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8  
9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
10 **FOR THE COUNTY OF LOS ANGELES**

11 REGINALD NEMORE, an individual;  
VIOLETA SENAC, an individual; AURELIA  
12 MILLENDER, an individual; and ALLEN  
BOWEN, an individual,

13 Plaintiffs,

14 vs.

15 RENOVATE AMERICA, INC., a Delaware  
16 corporation; the COUNTY OF LOS  
ANGELES; and DOES 1 through 10,

17 Defendants.  
18  
19  
20  
21  
22  
23

Case No. BC701810 [Related Case BC701809]

**SECOND AMENDED CLASS ACTION  
COMPLAINT FOR:**

- 1. **FINANCIAL ELDER ABUSE**  
(against Renovate America)
  - 2. **FINANCIAL ELDER ABUSE**  
(against the County of Los Angeles)
  - 3. **BREACH OF CONTRACT**
  - 4. **DECLARATORY RELIEF RE:  
UNLAWFUL CONTRACT**  
(Cal. Civil Code § 1670.5)
  - 5. **DECLARATORY RELIEF RE:  
UNLAWFUL CONTRACT**  
(Cal. Civil Code § 1668)
  - 6. **VIOLATION OF BUS. & PROF.  
CODE § 17200**
  - 7. **CANCELLATION OF TAXES**
  - 8. **DECLARATORY RELIEF**
  - 9. **REFUND (against the County of Los  
Angeles)**
- AND DEMAND FOR JURY TRIAL**

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1 Plaintiffs Reginald Nemore, Violeta Senac, Aurelia Millender, and Allen Bowen,  
2 individually and on behalf of all others similarly situated, allege the following against Defendants  
3 Renovate America, Inc. (“Renovate America”) and the County of Los Angeles (the “County”):

4 **OVERVIEW OF THE DISPUTE**

5 1. For the last five years, Renovate America and the County of Los Angeles have  
6 harmed thousands of low-income, elderly, and non-native English-speaking homeowners  
7 throughout the County, through a program known as Property Assessed Clean Energy (“PACE”).  
8 The California Legislature authorized local governments to implement PACE programs, and the  
9 County enacted its PACE program in 2012. The County delegated administrative responsibility to  
10 Renovate America, and to non-party Renew Financial, in 2015.<sup>1</sup>

11 2. In May 2020, the County discontinued the PACE program. In doing so, the County  
12 itself publicly acknowledged that it could not protect homeowners from consumer protection  
13 abuses suffered as a result of the PACE program. But the County and Renovate America have yet  
14 to answer for the harm done to the tens of thousands of homeowners who were signed up for  
15 PACE loans while the program was operational.

16 3. The County’s stated goal for the PACE program was laudable—to “enable[]  
17 homeowners to install energy efficiency, renewable energy, and water-saving improvements to  
18 their properties without putting any money down.” Ex. A (“Los Angeles County PACE,”  
19 available at <http://pace.lacounty.gov/residential/index.html>). The reality of the PACE program,  
20 however, was very different. The County’s PACE program has been a disaster for thousands of  
21 vulnerable homeowners.

22 4. The PACE program utilized incompetent and unscrupulous home improvement  
23 contractors as salespeople, and these contractors sold homeowners overpriced and defective goods  
24 and services, often mauling their homes with shoddy and incomplete projects. The PACE  
25 program loans made its victims’ homes more difficult to sell or refinance, encumbered their  
26 equity, made it nearly impossible for them to borrow additional funds, increased their property tax

27 \_\_\_\_\_  
28 <sup>1</sup> Renew Financial’s improper conduct in connection with the PACE program is addressed in a separate complaint, filed concurrently in the related case BC701809.

1 payments and mortgages beyond their ability to pay, and left them in or on the edge of foreclosure.  
2 Many PACE participants have taken on debt beyond their means to repay. Many PACE  
3 participants are struggling to hold onto their homes, fearful of what lies ahead.

4 5. The County's PACE program had many serious flaws.

5 • **First**, Renovate America approved PACE loans based on the equity in the  
6 homeowner's property, not on his or her ability to repay the loan. This was problematic because,  
7 no matter how much equity an owner may have in his or her home, he or she can still lack the  
8 income to repay a loan for even a small fraction of that equity.

9 • **Second**, by classifying PACE financing as a tax assessment rather than a loan, the  
10 County and Renovate America circumvented traditional regulations and consumer protections that  
11 govern loans secured by real property.

12 • **Third**, the County imposed an assessment on homeowners' property tax bills to  
13 collect the PACE loan. If the homeowner fails to pay the PACE assessment, the County deems  
14 the homeowner to have defaulted on his or her property taxes and, as a result, the County has the  
15 right to foreclose, to sell the house, and to evict the PACE loan participant.

16 • **Fourth**, although the PACE special assessments are allegedly "voluntary," the  
17 County did not allow any individual homeowner to negotiate the terms of his or her assessment,  
18 but instead relied on "take it or leave it" agreements presented to homeowners by home  
19 improvement salesmen who had a financial stake in homeowners agreeing to the financing in the  
20 first place.

21 • **Fifth**, the PACE loans are secured by liens on the properties, which catapult over  
22 every previous lien to take the first priority position. That structure puts the homeowners  
23 potentially in default under their existing mortgages, under which homeowners typically promise  
24 their lender that it will be in first position.

25 • **Sixth**, that first priority position, and the fact that the PACE loans are based on  
26 home equity, materially reduced the County's risk in making PACE loans and rendered the PACE  
27 interest rates unjustified and excessive. Plaintiffs and class members are thus stuck paying above-  
28 market interest rates for the privilege of participating in a ruinous secured-lending program that

1 the County has since discontinued.

2           6.       The County cannot claim to be surprised by any of these serious problems. To the  
3 contrary, not only were these problems predictable, but they *actually were predicted*. County  
4 Treasurer and Tax Collector Mark J. Saladino warned the County Supervisors of these harms in  
5 August 2014, *before* the County implemented its residential PACE program and *before* it engaged  
6 Renovate America (and Renew America) to run it:

7                   It is the Treasurer and Tax Collector’s expectation that borrowing costs for  
8 residential PACE participants will also be *materially* higher than comparable  
9 rates on both home equity lines of credit and home equity loans.

9                   ....

10                   The FHFA [Federal Housing Finance Agency] asserted that PACE  
11 assessments violated the terms of the uniform security instrument utilized in  
12 mortgage contracts purchased by the Federal Mortgage Agencies [Fannie  
13 Mae and Freddie Mac]. This assertion has been reviewed by County Counsel  
14 and found to be accurate

13                   ....

14                   County Counsel determined that the Federal Mortgage Agencies would likely  
15 have the ability to declare an event of default ... as a result of PACE  
16 assessments.... If the property owner were neither able to cure the default  
17 through full payment of the PACE assessment nor the mortgage contract, the  
18 Federal Mortgage Agency could initiate foreclosure proceedings ....

17 *See* Ex B at 5, 6, 7 (August 12, 2014 Saladino Letter to County Board of Supervisors) (emphasis  
18 added).

19           7.       Despite these stark and straightforward warnings, the County plunged ahead,  
20 authorizing and designing an extraordinarily large scale PACE program. The County initially  
21 authorized \$100 million in bonds (with authorization to sell up to \$1 billion), and used the  
22 proceeds to make individual PACE loans. *See* Ex. D at 3-4 (“Resolution of the Board of  
23 Supervisors Authorizing the Establishment of a Special Fund for the LACEP, the Issuance and  
24 Sale of Bonds and the Execution and Delivery of Certain Documents in Connection with the  
25 LACEP, and Authorizing a Validation Action and Certain Actions Related Thereto”); Ex. E at 6  
26 (“Los Angeles County Energy Program, Program Report”). The County aimed to have 15,000  
27 PACE program participants within the first few years. *See id.* at 2.

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1           8.       The County exceeded even that ambitious goal. When the County finally  
2 terminated the PACE program in May 2020, an estimated 30,000 homeowners or more had been  
3 saddled with hundreds of millions of dollars’ worth of unaffordable PACE loans.

4           9.       The County outsourced administration of the PACE program to two private  
5 administrators, one of which was Renovate America, pursuant to a March 2015 contract (the  
6 “Administration Contract”). *See* Ex. F. Renovate America profited from each PACE loan it  
7 originated through fees, and through the ability to sell its interest in PACE loans as asset-backed  
8 securities. The County profited through collecting recording fees and other administrative fees.

9           10.      The County knew that the PACE program could harm homeowners, including  
10 vulnerable populations such as elders and individuals who were not fluent in English. Thus, the  
11 County required Renovate America to ensure “best in class protections” for the benefit of  
12 homeowners who participated in the PACE program, including protection from “predatory  
13 lending, unscrupulous contractors and poor-quality assessment servicing.” *Id.* at Ex. F, “Ex. A  
14 Statement of Work” § 5.1.

15           11.      Renovate America agreed to provide these “best in class protections.” Renovate  
16 America also promised to provide special protections for seniors and to create a “Consumer  
17 Protection Measures Plan.” *Id.* at §§ 5.2.4, 5.2.5, 5.2.8. Renovate further agreed to “Provide  
18 assistance in multiple languages, other than and in addition to English, to ensure consumers  
19 understand the terms of their financing in their native language.” *Id.* at § 5.2.5.

20           12.      All of these promises were false. Renovate America reneged on every single one  
21 of them. And when Renovate America did so, the County looked the other way.

22           13.      Eventually, the County stopped the PACE program, and its relationship with  
23 Renovate, belatedly recognizing its and the program administrators’ failure to provide consumer  
24 protections. Nevertheless, the County continues to ignore the plight of homeowners who entered  
25 the program before it was dissolved.

26           14.      The most basic form of protection against predatory lending is to ensure that the  
27 potential borrower *can afford* to repay the loan, whether through earnings or other sources. This  
28 basic protection was glaringly absent from the County’s PACE program. To the contrary,

1 Renovate America’s primary lending criterion was whether the borrower’s home was worth more  
2 than the value of the PACE loan and other secured debts. That approach ensured the County  
3 would get its money in the event of a default, but it did nothing to assess whether a homeowner  
4 could afford to repay a PACE loan. In other words, as long as the County, Renovate America, and  
5 bondholders were sure to get repaid, they paid no attention to whether a homeowner was oversold  
6 improvements or ended up on the street. The absence of ability-to-pay protections makes PACE  
7 assessments textbook examples of predatory loans. Even worse, because the assessments are  
8 secured by the borrowers’ homes, these predatory loans put unlucky county residents at risk of  
9 homelessness.

10 15. Numerous federal agencies criticized the PACE program before, during, and after  
11 Defendants’ adoption and implementation of that program. The FHFA warned that the program  
12 could place homeowners in default under their mortgages and put them at risk of foreclosure. *See*  
13 Ex. G (Summary of Speech by Alfred M. Pollard, General Counsel, Federal Housing Finance  
14 Agency, available at [https://www.fhfa.gov/Media/ PublicAffairs/Pages/Pollard-Statement-before-](https://www.fhfa.gov/Media/PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-PACE.aspx)  
15 [California-Legislature-Keeping-Up-with-PACE.aspx](https://www.fhfa.gov/Media/PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-PACE.aspx).) The Department of Housing and Urban  
16 Affairs reached the same conclusion. *See* Ex. H (Dept. of Housing and Urban Development Press  
17 Release No. 17-111 (Dec. 7, 2017)) (“In addition, such [PACE] activity is risky for FHA [Federal  
18 Housing Administration] borrowers and potentially violates the terms of their FHA-insured  
19 mortgage.”).

20 16. And, in 2017, the Securities and Exchange Commission (“SEC”) and the Federal  
21 Bureau of Investigation (“FBI”) demanded information from Defendant Renovate America about  
22 its California PACE program. *See* Ex. I (Kristen Grind, “FBI, SEC Look Into Business Practices  
23 of Country’s Largest ‘Green’ Lender,” Sep. 26, 2017, at [https://www.wsj.com/ articles/ fbi-sec-](https://www.wsj.com/articles/fbi-sec-look-into-business-practices-of-countrys-largest-green-lender-1506430977)  
24 [look-into-business-practices-of-countrys-largest-green-lender-1506430977](https://www.wsj.com/articles/fbi-sec-look-into-business-practices-of-countrys-largest-green-lender-1506430977)).

25 17. *The Wall Street Journal* characterized PACE as the new “subprime crisis” for its  
26 reckless extension of credit to homeowners. *See* Ex. C (Kristen Grind, “America’s Fastest-  
27 Growing Loan Category Has Eerie Echoes of the Subprime Crisis,” Jan. 10, 2017, available at  
28 <https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-eerie-echoes-of->

1 [subprime-crisis-1484060984](#)). As detailed below, that is an understatement.

