

1 **HOGAN LOVELLS US LLP**  
 Michael M. Maddigan (SBN 163450)  
 2 Gabriel R. Ulman (SBN 307806)  
 Elizabeth E. Goncharov (SBN 317091)  
 3 1999 Avenue of the Stars, Suite 1400  
 Los Angeles, California 90067  
 4 Telephone: (310) 785-4600  
 Facsimile: (310) 785-4601  
 5 michael.maddigan@hoganlovells.com  
 gabriel.ulman@hoganlovells.com  
 6 elizabeth.goncharov@hoganlovells.com

7 *Attorneys for Plaintiffs*  
 (Additional Attorneys Listed on the Following Page)

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

11 ZENIA OCANA, an individual; JUAN  
 OCANA LAU, an individual; VIOLETA  
 12 SENAC, an individual; and MARIA  
 ALVAREZ,  
 13  
 Plaintiffs,  
 14  
 vs.  
 15  
 RENEW FINANCIAL HOLDINGS, INC., a  
 16 Delaware corporation; RENEW  
 FINANCIAL CORP. II, a Pennsylvania  
 17 corporation; the COUNTY OF LOS  
 ANGELES; and DOES 1 through 10,  
 18  
 Defendants.

Case No. BC701809 [Related Case BC701810]

**SECOND AMENDED CLASS ACTION  
 COMPLAINT FOR:**

1. **FINANCIAL ELDER ABUSE**  
(against Renew Financial)
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  
AND DEMAND FOR JURY TRIAL**

1 **Complete List of Counsel for Plaintiffs:**

2 **HOGAN LOVELLS US LLP**

Michael M. Maddigan (SBN 163450)  
3 Gabriel R. Ulman (SBN 307806)  
Elizabeth E. Goncharov (SBN 317091)  
4 1999 Avenue of the Stars, Suite 1400  
Los Angeles, California 90067  
5 Telephone: (310) 785-4600  
Facsimile: (310) 785-4601  
6 michael.maddigan@hoganlovells.com  
gabriel.ulman@hoganlovells.com  
7 elizabeth.goncharov@hoganlovells.com

8 **BET TZEDEK LEGAL SERVICES**

Jenna L. Miara (SBN 305703)  
9 Jennifer H. Sperling (SBN 310551)  
Sparky Abraham (SBN 299193)  
10 3250 Wilshire Blvd., 13<sup>th</sup> Floor  
Los Angeles, California 90010-1509  
11 T: (323) 549-5867  
F: (213) 471-4569  
12 jmiara@bettzedek.org  
jsperling@bettzedek.org  
13 sabraham@bettzedek.org

14 **PUBLIC COUNSEL**

Cindy Pánuco (SBN 266921)  
15 Stephanie Carroll (SBN 263698)  
Nisha Kashyap (SBN 301934)  
16 610 South Ardmore Avenue  
Los Angeles, California 90005  
17 T: (213) 385-2977  
F: (213) 201-4722  
18 cpanuco@publiccounsel.org  
scarroll@publiccounsel.org  
19 nkashyap@publiccounsel.org

20

21

22

23

24

25

26

27

28

1 Plaintiffs Zenia Ocana, Juan Ocana Lau, Violeta Senac, and Maria Alvarez,<sup>1</sup> individually  
2 and on behalf of all others similarly situated, allege the following against Defendants Renew  
3 Financial Holdings, Inc., Renew Financial Corp. II (collectively “Renew Financial”), and the  
4 County of Los Angeles (the “County”):

5 **OVERVIEW OF THE DISPUTE**

6 1. For the last five years, Renew Financial and the County of Los Angeles have  
7 harmed thousands of low-income, elderly, and non-native English-speaking homeowners  
8 throughout the County, through a program known as Property Assessed Clean Energy (“PACE”).  
9 The California Legislature authorized local governments to implement PACE programs, and the  
10 County enacted its PACE program in 2012. The County delegated administrative responsibility to  
11 Renew Financial, and to non-party Renovate America, in 2015.<sup>2</sup>

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

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

23  
24 <sup>1</sup> Previously Neptali Sical (as an individual and in his capacity as Trustee of the Sical Family  
25 Trust) was a named plaintiff in this matter. Unfortunately, Mr. Sical passed away on July 7, 2020.  
26 Concurrently with this Second Amended Complaint, Plaintiffs have filed an Request under  
27 California Rule of Court 3.770(a) for approval to dismiss Mr. Sical as a party to this action. This  
28 Second Amended Complaint includes allegations referencing Mr. Sical to the extent they are  
necessary and important to the procedural and factual history of this action.

<sup>2</sup> Renovate America’s improper conduct in connection with the PACE program is addressed in a  
separate complaint, filed concurrently in the related case BC701810.

1           4.       The PACE program utilized incompetent and unscrupulous home improvement  
2 contractors as salespeople, and these contractors sold homeowners overpriced and defective goods  
3 and services, often mauling their homes with shoddy and incomplete projects. The PACE  
4 program loans made its victims' homes more difficult to sell or refinance, encumbered their  
5 equity, made it nearly impossible for them to borrow additional funds, increased their property tax  
6 payments and mortgages beyond their ability to pay, and left them in or on the edge of foreclosure.  
7 Many PACE participants have taken on debt beyond their means to repay. Many PACE  
8 participants are struggling to hold onto their homes, fearful of what lies ahead.

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

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

14           • **Second**, by classifying PACE financing as a tax assessment rather than a loan, the  
15 County and Renew Financial circumvented traditional regulations and consumer protections that  
16 govern loans secured by real property.

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

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

26           • **Fifth**, the PACE loans are secured by liens on the properties, which catapult over  
27 every previous lien to take the first priority position. That structure puts the homeowners  
28 potentially in default under their existing mortgages, under which homeowners typically promise

1 their lender that it will be in first position.

2           6.       *Sixth*, that first priority position, and the fact that the PACE loans are based on  
3 home equity, materially reduced the County’s risk in making PACE loans and rendered the PACE  
4 interest rates unjustified and excessive. Plaintiffs and class members are thus stuck paying above-  
5 market interest rates for the privilege of participating in a ruinous secured-lending program that  
6 the County has since discontinued.

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

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

14                   ....

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

18                   ....

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

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

24           8.       Despite these stark and straightforward warnings, the County plunged ahead,  
25 authorizing and designing an extraordinarily large scale PACE program. The County initially  
26 authorized \$100 million in bonds (with authorization to sell up to \$1 billion), and used the  
27 proceeds to make individual PACE loans. *See* Ex. D at 3-4 (“Resolution of the Board of  
28 Supervisors Authorizing the Establishment of a Special Fund for the LACEP, the Issuance and

1 Sale of Bonds and the Execution and Delivery of Certain Documents in Connection with the  
2 LACEP, and Authorizing a Validation Action and Certain Actions Related Thereto”); Ex. E at 6  
3 (“Los Angeles County Energy Program, Program Report”). The County aimed to have 15,000  
4 PACE program participants within the first few years. *See id.* at 2.

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

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

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

19 12. Renew Financial agreed to provide these “best in class protections.” Renew  
20 Financial also promised to provide special protections for seniors and to create a “Consumer  
21 Protection Measures Plan.” *Id.* at §§ 5.2.4, 5.2.5, 5.2.8. Renew Financial further agreed to  
22 “Provide assistance in multiple languages, other than and in addition to English, to ensure  
23 consumers understand the terms of their financing in their native language.” *Id.* at § 5.2.5.

24 13. All of these promises were false. Renew Financial reneged on every single one of  
25 them. And when Renew Financial did so, the County looked the other way.

26 14. Eventually, the County stopped the PACE program and its relationship with Renew  
27 Financial, belatedly recognizing its and the program administrators’ failure to provide consumer  
28 protections. Nevertheless, the County continues to ignore the plight of homeowners who entered

1 the program before it was dissolved.

