



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Office of Consumer Protection
News Release

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HAWAII JOINS NATIONAL SETTLEMENT WITH COMPANY OVER 'ROBO-SIGNING'
Hawaii to Receive \$400,000

HONOLULU – The Department of Commerce and Consumer Affairs' (DCCA) Office of Consumer Protection (OCP) today announced that it joined 44 other states and the District of Columbia in reaching a \$120 million multi-state settlement with Lender Processing Services, Inc. (LPS) and its subsidiaries, LPS Default Solutions and DocX.

The proposed agreement resolves allegations that the Jacksonville, Fla.-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.

Hawaii's share of the settlement is approximately \$401,030. Hawaii's lawsuit and proposed stipulated judgment are being filed and submitted for approval today in a state Circuit Court in Honolulu.

"This settlement assures that the unconscionable mortgage loan default servicing practices alleged against LPS and its subsidiaries will not happen again," Office of Consumer Protection Executive Director Bruce B. Kim said. "Hawaii is going to go after organizations that try to take advantage of our residents."

Among other things, the Hawaii 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;
- 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.

The settlement does not prevent victims from taking legal action against LPS.

Once the judgment is entered, LPS must conduct a review of documents executed during the period of Jan. 1, 2008, to Dec. 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 Office of Consumer Protection regarding the status of its review and/or modification of documents.

Consumers may also call the LPS toll-free number that is being set up and request review and correction of any documents executed by LPS at any time. The LPS toll-free number will be placed on the OCP website when it is operational.

"Going forward, the provisions agreed to by LPS and its subsidiaries will result in severe penalties should LPS or its subsidiaries ever violate the terms of the settlement," Kim said. "This is yet another step in ongoing federal and state efforts to address questionable mortgage loan default servicing practices which may have occurred during the financial crisis."

The following joined Hawaii in today's settlement: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, 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, Wyoming, and the District of Columbia.

Lisa Tong, a senior staff attorney at the Office of Consumer Protection, represented Hawaii in the lawsuit.

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