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PER LOCAL RULE, THIS
CASE IS ASSIGNED TO
DEPT 15, FOR ALL
PURPOSES.

KATE BIEKER
CLERK OF THE SUPERIOR COURT
COUNTY OF CONTRA COSTA, CA
BY: A. GRAHAM DEPUTY CLERK

SUMMONS ISSUED

8 SUPERIOR COURT OF CALIFORNIA – CONTRA COSTA COUNTY

9 VALERIE MOREHOUSE,
10
11 Plaintiff,

12 v.

13 RENEW FINANCIAL HOLDINGS, INC., a
14 Delaware Corporation; RENEW FINANCIAL
15 CORP. II, a Pennsylvania Corporation;
16 GREEN BAY REMODELING, INC.; and
17 DOES 1-100, Inclusive,
18 Defendants.

Case No.:

C18-02116

COMPLAINT FOR DAMAGES FOR:

1. FINANCIAL ELDER ABUSE;
2. BREACH OF CONTRACT – THIRD PARTY BENEFICIARY;
3. VIOLATION OF CALIFORNIA’S STATUTORY UNFAIR COMPETITION LAW;
4. CANCELLATION OF TAXES;
5. DECLARATORY RELIEF;
6. FRAUD;
7. NEGLIGENT MISREPRESENTATION; AND
8. NEGLIGENCE.

DEMAND FOR JURY TRIAL.

19 Plaintiff VALERIE MOREHOUSE (“Plaintiff”) alleges the following against Defendants
20 RENEW FINANCIAL HOLDINGS, INC.; RENEW FINANCIAL CORP. II (collectively “Renew
21 Financial”); GREEN BAY REMODELING, INC.; a California corporation; and DOES 1-100,
22 Inclusive (collectively “Defendants”):

23 **PARTIES**

- 24 1. Plaintiff Valerie Morehouse is a 71-year-old individual who at all times relevant to
25 the Complaint resided, and currently resides, in the County of Contra Costa.
- 26 2. Defendant Renew Financial Holdings, Inc. is, and at all times mentioned herein
27 was, a Delaware corporation with headquarters located in Alameda County, California, with its
28 principal place of business located at 1221 Broadway, 4th Floor, Oakland, California 94612.

1 3. Renew Financial Corp. II is, and at all times mentioned herein was, a Pennsylvania
2 corporation with headquarters located in Lehigh County, Pennsylvania at 1005 Brookside Road,
3 Suite 200, Allentown, Pennsylvania 18106, and registered as a Foreign Corporation with its
4 principal place of business in California at 1221 Broadway, 4th Floor, Oakland, California 94612.

5 4. Collectively Renew Financial Holdings, Inc. and Renew Financial Corp. II are to
6 herein referred to as "Renew Financial." Renew Financial markets its PACE financing under the
7 brand name "California First" and operates as a PACE Administrator.

8 5. Defendant Green Bay Remodeling Inc. ("Green Bay") is, and at all times
9 mentioned herein was, a California corporation with headquarters located in Contra Costa County,
10 California, with its principal place of business located at 1170 Burnett Avenue, #S, Concord,
11 California 94520.

12 6. Plaintiffs are informed and believe that, at all times mentioned herein, Defendants
13 were engaged in a joint enterprise, were acting within the course and scope of that enterprise, and
14 that the other Defendants both ratified the conduct of their agents and sub-agents. In addition,
15 Plaintiffs are informed and believe that Green Bay was an agent, servant, and fiduciary of Renew
16 Financial, and that Green Bay and Renew Financial at all times mentioned herein were acting
17 within the course and scope of that relationship.

18 7. The true names and capacities of Defendants DOES 1 through 100 are unknown to
19 Plaintiffs. Plaintiffs will seek leave of court to amend this complaint to allege such names and
20 capacities as soon as they are ascertained. Each of the Defendants herein was the agent, joint
21 venturer, or employee of each of the remaining Defendants, and in engaging in the acts hereinafter
22 alleged, each was acting in the course and scope of said agency, employment or joint venture with
23 advance knowledge of, acquiescence in or subsequent ratification of the acts of each and every
24 other remaining defendant. Each DOE Defendant is responsible, legally, negligently, or in some
25 other actionable manner, for the events and happenings hereinafter referred to, and caused injuries
26 and damages proximately thereby to Plaintiffs and the Class as hereinafter alleged, either through
27 co-defendants' conduct, or through the authorized and/or ratified conduct of its agents, servants, or
28 employees, or in some other manner.

JURISDICTION, VENUE AND SUBJECT MATTER JURISDICTION

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

9. Venue is proper in this Court pursuant to Code of Civil Procedure section 395(a); Plaintiff's injuries occurred in Contra Costa County, State of California.

10. Subject Matter Jurisdiction is proper in this court because the amount in controversy in this action exceeds twenty-five thousand dollars (\$25,000.00).

GENERAL FACTUAL ALLEGATIONS and OVERVIEW OF THE DISPUTE

A. Plaintiff Valerie Morehouse is an Elder Person.

11. Plaintiff Valerie J. Morehouse is a 71-year-old resident of Contra Costa County and at all times relevant here, Ms. Morehouse has owned the real property located at 711 Windmill Court, Concord California. According to the County Assessor's office, Ms. Morehouse's home is less than 2,400 square feet and valued at about \$375,000.00.

12. Between 2004 and 2014, Ms. Morehouse was treated for cancer. In September 2014, Ms. Morehouse suffered a debilitating stroke, after which she spent five months in a rehabilitation hospital and another year in therapy to learn to walk again. By late 2014 or early 2015, Ms. Morehouse began suffering from hallucinations, confusion, and memory loss from dementia. At present, Ms. Morehouse lives in an assisted living home where she has been referred to the "memory care" unit.

13. Between May 23 and July 28, 2016, Ms. Morehouse purportedly entered into five PACE assessment contracts through Green Bay ("PACE Contractor") and Renew Financial

1 (“PACE Administrator”); Ms. Morehouse was 69 years old at the time and living alone.

2 **B. Green Bay Remodeling, Inc. Is A Pace Certified Contractor.**

3 14. Green Bay, as a certified “PACE Contractor” was the primary source from which
4 Ms. Morehouse received (or did not receive) information about the PACE program and its
5 financing terms before entered into a PACE loan. Ms. Morehouse did not receive a copy of the
6 PACE financing contract until after the improvement work had already started and then she
7 became obligated to pay for that work.

8 15. Defendant Green Bay acted as an unscrupulous contractor by selling Ms.
9 Morehouse overpriced goods and services, items that she did not need, items that were not
10 necessary for her home, and items which she had recently updated, all financed by the PACE
11 program. All the while, Ms. Morehouse suffered from cancer treatments, a stroke, and dementia.

