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**Homeowners File Class Actions Against County of L.A.,
California Finance Companies, for Unleashing “Plague” of
Predatory Home-Improvement Loans**

Attorneys for plaintiffs compare “Property Assessed Clean Energy” loans to subprime mortgage crisis – cite missing consumer protections such as ability to repay analysis

Los Angeles, CA – April 12, 2018 – A group of Los Angeles County homeowners filed twin class-action suits today, alleging that Renovate America and Renew Financial – companies that the County of Los Angeles contracted with to operate the Property Assessed Clean Energy (PACE) financing program – have failed to implement basic consumer protections, burdening low- and moderate-income homeowners with home improvement loans that they cannot afford to repay. The lawsuit alleges the County of L.A. is complicit in the failings of the PACE program, leaving thousands of low-income, elderly, and non-English fluent residents exposed to predatory lending practices. The plaintiffs – represented by Irell & Manella LLP, and the non-profit law firms Public Counsel and Bet Tzedek – allege they were misled and financially harmed through their participation in the program.

PACE financing is enabled under California law and began with good intentions, aiming to help homeowners make environmental-friendly improvements to their homes without any money down.

No matter the intentions, the PACE program has inflicted serious harm on thousands of vulnerable homeowners. For example, Violeta Senac is a plaintiff in both class actions. She is 87 years old, cannot read English, and her only income is Social Security. Ms. Senac allegedly agreed to a \$47,000 contract through Renovate America, and a second \$30,700 contract through Renew Financial. Together, those contracts represent an annual repayment obligation of \$8,200 for the next 20 years, which is 40 percent of her gross annual income.

Reginald Nemore, a retired bus driver, was trying to find an economical way, on his limited disability income, to keep his home cooler in the summer to help his wife, who suffers from multiple sclerosis. Given his fixed income, poor credit and high debts, Mr. Nemore would not qualify for a traditional home improvement loan, yet he was approved for a Renovate America PACE loan for solar panels that will ultimately cost him \$71,778 over 25-years. This sum far outweighs any financial benefit he is receiving from solar power, and he cannot afford it.

“By definition, a loan is predatory if the lender doesn’t even try to ascertain whether the borrower can afford it,” said Robert Schwartz of Irell & Manella. “These lawsuits allege that Renovate America and Renew Financial did not provide the most basic consumer protection

there is: checking to make sure that homeowners could afford the payment, and the County has been well aware of that systematic failure for years,” noted Anne Richardson, an attorney with Public Counsel.

“Over the last two years, we have been receiving desperate pleas from Los Angeles County homeowners who are facing foreclosure because of a program that was intended to help them. They are usually elderly, and disproportionately either African American or Latino,” stated Jenna Miara of Bet Tzedek. “These calls are coming in at epidemic levels, and we hear the same tragic story over and over—homeowners who did not understand what they were signed-up for, and who are rarely experiencing any energy savings.”

According to the lawsuits, the question of a homeowner's “ability to repay” was not included in Renovate America’s or Renew Financial’s underwriting standards. Instead, the primary consideration for underwriting a PACE loan is whether there is enough equity in the homeowner’s property to repay the lender if the home is foreclosed upon.

“This is like the subprime mortgage crisis all over again for many PACE borrowers,” said Shamus Roller of the National Housing Law Project. “The loans are incredibly risky and can result in people losing their homes.”

The lawsuits further allege that these activities comprise financial elder abuse under California law, because the defendants knew or should have known that elders would be harmed if the companies extended credit without reference to the elders’ ability to make the required payments.

Allen Bowen, an African American senior and a plaintiff in the lawsuit against Renovate America, must pay \$10,000 a year for his solar panels or risk losing his home—and the panels do not work. “I’m retired. I was hoping to relax and enjoy my life now, maybe take a vacation. Because of this PACE lien, now I’m worried all the time and all of my life’s savings is going toward saving my home,” said Mr. Bowen.

Plaintiffs Zenia Ocana and her husband Juan were already heavily in debt when they entered into a \$45,000 contract for solar panels on their 1200 square-foot home through Renew Financial. “We did this because we thought it was going to save us money. We thought it made sense based on what was explained to us, even though we could not read the contracts because they were in English. Instead, we are just frantic—we cannot afford to pay \$4,400 a year. We will have to sell our house,” said Mrs. Ocana.

Maria Alvarez is a housekeeper who allegedly agreed to pay \$77,200 through Renew Financial for solar panels, “reflective” exterior paint, and artificial turf. “They didn’t even do the painting or the grass,” said Ms. Alvarez. Over the next 25 years, factoring in interest and other finance charges, Ms. Alvarez will be obligated to pay a total of \$187,400 for the project.

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More Info About the Case HERE: <http://www.publiccounsel.org/stories?id=0247>

[About the Attorneys](#)

The plaintiffs are represented by attorneys from Irell & Manella LLP (Robert Schwartz, Jason Linder, Grace Chuchla, and Todd Densen), Public Counsel (Anne Richardson, Charles Evans, and Adelaide Anderson), and Bet Tzedek Legal Services (Jenna Miara, Jennifer Sperling, and Nicholas Levenhagen).

Irell & Manella LLP is a full-service law firm with offices in Los Angeles and Newport Beach, CA. Founded in 1941, Irell is nationally recognized for its litigation and trial, transactions, intellectual property, entertainment, insurance, bankruptcy and tax practices. Irell's clients include public companies, universities, individuals and leading-edge entrepreneurial companies. For more information, please visit www.irell.com.

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