



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Manuel P. Alvarez**

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DFPI Moves to Revoke PACE Administrator’s License After Finding Its Solicitor Defrauded Homeowners

SACRAMENTO – The Department of Financial Protection and Innovation (DFPI) today announced it has [moved to revoke the Property Assessed Clean Energy \(PACE\) Administrator license of Renovate America, Inc. \(Renovate\)](#) after finding that one of its solicitors repeatedly defrauded homeowners in San Diego County. It is the first time in the program’s history that the Department has moved to revoke the license of a PACE administrator.

Renovate enrolled an entity known as Martinez Construction and authorized it to sell PACE financing. However, Renovate failed to verify that the entity representing itself as Martinez Construction was the real company. A fraudulent entity using Martinez Construction’s name and CSLB number, contracted with Renovate to be one of its solicitors and solicited nine homeowners in 2018 and 2019 throughout San Diego County to enter into ten PACE contracts to finance clean energy projects.

The Department’s investigation found that that the solicitor created fake email accounts and forged consumer phone numbers in order to have the financing documents routed to them for confirmation. Additionally, homeowners deny signing the financing documents, and state that the voices on recorded phone calls with Renovate are not their voices, but rather that of an impersonator.

“This is a brazen attempt to defraud homeowners and it is inexcusable that Renovate would have missed such clear signs of abuse,” said DFPI Commissioner Manuel P. Alvarez. “This is a clear warning to all PACE administrators that the actions of their solicitors and contractors reflect on them and they should be properly vetted and investigated.”

Further, the DFPI determined that fraudulent paycheck stubs or wage documents were submitted in the financing package in order to increase the income level of the homeowners and meet the “ability to pay” requirements contained in PACE laws. Homeowners allege that absolutely no work was done and only learned of the PACE assessment when they received their property tax bill, months after the PACE lien was placed on their property.

While Renovate received and documented the homeowners’ complaints, sent persons to verify if the work was done or not, and cooperated with regulatory investigative requests, Renovate did little else of substance to address the complaints. The PACE liens remain on the properties for at least nine

homeowners. Renovate filed for bankruptcy on December 21, 2020. To help homeowners, the DFPI is coordinating with the Western Riverside Council of Governments, the public agency that issued the PACE liens.

With these findings, Commissioner Alvarez has found Renovate responsible for acts of its solicitor, whose fraudulent practices are found to be injurious and unsafe to the public. After filing an Accusation to Revoke Renovate's PACE license, the company has 15 days to respond and request a hearing.

The DFPI licenses and regulates PACE program administrators, who are responsible for administering the program behalf of a public agency. The program administrators in turn authorize PACE solicitors and their agents to enter into an assessment contract with prospective homeowners. Solicitors and contractors are regulated by the Contractors State Licensing Board (CSLB). PACE is a financing product that allows homeowners to finance certain clean energy products and services such as solar panels, water heaters and windows. The financing is provided by public agencies who add the financed amount as a special assessment to the homeowner's property tax secured by a lien on the property. If the homeowner does not pay the special assessment, the financing entity can enforce the lien, including through foreclosure.

The DFPI continues to investigate fraudulent practices in the PACE financing area. If you have PACE financing for your home improvement project and believe that you have been a victim of fraudulent or misleading practices, please contact the Department of Financial Protection and Innovation at (866) 275-2677 or email at Ask.DFPI@dfpi.ca.gov.

More information regarding PACE financing and DFPI oversight of PACE administrators can be found at <https://dfpi.ca.gov/pace/>.

In addition to Property Assessed Clean Energy (PACE) program administrators, the DFPI licenses and regulates state-chartered banks and credit unions, commodities and investment advisers, money transmitters, mortgage servicers, the offer and sale of securities and franchises, broker-dealers, nonbank installment lenders, payday lenders, student-lending servicers, escrow companies, debt collectors, rent-to-own contractors, credit repair companies, consumer credit reporting agencies, debt-relief companies, and more.

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