2 18. Meanwhile, other California local governments suspended or cancelled their PACE  
3 programs, after seeing its flaws and the harms it had inflicted on their citizens.<sup>2</sup>

4 19. Despite these red flags, the County and Renovate America plunged ahead with the  
5 PACE program for several years, continuing to sell thousands of vulnerable County residents  
6 overpriced and unaffordable loans that put their home ownership at risk.

7 20. By this action, Plaintiffs seek to clean up the PACE mess that the County and  
8 Renovate America created and chose to leave behind, even while recognizing the inherent  
9 shortcomings of their own program.

10 21. Plaintiffs bring this action on their own behalf, and on behalf of a class of all  
11 persons who entered into PACE financing via Assessment Agreements with the County who meet  
12 the criteria stated in paragraph 145 (the “**PACE Class**”), the criteria stated in paragraph 147 (the  
13 “**Ability to Pay Subclass**”), the criteria stated in paragraph 149 (the “**DTI Subclass**”), the criteria  
14 stated in paragraph 152 (the “**Predatory Loan Subclass**”), the criteria stated in paragraph 153 (the  
15 “**Mortgage Subclass**”), and the criteria stated in paragraph 154 (the “**Language Subclass**”).  
16 Plaintiffs Senac, Millender, and Bowen also bring this action on their own behalf, and on behalf of  
17 a subclass of all persons who meet the criteria stated in paragraph 151 (the “**Elder Subclass**”).  
18 Plaintiffs and members of the proposed class and subclasses (collectively, “**Class Members**”)  
19 seek restitution from Renovate America of amounts paid, declaratory and injunctive relief, and  
20 other appropriate remedies from Renovate America and the County for violations of the law  
21 including but not limited to:

22 a. As to persons over the age of 65, Defendants Renovate America and the  
23 County violated the Elder Abuse Statute, Welfare & Institutions Code sections 15600, et  
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25 <sup>2</sup> For example, in response to rampant abuse and harm to homeowners, Kern County ended its  
26 PACE program in June 2017. Ex. P (Daniel Freeman, “Kern Board of Supervisors votes to shut  
27 down PACE program,” June 14, 2017, available at [http://www.kerngoldenempire.com/news/local-  
28 news/kern-board-of-supervisors-votes-to-shut-down-pace-program/740863394](http://www.kerngoldenempire.com/news/local-news/kern-board-of-supervisors-votes-to-shut-down-pace-program/740863394)). The City of  
Bakersfield followed suit one month later. Ex. Q (Steven Mayer, “Bakersfield City Council ends  
PACE loan program,” Jul. 19, 2017, available at [http://www.bakersfield.com/news/bakersfield-  
city-council-ends-pace-loan-program/article\\_e33cc8b0-6cfc-11e7-b4b9-4775b9e99903.html](http://www.bakersfield.com/news/bakersfield-city-council-ends-pace-loan-program/article_e33cc8b0-6cfc-11e7-b4b9-4775b9e99903.html)).



1 seq., by (among other things) taking, secreting, appropriating, obtaining and/or retaining  
2 the property of elder persons entitled to the protection of the statute, for wrongful use.

3 b. Defendant Renovate America breached its express obligations under the  
4 Administration Contract. Plaintiffs and Class Members are express third-party  
5 beneficiaries of Defendant Renovate America's promises to the County to implement "best  
6 in class protections" against predatory lending, to provide "special protections" for PACE  
7 program participants over 65 years old, and to take other steps set forth in that contract to  
8 protect and serve customers.

9 c. Defendant Renovate America violated the Unfair Competition Law,  
10 Business & Professions Code sections 17200, et seq., in that its PACE program practices  
11 were unfair and unlawful.

12 d. Defendants Los Angeles County and Renovate America have illegally or  
13 erroneously encumbered the title to the Plaintiffs' and Class Members' property, as a result  
14 of statutory violations and breach of the Administration Contract, through the imposition  
15 of tax liens and assessments, which encumbrances should be cancelled.

16 e. Plaintiffs and Class Members dispute the enforceability of the liens on the  
17 subject homes, the enforceability of the underlying Assessment Agreements, and the rights  
18 of Defendants to maintain the liens and impose tax assessments to pay off the PACE loans.

19 **JURISDICTION & VENUE**

20 22. This Court has personal jurisdiction over Defendants. The events giving rise to this  
21 case occurred in the State of California. Defendants have been afforded due process because they  
22 have, at all times relevant to this matter, individually or through their agents, subsidiaries, officers  
23 and/or representatives, operated, conducted, engaged in and carried on a business venture in this  
24 State, and/or maintained an office or agency in this State, and/or provided services, committed a  
25 statutory violation within this State related to the allegations made herein, and caused injuries to  
26 Plaintiffs and Class Members, which arose out of the acts and omissions that occurred in the State  
27 of California, during the relevant time period, at which time Defendants were engaged in activities  
28 in the State of California, resulting in injuries to Plaintiffs and Class Members.



1 agents and sub-agents. In addition, Plaintiffs are informed and believe that Renovate America was  
2 an agent, servant, and fiduciary of the County, and that Renovate America at all times mentioned  
3 herein was acting within the course and scope of that relationship.

4 31. The true names and capacities of Defendants DOES 1 through 10 are unknown to  
5 Plaintiffs. Plaintiffs will seek leave of court to amend this complaint to allege such names and  
6 capacities after they are ascertained. Each of the Defendants herein was the agent, joint venturer,  
7 or employee of each of the remaining Defendants, and in engaging in the acts hereinafter alleged,  
8 each was acting in the course and scope of its agency, employment, or joint venture with advance  
9 knowledge of, acquiescence in, or subsequent ratification of the acts of each and every other  
10 remaining defendant. Each DOE Defendant is responsible, legally, negligently, or in some other  
11 actionable manner, for the events and happenings referred to in this Complaint, and caused injuries  
12 and damages proximately thereby to Plaintiffs and the Class as hereinafter alleged, either through  
13 co-defendants' conduct, or through the authorized and/or ratified conduct of its agents, servants, or  
14 employees, or in some other manner.

15 32. Renovate America, the County, and DOES 1 through 10 are referred to herein  
16 collectively as "Defendants."

17 **ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

18 **A. In 2008, California Authorized Local PACE Programs.**

19 33. The California Legislature introduced PACE in 2008. The legislative history  
20 reflects an intent that PACE's novel method of financing energy efficiency and water conservation  
21 improvements would benefit California homeowners, including homeowners without access to  
22 traditional sources of capital for home improvements.

23 34. The primary participants in a PACE program are: (a) a government entity (typically  
24 a county or city) who authorizes the sale of public improvement bonds for initial funding of the  
25 program; (b) a non-governmental entity, usually a private business, that administers the program  
26 for the government entity (the "program administrator"); (c) home improvement contractors who  
27 solicit homeowners to enter into qualifying energy efficiency or water conservation projects and  
28 perform the work (typically after the program administrator approves the proposed contract); and

1 (d) homeowners who contract for the offered improvements.

2 35. To finance the cost of the improvements, the homeowner enters into an Assessment  
3 Agreement with the public entity (here, the County). The Assessment Agreement grants the  
4 County the right to place a lien on the homeowner’s property in the amount of the principal, plus  
5 fees and capitalized interest (the “PACE Lien”). The PACE Lien takes first priority, ahead of any  
6 pre-existing loan or mortgage. To collect payments on the PACE Lien, plus interest and  
7 additional fees, the County adds an additional assessment to the owner’s annual property tax bill.  
8 The additional assessment is collected at the same time and in the same manner as the  
9 homeowner’s property taxes. If the property owner fails to pay, the County has the right to  
10 foreclose, as do Renovate America and any investors who have purchased an interest in the PACE  
11 Lien.

12 36. The PACE Lien remains on title until fully repaid, so, in theory, if a homeowner  
13 sells the house before the loan balance has been fully repaid, the PACE obligation “remains on  
14 title” and becomes an obligation of the new owner. The fact that the PACE loan would “run with  
15 the property” has been an important selling point, starting with the California Legislature and  
16 continuing to the County, Renovate America, and ultimately to homeowners interested in  
17 participating in the PACE program. *See, e.g.*, Ex. E, at 2 (noting that a purported benefit of the  
18 County’s PACE program is that it “establishes a loan obligation that is attached to the property  
19 and not to the individual borrower.”).

20 37. In reality, however, PACE Liens make it virtually impossible for homeowners to  
21 pass the obligation to subsequent homeowners. Because the PACE Liens enjoy “super priority”  
22 status, mortgage lenders will rarely agree to subordinate their interests to an existing PACE Lien,  
23 and homeowners are often forced to pay off their PACE Liens before any mortgagee or bank will  
24 agree to provide any additional mortgages, home equity loans, or home equity lines of credit.

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1                   **B.     In 2015, the County Hired Renovate America to Serve as a PACE**  
2                   **Program Administrator.**

3           38.     After the California Legislature authorized PACE programs, Renovate America  
4 entered into agreements with county and city governments around the State to serve as those  
5 entities' program administrator.

6           39.     Renovate America used that experience to market itself to the County. Following  
7 extensive negotiation and administrative review, in March 2015, the County and Renovate  
8 America entered into the Administration Contract, attached hereto as Exhibit F and incorporated  
9 herein by this reference.

10          40.     In approving that contract, the County's Board of Supervisors' resolutions assured  
11 the public that "the Treasurer will pursue underwriting criteria, largely dictated by the bond  
12 market, to help ensure that only creditworthy individuals are approved for loans." Ex. J at 6 (May  
13 25, 2010 Board of Supervisors Adopted LACEP Recommendation to the Board from County  
14 Chief Executive Officer and Director of Internal Services Department).

15          41.     Exhibit A to the Administration Contract (attached as Ex. F to this Complaint),  
16 titled "Statement of Work," details Renovate America's many obligations to the County and to  
17 PACE program participants—that is, to homeowners like Plaintiffs and Class Members—as third-  
18 party beneficiaries. Those obligations include, among others, those listed under the heading  
19 "Consumer Protection Measures."

20          42.     The first of those consumer protections to which Renovate America agreed under  
21 the Administration Contract was that it would "ensure *best in class protections for property*  
22 *owners* from actions such as, including but not limited to, predatory lending, unscrupulous  
23 contractors and poor-quality assessment servicing." *Id.* at §5.1 (emphasis added).

24          43.     As part of its obligation to ensure those "best in class protections," Renovate  
25 America agreed "*at a minimum*" to do the following:

26               a.     "Implement a multi-faceted approach to consumer protection and integrate  
27 it into training modules [for contractors] including: brand usage guidelines, marketing  
28 activity policies, advertising policies, sales and training protocol, and collateral." *Id.* at §

1 5.2.1.

2 b. “Provide special protection for seniors over 65 years of age to confirm they  
3 clearly understand the terms of the financing.” *Id.* at § 5.2.4.

4 c. “Provide assistance in multiple languages, other than and in addition to  
5 English, to ensure consumers understand the terms of their financing in their native  
6 language.” *Id.* at § 5.2.5.

7 d. “Enforce all policies and procedures for compliance.” *Id.* at § 5.2.6.

8 e. “Prior to Program Launch, create a *Consumer Protection Measures Plan*,  
9 included as part of the Operations Manual [for contractors], and provide to the County for  
10 comment and approval.” *Id.* at § 5.2.8.

11 44. Plaintiffs are informed and believe that Defendants failed to adhere to these  
12 required standards and failed to provide these benefits to PACE program participants.

13 **C. Renovate America Ignored Borrowers’ Ability to Repay.**

14 45. If Renovate America had met its obligations to provide homeowners the “best in  
15 class” protections against predatory lending described above, it would have, at a minimum, used  
16 an ability to repay analysis in deciding whether to approve each PACE Lien application. *See, e.g.,*  
17 Ex. G (expressing FHFA’s disapproval of PACE’s failure to conduct an ability to repay analysis).

18 46. Renovate America failed to do that. To the contrary, during the class period,  
19 Renovate America’s underwriting standards did not contain any ability to repay criterion. Instead,  
20 the primary consideration for underwriting a PACE loan was whether there is enough equity in the  
21 homeowner’s property (*i.e.* the difference between what the house would sell for and the unpaid  
22 amount of any mortgage and other liens). Thus, Renovate America asked only: If the homeowner  
23 fails to repay the PACE Lien, will the proceeds from the foreclosure be sufficient to repay it? In  
24 other words, Renovate America decided whether to make a PACE loan based solely on whether  
25 the loan could be fully repaid by the forced sale of the asset securing the loan—without a care that  
26 such a forced sale would mean kicking the homeowner out of his or her house and onto the street.  
27 Paired with the dramatically above-market interest rates for loans that were already low-risk to the  
28 lender, this is paradigmatic predatory lending.

1                   **D.     Renovate America Recruited and Unleashed an Army of Contractors to**  
2                   **Serve as Unlicensed Mortgage Brokers.**

3           47.     Renovate America did not use licensed loan or mortgage brokers to market or  
4 originate PACE Liens. Instead, Renovate America drafted battalions of “Renovate Registered  
5 Contractors” both to sell PACE financing, and to sell and install the home improvements to be  
6 financed. Typically, Renovate Registered Contractors introduced homeowners to the PACE  
7 program, facilitated the financing application process, and obtained homeowners’ signatures on  
8 PACE contracts, usually via electronic signature.

