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15
16 UNITED STATES DISTRICT COURT
17 FOR THE NORTHERN DISTRICT OF CALIFORNIA
18 SAN JOSE DIVISION
19

20 JUAN MEDINA, MARIA ANTONETTE GARCIA,
21 OSCAR AND ODULIA ALANIZ, FRANCISCO LOPEZ
22 AND MARIA CARRILLO, ALBERTO AND MARIA
23 REYES, JOSEPH AND YOLANDA HIDALGO,
24 CARLOS AND VERONICA APARICIO, RICARDO
25 GOMEZ AND MARIA ROSAS, AND MARIA
26 GARIBAY,

27 Plaintiffs,

28 vs.

29 ARGENT MORTGAGE COMPANY, BNC
30 MORTGAGE, INC., HERMAN MICHAEL
31 COVARRUBIAS, CESAR PONTE aka CESAR
32 VALVERDE, ESPERANZA VALVERDE, SUMMIT
33 MORTGAGE REALTY, INC., AND R+ FINANCIAL,
34 INC. dba AMERIMAC FIRST MORTGAGE,

35 Defendants.

Case No. C05-02905 HRL
Related Case No. C05-02904 HRL

**SECOND AMENDED
COMPLAINT ON BEHALF OF
MEDINA, ET AL., FOR
DAMAGES, INJUNCTIVE
RELIEF, AND
DECLARATORY RELIEF;
DEMAND FOR JURY TRIAL**

1 I. INTRODUCTION

2 1. Plaintiffs JUAN MEDINA, *et al.*, hereby submit their Second Amended
3 Complaint.

4 2. This is an action for declaratory judgment, permanent injunctive relief, and
5 damages for predatory and discriminatory lending in the provision of mortgage lending on the
6 basis of race and national origin. Predatory and abusive mortgage lending practices inflict
7 wide-ranging damage on society; borrowers and their families can be devastated by these
8 practices, which often result in nonjudicial foreclosure of the borrowers' homes. Defendants
9 in this action preyed upon Plaintiffs—all of whom are Spanish-speakers of Hispanic descent,
10 and many of whom have limited English language skills—through a series of predatory and
11 abusive lending practices, including making misrepresentations about the essential terms of
12 the loans; using bait-and-switch tactics and duress; charging unreasonable, unearned, and
13 duplicative fees; failing to translate important loan documents from English to Spanish; and
14 including unexpected and problematic loan terms such as balloon payments, prepayment
15 penalties, and excessively high closing costs. These actions were willful and malicious.
16 Indeed, the Santa Clara County Grand Jury has indicted three of the broker defendants on 47
17 felony counts based on many of the same events that are the subject of this Complaint.
18 Defendants' actions toward Plaintiffs were part of a pattern and practice of continuing
19 discrimination targeting Hispanic homeowners as intended victims of predatory services and
20 loan products. This pattern and practice continued at least until Defendant Valverde and
21 Defendant Covarrubias's arrests in 2005.

22 3. As a result of Defendants' predatory loans, some Plaintiffs suffered such
23 damage to their credit ratings that they were prevented from refinancing to escape the
24 predatory loans, and they were then forced to sell their homes when they could not meet
25 payments. Those Plaintiffs who remain trapped in the predatory loans brokered or originated
26 by Defendants seek rescission of those loans, and all Plaintiffs seek equitable relief on behalf
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1 of a class of individuals who are similarly situated in addition to monetary damages including
2 compensatory damages, punitive damages, and damages for pain and suffering.

3 **II. JURISDICTION AND VENUE**

4 4. Jurisdiction is conferred upon this Court pursuant to 28 U.S.C. § 1331 in that the
5 claims alleged herein arise under the laws of the United States. This Court has supplemental
6 jurisdiction pursuant to 28 U.S.C. § 1367 to hear and determine Plaintiffs' state law claims
7 because those claims are related to Plaintiffs' federal claims, arise out of a common nucleus of
8 related facts, and form part of the same case or controversy under Article III of the United
9 States Constitution.

10 5. The Court has jurisdiction over Plaintiffs' action for declaratory relief pursuant
11 to 28 U.S.C. § 2201 and Rule 57 of the Federal Rules of Civil Procedure. Injunctive relief is
12 authorized by 28 U.S.C. § 2203 and Rule 65 of the Federal Rules of Civil Procedure.

13 6. Venue is proper in the Northern District of California pursuant to 28 U.S.C. §
14 1391(b)(2) in that the unlawful conduct that gave rise to these claims occurred within the
15 Northern District of California.

16 **III. INTRADISTRICT ASSIGNMENT**

17 7. Intradistrict assignment in San Jose, California, is proper because the unlawful
18 conduct that gives rise to the alleged claims occurred in Santa Clara County.

19 **IV. PARTIES**

20 8. Plaintiff JUAN MEDINA is a Hispanic man who traces his national origin to
21 Mexico. At all relevant times alleged herein, Juan Medina was over the age of 18 and a
22 resident of Santa Clara County. At all relevant times alleged herein, Juan Medina had only
23 limited understanding of the English language. Accordingly, all communications by and to
24 Juan Medina alleged herein occurred in the Spanish language, unless specifically alleged
25 otherwise.

1 9. Plaintiff MARIA ANTONETTE GARCIA is a Hispanic woman who traces her
2 national origin to Mexico. At all relevant times alleged herein, Maria Antonette Garcia was
3 over the age of 18 and a resident of Santa Clara County and spoke both Spanish and English.

4 10. Plaintiff OSCAR ALANIZ is a married Hispanic man who traces his national
5 origin to Mexico. At all relevant times alleged herein, Oscar Alaniz was over the age of 18, a
6 resident of Santa Clara County, and married to Plaintiff Odulia Alaniz. At all relevant times
7 alleged herein, Oscar Alaniz spoke minimal, if any, English, and did not read or write in the
8 English language. Accordingly, all communications involving Oscar Alaniz alleged herein
9 occurred in the Spanish language, unless specifically alleged otherwise.

10 11. Plaintiff ODULIA ALANIZ is a married Hispanic woman who traces her
11 national origin to Mexico. At all relevant times alleged herein, Odulia Alaniz was over the
12 age of 18, a resident of Santa Clara County, and married to Plaintiff Oscar Alaniz. At all
13 relevant times alleged herein, Plaintiff Odulia Alaniz spoke minimal, if any, English, and did
14 not read or write in the English language. Accordingly, all communications involving Odulia
15 Alaniz alleged herein occurred in the Spanish language, unless specifically alleged otherwise.

16 12. Plaintiff FRANCISCO LOPEZ is a married Hispanic man who traces his
17 national origin to Mexico. At all relevant times alleged herein, Francisco Lopez was over the
18 age of 18, a resident of Santa Clara County, and married to Plaintiff Maria Carrillo. At all
19 relevant times alleged herein, Plaintiff Francisco Lopez spoke minimal, if any, English, and
20 did not read or write in the English language. Accordingly, all communications with
21 Francisco Lopez alleged herein occurred in the Spanish language, unless specifically alleged
22 otherwise.

23 13. Plaintiff MARIA CARRILLO is a married Hispanic woman who traces her
24 national origin to Mexico. At all relevant times alleged herein, Maria Carrillo was over the
25 age of 18, a resident of Santa Clara County, and married to Plaintiff Francisco Lopez. At all
26 relevant times alleged herein, Plaintiff Maria Carrillo spoke minimal, if any, English, and did
27 not read or write in the English language. Accordingly, all communications with Maria
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1 Carrillo alleged herein occurred in the Spanish language, unless specifically alleged
2 otherwise.

3 14. Plaintiff ALBERTO REYES is a married Hispanic man who traces his national
4 origin to Mexico. At all relevant times alleged herein, Adalberto Reyes was over the age of
5 18, a resident of Santa Clara County, and married to Plaintiff Maria Reyes. At all relevant
6 times alleged herein, Plaintiff Adalberto Reyes spoke no English and did not read or write in
7 the English language. Accordingly, all communications involving Adalberto Reyes alleged
8 herein occurred in the Spanish language, unless specifically alleged otherwise.

9 15. Plaintiff MARIA REYES is a married Hispanic woman who traces her national
10 origin to Mexico. At all relevant times alleged herein, Maria Reyes was over the age of 18, a
11 resident of Santa Clara County, and married to Plaintiff Adalberto Reyes. At all relevant
12 times alleged herein, Plaintiff Maria Reyes spoke limited English, and did not read or write in
13 the English language. Accordingly, all communications involving Maria Reyes alleged in this
14 Complaint occurred in the Spanish language, unless specifically alleged otherwise.

15 16. Plaintiff JOSEPH HIDALGO is a married Hispanic man. At all relevant times
16 alleged herein, Joseph Hidalgo was over the age of 18, a resident of Santa Clara County, and
17 married to Plaintiff Yolanda Hidalgo. While Plaintiff speaks Spanish, English is his primary
18 language.

19 17. Plaintiff YOLANDA HIDALGO is a married Hispanic woman. At all relevant
20 times alleged herein, Yolanda Hidalgo was over the age of 18, a resident of Santa Clara
21 County, and married to Plaintiff Joseph Hidalgo. While Plaintiff speaks Spanish, English is
22 her primary language.

23 18. Plaintiff CARLOS APARICIO is a married Hispanic man who traces his
24 national origin to El Salvador. At all relevant times alleged herein, Carlos Aparicio was over
25 the age of 18, a resident of Alameda County, and married to Plaintiff Veronica Aparicio.
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1 19. Plaintiff VERONICA APARICIO is a married Hispanic woman who traces her
2 national origin to El Salvador. At all relevant times alleged herein, Veronica Aparicio was
3 over the age of 18, a resident of Alameda County, and married to Plaintiff Carlos Aparicio.

4 20. Plaintiff RICARDO GOMEZ is a married Hispanic man who traces his national
5 origin to Mexico. At all relevant times alleged herein, Ricardo Gomez was over the age of 18,
6 a resident of Santa Clara County, and married to Plaintiff Maria Rosas. At all relevant times
7 alleged herein, Plaintiff Ricardo Gomez spoke extremely limited English and did not read or
8 write in the English language. Accordingly, all communications involving Ricardo Gomez
9 alleged herein occurred in the Spanish language, unless specifically alleged otherwise.

10 21. Plaintiff MARIA ROSAS is a married Hispanic woman who traces her national
11 origin to Mexico. At all relevant times alleged herein, Maria Rosas was over the age of 18
12 and a resident of Santa Clara County. At all relevant times alleged herein, Plaintiff Maria
13 Rosas spoke extremely limited English and did not read or write in the English language.
14 Accordingly, all communications involving Maria Rosas alleged herein occurred in the
15 Spanish language, unless specifically alleged otherwise.

16 22. Plaintiff MARIA GARIBAY is a married Hispanic woman. At all relevant
17 times alleged herein, Maria Garibay was over the age of 18 and a resident of Santa Clara
18 County. At all relevant times alleged herein, Plaintiff Maria Garibay spoke limited English
19 and did not read or write in the English language. Accordingly, all communications involving
20 Maria Garibay alleged herein occurred in the Spanish language, unless specifically alleged
21 otherwise.

22 23. At all relevant times alleged herein, Defendant HERMAN MICHAEL
23 COVARRUBIAS (“Defendant Covarrubias”) was a natural person over the age of 18 whom
24 Plaintiffs are informed and believe was licensed as a real estate broker by the California
25 Department of Real Estate. On or about March 23, 2005, the District Attorney for the County
26 of Santa Clara filed a complaint against Defendant Covarrubias charging him with multiple
27 counts of grand theft involving fraudulent activity in the procurement of loans including, *inter*
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1 *alia*, the loans at issue in this matter. On or about May 24, 2006, the Grand Jury of the
2 County of Santa Clara returned an indictment against Defendant Covarrubias relating to the
3 same events and accusing him of 21 felonies. On information and belief, Defendant
4 Covarrubias is married to Defendant Esperanza Valverde.

5 24. At all relevant times alleged herein, Defendant ESPERANZA VALVERDE
6 (“Defendant Valverde”) was a natural person over the age of 18, and an employee and agent
7 of Defendant Summit Mortgage Realty, Inc. (“Summit”) or Defendant Amerimac First
8 Mortgage (“Amerimac”). On information and belief, Defendant Valverde has been licensed
9 as a real estate broker by the California Department of Real Estate since on or about January
10 5, 2005. On or about March 23, 2005, the District Attorney for the County of Santa Clara
11 filed a complaint against Defendant Valverde charging her with multiple counts of grand theft
12 involving fraudulent activity in the procurement of loans including, *inter alia*, the loans at
13 issue in this matter. On or about May 24, 2006, the Grand Jury of the County of Santa Clara
14 returned an indictment against Defendant Valverde relating to the same events and accusing
15 her of 47 felonies. On information and belief, Defendant Valverde is married to Defendant
16 Covarrubias.

17 25. Plaintiffs are informed and believe that, at all relevant times, Defendant CESAR
18 PONTE aka CESAR VALVERDE (“Defendant Ponte”) was a natural person over the age of
19 18. Plaintiffs are informed and believe that Defendant Ponte was commissioned as a notary in
20 the State of California. Plaintiffs are informed and believe that Defendant Ponte has been
21 licensed as a real estate salesperson by the California Department of Real Estate since on or
22 about April 3, 2006, and that he has been acting in that capacity under Defendant Summit’s
23 real estate brokerage license. On or about May 24, 2006, the Grand Jury of the County of
24 Santa Clara returned an indictment against Defendant Ponte for multiple counts of grand theft
25 involving fraudulent activity in the procurement of loans, including, *inter alia*, the loans at
26 issue in this matter, and accusing him of five felonies. Plaintiffs are further informed and
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1 believe that Defendant Ponte was an employee and agent of Defendant Summit and that he is
2 the brother of Defendant Valverde.

3 26. Plaintiffs are informed and believe that, for a period of time relevant to the
4 events mentioned in this Complaint, Defendant Valverde was practicing real estate brokerage
5 without a license and was operating under the supervision of licensed brokers Defendant
6 Covarrubias and/or William Alan Russell.

7 27. Plaintiffs are informed and believe that, at all relevant times mentioned in this
8 Complaint, Defendant ARGENT MORTGAGE COMPANY (“Argent”) was and is a
9 California corporation which regularly conducted business activity with South San Francisco
10 Bay residents. Plaintiffs are informed and believe that Argent’s business activity included
11 subprime lending or otherwise extending credit to persons in residential real estate
12 transactions.

13 28. Plaintiffs are informed and believe that, at all relevant times mentioned in this
14 Complaint, Defendant BNC MORTGAGE, INC. (“BNC”) was and is a Delaware corporation
15 which regularly conducted business activity with South San Francisco Bay residents.
16 Plaintiffs are informed and believe that BNC’s business activity included subprime lending or
17 otherwise extending credit to persons in residential real estate transactions.

18 29. Plaintiffs are informed and believe that Defendant SUMMIT MORTGAGE
19 REALTY, INC., was and is a corporation organized and existing under the laws of the State
20 of California and regularly conducted business activity with South San Francisco Bay
21 residents, with its offices located at 194 South Hillview Drive, Milpitas, California. Plaintiffs
22 are informed and believe that, at all times mentioned herein, Defendant Summit was, and
23 remains, licensed by the California Department of Real Estate as a real estate broker through
24 an officer who held a valid real estate broker license. Plaintiffs are informed and believe that,
25 at all times mentioned herein, Defendant Summit’s designated officer licensed by the
26 California Department of Real Estate was Defendant Covarrubias. Plaintiffs are informed and
27 believe that, as the designated corporate officer for Defendant Summit, Defendant
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1 Covarrubias was responsible for the training, supervision, and control of those Defendants’
2 activities requiring a DRE license and which were conducted on behalf of the corporation(s)
3 by its officers and employees. Plaintiffs are informed and believe that Defendant Summit’s
4 business activity within the South San Francisco Bay area included the brokerage of real
5 estate and representation of parties in residential real estate transactions, as well as soliciting
6 and negotiating loans secured by liens on real property.