2           15.     The most basic form of protection against predatory lending is to ensure that the  
3 potential borrower *can afford* to repay the loan, whether through earnings or other sources. This  
4 basic protection was glaringly absent from the County’s PACE program. To the contrary, Renew  
5 Financial’s primary lending criterion was whether the borrower’s home was worth more than the  
6 value of the PACE loan and other secured debts. That approach ensured the County would get its  
7 money in the event of a default, but it did nothing to assess whether a homeowner could afford to  
8 repay a PACE loan. In other words, as long as the County, Renew Financial, and bondholders  
9 were sure to get repaid, they paid no attention to whether a homeowner was oversold  
10 improvements or ended up on the street. The absence of ability-to-pay protections makes PACE  
11 assessments textbook examples of predatory loans. Even worse, because the assessments are  
12 secured by the borrowers’ homes, these predatory loans put unlucky county residents at risk of  
13 homelessness.

14           16.     Numerous federal agencies criticized the PACE program before, during, and after  
15 Defendants’ adoption and implementation of that program. The FHFA warned that the program  
16 could place homeowners in default under their mortgages and put them at risk of foreclosure. *See*  
17 Ex. G (Summary of Speech by Alfred M. Pollard, General Counsel, Federal Housing Finance  
18 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)  
19 [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  
20 Affairs reached the same conclusion. *See* Ex. H (Dept. of Housing and Urban Development Press  
21 Release No. 17-111 (Dec. 7, 2017)) (“In addition, such [PACE] activity is risky for FHA [Federal  
22 Housing Administration] borrowers and potentially violates the terms of their FHA-insured  
23 mortgage.”).

24           17.     *The Wall Street Journal* characterized PACE as the new “subprime crisis” for its  
25 reckless extension of credit to homeowners. *See* Ex. C (Kristen Grind, “America’s Fastest-  
26 Growing Loan Category Has Eerie Echoes of the Subprime Crisis,” Jan. 10, 2017, available at  
27 [https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-eerie-echoes-of-](https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-eerie-echoes-of-subprime-crisis-1484060984)  
28 [subprime-crisis-1484060984](https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-eerie-echoes-of-subprime-crisis-1484060984)). As detailed below, that is an understatement.

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

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

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

9 21. Plaintiffs bring this action on their own behalf, and on behalf of a class of all  
10 persons who entered into PACE financing via Assessment Agreements with the County who meet  
11 the criteria stated in paragraph 148 (the “**PACE Class**”), the criteria stated in paragraph 150 (the  
12 “**Ability to Pay Subclass**”), the criteria stated in paragraph 152 (the “**DTI Subclass**”), the criteria  
13 stated in paragraph 155 (the “**Predatory Loan Subclass**”), the criteria stated in paragraph 156 (the  
14 “**Mortgage Subclass**”), and the criteria stated in paragraph 157 (the “**Language Subclass**”).  
15 Plaintiff Senac also brings this action on her own behalf, and on behalf of a subclass of all persons  
16 who meet the criteria stated in paragraph 154 (the “**Elder Subclass**”). Plaintiffs and members of  
17 the proposed class and subclasses (collectively, “**Class Members**”) seek restitution from Renew  
18 Financial of amounts paid, declaratory and injunctive relief, and other appropriate remedies from  
19 Renew Financial and the County for violations of the law including but not limited to:

20 a. As to persons over the age of 65, Defendants Renew Financial and the  
21 County violated the Elder Abuse Statute, Welfare & Institutions Code sections 15600, et  
22 seq., by (among other things) taking, secreting, appropriating, obtaining and/or retaining  
23 the property of elder persons entitled to the protection of the statute, for wrongful use.

---

25 <sup>3</sup> For example, in response to rampant abuse and harm to homeowners, Kern County ended its  
26 PACE program in June 2017. Ex. N (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. O (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           31.     Plaintiffs are informed and believe that, at all times mentioned herein, the County  
2 and Renew Financial were engaged in a joint enterprise, were acting within the course and scope  
3 of that enterprise, and that the County and Renew Financial both ratified the conduct of their  
4 agents and sub-agents. In addition, Plaintiffs are informed and believe that Renew Financial was  
5 an agent, servant, and fiduciary of the County, and that Renew Financial at all times mentioned  
6 herein was acting within the course and scope of that relationship.

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

18           33.     Renew Financial, the County, and DOES 1 through 10 are referred to herein  
19 collectively as "Defendants."

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

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

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

26           35.     The primary participants in a PACE program are: (a) a government entity (typically  
27 a county or city) who authorizes the sale of public improvement bonds for initial funding of the  
28 program; (b) a non-governmental entity, usually a private business, that administers the program

1 for the government entity (the “program administrator”); (c) home improvement contractors who  
2 solicit homeowners to enter into qualifying energy efficiency or water conservation projects and  
3 perform the work (typically after the program administrator approves the proposed contract); and  
4 (d) homeowners who contract for the offered improvements.

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

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

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

28 ///

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

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

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

10          41.     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. I 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          42.     Exhibit A to the Administration Contract (attached as Ex. F to this Complaint),  
16 titled "Statement of Work," details Renew Financial'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          43.     The first of those consumer protections to which Renew Financial agreed under the  
21 Administration Contract was that it would "ensure *best in class protections* for property owners  
22 from actions such as, including but not limited to, predatory lending, unscrupulous contractors and  
23 poor-quality assessment servicing." *Id.* at §5.1 (emphasis added).

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

- 26               a.     "Implement a multi-faceted approach to consumer protection and integrate  
27 it into brand usage guidelines, marketing activity policies, advertising policies, sales and  
28 training protocol, collateral, financial disclosures and assessment servicing procedures."

1 *Id.* at § 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 45. 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. Renew Financial Ignored Borrowers’ Ability to Repay.**

14 46. If Renew Financial 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 47. Renew Financial failed to do that. To the contrary, during the class period, Renew  
19 Financial’s underwriting standards did not contain any ability to repay criterion. Instead, the  
20 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, Renew Financial 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, Renew Financial decided whether to make a PACE loan based solely on whether the  
25 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.     Renew Financial Recruited and Unleashed an Army of Contractors to**  
2                   **Serve as Unlicensed Mortgage Brokers.**

3           48.     Renew Financial did not use licensed loan or mortgage brokers to market or  
4 originate PACE Liens. Instead, Renew Financial drafted battalions of “Participating” Contractors.  
5 Renew Financial relied on its Participating Contractors, among other things, to:

- 6                   a.     Verify the government-issued photo identification of consumers, Ex. J at 1  
7 (“Contractor Participation Requirements”);  
8                   b.     “Provide any credit offer and any other required disclosures to the  
9 applicable consumer,” *Id.*;  
10                  c.     Preserve the confidentiality of consumers’ nonpublic personal information,  
11 *Id.* at 2; and  
12                  d.     Charge fair retail prices. *Id.*

13           49.     Renew Financial publicly claims they “make home improvements affordable,” and  
14 that each Participating Contractor “undergoes training to answer your questions about our  
15 programs.” Ex. K (Screen clippings from Renew Financial’s website). In fact, the Administration  
16 Contract *required* Renew Financial to “enforce all policies and procedures for [contractor]  
17 compliance.” Ex. F at Ex. A, Statement of Work § 5.2.6.

18           50.     Typically, Participating Contractors introduced homeowners to the PACE program,  
19 controlled the financing application process, and obtained homeowners’ signatures on PACE  
20 contracts, usually via electronic signature. In many cases, Participating Contractors were the  
21 primary source of information that homeowners received (or did not receive) about the PACE  
22 program and its financing terms before a homeowner entered into a PACE loan. Often, the  
23 homeowner did not receive a copy of the PACE financing contract until after the improvement  
24 work had already been completed and the homeowner had become obligated to pay for that work.

25           51.     Renew Financial directly and indirectly encouraged its Participating Contractors to  
26 market PACE aggressively. This encouragement included but was not limited to the following:  
27 (a) Renew Financial rubber-stamped its approval of payment in full to contractors for any home  
28 improvement contract submitted for financing, without regard to whether the contractor followed

1 the guidelines required of a Participating Contractor or was acting in accordance with the  
2 Administration Contract, and (b) Renew Financial instructed its Participating Contractors that they  
3 did *not* need to determine if the potential customer could afford the loan.