12 16. In May, June, July, and August 2016, Green Bay sold Plaintiff new sliding glass
13 doors, a new front door, windows, insulation, seismic upgrades, a new roof, and solar panels, and
14 convinced Ms. Morehouse to finance all through the PACE Program. Green Bay charged Ms.
15 Morehouse \$111,065.00 for work that would have normally cost less than \$50,000.00, and after
16 assessments, Renew Financial charged Ms. Morehouse \$129,268.20, for the following work:

<u>Date of Agreement</u>	<u>Type of Work Listed On Invoices:</u>	<u>Contract Amount</u>	<u>Assessed Price</u>
23-May-16	Solar panels and inverter	\$ 9,425.00	\$ 10,293.62
25-May-16	3 windows; 1 slider; 1 front door	\$ 16,740.00	\$ 19,745.20
20-Jul-16	Attic Insulation-2000 sq. ft.	\$ 14,700.00	\$ 17,294.39
20-Jul-16	11 Windows; 2 sliding glass doors.	\$ 24,800.00	\$ 29,003.88
28-Jul-16	Roof - 2957 Sq. Ft.	\$ 45,400.00	\$ 52,931.11
		<u>\$111,065.00</u>	<u>\$129,268.20</u>

21
22 17. Green Bay was able to charge Ms. Morehouse more than double the normal price
23 because Ms. Morehouse is an elderly person with limited knowledge and was suffering from
24 dementia. Green Bay took advantage of Ms. Morehouse’s elderly condition.

25 18. To secure repayment of that assessment contract, Renew Financial had recorded
26 five (5) PACE Liens on Ms. Morehouse’s property. The PACE Liens total \$129,268.20 and
27 accrue interest at an average 9.42%, all of which are to be paid over the 20-year life of the PACE
28 loan, at the rate of \$15,607.92 per year, for a total of \$312,158.40 in payments.

1 19. Through the PACE program, Ms. Morehouse took on debt that she could not afford
 2 at a usurious interest rate. The PACE Liens are as follows:

<u>Date of Agreement</u>	<u>Type of Work</u>	<u>Date of Invoice</u>	<u>Invoice Amount</u>	<u>Amount of Assessment</u>	<u>Total Assessed on Tax Bill</u>	<u>Percent Assessment of Invoice</u>	<u>Int. Rate</u>
23-May-16	Solar	26-May-16	\$ 9,425.00	\$ 868.62	\$10,293.62	9.22%	9.91%
25-May-16	Windows, doors.	24-May-16	\$ 16,740.00	\$ 3,005.20	\$ 19,745.20	17.95%	9.32%
20-Jul-16	Insulation	20-Jul-16	\$ 14,700.00	\$ 2,594.39	\$ 17,294.39	17.65%	9.33%
20-Jul-16	Windows, doors.	19-Jul-16	\$ 24,800.00	\$ 4,203.88	\$ 29,003.88	16.95%	9.29%
28-Jul-16	Roof	28-Aug-16	\$ 45,400.00	\$ 7,531.11	\$ 52,931.11	16.59%	9.26%
Totals and Averages:			\$111,065.00	\$18,203.20	\$129,268.20	16.39%	9.42%

10 20. When Ms. Morehouse purportedly entered into the financing agreements with
 11 Renew Financial, she was living on about \$3,500 a month, and had a \$375,000 mortgage, paid
 12 insurance and property taxes, and had credit card debt of about \$20,000. In other words, her
 13 monthly debt obligations already consumed her monthly income *before* she purportedly promised
 14 to pay the additional Renew Financial PACE assessment of \$15,607.92 per year, which Ms.
 15 Morehouse will have to find a way to pay, every year, for the next 20 years.

16 21. As a result of the "financing" program Green Bay sold Ms. Morehouse, Ms.
 17 Morehouse's property taxes went up from \$4,088.04 per year to \$20,680.75 per year, of which
 18 Ms. Morehouse has not been able to pay and has not paid. The PACE program has put Ms.
 19 Morehouse on the edge of foreclosure and depressed the value of her home. Ms. Morehouse has
 20 been forced to sell her home to pay her taxes and assessments.

21 22. Upon investigation in summer 2018, it was learned, and therefore is alleged based
 22 on information and belief, that the work performed by Green Bay on Ms. Morehouse's home was
 23 not necessary or prudent, or within a cost that a reparable contractor would have charged, as
 24 follows:

25 a. Green Bay charged Ms. Morehouse \$41,540.00 to install 14 windows, 3
 26 sliding doors, and one front door; the windows and sliding glass doors were energy
 27 efficient double pane doors and windows. Ms. Morehouse only has 13 windows. In
 28 summer 2013, Ms. Morehouse had replaced all her windows and doors with energy

1 efficient double pane glass windows and doors. The price charged Ms. Morehouse for the
2 windows and doors was not within the range of standard pricing. Standard pricing for
3 purchase and installation of 13 windows and 3 sliding doors would have been Nineteen
4 Thousand Five Hundred dollars (\$19,500.00) in 2018; Green Bay overcharged Ms.
5 Morehouse Twenty-Two Thousand Forty dollars (\$22,040.00).

6 b. Green Bay should not have sold Ms. Morehouse a new front door. Ms.
7 Morehouse's front door did not need to be replaced – it was already a solid core (energy
8 efficient) door. Green Bay charged her Four Thousand One Hundred Eighty Five dollars
9 (\$4,185.00) for a Simonton Madeira 7500 front door. Standard pricing for a Simonton
10 Madeira 7500 front door is Six Hundred Sixty One dollars (\$661.00); Green Bay
11 overcharged Ms. Morehouse Three Thousand Five Hundred Twenty Four dollars
12 (\$3,524.00).

13 c. Green Bay charged Ms. Morehouse \$45,400.00 to replace her roof, which it
14 claimed to be 2,957 square feet; however, her roof is only 2,561 square feet. The 2,957
15 square feet (extra 396 square feet) was a misrepresentation by Green Bay. Since Ms.
16 Morehouse's roof was replaced in 1999, it did not need to be replaced. Further, the price
17 charged Ms. Morehouse for the roof was not within the range of standard pricing.
18 Standard pricing for purchase and installation of a 2,957 square feet of roof space would
19 have been Fourteen Thousand dollars (\$14,000.00) in 2018, which would have been less if
20 Green Bay did not misrepresent the roof size; Green Bay overcharged Ms. Morehouse
21 Thirty-One Thousand Four Hundred dollars (\$31,400.00).

22 d. Green Bay charged Ms. Morehouse Fourteen Thousand Seven Hundred
23 dollars (\$14,700.00) to insulate her attic space, which it claimed to be 2,000 square feet;
24 however, her attic is only 1,080 square feet. The 2,000 square feet (extra 920 square feet)
25 was a misrepresentation by Green Bay. Furthermore, the average cost for batt insulation is
26 around \$1.00 per square foot, much less than the \$16.01 per square foot Ms. Morehouse
27 was charged; Green Bay overcharged her by Thirteen Thousand Six Hundred Twenty
28 dollars (\$13,620.00).

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e. Green Bay did seismic upgrades to Ms. Morehouse's home, but did not include the work in any of the invoices it submitted to Renew Financial; however, it appears that Green Bay may have hidden the cost of the seismic work in its invoices to PACE (in 2016 seismic improvements were not on the PACE Eligible Product List as PACE financeable improvements). The seismic work was not necessary - the structural framing of Ms. Morehouse's home was already bolted to the foundation meeting all seismic requirements;

f. Green Bay's window and door replacement work was sub-standard in that dry-rot was not removed from the door and window frames before new doors and windows were installed. The dry-rot was discovered in September 2018, when a pest report was obtained on the home.

23. The Green Bay website states, in pertinent part, protections for consumers and why they can trust Green Bay. Green Bay also misleads customers on the specifics and ease of repayment of the PACE programs and CaliforniaFirst as follows:

The primary goal of our company is to build up, accomplish, and maintain all kinds of projects as per the set industry norms.

....

We work with a team of highly qualified experts who are well aware of the latest technologies and techniques that allow us to provide our clients with reasonably priced and intelligent solutions.

