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17 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
18 **FOR THE COUNTY OF RIVERSIDE**

19  
20 IN RE: RENOVATE AMERICA FINANCE )  
CASES )

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\_\_\_\_\_)  
THIS DOCUMENT RELATES TO:

ALL ACTIONS

Case No. RICJCCP4940

) **MEMORANDUM OF POINTS**  
) **AND AUTHORITIES IN SUPPORT**  
) **OF MOTION FOR FINAL**  
) **APPROVAL OF CLASS ACTION**  
) **SETTLEMENT AND AWARD OF**  
) **ATTORNEYS' FEES,**  
) **REIMBURSEMENT OF**  
) **EXPENSES, AND CLASS**  
) **REPRESENTATIVE AWARDS**

) DATE: March 4, 2022  
) TIME: 9:00 a.m.  
) JUDGE: Hon. Sunshine Sykes  
) DEPT.: 6

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1 **I. INTRODUCTION**

2 Plaintiffs George Loya, Judith Loya, Richard Ramos, Michael Richardson and Shirley  
3 Petetan (collectively, “Plaintiffs”) submit this memorandum in support of their Motion for Final  
4 Approval of Class Action Settlement (“Final Approval Motion”) and Award of Attorneys’ Fees,  
5 Reimbursement of Expenses, and Class Representative Awards (“Fee Motion”). Over five years  
6 ago, Class Counsel undertook three separate cases seeking redress for persons or entities who were  
7 deceived in connection with obtaining Property Assessed Clean Energy (“PACE”) tax assessment  
8 financing through Renovate America, Inc.’s (“Renovate” or “Defendant”) Home Energy  
9 Renovation Opportunity (“HERO”) program in several respects related to specific disclosures in  
10 their tax assessment contracts. The three original complaints included as defendants Renovate  
11 and, respectively, each of the governmental entities involved in the HERO program for each  
12 region, namely the Western Riverside Council of Governments (“WRCOG”), the San Bernardino  
13 Associated Governments (“SANBAG”), and the County of Los Angeles (“LAC”). Plaintiffs  
14 generally alleged that certain of the fees and features of the tax assessment contracts were  
15 misrepresented and unfair. These were risky and hard-fought cases, as demonstrated by the fact  
16 that they were litigated through dismissal proceedings in both federal and state court. Through the  
17 hard work of Class Counsel and the dedication to the case of the Plaintiffs, a \$2,255,000.00  
18 Settlement was achieved, and through determination and negotiations by Class Counsel the  
19 Settlement was saved from bankruptcy proceedings. Plaintiffs now seek final approval of the  
20 Settlement, and Class Counsel seek fees and expenses for their work in achieving that Settlement,  
21 as well as Class Representative Awards for the Plaintiffs.

22 After multiple interim proceedings, the Court originally scheduled the Final Approval  
23 Hearing for February 11, 2021. But on December 23, 2020, Renovate and its related entities filed  
24 a Notice of Stay of Proceedings in this Court due to the filing of a voluntary petition under chapter  
25 11 of Title 11 of the United States Code in the District of Delaware (the “Bankruptcy Action”).  
26 As a result, in accordance with 11 U.S.C. § 362, all proceedings in this Court were stayed pending  
27 further order. Class Counsel did not know if they would be able to save the Settlement given that  
28 the committee of unsecured creditors had a justiciable claim that the settlement funds in escrow,

1 in the amount of \$1.7 million (the “Escrowed Funds”), were “property of the bankruptcy estate”  
2 pursuant to 11 U.S.C. § 341. Upon retention of bankruptcy counsel, a motion for relief from the  
3 automatic stay was filed on behalf of the Class Representatives and a Class Claim was filed in the  
4 Bankruptcy Action. The Debtors-in-Possession elected to not challenge the position of the Class  
5 regarding ownership rights to the Escrowed Funds but reserved the right to do so pending  
6 resolution of the stay relief motion. As with most chapter 11 proceedings as large as Renovate,  
7 the Class was required to reach an agreement with the Committee of Unsecured Creditors in  
8 addition to reaching an agreement with the Debtors-in-Possession concerning ownership rights to  
9 the Escrowed Funds. After more than a year of hearings and negotiations with counsel for both  
10 the Debtors and the Committee of Unsecured Creditors, an agreement was reached whereby  
11 \$250,000 was remitted to the Debtors and the Committee of Unsecured Creditors as a “carve-out”  
12 (the “Carveout”). In addition, the Debtors-in-Possession requested that bankruptcy counsel  
13 actively support the Debtors concerning certain motions and objections so that a chapter 11 Plan  
14 could be confirmed by the Bankruptcy Court. The Debtors were able to confirm their chapter 11  
15 Plan, which specifically provided for the treatment of the Class Claim as a “Class Claim” under  
16 the Bankruptcy Code (F. R. Bankr. P. 7023). While the Class was only preliminarily certified  
17 prior to the filing of the chapter 11 petition by Renovate, bankruptcy counsel and counsel for the  
18 Debtors and the Committee of Unsecured Creditors all agreed that the “Class Proof of Claim” filed  
19 by bankruptcy counsel should be considered as a perfected Class so that further litigation in the  
20 bankruptcy court would not be needed. Through close collaboration with bankruptcy counsel,  
21 Class Counsel submit that the Settlement, including the requested attorneys’ fees, expenses and  
22 Class Representative Awards, is fair, reasonable and adequate and should be approved.