9           48.     To become a Renovate Registered Contractor, the contractor must have agreed,  
10 among other things, to:

- 11                   a.     Install products for reasonable, market-based prices that are within industry  
12 price guidelines, Ex. K at 5 (“Registered Contractor Terms and Conditions”);  
13                   b.     Analyze accurately each homeowner’s energy usage, and anticipated energy  
14 savings, *id.* at 13, and  
15                   c.     Present property owners with the full and complete set of HERO financing  
16 documents, when asked to do so by Renovate America. *Id.*

17           49.     Renovate America publicly claimed that: “Everyone agrees to the rules. Every  
18 contractor registered with Renovate America has agreed to follow our guidelines, which includes  
19 our industry-leading consumer safeguards.” Ex. L (“Find the Right Contractor, Right Away,”  
20 available at <https://www.renovateamerica.com/find-a-contractor>). In fact, the Administration  
21 Contract *required* Renovate America to “enforce all policies and procedures for [contractor]  
22 compliance.” Ex. F at Ex. A, Statement of Work § 5.2.6.

23           50.     In many cases, Renovate Registered Contractors were the primary source of  
24 information that homeowners received (or did not receive) about the PACE program and its  
25 financing terms before a homeowner entered into a PACE loan. Often, the homeowner did not  
26 receive a copy of the PACE financing contract until after the improvement work had already been  
27 completed and the homeowner had become obligated to pay for that work.

28 ///

1           51.     Renovate America directly and indirectly encouraged its Renovate Registered  
2 Contractors to market PACE aggressively. This encouragement included, but was not limited to,  
3 the following: (a) Renovate America rubber-stamped its approval of payment in full to contractors  
4 for any home improvement contract submitted for HERO financing, without regard to whether the  
5 contractor followed the guidelines required of a Renovate Registered Contractor; (b) Renovate  
6 America instructed its Renovate Registered Contractors that they did *not* need to determine if the  
7 potential customer could afford the loan; and, (c) in practice, Renovate America informed its  
8 Renovate Registered Contractors how much equity each homeowner had available and instructed  
9 the contractors that they could and should base the amount of improvements they sold to  
10 homeowners on their available equity.

11           52.     Because the amount of PACE financing that a homeowner can receive is based on  
12 the home's equity rather than a homeowner's ability to repay, PACE loans are typically much  
13 larger than traditional home improvement loans. This structure encouraged Renovate Registered  
14 Contractors to solicit as many PACE-financed contracts as possible and to upsell and overcharge  
15 homeowners as much as possible. Unsophisticated homeowners were left to guess whether the  
16 contract prices were reasonable and whether they could afford to repay the PACE loans. Prices on  
17 PACE-financed work skyrocketed upward, and contractors pocketed profit margins of as much as  
18 75% from a program designed to help low- and moderate-income homeowners.

19           53.     At Renovate America's direction, predatory contractors targeted homeowners with  
20 relatively high equity in their homes. In particular, contractors routinely targeted homeowners  
21 who, often despite getting by on a modest fixed-income, had achieved the American dream of  
22 owning their home and who had slowly and steadily built substantial equity in it over the years.

23                   **E.     The County Offloaded the Risk of Its PACE Program.**

24           54.     Akin to what home mortgage lenders did in the lead-up to the 2008 financial  
25 meltdown, the County and the PACE Administrators, including Renovate America, offloaded  
26 risks by securitizing PACE payments into asset-backed securities and selling them to Wall Street  
27 investors. As with the subprime mortgage crisis, the lenders (i.e. the PACE administrators and the  
28 County) effectively transferred any risks associated with these PACE-backed securities away from



1 themselves. However, unlike the notorious home lenders of the last decade, the County has the  
2 ability to use its full governmental powers to collect on the debts homeowners owed, and the  
3 County, Renovate America, and PACE investors have priority over every other creditor.

4 55. To make those bonds attractive, the County assured potential purchasers that the  
5 County would continue to use its official property tax collection apparatus to collect PACE loan  
6 payments and “quickly foreclose on a delinquent obligor’s property”—a power that no bank or  
7 other lender had at its disposal. Ex. M at 18 (Kroll Bond Rating Agency Hero Funding 2017-2  
8 Class Notes Pre-Sale Report).

9 56. But because of statutory restrictions, the County had to pay higher rates of interest  
10 to these bondholders. It passed those costs on to PACE program participants through higher  
11 interest rates. As County Treasurer and Tax Collector Saladino told the County Supervisors in  
12 August 2014, *before* the County implemented the residential PACE program and *before* it  
13 engaged Renovate America:

14 It is a legal requirement that all PACE bonds be issued on a taxable basis and  
15 not as tax-exempt securities. As a result, the interest rate on PACE  
16 assessments will be substantially higher than what could be achieved by the  
17 County in the tax-exempt municipal market. It is the Treasurer and Tax  
18 Collector’s expectation that *borrowing costs for residential PACE  
19 participants will also be materially higher than comparable rates on both  
20 home equity lines of credit and home equity loans.*

21 See Ex B at 5 (emphasis added).

22 57. Mr. Saladino’s candid admission flatly contradicts the avowed purpose of the  
23 PACE program and undermines a key alleged benefit to homeowners that the County and  
24 Renovate have promoted. The PACE program was supposed to harness the borrowing power of  
25 county and municipal governments to help low-income homeowners finance energy and water  
26 saving projects that they could not otherwise afford. Instead, as the County’s pre-implementation  
27 admission confirms, the County loaned PACE homeowners money at above-market rates. Instead  
28 of providing the claimed benefit to homeowners, the County’s PACE program has been a profit  
center for Renovate America, building contractors, and Wall Street bond holders—financed on the  
backs of low-income County residents.

///

1           58.     In addition, Defendants knew that they would have difficulty in packaging and  
2 flipping the portfolio of PACE loans to Wall Street investors unless they either raised the interest  
3 rates or gave the bondholders the right to initiate foreclosure on any PACE program participant  
4 who failed to repay his or her PACE loan. *See id.* at 4. Sadly, the program instituted by the  
5 County did both.

6           59.     The County also enticed investors by promising investments that were immune to  
7 legal challenge, at the expenses of the legal rights and remedies of the homeowners the program  
8 was designed to help.

9                           **F.     The County’s Assessment Agreements are Unconscionable Contracts of**  
10                           **Adhesion that Force Homeowners to Waive All Rights and Remedies.**

11           60.     PACE is a unique financing product for which no comparable market alternative is  
12 reasonably available. PACE offers “no money down” for approved home improvements, a feature  
13 generally not offered by traditional home equity or mortgage lenders or home improvement  
14 contractors. Indeed, part of the legislative purpose of PACE was to extend credit to individuals  
15 who did not have the capital otherwise to purchase green home improvements through more  
16 traditional means.

17           61.     Lending without assessing the borrower’s ability to pay is also a PACE practice in  
18 which traditionally regulated mortgage and bank lenders typically do not engage. In fact, federal  
19 regulations require lenders to make a “reasonable and good faith determination at or before  
20 consummation that the consumer will have a reasonable ability to repay the loan according to its  
21 terms” before making a loan secured by a dwelling. 12 C.F.R. § 1026.43(c)(1).

22           62.     To participate in the County’s PACE program, homeowners were required to sign a  
23 document entitled LA HERO Program Assessment Contract (Residential) (referenced elsewhere in  
24 this Complaint as the Assessment Agreement) which is subsequently recorded as a security  
25 interest against the homeowner’s property (the PACE Lien).

26           63.     The Assessment Agreement is a lengthy, single-spaced form contract between the  
27 County of Los Angeles and the homeowner. It contains over twenty sections, many containing  
28 subparagraphs, enumerating the homeowners’ obligations with respect to payment and other

1 topics. Among other provisions, it includes: an obligation of the homeowner to indemnify the  
2 County against any expenses whatsoever related even indirectly to the PACE program, regardless  
3 of when they accrue; a right of the County to inspect the property; and a release and waiver of any  
4 claim the homeowner has, or in the future may have, against the County.

5 64. The Assessment Agreement was drafted by the County. The terms of the  
6 Plaintiffs' Assessment Agreements are standard. Plaintiffs had no negotiating power over any  
7 term of the Assessment Agreement.

8 65. The Assessment Agreements do not include the individual homeowner's name,  
9 address, or any individualized information about the Plaintiffs' PACE transaction apart from  
10 exhibits which, while incorporated by reference, are not signed to indicate that the homeowner  
11 actually read or received the documents.

12 66. Buried within the form Assessment Agreement, in the same style and font as every  
13 other section of the agreement, is a section inconspicuously titled: "Waivers, Acknowledgment  
14 and Contract" which contains the following:

15 a. A waiver of any otherwise applicable Constitutional requirements.

16 b. Waiver of the right to repeal the Assessment "by initiative or any other  
17 action, or to file any lawsuit or other proceeding to challenge the [a]ssessment  
18 [o]bligations or any aspect of the proceedings of the County undertaken in connection with  
19 the [PACE] Program."

20 c. An acknowledgement that the property owner is responsible for paying the  
21 assessment, whether or not the home improvements are installed as expected.

22 d. A release of the County and any bond purchaser from any damages relating  
23 to the subject matter of the agreement, whether acquired at the time of the contract or  
24 thereafter.

25 e. A waiver of section 1542 of the California Civil Code, a statute which  
26 would ordinarily exempt unknown claims from a general release.

27 f. A stipulation that these waivers shall survive termination of the agreement.

28 ///

1           67.     Also buried in the agreement, in the same font as the rest of the document, is a  
2 unilateral indemnification provision that requires the property owner to agree to indemnify,  
3 defend, protect, and hold harmless the County from any losses resulting from “any demands of  
4 any nature whatsoever related directly or indirectly to, or arising out of or in connection with” the  
5 homeowner’s participation in the PACE program, the assessment, the improvement, or “any other  
6 circumstance or event related to the subject matter of this Agreement, regardless of whether such  
7 losses...accrue before or after the date of this Agreement.” The indemnification provision also  
8 purports to survive termination of the Assessment Agreement.

9           68.     In exchange for above-market rate financing, which the County made no inquiry to  
10 determine if the homeowner could afford, and for which the County obtains a first-priority lien  
11 with right of foreclosure, the County also required that the homeowner: (a) waive any and all legal  
12 rights to challenge the assessment, including based on any issues with the improvements  
13 themselves; (b) waive statutory protections against overbroad waivers contained in Civil Code  
14 Section 1542; (c) waive any other rights, including by implication, statutory protection against  
15 elder financial abuse and unconscionability; and (d) agree to pay the legal costs of the County in  
16 which the property is located, as well as the legal costs of any bond purchaser associated with any  
17 attempted challenge to any aspect of the assessment or improvements, even if arising before the  
18 assessment contract was signed.

19           69.     Nowhere in the Assessment Agreement is the homeowner advised to consult an  
20 attorney.

21           70.     Nowhere in the Assessment Agreement is the homeowner informed that the  
22 agreement is negotiable. Instead, the contract is offered as a take-it-or-leave-it proposition.

23           71.     The County contracted out to Renovate America the job of obtaining homeowner  
24 signatures on these Assessment Agreements. Renovate America, in turn, allowed Participating  
25 Contractors who had a personal stake in the homeowner signing up for PACE-financed home  
26 improvements to present the Assessment Agreement to the homeowner for signature.

27           72.     The waiver and indemnification clauses, separately and in conjunction with one  
28 another, are oppressively one-sided and unjustifiably reallocate the entire risk of the County’s

1 conduct in connection with the Assessment Agreement to the homeowner in a situation where the  
2 County is already fully protected from the primary risk of lending money -- non-payment -- by  
3 virtue of the first-priority lien recorded in favor of the County to secure the homeowner's financial  
4 obligations under the Assessment Agreement.

5         73.     The effect of this imbalance is that homeowners are locked into financing contracts  
6 for five to twenty-five years that, according to the County, they have no right to challenge for any  
7 reason, whether arising before or after the homeowner signed the contract. If the homeowner  
8 asserts a challenge, according to the County, the homeowner is on the hook for not only the  
9 County's attorney's fees and damages, but damages to the County's bond purchasers. Even if the  
10 County or its agents violate the law in administering their PACE program, the homeowner remains  
11 obligated and the County can foreclose and take the homeowner's home after one missed  
12 payment, without making any recourse, complaint, or defense available.

13         74.     The Assessment Agreements do not require the County to adhere to even a minimal  
14 standard of care in contracting with the Plaintiffs and Class Members and are incompatible with  
15 the County's and Renovate America's promises to provide "best in class" consumer protections to  
16 participating homeowners and special protections to homeowners over 65 years old. Indeed, these  
17 provisions mock the notion that there is anything consumer-friendly about the County's PACE  
18 program.

