

FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE
AUG - 9 2019
J. Castillo

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

THE PEOPLE OF THE STATE OF CALIFORNIA
Plaintiff,

vs.

RENOVATE AMERICA, INC., a Delaware
corporation,

Defendant.

Case No: **RIC 1904068**

**FINAL JUDGMENT
PURSUANT TO STIPULATION**

Plaintiff, the PEOPLE OF THE STATE OF CALIFORNIA (hereinafter, "the People"), appears herein through its attorneys, Michael A. Hestrin, District Attorney for the County of Riverside, by Deputy District Attorney Lauren Dossey; Summer Stephan, District Attorney for the County of San Diego, by Senior Deputy District Attorney Thomas Papageorge and Deputy District Attorney Colleen E. Huschke; Mara W. Elliott, City Attorney of San Diego, by Chief Deputy City Attorney Mark Ankcorn; Cynthia J. Zimmer, District Attorney for the County of Kern, by Deputy District Attorney Jeffrey Noe; Allison Haley, District Attorney for the County of Napa, by Deputy District Attorney Patrick Collins; Jeffrey S. Rosell, District Attorney for the County of Santa Cruz, by Deputy District Attorney Douglas Allen; and Jeannine Pacioni, District Attorney for the County of Monterey, by Deputy District Attorney James Burlison.

1 Defendant Renovate America, Inc., appears herein through its attorneys, Larson O'Brien
2 LLP, by Stephen Larson, Esq.

3 Plaintiff and Defendant (the "Parties") have stipulated that this Final Judgment Pursuant
4 to Stipulation (herein the "Final Judgment") may be entered without trial or adjudication of any
5 issue of fact or law. The Parties enter into this Final Judgment pursuant to a settlement of certain
6 disputed claims between them as alleged in the Complaint. Nothing in this Final Judgment shall
7 be construed as an admission by Defendant of any fact, issue of law or violations of law.
8

9 Accordingly, IT IS HEREBY ORDERED, ADJUDGED, and DECREED AS
10 FOLLOWS:

- 11 1. Unless otherwise stated, all obligations imposed upon Defendant by the terms of
12 this Final Judgment are ordered pursuant to California Business and Professions Code sections
13 17200 *et seq.*, and 17500 *et seq.*
- 14 2. The Parties have waived the right to appeal from this Final Judgment both as to
15 form and content.

16 **PARTIES**

- 17 3. The People of the State of California are the Plaintiff in this case.
- 18 4. Renovate America, Inc. is the Defendant in this case.

19 **JURISDICTION AND VENUE**

20 5. This civil law enforcement action is brought by Plaintiff in the public interest
21 under the laws of the State of California. Defendant administers PACE programs, on behalf of
22 and with the consent of public agencies, under the name "The HERO Program." The HERO
23 program is available throughout the State of California, including the Counties of Riverside, San
24 Diego, Kern, Napa, Santa Cruz, Monterey and the City of San Diego. Additionally, Defendant
25 has advertised "The HERO Program" via mailed and radio advertisements, and advertisements
26 on its website, which such advertisements were directed at and/or viewed by PROPERTY
27 OWNERS throughout the State of California, including residents of the counties of Riverside,
28 San Diego, Kern, Napa, Santa Cruz, Monterey and the City of San Diego. Accordingly, the

1 Riverside County Superior Court has jurisdiction of the subject matter hereof and of the Parties
2 hereto and is a proper venue for this action.

3 **APPLICABILITY**

4 6. This Final Judgment is applicable to Defendant and to its agents, servants,
5 employees, representatives, officers, directors, managers, subsidiaries, successors and assigns
6 with actual or constructive notice of this Final Judgment. Whenever the term "Defendant" is
7 used herein, it shall be understood and defined as described in this paragraph.

8 **DEFINITIONS**

9 7. For purposes of this Final Judgment, the following definitions apply:

10 a. "ADVERTISING" means making or disseminating to any consumer or
11 business located in the State of California, any statement, written or oral, including, but not
12 limited to, any statement made over the Internet, in any newspaper, publication, or advertising
13 device, or in any literature, instructions, labels, pamphlets or other printed material.