23 The total amount of the Settlement was originally \$2,550,000 and, pursuant to the parties’  
24 agreement, Renovate deposited the Escrowed Funds in March 2020, prior to Plaintiffs’ filing of  
25 the Motion for Final Approval. As such, Class Counsel currently seek an award of attorneys’ fees  
26 in the amount of \$561,000.00, which represents 33% of the \$1.7 million in Escrowed Funds. As  
27 noted above, as part of the negotiations in the Bankruptcy Action, the Class Proof of Claim in the  
28 Bankruptcy Action was “allowed” in the amount of \$1,100,000 and is now part of the liquidation

1 trust established by the confirmed chapter 11 Plan. Accordingly, Class Counsel and bankruptcy  
2 counsel have provided a potential avenue for the Class to receive additional monies out of the  
3 Bankruptcy Action, in addition to the balance of the Escrowed Funds remaining after payment of  
4 the \$250,000 Carveout. While Class Counsel cannot guarantee the collection of Class Claims  
5 beyond the net Escrowed Funds, bankruptcy counsel and Class Counsel are hopeful that at least a  
6 portion of the Class Claim amount remaining will be paid from the activities of the Bankruptcy  
7 Court's Liquidating Trustee in pursuing claims of the bankruptcy estate against other third parties.  
8 Should the Court approve the Settlement and fee request, Class Counsel also request permission  
9 to distribute any additional monies to the Class obtained in the Bankruptcy Action through the  
10 Class Proof of Claim, less the same percentage of attorneys' fees and any additional appropriate  
11 and reasonable expenses. Should that occur, Class Counsel will submit a motion for distribution  
12 to effectuate same.

13 While there were objections to the Settlement, they were proportionally small compared  
14 to the number of Class Members (0.14%); moreover, they lack merit and should be overruled. In  
15 fact, this Court has already overruled in its first review of the Settlement and request for attorneys'  
16 fees all categories of objections received. Most of the objections were complaints about the HERO  
17 program itself, the contractors or the work performed, which are not complaints about the  
18 Settlement. Others were complaints that the Settlement was too small, which is not a valid basis  
19 for denying approval of a settlement that was negotiated at arm's-length. While there were a few  
20 objections about Class Counsel's attorneys' fees, they have already been overruled by the Court.  
21 The single objection to the Representative Awards to Plaintiffs should be overruled.

22 In short, in spite of Defendant's bankruptcy and through the diligence of Class Counsel,  
23 there are Settlement funds remaining to distribute, and possibly additional funds to distribute at a  
24 later date through the Bankruptcy Action. Class Counsel thus ask the Court to approve the  
25 Settlement of \$2,550,000 as fair, reasonable and adequate, and approve the requested attorneys'  
26 fees of \$561,000.00 and expenses of \$82,914.59<sup>1</sup> as fair and reasonable (as well as the right to a  
27

28 <sup>1</sup> The Amended Notice stated that the expenses would not exceed \$80,000; however, the Bankruptcy Action was totally unforeseen at that point and the additional expenses relate to the

1 33% attorneys' fee and expenses for any additional sums obtained through the Class Proof of  
2 Claim in the Bankruptcy Action).

3 **II. PROCEDURAL HISTORY OF THE SETTLEMENT AND PROCEEDINGS**

4 Given the extensive briefing to date, Plaintiffs refer the Court to the prior Memoranda and  
5 will recount the procedural history only as necessary for context given the Bankruptcy Action.<sup>2</sup>  
6 Pursuant to the Preliminary Approval Order, Plaintiffs filed their Motion for Final Approval on  
7 May 26, 2020 and a supplemental memorandum on June 15, 2020, which addressed the objections  
8 the parties had received and the number of requests for exclusion. Thereafter, the parties received  
9 five (5) additional requests for exclusion and four (4) additional objections, which Plaintiffs  
10 addressed in their second supplemental memorandum dated July 1, 2020. One such objection was  
11 by four legal services organizations, the Public Law Center, University of California at Irvine  
12 Consumer Law Clinic, East Bay Community Law Center and Legal Aid Society of San Diego  
13 (collectively, the "Nonprofits"), which raised objections to, among other things, the sufficiency of  
14 the Notice. On July 7, 2020, the Court issued its Tentative Ruling, which tentatively granted the  
15 Final Approval Motion and the Fee Motion. The Nonprofits requested oral argument and, on July  
16 8, 2020, the Court held the Final Approval Hearing and heard argument from the Nonprofits. One  
17 of the arguments centered on the sufficiency of the Notice to the Class in which the Nonprofits  
18 presented arguments not previously contained in their Objection. Given the various concerns  
19 raised at the Final Approval Hearing regarding the Notice, the Court adjourned the hearing and  
20 scheduled a status conference for July 15, 2020. In advance of that status conference, Class  
21 Counsel submitted supplemental briefing and recommended that supplemental notice be mailed to  
22 the Class. At the status conference on July 15, the Court heard argument about the proposed  
23 supplemental notice program and about the clarity of the Release language in the First Amended  
24 Settlement Agreement. The Court set a schedule for further briefing on these issues. Class Counsel

25 \_\_\_\_\_  
26 Bankruptcy Action. As such the small overage of \$2,914.59 is fair and reasonable and should be  
approved by the Court.