19                     **G.     The County Knew or Should Have Known That Its PACE Program**  
20                     **Would Hurt Vulnerable Homeowners.**

21         75.     FHFA regulates mortgage lending through its supervision and oversight of the  
22 Federal National Mortgage Association (commonly known as "Fannie Mae") and the Federal  
23 Home Loan Mortgage Corporation (commonly known as "Freddie Mac"). Those entities purchase  
24 and guarantee most of the loans PACE participants used to purchase their homes.

25         76.     In 2014, the County's Treasurer and Tax Collector and the County's Director of its  
26 Internal Services Department warned the County Board of Supervisors that the FHFA had  
27 repeatedly objected to PACE, even before the County had authorized the PACE program in 2010.  
28 According to the County Treasurer and Tax Collector, the FHFA had stated that "PACE programs

1 present safety and soundness concerns to the mortgage portfolios held by the Federal National  
2 Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie  
3 Mac) and the Federal Home Loan Banks.” See Ex. B at 2. Furthermore:

4 The FHFA asserted that PACE assessments violated the terms of the uniform  
5 security instrument utilized in mortgage contracts purchase by the Federal  
6 Mortgage Agencies [Fannie Mae and Freddie Mac]. This assertion has been  
7 reviewed by County Counsel and found to be accurate with respect to the  
8 uniform security instrument used in the majority of mortgage contracts within  
9 California. It is estimated that upwards of 80% of all new mortgages in  
10 California ... include terms and conditions specifically aligned with the  
11 uniform security instrument referenced by the FHFA.

12 *Id.* at 6.

13 77. In plain English, the County knew before it launched its residential PACE program,  
14 and before it hired Renovate America to administer it, that by giving the County a first priority  
15 lien to secure the PACE loan, the vast majority of PACE program participants would  
16 automatically be put into default under their mortgages:

17 County Counsel determined that the Federal Mortgage Agencies would likely  
18 have the ability to declare an event of default ... as a result of the PACE  
19 assessments.... If the property owner were neither able to cure the default  
20 through full payment of the PACE assessment nor the mortgage contract, the  
21 Federal Mortgage Agency could initiate foreclosure proceedings.

22 *Id.* at 7.

23 78. In advising the County Board of Supervisors, the County Treasurer and Tax  
24 Collector was even more blunt about the plague the County was about to let loose:

25 It is the view of the Internal Services Department and the Treasurer and Tax  
26 Collector that such risk [of homeowner default through participation in the  
27 PACE program] can be fully eliminated only through federal legislation or a  
28 change in the terms and conditions of the uniform security instrument [the  
conventional loan agreement] utilized in California. By initiating a  
residential PACE program, the County is making a determination that the risk  
associated with current FHFA statements is manageable and should not  
threaten property owners within Los Angeles County.

*Id.*

29 79. These 2014 admissions make clear that the County knowingly chose to subject  
30 thousands of its most vulnerable citizens to what the County knew was a serious risk of losing  
31 their homes.

32 80. Equally appalling, the County knew before it launched the PACE program and  
33 hired Renovate America to administer it that one of the key selling points of the PACE program—

1 that the loan is an obligation on the property and not the homeowner—was a mirage. The County  
2 Treasurer and Tax Collector was concerned, and the Board of Supervisors knew, that the FHFA  
3 could require a County PACE participant to pay off the PACE loan if the homeowner sold or  
4 refinanced his or her home. *See id.* at 6. And the County knew that, as a result of adopting the  
5 PACE program, Fannie Mae and Freddie Mac might cease purchasing mortgages from banks in  
6 the County. *Id.* If that happened, conventional sources of home lending and refinance would  
7 disappear. The County also knew that this would affect not only PACE participants, but also  
8 “those property owners who have no involvement with PACE except to live in an area that allows  
9 for such financings.” *Id.* Here, too, the County turned a blind eye and plunged ahead with the risk  
10 to which it was exposing potentially tens of thousands of low-income County homeowners.

11       81. In the ensuing years, the FHFA continued to sound alarm bells about PACE. In a  
12 June 9, 2016, speech to the California Legislature, FHFA General Counsel Alfred Pollard  
13 explained that PACE loans “increase the risk of loss to taxpayers” because they destroy the first-  
14 priority lien status of loans insured by Fannie Mae and Freddie Mac and increase the risk that the  
15 government—and hence taxpayers—will lose money due to PACE. Ex. G.

16       82. The FHFA’s concerns about the PACE program did not stand alone. The FHA  
17 issues and insures mortgages on millions of home purchases and refinancings each year. FHA  
18 mortgage insurance and loan parameters that meet FHA requirements can be necessary parts of  
19 obtaining a loan from a conventional bank. Like the FHFA, the FHA objected to PACE. The  
20 FHA refused to insure mortgages on properties with existing PACE Liens, except for the period  
21 from July 2016 to December 2017. The FHA was “very concerned about PACE obligations being  
22 placed on FHA-insured mortgages that are already outstanding. The post-endorsement placement  
23 of these assessments on an FHA-insured mortgage creates a lack of transparency.... In addition,  
24 such activity is risky for FHA borrowers and potentially violates the terms of their FHA-insured  
25 mortgage.” Ex. H.

26       83. A third federal agency also expressed concerns about the PACE program. The  
27 United States Department of Energy (“DOE”) directed counties adopting PACE programs to  
28 consider a homeowner’s ability to repay before making a PACE loan. In its 2010 “Guidelines for

1 Pilot PACE Financing Programs”—issued *five years* before the County adopted its PACE  
2 program—the DOE provided several “best practices” to PACE program administrators, like  
3 Renovate America, one of which was considering the homeowner’s ability to repay as part of its  
4 underwriting. The DOE suggested that program administrators ensure that borrowers have the  
5 ability to repay through precautions such as limiting financing to projects that “pay for  
6 themselves” by reducing the homeowner’s energy costs by more than the cost of the financing.  
7 Ex. N at 2 (“Guidelines for Pilot PACE Programs,” available at [https://www1.eere.energy.gov/  
8 wip/pdfs/arra\\_guidelines\\_for\\_pilot\\_pace\\_programs.pdf](https://www1.eere.energy.gov/wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf)).

9           84. In addressing the epidemic of faulty PACE loans, the DOE revised its guidelines in  
10 2016, stating that administrators “should confirm property owners can support the cost of the  
11 PACE assessment by collecting and reviewing information from property owners on their  
12 household income and debt obligations.” Ex. O at 8 (“Best Practice Guidelines for Residential  
13 PACE Financing Programs,” available at [https://energy.gov/sites/prod/files/2016/11/f34/best-  
14 practice-guidelines-RPACE.pdf](https://energy.gov/sites/prod/files/2016/11/f34/best-practice-guidelines-RPACE.pdf)). The DOE also directed PACE program administrators to  
15 provide homeowners financing terms for PACE loans before their right to cancel the home  
16 improvement contract expired. *Id.* at 10.

17           85. The DOE noted that low-income and elderly homeowners were particularly  
18 vulnerable to the harms of PACE loans. It advised PACE program administrators to provide extra  
19 protections for these populations. According to the DOE, at a minimum, program administrators  
20 should directly contact low-income and elderly homeowners to ensure that they had received the  
21 necessary disclosures with the PACE financing terms, should review improvement costs to ensure  
22 they are proportional to the anticipated savings, and should limit loans to those projects that pay  
23 for themselves through expected energy savings. *Id.* at 10, 13-15.

24                           **H. The California Legislature Enacts Statutes Designed to Address the**  
25                           **Problems with PACE Programs.**

26           86. In response to the concerns raised by consumer advocates, the California legislature  
27 passed a series of bills which imposed statutory obligations on administrators. These bills were  
28 passed into law on 2017 and amended in 2018, and they are codified in California Finance Code



1 §§ 22680, *et seq.* The law first took effect on April 1, 2018.

2 87. Section 22686 states: “A program administrator shall not execute an assessment  
3 contract, and no work shall commence under a home improvement contract that is financed by that  
4 assessment contract nor shall that home improvement contract be executed ***unless the program***  
5 ***administrator makes a reasonable good faith determination that the property owner has a***  
6 ***reasonable ability to pay the annual payment obligations for the PACE assessment.***” Cal. Fin.  
7 Code § 22686 (emphasis added).

8 88. Section 22687 goes on to list, in detail, the various factors that a PACE  
9 administrator must analyze when determining a homeowner’s ability to pay. These factors include,  
10 but are not limited to:

11 a. The monthly income of the mortgagor and any person over 18 years old  
12 who is on the title to the property, as verified by the PACE administrator;

13 b. Other current or reasonably expected assets or income, as verified by the  
14 PACE administrator, but ***not including*** “Nonliquid assets,” “Temporary sources of  
15 income,” or “***Proceeds derived from the equity from the subject property***” (Cal. Fin. Code  
16 § 22687(b)(2) (emphasis added));

17 c. The homeowner’s monthly housing expenses, including mortgage  
18 payments, insurance, property taxes, and other pre-existing fees and assessments on the  
19 property; and

20 d. The homeowner’s monthly debt obligations, including all secured and  
21 unsecured debts, alimony, and child support.

22 89. These factors establish the legally required minimum ability-to-pay assessment that  
23 a PACE administrator must conduct for each homeowner.

24 90. Additionally, PACE administrators are now required to make annual reports to the  
25 Commissioner of the Department of Business Oversight. Cal. Fin. Code § 22692. Among the data  
26 reported, PACE administrators must report information concerning “the overall impact on  
27 property owners of the absence of a minimum residual income threshold.” *Id.*

28 ///

1                   **I.       Plaintiffs Have Exhausted Administrative Claims on Behalf of**  
2                                   **Themselves and All Others Similarly Situated Because the**  
3                                   **Administrative Process Applied to Plaintiffs’ Claims Is Inadequate**

4           91.     Plaintiffs filed a first amended complaint on January 24, 2019 (“FAC”).

5           92.     The County demurred to the FAC on the basis that Plaintiffs’ PACE tax  
6 assessments were subject to the same requirements as property taxes generally, and the named  
7 plaintiffs had not exhausted administrative remedies before filing in court.

8           93.     On May 16, 2019, the Court sustained the County’s demurrer and stayed this  
9 litigation to allow Plaintiffs to exhaust their administrative remedies before the County  
10 Assessment Appeals Board, functioning as the Board of Equalization for Los Angeles County.

11          94.     Pursuant to Revenue and Tax (“R&T”) Code § 1603, Plaintiffs filed verified claims  
12 with the County’s Assessment Appeals Board (“AAB”) using County form AAB100.<sup>3</sup> The claims  
13 sought cancellation of PACE assessments pursuant to R&T Code § 4986 and refund of associated  
14 tax payments. Plaintiffs’ claims were sought on behalf of themselves and all others similarly  
15 situated.

16          95.     Pursuant to R&T Code § 5142, Plaintiffs simultaneously sought a stipulation that  
17 the issues in dispute—which were based on the claims in the FAC—were not issues of valuation.

18          96.     Had the AAB heard Plaintiffs’ administrative claims, Plaintiffs would have been  
19 afforded a public hearing, an exchange of information, opportunity to submit new information at  
20 the time of hearing, testimony under oath, subpoena power for witnesses, a hearing record, and  
21 written findings of fact. The burden of proof for an owner-occupied dwelling would have  
22 belonged to the assessor. The standard of proof would have been preponderance of the evidence.

23          97.     On September 10, 2019, the AAB notified Plaintiffs that their applications were  
24 being referred to the Los Angeles County Auditor-Controller for review and disposition pursuant  
25 to R&T Code § 4986.

26  
27 \_\_\_\_\_  
28 <sup>3</sup> Plaintiff Senac filed her assessment appeal on July 12, 2019. All other named plaintiffs filed their assessment appeals on July 5, 2019, the first week the Assessment Appeals Board accepted claims in connection with the 2019-2020 tax year.

1           98.     Upon information and belief, no evidence or statement of facts was provided by the  
2 AAB to the Auditor in connection with this transfer, other than Plaintiffs’ claims as filed with the  
3 AAB.

4           99.     Plaintiffs attempted without success to determine the details of the administrative  
5 procedure to be applied to Plaintiff’s claims by the Auditor-Controller, if not the procedures set  
6 forth in R&T Code §§ 1603 *et seq.* There are no equivalent administrative hearing procedures  
7 associated with R&T Code § 4986.

8           100.    Upon information and belief the Auditor-Controller did not have an existing  
9 administrative procedure for adjudicating PACE cancellation claims when it received the referral  
10 from the AAB.

11          101.    On November 19, 2019, Plaintiffs received notice that the Auditor-Controller was  
12 sending Plaintiffs claims to the Internal Services Department (“ISD”). Upon information and  
13 belief, ISD is the agency that oversees the PACE program for the County and the agency that  
14 signed and approved all recorded PACE assessments on behalf of the County.