....

Our experts keep an eye on details in industry trends, so our clients can be served with only the best.

....

To withstand today's competition we have assembled a team of highly skilled and qualified team of experts. The professionals regularly attend educational seminars that keep them updated on all aspects of the roofing industry. We work with wide network of professionals so that we can provide you with reasonably priced premium quality and long standing roofing solutions.

....

Properly installed and the right kind of windows and doors allows fresh air and natural light to come into your home. A house's architecture says a lot about your living standard. Here at Green Bay Remodeling, we want your house to look its best.

....

A highly skilled and self-motivated team is the main strength of our company. We have experts who have in-depth knowledge of this domain. Our professionals are able to handle all kinds of foundation projects with perfection. We understand the importance of time and worth of our clients so our goal is to complete every project within a given time

1 frame and budget.

2

3 Unlike traditional financing where you need to have a great credit score and
4 applications can take a long time, PACE (Property Assessed Clean Energy) financing
5 allows you to borrow as much as you need, based on your home's value. Applying is
6 seamless, and you'll have a decision in seconds! You won't have to put any money down
7 and repaying is easy. You'll have anywhere from 5 to 30 years to repay the loan on your
8 home's property taxes, and if you ever decide to sell — the new homeowner becomes
9 responsible for the payments.

10

11 Programs including CaliforniaFIRST and HERO can help you pay for new heating
12 and cooling systems, lighting improvements, solar panels, water pumps, insulation and
13 more. PACE pays for 100% of a project's costs and is repaid for up to 25 years with an
14 assessment added to the with [stet] an assessment added to the property's tax bill.

15

16 CaliforniaFirst Benefits

17 This program has a variety of great benefits, including:

- 18 - 100% financing. No out-of-pocket costs
- 19 - Borrow up to 15% of property value
- 20 - Flexible repayment terms: 5-25 years
- 21 - May add value to property
- 22 - Fast in-home approvals
- 23 - And more!

24 C. Legislative History of the PACE Program.

25 24. In 2008, the California Legislature introduced the Property Assessed Clean Energy
26 ("PACE") Program. The California Legislature authorized the California Statewide Communities
27 Development Authority ("CSCDA") to finance, and for local governments to implement the PACE
28 Program. Each PACE Administrator and PACE Contractor participant must also follow the rules
as promulgated by the CSCDA. The legislative history reflects an intent that PACE's novel
method of financing energy efficiency and water conservation improvements would benefit
California homeowners, including homeowners without access to traditional sources of capital for
home improvements.

29 25. The primary participants in a PACE program are: (a) a government entity (typically
30 a county or city); (b) a non-governmental entity, usually a private business, that administers the
31 program for the government entity (the "Program or PACE Administrator"), in this case Renew
32 Financial; (c) home improvement contractors who solicit homeowners to enter into qualifying
33 energy efficiency or water conservation projects and perform the work (typically after the PACE

1 Administrator approves the proposed contract), in this case Green Bay; and (d) homeowners who
2 contract for the offered improvements, in this case Ms. Morehouse.

3 26. To finance the cost of the improvements, the homeowner enters into a financing
4 contract. The contract grants the PACE Administrator the right to request placement of a lien on
5 the homeowner's property in the amount of the principal, plus fees and capitalized interest (the
6 "PACE Lien"). The PACE Lien takes first priority, ahead of any pre-existing loan or mortgage. If
7 the property owner fails to pay, the county where the property is located has the right to foreclose.

8 27. The PACE Lien remains on title until fully repaid so that if a homeowner sells the
9 house before the loan balance has been fully repaid, the loan obligation is marketed by Renew
10 Financial as one that "remains on title" and becomes an obligation of the new owner. The fact that
11 the PACE loan would "run with the property" has been an important selling point, starting with
12 the California Legislature and continuing to Renew Financial, Green Bay, and ultimately to
13 homeowners interested in participating in the PACE program.

14 28. After the California Legislature authorized PACE programs, Renew Financial
15 entered into agreements with the CSCDA, and some county and city governments around the State
16 to serve as the Program Administrator.

17 **D. Renew Financial As The Program Administrator.**

18 29. Based on information and belief it is alleged that for years, Renew Financial, as a
19 "Program or PACE Administrator" has taken advantage of many low-income and elderly
20 homeowners throughout Contra Costa County. If Renew Financial had met its obligations to
21 provide homeowners with protections against predatory lending described herein, it would have, at
22 a minimum, used an ability to repay analysis in deciding whether to approve each PACE loan.

23 30. Renew Financial failed to do that. Renew Financial's underwriting standards did
24 not contain an ability to repay criterion. The primary consideration for underwriting a PACE loan
25 was whether there is enough equity in the homeowner's property (i.e. the difference between what
26 the house would sell for and the unpaid amount of any mortgage and other liens). Thus, Renew
27 Financial asked only - if the homeowner fails to repay the PACE loan, will the proceeds from the
28 foreclosure be sufficient to repay it? In other words, Renew Financial decided whether to make a

1 PACE loan based on whether the loan could be fully repaid by kicking the homeowner out of the
2 house and onto the street.

3 31. Renew Financial did not use licensed mortgage brokers to market or originate
4 PACE loans. Instead, Renew Financial drafted battalions of "PACE Certified Contractors" in this
5 case Green Bay, to both sell PACE financing, and sell and install the home improvements to be
6 financed by the PACE Program. Typically, Renew Financial's PACE Contractor (Green Bay)
7 introduced homeowners to the PACE program, controlled the financing application process, and
8 obtained homeowners' signatures on PACE contracts, usually via electronic signature.

9 32. The Renew Financial website states, in pertinent part, why they can trust their
10 carefully selected contractors:

11 PACE features a speedy approval process, flexible payment terms, and access to
12 trusted home improvement contractors that Renew Financial has carefully screened.

13 33. To become a Renew Financial PACE Contractor, the contractor must have agreed,
14 among other things, to:

- 15 a. Install products for reasonable, market-based prices that are within industry
16 price guidelines (Green Bay failed on this point and Renew Financial did nothing);
17 b. Analyze accurately each homeowner's energy usage, and anticipated energy
18 savings; and
19 c. Present property owners with the full and complete set of financing
20 documents, when asked to do so by Renew Financial.

21 **E. Renew Financial Encourage Green Bay to Take Advantage.**

22 34. Renew Financial directly and indirectly encouraged Green Bay to market PACE
23 aggressively. This encouragement included but was not limited to the following: (a) Renew
24 Financial rubber-stamped its approval of payment in full to Green Bay for the home improvement
25 contract submitted for financing, without regard to whether the Green Bay followed the guidelines
26 required of it; (b) Renew Financial instructed Green Bay that it did *not* need to determine if the
27 potential customer could afford the loan; and (c) Renew Financial informed Green Bay how much
28 equity each homeowner had available and instructed Green Bay that it could and should base the

1 amount of improvements they sold to homeowners on their available equity.

2 35. Because the amount of PACE financing that Ms. Morehouse could receive was
3 based on her home's equity rather than her ability to repay, her PACE loans were much larger than
4 a traditional home improvement loan. This structure encouraged Green Bay to solicit as many
5 PACE financed contracts as possible and to upsell and overcharge Ms. Morehouse as much as
6 possible. An unsophisticated homeowner, such as Ms. Morehouse, was left to guess whether the
7 contract prices were reasonable and whether she could afford to repay the PACE loans. In this
8 case, the price Green Bay charged on the PACE financed work at Ms. Morehouse's property was
9 over industry standards by at least 125%, and Green Bay pocketed profit margins of as much as
10 100% from a program designed to help low and moderate-income homeowners.

