purchaser secures this information from the public records by having his attorney make an examination of the records. The purchaser must ascertain, at his peril, the interest of the party from whom he is making his purchase.

A third system exists in a considerable portion of Europe and Asia and was formerly used for many transfers in England; namely, a system by which the seller and the purchaser appeared before a court and, on their statement of the transaction of sale by one and of a purchase by the other, the court entered an order transferring the title. A modification of this system is in effect in most civil law countries, the modification being that instead of the parties appearing before a court of general jurisdiction, they appear before a notary who has power to act in relation to conveyancing. He executes a public act or statement transferring the title from the one party to the other, usually having them also sign the instrument as evidence that it is in form to carry out the wishes which they have expressed to him. The instrument is then left with the notary, or is deposited by him in a public office or registry created by statute for that purpose.

The fourth system is a development from the other three. Title does not pass by the delivery of a deed, the recording of a deed, or the entry of a judicial decree. Any one of these give a right to the title but the title does not actually pass until a designated public official has entered in an official record a certificate of title, certify-
ing that the grantee in the deed, or the beneficiary in a judicial
decree, is the owner. The certificate-of title is a symbol of the title
itself and a copy of it is furnished to the party in whose name the
title is registered. This certificate form of evidence of title is not
uncommon in other fields of property. The most familiar illustration
is a stock certificate of a corporation. The certificate stands merely
for a certain undivided interest in the net assets of the corporation,
the fractional interest being represented by the number of shares
stated in the certificate as a numerator and the total number of
shares outstanding as the denominator. The interest is transferred
by an assignment of the certificate and we are so familiar with this
symbol that we think of it as the thing which is owned and
transferred rather than the actual interest which it symbolizes.
The certificate system is in world-wide use for the purpose of
showing ownership of merchant vessels. Every ship is listed in a
national registry. A page in the Register is devoted to each ship
and on that page there appears its name and description, the name
of the owner, and any encumbrances. A duplicate of this page in
the form of a certificate is given to the owner and is his evidence of
ownership no matter where he may be. It is usually kept on the
ship and accordingly is frequently spoken of in literature as the
"ship's papers." Any lien or claim against a ship is required to be
noted on the original register page so that it is possible for any
interested person to tell at a glance exactly the condition of the
title. To make a transfer, the owner assigns the certificate which
he has and takes it to the registry office whereupon the old certifi-
cate is cancelled, the old page is closed, a new page is opened, and
a duplicate certificate of the new page is given to the new owner.
In fact the torrens system grew out of the fact that its originator,
Robert R. Torrens, had been connected with the shipping industry
for a number of years before he was appointed Registrar General
of the Province of South Australia and given charge of registering
all instruments affecting the title to real estate in that province. His
experience in his former office led him to speculate on the subject
of why the title to a tract of land could not be registered with the
same simplicity as the title to a ship. He demonstrated that this
was entirely possible and the system for which he drafted the law
in Australia has proven to be a very efficient method of keeping
track of the ownership of real property and of simplifying every
transaction concerned with transferring the title or of using that
type of property as security.
The first two of the systems just considered are those which are in force in the Anglo-Saxon countries except as they have been displaced by the fourth, or certificate, system. The third system is that in force in most civil law countries except as it has been superseded by the certificate system. This study will concern itself briefly with the extent to which the certificate system has superseded the first and second methods in the Anglo-Saxon countries and the reasons for the change and, then in somewhat greater detail, the extent to which the certificate system has superseded the third method in civil law countries, the reasons for the change, and the advisability of the change being made in still other countries where the civil law prevails.

Under each of the first three systems, a title is transferred at the risk of the buyer and subject to all defects in its entire recorded history. It is very essential that a prospective purchaser make a careful investigation of that history so that he may know to a certainty who is the real owner and the exact extent to which the title is encumbered. The systems came into existence at a time when real estate was the most valuable class of property but at a time when it was nevertheless outside the realm of commerce. Transfers were so infrequent that there was no necessity of facilitating the ability to make them speedily. Since that time real estate transactions have become frequent and it is important that real estate should be as readily transferable as the title to any personal property of equivalent value. The system of proof of title has already progressed from the notoriety afforded by the public ceremony of delivery of the possession to that of keeping a public record of each transfer, and it is in process of changing from the latter system to an era in which instead of making a record of the transfer there will be made a record under the torrens system of the ownership itself. The official certificate of title will always show the name of the then owner and the encumbrance against his land. The basic principle of the system is the registration of the title to the land instead of registering, as under the old system, the evidence of such title.1

