

Dear Stewart Partners,

It feels like winter has finally arrived! We hope that you've been able to dig yourself out from all the recent snowfall and are enjoying the new year. In this week's Mid-Week Update, we are providing you with information on Fannie Mae's Title Acceptance Pilot and a review of a recently issued right-of-way case in Vermont as well as the upcoming deadline for Vermont Notary Public renewals. We also outline some "best practices" to avoid financial fraud schemes that are increasingly sophisticated with the assistance of Generative AI.

On the educational front, we want to make you aware of an educational opportunity happening today. Our Massachusetts and New Hampshire underwriting team is presenting an educational webinar for cross border agents and you still have time to register. For more information about CLE credit and registration information see below. Lastly, if you are looking to expand your commercial title insurance knowledge, Stewart's commercial team has hosted a series of webinars on various topics, that are all accessible to our agents. To access the series, called Title Tenets, follow the links below.



**Fannie Mae Continues to Push the Title Acceptance Pilot By:**  
Katherine Fletcher, Esq., Associate CT State Underwriting Counsel &  
Associate Senior Underwriting Counsel

Fannie Mae recently launched its Equitable Housing Finance Plan for 2025-2027 which includes a summary of the Federal Housing Finance Agency's (FHFA) Title Acceptance pilot. The pilot will launch in 2025 and last for 18 months. The purpose of the Title Acceptance pilot is to reduce closing costs for borrowers by waiving the requirement for lender title insurance on certain refinance transactions that "represent lower risk of title issues". According to Fannie Mae, "We estimate that the Title Acceptance pilot can reduce borrower cost of lender title insurance by \$500 to \$1,500 per loan." Fannie Mae plans to have at least 10 mortgage lenders participate during its 18-month duration. Once the pilot concludes in 2026, Fannie Mae will evaluate further uses for Title Acceptance, including the possibility of using it in home purchase transactions.

Fannie Mae's Equitable Housing Finance Plan also addressed the use of an attorney opinion letter (AOL). By way of background, in April 2022, Fannie Mae updated its Selling Guide allowing lenders to obtain either a lender title insurance policy or, in some circumstances, an AOL. In 2023, Fannie Mae further updated the Selling Guide to expand loan eligibility for AOLs allowing them to be used for condos and properties with restrictive

covenants (those with homeowners' associations and planned unit developments). Fannie Mae believes AOLS can reduce closing costs for borrowers while managing risk for Fannie Mae. As of August 2024, six lenders have used AOLS in lieu of title insurance, most frequently for refinance transactions. It is important to understand the difference between title insurance and AOLS as well as to be aware of the risks and limitations placed on an agent who chooses to use this alternative product. Stewart Title Guaranty Company (STGC) issued a bulletin in August 2024 highlighting that it does not participate in the AOL program and that if an agent chooses to use the AOL product, no CPL and no commitment/policy may be issued. In addition, reference to STGC on any closing documents must be removed. Please refer to Stewart's full bulletin here: [August 2025 Bulletin: AOLS](#).

Fannie Mae has been advocating the Title Acceptance pilot and the use of AOLS for quite some time. In early 2023, Fannie was pursuing the pilot but it was abandoned in the summer of 2023. However, in March 2024, the Biden Administration announced the program's revival.

Understandably, ALTA and other members of the title insurance industry have continually voiced significant concern about the pilot program and AOLS and their possible ramifications. After all, title insurance, which is a highly regulated product, protects both lenders and homeowners against financial loss and potential loss of property from unknown problems. In an April 2024 article for HousingWire, Diane Tomb, the CEO of ALTA, explained that critics of title insurance have a limited understanding of the importance of title insurance by mistakenly referring to the title industry's lower claims rates compared to other types of insurance. Ms. Tomb explained how title insurance is quite different than other types of insurance and offered several examples of the benefits of title insurance (full article: [Opinion: Title insurance matters. Here's why. - HousingWire](#).)