15          102.    That same day, Plaintiffs received letters from ISD requesting additional  
16 information from Plaintiffs within two weeks to “evaluate” their cancellation claims. The letters  
17 also sought authorization from Plaintiffs to request additional information from their PACE  
18 administrator or other sources, and for other County departments to review and consider the  
19 information submitted in any investigation the County deemed warranted.

20          103.    On December 3, 2019, Plaintiffs submitted responses to ISD’s requests,<sup>4</sup> making  
21 clear again that they were seeking relief on behalf of themselves and all others similarly situated,  
22 on the grounds set forth in the First Amended Complaint. Copies of Plaintiffs’ assessment  
23 appeals, including the ISD addendum, are collectively attached hereto as Exhibit W.

24          104.    Plaintiffs repeatedly asked the County to explain the administrative procedures  
25 governing this review or to identify where the procedures could be found. In response to Public  
26

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27 <sup>4</sup> Plaintiffs submitted their responses to PACEclaims@isd.lacounty.com, an email address that,  
28 upon information and belief, was created in approximately mid-September 2019, for the purpose  
of accepting Plaintiffs’ submissions.

1 Records Act (“PRA”) requests, neither ISD nor the Auditor-Controller provided reference to any  
2 applicable statute, legislation, or publicly available information on the administrative process being  
3 applied to Plaintiffs’ claims for cancellation of PACE assessments.

4 105. Instead, Plaintiffs were provided with the Auditor-Controller’s “Direct Assessment  
5 Manual.” This document does not provide for a public administrative hearing for claimants, an  
6 exchange of information, testimony under oath, or findings of fact by a neutral. *See* Exhibit X.  
7 Upon information and belief, the Direct Assessment Manual is not intended for use by the public  
8 at all, but by the taxing agencies that submit direct assessments to the Auditor-Controller for  
9 processing. *Id.* at ii.

10 106. Plaintiffs also were provided with an interrogatory response that the County  
11 provided in another lawsuit, *Bermudez v. Pure Solar Co. et al* (19STCV21933), which stated:

12 [C]laims requesting cancellation, pursuant to Revenue and Taxation Code 4986,  
13 of a County-PACE assessment are accepted for filing by the Auditor-Controller  
14 (“A-C”). The A-C logs the cancellation claim and forwards it to the County’s  
15 Internal Services Department (“ISD”). ISD reviews the cancellation claim to  
16 determine a recommended action, and then communicates the recommended  
17 action to the A-C. The A-C reviews the claim and recommended action to  
18 determine whether satisfactory proof supports cancellation of the County-PACE  
19 assessment pursuant to Revenue and Taxation Code 4986. If the claim is denied,  
20 the A-C issues a denial letter notifying the claimant of the denial. If the claim is  
21 approved, the A-C will cancel the assessment pursuant to the A-C’s authority  
22 under Revenue and Taxation Code section 4986 and provide notice to the  
23 claimant.

24 *See* Exhibit Y (at responses 9 and 10). This process does not provide for a public administrative  
25 hearing for claimants, an exchange of information, testimony under oath, or findings of fact by a  
26 neutral.

27 107. On April 1, 2020, Plaintiffs received an email from County Counsel containing  
28 ISD’s recommendations (dated March 13, 2020) to the Auditor-Controller. ISD recommended  
29 Plaintiff Allen Bowen’s cancellation claim be granted, but his claim for refund be denied. ISD  
30 recommended denial of cancellation and refund for all other Plaintiffs. A copy of this letter is  
31 attached hereto as Exhibit Z.

32 ///

1           108. Upon information and belief, the Auditor-Controller accepted ISD's  
2 recommendations in full and did not conduct any independent investigation of Plaintiffs' claims.

3           109. Plaintiffs are informed and believe that cancellation of Plaintiff Bowen's PACE  
4 assessment has been processed by the County.

5           110. Plaintiffs have exhausted the administrative process the County set forth for  
6 Plaintiffs to follow, which was essentially an internal investigation and recommendation between  
7 County agencies.

8           111. An internal investigation is not an adequate administrative remedy.

9           112. The County's process for reviewing Plaintiffs' cancellation claims is not an  
10 adequate administrative remedy because, *inter alia*, there was:

- 11           a. No evidentiary hearing;
- 12           b. No presence of an impartial finder of fact;
- 13           c. No submission of briefing or argument;
- 14           d. No exchange of evidence;
- 15           e. No taking of testimony or cross-examination;
- 16           f. No clearly defined information about the procedural steps of the process,  
17 either via statute or that was otherwise publicly available (even through  
18 Plaintiffs' Public Record Act Requests);
- 19           g. No process, standard, or timeline for reconsideration or appeal;
- 20           h. No development of a factual record for review;
- 21           i. Evidence that this process was created *sui generis* to deal with Plaintiffs'  
22 claims;<sup>5</sup> and
- 23           j. The available administrative remedies explicitly do not provide for  
24 classwide relief.

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25  
26  
27 <sup>5</sup> In fact, the County has generally directed individuals with complaints about their PACE  
28 assessments to file complaints with the Los Angeles Department of Business and Consumer  
Affairs, not the Auditor-Controller. *See* Exhibits AA and BB (PACE Termination FAQs at  
Question 6).

1 113. All named Plaintiffs have exhausted the administrative review process the County  
2 applied to Plaintiffs' claims.

3 114. Exhaustion is not required for putative class members, but even if it were,  
4 exhaustion would not be required for putative class members here because the process is  
5 inadequate as a matter of law and Plaintiffs are not required to exhaust administrative remedies  
6 that are inadequate.

7 115. Therefore, Plaintiffs' class claims are appropriately before the Court.

8 116. Even if the internal review and recommendation from ISD was an adequate  
9 administrative remedy, Plaintiffs are informed and believe that sufficient numbers of homeowners  
10 have had their PACE complaints investigated in some manner by ISD, such that a numerous class  
11 of individuals who have exhausted their administrative remedies through the County's process  
12 already exists.

### 13 **THE NAMED PLAINTIFFS**

#### 14 **A. Plaintiff Reginald Nemore**

15 117. Plaintiff Reginald Nemore is a 60-year-old resident of Los Angeles County. At all  
16 times relevant here, Mr. Nemore has owned the real property located at 657 E. Ladera Street in  
17 Pasadena. According to the County Assessor's office, Mr. Nemore's home is less than 1,200  
18 square feet.

19 118. Forced into early retirement by disability, Mr. Nemore spends most of his time  
20 caring for his wife, who has Multiple Sclerosis. His income consists of Social Security Disability  
21 Income (SSDI) of approximately \$1,241 a month.

22 119. On or about September 29, 2016, Mr. Nemore purportedly entered into a Renovate  
23 America PACE assessment contract with the County. The contract covered the installation of  
24 some solar panels. The cost of a typical solar installation for a medium-sized house (6kW) in  
25 California ranges from \$12,000 to \$15,000. Renovate America's contractor charged Mr. Bowen  
26 \$26,247 for the panels, roughly twice the typical price, even though his home is not large. To  
27 secure repayment of that contract, the County recorded a PACE Lien on Mr. Nemore's property, a  
28 certified copy of which is attached hereto as Exhibit R and incorporated herein by reference.

1           120. The PACE lien secures the \$26,247 that Renovate America’s contractor charged  
2 Mr. Nemore, plus \$4,000 in Renovate America fees and capitalized interest, plus another \$41,410  
3 in interest to be paid over the 25 year life of the PACE loan, for a total of \$71,778 in payments to  
4 the County. Even before Renovate America approved that PACE loan, Mr. Nemore’s pre-existing  
5 debt-to-income ratio was over 95%. His annual PACE assessment of \$2,871 represents 19% of  
6 his annual SSI income. If Mr. Nemore wants to hold onto his home, he will have to find a way to  
7 pay that assessment, every year, for the next 25 years.

8           121. On July 5, 2019, Mr. Nemore filed an administrative claim for cancellation and  
9 refund of his PACE assessments with the Los Angeles County Assessment Appeals Board. The  
10 Assessment Appeals Board failed to adjudicate his claims. Following an internal review by the  
11 County’s Internal Services Department, the County denied his claims.

12                           **B. Plaintiff Violeta Senac**

13           122. Plaintiff Violeta Senac is a 90-year-old resident of Los Angeles County. At all  
14 times relevant here, Ms. Senac has owned the real property located at 5755 Ensign Avenue in  
15 North Hollywood. According to the County Assessor’s office, Ms. Senac’s home was built in  
16 1938 and contains 947 square feet.

17           123. On or about May 19, 2016, Ms. Senac purportedly entered into a Renovate  
18 America PACE assessment contract with the County. Ms. Senac was then 85 years old. She was  
19 providing a home for her disabled adult daughters. Ms. Senac speaks limited English and has poor  
20 eyesight. Her only income is her monthly Social Security check. When she purportedly entered  
21 into the PACE financing agreement, she had less than \$700 in her bank account.

22           124. The PACE assessment contract covered the installation of one or more toilets,  
23 windows, doors, and roofing material. Renovate America’s contractor charged Ms. Senac  
24 \$39,995. To secure repayment of that assessment contract, the County recorded a PACE Lien on  
25 Ms. Senac’s property, a certified copy of which is attached hereto as Exhibit S and incorporated  
26 herein by reference.

27           125. In addition to the \$39,995 in Renovate America contractor charges, the PACE lien  
28 secures \$3,000 in Renovate America fees and capitalized interest, plus another \$46,768 in interest,

1 all of which are to be paid over the 20-year life of the PACE loan, at the rate of \$4,518 per year,  
2 for a total of \$90,361 in payments to the County.

3 126. When Ms. Senac purportedly entered into the financing agreement with the County,  
4 her pre-existing debt-to-income ratio was approximately 135%. In other words, her monthly debt  
5 obligations already exceeded her monthly income *before* she purportedly promised to pay the  
6 County a Renovate America PACE assessment of \$4,518.05 per year. If Ms. Senac wanted to  
7 continue to live in that house, and provide a home for her disabled daughters, she would have to  
8 find a way to come up with that additional \$4,518.05, every year, for the next 20 years.

9 127. In March 2018, Ms. Senac paid off the outstanding principal balance of her  
10 Renovate assessment, \$42,098.95, by obtaining a new reverse mortgage.

11 128. Ms. Senac presented a Claim for Damages to Person or Property to the County on  
12 behalf of herself and others similarly situated on September 13, 2018. She amended her claim on  
13 October 22, 2018. The County rejected the claim on December 7, 2018.

14 129. Ms. Senac filed an administrative claim for cancellation and refund of her PACE  
15 assessments with the Los Angeles County Assessment Appeals Board on July 12, 2019. The  
16 Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the  
17 County's Internal Services Department, the County denied her claims.

18 **C. Plaintiff Aurelia Millender**

19 130. Plaintiff Aurelia Millender is an 84-year-old resident of Los Angeles County. At  
20 all times relevant here, Ms. Millender has owned the real property located at 2057 W. 71st Street  
21 in Los Angeles. According to the County Assessor's office, Ms. Millender's home was built in  
22 1929. It contains 1,446 square feet.

23 131. Ms. Millender's income consists of Social Security and Supplemental Security  
24 Income, totaling less than \$1,000 a month. She also usually receives a few hundred dollars a  
25 month from a family member. Her monthly income never exceeds \$1,350.

26 132. On or about August 31, 2016 and November 20, 2016, when she was 80 years old,  
27 Ms. Millender purportedly entered into two Renovate America PACE assessment contracts with  
28 the County. The first covered some exterior paint, which supposedly would lower the temperature



1 inside her house on hot days, and one replacement window. Renovate America's contractor  
2 charged Ms. Millender \$18,951 for those items. The second contract covered roof shingles that  
3 supposedly would also lower the summertime temperature inside her home. For that, the  
4 Renovate America contractor charged her \$20,500. To secure repayment of these assessment  
5 contracts, the County recorded two PACE Liens on Ms. Millender's property, certified copies of  
6 which are attached hereto as Exhibits T and U and incorporated herein by reference.

7 133. In addition to the \$39,451 in Renovate America contractor charges, the PACE  
8 Liens secure \$5,500 in Renovate America fees and capitalized interest, plus another \$49,900 in  
9 interest, all of which are to be paid over the 20-year life of the PACE Loans, at the rate of  
10 \$4,737.36 per year, for a total of approximately \$94,747 in payments to the County.

11 134. The first of her two PACE Liens caused Ms. Millender's debt-to-income ratio to  
12 increase to approximately 48%, and left her with residual income of less than \$700 a month to pay  
13 for food, utilities, transportation, etc. Ms. Millender's second PACE Lien caused her debt-to-  
14 income ratio to increase to approximately 64%, and left her with residual income of less than \$500  
15 per month. Ms. Millender has noticed no meaningful difference in the temperature inside her  
16 home from the \$39,451 in wall and roof paint that Renovate America's contractor charged her, or  
17 for the \$4,737.36 per year she will have to pay the County until 2036 to stay in her house.

