

JEFFREY S. ROSELL
DISTRICT ATTORNEY



**OFFICE OF
THE DISTRICT ATTORNEY
COUNTY OF SANTA CRUZ**

Santa Cruz
701 Ocean Street, Room 200
Santa Cruz, CA 95060
(831) 454-2400
dao@co.santa-cruz.ca.us

Website

<http://datinternet.co.santa-cruz.ca.us/>

**FOR IMMEDIATE RELEASE
August 9, 2019**

Contact: Doug Allen (831) 454-2400

**\$23 MILLION CONSUMER PROTECTION JUDGEMENT ANNOUNCED AGAINST “PACE”
PROGRAM ADMINISTRATOR RENOVATE AMERICA, INC.**

Santa Cruz County District Attorney Jeffrey S. Rosell announced today that his office, along with six other District Attorney’s offices across California, have obtained a settled resolution with Renovate America, Inc., resolving claims 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-efficient 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 contractors who enroll with Renovate America and offer these energy projects to the public.

PACE loans by Renovate America were supported by bonds through the Western Riverside Council of Governments, and the complaint was filed in Riverside County Superior Court. It 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 a government program;
- the nature of the tax deductibility of HERO assessments;
- 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 who work on HERO- projects

Many property owners throughout California may have been influenced by these misrepresentations or inadequate disclosures when they chose to finance energy efficiency projects, 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, particularly the elderly and non-English speaking families.

The court-approved settlement prohibits Renovate America from making 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 wrongdoing, Renovate America will pay \$2.79 million to provide funding for legal assistance for all PACE loan consumers. Renovate America will also pay \$1.21 million in civil penalties and investigative costs

“This case is part of our statewide effort to protect against deceptive practices in home improvement sales,” said Rosell. Assistant District Attorney Doug Allen stated, “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.”

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