4 52. Indeed, on information and belief, Renew Financial informed its Participating  
5 Contractors how much equity each homeowner had available and instructed the contractors that  
6 they could and should base the amount of improvements they sold to homeowners on their  
7 available equity.

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

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

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

21 55. Akin to what home mortgage lenders did in the lead-up to the 2008 financial  
22 meltdown, the County and the PACE Administrators, including Renew Financial, offloaded risks  
23 by securitizing PACE payments into asset-backed securities and selling them to Wall Street  
24 investors. As with the subprime mortgage crisis, the lenders (i.e. the PACE administrators and the  
25 County) effectively transferred any risks associated with these PACE-backed securities away from  
26 themselves. However, unlike the notorious home lenders of the last decade, the County has the  
27 ability to use its full governmental powers to collect on the debts homeowners owed, and the  
28 County, Renew Financial, and PACE investors have priority over every other creditor.



1           56.     To make those bonds attractive, the County assured potential purchasers that the  
2 County would continue to use its official property tax collection apparatus to collect PACE loan  
3 payments and “quickly foreclose on a delinquent obligor’s property”—a power that no bank or  
4 other lender had at its disposal.

5           57.     But because of statutory restrictions, the County had to pay higher rates of interest  
6 to these bondholders. It passed those costs on to PACE program participants through higher  
7 interest rates. As County Treasurer and Tax Collector Saladino told the County Supervisors in  
8 August 2014, *before* the County implemented the residential PACE program and *before* it  
9 engaged Renew Financial:

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

15 *See* Ex. B at 5 (emphasis added).

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

25           59.     In addition, Defendants knew that they would have difficulty in packaging and  
26 flipping the portfolio of PACE loans to Wall Street investors unless they either raised the interest  
27 rates or gave the bondholders the right to initiate foreclosure on any PACE program participant  
28

1 who failed to repay his or her PACE loan. *See id.* at 4. Sadly, the program instituted by the  
2 County did both.

3         60.     The County also enticed investors by promising investments that were immune to  
4 legal challenge, at the expenses of the legal rights and remedies of the homeowners the program  
5 was designed to help.

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

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

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

19         63.     To participate in the County’s PACE program, homeowners were required to sign  
20 an Agreement to Pay Assessment and Finance Improvements (referenced elsewhere in this  
21 Complaint as the Assessment Agreement) which is subsequently recorded as a security interest  
22 against the homeowner’s property (the PACE Lien).

23         64.     The Assessment Agreement is a lengthy, single-spaced form contract between the  
24 County of Los Angeles and the homeowner. It contains twenty sections, many containing  
25 subparagraphs, enumerating the homeowners’ obligations with respect to payment and other  
26 topics. Among other provisions, it includes: an obligation of the homeowner to indemnify the  
27 County against any expenses whatsoever related even indirectly to the PACE program, regardless  
28 of when they accrue; a right of the County to inspect the property; and a release and waiver of any

1 claim the homeowner has, or in the future may have, against the County.

2           65.     The Assessment Agreement was drafted by the County. The terms of the  
3 Plaintiffs' Assessment Agreements are standard. Plaintiffs had no negotiating power over any  
4 term of the Assessment Agreement.

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

9           67.     Buried within the form Assessment Agreement, in the same style and font as every  
10 other section of the agreement, is a section inconspicuously titled: "Waivers, Acknowledgment  
11 and Agreement" which contains the following:

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

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

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

19                   d.     A release of the County, City and any bond purchaser from any damages  
20 relating to the subject matter of the agreement, whether acquired at the time of the contract  
21 or thereafter.

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

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

25           68.     Also buried in the agreement, in the same font as the rest of the document, is a  
26 unilateral indemnification provision that requires the property owner to agree to indemnify,  
27 defend, protect, and hold harmless the County from any losses resulting from "any demands of  
28 any nature whatsoever related directly or indirectly to, or arising out of or in connection with" the

1 homeowner’s participation in the PACE program, the assessment, the improvement, or “any other  
2 circumstance or event related to the subject matter of this Agreement, regardless of whether such  
3 losses...accrue before or after the date of this Agreement.” The indemnification provision also  
4 purports to survive termination of the Assessment Agreement.

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

15           70.     Nowhere in the Assessment Agreement is the homeowner advised to consult an  
16 attorney.

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

19           72.     The County contracted out to Renew Financial the job of obtaining homeowner  
20 signatures on these Assessment Agreements. Renew Financial, in turn, allowed Participating  
21 Contractors who had a personal stake in the homeowner signing up for PACE-financed home  
22 improvements to present the Assessment Agreement to the homeowner for signature.

23           73.     The waiver and indemnification clauses, separately and in conjunction with one  
24 another, are oppressively one-sided and unjustifiably reallocate the entire risk of the County’s  
25 conduct in connection with the Assessment Agreement to the homeowner in a situation where the  
26 County is already fully protected from the primary risk of lending money -- non-payment -- by  
27 virtue of the first-priority lien recorded in favor of the County to secure the homeowner’s financial  
28 obligations under the Assessment Agreement.

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

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

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

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

21           77.     In 2014, the County's Treasurer and Tax Collector and the County's Director of its  
22 Internal Services Department warned the County Board of Supervisors that the FHFA had  
23 repeatedly objected to PACE, even before the County had authorized the PACE program in 2010.  
24 According to the County Treasurer and Tax Collector, the FHFA had stated that "PACE programs  
25 present safety and soundness concerns to the mortgage portfolios held by the Federal National  
26 Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie  
27 Mac) and the Federal Home Loan Banks." *See* Ex. B at 2. Furthermore:

28 ///

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

6 *Id.* at 6.

7 78. In plain English, the County knew before it launched its residential PACE program,  
8 and before it hired Renew Financial to administer it, that by giving the County a first priority lien  
9 to secure the PACE loan, the vast majority of PACE program participants would automatically be  
10 put into default under their mortgages:

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

14 *Id.* at 7.

15 79. In advising the County Board of Supervisors, the County Treasurer and Tax  
16 Collector was even more blunt about the plague the County was about to let loose:

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

22 *Id.*

23 80. These 2014 admissions make clear that the County knowingly chose to subject  
24 thousands of its most vulnerable citizens to what the County knew was a serious risk of losing  
25 their homes.

26 81. Equally appalling, the County knew before it launched the PACE program and  
27 hired Renew Financial to administer it that one of the key selling points of the PACE program—  
28 that the loan is an obligation on the property and not the homeowner—was a mirage. The County

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

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

15       83. The FHFA’s concerns about the PACE program did not stand alone. The FHA  
16 provides mortgage insurance on qualifying loans. Like the FHFA, the FHA objected to PACE.  
17 The FHA refused to insure mortgages on properties with existing PACE Liens, except for the  
18 period from July 2016 to December 2017. The FHA was “very concerned about PACE  
19 obligations being placed on FHA-insured mortgages that are already outstanding. The post-  
20 endorsement placement of these assessments on an FHA-insured mortgage creates a lack of  
21 transparency. . . In addition, such activity is risky for FHA borrowers and potentially violates the  
22 terms of their FHA-insured mortgage.” Ex. H.

23       84. A third federal agency also expressed concerns about the PACE program. The  
24 United States Department of Energy (“DOE”) directed counties adopting PACE programs to  
25 consider a homeowner’s ability to repay before making a PACE loan. In its 2010 “Guidelines for  
26 Pilot PACE Financing Programs”—issued *five years* before the County adopted its PACE  
27 program—the DOE provided several “best practices” to PACE program administrators, like  
28 Renew Financial, one of which was considering the homeowner’s ability to repay as part of its

1 underwriting. The DOE suggested that program administrators ensure that borrowers have the  
2 ability to repay through precautions such as limiting financing to projects that “pay for  
3 themselves” by reducing the homeowner’s energy costs by more than the cost of the financing.  
4 Ex. L at 2 (“Guidelines for Pilot PACE Programs,” available at [https://www1.eere.energy.gov/  
5 wip/pdfs/arra\\_guidelines\\_for\\_pilot\\_pace\\_programs.pdf](https://www1.eere.energy.gov/wip/pdfs/arra_guidelines_for_pilot_pace_programs.pdf)).