14 b. "ASSESSMENT CONTRACT," as defined in Streets and Highways Code
15 section 5902(a), means an agreement entered into between all property owners of record on real
16 property and a public agency in which, for voluntary contractual assessments imposed on the
17 real property, the public agency provides a PACE ASSESSMENT for the installation of one or
18 more EFFECIENCY IMPROVEMENTS on the real property in accordance with a PACE
19 program, specified in Streets and Highways Code section 5898.20(a)(2), 5899, 5899.3, or
20 5899.4, or a special tax as provided in Government Code section 53328.1.

21 c. "AUTHORIZED REPRESENTATIVE" means an attorney-in-fact, as defined
22 in Probate Code section 4014, or a conservator of the estate, as defined in Probate Code section
23 2400, of the PROPERTY OWNER.

24 d. "EFFECTIVE DATE OF JUDGMENT" means the date this judgment is file-
25 endorsed by the Clerk of Court, following approval and signature by a Judge of the Superior
26 Court.

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1 e. "EFFICIENCY IMPROVEMENT" or "EFFICIENCY HOME
2 IMPROVEMENT" means one or more permanent improvements fixed to real property financed
3 through a PACE ASSESSMENT.

4 f. "The HERO Program" means the PACE Program administered by the
5 Defendant in California. "The HERO Program" shall also refer to any PACE Program which
6 the Defendant may administer in California in the future under a different name or names, and
7 whose components are essentially the same as The HERO Program.

8 g. "PACE ASSESSMENT" means a voluntary contractual assessment, voluntary
9 special tax, or special tax, as described in subdivisions (a), (b), and (c) of section 26054 of the
10 Public Resources Code.

11 h. "PACE Program" or "PACE FINANCING PROGRAM" means a program in
12 which financing is provided for the installation of efficiency improvements on real property and
13 funded through the use of property assessments, as well as other program components defined in
14 this section, established pursuant to any of the following: (1) Chapter 29 (commencing with
15 section 5898.10) of the Streets and Highways Code; (2) The Mello-Roos Community Facilities
16 Act of 1982, Chapter 2.5 (commencing with section 53311) of the Government Code; or (3) A
17 charter city's constitutional authority under Article XI, Section 5, of the California Constitution.

18 i. "PACE SOLICITOR(S)" means a person authorized by a program
19 administrator to solicit a property owner to enter into an ASSESSMENT CONTRACT.

20 j. "PACE SOLICITOR AGENT(S)" means an individual who is employed or
21 retained by, and acts on behalf of, a PACE solicitor to solicit a property owner to enter into an
22 ASSESSMENT CONTRACT.

23 k. "PREPAYMENT PENALTY" means a fee or amount, whether fixed or
24 variable, charged by a lender or servicer to pay off all or part of the loan earlier than the fixed
25 term.

26 l. "PROGRAM ADMINISTRATOR" means an entity administering a PACE
27 Program on behalf of, and with the written consent of, a public agency.

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1 m. "PROPERTY OWNER" means all property owners of record on the property
2 subject to the PACE ASSESSMENT.

3 n. "REGISTERED CONTRACTOR(S)" means those home improvement
4 contractors who register with the HERO Program in order to present the HERO Program to their
5 customers as a financing option for their proposed work.

6 **MONETARY RELIEF: SUBORDINATION**

7 8. In order to remedy potential defaults against California PACE consumers,
8 Defendant has subordinated approximately 2,500 assessments levied on California real property
9 subject to PACE ASSESSMENTS, which ASSESSMENTS were entered into as part of the
10 HERO Program, and has re-bonded those ASSESSMENTS. As of December 2016, these
11 subordinations resulted in Defendant expending approximately \$17,000,000 to change the
12 PACE ASSESSMENTS from first-lien positions to subordinate positions. Defendant shall
13 complete that process of subordination in all those instances where it had begun that process
14 during the pendency of the People's investigation.

15 9. Defendant shall retain documents demonstrating the completion of these
16 subordinations for a period of five (5) years. Defendants shall make those documents available
17 to the People within thirty (30) days of receipt of the People's written request.

18 10. Defendant shall provide to the People, within ninety (90) days of the ENTRY OF
19 JUDGMENT, a log of all then-completed subordinations, and Defendant shall also provide to
20 the People a supplemental log of all subordinations referenced in paragraph 8 above within 30
21 days of the final completion of those additional subordinations.