27 <sup>2</sup> See also Joint Declaration of Janine L. Pollack and Rachele R. Byrd in Support of  
28 Plaintiffs' Motion for Final Approval of Class Action Settlement and Award of Attorneys' Fees,  
Reimbursement of Expenses and Class Representative Awards ("Joint Decl. II"), filed  
concurrently herewith, §§ II-IV.

1 proposed to implement the supplemental notice program described below and in the Fourth  
2 Supplemental Declaration of Cameron R. Azari, Esq. on Implementation and Adequacy of  
3 Settlement Notices and Notice Plan, filed July 29, 200 (the “Fourth Azari Decl.”), and the parties  
4 agreed to amend the Release language to more clearly identify the claims being released by the  
5 Settlement. Class Counsel thus addressed all the issues raised by the Nonprofits regarding the  
6 notice program and the release and the Court approved the proposed supplemental notice program.

### 7 **III. THE SUPPLEMENTAL NOTICE PROGRAM AND ITS COSTS**

8 The supplemental notice to the Class (the “Supplemental Notice Program”) entailed:

- 9 1) The Long Form Notice was amended (the “Amended Notice”) to include, among  
10 other things identified below, amended Release language (*see* section IV, *infra*),  
11 and was sent by U.S. Mail to every Class Member in both English and Spanish,  
12 including the Exclusion and Objection Forms. *See Exhibit A* to the Declaration of  
13 Cameron R. Azari, Esq. on Implementation and Adequacy of Supplemental  
14 Settlement Notice Plan dated Jan. 20, 2022 (“Fifth Azari Decl.”), filed herewith;
- 15 2) The Amended Notice identified a new deadline for opting out of or objecting to the  
16 Settlement and provided instructions on how Class Members could withdraw a  
17 previously submitted objection or exclusion;
- 18 3) The entire Settlement Website and Interactive Voice Response (IVR) system  
19 available at the toll-free telephone number was translated and available in Spanish;
- 20 4) Class Members were permitted to submit objections and exclusions by email, and  
21 the Amended Notice so advised and specified an email address to do so;
- 22 5) The Amended Notice advised Class Members that when they called the Settlement  
23 toll-free telephone number they could request a Spanish-speaking representative or  
24 assistance in any other language as needed; and
- 25 6) The Amended Notice specified the continued Final Approval Hearing date/time.

26 *See* Second Amended Settlement Agreement (“SASA”) reflecting these changes.

27 This Supplemental Notice Program and second chance to object/opt-out addressed all  
28 objectors’ concerns regarding the notice program, namely, that some Notices sent by email were  
not delivered, that Spanish-speaking Class Members did not have access to the Notice in their  
language, and that the elderly and others either do not have internet access or do not use or review  
email. Due process requires that reasonable notice of the settlement be given to all potential class  
members. *See Eisen v. Carlisle & Jacquelin*, 417 U.S. 156, 177 (1974). Reasonable notice is  
understood to be the best notice that is practicable under the circumstances. Plaintiffs submit that

1 the Supplemental Notice Program and amended Release met all constitutional requirements.

2 Epiq agreed to waive approximately \$6,000 in administration costs associated with printing  
3 and mailing the Amended Notices and to coordinate the translation. *See* Fourth Azari Decl., ¶ 11.  
4 The cost to the Class of printing and mailing the long form Amended Notice was approximately  
5 \$51,000. *Id.* Epiq estimated that the translation costs would be approximately \$2,100, which  
6 included translating the following Settlement materials into Spanish: long form Amended Notice,  
7 amended Exclusion Request Form, amended Objection Form, Settlement Website and toll-free  
8 telephone number IVR. *Id.* Epiq estimated that the cost for undeliverable and re-mail activities  
9 associated with the Amended Notice as described in paragraph 7 of the Fourth Azari Decl. would  
10 approximately \$4,400. *Id.* Epiq further estimated that the cost for the development, testing and  
11 deployment of the existing Settlement Website and toll-free telephone number IVR in Spanish,  
12 described in paragraph 8 of the Fourth Azari Decl., would be approximately \$3,500. *Id.* In total,  
13 the costs to the Class associated with the foregoing Supplemental Notice Program and Spanish-  
14 translation activities was estimated to be approximately \$61,000. *Id.* In light of the foregoing, the  
15 total cost of administration is currently estimated to be approximately \$196,000 (\$135,000 original  
16 cap plus \$61,000 in new costs associated with the Supplemental Notice Program) (*id.*), which was  
17 stated in the Amended Notice. Epiq has deducted its costs on an ongoing basis from the Escrowed  
18 Funds and has, to date, deducted \$173,053.94 with \$22,946.06 remaining to be deducted. Fifth  
19 Azari Decl., ¶ 20.