6 85. In addressing the epidemic of faulty PACE loans, the DOE revised its guidelines in  
7 2016, stating that administrators “should confirm property owners can support the cost of the  
8 PACE assessment by collecting and reviewing information from property owners on their  
9 household income and debt obligations.” Ex. M at 8 (“Best Practice Guidelines for Residential  
10 PACE Financing Programs,” available at [https://energy.gov/sites/prod/files/2016/11/f34/best-  
11 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  
12 provide homeowners financing terms for PACE loans before their right to cancel the home  
13 improvement contract expired. *Id.* at 10.

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

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

23 87. In response to the concerns raised by consumer advocates, the California legislature  
24 passed a series of bills which imposed statutory obligations on administrators. These bills were  
25 passed into law on 2017 and amended in 2018, and they are codified in California Finance Code  
26 §§ 22680, *et seq.* The law first took effect on April 1, 2018.

27 88. Section 22686 states: “A program administrator shall not execute an assessment  
28 contract, and no work shall commence under a home improvement contract that is financed by that



1 assessment contract nor shall that home improvement contract be executed *unless the program*  
2 *administrator makes a reasonable good faith determination that the property owner has a*  
3 *reasonable ability to pay the annual payment obligations for the PACE assessment.”* Cal. Fin.  
4 Code § 22686 (emphasis added).

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

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

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

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

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

19 90. These factors establish the legally required minimum ability-to-pay assessment that  
20 a PACE administrator must conduct for each homeowner.

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

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

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

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

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

7           95.     Pursuant to Revenue and Tax (“R&T”) Code § 1603, Plaintiffs filed verified claims  
8 with the County’s Assessment Appeals Board (“AAB”) using County form AAB100.<sup>4</sup> The claims  
9 sought cancellation of PACE assessments pursuant to R&T Code § 4986 and refund of associated  
10 tax payments. Plaintiffs’ claims were sought on behalf of themselves and all others similarly  
11 situated.

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

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

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

22          99.     Upon information and belief, no evidence or statement of facts was provided by the  
23 AAB to the Auditor in connection with this transfer, other than Plaintiffs’ claims as filed with the  
24 AAB.

25 ///

26  
27 \_\_\_\_\_  
28 <sup>4</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           100. Plaintiffs attempted without success to determine the details of the administrative  
2 procedure to be applied to Plaintiff’s claims by the Auditor-Controller, if not the procedures set  
3 forth in R&T Code §§ 1603 *et seq.* There are no equivalent administrative hearing procedures  
4 associated with R&T Code § 4986.

5           101. Upon information and belief the Auditor-Controller did not have an existing  
6 administrative procedure for adjudicating PACE cancellation claims when it received the referral  
7 from the AAB.

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

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

17           104. On December 3, 2019, Plaintiffs submitted responses to ISD’s requests,<sup>5</sup> making  
18 clear again that they were seeking relief on behalf of themselves and all others similarly situated,  
19 on the grounds set forth in the First Amended Complaint. Copies of Plaintiffs’ assessment  
20 appeals, including the ISD addendum, are collectively attached hereto as Exhibit T.

21           105. Plaintiffs repeatedly asked the County to explain the administrative procedures  
22 governing this review or to identify where the procedures could be found. In response to Public  
23 Records Act (“PRA”) requests, neither ISD nor the Auditor-Controller provided reference to any  
24 applicable statute, legislation, or publicly available information on the administrative process being  
25 applied to Plaintiffs’ claims for cancellation of PACE assessments.

26  
27 \_\_\_\_\_  
28 <sup>5</sup> Plaintiffs submitted their responses to PACEclaims@isd.lacounty.com, an email address that,  
upon information and belief, was created in approximately mid-September 2019, for the purpose  
of accepting Plaintiffs’ submissions.

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

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

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

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

24           108. On April 1, 2020, Plaintiffs received an email from County Counsel containing  
25 ISD’s recommendations (dated March 13, 2020) to the Auditor-Controller. ISD recommended  
26 Mr. Sical’s cancellation claim be granted, as well as his claim for refund. ISD recommended  
27 denial of cancellation and refund for all other Plaintiffs. A copy of this letter is attached hereto as  
28 Exhibit W.

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

          110. Mr. Sical received a refund and Plaintiffs are informed and believe that cancellation  
of Mr. Sical’s PACE assessment has been processed by the County.

1           111. Plaintiffs have exhausted the administrative process the County set forth for  
2 Plaintiffs to follow, which was essentially an internal investigation and recommendation between  
3 County agencies.

4           112. An internal investigation is not an adequate administrative remedy.

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

- 7           a. No evidentiary hearing;
- 8           b. No presence of an impartial finder of fact;
- 9           c. No submission of briefing or argument;
- 10          d. No exchange of evidence;
- 11          e. No taking of testimony or cross-examination;
- 12          f. No clearly defined information about the procedural steps of the process,  
13             either via statute or that was otherwise publicly available (even through  
14             Plaintiffs' Public Record Act Requests);
- 15          g. No process, standard, or timeline for reconsideration or appeal;
- 16          h. No development of a factual record for review;
- 17          i. Evidence that this process was created *sui generis* to deal with Plaintiffs'  
18             claims;<sup>6</sup> and
- 19          j. The available administrative remedies explicitly do not provide for  
20             classwide relief.

21           114. All named Plaintiffs have exhausted the administrative review process the County  
22 applied to Plaintiffs' claims.

23           115. Exhaustion is not required for putative class members, but even if it were,  
24 exhaustion would not be required for putative class members here because the process is  
25 inadequate as a matter of law and plaintiffs are not required to exhaust administrative remedies

26 \_\_\_\_\_  
27 <sup>6</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 X and Y (PACE Termination FAQs at Question  
6)

1 that are inadequate.

2 116. Therefore, Plaintiffs’ class claims are appropriately before the Court.

3 117. Even if the internal review and recommendation from ISD was an adequate  
4 administrative remedy, Plaintiffs are informed and believe that sufficient numbers of homeowners  
5 have had their PACE complaints investigated in some manner by ISD, such that a numerous class  
6 of individuals who have exhausted their administrative remedies through the County’s process  
7 already exists.

8 **THE NAMED PLAINTIFFS**<sup>7</sup>

9 **A. Plaintiffs Zenia Ocana & Juan Ocana Lau**

10 118. Plaintiffs Zenia Ocana and Juan Ocana Lau (the “Ocanas”) are residents of Los  
11 Angeles County and under 65 years old. At all times relevant here, the Ocanas have owned the  
12 real property located at 12619 Victory Boulevard in North Hollywood. According to the County  
13 Assessor’s office, the Ocanas’ home was built in 1942 and contains 1,245 square feet.

14 119. In 2016, the Ocanas were both employed, but had (and still have) a small income.  
15 The Ocanas speak, read, and understand only limited English. They are not able to read or  
16 understand complex documents—such as a tax assessment contract—written in English.

17 120. On or about May 12, 2016, the Ocanas purportedly entered into a Renew Financial  
18 PACE assessment contract with the County. The contract covered the installation of solar panels  
19 for their home. The cost of a typical solar installation for a medium-sized house (6kW) in  
20 California ranges from \$12,000 to \$15,000. Renew Financial’s contractor charged the Ocanas  
21 \$41,660 for the solar panels—nearly three times the typical price—even though their home is  
22 1,245 square feet. To secure repayment of that assessment contract, the County recorded a PACE  
23 Lien on the Ocanas’ property, a certified copy of which is attached hereto as Ex. P and  
24 incorporated herein by reference. The Ocanas did not receive any documents from Renew  
25 Financial in Spanish.

26  
27 <sup>7</sup> As stated above, Plaintiffs have sought court approval to dismiss Neptali Sical deceased, as a  
28 party. The factual allegations related to Mr. Sical are included as relevant to the procedural and  
factual history of this matter.