22 **MONETARY RELIEF: PAYMENT OF PREPAYMENT PREMIUMS**

23 11. In order to prevent payment of prepayment premiums resulting from PACE
24 consumers electing to pay off assessment balances early, Defendant has paid approximately one
25 million nine hundred thousand dollars (\$1,900,000) in prepayment premiums for California
26 PACE consumers. Defendant shall complete the payment of prepayment premiums in all those
27 instances where it had begun that process during the pendency of the People's investigation.

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1 12. Defendant shall retain documents demonstrating the complete payment of these
2 prepayment premiums for a period of five (5) years. Defendants shall make those documents
3 available to the People within thirty (30) days of receipt of the People's written request.

4 13. Defendant shall provide to the People, within ninety (90) days of the ENTRY OF
5 JUDGMENT, a log of all then-completed prepayment premium payments, and Defendant shall
6 also provide to the People a supplemental log of all prepayment premiums referenced in
7 paragraph 11 above within 30 days of the final completion of those additional premium
8 payments.

9 **MONETARY RELIEF: PAYMENT OF ADMINISTRATIVE FEES**

10 14. To prevent payment of certain administrative fees contained in the ASSESSMENT
11 CONTRACTS, Defendant has paid approximately two million four hundred thousand dollars
12 (\$2,400,000) in various administrative fees for California PACE customers. Defendant shall
13 complete the payment of those administrative fees in all those instances where it had begun that
14 process during the pendency of the People's investigation.

15 15. Defendant shall retain documents demonstrating the completion of these
16 administrative fee payments for a period of five (5) years. Defendant shall make those
17 documents available to the People within thirty (30) days of receipt of the People's written
18 request.

19 16. Defendant shall provide to the People within ninety (90) days after ENTRY OF
20 JUDGMENT a log of all then-completed administrative fee payments made by Defendant, and
21 Defendant shall also provide to the People a supplemental log of all administrative fee payments
22 referenced in paragraph 14 above within thirty (30) days of the final completion of those
23 administrative fee payments.

24 **INJUNCTIVE RELIEF**

25 17. The Defendant is hereby ENJOINED and RESTRAINED, pursuant to Business
26 and Professions Code sections 17203 and 17535, from violating any provision of Business and
27 Professions Code section 17500 *et. seq.* with respect to The HERO Program including, but not
28 limited to:

1 a. Violating any statute or law regulating PACE Programs and PROGRAM
2 ADMINISTRATORS, including but not limited to, the relevant parts of the California
3 Financing Law (Financial Code section 22000 *et seq.* and 22680 *et seq.*) and Chapters 29 and
4 29.1 of the Improvement Act of 1911 (Streets & Highways Code section 5898.10 *et seq.*).

5 b. Violating any provision of the Uniform Electronic Transactions Act, codified
6 at California Civil Code section 1633.1 *et seq.*

7 c. Providing to the REGISTERED CONTRACTOR or third party engaged in
8 soliciting ASSESSMENT CONTRACTS on its behalf any information that discloses the amount
9 of funds for which a property owner is eligible under The HERO Program or the amount of
10 equity in a property in violation of Streets & Highways Code section 5925.

11 d. Causing the PACE ASSESSMENT to be levied before any EFFICIENCY
12 IMPROVEMENT subject to the PACE ASSESSMENT is complete and the PROPERTY
13 OWNER signs the completion certificate, acknowledging that the EFFICIENCY
14 IMPROVEMENT(s) is complete.

15 e. Remitting or providing direct or indirect cash payment or other thing of
16 material value to any REGISTERED CONTRACTOR or third party, except as allowed by law,
17 in violation of Streets & Highways Code section 5923.

18 f. Providing any tax advice concerning the PACE ASSESSMENT in violation of
19 Streets & Highways Code sections 5913(a)(2)(L) or 5924.

20 g. Violating Financial Code section 22161 by making any materially false or
21 misleading statement to California consumers about The HERO Program in any advertisement
22 printed, displayed, published, or broadcasted by the Defendant and directed to California
23 consumers or reasonably accessible by California consumers. Without limiting any of the
24 foregoing, the Defendant is also specifically enjoined from:

25 (1) ADVERTISING, including the use of government seals, that The
26 HERO Program is a government program, except in compliance with California Business and
27 Professions Code section 17533.6. Defendant must also add qualifying language to such
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1 ADVERTISING, notifying consumers that the HERO Program is administered by a third-party
2 private business.

