

March 5, 2026

Senator Chip Curry, Chair
Representative Traci Gere, Chair
Committee on Housing and Economic Development
C/O Legislative Information Office
100 State House Station
Augusta, ME 04333

Re: First American Title Insurance Company Testimony, LD 2182

Chairs Curry and Gere and Distinguished Members of the Committee:

First American Title Insurance Company is grateful for the opportunity to provide testimony on L.D. 2182 / S.P. 886 and supports the efforts of Maine lawmakers to combat the growing threat of deed fraud and home title theft. First American underwrites title insurance policies and works with nearly 200 licensed title insurance agents in Maine. These agents, including title companies and law firms that provide settlement services for real estate transactions, are largely small business owners serving communities across the State. Our company stands at the center of efforts to prevent deed fraud before it occurs and provides critical protection against fraud through our title insurance products.

For many years, the real estate industry has been the target of increasingly sophisticated fraud schemes aimed at diverting or stealing substantial sums from participants in real estate transactions. Fraudsters continually refine their tactics to exploit gaps in systems and procedures. Our experience has shown that education, internal controls, and identity verification technology must evolve just as rapidly to remain effective.

Maine's real estate market is not immune to these schemes. Even a single fraudulent transaction can cause significant financial harm, not only to homebuyers and sellers, but also to the small, locally owned businesses that facilitate these transactions.

As the entity that ultimately pays claims when fraud succeeds, First American has a direct financial stake in prevention. We appreciate the Legislature's focus on protecting Maine consumers and support strong, effective fraud prevention measures. However, LD 2182 requires additional work before it should advance, and for that reason we submit this testimony in opposition.

Quite notably, the recommendation underlying this bill was not unanimous within the Commission to Recommend Methods for Preventing Deed Fraud. While there was agreement on the importance of seller identity verification, there were significant differences regarding implementation and regulatory structure. Identity verification today involves evolving technology, remote transactions, entity sellers, estates, trusts, powers of attorney, and layered ownership structures. These are not minor drafting concerns; they are determinative. A rigid or

poorly calibrated regulatory framework risks disrupting closings, delaying transactions, increasing liability exposure, and **raising costs for Maine consumers.**

Because we bear the financial consequences of fraud losses, we have both the incentive and the experience to assess potential unintended consequences. We are uniquely positioned to evaluate whether a proposal meaningfully strengthens fraud prevention or risks creating operational strain.

The bill would also shift significant policy decisions to rulemaking bodies without sufficient legislative guardrails. **Given the operational and economic implications for Maine's real estate market, any implementing rules should be designated as major substantive rules subject to legislative review and approval.** Without that oversight, decisions affecting thousands of transactions annually would occur outside the direct legislative process.

If the Legislature determines that rulemaking should proceed, we strongly urge that any rules be designated as major substantive rules, requiring legislative review and approval. Given the economic and operational implications for Maine's real estate market, that level of oversight is appropriate.

Further, any rule development must include a formal advisory group composed of industry experts, including title insurers, settlement agents, real estate attorneys, brokers, and regulators. Without meaningful industry expertise at the table, there is a substantial risk of adopting standards that are impractical, inconsistent across agencies, or misaligned with emerging national best practices.

We also note that the Uniform Law Commission has convened a national Deed Fraud Drafting Committee to examine coordinated approaches to identity verification. **Prematurely advancing a prescriptive framework in Maine before that work is complete could necessitate future legislative revisions, create regulatory fragmentation, and impose avoidable costs on taxpayers.**

It is important to recognize that identity verification technology is evolving rapidly. Methods used today, including knowledge-based authentication, biometric verification, remote online notarization tools, AI-assisted fraud detection, and multi-factor digital credentialing continue to change as fraud schemes become more sophisticated. **If rules prescribe specific technologies or rigid technical standards, those requirements could quickly become outdated or unintentionally hinder the adoption of more secure and effective tools.** Rulemaking should emphasize flexible, principles-based standards rather than detailed technological mandates, allowing regulators and industry to adapt as best practices evolve and fraudsters continue to innovate; **they will innovate.**

The American Land Title Association (ALTA) has already adopted and recently updated best practices, including KYC standards which the industry already follows. ALTA Best Practices Ver. 4.2 included an identity fraud prevention program requiring protocols and processes to identify and respond to suspected fraud or impersonation attempts, as well as industry-standard Verification Guidelines. Those guidelines are adapted and updated regularly to address evolving

threats and technologies in near real time based on title and settlement industry knowledge and experience. This results in an agile response to fraud threats the industry manages in near-real time, whereas the proposed legislation would slow, cumbersome, and not based on the latest threats we face.

Additionally, the bill includes vague and broad language. In its current state, it would impose these requirements on any "settlement agent" but the definition is so broad it would encompass attorneys, banks, and credit unions, out-of-state and national settlement providers as well as Maine title producers providing settlement services. Presumably, this legislation would regulate attorneys and the practice of law in Maine, as well as likely impose different and possibly conflicting federal KYC requirements which banks must already comply with.

The bill also would apply to undefined terms such as "vacant land" and "residential real estate". This would include large commercial transactions such as timber deals, commercial assemblages, ground-up construction, and multi-family properties. It could also apply to large commercial and multi-family projects where "home title theft" is not at risk, adding unnecessary mandates, cost, and friction.

Finally, while our industry is constantly updating our responses to fraud schemes in real time, the imposition of a relatively stagnant regulatory environment which is far removed from those real-time challenges will result in new compliance costs. Those costs will inevitably be passed on to consumers driving up transaction costs and potentially impact housing affordability in Maine.

For these reasons, First American respectfully urges the Committee not to advance LD 2182 in its current form. We remain committed to working collaboratively on a more deliberate and technically sound approach that strengthens fraud prevention while preserving the efficiency and stability of Maine's real estate and settlement system.

Thank you for your time and consideration and for the opportunity to provide feedback on LD 2182

Sincerely,

Robin Watts

Robin Watts
Maine Special Counsel
First American Title Insurance Company