

NEWS RELEASE

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Page 1 of 2

AG STRANGE ANNOUNCES \$120 MILLION MULTI-STATE SETTLEMENT WITH LENDER PROCESSING SERVICES, INC.

(MONTGOMERY)--Attorney General Luther Strange today announced that his office, 44 other Attorneys General and the District of Columbia, have reached a \$120 million multi-state settlement with Lender Processing Services, Inc. and its subsidiaries, LPS Default Solutions and DocX.

The proposed consent judgment resolves allegations that the Jacksonville-based company, which primarily provides technological support to banks and mortgage loan servicers, "robo-signed" documents and engaged in other improper conduct related to mortgage loan default servicing. When entered by the court, the judgment would require LPS and its subsidiaries to reform its business practices and, if necessary, to correct documents it executed to assist the homeowner.

Alabama's share of settlement is approximately \$1,039,078 to be used by the State for consumer protection purposes. The lawsuit and proposed consent judgment are being filed today in the Jefferson County Circuit Court.

"I am pleased that this settlement will set high standards for proper servicing of mortgages and will protect consumers from harm that could result from potentially abusive practices," said Attorney General Strange. "This agreement provides important safeguards and provides a process to seek remedy for erroneous actions that may have occurred."

Among other things, the consent judgment will require proper execution of documents and prohibit signature by unauthorized persons or those without first-hand knowledge of facts attested to in the documents, enhanced oversight of the default services provided, and a review of all third-party fees to ensure that the fees have been earned and are reasonable and accurate. The settlement also accomplishes the following:

- prohibits LPS (including DOCX) from engaging in the practice of surrogate signing of documents;
- ensures that LPS has proper authority to sign documents on behalf of a servicer, if in fact it is signing documents;
- requires LPS to accurately identify the authority that the signer has to execute the document and where that signer works;



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- prohibits LPS from notarizing documents outside the presence of a notary and ensures that notarizations will comply with applicable laws;
- prohibits LPS from improperly interfering with the attorney-client relationship between attorneys and services;
- prohibits LPS from incentivizing or promoting attorney speed or volume to the detriment of accuracy;
- requires LPS to ensure that foreclosure and bankruptcy counsel or trustees can communicate directly with the servicer;
- requires LPS to have enhanced oversight and review of processes over third parties it manages, including those entities that perform property preservation services;
- prohibits LPS from imposing unreasonable mark-ups or other fees on third party providers' default or foreclosure-related services;
- requires LPS to establish and maintain a toll-free phone number for consumers concerning document execution and property preservation services (including winterization, inspection, preservation, and maintenance); and
- requires LPS to modify mortgage documents that require remediation when LPS has legal authority to do so and when reasonably necessary to assist a consumer or when required by state or local laws.

In the proposed settlement, LPS stipulates to important facts uncovered in the investigation, including the practice by DocX of so-called "surrogate signing," the signing of documents by an unauthorized person in the name of another and notarizing those documents as if they had been signed by the proper person, as well as other improprieties in the document execution and recordation or filing process.

Once the judgment is entered by the courts, LPS will undertake a review of documents executed during the period of January 1, 2008, to December 31, 2010, to determine what documents, if any, need to be re-executed or corrected. If LPS is authorized to make the corrections, it will do so and will make periodic reports to the Attorney General of the status of its review and/or modification of documents.

The following states joined Alabama in today's settlement: Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming, as well as the District of Columbia.