3 (2) ADVERTISING that any PACE ASSESSMENT levied pursuant to
4 The HERO Program is transferable to subsequent property owners without additional qualifying
5 language notifying consumers that the obligations under the PACE ASSESSMENT may be
6 required to be paid in full before the property owner sells or refinances the property.

7 (3) ADVERTISING any representation as to tax deductibility unless it is
8 consistent with representations, statements, or opinions of the IRS or other applicable state tax
9 agency, as set forth in Streets & Highways Code section 5924.

10 (4) ADVERTISING that The HERO Program is “low cost” without clearly
11 and conspicuously stating that the financing will include interest and applicable fees

12 (5) ADVERTISING, other than in compliance with Financial Code section
13 22680 *et seq.*, that the HERO Program vets, certifies, or otherwise endorses REGISTERED
14 CONTRACTORS.

15 (6) Making any monetary or percentage representations of potential utility
16 savings without additional qualifying language that such potential savings are not guaranteed
17 and will not reduce the assessment payments or total assessment amount.

18 (7) Making any monetary or percentage representations of increased value
19 to a PROPERTY OWNER regarding the effect the EFFICIENCY IMPROVEMENT will have
20 on the market value of the property unless the estimate is derived by one of the methods set forth
21 in Streets & Highways Code section 5898.17(c).

22 18. Nothing in the Final Judgment shall be deemed to relieve Defendant of the
23 obligation to follow any applicable law, statute or regulation not referenced herein. Any
24 amended, successor, or renumbered law, statute or regulation will have the same force and effect
25 as the laws, statutes and regulations referenced in this Final Judgment. Should any law, statute
26 or regulation referenced herein be amended, succeeded, or renumbered, Defendant shall be
27 permitted to change its practices consistent with such change(s). Should any new law, statute, or

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1 regulation go into effect that conflicts with any provision of this Final Judgment, Defendant
2 shall be permitted to change its practices consistent with such new law, statute, or regulation.

3 19. Defendant shall have ninety (90) days from the EFFECTIVE DATE OF
4 JUDGMENT to comply with the Injunctive terms of this Final Judgment.

5 **COMPLIANCE PROVISIONS**

6 20. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant
7 is hereby ordered and mandated to take the following actions under the following Compliance
8 Provisions for a period of five (5) years after entry of this Final Judgment.

9 21. For a period of five (5) years after the entry of this Final Judgment, Defendant
10 shall create and maintain an executive-level position for an employee (hereinafter the
11 "California Compliance Officer"), who, with the aid of any necessary staff, shall be responsible
12 for supervising the implementation of the provisions of paragraphs 22 through 48 below.

13 **ADVERTISEMENTS**

14 22. Defendants shall affirmatively state to consumers, clearly and conspicuously, on
15 the Defendant's website and in any disclosures or representations associated with the
16 ASSESSMENT contract, the following (or words substantially similar to the following):

17 a. The EFFICIENCY IMPROVEMENT is being financed by a PACE
18 ASSESSMENT, a super-priority lien secured by the property, and the payment for which will be
19 made through an additional annual assessment on the property and paid either directly to the
20 county tax collector's office as part of the total annual secured property tax bill, or through the
21 property owner's mortgage impound account.

22 b. Participation in the HERO Program without the consent of the PROPERTY
23 OWNER's existing lender (including any reverse mortgage holder, if applicable), could
24 constitute a default which could have serious consequences, including the acceleration of the
25 repayment obligations due under such agreement or security instrument.

26 c. The lien resulting from the PACE ASSESSMENT might not be transferable to
27 a new owner and the owners of a significant portion of all home mortgages might require the

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1 PROPERTY OWNER to pay off the entire assessment at the time of sale or refinance which
2 may affect the PROPERTY OWNER'S ability to sell or transfer the property.

3 d. Other than its actions in compliance with Financial Code section 22680 et seq.,
4 the HERO Program does not vet, certify, or otherwise endorse any REGISTERED
5 CONTRACTOR and recommends the PROPERTY OWNER perform due diligence before
6 selecting a REGISTERED CONTRACTOR.

7 e. That any potential utility savings or increased market value are not guaranteed
8 and will not reduce the assessment payments or total assessment amount.

9 **CONFIRMATION OF TERMS**

10 23. Defendant shall create and follow a written policy that adequately sets forth
11 practices and procedures to ensure compliance with Financial Code section 22684.

