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PRESS RELEASE

DISTRICT ATTORNEY ALLISON HALEY ANNOUNCES CONSUMER PROTECTION SETTLEMENT WITH "PACE" PROGRAM ADMINISTRATOR RENOVATE AMERICA, INC.

District Attorney Allison Haley announced today that her office and six other prosecutors' offices across California have obtained a \$4 million settlement with Renovate America, Inc., resolving claims that the company violated state consumer protection laws.

Under a program known as the "Property Assessed Clean Energy" program, or "PACE," California property owners have the option of financing the installation of energy efficiency projects, such as solar panels, by placing liens on their properties and paying off the liens along with their property tax assessments.

Renovate America, Inc. is a San Diego-based company that administers PACE programs on behalf of public agencies under the name "The Home Energy Renovation Opportunity" program, or "HERO". Renovate America is a designated administrator of PACE programs in several California counties and has trained a large number of local contractors who enroll with Renovate America and offer these energy projects to the public.

Deputy District Attorney Patrick Collins, who handled the case, stated that "PACE financing can be a solution to help consumers finance the purchase of energy efficient home improvements. But consumers need to know exactly what they're getting into. Under this Judgment, Renovate America and its affiliated contractors have to clearly disclose the true financing costs and other important details of the transaction so that consumers can make an informed decision."

The complaint, filed in Riverside County Superior Court, alleges that Renovate America's advertising and promotion of its HERO program misrepresented the program or failed to make adequate disclosures to avoid misleading consumers, including:

- that the HERO financing program was government affiliated or subsidized;
- the nature of the tax deductibility of HERO assessments;
- key facts about the transferability of HERO assessments to subsequent property owners in the sale of properties subject to HERO liens;
- the costs of financing under the program; and
- the nature of its policy of "verifying" contractors to work on HERO-related projects.

Many property owners throughout California may have been influenced by these misrepresentations or inadequate disclosures when they chose to finance energy efficiency projects with Renovate America, learning the full facts about these lien obligations only later when attempting to sell or refinance their homes. This caused unanticipated budget problems and delayed or disrupted home sales for a number of those consumers. Elderly and non-English speaking homeowners were particularly vulnerable to these representations.

The court-approved settlement prohibits Renovate America from making these misrepresentations or inadequate disclosures of important consumer facts. For example, Renovate America must establish a strict compliance program to ensure that customers, particularly elderly customers, understand the terms of the HERO program and the potential impact of these lien obligations on their budgets and home plans.

Under the terms of the judgment, which was entered without admission of liability, Renovate America will pay \$2.79 million to provide funding for legal assistance for consumers with PACE-related legal and financing issues. Renovate America must also pay a total of \$1.21 million in civil penalties and investigative costs.

Renovate America and its counsel worked cooperatively with the prosecuting agencies to reach this settlement, which marks the culmination of nearly three years of investigation and negotiations. During that time the company enacted numerous consumer protection measures to meet the business practice standards sought by prosecutors, spending millions to implement those new policies and to resolve problems with fees and lien subordination. Prosecutors also noted that the practices in question occurred at Renovate America under previous management.

Consumers seeking legal advice regarding their rights and potential remedies are encouraged to contact this office to request to participate in the legal assistance program provided by the terms of the judgment. Consumers may contact our office by phone at (707) 253-4059 or by email at daconsumer@countyofnapa.org.

The case was jointly prosecuted by the Napa, Kern, Monterey, Riverside, San Diego, and Santa Cruz District Attorneys' Offices, and the San Diego City Attorney's Office.