11 36. At Renew Financial's direction, predatory contractors such as Green Bay targeted
12 homeowners such as Ms. Morehouse with relatively high equity in their homes. In particular,
13 contractors routinely targeted homeowners who, often despite getting by on a modest fixed-
14 income, had achieved the American dream of owning their home and who had slowly and steadily
15 built substantial equity in it over the years.

16 37. Because the PACE Lien has first priority status ahead of any other mortgage or
17 lien, Ms. Morehouse has had difficulty selling her home. PACE Liens have been marketed to
18 homeowners as "running with the land," *i.e.*, the loan repayment obligation is transferred to the
19 buyer upon sale and the buyer of a home burdened by a PACE Lien assumes the obligation to
20 repay it. As a result of the PACE Lien running with the land, potential buyers of Ms. Morehouse's
21 home must have a higher income, which limits the number of potential buyers. In the alternative,
22 Ms. Morehouse must lower the price of her home, because to be approved, a lender must accept
23 the PACE Liens that increased property taxes and assessments by \$15,607.92 a year, which means
24 a buyer must qualify to pay the higher Principal, Interest, Taxes and Insurance ("PITI"), which is a
25 basic qualifier for lenders. The result of this is that potential buyers of Ms. Morehouse's home are
26 finding it difficult to obtain a conventional loan since the property is encumbered by PACE Liens;
27 this impairs the marketability of Ms. Morehouse's property and diminishes the resale value.
28 Moreover, this lowers the amount of equity that Ms. Morehouse has in her home, which interferes

1 with her ability to pay for her retirement, and is contrary to the legislative intent when creating the
2 PACE Program.

3 38. The alternative to finding a buyer that will accept the PACE Lien, is for Ms.
4 Morehouse to try and repay the PACE Loans out of sale proceeds, which is contrary to
5 representations made by Renew Financial and Green Bay that she could sell the property with the
6 PACE Loan. Again, this lowers the amount of equity that Ms. Morehouse has in her home, which
7 interferes with her ability to pay for her retirement, and contrary to the legislative intent when
8 creating the PACE Program.

9 39. Further, since Ms. Morehouse has not been able to pay the increased property tax
10 assessments, her lender in first position has been put in a position to pay the PACE assessments or
11 be subject to foreclosure and charge fees for the pleasure, which then results in Ms. Morehouse's
12 loss of equity in her home, which again interferes with her ability to pay for her retirement, and is
13 contrary to the legislative intent.

14 40. The PACE program administered by Renew Financial has serious flaws. **First**,
15 Renew Financial approves PACE loans based on the equity in the homeowner's property, not on
16 his or her ability to repay the loan. Regardless of how much equity an owner may have in the
17 home, he or she can still lack the income to repay a loan of even a small fraction of that equity.
18 **Second**, by classifying PACE financing as a tax assessment rather than a loan, Renew Financial
19 has attempted to sidestep traditional regulations and consumer protections that govern loans
20 secured by real property. **Third**, Renew Financial imposes a special assessment on homeowners'
21 property tax bill to collect the PACE loan. If the homeowner fails to pay the PACE assessment,
22 the county government deems the homeowner to have defaulted on his or her property taxes.
23 **Fourth**, the PACE loan is secured by a lien on the property. If the homeowner does not repay the
24 PACE loan, the county has the right to foreclose, sell the house to someone else, and evict the
25 PACE loan participant. **Fifth**, the PACE loan catapults over every existing lien on the
26 homeowner's property to take the first priority position. That puts the homeowner potentially in
27 default under his or her existing mortgage, under which a homeowner typically promises the
28 lender that it will be in first position. **Sixth**, that first priority position, and the fact that the PACE

1 loans are based on home equity, materially reduces Renew Financial's risk in making PACE loans
2 and renders the PACE interest rates unjustified and excessive. *Seventh*, the PACE loan interest
3 rate is in excess of nine percent (9%) (Ms. Morehouse's PACE interest rate loans range from
4 9.26% to 9.91%), which makes the loan a higher than market rate loan. Ms. Morehouse is thus
5 paying above market interest rates for the privilege of participating in the ruinous PACE program.
6 *Eighth*, the "assessments" added to Ms. Morehouse's PACE loans are as high as 17.91%.

7 **F. Renew Financial's Attempts to Sugar Coat Its PACE Program.**

8 41. Renew Financial has known that the PACE Program was flawed and so it
9 advertised its PACE program in a way to convince unsuspecting homeowners that its program was
10 beneficial; by doing this Renew Financial took advantage of homeowners that were least likely to
11 be able to repay the loans through a higher real property tax assessment.

12 42. Renew Financial's *Residential Property Owner Handbook* states, in pertinent part,
13 the following:

14 2.4 Eligible Costs: The cost of installing the Eligible Products must be reasonable
15 and accomplished within industry cost guidelines. The Program Administrator (Renew
16 Financial) shall have the right to refuse to finance and Eligible Product that exceeds such
17 guidelines, and/or to request additional documentation or other information to determine
18 the reasonableness of any Eligible Product.

19

20 4.1 Scope of the Project. Funding is only available for products listed on the
21 eligible products list and custom products, if approved by the Program Administrator.

22

23 4.4 Provide Project Details and Select Rate and Term. Applications may be
24 reviewed by the Program Admin (Renew Financial) and/or the Sponsor (CSCDA) to assess
25 the costs of installed eligible products and ensure consumer protection standards are being
26 met.

27

28 5.1 Contractor Sign-Up. To be eligible as a Participating Contractor in the Program,
contractors must be licensed by the State of California and in good standing with the CSLB, meet
all applicable bonding and insurance requirements, and meet any fraud check requirements, and
agree to the terms and conditions of the program.

43. CSCDA's *PACE Funding Program Handbook*, which is required to be adopted by
all partners implementing PACE programs, which includes Renew Financial, states, in pertinent
part, the following:

2.5 Participating Eligible Contractors. Eligible Contractors Only Eligible

1 Contractors that have been approved by the Program Administrator may complete Projects
2 financed by the Program. New Eligible Contractors may apply to participate in the
3 Program by contacting the Program Administrator and requesting a new Eligible
4 Contractor application. Upon receiving a completed new Eligible Contractor application,
5 the Program Administrator will review and determine if the Eligible Contractor meets the
6 necessary criteria for Program eligibility. Approval or denial of a new Eligible Contractor
7 shall be at the sole discretion of the Program Administrator (CaliforniaFIRST aka Renew
8 Financial).

9 **9. PROTECTED CLASSES & LOW-INCOME HOMEOWNERS Policy**

10 Summary: Each Partner must ensure compliance with all state and federal laws that cover
11 individuals in protected classes including those based on race, religion, color, marital
12 status, gender, sexual orientation, national origin, citizenship, presence of children,
13 disability, age, veteran status, participation in a public assistance program, or because an
14 applicant has in good faith exercised any right under the Consumer Credit Protection Act.
15 *Heightened protections for homeowners 65 years and older, such as confirming
16 understanding of financing terms and project specifications, is a specific requirement of
17 the Program.* Availability of the Program to low-income homeowners who otherwise meet
18 Program eligibility criteria should be considered and protected. Unintentional non-
19 compliance will not excuse a failure to comply with all state and federal laws regarding
20 protected classes.