12 24. Defendant shall require the following documents and disclosures (hereinafter the
13 "Contract Formation Package") to be provided to the PROPERTY OWNER before the
14 PROPERTY OWNER executes an ASSESSMENT CONTRACT:

15 a. Language Form: If the confirmation of terms call was conducted in a language
16 other than English that is specified in Civil Code section 1632, Defendant shall provide a
17 Language Form in which the PROPERTY OWNER must indicate his/her language preference,
18 and which discloses to the PROPERTY OWNER that Renovate America will deliver in writing
19 the disclosures and contract documents required by Streets & Highways Code section 5913(e)(1)
20 in the PROPERTY OWNER'S preferred language. The Language Form shall be clear and
21 conspicuous, and in no less than 14-point type.

22 b. A copy of the application for the PACE ASSESSMENT.

23 c. Assessment Contract Documents: A copy of the contract assessment
24 documents required by Streets and Highway Code section 5898.20(a)(2), section 5899, or
25 section 5899.3, or Government Code section 53328.1, as applicable, with all the key terms
26 completed, as set forth in Streets & Highways Code section 5913(a)(1)(A).

27 d. Financing Estimate and Disclosure, as set forth in Streets & Highways Code
28 sections 5898.17 and 5913(a)(1)(A), which disclosure shall include a description of products and

1 costs. A sample of the disclosure shall be maintained on the Defendant's website available to
2 PROPERTY OWNERS.

3 e. Right to Cancel, as set forth in Streets & Highways Code sections 5898.16 and
4 5913(a)(1)(A).

5 f. Reverse Mortgage Notification: If Defendant approves an application for a
6 PROPERTY OWNER with a reverse mortgage, then it shall present to that PROPERTY
7 OWNER a notification that states that the PACE ASSESSMENT might be treated as a default.

8 g. If the one of the PROPERTY OWNERS is 65 years of age or older, the notices
9 and disclosures required in paragraph 42 of this Final Judgment.

10 25. Confirmation of Receipt: Defendant shall require each PROPERTY OWNER to
11 acknowledge in writing, before the ASSESSMENT CONTRACT is executed, that the
12 PROPERTY OWNER received the contract assessment documents as set forth in Streets &
13 Highways Code section 5913(a)(1)(A), including the ASSESSMENT CONTRACT, the
14 Financing Estimate and Disclosure, and the Right to Cancel (hereinafter sometimes
15 "Confirmation of Receipt"). All Confirmations of Receipt must be retained by Defendant for a
16 period of no less than five (5) years and shall be provided to the PROPERTY OWNER, the
17 PROPERTY OWNER'S AUTHORIZED REPRESENTATIVE or a regulatory or law
18 enforcement agency within thirty (30) business days of a written request.

19 26. Defendant shall require the following documents to be provided to the PROPERTY
20 OWNER within thirty (30) business days after the EFFICIENCY IMPROVEMENT project is
21 completed and the PACE ASSESSMENT is recorded:

22 a. A copy of the Final Payment Summary; and

23 b. A copy of the executed ASSESSMENT CONTRACT, and any addenda or
24 memoranda attached thereto.

25 27. Except as otherwise provided by paragraph 42 of this Final Judgment, the
26 PROPERTY OWNER may exercise his/her right to cancel the ASSESSMENT CONTRACT,
27 without cost, on or before midnight on the third business day after whichever of the following
28 events occurs last: (1) the date on which the PROPERTY OWNER signed the ASSESSMENT

1 CONTRACT, (2) the date on which the PROPERTY OWNER received the Financing Estimate
2 and Disclosure, or (3) the date on which the PROPERTY OWNER received the Notice of Right
3 to Cancel, as set forth in Streets and Highways Code section 5898.16(b).

4 28. All recordings of oral confirmation calls required under Streets & Highways Code
5 section 5913 shall be retained for no less than five (5) years from the date of the call. All such
6 recordings shall be made available to a regulatory or law enforcement agency within ten (10)
7 days of a written request or such other time period as agreed between Defendant and the
8 requesting agency.

9 **EFFICIENCY IMPROVEMENT PROJECT MODIFICATION**

10 29. Defendant shall create and follow a written policy that adequately sets forth
11 practices and procedures to follow in the event of any modification or change that increases the
12 amount to be financed by the PACE ASSESSMENT. Such policy shall require an evaluation
13 that the modification or change will not result in a total contract price exceeding the
14 PROPERTY OWNER'S approval amount.