20 It is appropriate for the Class to bear such costs from the Settlement Fund. These are costs  
21 that would have been properly incurred by the Class had these notice activities been implemented  
22 at the outset of the notice program. There are no additional administration costs associated with  
23 the Supplemental Notice Program because Epiq waived those, as described above. Class Counsel  
24 took the new costs into account in computing the likely refunds to Class Members, and such  
25 amounts are reflected in the Amended Notice.

#### 26 **IV. THE AMENDED RELEASE**

27 Class Counsel and Defendant's counsel amended the Release language for clarity  
28 following the various proceedings discussed above. *See* Joint Decl. II at ¶ 32; SASA, ¶¶ 5.01,

1 5.02. Class Counsel believe that this amended Release addressed the Court’s concerns yet honored  
2 the agreement the parties entered into when they settled the Actions as well as this Court’s standard  
3 language regarding releases that has been used in thousands of class action settlements over the  
4 course of many years. As such, the amended Release should be approved by the Court.

5 **V. THE RENOVATE BANKRUPTCY**

6 As noted above, on December 23, 2020, following dissemination of the mailed notice in  
7 the Supplemental Notice Program but prior to the deadline for opt-outs and objections, all  
8 proceedings in this Court came to a halt due to Renovate’s Bankruptcy Action. Certain parties in  
9 the Bankruptcy Action took the position that the Escrowed Funds were part of the bankruptcy  
10 estate and could not be used for the Settlement in this case, and Class Counsel were forced to hire  
11 bankruptcy counsel and local Delaware counsel (“Bankruptcy Counsel”) to protect the Class and  
12 the Escrowed Funds. For nearly a year, Bankruptcy Counsel fought to save the Escrowed Funds,  
13 and the only way to do so and proceed with the Settlement was to negotiate a compromise, which  
14 would allow the majority of the funds in escrow to be paid to the Class. That compromise was the  
15 Carveout of \$250,000 from the Escrowed Funds to be paid to Renovate or the Liquidating Trustee,  
16 which was approved by the Bankruptcy Court and this Court. *See* Stipulation and Order Approving  
17 Bankruptcy Payment to Defendant and Resetting Final Approval Hearing, entered Nov. 29, 2021.  
18 However, because, as part of the negotiations in the Bankruptcy Action, Class Counsel, through  
19 Bankruptcy Counsel, was able to negotiate that the Class Proof of Claim in the Bankruptcy Action  
20 will be deemed allowed in the amount of \$1,100,000, Class Counsel has provided a potential  
21 avenue for the Class to receive additional monies out of the Bankruptcy Action, should there be  
22 any monies available. If the Court approves the instant Settlement, Class Counsel seeks attorneys’  
23 fees and expenses for any additional funds obtained through the Class Proof of Claim in the  
24 Bankruptcy Action and will submit a motion for distribution regarding same. For this reason,  
25 Class Counsel seeks final approval of the entire amount of the Settlement of \$2,550,000.

26 **VI. THE SETTLEMENT IS FAIR, REASONABLE AND ADEQUATE AND SHOULD**  
27 **BE APPROVED BY THE COURT**

28 Plaintiffs seek final approval for the Settlement in the amount of \$2,550,000, with the  
remaining Escrowed Funds after deduction of all approved fees, expenses and awards to be

1 distributed upon final approval (after any appeals) and any other recovered funds to be distributed  
2 at a later date.<sup>3</sup> Plaintiffs’ previously-filed Final Approval Motion demonstrates why the  
3 Settlement amount of \$2,550,000 was fair, reasonable and adequate. Now that Renovate has filed  
4 for bankruptcy, further recovery against Renovate is highly challenging at best. Under the SASA,  
5 all Class Members will receive a partial refund of certain monies paid in connection with their  
6 tax assessment contracts. *See* Joint Decl. II, Ex. A (SASA), ¶ 4.03. Plaintiffs respectfully submit  
7 that under the current circumstances, the terms of the Settlement are fair, reasonable and adequate  
8 and that the requirements for final approval are satisfied.<sup>4</sup>

9 A class action settlement should be approved where the court finds it is fair, adequate, and  
10 reasonable to the class members. *See Kullar v. Foot Locker Retail, Inc.*, 168 Cal. App. 4th 116,  
11 127, 133 (2008). Moreover, a class action settlement is presumed to be fair if: (1) it is “reached  
12 through arm’s-length bargaining; (2) investigation and discovery are sufficient to allow counsel  
13 and the court to act intelligently; (3) counsel is experienced in similar litigation; and (4) the  
14 percentage of objectors is small.” *Chavez v. Netflix*, 162 Cal. App. 4th 43, 52 (2008) (quoting  
15 *Dunk v. Ford Motor Co.*, 48 Cal. App. 4th 1794, 1802 (1996)).