1            121. The Ocanas' PACE lien secures the \$41,660 that Renew Financial's Contractor  
2 charged the Ocanas for the solar panels, plus an additional \$3,300 in Renew Financial fees and  
3 capitalized interest, plus another \$64,305 in interest to be paid over the 25-year life of the PACE  
4 loan, for a total of \$109,259 in payments to the County. The annual PACE assessment adds  
5 \$4,370 to the Ocanas' property taxes in each of those 25 years.

6            122. When the Ocanas allegedly entered into the PACE financing agreement with the  
7 County, their pre-existing debt-to-income ratio was approximately 98%, meaning that they needed  
8 nearly 100% of their income to pay their debts. The Ocanas' Renew Financial PACE Lien  
9 increased their debt-to-income ratio, leaving them with no residual income to live on. The  
10 supposed utility savings from the solar panels have not been realized. In fact, for six months after  
11 the contractor declared the job completed (and was paid in full by Renew Financial), the  
12 contractor had failed to even connect the panels. Yet the Ocanas somehow will have to come up  
13 with \$4,370 in each of the next 25 years if they want to stay in their home.

14            123. On July 5, 2019, the Ocanas filed an administrative claim for cancellation and  
15 refund of their PACE assessment with the Los Angeles County Assessment Appeals Board. The  
16 Assessment Appeals Board failed to adjudicate their claims. Following an internal review by the  
17 County's Internal Services Department, the County denied their claims.

18            **B. Plaintiff Violeta Senac**

19            124. Plaintiff Violeta Senac ("Ms. Senac") is an 90-year-old resident of Los Angeles  
20 County. At all times relevant here, Ms. Senac has owned the real property located at 5755 Ensign  
21 Avenue in North Hollywood. According to the County Assessor's office, Ms. Senac's home was  
22 built in 1938 and contains 947 square feet.

23            125. On or about February 9, 2017, Ms. Senac purportedly entered into a Renew  
24 Financial PACE assessment contract with the County. At that time, Ms. Senac was 86 years old,  
25 and providing a home for her disabled adult daughters. Ms. Senac speaks, reads and understands  
26 only limited English. She has poor eyesight. She is not able to read or understand complex  
27 documents written in English. Her only income is her monthly Social Security check.

28 ///

1           126. Ms. Senac’s PACE assessment contract covered the installation of some drip  
2 irrigation lines and supposedly water-permeable paving stones. Renew Financial’s contractor  
3 charged Ms. Senac \$27,850 for these items. To secure repayment of the assessment contract, the  
4 County recorded a PACE Lien on Ms. Senac’s property, a certified copy of which is attached  
5 hereto as Ex. Q and incorporated herein by reference. Renew Financial provided no Spanish  
6 language documents to Ms. Senac.

7           127. The County’s PACE Lien on Ms. Senac’s home secured the \$27,850 in charges  
8 from the Renew Financial contractor, plus an additional \$2,800 in Renew Financial fees and  
9 capitalized interest, plus another \$33,625 in interest to be paid over the 20-year life of the PACE  
10 Loan, for a total of \$64,208 in payments to the County. The annual PACE assessment added  
11 \$3,210 to her property taxes in each of those 20 years. When Ms. Senac allegedly entered into the  
12 PACE financing agreement with the County, her pre-existing debt-to-income ratio was  
13 approximately 158%, meaning that her debt obligations already exceeded her income.

14           128. Despite these steep prices, huge interest charges, and supplemental property taxes  
15 that Ms. Senac cannot afford, the contractor never installed the drip irrigation lines, and installed  
16 the pavers so closely together that the water does not permeate into the ground.

17           129. In or around March 2018, Ms. Senac paid off the outstanding principal balance of  
18 her PACE assessment by obtaining a new reverse mortgage.

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

22           131. Ms. Senac filed an administrative claim for cancellation and refund of her PACE  
23 assessments with the Los Angeles County Assessment Appeals Board on July 12, 2019. 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                           **C. Plaintiff Maria Alvarez**

27           132. Plaintiff Maria Alvarez (“Ms. Alvarez”) is under 65 years of age, and is a resident  
28 of Los Angeles County. At all times relevant, Ms. Alvarez has owned the real property located at



1 2028 N. Summit Avenue in Pasadena. According to the County Assessor's office, Ms. Alvarez's  
2 home was built in 1910 and contains 1,008 square feet.

3 133. Ms. Alvarez works as a housekeeper. She earns \$2,000 per month. She also earns  
4 some rental income. Ms. Alvarez speaks, reads and understands only limited English. She is not  
5 able to read or understand complex documents that are written in English.

6 134. On or about January 23, 2016, Ms. Alvarez purportedly entered into a Renew  
7 Financial PACE assessment contract with the County. The contract covered solar panels, artificial  
8 turf, and some exterior paint to supposedly lower the temperature inside her house on hot days.  
9 Renew Financial's contractor charged Ms. Alvarez \$70,000 for these items. To secure repayment,  
10 the County recorded a PACE Lien on Ms. Alvarez's property, a certified copy of which is attached  
11 hereto as Ex. R and incorporated herein by reference. Ms. Alvarez did not receive any documents  
12 from Renew Financial in Spanish.

13 135. In addition to the \$70,000 that the Renew Financial contractor charged, the PACE  
14 lien secures \$7,240 in Renew Financial fees and capitalized interest, plus another \$110,180 in  
15 interest, all of which are to be repaid over the 25-year life of the PACE loan, at the rate of \$7,496  
16 per year, for a total of \$187,407 in payments to the County.

17 136. When Ms. Alvarez allegedly entered into the PACE financing agreement with the  
18 County, her pre-existing debt-to-income ratio was approximately 57%. Ms. Alvarez's Renew  
19 Financial PACE Lien caused her debt-to-income ratio to increase to approximately 77%. Renew  
20 Financial paid the contractor before the work was completed. Neither the paint nor the turf were  
21 installed. Over the useful life of the solar panels, no amount of energy savings on a 1,008 square  
22 foot home will ever come close to paying for what the County is seeking to collect from Ms.  
23 Alvarez. And the yearly property tax payments for the PACE Loan represent over 30% of her  
24 annual income. Yet Ms. Alvarez will have to pay the County that \$7,496 anyway, every year for  
25 the next 25 years, if she wants to keep the County from foreclosing on her and kicking her out.

26 137. On July 5, 2019, Ms. Alvarez filed an administrative claim for cancellation and  
27 refund of her PACE assessments with the Los Angeles County Assessment Appeals Board. The  
28 Assessment Appeals Board failed to adjudicate her claims. Following an internal review by the

1 County's Internal Services Department, the County denied her claims.

2 138. All Plaintiffs had a sharp increase in their property tax bills as a result of their  
3 annual PACE obligations. The County has received payments for PACE assessments, either  
4 directly from each Plaintiff or from mortgage lenders to that Plaintiff, who advanced such  
5 payments on behalf of that Plaintiff and then charged that advance to the Plaintiff, typically  
6 through an escrow account.

7 139. The County remitted and continues to remit some or all of the PACE assessments it  
8 collects to Renew Financial as required by the terms of their Administration Contract.

9 **D. Neptali Sical**

10 140. Neptali Sical was a 71-year-old resident of Los Angeles County. Unfortunately  
11 Mr. Sical passed away on July 7, 2020. At all times prior to his death, Mr. Sical owned the real  
12 property located at 7247 Ariel Avenue in Reseda. The home was Mr. Sical's separate property.  
13 On May 7, 2016, Mr. Sical transferred the home into The Sical Family Trust, of which Mr. Sical  
14 was Trustee, and he and his wife were Trustors. According to the County Assessor's office, Mr.  
15 Sical's home was built in 1956 and contains 1,574 square feet.

16 141. Mr. Sical received \$950 per month in Social Security retirement benefits and a \$71  
17 retirement benefit from his career working for an aircraft manufacturer. He supported himself and  
18 his wife on a total household income of \$1,021 per month, or \$12,252 per year.