When introduced in Australia in 1858, the system found immediate favor. The merits there disclosed led to its adoption in New Zealand, Tasmania and the western provinces of Canada. England adopted it in 1897 for the purpose of untangling the complications involving titles in the City of London. About the same time some

1. State v. Westfall, 85 Minn. 437, 89 N. W. 175 (1902); In re Bickel, 301 Ill. 484, 134 N. E. 76 (1922).
of the states of the United States had adapted the original torrens statutes to suit the requirements of jurisdictions bound by written constitutions; namely, by providing that the transfer from the older system to the certificate system should be by a decision of the judiciary department of the government as to ownership and encumbrance rather than by administrative officers. The system has found particular favor in Massachusetts, Minnesota, and the City of Chicago. Aside from these three jurisdictions the greatest use of the system has occurred in Hawaii and in the Philippine Islands, in both of which jurisdictions it was introduced in 1903. Transfer to the system was made compulsory in many situations, and all land transferred from the government to private ownership after introduction of the system was automatically placed on the torrens register, the same as was done in Australia and in all the western provinces of Canada. Perhaps another reason for the extensive use of the system in these two groups of islands is the same as that which exists in Massachusetts; namely, an uncertainty under the old system not only as to title but as to boundaries. This latter was due to the lack of an underlying survey by which the land of an owner could be accurately described.

The Philippine and Hawaiian torrens acts differ in only a few particulars and they are almost literal copies of the Massachusetts Act of 1898. The practice in all three jurisdictions is substantially the same. Since, as stated, there is no underlying survey, one of the essential elements in determining the title of the tracts which are transferred from the older system of title as shown by the records, or as determined and acquired by possession, is a survey in order to secure a dependable description of the land involved. However, the Philippine and Hawaiian acts have two features which do not appear in the Massachusetts act. One of these is that as fast as new land is removed from the public domain by patent to a private party the title of the latter comes automatically under the torrens system and a certificate of title is issued to the patentee on the basis of the patent rather than, as in other cases, upon the basis of a decree of court. The other is a provision by separate act for compulsory registration in certain areas of land which is already privately owned. The provision is quite similar to the acts which are passed from time to time by the English Parliament fixing areas of the City of London for which compulsory registration is required under the English act. This is accomplished in the Philippine and Hawaiian Islands by a statute providing for

cadastral surveys; namely, a survey of a large area of land by lots and blocks for the purpose of determining and settling not only the boundaries but the ownership of the respective tracts. The purpose of this offspring of the torrens system in the Philippine Islands is, like the torrens system itself, for the purpose of affording incontestability of title. In both Hawaii and the Philippines the cadastral act provides not only for a survey by a Government Surveyor but makes it the duty of a designated government officer to require that the title to the lands in the survey shall be registered under the torrens act. The provisions for this are substantially the same in both jurisdictions except that in the Philippines the proceedings require all notices to be published in both the English and Spanish languages. A notice of the survey is addressed to the general public and to all persons claiming an interest in the lands involved. It is published in two successive issues of the Official Gazette and posted in conspicuous places on the land to be surveyed and registered and in a conspicuous place in the chief municipal building in the municipality in which the lands are situated and a copy must be given to the president of the municipality. When the lands have been surveyed and platted, the Director of Lands is required to institute registration proceedings by petition against the claimants and occupants of the land or any part thereof as a result of which the title and the boundaries are to be determined by the Court and Certificates of Title entered in favor of parties whom the court finds to be the owners. In other words, registration of title under the torrens law, (Act No. 496), is left to the discretion of the property owner; but as to land included in a cadastral survey, (Act. No. 2259), the requirement of registration of title is compulsory and the proceeding is brought by the government.

Two very helpful books have been published on title registration in the Philippines, both of which contain copies of the torrens act. The first is in both English and Spanish, and the second contains a copy of the cadastral act along with forms of papers to be used in both voluntary and compulsory cases, the forms being printed in both languages. The book of Dr. Altavás quotes with approval the statements of an earlier author to the effect that “The object of the Land Registration Act is to afford a simple, certain,
practical method by which every interested person, the owner of the land and every one dealing with him, may know at any given time just who owns a particular piece of land, and subject to what conditions, limitation, encumbrances or claims; and also incidentally to furnish a means by which the title to the land may be handled with greater ease and facility in commercial transactions than exist under any other system of evidencing title." He adds that the advantages of the Torrens System, in general terms, are as follows: "1—the acquisition of an indefeasible certificate of title; 2—the increase of the value of the land from the moment of the issuance of the title; 3—the simplification of all subsequent operations; 4—the acceptance of the certificate of title by banks, loan associations, and money lenders as the best security for the money they lend; 5—facility of examination and investigation of the actual condition of the property; 6—the guaranty by the State that the owner of a registered land shall be indemnified if he is deprived of same by fraud or otherwise without negligence on his part, and 7—quiet possession of the land described in the certificate of title."