21 9.2. Elders. Each Partner must develop and implement a protocol to ensure
22 that all homeowners 65 years and older understand the purpose of each Measure for
23 which Program financing is made available, and the terms of such financing as
24 described in Section 2.4. 9.3. (Emphasis supplied.)

25

26 44. CSCDA's *Open PACE Program Report* states, in pertinent part, the following:

27 1.5. Program Administration and Underwriting CSCDA has engaged third-party
28 administrators to administer the Open PACE Program, including ... CaliforniaFirst (Renew
Financial Group LLC), The Administrators will review and process applications, train
contractors and provide customer service through a website, email, and a toll-free phone
number.

....

45. PACENation's *PACE Consumer Protection Policies* states, in pertinent part, the
following:

Contractors are required to complete training courses, follow a code of conduct,
maintain insurance, post bonds, follow marketing requirements, among other obligations,
all of which are designed to assure positive and productive homeowner interaction with the
Program.

10.1. Policies. All contractors who sell, install, or manage subcontractors who
install eligible Measures will become "Green Bay" by executing the Partner's Contractor
Participation Agreement (the "PCPA") and that all such contractors and all of their
employees, entities, owners, partners, principals and sub-contractors (collectively, the
"Affiliated Individuals") meet the requirements of the PCPA, which include:

10.1.1. Compliance with the Partner-issued code of conduct and any
relevant state or local contractor code of conduct.

1 10.1.2. Maintenance of an active license, and being in good standing, with
2 any relevant state licensing board, as well as maintenance of insurance and an
3 ability to meet bonding requirements;

4 10.1.3. Execution of the PCPA only by a person who is authorized to act on
5 behalf of, and who is responsible for the actions of, a Registered Contractor (a
6 "Qualifying Individual") and in compliance with any applicable licensing board
7 requirements;

8 10.1.4. Oversight and management of employees, independent contractors
9 and subcontractors who provide services to Green Bay accessing the Program;
10 And more online

11 10.3. Contractor Management. The Partner must implement Contractor
12 management systems and procedures that manage and track contractor training and
13 compliance violations on an individual and company basis. The Program may not calculate
14 and provide to any Contractor the maximum dollar amount of a PACE assessment for
15 which a homeowner could be eligible. This prohibition is not meant to preclude the
16 Program from providing the maximum eligible financing amount to the homeowner upon
17 request from the homeowner.

18 10.4. Contractor Training. Each Partner shall make available contractor training
19 regarding, at a minimum, the following: (i) the applicable contractor code of conduct terms
20 as required by the Program, (ii) protected classes, including, without limitation, elder
21 protection, and (iii) other consumer protection measures as required by the Program.

22 46. Renew Financial's website states, in pertinent part, protections for consumers and
23 why they can trust Renew Financial:

24 PACE financing lets you make home improvements quickly, easily, and affordably.
25 PACE features a speedy approval process, flexible payment terms, and access to trusted
26 home improvement contractors that Renew Financial carefully screens and selects.

27

28 With all of the home improvement projects that we finance, integrity and consumer
protections are critically important elements. Renew Financial requires that any contractor
that wants to offer our PACE financing product to their clients must first pass through a
screening, which includes a review of the contractor's status with the state Contractor
Licensing Board and their Better Business Bureau grade or other online reviews.

....

We also require the contractor to provide proof of adequate workers' compensation
and liability insurance coverages. Contractors that pass the screening must then sign a
Contractor Participation Agreement. This agreement requires the contractor to abide by our
program rules, which focus on ensuring strong consumer protections.

....

One of the strongest protections provided is the requirement that, before the
contractor gets paid, the homeowner and contractor must first sign a document stating that
the agreed-upon scope of work has been completed by the contractor. (Which is
meaningless when the elderly person has dementia.)

///

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1 **G. Renew Financial's Knowledge The PACE Program Is Bad For Homeowners.**

2 47. Renew Financial has been named as a defendant in other lawsuits in California
3 alleging similar factual allegations and causes of action. Renew Financial also works with the
4 County of Los Angeles, the Federal Housing Finance Agency, Fannie Mae and Freddie Mac, and
5 likely reads *The Wall Street Journal*. As a result, each of these agencies put Renew Financial on
6 notice that the program it was administering was taking advantage of homeowners.

7 48. Renew Financial provided PACE Loans in the Los Angeles County area and based
8 on information and belief is privy to information from Los Angeles County with regard to its
9 PACE Loan program. In August 2014, the Los Angeles County Treasurer and Tax Collector
10 Mark J. Saladino warned the Los Angeles County Supervisors of the following:

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

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

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

23 (August 12, 2014 Saladino Letter to County Board of Supervisors) (Emphasis supplied).

24 49. The FHFA warned that the program could place homeowners in default under their
25 mortgages and put them at risk of foreclosure. (Summary of Speech by Alfred M. Pollard,
26 General Counsel, Federal Housing Finance Agency, available at [https://www.fhfa.gov/Media/
27 PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-
28 PACE.aspx](https://www.fhfa.gov/Media/PublicAffairs/Pages/Pollard-Statement-before-California-Legislature-Keeping-Up-with-PACE.aspx).)

 50. The Department of Housing and Urban Affairs reached the same conclusion.
(Dept. of Housing and Urban Development Press Release No. 17-111 (Dec. 7, 2017)) ("In
addition, such [PACE] activity is risky for FHA [Federal Housing Administration] borrowers and
potentially violates the terms of their FHA-insured mortgage.").

1 51. In 2010, a third federal agency also expressed concerns about the PACE program.
2 The United States Department of Energy (“DOE”) directed counties adopting PACE programs to
3 consider a homeowner’s ability to repay before making a PACE loan. In its 2010 “Guidelines for
4 Pilot PACE Financing Programs,” the DOE provided several “best practices” to PACE program
5 administrators, like Renew Financial, one of which was considering the homeowner’s ability to
6 repay as part of its underwriting. The DOE suggested that program administrators ensure that
7 borrowers have the ability to repay through precautions such as limiting financing to projects that
8 “pay for themselves” by reducing the homeowner’s energy costs by more than the cost of the
9 financing.

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

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

25 54. In the ensuing years, the FHFA continued to sound alarm bells about PACE. In a
26 June 9, 2016, speech to the California Legislature, FHFA General Counsel Alfred Pollard
27 explained that PACE loans “increase the risk of loss to taxpayers” because they destroy the first-
28 priority lien status of loans insured by Fannie Mae and Freddie Mac and increase the risk that the

1 government—and hence taxpayers—will lose money due to PACE.

2 55. Some California counties and cities have discontinued their PACE Programs in
3 response to rampant abuse and harm to homeowners. In June 2017, Kern County ended its PACE
4 Program. (Daniel Freeman, *Kern Board of Supervisors votes to shut down PACE program*, June
5 14, 2017, available at [http://www.kerngoldenempire.com/news/local-news/kern-board-of-](http://www.kerngoldenempire.com/news/local-news/kern-board-of-supervisors-votes-to-shut-down-pace-program/740863394)
6 [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)). In July 2017, the City of Bakersfield
7 ended its PACE Program. (Steven Mayer, *Bakersfield City Council ends PACE loan program*,
8 Jul. 19, 2017, available at [http://www.bakersfield.com/news/bakersfield-city-council-ends-pace-](http://www.bakersfield.com/news/bakersfield-city-council-ends-pace-loan-program/article_e33cc8b0-6cfc-11e7-b4b9-4775b9e99903.html)
9 [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)).