16 As shown below, the Settlement meets these standards and the Court should grant it final  
17 approval. First, to assess the fairness, adequacy, and reasonableness of a class action settlement,  
18 the Court should consider “the strength of plaintiffs’ case, the risk, expense, complexity and likely  
19

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20 <sup>3</sup> Regarding the injunctive relief, SANBAG’s HERO Loan program ceased to exist as of  
21 June 30, 2017, and LAC’s HERO Loan program ceased to exist in or around May 2020 (*see*  
22 [https://www.latimes.com/homeless-housing/story/2020-05-21/la-fi-pace-home-improvement-  
loans-la-county](https://www.latimes.com/homeless-housing/story/2020-05-21/la-fi-pace-home-improvement-loans-la-county)).

23 <sup>4</sup> The Amended Notice stated that the average Class Member is expected to receive  
24 approximately \$18.80 but that the amount could vary from a range of approximately \$4.07 to  
25 approximately \$226.88, depending on a variety of factors, including the size of the Class member’s  
26 financing contract. Given that at this time it is unknown whether there will be any further recovery  
27 from the Bankruptcy Action, Class Counsel cannot predict with precision the average amount a  
28 Class Member is likely to receive. Analyzed from the current funds available for distribution, the  
average Class Member is expected to receive approximately \$7.74, but that the amount could vary  
from a range of approximately \$1.67 to approximately \$93.35, depending on a variety of factors,  
including the size of the Class Member’s financing contract. Moreover, Class Counsel filed a Class  
Claim, which is an unsecured claim, in the Bankruptcy Action and the Class is entitled to recover  
the amount of its claim from the Liquidating Trust should sufficient funds become available.

1 duration of further litigation, [and] the risk of maintaining class action status. . . .” *See Dunk*, 48  
2 Cal. App. 4th at 1801. Moreover, as previously demonstrated, the Settlement was reached after  
3 an exchange of informal discovery and several months of arm’s-length, non-collusive bargaining  
4 between counsel, including an all-day mediation on November 20, 2018, with the Honorable  
5 Jeffrey King (Ret.) at JAMS. While the parties were unable to reach agreement at the mediation,  
6 they continued to negotiate for several months, which culminated in an agreement.<sup>5</sup> In addition,  
7 as previously demonstrated, Class Counsel is highly experienced in class actions. Finally, as  
8 addressed more fully below, the number of objectors relative to the number of Class Members is  
9 small (just 0.14%). Moreover, most of those objections were interposed before the bankruptcy,  
10 are without merit, and have already been overruled by the Court. *See* Section IX, *infra*.

11 **VII. THE SETTLEMENT CLASS SHOULD BE CERTIFIED**

12 This Court’s Preliminary Approval Order conditionally certified the Settlement Class and  
13 appointed Plaintiffs as class representatives and their counsel as Class Counsel. The Court should  
14 now finally certify the Settlement Class for purposes of this Settlement and appoint Plaintiffs as  
15 Class Representatives and their undersigned counsel as Class Counsel.

16 There are two requirements to certify a class: (1) the class must be ascertainable; and (2)  
17 there must be a well-defined community of interest in the questions of law and fact involved  
18 affecting the parties to be represented. *See Daar v. Yellow Cab Co.*, 67 Cal. 2d 695, 704 (1967).  
19 California courts apply a “lesser standard of scrutiny” to certification of settlement classes. *Global*  
20 *Minerals & Metals Corp. v. Superior Court*, 113 Cal. App. 4th 836, 859 (2003). Each of the  
21 criteria for class certification is clearly satisfied in this case.

22 **A. An Ascertainable Settlement Class Exists and Is Numerous**

23 The Class is defined by objective characteristics and common transactional facts, *i.e.*, (i)  
24 all persons or entities who received residential PACE tax assessment financing from WRCOG  
25 through the HERO program where the underlying assessment contract was executed by the person  
26

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27 <sup>5</sup> *See* Joint Declaration of Janine L. Pollack and Rachele R. Byrd in Support of: (1) Plaintiffs’  
28 Motion for Final Approval of Class Action Settlement; and (2) Plaintiffs’ Motion for Award of  
Attorneys’ Fees, Reimbursement of Expenses, and Class Representative Awards, filed May 26,  
2020 (“Joint Decl. I”), Ex. D (Newman Decl.) at ¶ 2.

1 or entity between January 1, 2012 and July 7, 2016; and (2) all persons or entities who received  
2 residential PACE tax assessment financing from LAC or SANBAG through the HERO program  
3 where the underlying assessment contract was executed by the person or entity between January  
4 1, 2012 and June 15, 2017. *See* Joint Decl. II, Ex. A (SASA), ¶ 1.27. Therefore, Class Members  
5 are readily ascertainable. Moreover, it is undisputed that there were approximately 74,000 HERO  
6 assessments during the relevant period and therefore the Settlement Class is also sufficiently  
7 numerous. *See* Joint Decl. I, Ex. D (Newman Decl.), ¶ 3.

### 8 **B. There is a Community of Interest**

9 “The community of interest requirement involves three factors: ‘(1) predominant  
10 common questions of law or fact; (2) class representatives with claims or defenses typical of the  
11 class; and (3) class representatives who can adequately represent the class.’” *Linder v. Thrifty Oil*  
12 *Co.*, 23 Cal. 4th 429, 435 (2000).