18 135. Ms. Millender has a reverse mortgage, and she is behind on her payments as a  
19 result of the additional PACE liens, and she is at risk of foreclosure. The only thing currently  
20 preventing foreclosure is that she has secured a temporary at-risk extension from her mortgage  
21 servicer based on her age and poor health.

22 136. On July 5, 2019, Ms. Millender filed an administrative claim for cancellation and  
23 refund of her PACE assessments with the Los Angeles County Assessment Appeals Board. The  
24 Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the  
25 County's Internal Services Department, the County denied her claims.

26 **D. Plaintiff Allen Bowen**

27 137. Plaintiff Allen Bowen is a 72-year-old resident of Los Angeles County. At all  
28 times relevant here, Mr. Bowen has owned the real property located at 2001 W. 78th Street in Los

1 Angeles. According to the County Assessor's office, Mr. Bowen's home was built in 1927 and  
2 contains 1,534 square feet.

3 138. Mr. Bowen is a United States Army veteran and retired United States Postal  
4 Service employee. He receives a pension of \$2,324 and receives an additional \$217 per month in  
5 Social Security retirement benefits. On this fixed income, Mr. Bowen supports himself and his  
6 teen-aged son.

7 139. On or about May 24, 2017, when Mr. Bowen was 69 years old, he purportedly  
8 entered into a Renovate America PACE assessment contract with the County. The contract  
9 covered the installation of solar panels and windows for his house. Despite the modest size of Mr.  
10 Bowen's home, the Renovate America contract charged him \$39,800 for the panels and windows.  
11 To secure repayment of that assessment contract, the County recorded a PACE Lien on Mr.  
12 Bowen's property, a certified copy of which is attached hereto as Exhibit V and incorporated  
13 herein by reference.

14 140. The PACE Lien covers the \$39,800 in contractor charges, plus more than \$5,000 in  
15 Renovate America fees and capitalized interest, plus another \$10,330 in interest over the next five  
16 years, for a total of \$51,658 in payments to the County. All of that requires Mr. Bowen to make a  
17 \$10,331 annual PACE Loan payment to the County, on an annual income from his pension and  
18 Social Security of about \$30,500. The PACE Loan resulted in an increase in Mr. Bowen's debt-  
19 to-income ratio from less than 25% to over 60%. His PACE assessment payment was one-third of  
20 his annual income, income he had intended to spend on traveling to visit family in his hard-earned  
21 retirement.

22 141. On July 5, 2019, Mr. Bowen filed an administrative claim for cancellation and  
23 refund of his PACE assessments with the Los Angeles County Assessment Appeals Board. The  
24 Assessment Appeals Board failed to adjudicate his claims. Following an internal review by the  
25 County's Internal Services Department, the County cancelled Mr. Bowen's PACE assessment  
26 effective for the 2020-2021 tax year. The County denied Mr. Bowen's claim for refund.

27 142. All Plaintiffs had a sharp increase in their property tax bills as a result of their  
28 annual PACE obligations. The County collected payments for PACE assessments, either directly

1 from each Plaintiff or from mortgage lenders to that Plaintiff, who advanced such payments on  
2 behalf of that Plaintiff and then charged that advance to the Plaintiff, typically through an escrow  
3 account.

4 143. The County remitted and continues to remit some or all of the PACE assessments it  
5 collects to Renovate America as required by the terms of their Administration Contract.

### 6 **CLASS ACTION ALLEGATIONS**

7 144. Plaintiffs bring this action pursuant to Code of Civil Procedure section 382 as a  
8 class action, on behalf of themselves and all others similarly situated, for the purpose of asserting  
9 the claims alleged in this Complaint on a common basis.

10 145. The “**PACE Class**” consists of all homeowners who purportedly entered into a  
11 Renovate America HERO assessment contract with Los Angeles County between March 1, 2015  
12 and March 31, 2018, where that assessment contract has been recorded as a lien against the  
13 homeowner’s real property. All named Plaintiffs are members of the PACE Class.

14 146. Every putative member of the PACE Class has been harmed, is facing a threatened  
15 harm that is certainly impending, or faces a substantial risk that harm will occur in the future.  
16 Examples of such harms include, but are not limited to: (1) being subjected to a predatory loan  
17 which they cannot afford to repay; (2) paying unconscionably high interest rates; (3) threats of  
18 foreclosure by Defendants or class members’ mortgage servicers; (4) actual foreclosure by  
19 Defendants or class members’ mortgage servicers; (5) unjust encumbrances on their real property;  
20 (6) being unable to secure additional financing due to their PACE Liens; and (7) having  
21 “improvements” installed that are unnecessary, shoddy, or otherwise incomplete.

22 147. The “**Ability to Pay Subclass**” consists of members of the PACE Class for whom  
23 Renovate America did not perform a “reasonable good faith determination” of the homeowner’s  
24 “reasonable ability to pay” the PACE assessment. All named Plaintiffs are members of the Ability  
25 to Pay Subclass, as Renovate America never made good faith determinations of their abilities to  
26 repay their PACE assessments.

27 148. A “reasonable good faith determination” of a homeowner’s “reasonable ability to  
28 pay” is defined as codified in California Finance Code § 22687.

1           149. The “**DTI Subclass**” consists of members of the PACE Class where either (a) the  
2 homeowner’s debt-to-income ratio (“DTI”), at the time the contract was purportedly executed, and  
3 including the homeowner’s annual PACE obligation, was 50% or more, or (b) the homeowner’s  
4 DTI, at the time the contract was purportedly executed, and including the homeowner’s annual  
5 PACE obligation, was less than 50%, but left the household with residual monthly income of less  
6 than \$1,000 for one person, or \$1,000 plus \$500 for each additional household member.

7           150. All named Plaintiffs are members of the DTI Subclass because their DTI ratios,  
8 including the homeowner’s annual PACE obligation, equaled or exceeded 50% at the time their  
9 PACE assessment contract was executed, or their DTI was less than 50%, but left the household  
10 with residual monthly income of less than \$1,000 for one person, or \$1,000 plus \$500 for each  
11 additional household member.

12           151. The “**Elder Subclass**” consists of members of the PACE Class who were 65 years  
13 old or older when they purportedly entered into the PACE loan agreement. Plaintiffs Senac,  
14 Millender, and Bowen (collectively, the “Elder Plaintiffs”) bring this action on behalf of the Elder  
15 Subclass.

16           152. The “**Predatory Loan Subclass**” consists of members of the PACE Class who  
17 were facially unable to afford their PACE obligations—as determined by established methods of  
18 consumer protection for property-secured financing—at the time they purportedly entered into  
19 their assessment contracts.

20           153. The “**Mortgage Subclass**” consists of members of the PACE Class who had a  
21 federally-backed mortgage at the time the homeowner purportedly entered into the assessment  
22 contract.

23           154. The “**Language Subclass**” consists of members of the PACE Class who  
24 purportedly signed an English language assessment contract and who had limited English  
25 proficiency.

26           155. Defendants and their directors, officers, employees, and affiliates are excluded  
27 from the aforementioned classes and subclasses.

28 ///

1           156. **Ascertainable**: Plaintiffs are informed and believe, and upon such information and  
2 belief allege, that individuals who fall within these classes are ascertainable and can be identified  
3 with reasonable efficiency. The class definitions are objective. The exact number and identities  
4 of the Class Members are unknown at this time, but may be ascertained through discovery.

5           157. **Community of Interest**: The questions of law and fact common to the Class  
6 Members sufficiently predominate over any questions affecting only individual members as to  
7 create a single community of interest between them. The common questions in this case are  
8 capable of having common answers. If Plaintiffs' claims regarding Defendants' conduct are  
9 accurate, Plaintiffs and Class Members will have identical claims capable of being efficiently  
10 adjudicated and administered in this case.

11           158. Among the questions of law and fact common to Plaintiffs and all Class Members  
12 are:

13                 a. Whether Plaintiffs and Class Members are third-party beneficiaries of the  
14 Administration Contract;

15                 b. Whether Defendant Renovate America breached its duty in the  
16 Administration Contract to "ensure best in class protections for property owners from  
17 actions such as, including but not limited to, predatory lending" by, for example, failing to  
18 consider ability to repay the PACE Liens;

19                 c. Whether Defendant Renovate America's breaches of its contractual  
20 obligations under the Administration Contract impaired or reduced the value of Class  
21 Members' properties subject to PACE Liens;

22                 d. Whether the Assessment Contracts or any of their terms are unconscionable  
23 and should not be enforced;

24                 e. Whether Defendant Renovate America's failure to provide essential  
25 consumer protections to Class Members constitutes an "unfair" practice under Business &  
26 Professions Code sections 17200, et seq.;

27                 f. Whether Defendants' failure to provide adequate consumer protection  
28 measures has subjected Class Members to a continuing risk of significant harm;

1           g.       Whether Class Members—(excepting Mr. Bowen)—are entitled to an order  
2 declaring the liens and assessments recorded against their properties to secure the PACE  
3 loans at issue herein to be cancelled;

4           h.       Whether Class Members are entitled to restitution of amounts paid to the  
5 County, or other damages, related to the PACE program; and

6           i.       Whether Class Members are entitled to specific performance of the  
7 Administration Contract.

8       159.   Among the questions of law and fact common to the Language Subclass are:

9           a.       Whether Defendant Renovate America breached its duty in the  
10 Administration Contract to provide assistance in multiple languages, other than and in  
11 addition to English, to ensure consumers understand the terms of their financing in their  
12 native language;

13       160.   Among the questions of law and fact common to the Elder Subclass are:

14           a.       Whether Defendant Renovate America breached its duty in the  
15 Administration Contract to provide “special” or “heightened” protection for senior citizens  
16 to confirm they clearly understand the terms of the financing;

17           b.       Whether Defendants Renovate America and the County took, secreted,  
18 appropriated, obtained, and/or retained the property of the elder Plaintiffs and the Elder  
19 Subclass Members;

20           c.       Whether Defendants Renovate America and the County assisted in taking,  
21 secreting, appropriating, obtaining, and/or retaining the property of elder Plaintiffs and the  
22 Elder Subclass Members;

23           d.       Whether Defendants Renovate America and the County knew or should  
24 have known that Renovate America’s breaching its agreement in the Administration  
25 Contract to provide “special” or “heightened” protection for senior citizens, would be  
26 likely to be harmful to the Elder Subclass Members;

27           e.       Whether Defendants Renovate America and the County knew or should  
28 have known that elder persons are likely to be harmed if credit is extended to them without

1 a reasonable evaluation of the elder person’s ability to repay;

2 f. Whether the taking of a property interest in the homes of the Elder Plaintiffs  
3 and Elder Subclass Members was “unlawful” under Business & Professions Code sections  
4 17200, *et seq.*

5 161. **Adequate Representation**: Plaintiffs are representatives who will fully and  
6 adequately assert and protect the interests of the Class Members, and have retained competent and  
7 adequate legal counsel experienced in class action and complex litigation. Plaintiffs are adequate  
8 representatives and will fairly and adequately protect the interests of the Class Members.  
9 Plaintiffs’ claims are typical of the claims of the classes and subclasses, as they are all based on  
10 the same factual and legal theories, namely, the same wrongful conduct by Defendants, including  
11 conduct by others that aided and abetted such conduct.

12 162. **Substantial Benefit**: A class action is superior to other available methods for the  
13 fair, just, and efficient adjudication of the claims asserted herein and will provide a substantial  
14 benefit to the court and the litigants. Joinder of all Class Members is impracticable and, for  
15 financial and other reasons, it would be impractical for individual members to pursue separate  
16 claims. The prosecution of separate actions by individual members would create a risk of  
17 inconsistent or varying adjudications, which would establish incompatible standards of conduct  
18 for the parties opposing these classes and subclasses. Such incompatible standards of conduct and  
19 varying adjudications on the same essential facts, proof, and legal theories would also create and  
20 allow the existence of inconsistent and incompatible rights within these classes and subclasses.  
21 The prosecution of separate actions by individual members would unduly burden the courts.

22 163. Plaintiffs anticipate no difficulty in the management of this case as a class action.

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1 **FIRST CAUSE OF ACTION**

2 **Financial Elder Abuse**

3 **[Welfare & Institutions Code Section 15657.5]**

4 **(By the Elder Subclass Against Renovate America)**

5 164. The Elder Plaintiffs repeat and re-allege the allegations of paragraphs 1 through  
6 163 as though they were fully set forth herein.

7 165. The Elder Plaintiffs and Elder Subclass Member were 65 years of age or older at all  
8 times relevant and are thus “elders” under Welfare & Institutions Code section 15610.27.

9 166. Because Defendant Renovate America’s application form for the County’s PACE  
10 program requires disclosure of the borrower’s birthdate, at all times material Defendant Renovate  
11 America knew or should have known that the Elder Plaintiffs and the Elder Subclass were over the  
12 age of 65.