19 142. On or about March 17, 2016, when Mr. Sical was 69 years old, he purportedly  
20 entered into a Renew Financial PACE assessment contract with the County. The contract called  
21 for the installation of 24 solar panels—for a home of 1,574 square feet—but the contractor  
22 actually installed only 13. The Renew Financial contractor charged him the full contract price of  
23 \$33,150, which, as noted above, is more than twice the price for a solar panel installation on a  
24 typical California home of comparable or larger size.

25 143. To secure repayment of the assessment contract, the County recorded a PACE Lien  
26 on Mr. Sical's property, a certified copy of which is attached hereto as Ex. S and incorporated  
27 herein by reference.

28 ///



1 “improvements” installed that are unnecessary, shoddy, or otherwise incomplete.

2 150. The “**Ability to Pay Subclass**” consists of members of the PACE Class for whom  
3 Renew Financial did not perform a “reasonable good faith determination” of the homeowner’s  
4 “reasonable ability to pay” the PACE assessment. All named Plaintiffs are members of the Ability  
5 to Pay Subclass, as Renew Financial never made good faith determinations of their abilities to  
6 repay their PACE assessments.

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

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

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

20 154. The “**Elder Subclass**” consists of members of the PACE Class who were 65 years  
21 old or older when they purportedly entered into the PACE loan agreement. Plaintiff Senac brings  
22 this action on behalf of the Elder Subclass.

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

27 156. The “**Mortgage Subclass**” consists of members of the PACE Class who had a  
28 federally-backed mortgage at the time the homeowner purportedly entered into the assessment

1 contract.

2 157. The “**Language Subclass**” consists of members of the PACE Class who  
3 purportedly signed an English language assessment contract and who had limited English  
4 proficiency.

5 158. Defendants and their directors, officers, employees, and affiliates are excluded  
6 from the aforementioned classes and subclasses.

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

11 160. **Community of Interest**: The questions of law and fact common to the Class  
12 Members sufficiently predominate over any questions affecting only individual members as to  
13 create a single community of interest between them. The common questions in this case are  
14 capable of having common answers. If Plaintiffs’ claims regarding Defendants’ conduct are  
15 accurate, Plaintiffs and Class Members will have identical claims capable of being efficiently  
16 adjudicated and administered in this case.

17 161. Among the questions of law and fact common to Plaintiffs and all Class Members  
18 are:

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

21 b. Whether Defendant Renew Financial breached its duty in the  
22 Administration Contract to “ensure best in class protections for property owners from  
23 actions such as, including but not limited to, predatory lending” by, for example, failing to  
24 consider ability to repay the PACE Liens;

25 c. Whether Defendant Renew Financial’s breaches of its contractual  
26 obligations under the Administration Contract impaired or reduced the value of Class  
27 Members’ properties subject to PACE Liens;

28 ///

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

3           e.       Whether Defendant Renew Financial’s failure to provide essential  
4 consumer protections to Class Members constitutes an “unfair” practice under Business &  
5 Professions Code sections 17200, et seq.;

6           f.       Whether Defendants’ failure to provide adequate consumer protection  
7 measures has subjected Class Members to a continuing risk of significant harm;

8           g.       Whether Class Members are entitled to an order declaring the liens and  
9 assessments recorded against their properties to secure the PACE loans at issue herein to  
10 be cancelled;

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

13          i.       Whether Class Members are entitled to specific performance of the  
14 Administration Contract.

15       162.   Among the questions of law and fact common to the Language Subclass are:

16          a.       Whether Defendant Renew Financial breached its duty in the  
17 Administration Contract to provide assistance in multiple languages, other than and in  
18 addition to English, to ensure consumers understand the terms of their financing in their  
19 native language;

20       163.   Among the questions of law and fact common to the Elder Subclass are:

21          a.       Whether Defendant Renew Financial breached its duty in the  
22 Administration Contract to provide “special” or “heightened” protection for senior citizens  
23 to confirm they clearly understand the terms of the financing;

24          b.       Whether Defendants Renew Financial and the County took, secreted,  
25 appropriated, obtained, and/or retained the property of the elder Plaintiffs and the Elder  
26 Subclass Members;

27          c.       Whether Defendants Renew Financial and the County assisted in taking,  
28 secreting, appropriating, obtaining, and/or retaining the property of elder Plaintiffs and the

1 Elder Subclass Members;

2 d. Whether Defendants Renew Financial and the County knew or should have  
3 known that Renew Financial’s breaching its agreement in the Administration Contract to  
4 provide “special” or “heightened” protection for senior citizens, would be likely to be  
5 harmful to the Elder Subclass Members;

6 e. Whether Defendants Renew Financial and the County knew or should have  
7 known that elder persons are likely to be harmed if credit is extended to them without a  
8 reasonable evaluation of the elder person’s ability to repay;

9 f. Whether the taking of a property interest in the homes of the Elder Plaintiffs  
10 and Elder Subclass Members was “unlawful” under Business & Professions Code sections  
11 17200, *et seq.*

12 164. **Adequate Representation**: Plaintiffs are representatives who will fully and  
13 adequately assert and protect the interests of the Class Members, and have retained competent and  
14 adequate legal counsel experienced in class action and complex litigation. Plaintiffs are adequate  
15 representatives and will fairly and adequately protect the interests of the Class Members.  
16 Plaintiffs’ claims are typical of the claims of the classes and subclasses, as they are all based on  
17 the same factual and legal theories, namely, the same wrongful conduct by Defendants, including  
18 conduct by others that aided and abetted such conduct.

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

1 166. Plaintiffs anticipate no difficulty in the management of this case as a class action.

2 **FIRST CAUSE OF ACTION**

3 **Financial Elder Abuse**

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

5 **(By the Elder Subclass Against Renew Financial)**

6 167. The Elder Plaintiffs repeat and re-allege the allegations of paragraphs 1 through  
7 166 as though they were fully set forth herein.

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

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

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

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

- 24 a. Recruiting and ostensibly training home improvement contractors to act as  
25 de facto mortgage brokers to sell PACE-financed home improvements to homeowners;
- 26 b. Selecting what products and services are actually approved for PACE  
27 financing;

28 ///



- 1 c. Sending and receiving contracts, including unconscionable Assessment
- 2 Agreements;
- 3 d. Checking properties' equity, as well as homeowners' property tax payment
- 4 history;
- 5 e. Recording PACE Liens; and
- 6 f. Servicing PACE Liens.

7 172. Defendant Renew Financial knew or should have known that the Elder Subclass  
8 Members were likely to be harmed by these activities because:

- 9 a. The Department of Energy and other federal and local agencies made public
- 10 statements about the potential dangers of implementing a PACE program without an
- 11 ability to pay analysis;
- 12 b. The Administration Contract required best in class consumer protections
- 13 and special protections for seniors, and the members of the Elder Subclass were especially
- 14 vulnerable to financial abuse, such as by predatory lending;
- 15 c. Homeowners were unable to negotiate any of the terms and conditions of
- 16 their Assessment Agreement with the County, such that they were contracts of adhesion
- 17 with unjustifiably one-sided and harsh terms;
- 18 d. The PACE loans it was originating without regard to ability to pay would be
- 19 enforceable by foreclosure if the Elder Plaintiff missed a payment;
- 20 e. Loans made without regard to ability to pay put Elder Plaintiffs and
- 21 Subclass Members at high risk of foreclosure or substantial loss or encumbrance of
- 22 property essential to their health and welfare; and.
- 23 f. The high risk of foreclosure or substantial loss or encumbrance of property
- 24 essential to health and welfare created by the County's wrongful acts were likely to cause
- 25 mental suffering to the Elder Plaintiffs and the Elder Subclass Members.

26 173. As a result of Renew Financial's wrongful acts, the Elder Plaintiffs and the Elder  
27 Subclass Members have been deprived of property rights insofar as they have made payments on  
28 financing extended without regard to their ability to pay; their homes are encumbered by first-

1 priority PACE Liens that reduce their home equity and salability, can be foreclosed by the County,  
2 and may subject them to foreclosure on pre-existing conventional mortgages or reverse mortgages.

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

8 175. Renew Financial's conduct, as alleged herein, constitutes "financial abuse," as  
9 defined in Welfare & Institutions Code section 15610.30.