10 56. *The Wall Street Journal* has characterized PACE as the new “subprime crisis” for
11 its reckless extension of credit to homeowners. (Kristen Grind, *America’s Fastest-Growing Loan*
12 *Category Has Eerie Echoes of the Subprime Crisis*, Jan. 10, 2017, available at
13 [https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-erie-echoes-of-](https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-erie-echoes-of-subprime-crisis-1484060984)
14 [subprime-crisis-1484060984](https://www.wsj.com/articles/americas-fastest-growing-loan-category-has-erie-echoes-of-subprime-crisis-1484060984)).

15 57. Despite all of these warning signs, Renew Financial has continued to promote the
16 PACE program, ostensibly to make money off the individuals knowing that they could not afford
17 to repay the loans. The PACE program has been a boon to Renew Financial and its PACE
18 Certified Contractors - in this case, based on information and belief, Renew Financial collected
19 assessments and fees of about \$18,203.00 for the loan originations, and Green Bay pocketed at
20 least \$80,000 more than the value of its work by installing a PACE-funded project at the expense
21 of Ms. Morehouse.

22 58. Renew Financial knew that the PACE program could harm homeowners. The most
23 basic - but glaringly absent - form of protection against predatory lending is to ensure that the
24 potential borrower *can afford* to repay the loan. Renew Financial’s PACE program lacks even
25 that basic protection. Renew Financial’s primary lending criterion has been whether the
26 borrower’s home is worth more than the value of the PACE loan and other secured debts.

27 59. Despite these red flags, Renew Financial and Green Bay have continued to plunge
28 ahead with the PACE program and have continued to sell to vulnerable residents, particularly

1 elderly people, overpriced and unaffordable loans that put their home ownership at risk.

2 60. In this case, Renew Financial did not even follow this basic criteria to make sure
3 Ms. Morehouse's home had sufficient equity to cover the loan. The largest loan amount for Ms.
4 Morehouse's property was Ninety-Three Thousand Five Hundred Nine dollars and 29/100
5 (\$93,509.29). However, Renew Financial allowed Green Bay to charge One Hundred Eleven
6 Thousand, Sixty-Five dollars (\$111,065.00) to Ms. Morehouse, then added assessments of another
7 Eighteen Thousand Two Hundred Three dollars and 20/100 (\$18,203.20), for a total loan amount
8 of One Hundred Twenty-Nine Thousand, Two Hundred Sixty-Eight dollars and 20/100
9 (\$129,268.20). The interest rate is different for each of her loans, but averages 9.42%, and the
10 percentage assessment is different for each of her loans, but averages 16.39%; when added
11 together the interest rate charged on the original \$111,065.00 is usurious.

12 61. These charges ensure that Renew Financial and Green Bay will get their money but
13 does nothing to assess whether Ms. Morehouse can afford to repay a PACE loan. In other words,
14 as long as Renew Financial and Green Bay were sure to get paid, they did not care if Ms.
15 Morehouse was oversold improvements or ended up on the street.

16 62. At the time of entering into the agreements between Ms. Morehouse on the one
17 hand and Green Bay and Renew Financial on the other, Defendants cause injury and damages to
18 Ms. Morehouse as follows:

19 a. Ms. Morehouse was over the age of 65; Defendants Green Bay and Renew
20 Financial violated the Elder Abuse Statute, Welfare & Institutions Code sections 15600, et
21 seq., by (among other things) taking, secreting, appropriating, obtaining and/or retaining
22 the property of an elder person entitled to the protection of the statute.

23 b. Defendant Renew Financial and Green Bay breached their express
24 obligations under the *Residential Property Owner Handbook* and its agreements with the
25 CSCDA; Plaintiff is express third-party beneficiary of Defendant Renew Financial's
26 promises made to the CSCDA to install only the "Eligible Products" and be "reasonable
27 and accomplished within industry cost guidelines;" and "follow a code of conduct;" and
28 follow the "Partner Contractor Participation Agreement (the "PCPA")" by being in

1 “compliance with the Partner-issued code of conduct” and the “Program may not calculate
2 and provide to any Contractor the maximum dollar amount of a PACE assessment for
3 which a homeowner could be eligible;” and protect against predatory lending, to provide
4 “special protections” for PACE program participants over 65 years old, and to take other
5 steps set forth in that contract to protect and serve customers.

6 c. Defendant Renew Financial violated the Unfair Competition Law, Business
7 & Professions Code sections 17200, et seq., in that it’s PACE program practices were
8 unfair and unlawful.

9 d. Defendant Renew Financial has encumbered the title to Ms. Morehouse’s
10 property, as a result of statutory violations and breach of agreements with the CSCDA,
11 through the imposition of tax liens and assessments, which encumbrances should be
12 cancelled.

13 e. Ms. Morehouse disputes the enforceability of the liens on her home, the
14 underlying PACE loan agreements, and the rights of Defendants to maintain the liens, and
15 impose supplemental assessments to pay off the PACE loans. Ms. Morehouse seeks
16 restitution of whatever monies Defendants have collected from her through such
17 assessments and a judicial declaration of her rights.

18 **FIRST CAUSE OF ACTION**
19 **Financial Elder Abuse [Welfare & Institutions Code § 15657.5]**
20 **(Against All Defendants)**

21 63. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
22 they were fully set forth herein.

23 64. Plaintiff was 65 years of age or older at all times relevant and are thus “elders”
24 under Welfare & Institutions Code section 15610.27.

25 65. Because Defendant Renew Financial’s PACE loan application form requires
26 disclosure of the borrower’s birthdate, at all times material Defendant Renew Financial knew that
27 the Plaintiff was over the age of 65.

28 66. Defendant Green Bay has taken, secreted, appropriated, obtained and/or retained
the property of Plaintiff. As described more fully above, Defendant Green Bay’s acts include but

1 are not limited to selecting the consumer and what products and services are actually sold to the
2 consumer, selling them the services and goods, and having them sign the contracts.

3 67. Defendant Renew Financial has taken, secreted, appropriated, obtained and/or
4 retained the property of Plaintiff. Defendant Renew Financial has received substantial fees and
5 commissions as a result of its activities in originating PACE Liens. For example, Ms. Morehouse
6 was charged \$18,203.20 in administrative assessments. On information and belief, Defendant
7 Renew Financial will continue to receive additional fees and commissions for the life of each
8 PACE Lien, which commissions are paid by homeowners in the form of finance charges.

9 68. Defendant Renew Financial has taken, secreted, appropriated, obtained and/or
10 retaining the property of Plaintiff. As described more fully above, Defendant Renew Financial's
11 acts include but are not limited to

- 12 a. Recruiting and ostensibly training home improvement contractors to act as
13 *de facto* mortgage brokers to sell PACE-financed home improvements to homeowners;
- 14 b. Approved for PACE financing;
- 15 c. Sending and receiving contracts;
- 16 d. Checking properties' equity, as well as homeowners' property tax payment
17 history;
- 18 e. Executes the assessment contracts that are recorded against the property of
19 Plaintiff, on the basis of which Plaintiff's home can be foreclosed (or that will trigger
20 foreclosures by conventional and reverse mortgage servicers).
- 21 f. Recording PACE Liens;
- 22 g. Servicing PACE Liens;
- 23 h. Failing to oversee Defendant Green Bay's activities or to provide oversight
24 upon learning that financially vulnerable elders are being taken advantage of through
25 Defendant Renew Financial's program; and
- 26 i. Promoting the program;

27 69. Defendants knew or should have known that Plaintiff was likely to be harmed by
28 these activities because she:

- 1 a. Was especially vulnerable to financial abuse, such as by predatory lending;
2 b. Would be harmed if liens requiring semi-annual payments were recorded
3 against her homes, without reference to whether Plaintiff could afford to make those
4 payments; and
5 c. Would likely experience mental suffering from the risk of foreclosure
6 created by Defendants' wrongful acts.