13 167. By failing to implement best in class consumer protections and special protections  
14 for seniors as required by Renovate America’s Administration Contract with the County, and by  
15 originating loans for seniors, secured by a first-priority lien on their homes, without first  
16 confirming that the borrower had the ability to make the semi-annual loan repayments, Defendant  
17 Renovate America has taken, secreted, appropriated, obtained, and/or retained the property of the  
18 Elder Subclass Members for a wrongful use.

19 168. Defendant Renovate America has also assisted Defendant County of Los Angeles  
20 in taking, secreting, appropriating, obtaining and/or retaining the property of the Elder Plaintiffs  
21 and Elder Subclass Members for a wrongful use. Defendant Renovate America’s assistance  
22 includes but is not limited to:

- 23 a. Recruiting and ostensibly training home improvement contractors to act as  
24 *de facto* mortgage brokers to sell PACE-financed home improvements to homeowners;
- 25 b. Selecting what products and services are actually approved for PACE  
26 financing;
- 27 c. Sending and receiving contracts, including unconscionable Assessment  
28 Agreements;



- 1 d. Checking properties' equity, as well as homeowners' property tax payment  
2 history;  
3 e. Recording PACE Liens; and  
4 f. Servicing PACE Liens.

5 169. Defendant Renovate America knew or should have known that the Elder Subclass  
6 Members were likely to be harmed by these activities because:

7 a. The Department of Energy and other federal and local agencies made public  
8 statements about the potential dangers of implementing a PACE program without an  
9 ability to pay analysis;

10 b. The Administration Contract required best in class consumer protections  
11 and special protections for seniors, and the members of the Elder Subclass were especially  
12 vulnerable to financial abuse, such as by predatory lending;

13 c. Homeowners were unable to negotiate any of the terms and conditions of  
14 their Assessment Agreement with the County, such that they were contracts of adhesion  
15 with unjustifiably one-sided and harsh terms;

16 d. The PACE loans it was originating without regard to ability to pay would be  
17 enforceable by foreclosure if the Elder Plaintiff missed a payment;

18 e. Loans made without regard to ability to pay put Elder Plaintiffs and  
19 Subclass Members at high risk of foreclosure or substantial loss or encumbrance of  
20 property essential to their health and welfare; and

21 f. The high risk of foreclosure or substantial loss or encumbrance of property  
22 essential to health and welfare created by the County's wrongful acts were likely to cause  
23 mental suffering to the Elder Plaintiffs and the Elder Subclass Members

24 170. As a result of Renovate America's wrongful acts, the Elder Plaintiffs and the Elder  
25 Subclass Members have been deprived of property rights insofar as they have made payments on  
26 financing extended without regard to their ability to pay; their homes are encumbered by first-  
27 priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County,  
28 and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.

1 171. Defendant Renovate America has also received substantial fees and commissions  
2 from Elder Plaintiffs and the Elder Subclass Members as a result of its activities in originating  
3 PACE Liens. On information and belief, Defendant Renovate America will continue to receive  
4 additional fees and commissions for the life of each PACE Lien, which are paid by homeowners in  
5 the form of finance charges.

6 172. Renovate America's conduct, as alleged herein, constitutes "financial abuse," as  
7 defined in Welfare & Institutions Code section 15610.30.

8 173. Under Welfare & Institutions Code section 15657.5, Renovate America is liable for  
9 compensatory damages, reasonable attorneys' fees and costs, and all other remedies otherwise  
10 provided by law, including cancellation.

11 174. The actions taken by Renovate America set forth above were in all respects  
12 reckless, oppressive, fraudulent and malicious.

13 175. Under Civil Code section 3345, Renovate America is liable for treble damages and  
14 penalties because: (a) it knew or should have known that its conduct was directed as to an elder  
15 person; (b) its conduct caused elder persons to suffer encumbrance, or substantial loss of property  
16 essential to their health and welfare; (c) Elder Plaintiffs and the Elder Sub-Class Members are  
17 senior citizens who are more vulnerable than other members of the public to Defendant Renovate  
18 America's conduct because of their age, impaired understanding, impaired health, or restricted  
19 mobility; and (d) Elder Plaintiffs and the Elder Sub-Class Members actually suffered substantial  
20 economic harm resulting from Renovate America's conduct.

21 **SECOND CAUSE OF ACTION**

22 **Financial Elder Abuse**

23 **[Welfare & Institutions Code Section 15657.5]**

24 **(By the Elder Subclass Against the County of Los Angeles)**

25 176. The Elder Plaintiffs repeat at re-allege the allegations of paragraph 1 through 163  
26 as though they were fully set forth herein.

27 177. The Elder Plaintiffs and Elder Subclass Member were 65 years of age or older at all  
28 times relevant and are thus "elders" under Welfare & Institutions Code section 15610.27.

1           178. Because Defendant Renovate America’s application form for the County’s PACE  
2 program requires disclosure of the borrower’s birthdate, at all times material the County knew or  
3 should have known that the Elder Plaintiffs and the Elder Subclass were over the age of 65.

4           179. By failing to enforce the best in class consumer protections and special protections  
5 for seniors required by its Administration Contract with Renovate America, by utilizing  
6 unconscionable and one-sided contracts of adhesion, and by executing the Assessment  
7 Agreements that are recorded against the property of each Elder Subclass Member, on the basis of  
8 which Elder Subclass Members’ homes can be foreclosed (or that will trigger foreclosures by  
9 conventional and reverse mortgage servicers), without regard to the Elders’ ability to pay,  
10 Defendant County of Los Angeles has taken, secreted, appropriated, obtained and/or retained the  
11 property of the Elder Subclass Members for wrongful use.

12           180. Defendant County of Los Angeles has also assisted Defendant Renovate America  
13 in taking, secreting, appropriating, obtaining and/or retaining the property of the Elder Subclass  
14 Members for wrongful use. As described more fully above, Defendant County of Los Angeles’  
15 assistance includes but is not limited to:

- 16           a. Permitting Defendant Renovate America to originate financing without  
17 reference to the borrowers’ ability to make the semi-annual payments;
- 18           b. Promoting the County’s PACE program and the County’s relationship with  
19 Renovate America;
- 20           c. Failing to oversee Defendant Renovate America’s activities or to provide  
21 oversight upon learning that financially vulnerable elders are being taken advantage of  
22 through Defendant Renovate America’s administration of the PACE program;
- 23           d. Failing to meaningfully evaluate Renovate America’s performance as  
24 required by sections 13.2.6 and 8.15 of the Administration Contract. See Ex. F at Ex. A,  
25 Statement of Work;
- 26           e. Failing to enforce the provisions of its Administration Contract with  
27 Renovate America that require best in class consumer protections and special protections  
28 for seniors; and

1 f. Recording PACE liens against Elder Subclass Members.

2 181. The County knew or should have known that the Elder Subclass Members were  
3 likely to be harmed by these activities because:

4 g. The Department of Energy and other federal and local agencies made public  
5 statements about the potential dangers of implementing a PACE program without an  
6 ability to pay analysis;

7 h. The County's Administration Contract required Renovate America to  
8 provide best in class consumer protections and special protections for seniors, and the  
9 Elder Plaintiffs and members of the Elder Subclass were especially vulnerable to financial  
10 abuse, such as by predatory lending;

11 i. Homeowners were unable to negotiate any of the terms and conditions of  
12 their Assessment Agreement with the County, such that they were contracts of adhesion  
13 with unjustifiably one-sided and harsh terms;

14 j. The Assessment Agreements would be recorded as a first priority lien and  
15 encumbrance on the homeowner's property, enforceable by foreclosure if the elder missed  
16 a payment; and

17 k. Loans made without regard to ability to pay put Elder Plaintiffs and Sub-  
18 Class Members at high risk of foreclosure or substantial loss or encumbrance of property  
19 essential to their health and welfare.

20 182. As a result of Renovate America's wrongful acts, the Elder Plaintiffs and the Elder  
21 Subclass Members have been deprived of property rights insofar as they have made payments on  
22 financing extended without regard to their ability to pay; their homes are encumbered by first-  
23 priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County,  
24 and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.

25 183. The County of Los Angeles has also received "administration" fees from Elder  
26 Plaintiffs and the Elder Subclass Members as a result of its activities in collecting PACE Liens  
27 and administering the PACE program. On information and belief, the County of Los Angeles will  
28 continue to receive additional fees for the life of each PACE Lien. The County's conduct, as

1 alleged herein, constitutes “financial abuse,” as defined in Welfare & Institutions Code section  
2 15610.30.

3 184. Under Welfare & Institutions Code section 15657.5, the County is liable for  
4 equitable cancellation of the Assessment Agreements and any obligations associated with those  
5 agreements, reasonable attorneys’ fees and costs, and all other equitable remedies otherwise  
6 provided by law.

7 185. To the extent remedies sought from the County require presentation of a claim  
8 pursuant to the Government Claims Act, Plaintiff Senac presented a claim to the County of Los  
9 Angeles, Board of Supervisors on behalf of herself and all others similarly situated on September  
10 13, 2018, amended October 22, 2018. The County rejected the claim on December 7, 2018.

11 **THIRD CAUSE OF ACTION**

12 **Breach of Contract – Third Party Beneficiary**

13 **[Civil Code Section 1559]**

14 **(By All Classes Against Defendant Renovate America)**

15 186. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though  
16 they were fully set forth herein.

17 187. The County and Renovate America have a valid contract that has not been  
18 rescinded. See Ex. F.

19 188. By the terms of this contract the County allowed Renovate America to administer  
20 the County’s PACE program, and obtain fees and interest from property owners who utilize the  
21 PACE program, and Renovate America agreed to implement “Consumer Protection Measures” for  
22 the County’s property owners, including “best in class” protections against predatory lending and  
23 “special protections” for seniors. See Ex. F at Ex. A, Statement of Work § 5.1.

24 189. Plaintiffs and Class Members, as property owners who utilized the PACE program,  
25 are express and intended third party beneficiaries of these and the related “Consumer Protection  
26 Measures” provisions of the Administration Contract.

27 190. As express and intended beneficiaries, Class Members were entitled to the benefits  
28 and protections of these promises.

1            191. Renovate America breached the Administration Contract by, among other things,  
2 failing to provide minimum protections against predatory lending, as evidenced by the fact that  
3 Renovate America’s underwriting process did not assess the borrower’s ability to repay the loan.

4            192. Renovate America breached other obligations owed to Plaintiffs and Class  
5 Members under the Administration Contract, including but not limited to:

6            a. Its promise to provide “special” or “heightened” protection for seniors, such  
7 as members of the Elder Subclass;

8            b. Its promise to provide language assistance to non-native English speakers,  
9 such as members of the Language Subclass;

10           c. Failing to adequately vet Renovate Registered Contractors so as to prevent  
11 them from installing on Plaintiffs’ and Class Members’ property unnecessary, incomplete,  
12 or otherwise faulty “improvements;” and

13           d. Failing to screen and monitor its Registered Contractors in accordance with  
14 its own policies, and as required by the Administration Contract to protect Class Members  
15 from unscrupulous contractors.

16           193. On information and belief, Defendant Renovate America has charged, and will  
17 continue to receive, fees and commissions for the life of each PACE Lien, which commissions are  
18 paid by homeowners in the form of interest and finance charges.

19           194. Renovate America’s breaches of the Administration Contract have proximately  
20 caused damage to Plaintiffs and Class Members. Such damages include, but are not limited to: (a)  
21 the loss of funds they have paid in connection with PACE loans, including for fees, interest, and  
22 assessment payments, (b) the increased risk of foreclosure, (c) the imposition of barriers to  
23 refinancing or obtaining other debt secured by liens on their home, such as home mortgages or  
24 reverse mortgages, (d) the reduced value of their homes, and (e) encumbrances that reduce the  
25 equity in their homes.

26           195. Plaintiffs and Class Members have been damaged in an amount subject to proof at  
27 trial substantially in excess of the jurisdictional minimum of this court but in an amount estimated  
28 to be in the hundreds of millions of dollars, given the number of PACE participants, the value of

1 their homes, the total amount of the PACE Liens, and the diminution in values sustained.

2 196. Plaintiffs and Class Members are entitled to the consumer protections included in  
3 the Administration Contract for their benefit, through specific performance or other remedies.

4 **FOURTH CAUSE OF ACTION**

5 **Declaratory Relief - Unlawful Contract As A Matter of Law**

6 **[Civil Code Section 1670.5 et seq.]**

7 **(By All Classes Against Defendant County of Los Angeles)**

8 197. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though  
9 they were fully set forth herein.

10 198. Code of Civil Procedure § 1060 permits any party to seek a declaration or  
11 determination of validity of any written instrument.

12 199. Civil Code section 1670.5(a) permits a court to refuse to enforce a contract that was  
13 unconscionable at the time it was made.

14 200. The County of Los Angeles requires Plaintiffs and all Class Members to sign an  
15 Assessment Agreement, which is subsequently recorded as a lien against the property, and forms  
16 the basis for the levy of additional assessments for the duration of the PACE loan term.