15 **COMPLETION CERTIFICATION**

16 30. Upon completion of the EFFICIENCY IMPROVEMENT, and before the
17 PROPERTY OWNER signs the completion certificate authorizing the PACE ASSESSMENT to
18 be levied and funds to be released from the HERO Program to the REGISTERED
19 CONTRACTOR, the REGISTERED CONTRACTOR shall certify to Defendant in writing that
20 (1) all necessary initial or final permits have been or will be obtained; and (2) the work was
21 completed and/or is functioning to industry standards. Defendant will instruct the PROPERTY
22 OWNER not to sign the completion certificate until after the REGISTERED CONTRACTOR
23 has signed the completion certificate. Defendant will obtain from the PROPERTY OWNER
24 acknowledgment that (1) the REGISTERED CONTRACTOR has already signed the completion
25 certificate; (2) all necessary final permits and/or inspections have been or will be obtained; and
26 (3) the PROPERTY OWNER is satisfied with the project.

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1 **ENROLLING PACE SOLICITORS AND PACE SOLICITOR AGENTS**

2 31. As to each PACE SOLICITOR and PACE SOLICITOR AGENT the Defendant
3 enrolls, Defendant shall retain: (1) the written agreement with the PACE SOLICITOR required
4 in Financial Code section 22680(b)(1); (2) the background check required on PACE
5 SOLICITOR AGENTS required in Financial Code section 22680(c); (3) a written evaluation of
6 the factors relating to PACE SOLICITORS contained in Financial Code section 22680(e)(1)-(3);
7 (4) the written report monitoring compliance with Financial Code section 22680(f)(1)-(2); (5)
8 the written report monitoring compliance of PACE SOLICITORS with Financial Code section
9 22680(f)(3) and Financial Code section 22689(a); (6) written complaints made to or about the
10 PACE SOLICITOR or PACE SOLICITOR AGENT that concern PACE financing or marketing;
11 (7) verification of the completion of training required in Financial Code section 22681 and
12 contained herein in paragraphs 38-39 of this Final Judgment; (8) timely notification to the
13 commissioner of the enrollment of the PACE SOLICITOR or PACE SOLICITOR AGENT
14 pursuant to Financial Code section 22682(a); and (9) timely notification to the commissioner
15 within ten (10) days of the cancellation or withdrawal, if applicable, of the enrollment of the
16 PACE SOLICITOR or PACE SOLICITOR AGENT pursuant to Financial Code section
17 22682(b).

18 32. Defendant shall create and follow a written policy that adequately sets forth
19 practices and procedures for compliance with Financial Code section 22680.

20 33. Defendant shall obtain written verification from the REGISTERED
21 CONTRACTOR that the REGISTERED CONTRACTOR has complied with the requirements
22 of Streets & Highways Code section 5926.

23 34. Defendant shall create and follow a written policy establishing a procedure for
24 regularly evaluating (no less than twice per year) whether each PACE SOLICITOR or PACE
25 SOLICITOR AGENT is in continued good standing as concerns the license and/or registration
26 required pursuant to Financial Code section 22680(d)(1-2) and (f)(2).

27 35. Defendant shall create and follow a written policy establishing a procedure for
28 PROPERTY OWNERS or their AUTHORIZED REPRESENTATIVES to make complaints

1 about a PACE SOLICITOR or PACE SOLICITOR AGENT'S representations, statements or
2 other any aspect of his/her solicitation activities directly to Defendant. Such a policy shall
3 require a unique email address and a physical address where complaints may be sent.
4 Additionally, Defendant shall also create and maintain a complaint form located on Defendant's
5 website which can be filled out and submitted electronically. The ability to make a complaint
6 and the method and process for making a complaint shall be disclosed as required by Streets &
7 Highways Code section 5898.17. The policy will require that all such complaints be retained
8 by Defendant. Information concerning the resolution or conclusion of any complaint may also
9 be included in the PACE SOLICITOR or PACE SOLICITOR AGENT'S file. All complaints
10 shall be considered in the evaluation conducted pursuant to Financial Code section 22680(f).

11 36. Defendant shall create and follow a written policy that adequately sets forth
12 practices and procedures to respond to questions and complaints pursuant to Financial Code
13 section 22683.