7 30. Plaintiffs are informed and believe that Defendant R+ FINANCIAL, INC. DBA
8 AMERIMAC FIRST MORTGAGE was and is a corporation organized and existing under the
9 laws of the State of California and regularly conducted business activity with South San
10 Francisco Bay residents. Plaintiffs are informed and believe that, at all times mentioned
11 herein, Defendant Amerimac was, and remains, licensed by the California Department of Real
12 Estate as a real estate broker through an officer who held a valid real estate broker license.
13 Plaintiffs are informed and believe that, during the times mentioned herein, Defendant
14 Amerimac’s designated officer licensed by the California Department of Real Estate was
15 William Allen Russell. Plaintiffs are informed and believe that, as the designated corporate
16 officer for Defendant Amerimac, William Allen Russell was responsible for the training,
17 supervision, and control of those Defendants’ activities requiring a DRE license and which
18 were conducted on behalf of the corporation(s) by its officers and employees. Plaintiffs are
19 informed and believe that Defendant Amerimac’s business activity within the South San
20 Francisco Bay area included soliciting and negotiating loans secured by liens on real property.

21 31. The causes of action alleged herein apply equally and jointly and severally to all
22 of the Defendants to the extent that they were agents, servants, and employees of each other
23 and were acting within the scope of such agency or employment while engaged in the acts,
24 omissions, and other conduct alleged in this Complaint, or the alleged acts, omissions, and
25 other conduct of each Defendant were subsequently ratified or adopted by the other
26 Defendants.

V. FACTS

Plaintiff Juan Medina

32. On or about June 18, 2004, Adriana Duena, an employee of Defendant Summit Mortgage, Inc., contacted Juan Medina (“Plaintiff Medina”) by telephone and solicited him to refinance the home mortgage on his residence at 1349 Tallahassee Drive in San Jose, California. Duena promised Plaintiff Medina that her employer, Defendant Summit, could lower his interest rate to 3.8%. Duena also informed Plaintiff Medina that he would be able to obtain additional cash from the refinance in order to pay off his credit card debt. Based on these representations, Plaintiff Medina agreed to schedule an appointment at Defendant Summit’s offices to discuss the refinance.

33. On or about June 25, 2004, Plaintiff Medina went to Defendant Summit’s office for his scheduled appointment. Defendants Ponte and Covarrubias met with Plaintiff Medina to discuss his refinance. During this meeting, Defendants Ponte and Covarrubias reiterated Duena’s false promises to reduce his interest rate and obtain additional money so that he could pay off his credit card. Relying on these representations, Plaintiff Medina signed certain papers authorizing the Defendants to run a credit check at the end of the meeting.

34. Defendants Ponte’s and Covarrubias’s statements regarding the lower interest rates were false and/or misleading and misleading when made because, on information and belief, they had not taken the necessary steps to ensure that they would actually be able to provide a new loan at that rate to Plaintiff Medina.

35. On a separate occasion at Defendant Summit’s offices, Plaintiff Medina spoke with Defendant Valverde and she assured him that her signature could secure the loan through Defendant Summit.

36. All of these discussions took place in Spanish.

37. Defendants never inquired about Plaintiff Medina’s monthly income or assets. Defendants did not sufficiently evaluate Plaintiff Medina’s eligibility for the loan or ability to pay the loan.

1 38. Defendants instructed Plaintiff Medina to go to the Summit office for document
2 signing on July 12, 2004. On July 12, 2004, Defendant Valverde told Plaintiff Medina to
3 backdate the documents he signed to July 8, 2004.

4 39. The Notice of Right to Cancel Plaintiff Medina was instructed to sign had a
5 final date to cancel of July 12, 2004, the same day as that on which Plaintiff Medina signed
6 the document. By instructing Plaintiff Medina to backdate the documents, Defendant
7 Valverde made it appear that Plaintiff Medina was given the requisite time to cancel, but he
8 was not.

9 40. The loan documents signed by Plaintiff Medina contained a 5.8% starting
10 interest rate, which would become a variable interest rate at six percentage points above index
11 after two years. Plaintiff Medina never received a denial letter for a loan at 3.8%.

12 41. Unbeknownst to Plaintiff Medina, the loan also had fees to Defendant Summit
13 in the amount of \$25,250. When Plaintiff Medina questioned Defendant Ponte about the fees,
14 Defendant Valverde interrupted and informed Plaintiff Medina not to worry about the fees
15 since he would pay nothing out of pocket.

16 42. Defendant Valverde's statements were false and/or misleading and misleading
17 when made because, on information and belief, she knew that a prudent buyer should be
18 concerned about the costs and fees involved in a loan, regardless of whether or not those fees
19 would be paid out of pocket.

20 43. During the signing of the documents, Defendant Valverde pressured Plaintiff
21 Medina to sign, so that he felt that he had no choice but to sign the documents as she
22 instructed.

23 44. All of the loan documentation was written exclusively in English. No written
24 Spanish translation was offered by Defendants.

25 45. Neither Defendant Valverde nor any other Defendant explained the content of
26 the documents that Plaintiff Medina was asked to sign.

1 46. After signing the documents, Plaintiff Medina asked Defendant Valverde to
2 provide him with a copy of the documents he signed. She refused, but told him that she
3 would overnight-mail copies to him.

4 47. Plaintiff Medina did not receive copies of any of his signed documents until
5 approximately July 19, 2004.

6 48. On information and belief, the copies of the loan documents that Plaintiff
7 Medina received from Defendants were incomplete.

8 49. Plaintiff Medina was never informed of his right to cancel his loan. Nor was he
9 given a timely or complete Notice of Right to Cancel.

10 50. Plaintiff Medina never received any written Spanish translation of any
11 documents.

12 51. Plaintiff Medina received a Truth in Lending Act (“TILA”) disclosure that
13 materially underestimated the finance charge and the APR of the loan because it did not
14 include the vast bulk of the over \$25,000 in fees that Defendant Summit charged him for the
15 loan.

16 52. Defendants’ statements in the TILA disclosures regarding the broker fees were
17 false and/or misleading when they were made because, on information and belief, they knew
18 full well the true, higher amount of broker fees.

19 53. Defendants gave Plaintiff Medina a “Good Faith Estimate” that falsely listed a
20 broker fee that was one tenth of the actual broker fee charged by Defendant Summit. On
21 information and belief, Defendants knew or should have known that the estimate was not
22 accurate.

23 54. Defendant Argent received over \$500 in fees from Plaintiff Medina’s loan.

24 55. Plaintiff Medina incurred a prepayment penalty of \$8,865 by refinancing his
25 previous loan.

1 56. Plaintiff Medina's previous loan was with Ameriquest Mortgage Company,
2 which is owned by Ameriquest Capital Services, the same company that owns Defendant
3 Argent.

4 57. Thus, Plaintiff Medina incurred large fees to be transferred from a loan from
5 one company owned by Ameriquest Capital Services to a loan from another company owned
6 by Ameriquest Capital Services.

7 58. Defendant Summit received fees in excess of \$25,000 for this one loan for
8 Plaintiff Medina. The fees charged by Defendant Summit and its agents, Defendants
9 Covarrubias, Valverde, and Ponte, were unreasonable and unrelated to any services rendered
10 to Plaintiff Medina.

11 59. The fee received by Defendant Ponte was unreasonable and unrelated to
12 services rendered to Plaintiff Medina or in connection with his loan.

13 60. The notary fees that Defendant Ponte charged Plaintiff Medina exceeded the
14 notary fees prescribed by statute.

15 61. On information and belief, Defendant Ponte knew, when he notarized the
16 documents pertaining to Medina's loan, that the documents contained false information,
17 including false dates.

18 62. Plaintiff Medina never received a copy of the alleged appraisal that Defendants
19 commissioned for his house, despite his requests for a copy.

20 63. As a result of the loan transaction alleged herein, Plaintiff Medina's debt on his
21 home increased from \$392,000 to \$475,000.

22 64. Plaintiff Medina's monthly payments on his home increased from \$2,189 to
23 \$2,787 as a result of the loan transaction with Defendants.

24 65. Defendants Summit, Covarrubias, Valverde, and Ponte owed Plaintiff Medina a
25 fiduciary duty as his mortgage brokers.

26 66. Defendants Ponte, Covarrubias, and Valverde made misrepresentations and
27 omissions to Plaintiff Medina about the terms of the loan, including, without limitation, the
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1 interest rate and the fees charged. On information and belief, Defendants knew at the time
2 that those statements were false and/or misleading and that Plaintiff Medina would reasonably
3 rely upon those statements.

4 67. Plaintiff Medina did reasonably rely upon Defendants' misrepresentations and
5 omissions in completing the refinance for his property.

6 68. By misrepresenting the terms of the loan, having Plaintiff Medina backdate
7 documents in an attempt to circumvent his rights, charging excessive and unreasonable fees,
8 and soliciting Plaintiff Medina into a loan against his financial interest, Defendants Summit,
9 Covarrubias, Valverde, and Ponte breached their duty of loyalty and their fiduciary duty to
10 Plaintiff Medina.

11 69. On information and belief, Defendants Summit, Covarrubias, Valverde, and
12 Ponte misrepresented Plaintiff Medina's income, indebtedness, and assets in their loan
13 applications on his behalf.

14 70. Plaintiffs are informed and believe, and on that basis allege, that Defendants
15 specifically preyed on Hispanic residents whom they targeted as intended victims of predatory
16 services and loan products.

17 71. On information and belief, Defendants solicited and advertised
18 disproportionately within the Latino community of the South Bay, including but not limited to
19 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
20 of their business.

21 72. Defendants' business practices as alleged herein had a disparate impact on
22 Hispanic individuals.

23 73. On information and belief, Defendant Argent's policies and practices permitted
24 or encouraged predatory lending practices by not limiting the amount of commissions or fees
25 charged by brokers, not requiring proper documentation of the borrower's financial
26 circumstances, and not conducting an appropriate and careful review or audit of the loan
27 applications and/or related documentation.

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1 74. On information and belief, Defendant Argent failed to act on obvious warning
2 signs that the refinance loan was predatory, including the high fees charged and the lack of
3 Spanish translations of disclosures.

4 Plaintiff Maria Antonette Garcia

5 75. In or around October 2003, Defendants' agent contacted Maria Antonette Garcia
6 ("Plaintiff Garcia") and solicited her to refinance the home mortgage on her home at 933
7 Delbert Way in San Jose, California. As a result, approximately one week later, Plaintiff
8 Garcia went to Defendant Summit's office in Milpitas and discussed a possible refinance with
9 Defendant Valverde. This discussion took place in Spanish.

10 76. During this conversation, both Defendant Valverde and the original agent who
11 contacted Plaintiff Garcia promised her a loan rate of 5.2%. During this conversation,
12 Defendant Valverde checked Plaintiff Garcia's credit and told Plaintiff Garcia that she was
13 qualified for a loan rate of 5.2%.

14 77. On information and belief, Defendant Valverde knew that this promise of a
15 5.2% loan rate was false and/or misleading when she made it because she had not taken the
16 necessary steps to ensure that she would be able to obtain a loan for Plaintiff Garcia at that
17 rate.

18 78. During this conversation in the Summit office, Defendant Valverde did not ask
19 Plaintiff Garcia about the amount of her income or assets. Instead, Defendant Valverde told
20 Plaintiff Garcia that it did not matter what her income was because Defendant Valverde could
21 get her approved for the loan.

22 79. On information and belief, Defendant Valverde knew that her statement was
23 false and/or misleading at the time at which she made it because she knew that, in fact, a loan
24 applicant's income is a significant factor in determining the type and quality of a loan that can
25 be obtained by the applicant.

26 80. Several days later, Plaintiff Garcia received some loan documents in the mail
27 that reflected an interest rate of 6.2%.

1 81. Shortly after receiving the documents, Plaintiff Garcia contacted Defendant
2 Valverde by calling her at the Summit office from her home telephone and stated that the
3 documents did not reflect the promised loan rate. Defendant Valverde stated that the
4 documents had been sent to Plaintiff Garcia by mistake and did not even reflect the right
5 lender. On information and belief, when Defendant Valverde made that statement to Plaintiff
6 Garcia, Defendant Valverde knew that the documents were not sent by mistake and that they
7 accurately reflected the loan that Defendant Valverde intended to sell to Plaintiff Garcia.
8 Defendant Valverde told Plaintiff Garcia to disregard those documents.

9 82. Defendants did not sufficiently evaluate Plaintiff Garcia's eligibility for the loan
10 or ability to pay the loan.

11 83. On October 21, 2003, Defendant Valverde met with Plaintiff Garcia at
12 Defendant Summit's office. During that meeting, Plaintiff Garcia was informed that she did
13 not qualify for a loan with a 5.2% interest rate. This statement was false and/or misleading
14 because, on information and belief, Defendant Valverde never submitted an application for a
15 loan with a 5.2% interest rate on Garcia's behalf. No documents were signed during that
16 October 21, 2003 meeting.

17 84. On October 23, 2003, Plaintiff Garcia went to Defendant Summit's office to
18 sign the loan documents.

19 85. This was the first time at which Plaintiff Garcia signed any documents in
20 connection with this refinance.

21 86. On October 23, 2003, during a meeting at Defendant Summit's offices,
22 Defendant Valverde instructed Plaintiff Garcia to backdate the documents to October 21,
23 2003, stating that the backdating was necessary to ensure that the documents were recorded
24 and that the deal closed on time.

25 87. During the same meeting, Plaintiff Garcia asked Defendant Valverde how much
26 the refinance was costing her. Defendant Valverde told Plaintiff Garcia not to worry about it
27 and that she should just be concerned about reducing her monthly payment. On information
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1 and belief, at that time, Defendant Valverde knew that her statements were false and/or
2 misleading because she knew that the cost of the refinance was significant, that a prudent
3 buyer should be concerned about the fees and costs of a loan, and also that she had a duty to
4 disclose accurately the fees and costs involved in the loan.

5 88. Unbeknownst to Plaintiff Garcia, the loan had fees to Defendant Summit in the
6 amount of \$24,512.50.

7 89. Plaintiff Garcia asked Defendant Valverde whether there would be a
8 prepayment penalty for getting out of her original loans and how much that would cost.
9 Defendant Valverde told Plaintiff Garcia not to be concerned about the penalty and to focus
10 on her reduced monthly payments.

11 90. Unbeknownst to Plaintiff Garcia, the loan resulted in prepayment penalties of
12 \$13,453.36.

13 91. Plaintiff Garcia observed that a loan document stated an interest rate of 6.2%.
14 When she asked Defendant Valverde about it, Defendant Valverde stated that Plaintiff Garcia
15 did not qualify for the 5.2% loan.

16 92. Plaintiff Garcia did not know whether the 6.2% was a fixed or variable interest
17 rate.

18 93. The loan documents signed by Plaintiff Garcia set forth a 6.2% starting interest
19 rate, which would become a variable interest rate at 6.5 percentage points above index after
20 two years.

21 94. Plaintiff Garcia never received a denial letter for a loan at 5.2%.

22 95. Defendant Valverde did not allow Plaintiff Garcia to read the documents that
23 she was signing. Defendant Valverde would only disclose the place to sign on the documents
24 and tell Plaintiff Garcia to sign there.

