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FOR IMMEDIATE RELEASE

**DISTRICT ATTORNEYS ANNOUNCE \$4 MILLION
CONSUMER PROTECTION SETTLEMENT WITH
“PACE” PROGRAM ADMINISTRATOR RENOVATE AMERICA, INC.**

BAKERSFIELD – District Attorney Cynthia Zimmer announced today, August 9, 2019, that her office and six other prosecutors’ offices across California have obtained a \$4 million settlement with Renovate America, Inc., resolving claims the company violated state consumer protection laws.

District Attorney Cynthia Zimmer echoed the comments of the other prosecutor offices on the task force by stating, “Our goal was to provide justice for consumers and establish practices to protect consumers in the future. Renovate America worked with us and voluntarily implemented new consumer protections over the past three years as part of this process. The resolution in this matter marks an important step in protecting consumers and strengthening PACE financing in California.”

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 cities, and has trained a large number of local contractors who enroll with Renovate America and offer these energy projects to the public.

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.

The complaint, filed in Riverside County Superior Court, alleges that advertising and promoting by Renovate America 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.

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.

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 (800) 619-3039 or use the dedicated email address for this program: paceassistance@kernda.org. Inquiring consumers will be asked to complete and submit the PACE Assistance Contact Form, a link to

which can be found on the home page of the Kern County District Attorney's Office website: <https://www.kerncounty.com/da/>

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

In Kern County, the case was prosecuted by Deputy District Attorney Jeff Noe of the DA's Consumer Protection Team. The case is *People v. Renovate America, Inc.*, Riverside County Superior Court Case No. RIC1904068

The final judgement was signed on August 5, 2019, and released on August 9, by Riverside County Superior Court Judge William P. Barry.

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