14 37. The documents described in paragraph 31 and 33 above shall be retained while a
15 PACE SOLICITOR or PACE SOLICITOR AGENT is enrolled with Defendant, and for a
16 period of seven (7) years after either cancellation or withdrawal of the PACE SOLICITOR or
17 PACE SOLICITOR AGENT from The HERO Program. Such documents shall be provided to a
18 regulatory or law enforcement agency within fifteen (15) days of a written request.

19 TRAINING

20 38. Defendant shall create and follow a written policy that adequately sets forth
21 practices and procedures for training PACE SOLICITORS and PACE SOLICITOR AGENTS as
22 required by Financial Code section 22681. Such policy shall require the inclusion of any
23 changes in laws, statutes, or regulations. Procedures related to PACE solicitation or marketing
24 in California resulting from any changes in law, statutes, or regulations shall be communicated
25 promptly and in writing to PACE SOLICITORS and PACE SOLICITOR AGENTS.

26 39. In addition to the introductory training required by Financial Code section
27 22681(b), Defendant shall prepare and make available to all enrolled PACE SOLICITORS and
28 PACE SOLICITOR AGENTS supplemental written training materials, in conjunction with the

1 training required under Financial Code section 22681(c), pertaining to the following topics:

- 2 a. PACE programs and assessment contracts;
- 3 b. PACE disclosures;
- 4 c. Ethics;
- 5 d. Fraud prevention;
- 6 e. Consumer protection;
- 7 f. Nondiscrimination; and
- 8 g. Senior financial abuse.

9 **AUTOMATED VALUATION MODELS**

10 40. Defendant shall create and follow a written policy that adequately sets forth
11 practices and procedures which conform to the requirements contained in Financial Code 22685.

12 **ABILITY TO PAY**

13 41. Defendant shall create and follow a written policy or policies that adequately sets
14 forth practices and procedures which conform to the requirements set forth in Financial Code
15 sections 22686 and 22687.

16 **ELDERLY PROPERTY OWNERS**

17 42. Defendant shall determine the age of all its potential PACE customers, and for any
18 PROPERTY OWNER who is 65 years of age or older at the time of the execution of the
19 ASSESSMENT CONTRACT, Defendant shall ensure that each such PROPERTY OWNER
20 receives a disclosure document, written in clear and easily readable form, providing the
21 following information:

22 a. For Efficiency Improvements other than heating, ventilation, and air
23 conditioning (HVAC), Defendant will extend to its PACE customers of 65 years of age or older
24 the right to cancel the ASSESSMENT CONTRACT from three (3) business days, as contained
25 in Streets & Highways Code section 5898.16(b), to five (5) business days. The right to cancel
26 the ASSESSMENT CONTRACT for HVAC Efficiency Improvements shall remain three (3)
27 business days, as set forth in Streets & Highways Code section 5898.16(b), unless the
28 requirements of Streets & Highways Code section 5940(d) are satisfied.

1 plan to the People (or such time as the People and Defendant may agree in writing or this Court
2 may permit), Defendant shall provide the People with written certification confirming the
3 implementation of any such corrective action plan.

4 **ADMINISTRATIVE PROVISIONS**

5 46. Within one-hundred-twenty (120) days of the EFFECTIVE DATE OF
6 JUDGMENT, Defendant shall create and implement all policies and procedures, and take all
7 action, required in this Final Judgment.

8 47. Not later than forty-five (45) days from the EFFECTIVE DATE OF
9 JUDGEMENT, Defendant shall distribute a copy of this Final Judgment to all corporate officers
10 and directors.

11 48. Defendant shall retain for a period of five (5) years from the EFFECTIVE DATE
12 OF JUDGMENT proof of having delivered copies of this Final Judgment to each person set
13 forth above. Such proof shall be provided to the People within ten (10) days of written request.