13 The first factor means that it would be more efficient to jointly try the issues in the action,  
14 rather than requiring “each member . . . to individually litigate numerous and substantial questions  
15 to determine his or her right to recover following the class judgment . . . .” *Washington Mutual*  
16 *Bank v. Superior Court*, 24 Cal. 4th 906, 913 (2001). The central questions behind the claims in  
17 this litigation are: (1) whether Defendant violated Business & Professions Code, § 17200, *et seq.*  
18 by engaging in unlawful, unfair and/or deceptive activities with respect to the HERO loans; (2)  
19 whether Plaintiffs and the Class would be entitled to relief by reason of Defendant’s wrongful  
20 conduct; (3) what is the proper measure of damages; and (4) whether Plaintiffs and the Class would  
21 be entitled to injunctive relief by reason of Renovate’s wrongful conduct. The answers to these  
22 questions depend on common evidence that does not vary by Class Member, and so can be fairly  
23 resolved—whether through litigation or settlement—for all Class Members at once.

24 The second factor, typicality, requires only that the named plaintiff’s interests in the action  
25 be similar to those of other class members. *See Richmond v. Dart Industries, Inc.*, 29 Cal. 3d 462,  
26 470, 478 (1981). Here, typicality is satisfied because the claims of the Settlement Class arise from  
27 the same misconduct that Plaintiffs seek to remedy – common misrepresentations and omissions  
28 contained in standardized documents across the entire Class.

1 With respect to the third factor, the representative plaintiff must adequately protect the  
2 interests of the class: (1) there must be no disabling conflict of interest between the class  
3 representative and the class; and (2) the class representative must be represented by counsel who  
4 are competent and experienced in the kind of litigation to be undertaken. *See McGhee v. Bank of*  
5 *Am.*, 60 Cal. App. 3d 442, 450 (1976). Plaintiffs have no conflicts with the Settlement Class, and  
6 during the more than five years that this action has been pending, Plaintiffs have participated  
7 actively in the case. *See Plaintiffs' Decls.*, filed May 26, 2020, ¶¶ 3-10.

8 Moreover, Class Counsel have diligently litigated this case and have successfully  
9 prosecuted numerous class actions across the country in both state and federal courts in recent  
10 years, recovering billions of dollars for injured class members. *See Richmond*, 29 Cal. 3d at 479  
11 (counsel adequate where they had “substantial experience in class action litigation”); Class  
12 Counsel Decls., filed May 26, 2020, Ex. B.

13 **VIII. THE ATTORNEYS’ FEES, EXPENSES AND REPRESENTATIVE AWARDS**  
14 **ARE FAIR AND REASONABLE AND SHOULD BE APPROVED**

15 *The Attorneys’ Fees:* In their Fee Motion filed in May 2020, Class Counsel sought an  
16 award of \$841,500.00 in attorneys’ fees. Given the Bankruptcy Action and the consequent  
17 reduction in funds available for distribution to the Class, Class Counsel now seek an award of only  
18 \$561,000.00, which represents 33% of the \$1.7 million in Escrowed Funds. Should the Court  
19 approve the Settlement and fee request, Class Counsel seek permission to distribute any additional  
20 monies to the Class obtained through the Bankruptcy Action, less the same percentage of  
21 attorneys’ fees and any additional expenses Class Counsel incur and will file a motion for  
22 distribution regarding same. As noted in their Fee Motion, the common fund doctrine is generally  
23 held applicable “where plaintiffs’ efforts have effected the creation or preservation of an  
24 identifiable fund of money out of which the fees will be paid.” *Jordan v. Dep’t of Motor Vehicles*,  
25 100 Cal. App. 4th 431, 446-47 (2002) (citing *Serrano v. Priest*, 20 Cal. 3d 25, 37-38 (1997)). Here,  
26 the Settlement resulted in creation of an identifiable fund of \$2,550,000, \$1.7 million of which  
27 constitutes the Escrowed Funds, from which refunds, notice and administration costs, attorneys’  
28 fees and expenses, the Carveout, and any Representative Awards have been or will be paid.

Courts have noted that fees awarded in class actions average around 33% of the recovery.

1 *See, e.g., Consumer Privacy Cases*, 175 Cal. App. 4th 545, 557, n.13 (2009) (“Empirical studies  
2 show that, regardless whether the percentage method or the lodestar method is used, fee awards in  
3 class actions average around one-third of the recovery.”). In *Laffitte*, for example, the Supreme  
4 Court of California affirmed a fee award representing 33.33% of a \$19 million common fund, plus  
5 expenses. *Laffitte*, 1 Cal. 5th 480; *Laffitte v. Robert Half Int’l Inc.*, 231 Cal. App. 4th 860, 869-71  
6 (2014). Courts thus routinely award a one-third fee in contingency cases such as this.<sup>6</sup> As such,  
7 here the 33% fee sought falls squarely within the average commonly approved. The requested  
8 fees of 33% are based upon the Escrowed Funds unless and until any additional funds are secured  
9 from the Bankruptcy Action, at which time the same percentage for fees would be applied. Under  
10 prevailing case law, this request is fair and reasonable.