17 201. Financing alternatives on comparable terms, including “no money down” for green  
18 energy improvements, do not exist.

19 202. The Assessment Agreements are contracts of adhesion between parties of vastly  
20 unequal bargaining power.

21 203. Plaintiffs and Class Members are individual homeowners in the County of Los  
22 Angeles. The County of Los Angeles is a local government with police powers.

23 204. The Assessment Agreements between the County and the Plaintiffs and Class  
24 Members are standardized, uniform, lengthy legal documents where Plaintiffs and Class Members  
25 had no opportunity to negotiate any individual term and, thus, form a classic “take-it-or-leave-it”  
26 situation.

27 205. The Assessment Agreements were presented to Plaintiffs and Class Members by  
28 Renovate Registered Contractors, who had a financial stake in Plaintiffs and Class Members

1 signing up for PACE-financed home improvements.

2           206. The signatures of the Plaintiffs are not on the same page as any part of the  
3 Assessment Agreement, nor are the “Exhibits” incorporated by reference identified individually.

4           207. The Assessment Agreements contain surprising terms which are hidden in the  
5 middle of the document, with no change in font or format to highlight them, including waiver of  
6 all possible claims, but simultaneously, an indemnification clause forcing Plaintiffs and Class  
7 Members to pay for any claims they do bring in any way “related” to the subject matter of the  
8 Assessment Agreement.

9           208. The waiver provision itself is over one full page and written in “legalese.”

10           209. The waiver also has the unlawful objective of exempting the County and its agents  
11 and investors from responsibility for their own fraud, willful injury to person or property, or  
12 violations of law, whether willful or negligent, in violation of Civil Code section 1668.

13           210. The terms of the Assessment Agreements are unjustifiably one-sided and create  
14 overly harsh results for the Plaintiffs and Class Members, who had unequal bargaining power in  
15 the transaction to begin with.

16           211. In exchange for financing (at above-market interest rates), homeowners must agree  
17 to a first-priority lien encumbering their property for the loan term, enforceable by foreclosure  
18 after one missed payment. The County is fully protected from loss in the event of the  
19 homeowner’s non-payment.

20           212. Given this high level of protection for the County and its investors, there is no  
21 reasonable justification for obtaining an overbroad waiver from the Plaintiffs and Class Members  
22 that prevents Plaintiffs and Class Members from making any claim challenging their assessment  
23 obligations or the PACE program generally, even if those claims were to involve intentional tort,  
24 fraud, forgery or violations of law by the County or the extensive network of agents it has engaged  
25 to administer its PACE program.

26           213. In addition, the County is asking Plaintiffs and Class Members to waive the  
27 statutory protection of Civil Code section 1542, which is a statutory consumer protection that  
28 exempts future and unknown claims from a general release.





1           221. Civil Code section 1668 makes contracts that, directly or indirectly, exempt a  
2 contracting party from responsibility for their own willful or negligent violations of law, against  
3 policy of the law.

4           222. The County of Los Angeles, a public entity, elected to create a PACE program to  
5 provide financing for home improvements to County homeowners.

6           223. The County made PACE available to any member of the public who met certain  
7 minimal standards such as home ownership, and being current on mortgage and tax payments.

8           224. As a condition of obtaining PACE financing, the County of Los Angeles required  
9 Plaintiffs and all Class Members to sign a standardized Assessment Agreement, which terms were  
10 drafted by the County and PACE participants had no opportunity to negotiate; they could only  
11 “take it or leave it.”

12           225. The Assessment Agreement contains an overbroad waiver, riddled with legalese,  
13 that insulates the County and its bond purchasers from all consequences of its conduct. This  
14 waiver is not limited to ordinary negligence, but purports to exculpate the County from any  
15 conduct related to the Assessment Agreements whatsoever.

16           226. The Assessment Agreement also contains an indemnification provision, riddled  
17 with legalese, that further requires the Plaintiffs and Class Members to bear the cost to the County  
18 and its bond purchasers of any challenge to their conduct, whether that conduct be fraudulent,  
19 willful injury to person or property, or a willful or negligent violation of law. The Plaintiffs and  
20 Class Members had no control or negotiating power over who the County’s bond purchasers were,  
21 or the terms of those investment agreements.

22           227. The Assessment Agreements do not require the County to adhere to even a minimal  
23 standard of care in contracting with the Plaintiffs and Class Members, and illegally exculpate the  
24 County from compliance with current and future statutory and regulatory violations, whether  
25 willful or negligent, as well as insulate them from potential liability for gross negligence and  
26 willful injury to person or property.

27           228. As alleged above, and in Count II, the County directly, or by assisting Renovate  
28 America and its agents, violated the Elder Abuse Statute, Welfare & Institutions Code sections

1 15600, et seq., in its administration of its PACE program.

2 229. These waiver and indemnification provisions serve only the needs of the County  
3 and their bond purchasers and, to the extent they attempt to shield the County for liability for  
4 willful or negligent violations of law, are invalid on their face.

5 230. Plaintiffs are entitled to a declaration that the Assessment Agreements are unlawful  
6 and unenforceable under Civil Code section 1668. In the alternative, Plaintiffs are entitled to a  
7 declaration that the waiver and indemnification provisions of the Assessment Agreements are  
8 unlawful and unenforceable under Civil Code section 1668.

9 **SIXTH CAUSE OF ACTION**

10 **Violation of California's Statutory Unfair Competition Law**

11 **[Business & Professions Code Sections 17200 et seq.]**

12 **(By All Classes Against Defendant Renovate America)**

13 231. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 163 as though  
14 they were fully set forth herein.

15 232. Business & Professions Code sections 17200 et seq., also known as California's  
16 Unfair Competition Law, prohibits any "unlawful, unfair or fraudulent business act or practice."

17 233. Renovate America has violated, and continues to violate, section 17203's  
18 prohibition against engaging in "unlawful" acts or practices by (a) violating Welfare & Institutions  
19 Code section 15657.5, as described above.

20 234. Renovate America has violated, and continues to violate, section 17203's  
21 prohibition against "unfair" acts or practices by the following acts:

22 a. Breaching its duties to Plaintiffs and Class Members under the  
23 Administration Contract;

24 b. Failing to screen and monitor its Registered Contractors in accordance with  
25 its own policies, and as required by the Administration Contract to protect Class Members  
26 from unscrupulous contractors;

27 c. Allowing Class Members to be victimized by unscrupulous contractors;

28 ///

1 d. Charging an above-market rate of interest on PACE Liens and a rate of  
2 interest in excess of the risk of return of principal;

3 e. Encouraging predatory lending by determining eligibility for PACE without  
4 consideration of the Class Member's ability to repay the PACE Lien;

5 f. Failing to adequately monitor PACE applications for suspect or  
6 questionable data (e.g., fake email addresses, obviously inaccurate financial information,  
7 etc.) so that Plaintiffs and Class Members were not so easily defrauded and taken  
8 advantage of;

9 g. Failing to adequately vet Renovate Registered Contractors so as to prevent  
10 unscrupulous contractors from getting easy access to Plaintiffs' and Class Members'  
11 homes and sensitive personally identifying information (such as social security numbers  
12 and financial information);

13 h. Encouraging predatory lending by informing its Registered Contractors how  
14 much funding Class Members qualified for based on the equity in their home;

15 i. Failing to provide assistance in multiple languages, other than and in  
16 addition to English, to ensure homeowners understood the terms of their financing;

17 j. Failing to adequately inform elder homeowners of the potential risks in  
18 taking on a PACE Lien with an existing federally-backed mortgage; and

19 k. Facilitating and participating in the County's use of unlawful contracts.

20 235. As a result of Renovate America's business acts and practices, Plaintiffs and Class  
21 Members have incurred actual financial losses and injuries including first-priority PACE Liens on  
22 their homes that require payment and may trigger foreclosure by the County or by pre-existing  
23 conventional and reverse mortgage lenders.

24 236. Plaintiffs and Class Members are entitled to an order enjoining Renovate America  
25 from continuing to collect excessive fees and interest, to enjoy the benefits of having a "super  
26 priority" lien, and to otherwise engage in the acts and practices alleged herein that continue in  
27 spite of the program's end.

28 ///







1 April 2020, *after* the County had issued its order of cancellation.

2 253. The grounds for Mr. Bowen’s refund claim filed with the Assessment Appeals  
3 Board each incorporated by reference the First Amended Complaint in the instant action, including  
4 allegations that the PACE assessments were illegally assessed or levied, and erroneously or  
5 illegally collected.

6 254. In March 2020, the County granted Mr. Bowen’s request for cancellation pursuant  
7 to section 4986. His request for refund was refused.

8 255. Mr. Bowen is entitled to recover all of the taxes that were erroneously or illegally  
9 collected or illegally assessed or levied pursuant to R&T Code § 5097.

10 256. Mr. Bowen is also entitled to recover, pursuant to R&T Code 5097.2(c), the amount  
11 of taxes he paid in excess of the amount due on the property after the County cancelled his PACE  
12 assessment.

13 **PRAYER FOR RELIEF**

14 **WHEREFORE**, Plaintiffs and Class Members respectfully request the following and pray  
15 for judgment as follows:

16 **As to the First Cause of Action for Financial Elder Abuse Against Renovate America:**

- 17 1. For damages and all other relief authorized by Welfare & Institutions Code section  
18 15657.5, including but not limited to punitive and exemplary damages, in an  
19 amount according to proof at time of trial;
- 20 2. For treble damages pursuant to Civil Code section 3345;
- 21 3. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions  
22 Code section 15657.5(a);

23 **As to the Second Cause of Action for Financial Elder Abuse Against the County:**

- 24 4. For equitable cancellation of the special assessments levied under the PACE  
25 program at issue herein and any obligations associated with those agreements;
- 26 5. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions  
27 Code section 15657.5(a);

28 ///



1 6. For all other equitable remedies otherwise provided by law;

2 **As to the Third Cause of Action for Breach of Contract Against Renovate America:**

3 7. For damages in the amount suffered as a result of Renovate America's breach of  
4 the Administration Contract;

5 8. For specific performance of Renovate America's duties under the Administration  
6 Contract;

7 **As to the Fourth Cause of Action for a Declaration that the Assessment Agreements**  
8 **are Unlawful Contracts Under Civil Code § 1670.5:**

9 9. That this Court declare and enter an order and judgment that the Assessment  
10 Agreement is unconscionable as a matter of law;

11 10. That this Court declare and enter an order refusing to enforce the Assessment  
12 Agreement and voiding any obligations of the Plaintiffs and Class Members  
13 thereunder, including payment of any future tax obligations associated with the  
14 PACE assessment;

15 11. Any other remedy provided under Civil Code section 1670.5;

16 **As to the Fifth Cause of Action for a Declaration that the Assessment Agreements are**  
17 **Unlawful Contracts Under Civil Code § 1668:**

18 12. That this Court declare and enter an order and judgment that the Assessment  
19 Agreement is against policy of law;

20 13. That this Court declare and enter an order refusing to enforce the Assessment  
21 Agreement and voiding any obligations of the Plaintiffs and Class Members  
22 thereunder, including payment of any future tax obligations associated with the  
23 PACE assessment;

24 14. Any other remedy provided under Civil Code section 1668;

25 **As to the Sixth Cause of Action for Violation of the UCL Against Renovate America:**

26 15. For restitution of all amounts paid in connection with the Los Angeles County  
27 PACE program related to the activities of Renovate America as alleged herein;

28 ///

1 16. For all other relief authorized under the Unfair Competition Law, Business &  
2 Professions Code section 17200, et seq.;

3 **As to the Seventh Cause of Action of Cancellation of Taxes Against the County:**

4 17. For cancellation of all or any portion of any tax, penalty, or costs, illegally levied or  
5 charged on the Plaintiffs and Class Members and quiet title against the lien of any  
6 canceled taxes;

7 **As to the Eighth Cause of Action of Declaratory Relief Against All Defendants:**

8 18. A judicial determination of Plaintiffs and Class Members' rights and interests in  
9 their respective properties and with respect to their Assessment Agreements with  
10 the County;

11 **As to the Ninth Cause of Action of Refund on Behalf of Allen Bowen in His Individual**  
12 **Capacity Against the County:**

13 19. A judgment for Refund for Mr. Bowen in the amount paid on his PACE  
14 assessments, up through and including the 2019-2020 tax year (estimated at  
15 \$30,995.22).

16 **As to all Defendants and all Causes of Action:**

17 20. For an order that this lawsuit properly may be maintained as a class action and  
18 certifying the Class and Subclass claims herein;

19 21. For appropriate injunctive relief;

20 22. An award of reasonable attorneys' fees and costs pursuant to Code of Civil  
21 Procedure section 1021.5; and

22 23. Such other relief at law or equity as this Court may deem just and proper.

23  
24 **DEMAND FOR JURY TRIAL**

25 Plaintiffs hereby demand a trial by jury on all issues so triable.

26 ///

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28 ///

1 Dated: August 7, 2020

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