10 176. Under Welfare & Institutions Code section 15657.5, Renew Financial is liable for  
11 compensatory damages, reasonable attorneys' fees and costs, and all other remedies otherwise  
12 provided by law, including cancellation.

13 177. The actions taken by Renew Financial set forth above were in all respects reckless,  
14 oppressive, fraudulent and malicious.

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

23 **SECOND CAUSE OF ACTION**

24 **Financial Elder Abuse**

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

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

27 179. The Elder Plaintiffs repeat at re-allege the allegations of paragraph 1 through 166  
28 as though they were fully set forth herein.

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

3           181. Because Defendant Renew Financial’s application form for the County’s PACE  
4 program requires disclosure of the borrower’s birthdate, at all times material the County knew or  
5 should have known that the Elder Plaintiffs and the Elder Subclass were over the age of 65.

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

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

- 18           a. Permitting Defendant Renew Financial to originate financing without  
19 reference to the borrowers’ ability to make the semi-annual payments;
- 20           b. Promoting the County’s PACE program and the County’s relationship with  
21 Renew Financial;
- 22           c. Failing to oversee Defendant Renew Financial’s activities or to provide  
23 oversight upon learning that financially vulnerable elders are being taken advantage of  
24 through Defendant Renew Financial’s administration of the PACE program;
- 25           d. Failing to meaningfully evaluate Renew Financial’s performance as  
26 required by sections 13.2.6 and 8.15 of the Administration Contract. See Ex. F at Ex. A,  
27 Statement of Work;

28 ///

1 e. Failing to enforce the provisions of its Administration Contract with Renew  
2 Financial that require best in class consumer protections and special protections for  
3 seniors; and

4 f. Recording PACE liens against Elder Subclass Members.

5 184. The County knew or should have known that the Elder Subclass Members were  
6 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 County's Administration Contract required Renew Financial to provide  
11 best in class consumer protections and special protections for seniors, and the Elder  
12 Plaintiffs and members of the Elder Subclass were especially vulnerable to financial abuse,  
13 such as by predatory lending;

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

17 d. The Assessment Agreements would be recorded as a first priority lien and  
18 encumbrance on the homeowner's property, enforceable by foreclosure if the elder missed  
19 a payment; and

20 e. Loans made without regard to ability to pay put Elder Plaintiffs and Sub-  
21 Class Members at high risk of foreclosure or substantial loss or encumbrance of property  
22 essential to their health and welfare.

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

28 ///



1           192. Plaintiffs and Class Members, as property owners who utilized the PACE program,  
2 are express and intended third party beneficiaries of these and the related “Consumer Protection  
3 Measures” provisions of the Administration Contract.

4           193. As express and intended beneficiaries, Class Members were entitled to the benefits  
5 and protections of these promises.

6           194. Renew Financial breached the Administration Contract by, among other things,  
7 failing to provide minimum protections against predatory lending, as evidenced by the fact that  
8 Renew Financial’s underwriting process did not assess the borrower’s ability to repay the loan.

9           195. Renew Financial breached other obligations owed to Plaintiffs and Class Members  
10 under the Administration Contract, including but not limited to:

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

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

15                 c. Failing to adequately vet its contractors so as to prevent them from  
16 installing on Plaintiffs’ and Class Members’ property unnecessary, incomplete, or  
17 otherwise faulty “improvements;” and

18           196. Failing to screen and monitor its contractors in accordance with its own policies,  
19 and as required by the Administration Contract to protect Class Members from unscrupulous  
20 contractors.

21           197. On information and belief, Defendant Renew Financial has charged, and will  
22 continue to receive, fees and commissions for the life of each PACE Lien, which commissions are  
23 paid by homeowners in the form of interest and finance charges.

24           198. Renew Financial’s breaches of the Administration Contract have proximately  
25 caused damage to Plaintiffs and Class Members. Such damages include, but are not limited to: (a)  
26 the loss of funds they have paid in connection with PACE loans, including for fees, interest, and  
27 assessment payments, (b) the increased risk of foreclosure, (c) the imposition of barriers to  
28 refinancing or obtaining other debt secured by liens on their home, such as home mortgages or

1 reverse mortgages, (d) the reduced value of their homes, and (e) encumbrances that reduce the  
2 equity in their homes.

3 199. Plaintiffs and Class Members have been damaged in an amount subject to proof at  
4 trial substantially in excess of the jurisdictional minimum of this court but in an amount estimated  
5 to be in the hundreds of millions of dollars, given the number of PACE participants, the value of  
6 their homes, the total amount of the PACE Liens, and the diminution in values sustained.

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

9 **FOURTH CAUSE OF ACTION**

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

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

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

13 201. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 166 as though  
14 they were fully set forth herein.

15 202. Code of Civil Procedure § 1060 permits any party to seek a declaration or  
16 determination of validity of any written instrument.

17 203. Civil Code section 1670.5(a) permits a court to refuse to enforce a contract that was  
18 unconscionable at the time it was made.

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

22 205. Financing alternatives on comparable terms, including “no money down” for green  
23 energy improvements, do not exist.

24 206. The Assessment Agreements are contracts of adhesion between parties of vastly  
25 unequal bargaining power.

26 207. Plaintiffs and Class Members are individual homeowners in the County of Los  
27 Angeles. The County of Los Angeles is a local government with police powers.

28 ///

1           208. The Assessment Agreements between the County and the Plaintiffs and Class  
2 Members are standardized, uniform, lengthy legal documents where Plaintiffs and Class Members  
3 had no opportunity to negotiate any individual term and, thus, form a classic “take-it-or-leave-it”  
4 situation.

5           209. The Assessment Agreements were presented to Plaintiffs and Class Members by  
6 Renew Participating Contractors, who had a financial stake in Plaintiffs and Class Members  
7 signing up for PACE-financed home improvements.

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

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

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

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

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

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

26           216. Given this high level of protection for the County and its investors, there is no  
27 reasonable justification for obtaining an overbroad waiver from the Plaintiffs and Class Members  
28 that prevents Plaintiffs and Class Members from making any claim challenging their assessment



1 obligations or the PACE program generally, even if those claims were to involve intentional tort,  
2 fraud, forgery or violations of law by the County or the extensive network of agents it has engaged  
3 to administer its PACE program.

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

7           218. These provisions lead to the overly harsh result of a Government entity with the  
8 power to take one's home through foreclosure, not only insulating itself from any possible  
9 violation of law, known or unknown, but requiring Plaintiffs and Class Members to pay for any  
10 attempt to enforce the legal rights and remedies that would be available to them in any other form  
11 of financing.

12           219. In light of the "best in class protections" the County vowed to ensure for Plaintiffs  
13 and Class Members and participating homeowners, and the fact that this is a government program  
14 intended to help needy homeowners, the terms and effect of the Assessment Agreement shock the  
15 conscience.

16           220. The Assessment Agreement terms and their impact are alike for all Plaintiffs and  
17 Class Members, all of whom were offered financing on the same terms of no money down and  
18 without regard to ability to pay.

19           221. The unconscionable provisions of the Assessment Agreement are not severable,  
20 and the Assessment Agreement is permeated with unconscionability. There is more than one  
21 unconscionable term and there is no single provision that may be struck to remove the taint of  
22 unconscionability from the contract.

23           222. Plaintiffs are entitled to a declaration that the Assessment Agreements are unlawful  
24 and not enforceable under Civil Code section 1670.5(a). In the alternative, Plaintiffs are entitled to  
25 a declaration that the waiver and indemnification provisions in the Assessment Agreements are  
26 unlawful and not enforceable under Civil Code section 1670.5(a).

27 ///

28 ///

1 **FIFTH CAUSE OF ACTION**

2 **Declaratory Relief - Unlawful Contract as Against Public Policy**

3 **[Civil Code Section 1668]**

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

5 223. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 166 as though  
6 they were fully set forth herein.

7 224. Code of Civil Procedure section 1060 permits any party to seek a declaration or  
8 determination of validity of any written instrument.