25 96. The Notice of Right to Cancel that Plaintiff Garcia was instructed to sign had a
26 final date to cancel of October 24, 2003, only one day after the date on which Plaintiff Garcia
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1 signed the document. By instructing Plaintiff Garcia to backdate the documents, Defendant
2 Valverde made it appear that Plaintiff Garcia had the requisite time to cancel, but she did not.

3 97. During the signing of the documents, Defendant Valverde pressured Plaintiff
4 Garcia to sign, so that she felt that she had no choice but to sign the documents as Defendant
5 Valverde instructed.

6 98. All of the loan documentation was written exclusively in English. No written
7 Spanish translation was offered by Defendants.

8 99. Neither Defendant Valverde nor any other Defendant explained the content of
9 the documents that Plaintiff Garcia was asked to sign.

10 100. Plaintiff Garcia asked for a copy of the documents at the time of signing. She
11 was told that copies would be mailed to her later.

12 101. Plaintiff Garcia did not receive copies of any of her signed documents until
13 approximately a week after the signing.

14 102. Plaintiff Garcia requested a copy of the appraisal purportedly done on the
15 property from Defendant Valverde. Defendant Valverde never gave her such a copy.

16 103. Plaintiff Garcia was not given a timely or accurate Notice of Right to Cancel,
17 nor was she given a sufficient number of copies.

18 104. Plaintiff Garcia never received any written Spanish translation of any
19 documents.

20 105. Defendants never informed Plaintiff Garcia that the refinance would cause her
21 debt on her home to increase from \$422,406 to \$470,250.

22 106. Plaintiff Garcia discovered that her principal balance had increased by
23 approximately \$48,000 when she saw her first payment statement after the refinance.

24 107. Plaintiff Garcia received a Truth in Lending Act (“TILA”) disclosure that
25 materially underestimated the finance charge and APR of the loan because, *inter alia*, it did
26 not include the vast bulk of the fees that the defendants charged her for the loan.

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1 108. Defendants did not give Plaintiff Garcia an accurate “Good Faith Estimate” of
2 the closing costs prior to the date on which she signed the loan documents.

3 109. Plaintiff Garcia later discovered that Defendants Valverde and Covarrubias
4 fabricated the information on her loan application. The applications were signed by
5 Defendant Covarrubias. These Defendants stated that Plaintiff Garcia was the owner of a
6 consulting business when actually she is an employee in a customer service department.
7 These Defendants overstated Plaintiff Garcia’s income by more than \$4,000 per month.
8 These Defendants stated that Plaintiff Garcia had \$37,000 in her bank accounts, including
9 \$15,000 in a Bank of America account. Actually, Plaintiff Garcia at that time had very little
10 money in her bank account and did not even have a Bank of America account. These
11 Defendants grossly overstated the value of Plaintiff Garcia’s furniture, stating that it was
12 valued at \$80,000. These Defendants also misstated the year, make, number, and value of her
13 automobile. These Defendants misrepresented that Plaintiff Garcia had no dependents. These
14 Defendants misstated the original purchase price of the home. On one application, these
15 Defendants double-counted the value of the home in calculating Plaintiff Garcia’s net worth.

16 110. Defendant Argent received over \$500 in fees from Plaintiff Garcia’s loan.

17 111. Defendant Summit received fees in excess of \$24,000 for this one loan for
18 Plaintiff Garcia. The fees charged by Defendants Summit and its agents were unreasonable
19 and unrelated to any services rendered to Plaintiff Garcia.

20 112. Defendants Summit, Covarrubias, and Valverde owed Plaintiff Garcia a
21 fiduciary duty as her mortgage brokers.

22 113. By misrepresenting the terms of the loan, having Plaintiff Garcia backdate
23 documents in an attempt to circumvent her legal rights, charging unreasonable and excessive
24 fees, fabricating the facts on her loan application, and soliciting Plaintiff Garcia into a loan
25 against her financial interest, Defendants Summit, Covarrubias, and Valverde breached their
26 duty of loyalty and their fiduciary duty to Plaintiff Garcia.

1 114. Defendant Valverde made misrepresentations and omissions to Plaintiff Garcia
2 about the terms of the loan, including the interest rate, fees charged, the prepayment penalties,
3 and Plaintiff Garcia's qualifications for a loan, which, on information and belief, Defendant
4 Valverde knew at the time were false and/or misleading and upon which she knew that
5 Plaintiff Garcia would reasonably rely.

6 115. Plaintiff Garcia did reasonably rely upon Defendant Valverde's
7 misrepresentations and omissions in completing the refinance for her property.

8 116. Plaintiffs are informed and believe and on that basis allege that Defendants
9 specifically preyed on Hispanic residents whom they targeted as intended victims of predatory
10 services and loan products.

11 117. On information and belief, Defendants solicited and advertised
12 disproportionately within the Latino community of the South Bay, including but not limited to
13 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
14 of their business.

15 118. Defendants' business practices as alleged herein had a disparate impact on
16 Hispanic individuals.

17 119. On information and belief, Defendant Argent's policies and practices permitted
18 or encouraged predatory lending practices by not limiting the amount of commissions or fees
19 charged by brokers, not requiring proper documentation of the borrower's financial
20 circumstances, and not conducting an appropriate review or audit of loan applications and/or
21 documentation.

22 120. On information and belief, Defendant Argent failed to act on obvious warning
23 signs that the refinance loan was predatory, including the high fees charged, the lack of
24 Spanish translation of disclosures, and unrealistic information stated in the loan application.
25 Plaintiffs Oscar Alaniz and Odulia Alaniz

26 121. During the summer of 2003, Oscar and Odulia Alaniz ("Plaintiffs Alaniz")
27 received numerous telephone calls from an individual who worked with Defendant Valverde.
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1 The caller repeatedly solicited Plaintiffs Alaniz to refinance the mortgage on their home at
2 2649 Burlingame Way, San Jose, California, and stated that the caller's employer could assist
3 them with a refinance transaction.

4 122. At the time, Plaintiffs Alaniz were not interested in refinancing their home and
5 informed the caller of that fact. Indeed, Plaintiff Oscar Alaniz informed the caller that
6 Plaintiffs Alaniz were not interested in refinancing their home because their loans were
7 subject to prepayment penalties.

8 123. The caller represented to Plaintiff Oscar Alaniz that, if he refinanced through the
9 caller's office, his interest rate and monthly mortgage obligations could be substantially
10 reduced, that Plaintiffs Alaniz would be able to cash out \$15,000 or a comparable sum, and
11 that Plaintiffs Alaniz's prepayment penalties would be avoided.

12 124. The caller convinced Plaintiff Oscar Alaniz to set up an appointment at the
13 caller's office to assess or discuss the implications of refinancing. The meeting occurred in or
14 around the first week of August 2003 at Defendant Summit's office, approximately one week
15 after it was arranged.

16 125. At the meeting, Plaintiff Oscar Alaniz met the caller and the caller introduced
17 Plaintiff Oscar Alaniz to Defendant Valverde. From that point forward, Plaintiffs Alaniz dealt
18 almost exclusively with Defendant Valverde.

19 126. Plaintiff Oscar Alaniz briefly met Defendant Covarrubias, who reiterated the
20 caller's false representations.

21 127. During the initial meeting between Plaintiff Oscar Alaniz and Defendant
22 Valverde, Plaintiff Oscar Alaniz explained that his total outstanding balance on his home was
23 approximately \$405,000 secured by two separate loans.

24 128. Plaintiff Oscar Alaniz explained to Defendant Valverde that he did not want to
25 refinance his home unless: (i) Plaintiffs Alaniz would not be subject to a prepayment penalty;
26 and (ii) Plaintiffs Alaniz could cash out at least \$15,000.

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1 129. Defendant Valverde reaffirmed the false representations that the caller had made
2 to Plaintiff Oscar Alaniz, *i.e.*, that, if he refinanced through Summit, (1) his interest rate and
3 monthly mortgage obligations would be substantially reduced, (2) he would be able to cash
4 out \$15,000 or a comparable sum, and (3) he could avoid prepayment penalties on the then-
5 current loans. Defendant Valverde told Plaintiff Oscar Alaniz that she could get all of his
6 prepayment penalties waived because she was the manager at her office.

7 130. These statements were false and/or misleading when made because, on
8 information on belief, Defendant Valverde knew that the loan that she had prepared for the
9 Alaniz had none of these features.

10 131. Defendant Valverde then asked Plaintiff Oscar Alaniz to bring his original W-2
11 and other income and tax documentation to Defendant Summit's office.

12 132. Approximately one week later, Plaintiff Oscar Alaniz returned to Defendant
13 Summit's office for the second time and tendered the documentation that she had previously
14 requested.

15 133. Approximately three weeks after tendering his documentation to Defendant
16 Valverde, Plaintiff Oscar Alaniz began telephoning Defendant Valverde to check on the status
17 of the refinance transaction.

18 134. During these telephonic conversations, Defendant Valverde told Plaintiff Oscar
19 Alaniz that she was very busy, that she did not have time to discuss the transaction, and that
20 Plaintiff Oscar Alaniz should relax.

21 135. After further delay by Defendant Valverde, Plaintiffs Alaniz decided to cancel
22 the refinance transaction. Plaintiff Oscar Alaniz communicated the cancellation to Defendant
23 Valverde by telephone.

24 136. Approximately one week later, on or about September 3, 2003, Plaintiff Oscar
25 Alaniz stopped by Defendant Summit's office to pick up his income and tax documentation in
26 light of the cancellation. Defendant Valverde explained that she now had all of the loan
27 documents prepared and ready for his signatures.

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1 137. During that meeting, Defendant Valverde repeatedly urged Plaintiff Oscar
2 Alaniz to complete the refinance transaction, stating that the loan would be made on the terms
3 that Plaintiff Oscar Alaniz had requested. Further, Defendant Valverde told Plaintiff Oscar
4 Alaniz that he would receive a \$15,000 check within one week. These statements were false
5 and/or misleading when made because, on information and belief, she knew that the loan
6 would not have the terms that he requested and that he would not be receiving a \$15,000
7 check.

8 138. Defendant Valverde then presented Plaintiff Oscar Alaniz with a large stack of
9 documents written in English. No written Spanish translation was offered by Defendants.
10 Defendant Valverde instructed Plaintiff Oscar Alaniz to sign all of the documents and
11 instructed him to backdate some of them.

12 139. Plaintiff Oscar Alaniz did not know what the documents stated and relied on
13 Defendant Valverde to ensure that the transaction was in his best interest.

14 140. The "Notice of Right to Cancel" that Plaintiff Oscar Alaniz was instructed to
15 sign had a final date to cancel of September 9, 2003, which was one week prior to the day on
16 which Plaintiff Oscar Alaniz signed the document. By instructing Plaintiff Alaniz to backdate
17 the document, Defendant Valverde made it appear that Plaintiff Alaniz had the requisite time
18 to cancel, but he did not.

19 141. Plaintiff Oscar Alaniz asked Defendant Valverde for a final settlement
20 statement.

21 142. Plaintiff Oscar Alaniz was never shown a HUD-1 and believes that he never
22 signed one.

23 143. After Plaintiff Oscar Alaniz asked Defendant Valverde exactly when to expect
24 the \$15,000 check, Defendant Valverde told Plaintiff Oscar Alaniz that he would receive a
25 check by mail within one week.

1 144. Defendant Valverde did not provide any copies of the documents that Plaintiff
2 Oscar Alaniz signed to Plaintiff Oscar Alaniz. Rather, Defendant Valverde informed Plaintiff
3 Oscar Alaniz that he would receive copies of the documents by mail within a week.

4 145. Unbeknownst to Plaintiffs Alaniz, Defendant Valverde and/or her colleagues
5 prepared the loan documents with a mailing address slightly different from Plaintiffs Alaniz's
6 address.

7 146. Approximately one week after the signing, Plaintiff Oscar Alaniz telephoned
8 Defendant Valverde and inquired about the status of his anticipated \$15,000 check. About
9 one week thereafter, Plaintiff Oscar Alaniz received a check totaling around \$153.12.

10 147. Approximately two weeks after the signing, Plaintiff Oscar Alaniz received, for
11 the first time, copies of various documents that he had signed at Defendant Valverde's place
12 of employment, including a Notice of Right to Cancel. The documents he received, however,
13 did not include a copy of the final HUD-1.

14 148. Defendant Valverde used Defendant Argent for Plaintiffs Alaniz's loan.

15 149. Defendant Argent obtained written authorization from Plaintiff Oscar Alaniz to
16 investigate, audit, and/or verify the information contained in Plaintiff Oscar Alaniz's loan
17 application but, based on information and belief, failed to do so.

18 150. As a result of the loan transaction alleged herein, the debt on Plaintiffs Alaniz's
19 home increased from approximately \$405,407 to \$446,400.

20 151. As a result of the loan transaction alleged herein, Plaintiffs Alaniz also incurred
21 approximately \$22,425 in finance charges, including \$14,632 that went to Defendants
22 Summit, Valverde, and Covarrubias.

23 152. As a result of the loan transaction alleged herein, Plaintiffs Alaniz also incurred
24 prepayment penalties and interest totaling approximately \$18,259. The new loan purportedly
25 secured by Plaintiffs Alaniz's property contains another prepayment penalty provision that
26 expires three years after the September 16, 2003, closing date.

1 153. Defendants did not sufficiently evaluate Plaintiffs Alaniz's eligibility for the
2 loan or ability to pay the loan. Plaintiffs Alaniz later learned that Defendants Summit and
3 Valverde fabricated the information on the loan application for Plaintiff Oscar Alaniz.
4 Plaintiffs Alaniz have been informed and believe that Defendants Summit and Valverde stated
5 on the loan application that Plaintiff Oscar Alaniz's total monthly income was \$7,825, when
6 in fact he was receiving only approximately \$3,664 per month. Plaintiffs Alaniz also learned
7 that Defendants Summit and Valverde falsely stated on the loan application various aspects of
8 Plaintiff Oscar Alaniz's assets and employment history, asserting that he was self-employed
9 as a landscaper; owned stocks and bonds totaling \$10,000 in value; had \$5,000 in cash
10 deposited in a bank checking or savings account; owned two automobiles collectively valued
11 at \$45,000; and owned furniture and other personal property valued at \$90,000.

12 154. Defendants Summit, Covarrubias, and Valverde owed Plaintiffs Alaniz a
13 fiduciary duty as their mortgage brokers.

14 155. By misrepresenting the terms of their loan, having Plaintiffs Alaniz backdate
15 documents in an attempt to eviscerate their legal rights, charging excessive and unreasonable
16 fees, fabricating the facts on their loan application, and soliciting Plaintiffs Alaniz into a loan
17 against their financial interest, Defendants Summit, Covarrubias, and Valverde breached their
18 duty of loyalty and their fiduciary duty to Plaintiffs Alaniz.

19 156. Defendants Covarrubias and Valverde made misrepresentations and omissions
20 to Plaintiffs Alaniz about the terms of the loan, including the prepayment penalties, and
21 Plaintiffs Alaniz's qualifications for a loan, which, on information and belief, Defendants
22 Covarrubias and Valverde knew at the time were false and/or misleading and upon which they
23 knew that Plaintiffs Alaniz would reasonably rely.

24 157. Plaintiffs Alaniz did reasonably rely upon Defendants Covarrubias and
25 Valverde's misrepresentations and omissions in completing the refinance for their property.
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1 158. Plaintiffs are informed and believe, and on that basis allege, that Defendants
2 specifically preyed on Hispanic residents whom they targeted as intended victims of predatory
3 services and loan products.

4 159. On information and belief, Defendants solicited and advertised
5 disproportionately within the Latino community of the South Bay, including but not limited to
6 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
7 of their business.

8 160. Defendants' business practices as alleged herein had a disparate impact on
9 Hispanic individuals.