14 **RESTITUTION**

15 49. *Cy pres* restitution is ordered in this matter in the sum of two million seven
16 hundred and ninety thousand dollars (\$2,790,000.00). Said *cy pres* restitution shall be
17 distributed to public interest law groups, chosen by the People in its sole discretion, which assist
18 consumers with PACE related legal and financing issues. The sum of \$2,790,000.00 shall be
19 paid as follows:

20 a. On or before August 15, 2019, a check in the sum of two hundred fifty
21 thousand dollars (\$250,000.00);

22 b. On or before January 1, 2020, a check in the sum of one hundred fifty
23 thousand dollars (\$150,000.00);

24 c. On or before April 1, 2020, a check in the sum of one hundred fifty
25 thousand dollars (\$150,000.00);

26 d. On or before July 1, 2020, a check in the sum of one hundred fifty thousand
27 dollars (\$150,000.00);

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- 1 e. On or before October 1, 2020, a check in the sum of one hundred fifty
2 thousand dollars (\$150,000.00);
- 3 f. On or before January 1, 2021, a check in the sum of one hundred fifty
4 thousand dollars (\$150,000.00);
- 5 g. On or before April 1, 2021, a check in the sum of one hundred fifty
6 thousand dollars (\$150,000.00);
- 7 h. On or before July 1, 2021, a check in the sum of one hundred fifty thousand
8 dollars (\$150,000.00);
- 9 i. On or before October 1, 2021, a check in the sum of one hundred fifty
10 thousand dollars (\$150,000.00);
- 11 j. On or before January 1, 2022 a check in the sum of one hundred fifty
12 thousand dollars (\$150,000.00);
- 13 k. On or before April 1, 2022, a check in the sum of one hundred fifty
14 thousand dollars (\$150,000.00);
- 15 l. On or before July 1, 2022, a check in the sum of one hundred fifty thousand
16 dollars (\$150,000.00);
- 17 m. On or before October 1, 2022, a check in the sum of one hundred fifty
18 thousand dollars (\$150,000.00); and
- 19 n. On or before January 1, 2023, a check in the sum of seven hundred forty
20 thousand dollars (\$740,000.00).

21 50. All checks required under this paragraph shall be delivered to Deputy District
22 Attorney Lauren Dossey, Riverside County District Attorney's Office – Consumer Protection
23 Unit, 3960 Orange Street, Riverside, California 92501, on or before the specified due date.

24 **CIVIL PENALTIES AND COSTS**

25 51. By no later than August 15, 2019 (or ten (10) business days after the date of entry
26 of this Final Judgment if entry occurs after August 15, 2019), Defendant shall pay, by check
27 made payable to the Riverside County District Attorneys' Office, a total amount of two hundred
28 ten thousand dollars (\$210,000.00) as the cost of investigation. This check shall be delivered to

1 Deputy District Attorney Lauren Dossey, Riverside County District Attorney's Office –
2 Consumer Protection Unit, 3960 Orange Street, Riverside, California 92501. Said costs shall be
3 divided equally between the Office of the District Attorney for the County Riverside, the Office
4 of the District Attorney for the County of San Diego, the Office of the District Attorney for the
5 County of Kern, the Office of the District Attorney for the County of Napa, the Office of the
6 District Attorney for the County of Santa Cruz, the Office of the District Attorney for the
7 County of Monterey and the Office of the City Attorney for the City of San Diego. It shall be
8 the responsibility of the Office of the District Attorney for the County Riverside to promptly
9 direct the proportionate share of all costs received by it to the other offices identified in this
10 paragraph.

11 52. Pursuant to Business and Professions Code section 17206, Defendant shall pay, by
12 check made payable to the Riverside County District Attorneys' Office, civil penalties in the
13 total amount of one million dollars (\$1,000,000.00). These penalty payments shall be made
14 pursuant to the following schedule:

15 a. On or before October 15, 2019, the sum of five hundred forty thousand
16 dollars (\$540,000.00); and

17 b. On or before October 15, 2020, the sum of four hundred sixty thousand
18 dollars (\$460,000.00).

19 53. Each check shall be delivered to Deputy District Attorney Lauren Dossey,
20 Riverside County District Attorney's Office – Consumer Protection Unit, 3960 Orange Street,
21 Riverside, California 92501. Said civil penalties shall be divided equally between the Office of
22 the District Attorney for the County Riverside, the Office of the District Attorney for the County
23 of San Diego, the Office of the District Attorney for the County of Kern, the Office of the
24 District Attorney for the County of Napa, the Office of the District Attorney for the County of
25 Santa Cruz, the Office of the District Attorney for the County of Monterey and the Office of the
26 City Attorney for the City of San Diego. It shall be the responsibility of the Office of the
27 District Attorney for the County Riverside to promptly direct the proportionate share of all civil
28 penalties received by it to the other offices identified in this paragraph.