In November 2024, a group of U.S. House representatives, led by members of the bipartisan Congressional Real Estate Caucus, asked the FHFA to halt its Title Acceptance Pilot program. The legislators said the pilot program "reveals a misunderstanding of the critical importance of title insurance for both new home purchases and refinancing by insinuating it is a 'junk fee.'" "We are worried that the pilot will inadvertently cause irreparable damage to homeowners and lenders by leaving them without critical protection against financial loss," they wrote. "We ask that the pilot be halted until FHFA solicits public input and thoroughly vets the pilot, as called for in the FHFA's Prior Approval for Enterprise Products Rule." The legislatures are very concerned that consumers will not be protected as well as they are by title insurance. For example, an automated title search using public records only will not disclose threats found in other records like unfiled liens, fraud and forgery which could be discovered by the "expert title agents", who the pilot program will cut out of the exam process. To read a complete copy of this letter, follow this link: [Congressional Real Estate Caucus Letter](#).

This past December, Rep. Warren Davidson (R-OH), House Committee on Financial Services Chairman Patrick McHenry (R-NC) and Chairman-Designate French Hill (R-AR) also submitted letters to the FHFA expressing their concerns about the lack of public dialogue around the pilot program, as well as what they consider FHFA's failure to address questions previously posed by other members of Congress.

In the various letters submitted to FHFA, legislatures asked FHFA to advise with respect to many questions regarding the pilot, including the following:

- How will the pilot protect consumers from title risks that are not easily discovered by an automated search of the public record?
- Since title agents will be removed from specified refinance transactions and no technology alone can effectively detect fraud, how does FHFA plan to protect consumers participating in the pilot against seller impersonation fraud?
- Which factors will be considered in determining if a property and/or borrower presents a “lower risk of title issues” and is therefore eligible for a title insurance waiver? In the alternative, which factors will cause a borrower and/or property to be ineligible (and could that be discriminatory)?
- How will government-sponsored enterprises build financial reserves to pay for unexpected title defects, including possible fraud, and will that liability be shared with the title risk vendor, the lender and/or the borrower?

As Representative Davidson explained in his letter, “The decision to waive the requirement for full title examinations and title insurance coverage — making Fannie Mae responsible for all unexpected title defects — exposes lenders, consumers, and now U.S. taxpayers to increased risk and financial vulnerability, which is particularly concerning in an already volatile housing finance market.” To read a complete copy of Representative Davidson’s letter, follow this link: [Representative Davidson's Letter](#).

We will certainly keep you updated on this very important matter and provide further information as it becomes available. We also encourage you to become involved. One easy way to make your voice heard on this important topic is to join the Title Action Network.

Title Action Network (TAN) is the premier grassroots organization promoting the value of the land title insurance industry. TAN membership is FREE and it only takes two minutes to sign up by [clicking here](#). To learn more about TAN, follow this link: <https://www.alta.org/advocacy/tan/>



**Vermont Right-of-Way Case** By: Jill Spinelli Quong, Esq., VT State Underwriting Counsel & Associate Senior Underwriting Counsel

In the recently issued decision, *Doyon vs. Lemington Maple Farm, LLC et.al*, a Vermont Superior Court held that a right of way for “ingress and egress” does not permit the holder of said right to cross the right of way at a point for easier access to an adjacent property.

In a somewhat lengthy and complex case history involving a dispute between brothers and business partners in a maple sugaring operation in the Towns of Cannon and Lemington, the Court resolved a nuanced right-of-way challenge. Brothers Steven and Yvan own separate tracts of land. Steven’s land includes a narrow strip between his right-of-way on Jackson Road and his property. Steven sought to cross from Jackson Road to his land at any point along that strip. Yvan placed boulders and barbed wire to prevent Steven from crossing at other areas along Jackson Road, arguing that the right-of-way requires Steven

to travel the whole length of Jackson Road, approximately 2,000 feet, before crossing to his property.