10 161. On information and belief, Defendant Argent's policies and practices permitted
11 or encouraged predatory lending practices by not limiting the amount of commissions or fees
12 charged by brokers, not conducting proper documentation of the borrower's financial
13 circumstances, and not requiring an appropriate review or audit of loan applications and/or
14 documentation.

15 162. On information and belief, Defendant Argent failed to act on obvious warning
16 signs that the refinance loan was predatory, including the high fees charged, the lack of
17 Spanish translations of disclosures, and unrealistic information stated in the loan application.

18 Plaintiffs Francisco Lopez and Maria Carrillo

19 163. In or around July 2003, Defendant Covarrubias contacted Plaintiff Francisco
20 Lopez by telephone and solicited him to refinance the mortgage on Plaintiffs Francisco Lopez
21 and Maria Carrillo's ("Plaintiffs Lopez and Carrillo") residence at 1363 McQuesten Drive #B,
22 San Jose, California. Defendant Covarrubias represented that he would be able to save
23 Plaintiffs Lopez and Carrillo approximately \$500 a month on their mortgage payments.
24 Plaintiff Francisco Lopez stated that he and his wife wanted to lower their then-current
25 interest rate of 7.2% on their mortgage with Bank of America and get a \$6,000 cash-out.
26 Defendant Covarrubias falsely assured Plaintiff Francisco Lopez that he would be able to
27 assist Plaintiffs Lopez and Carrillo with everything they wanted. These statements were false
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1 and/or misleading when made because, on information and belief, at that time, Defendant
2 Covarrubias knew that he would not necessarily be able to reduce the mortgage payments of
3 Plaintiffs Lopez and Carillo by \$500 per month and get them a \$6,000 cash-out.

4 164. As a result of this conversation and on the same day, Plaintiff Lopez went to
5 meet with Defendant Covarrubias in person and discussed a possible refinance. This meeting
6 took place at 2355 Oakland Avenue, Suite 3, in San Jose, California. Plaintiff Lopez brought
7 with him and gave to Defendant Covarrubias tax returns, pay stubs, and other personal
8 financial information. Defendant Covarrubias purportedly checked Plaintiff Lopez's credit at
9 this meeting. Defendant Covarrubias then informed Plaintiff Lopez that Defendant Valverde
10 was the manager of the office and that she would be handling the refinancing transaction
11 going forward. Consequently, Plaintiff Lopez made an appointment to meet with Defendant
12 Valverde.

13 165. A few days later, in late July 2005 at Defendant Amerimac's offices at 5242
14 Bascom Avenue, Suite 111, Campbell, California, Plaintiff Lopez met with Defendant
15 Valverde at Defendant Amerimac's office located at 5242 Bascom Avenue, Suite 111, in
16 Campbell to discuss the refinancing further. Plaintiff Lopez informed Defendant Valverde
17 that he wanted the monthly payments on the new mortgage to include payments towards the
18 property tax on the residence, as was the case with Plaintiffs Lopez and Carrillo's monthly
19 payments on their loan from Bank of America, in the form of an impound account. Defendant
20 Valverde falsely assured Plaintiff Lopez that the property taxes would be included in the
21 monthly payments. On information and belief, Defendant Valverde knew at the time that this
22 statement was false and/or misleading because she had not taken the necessary steps to set up
23 an impound account nor had she any intention of doing so.

24 166. Defendants Covarrubias and Valverde knowingly misrepresented that Plaintiffs
25 Lopez and Carrillo would be refinancing with a new mortgage that would reduce their total
26 monthly payment by \$500.

27 167. All of these discussions took place in Spanish.
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1 168. On or about August 4, 2003, Plaintiffs Lopez and Carrillo met with Defendant
2 Valverde at Defendant Summit's office in Milpitas in order to sign the documents for the new
3 loan with Defendant BNC. During the signing of the documents, Defendant Valverde rushed
4 Plaintiffs Lopez and Carrillo through the documents, refusing to let them review the
5 documents at any length. Defendant Valverde also did not answer Plaintiffs Lopez and
6 Carrillo's questions about some of the documents and stated that she did not have a lot of
7 time.

8 169. Defendant Valverde did not explain to Plaintiffs Lopez and Carrillo their right
9 to cancel the loan, nor were Plaintiffs Lopez and Carrillo given a timely or complete Notice of
10 Right to Cancel.

11 170. After signing the documents, Plaintiffs Lopez and Carrillo were not given
12 copies of the signed documents. Plaintiffs Lopez and Carrillo left Defendant Summit's
13 offices expecting to receive copies in the mail.

14 171. All of the loan documents were written exclusively in English. No written
15 Spanish translation was offered by Defendants.

16 172. The loan made by Defendant BNC to Plaintiffs Lopez and Carrillo contained a
17 5.99% starting interest rate, which would become a variable interest rate at 5.95 percentage
18 points above index after two years, to a maximum of 12.99%.

19 173. Unbeknownst to Plaintiffs Lopez and Carrillo, the loan also had fees to
20 Defendant Summit in the amount of \$16,495.

21 174. Unbeknownst to Plaintiffs Lopez and Carrillo, the loan did not establish an
22 impound account for property taxes, and therefore no portion of their monthly payments was
23 applied to their property tax liability.

24 175. On information and belief, Defendants did not sufficiently evaluate Plaintiffs
25 Lopez and Carrillo's eligibility for the loan or ability to pay the loan.

26 176. Plaintiffs Lopez and Carrillo did not receive copies of any of the loan
27 documents until approximately one week after signing. When Plaintiff Lopez reviewed the
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1 documents, he noticed for the first time the fees that Defendant Summit was charging and
2 became upset. Plaintiff Lopez went to Summit's office in Milpitas in mid-August 2003 with
3 the documents and confronted Defendant Valverde, telling her that he did not want the loan
4 after all because he and his wife were being charged too much. Defendant Valverde
5 proceeded to snatch the documents out of this hand and began ripping them up. She told him
6 that those documents were "garbage" and that he should "trust" her. These statements were
7 false and/or misleading when made because, on information and belief, Defendant Valverde
8 knew that these documents accurately reflected the fees that Defendants were charging.
9 Plaintiff Lopez left Defendant Summit's office upset and frustrated.

10 177. Approximately one week after this event, Plaintiffs Lopez and Carrillo received
11 a check in the amount of \$4,901.16, rather than the \$6,000 they had been promised by
12 Defendants.

13 178. Plaintiffs Lopez and Carrillo never received any written Spanish translation of
14 any documents.

15 179. Plaintiffs Lopez and Carrillo received a Truth in Lending Act ("TILA")
16 disclosure that materially underestimated the amount of the loan, the finance charge, and the
17 APR of the loan; *inter alia*, it did not include the vast bulk of the fees that the defendants
18 charged them for the loan.

19 180. Defendant BNC received over \$786 in fees from Plaintiffs Lopez and Carrillo's
20 loan.

21 181. Defendant Summit received fees in excess of \$16,000 for this one loan for
22 Plaintiffs Lopez and Carrillo. The fees charged by Defendants Summit and its agents,
23 Defendants Covarrubias and Valverde, were unreasonable and unrelated to any services
24 rendered to Plaintiffs Lopez and Carrillo.

25 182. As a result of the loan transaction with Defendants, Plaintiffs Lopez and
26 Carrillo's debt on their home increased from \$264,456.26 to \$292,600.

27 183. Plaintiffs Lopez and Carrillo's payments were not reduced by \$500 per month
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1 as promised. Despite Plaintiffs Lopez and Carrillo's requests and Defendant Valverde's
2 assurances that taxes would be included in the monthly payments, the monthly payments did
3 not include taxes.

4 184. Plaintiffs Lopez and Carrillo made payments on the predatory loan with
5 Defendants until December 2004, at which time they sold their townhouse because they could
6 not continue to afford paying the mortgage rate on the predatory loan and their property taxes.

7 185. Defendants Summit, Covarrubias, and Valverde owed Plaintiffs Lopez and
8 Carrillo a fiduciary duty as their mortgage brokers.

9 186. By misrepresenting the terms of the loan, failing to inform Plaintiffs of their
10 legal right to cancel the loan, charging excessive and unreasonable fees, and soliciting
11 Plaintiffs into a loan against their financial interest, Defendants Summit, Covarrubias, and
12 Valverde breached their duty of loyalty and their fiduciary duty to Plaintiffs.

13 187. Defendant Covarrubias and Defendant Valverde made misrepresentations and
14 omissions to Plaintiffs Lopez and Carrillo about the terms of the loan, including the amounts
15 of the new monthly payments, fees charged, and the property tax payments which, on
16 information and belief, Defendants knew at the time were false and/or misleading and upon
17 which they knew that Plaintiffs Lopez and Carrillo would reasonably rely.

18 188. Plaintiffs Lopez and Carrillo did reasonably rely upon Defendants'
19 misrepresentations and omissions in completing the refinance for their property.

20 189. Plaintiffs are informed and believe and on that basis allege that Defendants
21 specifically preyed on Hispanic residents whom they targeted as intended victims of predatory
22 services and loan products.

23 190. On information and belief, Defendants solicited and advertised
24 disproportionately within the Latino community of the South Bay, including but not limited to
25 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
26 of their business.

1 191. Defendants' business practices as alleged herein had a disparate impact on
2 Hispanic individuals.

3 192. On information and belief, Defendant BNC's policies and practices permitted or
4 encouraged predatory lending practices by not limiting the amount of commissions or fees
5 charged by brokers, not requiring proper documentation of the borrower's financial
6 circumstances, and not conducting an appropriate review or audit of loan applications and/or
7 documentation.

8 193. On information and belief, Defendant BNC failed to act on obvious warning
9 signs that the refinance loan was predatory, including the high fees charged and the lack of
10 Spanish translations of disclosures.

11 Plaintiffs Adalberto and Maria Reyes

12 194. In or around August 2002, Adalberto Reyes and Maria Reyes ("Plaintiffs
13 Reyes") were referred to Defendant Valverde to refinance the home mortgage on their home
14 at 10281 Griffith Street in San Jose, California, with the intent to reduce the interest rate and
15 to obtain cash.

16 195. During or about the first week of August 2002, Plaintiffs Reyes met with
17 Defendant Valverde at the offices of Stewart Title Co. of California, 12820 Saratoga-
18 Sunnyside Road, Saratoga, California.

19 196. At this meeting, Defendant Valverde promised Plaintiffs Reyes that their loan
20 would be ready within 20 days. Defendant Valverde instructed Plaintiffs Reyes not to make
21 any payments on their existing loans while she was arranging the refinancing. Plaintiffs
22 Reyes complied with her instructions, and suffered great harm as a result. On information and
23 belief, Defendant Valverde knew that, in fact, the loan would not be available in 20 days, and
24 that Plaintiffs Reyes's failure to pay their existing loan would have serious consequences.

25 197. At this meeting, Defendant Valverde told Plaintiffs Reyes that she was the
26 General Manager for Hilltop Mortgage. As a result of this statement, Plaintiffs Reyes
27 believed and relied upon her promises.

1 198. During the meeting, Defendant Valverde further promised that she would be
2 able to reduce Plaintiffs Reyes' interest rate and payments and that Plaintiffs Reyes would get
3 a \$40,000 cash-out. These promises were false. On information and belief, Defendant
4 Valverde knew at the time that the loan (1) would result in an interest rate increase, (2) would
5 result in increased payments, and (3) would not result in a \$40,000 cash-out.

6 199. Months went by and Defendant Valverde kept promising to refinance Plaintiffs
7 Reyes' home but had not done so. Meanwhile, Plaintiffs Reyes were receiving notices from
8 their original lender threatening default and foreclosure.

9 200. Plaintiffs Reyes informed Defendant Valverde of the notices threatening default
10 and foreclosure by their lender. Defendant Valverde instructed them to ignore the notices
11 because, according to her, the loan would be paid off shortly. On information and belief,
12 Defendant Valverde knew that the loans would not be ready on time for the Reyes to avoid the
13 serious and negative consequences of default.

14 201. Plaintiffs Reyes sent payment to the bank, but the bank would not accept it.
15 Therefore, Plaintiffs Reyes knew that they had to take a new loan in order to avoid losing the
16 property.

17 202. All communications between Plaintiffs Reyes and Defendant Valverde took
18 place in Spanish.

19 203. As a result of their reliance on Defendant Valverde's instructions and false
20 promises, Plaintiffs Reyes defaulted on their original loan and were held responsible for
21 attorney fees and penalties payable to the original lender.

22 204. By the end of October 2002, Plaintiffs Reyes were in foreclosure and were
23 desperate to refinance their home to stop the foreclosure.

24 205. On or about November 5, 2002, Plaintiff Maria Reyes contacted Defendant
25 Valverde and informed her that Plaintiffs Reyes were going to look for refinancing elsewhere,
26 because they were in foreclosure and still had not received the loan that Defendant Valverde
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1 had promised them. Plaintiffs Reyes tried to get their documents back in order to get a loan
2 elsewhere.

3 206. At that point, Defendant Valverde stated that she had found a loan for them, the
4 documents were ready to be signed, and Plaintiffs Reyes could come in on the following day
5 to sign them. That is when Plaintiffs Reyes agreed to sign.

6 207. Also at that point, Defendant Valverde informed Plaintiff Maria Reyes that
7 Plaintiffs Reyes would not be able to get a \$40,000 cash-out after all.

8 208. On information and belief, Defendants did not sufficiently evaluate Plaintiffs
9 Reyes's eligibility for the loan or ability to pay the loan.

10 209. On or about November 6, 2002, Plaintiffs Reyes went to meet with Defendant
11 Valverde to sign the new loan documents.

12 210. Defendant Valverde caused the property to be transferred from joint property
13 owned by Plaintiffs Reyes to sole ownership by Plaintiff Adalberto Reyes.

14 211. The time of the signing was the first time at which Defendant Valverde told
15 Plaintiffs Reyes of the new loan interest rate or monthly payments.

16 212. The documents for the new loan with Defendant BNC set forth a 10.15%
17 starting interest rate which would become a variable interest rate at 7.1 percentage points
18 above index after three years, up to a maximum of 17.15%. These rates were considerably
19 higher than Plaintiffs Reyes's previous fixed interest rate of eight percent. The new loan also
20 had a prepayment penalty during the first three years.

21 213. Plaintiffs Reyes never received a denial letter for a loan at a lower rate than
22 10.15%.

23 214. The monthly payments for the new loan with Defendant BNC were \$2,870,
24 considerably higher than Plaintiffs Reyes' previous monthly payments of approximately
25 \$2,159.

26 215. During the signing of the documents, Defendant Valverde pressured and rushed
27 Plaintiff Adalberto Reyes to sign, so that they felt that he had no choice but to sign the
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1 documents as she instructed, especially because Plaintiffs Reyes were facing a default on their
2 existing loan.

3 216. Unbeknownst to Plaintiffs Reyes, the loan had fees to Defendant Amerimac of
4 over \$10,000.

5 217. Unbeknownst to Plaintiffs Reyes, Defendant BNC also paid Defendant
6 Amerimac and its agents a yield spread premium of \$6,460.

7 218. Plaintiffs Reyes only received \$1,815.80 in cash from the refinance, rather than
8 the \$40,000 they had been promised by Defendants.

9 219. Defendants issued more than one final HUD-1 closing statement, which showed
10 different, higher amounts being paid to Plaintiffs Reyes.

11 220. On information and belief, Defendants did not pay the full property taxes on
12 Plaintiffs Reyes's home, as Defendant Valverde had promised.

13 221. Defendant Valverde prevented Plaintiff Adalberto Reyes from reading the
14 documents that he was signing. Defendant Valverde would disclose only the place on the
15 documents to sign and tell Plaintiff Adalberto Reyes to sign there.