11 The requested fees are also appropriate under the lodestar method. Previously, in their  
12 original Fee Motion, Class Counsel reported that they had spent 2,862.40 hours with a collective  
13 lodestar of \$1,890,867.75 for work performed over the course of nearly four years, which equated  
14 to a “negative multiplier” of 0.45. *See* Joint Decl. I, ¶¶ 35-36. Since that time and through the  
15 bankruptcy, Class Counsel have incurred an additional 575.70 hours and lodestar of \$463,510.00  
16 for a total of 3,438.10 hours and lodestar of \$2,354,377.75—***a negative multiplier of 0.24***. *See*  
17 Joint Decl. II, ¶ 53. Moreover, the contingency bankruptcy counsel spent 68 hours with a lodestar  
18 of \$33,250.00, which will be paid from the attorneys’ fees awarded to Class Counsel.<sup>7</sup> *Id.* As  
19 such, the “negative multiplier” is even more “negative” at this point, almost two years later. Courts  
20 routinely hold that a negative multiplier strongly supports the reasonableness of the requested fee.  
21 *See, e.g., Oxina v. Lands’ End, Inc.*, No. 14cv2577-MMA (NLS), 2016 U.S. Dist. LEXIS 191738,  
22 at \*13 (S.D. Cal. Dec. 2, 2016) (“Class Counsel’s request for fees is reasonable, given that the  
23 requested fees are a negative multiplier of Class Counsel’s lodestar to date.”); *In re Amgen Sec.*  
24 *Litig.*, No. CV 7-2536 PSG (PLAx), 2016 U.S. Dist. LEXIS 148577, at \*27 (C.D. Cal. Oct. 25,  
25 2016) (“Moreover, courts have recognized that a percentage fee that falls below counsel’s lodestar  
26 strongly supports the reasonableness of the award”) (citation omitted).

27  
28 <sup>6</sup> *See* Fee Motion at n.4 and Joint Decl. I, Ex. E for a non-exhaustive list of other cases  
awarding a percentage of the common fund of one-third or more.

<sup>7</sup> Class Counsel negotiated a reduced hourly rate. *See* Joint Decl. II, ¶ 53.

1 Class Counsel are highly-regarded members of the bar and have extensive experience in  
2 class actions and complex litigation. Their rates are squarely in line with prevailing rates in this  
3 jurisdiction and Southern California and are paid by hourly paying clients of their firms and/or  
4 have been approved by numerous other courts. See Class Counsel Decls., filed May 26, 2020.  
5 Class Counsel’s rates of \$700 to \$1,025 for partners and \$465 to \$595 for associates and Of  
6 Counsel are within the prevailing market rates in the Southern California area for attorneys of  
7 comparable skill, experience, and reputation.<sup>8</sup> See, e.g., *Granados v. County of L.A.*, No.  
8 BC361470, 2018 Cal. Super. LEXIS 7789, at \*81 (Nov. 14, 2018) (“Class Counsel’s hourly rates  
9 [of \$625 to \$965 for partners and \$445 to \$530 for associates] are reasonable for their skill and the  
10 work they performed.”); *Bergstein v. Stroock & Stroock & Lavan*, No. BC483164, 2013 Cal.  
11 Super. LEXIS 593, at \*12 (L.A. Cnty. Super. Ct. Feb. 14, 2013) (approving rates up to \$920 per  
12 hour and noting that “in the Los Angeles legal community, attorney billing rates of \$1000 per hour  
13 and above are no longer unheard of”); *Rodriguez v. Cnty. of Los Angeles*, 96 F. Supp. 3d 1012,  
14 1022-23 (C.D. Cal. 2014) (approving attorney rates from \$500 to \$975 in a case against County of  
15 Los Angeles). Likewise, Class Counsel’s rates for paralegals, which range from \$210 to \$340, are  
16 reasonable. See *Perfect 10, Inc. v. Giganews, Inc.*, No. CV 11-07098-AB (SHx), 2015 U.S. Dist.  
17 LEXIS 54063, at \*65 (C.D. Cal. Mar. 24, 2015) (approving paralegal rates of \$240 to \$345).

18 Given the time and effort that Class Counsel has expended over the course of more than  
19 five years to obtain a Settlement and to protect that Settlement in the Bankruptcy Action, which  
20 threatened to destroy it entirely, Class Counsel respectfully submit that the request for attorneys’  
21 fees (which equates to a negative multiplier) should be granted.

22 The Expenses: Class Counsel also seek a total of \$82,914.59 in unreimbursed expenses,  
23 which include, *inter alia*, legal research, necessary travel and other reasonable expenses. Class  
24 Counsel previously reported on May 26, 2020 that their total expenses were \$58,423.6. Since that  
25 time, Class Counsel and contingency bankruptcy counsel have incurred an additional \$24,490.93

26 \_\_\_\_\_  
27 <sup>8</sup> The use of current rates is proper since such rates compensate for inflation and loss of use  
28 of funds. *Mo. v. Jenkins*, 491 U.S. 274, 283-84 (1989). That is particularly apt here, where the  
case has lasted more than five years. See also *Mackinnon v. Imvu, Inc.*, No. 111-cv-193767, 2016  
Cal. Super. LEXIS 175, at \*2-3 & n.1 (Santa Clara Cnty. Super. Ct. Feb. 22, 2016) (citing *LeBlanc-  
Sternberg v. Fletcher*, 143 F.3d 748, 764 (2d Cir. 1998)).