The Court found in favor of Yvan, stating,

*The 2014 deed granting the right-of-way describes it as being a “right-of-way over an existing roadway . . . for ingress and egress.” Pl.’s Exh. 24. The plain language of the deed is unambiguous and provides the owner of the granted easement—here, Steven—with a limited right to travel the existing roadway—Jackson Road—to enter and leave his property. It provides nothing more. Nothing in the language of the deed suggests that it conveys a right to depart the existing roadway at any point and cross unconveyed land for quicker access, and the Vermont Supreme Court has strongly cautioned against expansively interpreting the terms “ingress and egress” in a right-of-way to allow greater intrusions than what is expressly conveyed by the deed. See Gladchun v. Eramo, 2023 VT 5, ¶¶ 13-21 (noting such an interpretation would be inconsistent with Vermont’s “robust commitment to private-property ownership” and the Supreme Court’s “longstanding rules of deed interpretation”).*

To read the full decision, follow this link: [Doyon vs. Lemington Maple Farm](#)



## **Notary Public Commission Renewals in Vermont**

As a reminder, all Vermont notary commissions are set to expire on January 31, 2025 and the renewal application is open through the Secretary of State’s office. In order to renew, you’ll need to follow these steps:

1. Log in to your online services account [Here](#).
2. Select “renew license”.
3. Complete the Vermont online renewal application.
4. Pay the non-refundable renewal fee (if applicable).
5. Upload continuing education certificates (if applicable).

If you do not complete your renewal by midnight of January 31, 2025, late penalties will apply per 3 V.S.A. §127(d)(1).



## **Financial Fraud Schemes and Generative AI**

Generative Artificial Intelligence (hereafter Gen AI) is the latest technology used to produce data and content that closely mimics human-generated content, including text, video, audio and voice data. It’s sometimes referred to as “deepfake” technology and is increasingly believable to unsuspecting targets. Recently the FBI issued an [Alert](#) about Gen AI and its implications for larger scale crimes, especially for financial frauds.

Best Practices to Protect Yourself from Scams in the Workplace Include:

- Gen AI can be used to create believable profile photos and identification documents. When looking at photo ID's, look for subtle imperfections in images and videos, such as distorted hands or feet, unrealistic teeth or eyes, indistinct or irregular faces, unrealistic accessories such as glasses or jewelry, inaccurate shadows, watermarks, lag time, voice matching, and unrealistic movements.
- Listen closely to the tone and word choice to distinguish between a legitimate phone call from a loved one, colleague or client and AI-generated vocal cloning.
- Verify the identity of the person calling you by hanging up the phone, researching the contact of the bank or organization purporting to call you, and call the phone number directly.
- Gen AI can assist foreign criminals with language translation to limit grammatical and spelling errors, formerly an easy "tell" that the exchange might be fraudulent. That said, remain vigilant and look carefully for misspellings in domain names or email addresses or for variations in the logo of the company you are engaging with.
- Carefully check website information before inputting sensitive information. Scammers are embedding AI-powered chatbots in these websites to prompt people to click on malicious links. Check your browser window to ensure that you're on an encrypted site, starting with <https://>. If you're concerned that the website is not legitimate, you can look up the age of the site [here](#), which will tell you how old the site is. If the site is newly created, proceed with caution.

If you believe you have been a victim of a financial fraud scheme, please file a report with the FBI's Internet Crime Complaint Center at [www.ic3.gov](http://www.ic3.gov).



## **Education and Webinars**

### **Webinar Today!**

**Title:** Granite State v. Bay State - [Register Here](#)

**When:** January 15, 2025 from 2PM to 3PM

Although New Hampshire and Massachusetts share a border, and share some title law similarities, there are some significant differences when it comes to underwriting and insuring transactions in these states. Join us for an informative webinar where underwriters from both states discuss some of the key differences in title standards and laws in these two states, and how to avoid traps for the unwary. This session is a must for cross border agents who have a practice in both states!

Certificate of Attendance to aid in reporting NH CLE credits will be provided upon request. Please note that as of 7/1/2014 the NHMCLE Board no longer pre-approves courses nor course providers for NHMCLE credit. Each attorney is responsible for determining whether a program is eligible for NHMCLE credit, based on the requirements in NH Supreme Court Rule 51.

**Stewart Title's Commercial Real Estate Education Series "Title Tenets"**

STGC's commercial real estate webinar series offers customized and creative presentations to our industry partners. Presented by members of our renowned team of national title and underwriting experts, our specialists share their years of title and underwriting knowledge and expertise on a wide variety of timely topics, trends and resources. To register for upcoming presentations or access the library of recorded webinars follow this link: [STGC's commercial real estate webinar series](#)



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