He makes a summary of what appears in detail in both his book and in that of Dr. Francisco in regard to the steps to be taken for a voluntary transfer of the title to the torrens system. Since it would be impracticable to give here either a copy of the Torrens Act or the comments of these authors as to the details of proceedings to be taken, it will be of interest to set out his summary of these proceedings, namely:

1. Survey and preparation of plan.—A land owner who wishes to have a Torrens Title must get, first of all, a duly authorized surveyor to make the survey of the land and prepare the corresponding plan. He can also apply to the Bureau of Lands for a surveyor to do such work.

In the field work of the surveyor, it is his duty to follow boundaries as shown to him by the land owner or his authorized agent. To avoid opposition at the hearing of the case, it is very convenient that the owners of the adjoining lands or their agents be present while the survey is being made so that they can help point out to the surveyor the true boundaries.

2. Preparation and filing of the application.—Once the survey is made and the plan finished, and once the same has been approved by the Director of Lands, the land owners shall prepare

5. Altavás, op. cit. supra note 4, at 3.
6. Id. at 4.
7. Id. at 6, 7.
an application for registration of land which is to be presented to the clerk of the Court of First Instance of the province where the land lies.

The land owners may use printed forms of application which they can obtain from the clerk of the court.

Said application may be presented in duplicate accompanied by the plan and technical description, also in duplicate, and by all muniments of title.

3. Setting the case for hearing.—The Applicant, or his attorney must ask the court to set a date for the hearing of his case as soon as the application is filed, in order that the General Land Registration Office may proceed immediately with the publication of notices relative to said application as provided by law.

4. Publication of notices relative to application.—The publication of the notice relative to an application is made by the General Land Registration Office by inserting said notice in the Official Gazette, in two consecutive numbers, before the date mentioned in said notice as the date for the hearing of same, by posting a copy of said notice in a conspicuous part of the land and of the municipal building fourteen days before the above mentioned date, such service to be performed by the Provincial Sheriff or his deputy; and by sending certified copies of said notice, by registered mail, to all persons whose names appear in the application. The proper publication of this notice is the step which confers jurisdiction on the court to hear and decide a land registration case.

5. Hearing of the case.—On the date set for the hearing of the application, the applicant or his duly authorized agent must appear before the court to prove that he has title to the land described in his application.

6. Evidence.—To prove ownership of land any evidence may be presented to the court. Old Spanish titles, known as Royal Titles and Possessory Information titles, entries made in the registration books and the possession of land for a period of ten, twenty and thirty years are good evidence.

7. Decision.—After hearing, if the evidence presented justifies a decision that the applicant is entitled to a certificate of title, the court will render a decision to that effect which, upon expiration of a period of thirty days required by the law within which to appeal from a decision, shall become final, and a decree of title shall then be issued by the General Land Registration Office, said decree
to be transcribed to a document called a Certificate of Title. This Certificate of Title is known as a "Torrens Title."⁸

At the time of entry of the Certificate of Title there is also prepared a duplicate copy known as an owner’s duplicate which is delivered to the owner. The certificate and the duplicate copy each constitute proof of ownership and the law provides that they shall be treated by any court as conclusive evidence that the registered owner has a good and valid title to the land, free from all encumbrances except those which are noted on the original certificate. The owner may make the same disposition of the land as would be the case if the title had not been registered and he may use the same forms of deeds, mortgages or other instruments as would be used for other land. Any mortgage, lease or instrument which does not transfer the title is filed with the register of deeds and noted as a memorial upon both the original certificate of title and on the owner’s duplicate except that encumbrance which is not voluntarily created by the owner need be noted only on the original certificate. A transfer of title is made by filing with the register of deeds a deed from the owner along with the owner’s duplicate certificate upon receipt of which the register of deeds makes a record of the receipt of these instruments, marks across the face of the original certificate and the duplicate certificate the fact that they have been cancelled and enters a new certificate of title in favor of the new owner and gives him an owner’s duplicate of that certificate.⁹

Dr. Francisco very correctly states¹⁰ that there are six essential elements in the Torrens System and he lists them as follows:

1. The creation and recognition of one estate in land,—the registered title,—in lieu of a legal title per the records and an equitable, or provable title, not of record.

