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The Uniform Simplification of Land Transfers Act and the Politics and Economics of Law Reform

Peter B. Maggs*

Late in 1995 I had the privilege of working with a group of Armenian jurists who were preparing a draft of a new Civil Code for their newly independent country. I remarked to them that the dynamics in the group session were very similar to what I had experienced two decades earlier. I was a co-reporter, first for the Uniform Land Transactions Act (ULTA),¹ and then for the Uniform Simplification of Land Transfers Act (USLTA).² One of them asked me about the fate of these acts. I admitted that these uniform acts had not achieved adoption and wished them greater success with the new Armenian Civil Code. The discussion then turned to why the uniform acts had problems and how they might save their draft code from the same fate. Here is what I told them.

Under the history of the Uniform Land Transactions Act there has been significant movement. ULTA started as a grand idea of a codification of all land law, then moved to a more limited goal of separate codification of major segments of land law to, finally, an even more limited goal of codification of discrete limited areas of land law. There have been three reasons for this change. The first reason for the change was purely technical. The rules of the National Council of Commissioners on Uniform State Laws required a reading of a proposed Uniform Act at a meeting of the Commissioners. The draft of the Uniform Land Transactions Act grew to the point where such a reading would have been impossible to achieve within the limits of the agenda of a single annual meeting of the Commissioners. The second change related to the drafting process. A draft of a full-fledged Uniform Land Transactions Act would have to be completed by a single deadline. Drafting of individual Uniform Acts on issues of land law could proceed on independent schedules. Given the many conflicting commitments of the Commissioners, the more flexible schedule made sense. The third reason had to do with politics and economics. The overall reform of land law would bring diffuse and hard-to-communicate benefits to the general public. However, changes proposed for each subarea of the law

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1. 13 U.L.A. 469 (1986).
2. 14 U.L.A. 249 (1990).

might upset a small, well-informed, and well-organized group. Thus, the broader the Uniform Act, the more opposition it might be expected to create.

An initial result of these considerations was the decision to split the Uniform Land Transactions Act into several parts, including a much abbreviated act still called the Uniform Land Transactions Act, and a number of other acts, including USLTA. The basic cause of the non-adoption of USLTA was a combination of economic and political factors. Economically, USLTA favored property buyers over construction enterprises and holders of dormant mineral claims. Politically, the group it favored, property buyers, was much more diffuse and unorganized than the groups it disfavored, construction and energy resource companies. A second political problem was the basic conservatism of land title lawyers, who tended to be resistant to change. These problems were compounded by the combining of the marketable title and construction lien provisions into a single act. This resulted in consolidating two very strong opposing forces.

Some years later there followed a decision to create three new acts, the Uniform Construction Lien Act,³ the Uniform Dormant Mineral Interests Act,⁴ and the Uniform Marketable Title Act,⁵ each covering part of the much broader subject area of USLTA. The drafting of separate acts offered important advantages over the USLTA projects in which I participated. It allowed the creation of three drafting committees each having more specialists in the relevant area of law, such as the highly technical area of mineral interests. It gave the possibility for a second try at accommodating conflicting stakeholders. It reduced the number of interest groups that each act would have to satisfy. The best example of the new approach is the Uniform Dormant Mineral Interests Act. This Act is based on careful analysis of existing laws on mineral interests. It incorporates an elaborate compromise instead of the all or nothing options offered by section 3-301(5) of USLTA. Under USLTA, if section 3-301(5) is omitted, mineral interests are cut off by marketable title; if section 3-301(5) is included, mineral interests survive in full. The compromise in the Uniform Dormant Mineral Interests Act is designed to appeal to an important interest group—owners actively engaged in the exploitation of their mineral interests. It allows them to move ahead without resolving all the problems of outstanding dormant mineral interests. Another example is the Uniform Construction Lien Act. It uses “trust funds” to try to reconcile the interests of owners, lenders, and construction contractors. Therefore, it seeks to overcome the

3. 7 U.L.A. 330 (Supp. 1995).

4. 7A U.L.A. 60 (Supp. 1995).

5. 13 U.L.A. 112 (Supp. 1995).

conflict of interests that prevented the widespread adoption of USLTA's lien provisions.

Just as decades of drafting of separate uniform acts (such as the Uniform Sales Act) preceded the enactment of the Uniform Commercial Code, it seems likely that it will take decades of work on uniform land legislation before the ultimate goal of a comprehensive uniform land act can be reached. The various acts that are the descendants of the original Uniform Land Transaction Act are a great beginning. Eventually the late Professor Allison Dunham's⁶ grand vision of a comprehensive land code will be realized.

6. Allison Dunham was the co-reporter for the Uniform Land Transactions Act and Chair of the Special Committee on the Act.