9 225. Civil Code section 1668 makes contracts that, directly or indirectly, exempt a  
10 contracting party from responsibility for their own willful or negligent violations of law, against  
11 policy of the law.

12 226. The County of Los Angeles, a public entity, elected to create a PACE program to  
13 provide financing for home improvements to County homeowners.

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

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

20 229. The Assessment Agreement contains an overbroad waiver, riddled with legalese,  
21 that insulates the County and its bond purchasers from all consequences of its conduct. This  
22 waiver is not limited to ordinary negligence, but purports to exculpate the County from any  
23 conduct related to the Assessment Agreements whatsoever.

24 230. The Assessment Agreement also contains an indemnification provision, riddled  
25 with legalese, that further requires the Plaintiffs and Class Members to bear the cost to the County  
26 and its bond purchasers of any challenge to their conduct, whether that conduct be fraudulent,  
27 willful injury to person or property, or a willful or negligent violation of law. The Plaintiffs and  
28 Class Members had no control or negotiating power over who the County’s bond purchasers were,



1           238. Renew Financial has violated, and continues to violate, Section 17203's prohibition  
2 against "unfair" acts or practices by the following acts:

3           a. Breaching its duties to Plaintiffs and Class Members under the  
4 Administration Contract;

5           b. Failing to screen and monitor its Participating Contractors in accordance  
6 with its own policies, and as required by the Administration Contract to protect Class  
7 Members from unscrupulous contractors;

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

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

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

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

17           g. Failing to adequately vet Participating Contractors so as to prevent  
18 unscrupulous contractors from getting easy access to Plaintiffs' and Class Members'  
19 homes and sensitive personally identifying information (such as social security numbers  
20 and financial information);

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

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

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

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

28 ///



1           245. As more fully described above, and in Count IV, the County’s Assessment  
2 Agreements are unlawful and unenforceable contracts within the meaning of Civil Code section  
3 1670.5 et seq. The County’s levy and charge of taxes and fees against all Plaintiffs and Class  
4 Members in the form of special assessments is therefore illegal, and the taxes (with any associated  
5 penalties or costs), must be cancelled.

6           246. As more fully described above, and in Count V, the County’s Assessment  
7 Agreements are unlawful and unenforceable contracts within the meaning of Civil Code section  
8 1668. The County’s levy and charge of taxes and fees against all Plaintiffs and Class Members in  
9 the form of special assessments is therefore illegal, and the taxes (with any associated penalties or  
10 costs), must be cancelled.

11           247. Section 4990.3 of the Revenue & Tax Code provides that “[a]n action may be  
12 brought at any time against any county ... to quiet title against the lien of any taxes which have  
13 been canceled in accordance with this division.” Accordingly, Plaintiffs and Class Members seek  
14 an order cancelling the illegally levied special assessments (PACE Liens) and quieting title in  
15 favor of themselves and every Class Member, with regard to the Renew Financial-related PACE  
16 Liens clouding title to their properties.

17           248. Pursuant to Government Code section 905(a), Claims under the Revenue and  
18 Taxation Code are exempt from the requirements of the Government Claims Act. Cancellation is  
19 a claim under Part 9, Chapter 4 of the Revenue and Taxation Code, and there are no prohibitions  
20 on bringing class claims thereunder. Alternatively, the Government Code was satisfied when  
21 Plaintiff Senac presented a claim to the County on behalf of herself and all others similarly  
22 situated on September 13, 2018, amended October 22, 2018. The claim was rejected by the  
23 County on December 7, 2018. Further in the alternative, any prerequisites for filing a class claim  
24 were satisfied when Plaintiffs’ assessment appeals were denied (in whole or in part) after an  
25 administrative review by the County. *See* Exhibit W.

26 ///

27 ///

28 ///

1 **EIGHTH CAUSE OF ACTION**

2 **Declaratory Relief**

3 **(By All Class Members Against All Defendants)**

4 249. Plaintiffs repeat and re-allege the allegations of paragraphs 1 through 166 as though  
5 they were fully set forth herein.

6 250. A controversy exists between Defendants, on the one hand, and Plaintiffs and Class  
7 Members, on the other hand, with regard to their legal rights and remedies towards one another in  
8 connection with the PACE program and PACE Liens related to the activities of Renew Financial  
9 as alleged herein. Plaintiffs and Class Members desire a judicial declaration of their rights:

10 a. The Assessment Agreement Plaintiffs and Class Members were forced to  
11 sign is unlawful and unenforceable;

12 b. The PACE Liens on the real property owned by Plaintiffs and Class  
13 Members should be extinguished and removed from title;

14 c. Elder Plaintiffs and Subclass Members are entitled to cancellation of their  
15 Assessment Agreements pursuant to the Welfare & Institutions Code;

16 d. The Plaintiffs' and Class Members' PACE assessments were illegally levied  
17 or charged and Plaintiffs and Class Members are entitled to cancellation of taxes; and

18 e. Plaintiffs and Class Members are entitled to recover from Renew Financial  
19 any or all payments they made in connection with the PACE program and PACE Liens,  
20 including payments made by way of refinance or sale.

21 251. On information and belief, Defendants dispute that Plaintiffs and Class Members  
22 are entitled to such a judicial declaration.

23 252. A judicial determination is necessary and appropriate so that Plaintiffs and Class  
24 Members may ascertain their rights and interests in their respective properties.

25 ///

26 ///

27 ///

28 ///

1 **PRAYER FOR RELIEF**

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

4 **As to the First Cause of Action for Financial Elder Abuse Against Renew Financial:**

- 5 1. For damages and all other relief authorized by Welfare & Institutions Code section  
6 15657.5, including but not limited to punitive and exemplary damages, in an  
7 amount according to proof at time of trial;
- 8 2. For treble damages pursuant to Civil Code section 3345;
- 9 3. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions  
10 Code section 15657.5(a);

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

- 12 4. For equitable cancellation of the special assessments levied under the PACE  
13 program at issue herein and any obligations associated with those agreements;
- 14 5. For reasonable attorney’s fees and costs as authorized by Welfare & Institutions  
15 Code section 15657.5(a);
- 16 6. For all other equitable remedies otherwise provided by law;

17 **As to the Third Cause of Action for Breach of Contract Against Renew Financial:**

- 18 7. For damages in the amount suffered as a result of Renew Financial’s breach of the  
19 Administration Contract;
- 20 8. For specific performance of Renew Financial’s duties under the Administration  
21 Contract;

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

- 24 9. That this Court declare and enter an order and judgment that the Assessment  
25 Agreement is unconscionable as a matter of law;
- 26 10. That this Court declare and enter an order refusing to enforce the Assessment  
27 Agreement and voiding any obligations of the Plaintiffs and Class Members  
28 thereunder, including payment of any future tax obligations associated with the



1 PACE assessment;

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

3 **As to the Fifth Cause of Action for a Declaration that the Assessment Agreements are**

4 **Unlawful Contracts Under Civil Code § 1668:**

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

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

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

12 **As to the Sixth Cause of Action for Violation of the UCL Against Renew Financial:**

13 15. For restitution of all amounts paid in connection with the Los Angeles County  
14 PACE program related to the activities of Renew Financial as alleged herein;

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

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

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

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

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

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

26 19. For an order that this lawsuit properly may be maintained as a class action and  
27 certifying the Class and Subclass claims herein;

28 20. For appropriate injunctive relief;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

- 21. An award of reasonable attorneys' fees and costs pursuant to Code of Civil Procedure section 1021.5; and
- 22. Such other relief at law or equity as this Court may deem just and proper.

**DEMAND FOR JURY TRIAL**

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

Dated: August 7, 2020

HOGAN LOVELLS US LLP  
Michael M. Maddigan  
Gabriel R. Ulman  
Elizabeth E. Goncharov

PUBLIC COUNSEL  
Cindy Pánuco  
Stephanie Carroll  
Nisha Kashyap

BET TZEDEK LEGAL SERVICES  
Jenna L. Miara  
Jennifer H. Sperling  
Sparky Abraham

By:   
\_\_\_\_\_  
Gabriel R. Ulman  
Attorneys for Plaintiffs