16 222. All of the loan documentation was written exclusively in English. No written
17 Spanish translation was offered by Defendants.

18 223. Neither Defendant Valverde nor any of the Defendants explained the content of
19 the documents that Plaintiff Adalberto Reyes was asked to sign.

20 224. Plaintiffs Reyes asked for copies of the documents at the time at which Plaintiff
21 Adalberto Reyes was signing them, but did not receive copies of any of the signed documents
22 from Defendants.

23 225. Plaintiffs Reyes were not given a timely or accurate Notice of Right to Cancel,
24 nor were they given a sufficient number of copies.

25 226. Plaintiffs Reyes never received any written Spanish translation of any
26 documents.

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1 227. Defendants never informed Plaintiffs Reyes that the refinance would cause the
2 debt on their home to increase from \$288,000 to \$323,000.

3 228. Plaintiffs Reyes did not receive a Truth in Lending Act (“TILA”) disclosure that
4 accurately stated the finance charge and the APR of the loan because, *inter alia*, it did not
5 include the vast majority of the fees that Defendants charged them for the loan.

6 229. Defendants did not give Plaintiffs Reyes an accurate “Good Faith Estimate” of
7 the closing costs prior to the date on which Plaintiff Adalberto Reyes signed the loan
8 documents.

9 230. On information and belief, Defendant Valverde fabricated the information on
10 the loan application for Plaintiffs Reyes.

11 231. Defendant BNC received over \$900 in fees from Plaintiffs Reyes’s loan.

12 232. Defendants Valverde and Amerimac owed Plaintiffs Reyes a fiduciary duty as
13 their mortgage brokers.

14 233. By misrepresenting the terms of the loan, having Plaintiffs Reyes stop paying
15 their existing mortgage so that they were facing a default, charging high fees, and soliciting
16 Plaintiffs Reyes into a loan against their financial interest with a worse interest rate than they
17 had, Defendants Valverde and Amerimac breached their duty of loyalty and their fiduciary
18 duty to Plaintiffs Reyes.

19 234. Defendant Valverde made misrepresentations and omissions to Plaintiffs Reyes
20 about the terms of the loan, including the interest rate, fees charged, the monthly payment, the
21 cash-out to Plaintiffs Reyes, and Plaintiffs Reyes’s qualifications for a loan, which, on
22 information and belief, Defendant Valverde knew at the time were false and/or misleading
23 and upon which she knew that Plaintiffs Reyes would reasonably rely.

24 235. Plaintiffs Reyes did reasonably rely upon Defendant Valverde’s
25 misrepresentations and omissions in completing the refinance for their property.
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1 236. Plaintiffs are informed and believe and on that basis allege that Defendants
2 specifically preyed on Hispanic residents whom they targeted as intended victims of predatory
3 services and loan products.

4 237. On information and belief, Defendants solicited and advertised
5 disproportionately within the Latino community of the South Bay, including but not limited to
6 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
7 of their business.

8 238. Defendants' business practices as alleged herein had a disparate impact on
9 Hispanic individuals.

10 239. On information and belief, Defendant BNC's policies and practices encouraged
11 predatory lending practices by not limiting high fees charged by brokers, charging high
12 interest rates, not requiring proper documentation of the borrower's financial circumstances,
13 and not conducting an appropriate review or audit of loan applications and/or documentation.

14 240. On information and belief, Defendant BNC failed to act on obvious warning
15 signs that the refinance loan was predatory, including the high fees charged, the high interest
16 rate, the lack of Spanish translations of disclosures, and unverified information stated in the
17 loan application.

18 241. Plaintiffs Reyes made payments on the predatory loan with Defendants until
19 January 2004, when they refinanced. Ultimately, Plaintiffs Reyes were forced to sell their
20 house because they could not pay the loan or refinance.

21 Plaintiffs Joseph and Yolanda Hidalgo

22 242. In or around April 2004, Plaintiffs Joseph and Yolanda Hidalgo ("Plaintiffs
23 Hidalgo") were contacted by Defendant Valverde about refinancing the mortgage on their
24 home at 3166 Andora Drive, San Jose, California. This initial contact was via a telephone call
25 from Defendant Valverde to the Hidalgos' home.

26 243. Defendant Valverde informed Plaintiff Joseph Hidalgo that the mortgage could
27 be refinanced to obtain cash out of the equity built up in their home, which could be used to
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1 pay off bills, including two months of mortgage payments on which they were in arrears.
2 Defendant Valverde also stated that she could lower Plaintiffs Hidalgo's monthly payment
3 and lower their interest rate to 4.5%.

4 244. Defendant Valverde's statement regarding the interest rate was false and/or
5 misleading when made because, on information and belief, she knew that she had no intention
6 of attempting to secure a loan for Plaintiffs Hidalgo at that interest rate (which, in fact, she did
7 not).

8 245. Plaintiff Joseph Hidalgo met with Defendant Valverde at Defendant Summit's
9 offices in Milpitas to complete a loan application. Defendant Valverde told Plaintiff Joseph
10 Hidalgo that, because of his credit rating, Plaintiff Yolanda Hidalgo would need to be the only
11 person on the new loan.

12 246. A few days later, Defendant Valverde telephoned Plaintiffs Hidalgo and
13 informed them that the loan had been approved.

14 247. Plaintiffs Hidalgo went to meet with Defendant Valverde at Defendant
15 Summit's office to have Plaintiff Yolanda Hidalgo sign the loan documents. All of the
16 discussions with Defendant Valverde were in English. Defendant Valverde repeatedly tried to
17 negotiate the terms of the refinancing in Spanish, despite the Hidalgos' fluency in English and
18 desire to negotiate in that language.

19 248. At the signing of the loan documents, Plaintiffs Hidalgo learned for the first
20 time the amount of the monthly payments and that the actual interest rate on the new loan with
21 Defendant BNC would be seven percent, not 4.5% as promised by Defendant Valverde.
22 Plaintiffs Hidalgo asked Defendant Valverde why the rate was so high and she stated that it
23 was the lowest rate that she could get. Plaintiff Joseph Hidalgo stated to Defendant Valverde
24 that he was retired and could not afford to pay this interest rate for long. Defendant Valverde
25 told Plaintiffs Hidalgo that they should still refinance because they would be receiving cash
26 from the refinancing and would be able to catch up on their late mortgage payments. She also
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1 stated that she would help Plaintiffs Hidalgo refinance again in a few months. Based on these
2 representations, Plaintiffs Hidalgo agreed to proceed with the refinancing.

3 249. Defendant Valverde's statement regarding helping the Plaintiffs Hidalgo to
4 refinance their loan in a couple of months was false and/or misleading when made because, on
5 information and belief, Defendant Valverde knew that she had no intention of doing so (in
6 fact, she did not do so).

7 250. As part of the refinancing, Plaintiffs Hidalgo caused the property to be
8 transferred from joint property of Plaintiffs Hidalgo to sole ownership by Plaintiff Yolanda
9 Hidalgo.

10 251. The refinancing also required Plaintiffs Hidalgo to pay a prepayment penalty to
11 their prior mortgage company, World Savings, in the amount of \$6,825.

12 252. The interest rate of the new loan with Defendant BNC was seven percent,
13 considerably higher than Plaintiffs Hidalgo's previous fixed interest rate of 5.1%.

14 253. Plaintiffs Hidalgo never received a denial letter for a loan at 4.5%, or any loan
15 under seven percent.

16 254. The monthly payments for the new loan with Defendant BNC were \$2,957,
17 considerably higher than Plaintiffs Hidalgo's previous monthly payments of approximately
18 \$1,600.

19 255. As a result of the loan transaction alleged herein, the debt on Plaintiffs
20 Hidalgo's home increased from \$346,328 to \$433,500.

21 256. On information and belief, Defendants did not sufficiently evaluate Plaintiffs
22 Hidalgo's eligibility for the loan or ability to pay the loan. Plaintiffs Hidalgo later learned that
23 Defendant Valverde and Defendant Summit fabricated the information on the loan application
24 for Plaintiff Yolanda Hidalgo. Plaintiffs Hidalgo have been informed and believe that
25 Defendants Summit and Valverde stated on the loan application that Plaintiff Yolanda
26 Hidalgo was earning \$11,000 per month, when in fact Plaintiff Yolanda Hidalgo was only
27 receiving less than \$1,000 dollars a month. Plaintiffs Hidalgo have also learned that
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1 Defendants Summit and Valverde created false income tax returns for Plaintiffs Hidalgo
2 showing reported yearly income of over approximately \$130,000 and forged Plaintiffs
3 Hidalgo's signatures on the documents.

4 257. Defendant Valverde pressured Plaintiff Yolanda Hidalgo into signing the loan
5 documents with the higher interest rate and monthly payments, rushing her and making her
6 feel that she had no choice but to sign as Defendant Valverde instructed because Plaintiffs
7 Hidalgo were in need of the cash.

8 258. Defendant Valverde prevented Plaintiff Yolanda Hidalgo from reading the
9 documents that she was signing. Defendant Valverde would disclose only the place on the
10 documents to sign and tell Plaintiff Yolanda Hidalgo to sign there.

11 259. Neither Defendant Valverde nor any other Defendant explained the contents of
12 the documents that Plaintiff Yolanda Hidalgo was asked to sign.

13 260. Plaintiffs Hidalgo were not given a timely or accurate Notice of Right to Cancel,
14 nor were they given a sufficient number of copies of the signed documents. Defendant
15 Valverde told Plaintiff Yolanda Hidalgo to backdate her signature on certain documents so
16 that the closing of the loan would be expedited.

17 261. This statement by Defendant Valverde was false and/or misleading when made
18 and, on information and belief, she knew that the reason for which she asked Plaintiff Yolanda
19 Hidalgo to backdate the documents was not to expedite the closing of the loan, but rather to
20 enable Defendant Valverde to illegally deprive Plaintiffs Hidalgo of their statutory three-day
21 right to cancel the loan.

22 262. Plaintiffs Hidalgo asked for a copy of the documents at the time of the signing
23 of the documents. Defendant Valverde did not provide them with copies at the signing, nor
24 did Plaintiffs Hidalgo ever receive copies of any of the signed documents subsequently from
25 Defendant Valverde.

26 263. Defendants did not give Plaintiffs Hidalgo an accurate "Good Faith Estimate" of
27 the closing costs prior to the date on which Plaintiff Yolanda Hidalgo signed the loan
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1 documents because, *inter alia*, it did not include the vast majority of the fees that the
2 defendants charged Plaintiffs Hidalgo for the loan.

3 264. Plaintiffs Hidalgo did not receive a final Truth in Lending Act (“TILA”) *inter*
4 disclosure that accurately stated the finance charge and the APR of the loan because, *inter*
5 *alia*, it did not include the vast majority of the fees that the defendants charged them for the
6 loan.

7 265. About a week after the signing, Plaintiffs Hidalgo did receive in the mail a final
8 settlement statement from the title company. Plaintiff Joseph Hidalgo reviewed the settlement
9 statement and became very upset when he saw that Defendant Summit received \$23,647 in
10 fees and charges. Defendant BNC also received \$1,077 in fees from Plaintiff Yolanda
11 Hidalgo’s loan. Plaintiff Joseph Hidalgo telephoned Defendant Valverde and left messages
12 asking to speak with her. Defendant Valverde never responded.

13 266. Defendants Summit and Valverde owed Plaintiffs Hidalgo a fiduciary duty as
14 their mortgage brokers.

15 267. By misrepresenting the terms of the loan, charging excessive and unreasonable
16 fees, and soliciting Plaintiffs Hidalgo into a loan against their financial interest with a worse
17 interest rate, Defendants Summit and Valverde breached their duty of loyalty and their
18 fiduciary duty to Plaintiffs Hidalgo.

19 268. Defendant Valverde made misrepresentations and omissions to Plaintiffs
20 Hidalgo about the terms of the loan, including the interest rate, fees charged, the monthly
21 payment, the cash-out to Plaintiffs Hidalgo, and Plaintiffs Hidalgo’s qualifications for a loan,
22 which, on information and belief, Defendant Valverde knew at the time were false and/or
23 misleading and upon which she knew that Plaintiffs Hidalgo would reasonably rely.

24 269. Plaintiffs Hidalgo did reasonably rely upon Defendant Valverde’s
25 misrepresentations and omissions in completing the refinance for their property.

1 270. Plaintiffs are informed and believe and on that basis allege that Defendants
2 specifically preyed on Hispanic residents whom they targeted as intended victims of predatory
3 services and loan products.

4 271. Defendants solicited and advertised disproportionately within the Latino
5 community of the South Bay, including but not limited to requesting, obtaining, and using
6 lists of homeowners with Hispanic surnames for solicitation of their business.

7 272. Defendants' business practices as alleged herein had a disparate impact on
8 Hispanic individuals.

9 273. On information and belief, Defendant BNC's policies and practices permitted or
10 encouraged predatory lending practices by not limiting the amount of commissions or fees
11 charged by brokers, not requiring proper documentation of the borrower's financial
12 circumstances, and not requiring an appropriate, careful review of loan applications and/or
13 documentation.

14 274. On information and belief, Defendant BNC failed to act on obvious warning
15 signs that the refinance loan was predatory, including the high fees charged, the lack of
16 Spanish translations of disclosures, and unbelievable information stated in the loan
17 application.

18 275. Plaintiffs Hidalgo made payments on the predatory loan with Defendants until
19 December 2004 when Plaintiffs Hidalgo were forced to transfer title to their home to their
20 daughter after trying unsuccessfully to refinance the loan from Defendant BNC.

21 Plaintiffs Carlos and Veronica Aparicio

22 276. In or around February 2004, Plaintiff Carlos Aparicio contacted Defendant
23 Valverde to refinance the mortgage on the home he owns with his wife, Plaintiff Veronica
24 Aparicio, at 36570 Dawson Street, Fremont, California. Plaintiffs Carlos and Veronica
25 Aparicio ("Plaintiffs Aparicio") wanted to cash out \$100,000 from the refinance in order to
26 purchase another piece of property.

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1 277. As a result of Plaintiff Carlos Aparicio's contact with Defendant Valverde, three
2 different banks mailed "Good Faith Estimates." Plaintiff Carlos Aparicio questioned
3 Defendant Valverde as to why he had received three different "Good Faith Estimates."
4 Defendant Valverde informed Plaintiff Carlos Aparicio that the three "Good Faith Estimates"
5 were incorrect and instructed him to "throw out" the documents. Plaintiff Carlos Aparicio
6 followed Defendant Valverde's instruction.

7 278. Plaintiffs Aparicio never received a "Good Faith Estimate" from Defendant
8 BNC, the bank that ultimately provided the refinance loan to Plaintiffs Aparicio.

9 279. In early March 2004, Plaintiffs Aparicio went to Defendant Summit's office to
10 sign the loan documents.

11 280. While reviewing the closing papers, Plaintiffs Aparicio noticed approximately
12 \$20,000 in broker fees. Plaintiff Carlos Aparicio contested this amount, claiming that it was
13 exorbitant. Defendant Valverde told Plaintiffs Aparicio that the broker fee included all of the
14 closing costs. Defendant Valverde also stated that she would fix the broker fee amount later.
15 On information and belief, these statements were false and/or misleading because Defendant
16 Valverde knew at the time that she made these statements that she would include closing costs
17 in addition to the broker fee, and because she had no intention to fix the broker fee.