7 70. As a result of Defendants' wrongful acts, Plaintiff has been deprived of property
8 rights insofar as her home is encumbered by first-priority PACE Liens that reduce her equity, can
9 be foreclosed by the county, and may subject her to foreclosure on pre-existing conventional
10 mortgages or reverse mortgages.

11 71. Defendants' conduct, as alleged herein, constitutes "financial abuse," as defined in
12 Welfare & Institutions Code section 15610.30.

13 72. Under Welfare & Institutions Code section 15657.5, Defendants are liable for
14 compensatory damages, reasonable attorneys' fees and costs, and all other remedies provided.

15 73. The actions taken by Renew Financial set forth above were in all respects reckless,
16 oppressive, fraudulent and malicious.

17 74. Under Civil Code section 3345, Renew Financial and Green Bay are liable for
18 treble damages and penalties because: (a) they knew or should have known that their conduct was
19 directed toward an elder person; (b) their conduct caused an elder person to suffer, or risk
20 suffering, substantial loss of property essential to her health and welfare; (c) Plaintiff is a senior
21 citizen who is more vulnerable than other members of the public to Defendants' conduct because
22 of her age, impaired understanding, impaired health, or restricted mobility; and (d) Plaintiff
23 actually suffered substantial physical, emotional, and economic harm resulting from Defendants'
24 conduct.

25 **SECOND CAUSE OF ACTION**
26 **Breach of Contract – Third Party Beneficiary [Civil Code § 1559]**
27 **(Against Defendant Renew Financial)**

28 75. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
they were fully set forth herein.

1 76. Renew Financial has a valid contract with CSCDA to provide PACE financing
2 services to the public that has not been rescinded.

3 77. By the terms of this contract Renew Financial administers the state of California's
4 PACE program, and obtain fees and interest from property owners who utilize the PACE program,
5 and Renew Financial agreed to implement "Consumer Protection Measures" for the benefit of
6 property owners, including protection against predatory lending and "special protections" for
7 seniors.

8 78. Plaintiff, as property owner who utilized the PACE program, is expressly and an
9 intended third party beneficiary of these and the related Consumer Protection Measures provisions
10 of the agreements between Defendant Renew Financial and CSCDA.

11 79. As an express and intended beneficiary, Plaintiff was entitled to the benefits and
12 protections of these promises.

13 80. Renew Financial breached the agreement by, among other things, failing to provide
14 minimum protections against predatory lending, as evidenced by the fact that the PACE
15 underwriting process did not assess the borrower's ability to repay the loan.

16 81. Renew Financial breached other obligations owed to Plaintiff under the
17 agreements, including its promise to provide protection for seniors, such as Plaintiff. On
18 information and belief, Defendant Renew Financial charged, and will continue to receive,
19 additional fees and commissions for the life of each PACE Lien, which commissions are paid by
20 Plaintiff in the form of finance charges.

21 82. Renew Financial's breaches of the agreements have proximately caused damage to
22 Plaintiff. Such damages include, but are not limited to: (a) the loss of funds she has paid in
23 connection with PACE loans, including for fees, interest, and assessment payments, (b) the
24 increased risk of foreclosure, (c) the imposition of barriers to refinancing or obtaining other debt
25 secured by liens on their home, such as home mortgages or reverse mortgages, (d) the reduced
26 value of her home, and (e) encumbrances that reduce the equity in her home.

27 83. Plaintiff has been damaged in an amount subject to proof at trial substantially in
28 excess of the jurisdictional minimum of this court which will be established by the cost paid, the

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

2 84. Plaintiff is entitled to the consumer protections included in the agreements for her
3 benefit, through specific performance or other remedies.

4 **THIRD CAUSE OF ACTION**
5 **Violation of California's Statutory Unfair Competition Law [B&P Code § 17200 et seq.]**
6 **(Against All Defendants)**

7 85. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
8 they were fully set forth herein.

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

11 87. Renew Financial and Green Bay have violated, and continue to violate, Section
12 17203's prohibition against engaging in "unlawful" acts or practices by (a) violating Welfare &
13 Institutions Code section 15657.5, as described above.

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

- 16 a. Breaching its duties to Plaintiff under the agreements with the CSCDA;
- 17 b. Failing to screen and monitor Green Bay in accordance with its own
18 policies, and as required by the agreements to protect Plaintiff from unscrupulous
19 contractors;
- 20 c. Charging an above-market rate of interest on PACE Loans and a rate of
21 interest in excess of the risk of return of principal;
- 22 d. Encouraging predatory lending by determining eligibility for PACE without
23 consideration of Plaintiff's ability to repay the PACE Loan;
- 24 e. Encouraging predatory lending by informing Green Bay how much funding
25 Plaintiff qualified for based on the equity in her home.

26 89. Green Bay has violated, and continues to violate, Section 17203's prohibition
27 against "unfair" acts or practices by the following acts:

- 28 a. Selling Plaintiff goods and services she did not need or require;
- b. Overcharging Plaintiff for the goods and services;

- c. Exceeding the maximum limit of the amount Plaintiff could borrow; and
- d. Charging excess administrative fees.

90. As a result of Defendants' business acts and practices, Plaintiff has incurred actual financial losses and injuries including first-priority PACE Liens on her home that require payment and may trigger foreclosure by the county or by pre-existing conventional and reverse mortgage lenders.

91. Plaintiff is entitled to an order enjoining Renew Financial from continuing to engage in the acts and practices alleged herein, and for release of the PACE Liens.

92. Plaintiff is also entitled to restitution of all monies paid by her in connection with the PACE program, including PACE program and loan fees and all assessments they have paid.

**FOURTH CAUSE OF ACTION
Cancellation of Taxes [Revenue & Tax Code § 4986]
(Against Defendant Renew Financial)**

93. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though they were fully set forth herein.

94. Section 4986, subdivision (a) of the Revenue & Tax Code provides that "[a]ll or any portion of any tax, penalty, or costs, heretofore or hereafter levied, shall, on satisfactory proof, be cancelled by the auditor if it was levied or charged ... illegally." Section 4986.2 provides that uncollected taxes, penalties, and costs also may be cancelled in this manner.

95. As more fully described above, Defendants committed financial elder abuse within the meaning of Welfare & Institutions Code sections 15657.5 and 15610.30, by levying special assessments against elders' property without regard to whether the elders could afford to pay the special assessments. Renew Financial therefore acted illegally when it levied and recorded taxes against the Plaintiff to repay those special assessments, and the taxes (with any associated penalties or costs) should be cancelled.

96. Section 4990.3 of the Revenue & Tax Code provides that "[a]n action may be brought at any time against ... any county ... to quiet title against the lien of any taxes which have been canceled in accordance with this division." Accordingly, Plaintiff seeks an order cancelling the illegally levied special assessments and quieting title in favor of herself, with regard to the

1 Renew Financial related PACE Liens clouding title to their properties.

2 **FIFTH CAUSE OF ACTION**
3 **Declaratory Relief**
4 **(Against All Defendants)**

5 97. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
6 they were fully set forth herein.