2. The creation of a governmental certificate of title, consisting of a public register and an owner’s duplicate certificate, on which the condition of the title is set forth to some certain extent required by the law.

3. Indefeasibility of title to the estate or interest in land, with which the owner is registered, except as to matters declared in the

⁸ Although North American dictionaries recognize use of the word "torrens" both as a noun and as an adjective, none of the acts bear that name. Most of those in English carry the title "The Land Registration Act." The Spanish version of the Philippine Act reads "Ley del Registro de la Propiedad."

⁹ Altavás, op. cit. supra note 4, at 99, 100, 110, 118, 119, 124.

¹⁰ Francisco, op. cit. supra note 4, at 17.
(4). The transfer of an interest in land only by entry on the register, in lieu of transfer by the execution of instruments.

(5). The creation of liens on land only by notation on the register.

(6). The protection of unregisterable rights in land by caveats, cautions or notices of adverse claims.

Another feature is generally considered essential. An indemnity fund is created by contributions from registered owners, and payments are made from it to compensate outsiders for certain losses occasioned by operation under the Act. However, creation of such a fund is unnecessary so far as perfection of the certificate holder’s title is concerned.

Outside of the City of London there have probably been no jurisdictions in which the system was more needed to restore value to the ownership of land than in Massachusetts, Hawaii and the Philippines. Collecting the statements which have been published regarding use of the system in these three jurisdictions, it may be truly said that it has proven to be amazingly successful. It has achieved what its friends had hoped would be accomplished. It has promoted security in transactions which had formerly been marked with a great element of risk and speculation. It has added to this element of security that further element of speed in transferring title, which under certain circumstances and in particular cases may be the most important feature of a real estate transaction. Other benefits have proceeded naturally and logically from these two great elements of speed and security, rendering important contributions to the commercial life of the community. Loans on registered property are obtained with much less difficulty than loans on unregistered property.

The foregoing constitutes a very brief review of the origin of the torrens system of land title registration in Australia, and of its spread to London, the western provinces of Canada and various other portions of Great Britain, to some states in the United States and the Territory of Hawaii and to the Philippine Islands at a time when they were under United States sovereignty. With one exception, the common law prevails in all these jurisdictions. The exception is the Philippine Republic where the law is based almost entirely upon the Spanish codes. The outstanding success of the torrens system in the Philippines is proof that the system is just as adaptable to the civil law of the Latins as to the common
law of the Anglo-Saxons. Further proof of this fact is afforded the writer by a letter which he recently received from a prominent firm of lawyers of Manila which states: "Those who lend on mortgages generally insist on Torrens Titles, and in the laws relating to investments of banks and insurance companies it is generally provided that the land must be registered (under the Torrens System). Purchasers usually ask for certificates of title." This conforms to a letter received earlier from the Registrar of the Land Court at Honolulu advising that nearly half of the land in the Island of Oahu, on which that city is located, has been transferred to the torrens registry. He states also: "Banks and trust companies treat a land court certificate of title like they would a government bond and lend money on it freely without further examination. A friend of mine built a two-story apartment house and needed $10,000 cash for furnishings. The bank told him: "If your property were registered in the land court we'd give you the money in fifteen minutes; since it's not registered we will have to search the title and that will take two weeks." That, in brief, is the way mortgagees and financial institutions here in the islands feel about the land court system. As a rule purchasers are always willing to pay a little more for property that is registered and appraisers always appraise registered property a little higher than unregistered holdings. On the whole I'd say the land court system here functions smoothly without complications or red tape and that everybody concerned with it is highly pleased with the results."

As a part of the activity of the Work Progress Administration maintained some years ago by the federal government of the United States there existed WPA Project No. 6101 for the purpose of ascertaining the work being conducted to properly preserve the records of title to real estate. At that time the Philippine Islands were a part of the United States. The report showed that the Islands had made greater use of the torrens system than any other part of the country. At the close of the year 1935 there had been 50,782 voluntary transfers to the system and the Governor General had initiated 1,776 transfers under the Cadastral Act. Transactions in registered land had been frequent and in the twelve years from 1924 to 1935 a total of 183,169 certificates of title had been issued. The need for the system in the Philippines, as in Hawaii, was analogous to that in London, where titles were particularly hazardous, and to that in the more distant portions of the Empire where records of old titles were non-existent or undependable and where
large areas of wild land were being transferred from public ownership to private ownership. Here also the volume of transactions in land became large as soon as the records of title became reliable, and the methods of transfer became commercially convenient.

