



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1440
TTY: (207) 287-4469

John "Jack" E. Ducharme III

34 Heald Street
Madison, ME 04950
Cell: (207) 431-0775
Jack.Ducharme@legislature.maine.gov

TESTIMONY IN FAVOR OF LD 353 **Resolve, to Establish the Commission to Recommend Methods for** **Preventing Deed Fraud in the State** **February 12, 2025**

Senator Carney, Representative Kuhn, and esteemed members of the Joint Standing Committee on Judiciary -

My name is Jack Ducharme, and I proudly represent the people of Cornville, Madison, and Norridgewock in the Maine House of Representatives. I come before you today in support of LD 353 a *Resolve, to Establish a Commission to Recommend Methods for Preventing Deed Fraud in the State.*

Prior to my service in the Maine Legislature, I was Regional Vice President for Skowhegan Savings. During my 20+ year career, I was responsible for many mortgage loans and purchases of property in the area and have a real understanding of that process. Further, since my retirement, I have obtained my Associate Brokers license to sell real estate and do that in my spare time from the Legislature.

Deed fraud is a problem across the United States and is becoming an ever-larger problem in Maine. The advent of widespread electronic filing systems for filing important documents with Maine's registries of deeds has helped facilitate much of this activity. Maine is a "race-notice" state, meaning that when property transfer documents are executed between a buyer and a seller, the documents must be recorded with a county Registry of Deeds office to be considered valid. "Race-Notice" means that the first documents filed are considered the prevailing document. Therefore, it is critical that, in most real estate transactions, that the documents be filed as soon after execution with the Registry of Deeds. This is accomplished using electronic filing systems in most counties and in many states.

Across the nation fraudsters have figured out that the Registry of Deeds has no ability to vet the veracity of the documents, nor do they have the time to investigate them. They must simply record the documents received in the order presented. That establishes the official ownership of the properties. Because most of the deed records are available electronically people can look up deed records online and see who owns specific properties. A person wishing to commit fraud on a property merely has to find a property that they like, have a new deed created conveying the property from the current owner to

District 71
Cornville, Madison, and Norridgewock

themselves, forge the signature of the current owner on the deed of conveyance and get it recorded at the registry of deeds in the county where the property is located. Owners may not even know that their property rights have been taken away unless they have occasion to research their deed or if someone shows up on their doorstep stating that they now own the property. Once that deed is recorded, it then becomes the responsibility of the prior owner to prove that the property conveyance was a forgery. This can take a great deal of time and money for them to prove that they in fact own the property.

Registry officials have no way of knowing if the deed of conveyance was a forgery because they are being recorded by electronic means. If there is an official notarization affixed to the deed attesting to the signatures, the deed is recorded. Further, registry officials have no way of knowing or even figuring out if these transactions are fraudulent or not without extensive investigation, a process that they do not have the time, nor are they equipped to do. Their job is to get the document recorded. The advent of remote notarization has exacerbated this problem. When we have notaries from Maine attesting to documents, it is relatively easy to track them down. Out of state remote notarizations are significantly more difficult. Even if the registry suspects or uncovers a fraudulent deed, they have few tools to use to get this resolved. They can file a report with the District Attorney and ask for an investigation but these are often low priority given the workloads of many DA's. When an investigation happens, often the perpetrators of the fraud are out of state and nearly impossible to locate. All the while the poor Maine property owner is left to sort out the fraud on their own time and their own dime!

Deed fraud is a significant problem in the United States and in Maine. Imagine owning a property for years and waking up some morning to find out that someone from another state recorded a deed on your property showing your signature, which conveyed that property to another. Then imagine that YOU have to do the work to "reclaim" your right to the property. Mainers can lose millions of dollars in property equity and spend thousands of dollars to prove their ownership. We must do something.

Thank you to Senator Ingwerson for introducing this measure. I urge you to pass this resolve, LD 353 to at least begin the conversation of how to combat this problem in Maine. Many other states are also working on this. This resolve would bring the best practices currently being employed across the nation to light to see what works the best and would be helpful in combating this problem in Maine.

Cordially,

Jack Ducharme