7 98. A controversy exists between Defendants, on the one hand, and Plaintiff, on the
8 other hand, with regard to her legal rights and remedies towards one another in connection with
9 the PACE program and PACE Liens related to the activities of Renew Financial as alleged herein.

10 Plaintiff desires a judicial declaration of her rights:

11 a. The PACE Liens on the real property owned by Plaintiff should be
12 extinguished and removed from title;

13 b. Plaintiff is entitled to cancellation of her obligations under the respective
14 PACE assessment agreements; and

15 c. Plaintiff is entitled to recover any or all payments she made in connection
16 with the PACE program and PACE Liens, including payments made by way of refinance.

17 99. On information and belief, Defendants dispute that Plaintiff is entitled to such a
18 judicial declaration.

19 100. A judicial determination is necessary and appropriate so that Plaintiff may ascertain
20 her rights and interests in her property.

21 **SIXTH CAUSE OF ACTION**
22 **Fraud**
23 **(Against Green Bay)**

24 101. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
25 they were fully set forth herein.

26 102. In reliance of Defendant Green Bay's representations, Plaintiff entered into
27 agreements with Green Bay for purchase and installation of energy efficient products and services
28 based on representations that the products and services were fairly priced and necessary for
Plaintiff's home, when in fact they were over-priced and not necessary.

103. Defendant made these representations of material fact to, or concealed the true facts

1 from, Plaintiff as set forth above herein above.

2 104. Plaintiff relied on Defendant's representations to her detriment and would not have
3 entered into agreements with Defendant if she had known the true facts.

4 105. Defendant had a duty to disclose the true facts, not make representations or
5 concealments and omissions of the true facts.

6 106. Defendant's representations and concealments were false and were expressly made
7 or implied while she knew them to be false in order to misrepresent, conceal or omit to disclose
8 the true facts, with the intent to have Plaintiff rely upon them. Defendant's representations and
9 omissions were significant and material to the transactions between Plaintiff and Defendant, which
10 Plaintiff was ignorant of the true facts and which Plaintiff justifiably relied upon to her detriment.
11 Had Plaintiff known the true facts, Plaintiff would not have acted upon Defendant's
12 representations, concealments and statements and allowed Defendant to work on her home.

13 107. As a result of Defendant's wrongful acts and breach of her duties to Plaintiff,
14 Plaintiff has suffered special and general damages in an amount in excess of the jurisdictional
15 minimum of this court to be established at trial.

16 108. In doing the acts alleged, Defendant acted with oppression, fraud and malice, and
17 Plaintiff is thereby entitled to exemplary damages in the sum to be established at trial.

18 **SEVENTH CAUSE OF ACTION**
19 **(Fraud - Negligent Misrepresentation)**
20 **(Against Green Bay)**

21 109. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
22 they were fully set forth herein.

23 110. In reliance of Defendant Green Bay's representations, Plaintiff entered into
24 agreements with Green Bay for purchase and installation of energy efficient products and services
25 based on representations that the products and services were fairly priced and necessary for
26 Plaintiff's home, when in fact they were over-priced and not necessary.

27 111. Defendant negligently made these representations of material fact to, or concealed
28 the true facts from, Plaintiff as set forth above herein above.

112. Plaintiff relied on Defendant's representations to her detriment and would not have

1 entered into agreements with Defendant if she had known the true facts.

2 113. Defendant had a duty to disclose the true facts, not make representations or
3 concealments and omissions of the true facts.

4 114. Defendant's representations and concealments were false and were expressly made
5 or implied while she knew them to be false in order to misrepresent, conceal or omit to disclose
6 the true facts, with the intent to have Plaintiff rely upon them. Defendant's representations and
7 omissions were significant and material to the transactions between Plaintiff and Defendant, which
8 Plaintiff was ignorant of the true facts and which Plaintiff justifiably relied upon to her detriment.
9 Had Plaintiff known the true facts, Plaintiff would not have acted upon Defendant's
10 representations, concealments and statements and allowed Defendant to work on her home.

11 115. As a result of Defendant's wrongful acts and breach of her duties to Plaintiff,
12 Plaintiff has suffered special and general damages in an amount in excess of the jurisdictional
13 minimum of this court to be established at trial.

14 **EIGHTH CAUSE OF ACTION**
15 **Negligence**
16 **(Against Green Bay)**

17 116. Plaintiff repeats and re-alleges the allegations of paragraphs 1 through 62 as though
18 they were fully set forth herein.

19 117. Pursuant to the terms of the agreements between Plaintiff and Defendant Green
20 Bay, Defendant assumed a duty of due care in performance of its work, and agreed that all work
21 necessary for replacement of the windows and doors at Plaintiff's home would be completed in a
22 good and workmanlike manner, in accordance with all requirements of law and in accordance with
23 normal construction industry standards in the County of Contra Costa, California.

24 118. In acting as described above, Defendant breached its duty of due care and
25 negligently installed windows and doors in Plaintiff's home by failing to remove dry-rot around
26 the windows and doors in such a deficient manner that there is significant water damage, dry-rot,
27 and structural deficiencies and other construction-related defects at Plaintiff's home.

28 119. As a result of Defendant's wrongful acts and breach of her duties to Plaintiff,
Plaintiff has suffered special and general damages in an amount in excess of the jurisdictional

1 minimum of this court to be established at trial.

2 **PRAYER FOR RELIEF**

3 **WHEREFORE**, Plaintiff respectfully requests and prays for judgment as follows:

4 A. For restitution of all amounts paid in connection with the PACE program related to
5 the activities of Renew Financial and Green Bay as alleged herein, and all other relief authorized
6 under the Unfair Competition Law, Business & Professions Code section 17200, et seq.;

7 B. For a declaration that PACE Liens at issue herein should be extinguished from title
8 of property owned by Plaintiff, that she is entitled to cancellation of obligations created by such
9 PACE assessment agreements, and that she is entitled to recover any and all payments made in
10 connection with the PACE program and PACE Liens at issue herein;

11 C. For cancellation of the special assessments levied under the PACE program at issue
12 herein and quieting of title in favor of Plaintiff who has PACE Liens presently clouding title to her
13 property;

14 D. For damages and all other relief authorized by Welfare & Institutions Code section
15 15657.5, including but not limited to punitive and exemplary damages, in an amount according to
16 proof at time of trial;

17 E. For treble damages pursuant to Civil Code section 3345;

18 F. For damages in the amount suffered as a result of Renew Financial's breach of the
19 agreements with CSCDA and specific performance of Renew Financial's duties under the
20 agreements;

21 G. For damages in the amount suffered as a result of Green Bay's breach of the
22 agreements with Renew Financial and specific performance of Green Bay's duties under the
23 agreements;

24 H. For damages in the amount suffered as a result of Green Bay's breach of the
25 agreements with Plaintiff;

26 I. For appropriate injunctive relief;

27 J. An award of reasonable attorneys' fees and costs; and

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

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on all issues so triable.

Dated: October 18, 2018.

RESPECTFULLY SUBMITTED
McCORMICK LAW FIRM, PC

By: Thomas T. McCormick
Thomas T. McCormick
Attorneys for Plaintiff, Valerie Morehouse.

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