1 in expenses, consisting of Delaware bankruptcy counsel’s retainer in the amount of \$5,000 along  
2 with invoices due and owing of \$15,370.50 (all non-contingent), legal research, attorney services,  
3 postage, document reproduction, court fees, telephone and secretarial overtime. As noted *supra*,  
4 while the additional expenses bring the total for the case to slightly more than the \$80,000 stated  
5 in the Amended Notice, the expenses related to bankruptcy counsel were unexpected at that time.  
6 However, these expenses were necessary and reasonable. Class Counsel also anticipate incurring  
7 additional expenses through the end of the claims process. There were no objections to the  
8 expenses of \$58,423.66 delineated in the initial application and Class Counsel submit that the  
9 newly incurred expenses of \$24,490.93 were necessary and reasonable to the prosecution of the  
10 case and should be approved, bringing the total to \$82,914.59.

11 *The Class Representative Awards:* Class Counsel request a \$5,000 Class Representative  
12 Award for each of three Class Representatives (Plaintiffs Richardson, Ramos, and Petetan) and a  
13 single \$5,000 award for the Loyas, an amount which is less than the amounts often awarded. *See*,  
14 *e.g.*, *Cellphone Termination Fee Cases*, 186 Cal. App. 4th 1380, 1393-95 (2010) (affirming  
15 \$10,000 awards); *Blacksher*, 2008 Cal. Super. LEXIS 1464, at \*10-11 (\$10,000 award). The  
16 efforts of the Class Representatives in assisting Class Counsel to achieve this excellent Settlement  
17 are described in the declarations submitted by each Class Representative. *See* Plaintiff Decs.,  
18 filed May 26, 2020.

19 **IX. THE OBJECTIONS SHOULD BE OVERRULED**

20 By Order dated September 29, 2020, as a result of the analysis the Court performed when  
21 previously evaluating the Settlement, the Court held that “[a]ll objections other than those  
22 expressly adopted by the Court related to the Supplemental Notice Program, the Amended Notice  
23 or the release are hereby OVERRULED.” *See* Order Approving Supplemental Notice Plan,  
24 Continuing Final Approval Hearing, dated October 1, 2020.<sup>9</sup> The objections overruled by the  
25 Court fell into the following categories: complaints about the HERO program in general or about  
26 specific aspects of the program; complaints about the potential amount of payments due Settlement  
27 Class Members or the amount of attorneys’ fees sought; and objections that were procedurally

28 <sup>9</sup> To the extent there were objections to the notice or release, those were addressed. *See supra*.

1 improper, or did not appear to be objections at all (the “Overruled Objections”). With one  
2 exception relating to the Representative Awards, the objections received after implementation of  
3 the Supplemental Notice Program all fall into those same categories and, as such, should similarly  
4 be overruled as they do not provide a basis to deny Plaintiffs’ Final Approval Motion or Fee  
5 Motion. The current objections received from the Supplemental Notice Program should thus  
6 similarly be overruled.

7 Specifically, there were 95 objections received after the initiation of the Supplemental  
8 Notice Program. Some objections contained more than one assertion and thus fall into more than  
9 one category. There were 48 complaints about the HERO program in general, or about specific  
10 aspects of the program; 28 complaints about the potential amount of payments due Settlement  
11 Class Members; nine complaints about the amount of attorneys’ fees sought; and 20 that were  
12 procedurally improper (*e.g.*, blank) or did not appear to be objections at all (this category  
13 technically reduces the total number of objections down to 75). As noted above, these categories  
14 of objections were all rejected by the Court in the Overruled Objections and should be rejected  
15 again. As to the objection regarding the Representative Awards, as discussed above, such awards  
16 are well within the range of such awards typically granted in cases such as this, and the awards are  
17 warranted for the efforts of the Class Representatives in assisting Class Counsel to achieve this  
18 Settlement. As such this objection should be overruled.

19 In total, there were 107 objections through both notices, which amounted to a minuscule  
20 percentage (0.14%) of the Class. None presents a valid reason for denying final approval of the  
21 Settlement. *See Dandan Pan v. Qualcomm Inc.*, No. 16-cv-01885-JLS-DHB, 2017 U.S. Dist.  
22 LEXIS 120150, at \*30 (S.D. Cal. July 31, 2017) (small number of objections to a proposed class  
23 action settlement “raises a strong presumption [of fairness].”) (internal quotations omitted).

24 **X. CONCLUSION**

25 Class Counsel respectfully submit that the Court should approve the Settlement and the  
26 award of \$561,000.00 in attorneys’ fees, reimbursement of \$82,914.59 in expenses, and Class  
27 Representative Awards of \$20,000, to be paid from the Settlement Fund.

28 DATED: February 24, 2022

By: *Rachele R. Byrd*  
RACHELE R. BYRD

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