And though the modern torrens system originated in Australia and Sir Robert Richard Torrens is justly given the credit, the principles which he adapted from the shipping acts had long previously been applied to the records of title to land in jurisdictions ruled by the civil codes: Germany, Austria, and Hungary particularly and to a certain extent in Sweden, Norway, Denmark, Servia, Greece and Slavonia.

Although the author of this study believes that the Torrens System makes real property a more liquid asset and simplifies the proceedings for transferring and financing land transactions and establishes the conclusiveness of a title after it is once registered, the history of the movements for Torrens legislation in the Latin portion of the Western Hemisphere has not been fortunate. The System was installed in Brazil by Decree No. 451-B on May 31, 1890 with additional regulations under Decree No. 955-A of November 5, 1890. However, the constitutionality of the law was several times contested after promulgation of the Civil Code of January 1, 1917. The majority opinion was that the system had been abolished by the civil code. Decree law 1.608 of September 16, 1939 settled the matter to the effect that arts. 457 to 464 of the code limit use of the system to rural land and that no registration under it may be had for city real estate. The system was ably presented to the public by the publication in 1891, at Sao Paulo, of a book on Nocoes Sobre A Hypotheca in which the author devotes two lengthy chapters (10 and 11) to the subject. That little came of it appears to have been due to a lack of support by the legal profession as well as due to the active opposition of the notaries.

In Argentina the movement for establishing the system has had even less success. In 1904 Dr. Galiano presented a well drafted proyecto de ley for establishment of the torrens system. It was vigorously opposed by Dr. Cipriano Soria. Nevertheless agitation for its establishment has continued and as late as 1943 there was published at Buenos Aires a book in which nearly 100 pages are devoted to a copy of the proyecto, the ponencia of Dr. Galiano in support of it, and the protests of individual escribanos and of the Colegio Nacional de Escrivanos. For the law to be the success that
it deserves, the escribanos should be its active supporters. Based on experience in other countries, it would not decrease their income or increase their work but the clients who pay for their services would receive more for their money.

In Puerto Rico an attempt to establish the system was made by virtue of a bill for a legislative act presented to the Executive Council in the year 1900 by the then treasurer, Mr. Willoughby. The first eleven sections of the proposed act related to the creation and organization of a Court of Registration similar to the Land Court in Massachusetts, with exclusive jurisdiction throughout the island and the power to determine the title to real estate. Following these provisions there were those which outlined the Torrens System, here following substantially the Massachusetts Act the same as was done in Hawaii and the Philippine Islands. This bill was discussed at length and was vigorously attacked by the then Registrar, Sr. José S. Belaval in a pamphlet entitled “The Proposed Bill for a Property Registry,” and nothing ever came of the project.

In one form or another and following definite principles of the theory there always existed from remote times and in all countries an institution of registry; in some, merely for the purpose of giving publicity, and in others of a character guaranteeing the title as it appears from the record. In the jurisdictions in which the Torrens System exists the law guarantees the statements of the Certificate of Title. In Louisiana, and North Carolina, in which there is merely the recording system, nevertheless there the law also protects the purchaser or mortgagee in relying on the record. But in most states and in the older provinces of Canada many rights in land are recognized independently of the registry. In any transaction of purchase or mortgage the investigation must pertain not merely to the registry but also to certain matters outside of it. Thus a purchaser or mortgagee assumes certain risks whenever he deals with the land. Even the Torrens System does not purport to remove all of these risks but it does remove all except a very few which are minor and the removal of which would appear to be contrary to public policy such as the rights of a party in possession under a deed or contract for deed from the record owner, parties in possession under short term leases, recent improvements for which mechanic's liens might be filed, etc. The situation was corrected to a very large extent in the writer's home state of Minnesota by the enactment in 1901 of a law providing for the
Torrens System; and in his home county the transfer from the recording act system to the Torrens System has progressed from a minor number of tracts per year to a matter of two or three thousand tracts per year, until now mortgagees much prefer to make loans on torrensed titles and purchasers, to a large extent, insist upon a torrensed title. For the sake of security of title and for the purpose of lending assurance to those individuals and corporations which make loans secured by real estate mortgages, it is becoming increasingly necessary in all jurisdictions that the Torrens System be instituted or that the conclusiveness of present title records be increased to the status given to such records in North Carolina and Louisiana. As was the case in Massachusetts, Hawaii and the Philippine Islands, this is particularly true when for lack of underlying surveys, there exist not only uncertainties as to title but also as to boundaries.