18 281. During the signing of the documents, Defendant Valverde instructed Plaintiffs
19 Aparicio to backdate the documents to facilitate a timely closing. Defendant Valverde further
20 instructed Plaintiffs Aparicio to date their signatures the same date as provided on the
21 document. These statements were false and/or misleading when made because, on
22 information and belief, Defendant Valverde knew that she instructed Plaintiffs Aparicio to
23 backdate the documents not to facilitate a timely closing but rather to deprive them illegally of
24 their statutory three-day right to cancel the loan. Plaintiffs Aparicio backdated their
25 signatures on one document by approximately one week to match the date of the document.

26 282. During the closing, Defendant Valverde pressured Plaintiffs Aparicio to sign,
27 appearing hurried and in a rush.

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1 283. The day after closing, Plaintiff Carlos Aparicio telephoned Defendant Valverde
2 and requested a copy of the closing documents. Plaintiff Carlos Aparicio felt that the broker
3 fees were too high, so he wanted to review the closing costs. Defendant Valverde told
4 Plaintiff Carlos Aparicio that the mortgage company, Defendant BNC, had charged him
5 approximately \$6,000 to close the refinance. Defendant Valverde then claimed that she would
6 place the closing papers in the mail.

7 284. These statements were false and/or misleading when made because, on
8 information and belief, Defendant Valverde knew that the closing costs would not be
9 approximately \$6,000, but rather would be more than \$22,000, as set forth below.

10 285. Defendant Valverde, however, mailed incorrect and incomplete closing
11 documents to Plaintiffs Aparicio. The closing documents that Defendant Valverde mailed to
12 Plaintiffs Aparicio were draft documents from Defendant Argent, not final papers from
13 Defendant BNC. Indeed, Plaintiffs Aparicio's BNC loan closed on March 8, 2004, whereas
14 the draft Defendant Argent documents are dated February 11, 2004. Further, Defendant
15 Valverde failed to include the pages detailing Plaintiffs Aparicio's closing costs.

16 286. After three weeks and several requests to Defendant Valverde, Plaintiffs
17 Aparicio still had not received the pages listing their closing costs. Consequently, Plaintiff
18 Carlos Aparicio went to the title company to find out the final closing costs. The title
19 company provided him with the final borrower's settlement statement, and Plaintiff Carlos
20 Aparicio was shocked to see that the closing costs were so high because they included
21 \$20,600 in broker fees plus another \$2,000 in other costs to be paid to Defendant Summit,
22 instead of the \$6,000 charge from BNC promised by Defendant Valverde.

23 287. Plaintiffs Aparicio have never received a complete set of loan documents.

24 288. The refinance negotiations took place in Spanish.

25 289. Defendant Summit and its agents received fees in excess of \$22,000 for this one
26 loan for Plaintiffs Aparicio. The fees received by Defendant Summit and its agents were
27 unreasonable and unrelated to any services rendered to Plaintiffs Aparicio.

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1 290. As a result of the loan transaction with Defendants, Plaintiffs Aparicio's debt on
2 their home increased from approximately \$277,000 to \$412,000.

3 291. Plaintiffs Aparicio received a check in the amount of \$96,961.99, rather than the
4 \$100,000 they had been promised by Defendants.

5 292. Defendant Summit and Defendant Valverde owed Plaintiffs Aparicio a fiduciary
6 duty as their mortgage brokers.

7 293. By misrepresenting the terms of the closing costs, charging excessive and
8 unreasonable fees, and refusing to provide a "Good Faith Estimate" or final closing
9 documents, Defendants Summit and Valverde breached their duty of loyalty and their
10 fiduciary duty to Plaintiffs Aparicio.

11 294. Defendant Valverde made misrepresentations and omissions to Plaintiffs
12 Aparicio about the terms of the closing costs, which, on information and belief, Defendant
13 Valverde knew at the time were false and/or misleading and upon which she knew that
14 Plaintiffs Aparicio would reasonably rely.

15 295. Plaintiffs Aparicio did reasonably rely upon Defendant Valverde's
16 misrepresentations and omissions in completing the refinance for their property.

17 296. Plaintiffs Aparicio are informed and believe and on that basis allege that
18 Defendants specifically preyed on Hispanic residents whom they targeted as intended victims
19 of predatory services and loan products.

20 297. On information and belief, Defendants solicited and advertised
21 disproportionately within the Latino community of the South Bay, including but not limited to
22 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
23 of their business.

24 298. Defendants' business practices as alleged herein had a disparate impact on
25 Hispanic individuals.

26 299. On information and belief, Defendant BNC failed to act on obvious warning
27 signs that the refinance loan was predatory because of the high fees charged.

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1 300. On information and belief, Defendant BNC's policies and practices encourage
2 predatory lending practices by not limiting high fees charged by brokers, not requiring proper
3 documentation of the borrower's financial circumstances, and not requiring an adequate and
4 careful review of loan applications and documentation.

5 Plaintiff Maria Garibay

6 301. Maria Garibay ("Plaintiff Garibay") owns a home at 1851 Everglade Avenue, in
7 San Jose, California.

8 302. In or around February of 2004, Plaintiff Garibay visited Defendant Valverde for
9 the first time in order to inquire about refinancing her loans. She was referred to Defendant
10 Valverde by a friend, who was working at that time for Defendant Valverde. The meeting
11 took place in Milpitas at the offices of Plaintiff Summit. Plaintiff Garibay went alone, and
12 nobody else was present during the meeting with Defendant Valverde.

13 303. At that time, Plaintiff Garibay had two loans for a total of \$390,000. The first
14 loan was for \$305,000, and the other for \$85,000. She was making payments of \$3,600 per
15 month at the time as part of a loan at 21% interest.

16 304. Plaintiff Garibay took original documents to the meeting, and Defendant
17 Valverde collected the documents and ran a credit check.

18 305. Plaintiff Garibay discussed the terms of the refinancing with Valverde. It was
19 her understanding that her two outstanding loans would be converted into a single loan, and
20 that her monthly payments would decrease by \$400 per month.

21 306. Plaintiff Garibay telephoned Defendant Valverde to inform her that that Plaintiff
22 Garibay did not want to proceed and that the \$400 per month decrease was insufficient. She
23 asked Defendant Valverde to return her documents. Defendant Valverde agreed to do so.

24 307. A few weeks later, when the documents had not arrived, Plaintiff Garibay called
25 Defendant Valverde to inquire about the documents. She was told that the documents were
26 sent to the wrong address. On information and belief, this statement was false and/or
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1 misleading when made because Defendant Valverde knew that she had not sent the documents
2 to the wrong address.

3 308. Plaintiff Garibay was then telephoned by her friend, and told that Defendant
4 Valverde could get a 5.5% rate and reduce the payments by more than \$600.

5 309. Sometime between February and April, Plaintiff Garibay went with her husband
6 and children to Defendant Valverde's office in Milpitas to sign the loan documents. She was
7 told that there would be a prepayment penalty of \$8,500, and that she would be given a check
8 for \$12,000 to spend on whatever she wanted. On information and belief, these statements
9 were false and/or misleading when made because Defendant Valverde knew that she had
10 incorrectly stated the amount of the prepayment penalty and because she knew that she had
11 not taken steps to ensure that Plaintiff Garibay received a check for \$12,000. The check that
12 Plaintiff Garibay ultimately received was for \$97.94.

13 310. During the last week of April, Plaintiff Garibay again went to Defendant
14 Valverde's office to sign additional documents. Plaintiff Garibay asked how much she would
15 be charged for the refinance. Defendant Valverde said that it would not be much, and that
16 there was nothing to worry about. On information and belief, this statement was false and/or
17 misleading when made because Defendant Valverde knew that the cost of the refinance would
18 be unreasonably high.

19 311. More than three weeks later, Plaintiff Garibay received copies of the documents.
20 They did not look familiar, and the amounts set forth in them were not what she expected.

21 312. The documents showed that the fees totaled \$25,146.88, including a brokerage
22 fee to Summit Mortgage One for \$19,950. It also included processing fees, administrative
23 fees, and application fees of \$1,600. The amounts of the fees were not disclosed to Plaintiff
24 Garibay prior to the loan, even though she had asked Defendant Valverde about the cost of
25 refinancing. Instead, she first learned that she had been charged those amounts when the
26 papers arrived in the mail after the loan was completed.

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1 313. In addition, there were two prepayment penalties (one for each loan). They
2 were \$8,457.31 and \$2,550.10, and together totaled close to \$12,000, which was more than
3 the \$8,500 prepayment penalty that Defendant Valverde had promised.

4 314. The loan was at a 5.5% interest rate and it required monthly payments of
5 \$2,265.48. As of March 6, 2006, the loan was to become a variable rate loan, at five points
6 above the current index with certain limits on changes in interest rates.

7 315. Plaintiff Garibay's monthly payment prior to refinancing with Defendant
8 Valverde was \$2,600, and therefore she did not decrease her payments by \$600 as promised,
9 but rather saved only \$334.52 per month.

10 316. Plaintiff Garibay has never received a complete set of loan documents.

11 317. The refinance negotiations took place in Spanish.

12 318. Defendant Summit and its agents received fees in excess of \$19,000 for this one
13 loan for Plaintiff Garibay. The fees received by Defendant Summit and its agents were
14 unreasonable and unrelated to any services rendered to Plaintiff Garibay.

15 319. As a result of the loan transaction with Defendants, Plaintiff Garibay's debt on
16 her home increased from approximately \$390,000 to \$399,000.

17 320. On or about February 13, 2006, counsel for Plaintiff Garibay sent Plaintiff
18 Garibay's lenders and servicers (JP Morgan Chase & Co., Litton Loan Servicing, LP, and
19 Defendant BNC) letters requesting rescission of the illegal loan. The lenders failed to rescind
20 the loan in a timely manner, and as a result Garibay was forced to refinance.

21 321. Defendant Summit and Defendant Valverde owed Plaintiff Garibay a fiduciary
22 duty as their mortgage brokers.

23 322. By misrepresenting the terms of the closing costs, charging excessive and
24 unreasonable fees, and failing to provide final closing documents, Defendants Summit and
25 Valverde breached their duty of loyalty and their fiduciary duty to Plaintiff Garibay.

26 323. Defendant Valverde made misrepresentations and omissions to Plaintiff Garibay
27 about the terms of the closing costs, which, on information and belief, Defendant Valverde
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1 knew at the time were false and/or misleading and upon which she knew that Plaintiff Garibay
2 would reasonably rely.

3 324. Plaintiff Garibay did reasonably rely upon Defendant Valverde's
4 misrepresentations and omissions in completing the refinance for her property.

5 325. Plaintiff Garibay is informed and believes and on that basis alleges that
6 Defendants specifically preyed on Hispanic residents whom they targeted as intended victims
7 of predatory services and loan products.

8 326. On information and belief, Defendants solicited and advertised
9 disproportionately within the Latino community of the South Bay, including but not limited to
10 requesting, obtaining, and using lists of homeowners with Hispanic surnames for solicitation
11 of their business.

12 327. Defendants' business practices as alleged herein had a disparate impact on
13 Hispanic individuals.

14 328. On information and belief, Defendant Summit failed to act on obvious warning
15 signs that the refinance loan was predatory because of the high fees charged.

16 329. On information and belief, Defendant Summit's policies and practices
17 encourage predatory lending practices by not limiting high fees charged by brokers, not
18 requiring proper documentation of the borrower's financial circumstances, and not requiring
19 appropriate and careful review of loan applications and documentation.

20 Plaintiffs Ricardo Gomez and Maria Rosas

21 330. Ricardo Gomez ("Plaintiff Gomez") and Maria Rosas ("Plaintiff Rosas") own a
22 home at 1568 East San Fernando Street in San Jose, California.

23 331. In or around August 2003, Plaintiffs Gomez and Rosas spoke to Defendant
24 Covarrubias regarding a possible refinance of their home.

25 332. Plaintiffs Gomez and Rosas met with Defendants Covarrubias and Valverde at
26 an office in San Jose in August 2003.

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1 333. During this conversation, Plaintiff Gomez asked what Defendants would earn
2 from the refinancing. Both Defendant Covarrubias and Defendant Valverde informed
3 Plaintiffs Gomez and Rosas that they would get “one point” without explaining the amount.
4 Plaintiff Gomez asked how much “one point” was, but Defendant Valverde did not explain.

5 334. On information and belief, Defendants Covarrubias and Valverde knew at this
6 time that they would charge five points, or five percent of the loan amount, as that was their
7 customary practice.

8 335. Subsequently, Plaintiffs Gomez and Rosas received paperwork in the mail in
9 English. The paperwork appeared to relate to their refinance loan.

10 336. Plaintiffs Gomez and Rosas brought the paperwork to Defendant Valverde, who
11 took the paperwork and threw it in the trash in their presence. Defendant Valverde told
12 Plaintiffs Gomez and Rosas not to worry about the paperwork.

13 337. In August 2003, during a conversation about refinancing Plaintiffs Gomez and
14 Rosas’s home at Defendants’ office in Milpitas, Defendant Valverde informed Plaintiff
15 Gomez that, after refinancing with them, Plaintiffs’ monthly payment would only be \$2,285
16 and that payment would include an impound for taxes and insurance.

17 338. These statements by Defendant Valverde were false and/or misleading when
18 made because, on information and belief, she knew at that time that the loan she would obtain
19 for Plaintiffs Gomez and Rosas would entail a monthly payment that would not include any
20 impound for taxes or insurance.

21 339. In August 2003, Defendant Valverde informed Plaintiffs Gomez and Rosas that
22 they would receive \$20,000 in cash from the refinance.

23 340. These statements by Defendant Valverde were false and/or misleading when
24 made because, on information and belief, at the time at which she made the promise,
25 Defendant Valverde knew or should have known that Plaintiffs Gomez and Rosas would not
26 receive the promised \$20,000 cash. In fact, Plaintiffs Gomez and Rosas ultimately received
27 less than \$17,000 in cash from the refinance.

1 341. Unbeknownst to Plaintiffs Gomez and Rosas, Defendant Valverde fraudulently
2 and knowingly misrepresented Plaintiffs Gomez and Rosas's employment and income on the
3 loan application. Plaintiff Gomez works as an electronics assembler, while the loan
4 application states that he is self-employed as a PC Desk Consultant. Plaintiff Gomez was
5 making approximately \$2,000 per month at the time of the loan application, while the loan
6 application states that he makes \$6,800 per month. Further, Defendant Valverde fraudulently
7 and knowingly misrepresented Plaintiffs Gomez and Rosas's assets on the loan application,
8 stating that they had approximately \$20,000 in cash in their Bank of America account.
9 Actually, Plaintiffs Gomez and Rosas at that time had only approximately \$3,000, and were
10 attempting to get cash out from their loan to pay off various debts. Defendant Valverde also
11 fraudulently and knowingly misrepresented that Plaintiffs had no dependents, although they
12 do in fact have minor children.

13 342. The falsified loan application was in English and was not signed by Plaintiffs
14 Gomez and Rosas until the date on which all of their loan documents were signed.

15 343. Several days after August 15, 2003, Plaintiffs Rosas and Gomez were instructed
16 to come to Defendants' office in Milpitas to sign their loan documents. Defendant Valverde
17 was present.

18 344. Defendant Valverde instructed Plaintiffs Gomez and Rosas to sign the
19 documents quickly because the room was hot.

20 345. Defendant Valverde also instructed Plaintiffs to backdate their signatures to
21 August 15, 2003, which was several days before the actual date of signing.

22 346. During the signing of the documents, Defendant Valverde pressured Plaintiff
23 Gomez and Plaintiff Rosas to sign, and they felt that they had no choice but to sign the
24 documents as Defendant Valverde instructed.

25 347. Defendants had Plaintiffs Gomez and Rosas sign a blank instruction on how to
26 disperse their proceeds.

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1 348. Plaintiffs Gomez and Rosas did not receive a “Good Faith Estimate” of their
2 closing costs until the day on which they signed their loan paperwork in mid-August 2003.

3 349. All of the loan documentation was written exclusively in English. No written
4 Spanish translation was offered by Defendants Covarrubias and Valverde.

5 350. Neither Defendant Valverde nor any other Defendant explained the contents of
6 the documents that Plaintiffs Gomez and Rosas were asked to sign.

7 351. Plaintiffs Gomez and Rosas were not given a timely Notice of Right to Cancel.
8 The Notice of Right to Cancel they were given did not give them three days from the actual
9 date on which they signed their loan documents.

10 352. Plaintiff Gomez and Plaintiff Rosas did not receive a copy of the documents
11 they signed until a much later date. When they did finally receive documents, the documents
12 they received were incomplete and unsigned.

13 353. Unbeknownst to Plaintiffs Gomez and Rosas, the loan did not establish an
14 impound account for property taxes, and therefore no portion of their monthly payments was
15 applied to their property tax liability.

16 354. When Plaintiff Gomez received a separate bill for property taxes, he telephoned
17 Defendant Valverde because he believed that the taxes were being paid from his monthly
18 payment. Defendant Valverde never returned his telephone calls.

19 355. All of the discussions between Plaintiffs Gomez and Rosas and Defendants
20 Covarrubias and Valverde took place in Spanish.

21 356. Defendant Summit received fees in excess of \$20,000 for this one loan for
22 Plaintiffs Gomez and Rosas. The fees charged by Defendants Summit and its agents,
23 Defendants Covarrubias and Valverde, were unreasonable and unrelated to any services
24 rendered to Plaintiffs Gomez and Rosas.

25 357. Defendant Argent received over \$500 in fees from Plaintiffs Gomez and Rosas’s
26 loan.

1 358. Defendant Ponte acted as notary for Plaintiffs Gomez and Rosas's signatures on
2 their loan documents.

3 359. The notary fees Defendant Ponte charged Plaintiffs Gomez and Rosas exceeded
4 the notary fees prescribed by statute.

5 360. On information and belief, Defendant Ponte knew, when he notarized the
6 documents pertaining to the Gomez and Rosas loan, that the documents contained false
7 information, including false dates.

8 361. Defendants Summit, Covarrubias, and Valverde owed Plaintiff Gomez and
9 Plaintiff Rosas a fiduciary duty as their mortgage brokers.

10 362. By misrepresenting the terms of the loan, having Plaintiff Gomez and Plaintiff
11 Rosas backdate documents in an attempt to circumvent their legal rights, charging excessive
12 and unreasonable fees, fabricating the facts on their loan application, and soliciting Plaintiffs
13 Gomez and Rosas into a loan against their financial interest, Defendants Summit,
14 Covarrubias, and Valverde breached their duty of loyalty and their fiduciary duty to Plaintiffs
15 Gomez and Rosas.

16 363. Defendant Valverde made misrepresentations and omissions to Plaintiffs Gomez
17 and Rosas about the terms of the loan, including the fees charged, Plaintiffs Gomez and
18 Rosas's qualifications for a loan, and the property tax payments, which, on information and
19 belief, Defendant Valverde knew at the time were false and/or misleading and upon which she
20 knew that Plaintiffs Gomez and Rosas would reasonably rely.

21 364. Plaintiffs Gomez and Rosas did reasonably rely upon Defendant Valverde's
22 misrepresentations and omissions in completing the refinance for their property.

23 365. On information and belief, Defendants specifically targeted their predatory
24 mortgage lending and subprime lending to Hispanic residents.

25 366. On information and belief, Defendants solicited and advertised
26 disproportionately in the Latino community of Santa Clara County, including but not limited
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1 to requesting only lists of homeowners with Hispanic last names for solicitation of their
2 business.

3 367. On information and belief, Defendant Argent's policies and practices
4 encouraged predatory lending practices by not limiting high fees charged by brokers, not
5 requiring proper documentation of the borrower's financial circumstances, and not requiring
6 appropriate and careful review of loan applications and documentation.

7 368. On information and belief, Defendant Argent failed to act on obvious warning
8 signs that the refinance loan was predatory, including the high fees charged, the lack of
9 Spanish translation of disclosures, and unbelievable information stated in the loan application.

10 369. Plaintiffs Gomez and Rosas are still making payments on the predatory loan
11 with Defendants.

12 **VI. INJURIES**

13 370. Plaintiffs were financially damaged by Defendants' actions, including but not
14 limited to receiving loans inferior to those that they were promised, with higher interest rates
15 and variable, increasing rates after the fixed introductory rate, paying exorbitant and
16 unreasonable fees, and substantial damage or risk of damage to their credit.

17 371. As a result of Defendants' actions in connection with their home loans,
18 Plaintiffs have suffered persistent emotional distress with physical manifestations.

19 372. Plaintiffs have tendered payments to Defendant Argent and Defendant BNC and
20 their assignees.

21 373. The monthly mortgage payments on the loans will periodically increase and
22 either have required Plaintiffs to refinance or sell their property or will threaten Plaintiffs with
23 foreclosure.

24 374. Defendants were unjustly enriched at the expense of Plaintiffs, who are
25 therefore entitled to equitable restitution and disgorgement of profits obtained by Defendants.

26 375. As a direct and proximate result of these violations, Plaintiffs were and continue
27 to be damaged in an amount according to proof but not yet ascertained including, without
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1 limitation, statutory damages and *all* amounts paid or to be paid in connection with the
2 transaction, excluding principal payments, if any.

3 376. Plaintiffs believe that the acts of Defendants as described herein were willful,
4 wanton, and in conscious disregard of the rights of Plaintiffs, and on that basis allege that
5 Plaintiffs are entitled to recover punitive damages in an amount to be established at trial.

6 377. Plaintiffs are entitled to all statutory damages under the claims in this
7 Complaint, including but not limited to treble damages under California Code of Civil
8 Procedure § 1021.5.

9 **VII. CLAIMS**

10 **FIRST CLAIM**

11 **Violation of the Truth in Lending Act, 15 U.S.C. § 1601, *et seq.*,**
12 **and Regulation Z, 12 C.F.R. § 226, *et seq.***
13 **(Plaintiffs Medina, Garcia, Alaniz, and Aparicio against Defendants Argent and BNC)**

14 378. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
15 through 377 inclusive, as if fully set forth herein verbatim.

16 379. Defendants Argent and BNC are creditors within the meaning of the Truth in
17 Lending Act (“TILA”) as implemented by Regulation Z.

18 380. Charges, including but not limited to the fees paid to Defendants Summit and
19 Ponte, were not bona fide and reasonable and were “finance charges” under TILA that
20 required proper disclosure.

21 381. Defendants Argent and BNC violated TILA and Regulation Z by failing to
22 provide Plaintiffs with appropriate material disclosures required under TILA.

23 382. Plaintiffs were not given copies of a Notice of Right to Cancel—a notice of the
24 right to cancel the loan—at the time at which they signed the loan documents or were not
25 afforded an opportunity to cancel the refinance transaction.

26 383. Plaintiffs were instructed to backdate the Notice of Right to Cancel that they
27 signed so that the Notice stated an incorrect date as the final date on which the loan could be
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1 canceled, and was defective in violation of TILA. Accordingly, Plaintiffs are entitled to
2 rescind the loans that they obtained from Defendants.

3 384. Defendants are aware of the illegal nature of the loans and of Defendants'
4 requests for rescission, but Defendants have nevertheless failed to rescind the loans and
5 therefore are in violation of TILA.

6 **SECOND CLAIM**

7 **Real Estate Settlement Procedures Act, 12 U.S.C. § 2601, et seq., and**
8 **Regulation X, 24 C.F.R. § 3500, et seq.**
9 **(Plaintiff Medina against all Defendants except BNC and Amerimac)**

10 385. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
11 through 384 inclusive, as though fully set forth herein verbatim.

12 386. The loans to Plaintiff Medina by Defendant Argent are federally related
13 mortgage loans as defined in the Real Estate Settlement Procedures Act ("RESPA") and
14 implemented by Regulation X.

15 387. Fees paid to Defendants Summit and Ponte were unlawful kickbacks and/or
16 unearned fees under RESPA because they were not reasonably related to the performance of
17 lawful services.

18 388. In addition to prohibiting the payment of excessive or unearned fees, RESPA
19 prohibits any person from accepting an excessive or unearned fee.

20 389. By the actions described herein and as a proximate cause of Defendants'
21 conduct, Plaintiff Medina was damaged, in an amount to be proven at trial but not yet
22 ascertained.

23 **THIRD CLAIM**

24 **Violation of the Fair Housing Amendments Act,**
25 **42 U.S.C. § 3601, et seq.**
26 **(All Plaintiffs against all Defendants except Ponte)**

27 390. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
28 through 389 inclusive, as though fully set forth herein verbatim.

1 391. All of the Plaintiffs are members of a protected class, and Defendants, by their
2 conduct as alleged herein, unlawfully discriminated against Plaintiffs based on their protected
3 class status.

4 392. The loan transactions at issue in this case were residential real estate-related
5 transactions within the meaning of the Fair Housing Act (“FHA”), 42 U.S.C. § 3605(a).

6 393. Plaintiffs’ homes, which are the subject of Plaintiffs’ claims, are real property
7 that constitutes “covered” dwellings within the meaning of FHA, 42 U.S.C. §§ 3602 and 3604.

8 394. Plaintiffs are covered persons within the meaning of FHA, 42 U.S.C. § 3602.
9 With regard to the discriminatory housing practices alleged, they constitute aggrieved
10 individuals within the meaning of FHA, 42 U.S.C. § 3602.

11 395. Defendants Argent and BNC’s business includes engaging in residential real
12 estate transactions within the meaning of FHA, 42 U.S.C. § 3605(a), as well as 24 C.F.R. §
13 100.115(a).

14 396. The business of Defendants Summit, Amerimac, Valverde, Covarrubias, and
15 Ponte includes engaging in residential real estate transactions within the meaning of FHA, 42
16 U.S.C. § 3605(a). These Defendants are all brokers or agents within the meaning of 24 C.F.R.
17 §§ 100.115(b) and 100.20, and these Defendants’ business includes engaging in the selling,
18 brokering, or appraising of residential real property within the meaning of 24 C.F.R. §
19 100.135(a).

20 397. As set forth above, Defendants Argent, BNC, Summit, Amerimac, Valverde,
21 Covarrubias, and Ponte, through their authorized representatives and agents, have violated 42
22 U.S.C. §§ 3604 and 3605 by issuing predatory mortgage loans designed to fail with high
23 interest rates, closing costs, and fees to Hispanic borrowers (many of whom speak and read
24 little or no English), including Plaintiffs, because of their race, color, and national origin.

25 398. Defendants Argent, BNC, Summit, Amerimac, Valverde, Covarrubias, and
26 Ponte specifically targeted their products and services, which were inferior and/or predatory,
27 to Hispanic homeowners.

1 399. Based on the factual allegations stated hereinabove, Plaintiffs are informed and
2 believe and, on that basis, allege that persons not of Plaintiffs' national origin, color, or race,
3 who were no better qualified financially for a mortgage loan than were Plaintiffs, either:
4 (a) were offered loans on more favorable terms than those offered by Defendants to Plaintiffs;
5 or (b) were not issued predatory loans with exorbitant closing costs and fees, misrepresented
6 terms, and backdated documents to circumvent legal protections.

7 400. Defendants Argent and BNC issued a disproportionate number of subprime
8 loans, likely to be predatory as described in the preceding paragraph, to Hispanic borrowers in
9 the South Bay, including Santa Clara County, during 2004. Thus, Defendants Argent and
10 BNC have discriminated in the provision of services in connection with residential real estate
11 transactions, or in the terms or conditions of such transactions, because of race, color, and
12 national origin of the borrower in violation of 42 U.S.C. §§ 3604 and 3605.

13 401. By the actions described herein and as a proximate cause of Defendants'
14 conduct, Plaintiffs have been damaged, as set forth above.

15 **FOURTH CLAIM**

16 **Violation of the Fair Employment and Housing Act,** 17 **California Government Code § 12955, et seq.** **(All Plaintiffs against all Defendants except Ponte)**

18 402. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
19 through 401 inclusive, as though fully set forth herein verbatim.

20 403. The actions of Defendants, as detailed above in regard to Plaintiffs' loans, were
21 "real estate-related transactions," including making or purchasing of loans or providing other
22 financial assistance secured by residential real estate and the brokering of residential real
23 property, as defined by California Government Code § 12927(h).

24 404. As set forth above, Defendants Argent, BNC, Summit, Amerimac, Valverde,
25 Covarrubias, and Ponte, through their authorized representatives and agents, violated
26 California Government Code §§ 12955(e), (g), and (i) by issuing predatory mortgage loans
27 designed to fail with high interest rates, closing costs, and fees to Hispanic borrowers (many
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1 of whom speak and read little or no English), including Plaintiffs, because of their race, color,
2 and national origin.

3 405. Defendants Argent, BNC, Summit, Amerimac, Valverde, Covarrubias, and
4 Ponte specifically targeted their products and services, which were inferior and/or predatory,
5 to Hispanic homeowners.

6 406. Based on the factual allegations stated hereinabove, Plaintiffs are informed and
7 believe and, on that basis, allege that persons not of Plaintiffs' national origin, color, or race,
8 who were no better qualified financially for a mortgage loan than were Plaintiffs, either:
9 (a) were offered loans on more favorable terms than those offered by Defendants to Plaintiffs;
10 or (b) were not issued predatory loans with exorbitant closing costs and fees, misrepresented
11 terms, and backdated documents to circumvent legal protections.

12 407. Defendants Argent and BNC issued a disproportionate number of subprime
13 loans, likely to be predatory as described in the preceding paragraph, to Hispanic borrowers in
14 the South Bay, including Santa Clara County, during 2004. Thus, Defendants Argent and
15 BNC have discriminated in the provision of services in connection with residential real estate
16 transactions, or in the terms or conditions of such transactions, because of race, color, and
17 national origin of the borrower in violation of 42 U.S.C. §§ 3604 and 3605.

18 408. By the actions described herein and as a proximate cause of Defendants'
19 conduct, Plaintiffs have been damaged, as set forth above.

20 FIFTH CLAIM

21 **Equal Credit Opportunity Act, 15 U.S.C. § 1691, *et seq.***
22 **(Plaintiffs Medina, Garcia, Alaniz, Lopez, Carrillo, Aparicio,**
23 **and Hidalgo against all Defendants except Ponte)**

24 409. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
25 through 408 inclusive, as though fully set forth herein verbatim.

26 410. Plaintiffs are natural persons and residents of the State of California and of the
27 United States.

1 411. Defendants Argent and BNC are financial institutions within the meaning of the
2 Consumer Credit Protection Equal Credit Opportunity Act (“ECOA”), 15 U.S.C. § 1691, *et*
3 *seq.* (“ECOA”)

4 412. Defendants Argent and BNC do business in the State of California and are
5 subject to the jurisdiction of this Court. At all times relevant herein, Defendants Argent and
6 BNC, in the ordinary course of business, regularly extended, offered to extend, or arranged for
7 extension of credit to their consumer customers for which a finance charge was imposed.

8 413. Plaintiffs entered into a credit transaction with Defendants Argent and BNC
9 incident to which Defendants Argent, BNC, Summit, Amerimac, and Ponte imposed finance
10 charges.

11 414. The conduct of Defendants alleged herein constitutes a violation of ECOA.

12 415. Defendants discriminated against Plaintiffs based on race, color, and national
13 origin in their credit and finance practices, determination of borrower creditworthiness,
14 provision of services in connection with the offering of credit and making of loan transactions,
15 and terms or conditions of such transactions.

16 416. By the actions described herein and as a proximate cause of Defendants’
17 conduct, Plaintiffs have been damaged, as set forth above.

18 **SIXTH CLAIM**

19 **Violation of the Unfair Competition Act,**
20 **California Business and Professions Code § 17200, *et seq.***
(All Plaintiffs against Defendants Summit, Amerimac, Argent, and BNC)

21 417. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
22 through 416, inclusive, and the allegations in all of the other claims alleged in this Complaint,
23 as if fully set forth herein verbatim.

24 418. Plaintiffs are informed and believe, and on that basis allege, that Defendants
25 Argent, BNC, Summit, and Amerimac have been engaged in, and continue to engage in,
26 numerous acts and/or a pattern and practice of unfair competition within the state of
27 California in violation of Business and Professions Code § 17200, *et seq.*, which proscribes
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1 deceptive business practices. These unfair business practices include, without limitation, the
2 following:

- 3 a. Engaging in predatory lending practices in dealings with Plaintiffs and
4 other borrowers including, but not limited to, the use of high-pressure sales
5 tactics and the falsification of loan application information;
- 6 b. Self-dealing at the expense of borrowers;
- 7 c. Failing to provide notices and disclosures required by TILA and RESPA,
8 including Notices of Right to Cancel and accurate final settlement
9 statements, or HUD-1s;
- 10 d. Discriminating on the basis of race, national origin, or other unlawful
11 criteria;
- 12 e. Violating TILA; violating RESPA; and violating the False Advertising
13 Act, California Business and Professions Code § 17500, *et seq.*, or any
14 other applicable statute;
- 15 f. Failing to rescind the illegal loans promptly on request;
- 16 g. Failing to provide Spanish translations as required by California Civil
17 Code § 1632;
- 18 h. Charging and collecting fees in excess of those permitted under statute;
19 and
- 20 i. Making loans without regard to the ability of the borrower to repay
21 them.

22 419. The above-described unlawful, unfair, and fraudulent business practices are an
23 ongoing threat of injury to Plaintiffs and a class of individuals who are similarly situated.
24 Plaintiffs and a class of individuals who are similarly situated continue to be financially
25 harmed by such conduct and, unless restrained, Defendants Argent, BNC, Summit, and
26 Amerimac will continue to engage in such conduct.

SEVENTH CLAIM

**Violation of the False Advertising Act, California Business and Professions Code § 17500, et seq.
(All Plaintiffs against Defendants Summit, Amerimac, Covarrubias, Valverde, and Ponte)**

420. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 419, inclusive, as if fully set forth herein verbatim.

421. The advertising, promotional materials, and other written or oral promotional efforts undertaken by Defendants Summit, Amerimac, Covarrubias, Valverde, and Ponte to induce consumers to enter into loan transactions contained statements that were deceptive, untrue, and/or misleading, or omitted material information, and which were known, or by the exercise of reasonable care should have been known, by Defendants to be deceptive, untrue, and/or misleading, in violation of California Business and Professions Code § 17500, et seq.

422. Defendants' use of various forms of advertising to call attention to or give publicity to the sale of their goods or services, and other practices, as set forth above, which were not as advertised or as otherwise represented, constituted unfair competition, deceptive, untrue, and/or misleading advertising, and unlawful business practice within the meaning of California Business and Professions Code §§ 17200, et seq., and 17500, et seq.

423. These advertisements and practices have deceived and injured Plaintiffs and are likely to deceive and injure the consuming public in violation of those sections.

424. Pursuant to California Business and Professions Code §§ 17203 and 17535, Plaintiffs, individually and on behalf of a class of individuals who are similarly situated, seek an order of this Court enjoining Defendants from continuing to engage in their false advertising practices. Plaintiffs and a class of individuals who are similarly situated will be irreparably harmed if such an order is not granted.

EIGHTH CLAIM

**Fraud—California Civil Code § 1573
(All Plaintiffs against Defendants Summit, Amerimac,
Covarrubias, Valverde, and Ponte)**

425. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 424, inclusive, as if fully set forth herein verbatim.

426. Defendants Summit, Amerimac, Covarrubias, Valverde, and Ponte owed a fiduciary duty to Plaintiffs because they were acting in their capacities as DRE licensees or their agents.

427. As set forth with specificity as to each Plaintiff in Section VI, *supra*, Defendants breached that duty by, *inter alia*, misrepresenting or failing to disclose the following material facts about the transaction:

- a. The true interest rate of the loan;
- b. The true approximate monthly mortgage obligation;
- c. The true status of property tax obligations;
- d. That Plaintiffs' loan applications were falsified;
- e. Plaintiffs' rights to disclosures required by law;
- f. Plaintiffs' rights to copies of relevant documents signed at the time of signature; and
- g. Plaintiffs' rights to cancel the loan within three business days.

428. As set forth with specificity as to each Plaintiff in Section VI, *supra*, Defendants intended to deceive Plaintiffs by the misrepresentations or nondisclosures.

429. As set forth with specificity as to each Plaintiff in Section VI, *supra*, Plaintiffs relied on the misrepresentations or nondisclosures.

430. As a proximate result of their reasonable reliance on Defendants' misrepresentations, Plaintiffs sustained damages in an amount to be proven at trial but not yet ascertained.

NINTH CLAIM

**Negligent Misrepresentation—California Civil Code §§ 1709-1710
(All Plaintiffs against Defendants Summit, Amerimac, Covarrubias,
Valverde, and Ponte)**

431. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 430, inclusive, as if fully set forth herein verbatim.

432. As set forth with specificity as to each Plaintiff in Section VI, *supra*, Defendants made false and/or misleading representations to Plaintiffs, *inter alia*, as to the following important facts:

- a. The true interest rate of the loan;
- b. The true approximate monthly mortgage obligation;
- c. The true status of property tax obligations;
- d. That Plaintiffs' loan applications were falsified;
- e. Plaintiffs' rights to disclosures required by law;
- f. Plaintiffs' rights to copies of relevant documents signed at the time of signature; and
- g. Plaintiffs' right to cancel the loan within three business days.

433. Defendants had no reasonable basis for believing that the representations were true when the representations were made.

434. Defendants intended that Plaintiffs rely on the misrepresentations.

435. Plaintiffs reasonably relied on the misrepresentations.

436. As a proximate result of their reasonable reliance on Defendants' misrepresentations, Plaintiffs sustained damages in an amount to be proven at trial but not yet ascertained.

437. Plaintiffs' reasonable reliance on Defendants' misrepresentations was a substantial factor in causing the damages sustained by Plaintiffs.

TENTH CLAIM

**Breach of Fiduciary Duty
(All Plaintiffs against Defendants Summit, Amerimac, Covarrubias,
Valverde, and Ponte)**

438. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 437 inclusive, as if fully set forth herein verbatim.

439. California law imposes on mortgage brokers, as fiduciaries, the same obligation of undivided service and loyalty that it imposes on a trustee in favor of a beneficiary.

440. Defendants Summit, Amerimac, Covarrubias, Valverde, and Ponte owed Plaintiffs fiduciary duties of utmost loyalty, good faith, and diligence and breached those duties by, *inter alia*, charging exorbitant fees unrelated to services rendered, misrepresenting the terms of the loan, falsifying loan applications and documents, attempting to waive Plaintiffs' legal rights by having them backdate documents, and failing to explain documents or translate them into Spanish for those Plaintiffs who did not read English.

441. Defendants engaged in the conduct alleged herein for the purpose of advancing their own financial interest and in callous disregard of the foreseeable financial consequences to Plaintiffs.

442. Defendants failed to act diligently by failing to disclose all material terms of the transactions and by failing to comply with applicable consumer protections intended to benefit Plaintiffs.

443. As a result of Defendants' breach of their fiduciary duties to Plaintiffs, Plaintiffs have sustained damages in an amount to be proven at trial but not yet ascertained.

ELEVENTH CLAIM

**Negligence
(All Plaintiffs against all Defendants)**

444. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 443, inclusive, as if fully set forth herein verbatim.

1 445. Because a mortgage broker is required to exercise reasonable care and diligence
2 in any transaction and is bound to exercise his or her skill for the benefit of the principal, the
3 broker is liable for any damages suffered by the principal as a result of any negligence in the
4 performance of his or her agency duties.

5 446. Defendants owed Plaintiffs a duty to act as reasonably prudent mortgage loan
6 brokers and, through their agency relationships with Defendant mortgage loan brokers,
7 mortgage loan lenders.

8 447. A reasonably prudent mortgage loan broker and mortgage loan lender would not
9 have directed Plaintiffs to the loan obtained from Defendants Argent or BNC nor originated
10 such loans.

11 448. Defendants acted negligently in failing to properly consider, investigate,
12 evaluate, or audit Plaintiffs' loan applications or documentation. Defendants knew or should
13 have known to utilize reasonably prudent practices for underwriting, originating, and issuing
14 loans when considering the loans to Plaintiffs but negligently failed to do so.

15 449. Defendants owed Plaintiffs a nondelegable duty to operate their lending and
16 brokering businesses in a manner that was free from unlawful discrimination and other
17 unlawful practices, and to hire, train, supervise, and discipline their employees and each other
18 to fulfill that duty. Defendants negligently violated that duty by discriminating against
19 plaintiffs and violating various other state and federal laws. Defendants' violation of that duty
20 was the result of negligence, including but not limited to:

21 A. Defendants' negligent failure to train their employees and each other
22 regarding the requirements of state and federal laws regarding lending and brokering of
23 loans;

24 B. Defendants' negligent failure to hire persons who were familiar with the
25 requirements of state and federal laws regarding lending and brokering of loans;

1 C. Defendants' negligent failure to supervise their employees and each other
2 regarding compliance with the requirements of state and federal laws regarding lending
3 and brokering of loans; and

4 D. Defendants' negligent failure to discipline or terminate employees who
5 failed to comply with the requirements of state and federal laws regarding lending and
6 brokering of loans.

7 450. By their conduct as alleged herein, Defendants were the proximate cause of
8 damages sustained by Plaintiffs in an amount to be proven at trial but not yet ascertained.

9 **TWELFTH CLAIM**

10 **Notary Malfeasance,**
11 **California Government Code § 8214**
(Plaintiffs Medina, Gomez and Rosas against Defendant Ponte)

12 451. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1
13 through 450, inclusive, as if fully set forth herein verbatim.

14 452. Plaintiff Medina is informed and believes that Defendant Ponte, in his official
15 capacity as a notary public, notarized Plaintiff Medina's signature with an incorrect date,
16 knowing that it was not the date on which Plaintiff Medina had in fact signed the loan
17 document.

18 453. Plaintiffs Gomez and Rosas are informed and believe that Defendant Ponte, in
19 his official capacity as a notary public, notarized Plaintiff Gomez and Rosas' signatures with
20 an incorrect date, knowing that it was not the date on which Plaintiff Gomez and Rosas had in
21 fact signed the loan document.

22 454. Defendant Ponte violated California Government Code §§ 8207, 8211, and
23 8224.1 and is therefore liable to Plaintiffs Medina, Gomez and Rosas under California
24 Government Code § 8214.

25 455. As a proximate result of Defendant Ponte's malfeasance as alleged herein,
26 Plaintiffs Medina, Gomez and Rosas have suffered damages in an amount to be proven at trial
27 but not yet ascertained.

THIRTEENTH CLAIM

**Violation of California Civil Code § 1632
(All Plaintiffs except Hidalgo and Aparicio against all Defendants)**

456. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 455, inclusive, as if fully set forth herein verbatim.

457. Defendants failed to provide any loan documentation in the Spanish language to the aforementioned Plaintiffs despite the fact that the loans were negotiated exclusively in Spanish.

458. Pursuant to California Civil Code § 1691(b), this Complaint serves as notice of rescission.

459. Plaintiffs are entitled to rescind the loan and are entitled to equitable restitution.

FOURTEENTH CLAIM

**Civil Conspiracy to Defraud
(All Plaintiffs against all Defendants)**

460. Plaintiffs hereby incorporate by reference the allegations of paragraphs 1 through 459, inclusive, as if fully set forth herein verbatim.

461. Defendants, by their actions, engaged in a civil conspiracy to fraudulently induce Plaintiffs to enter into the loan transactions described above and be bound by those loans.

462. On information and belief, Defendants entered into an agreement (either explicitly or tacitly) to fraudulently induce Plaintiffs to enter into the loan transactions described above through the use of predatory and abusive lending tactics and be bound by those loans. These predatory lending tactics include making misrepresentations about the essential terms of the loans; using bait-and-switch tactics and duress; charging unreasonable, unearned, and duplicative fees; failing to translate important loan documents from English to Spanish; and including unexpected and problematic loan terms such as balloon payments,

1 prepayment penalties, and excessively high closing costs. All of Defendants' acts were
2 directed toward the goal of the conspiracy.

3 463. On information and belief, none of the Defendants took any steps to withdraw
4 from the conspiracy and therefore all participants in the conspiracy are liable for the actions of
5 the others in effecting the conspiracy.

6 464. As a proximate cause of Defendants' knowing and willful acts, Plaintiffs were
7 induced to enter into predatory loans that were against their interest. Plaintiffs have been
8 harmed by these loans. Further, by reason of the conduct described herein, Plaintiffs are
9 informed and believe that defendants have been unjustly enriched and Plaintiffs have suffered
10 damages in an amount that will be determined according to proof.

11 465. The conduct as described herein was willful and malicious. Plaintiffs are
12 therefore entitled to exemplary damages.

13 **VIII. RELIEF**

14 Wherefore, Plaintiffs pray for the following relief:

15 1. That the Court assume supplemental jurisdiction over all state law claims,
16 pursuant to 28 U.S.C. § 1367;

17 2. That the Court declare that Defendants violated applicable provisions of federal
18 and state law;

19 3. That the Court enjoin all unlawful practices complained of in this action and
20 impose affirmative injunctive relief requiring Defendants, their partners, agents, employees,
21 assignees, and all persons acting in concert or participating with them to take affirmative action
22 to immediately implement policies designed to ensure: (1) that all prospective borrowers' loan
23 applications do not contain false information; (2) a thorough evaluation of all prospective
24 borrowers' ability to repay any loans made available to them; (3) training regarding applicable
25 lending laws for all of Defendants' employees and agents; and (4) the elimination of
26 discriminatory policies and practices;

27 4. That the Court order the loans to Plaintiffs rescinded and void;
28

1 5. That the Court award compensatory and punitive damages, where appropriate, to
2 Plaintiffs according to proof;

3 6. That the Court award Plaintiffs costs of suit, including reasonable attorneys' fees;
4 and

5 7. That the Court award Plaintiffs all other relief as the Court deems just.

6 Dated: _____
7

PUBLIC INTEREST LAW FIRM
LAW FOUNDATION OF SILICON VALLEY

8
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10 By: /s/ Kyra Kazantzis
KYRA KAZANTZIS
Attorney for Plaintiffs

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IX. JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiffs hereby request a trial by jury as to each and every claim for which they are so entitled.

Dated: February 2, 2007

PUBLIC INTEREST LAW FIRM
LAW FOUNDATION OF SILICON VALLEY

By: /s/ Kyra Kazantzis
KYRA KAZANTZIS
Attorney for Plaintiffs JUAN
MEDINA, MARIA ANTONETTE
GARCIA, OSCAR AND ODULIA
ALANIZ, FRANCISCO LOPEZ AND
MARIA CARRILLO, ALBERTO
AND MARIA REYES, JOSEPH AND
YOLANDA HIDALGO, CARLOS
AND VERONICA APARICIO,
RICARDO GOMEZ AND MARIA
ROSAS, and MARIA GARIBAY