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ELECTRONICALLY FILED
Superior Court of California,
County of San Diego
4/22/2026 7:19:16 AM

Clerk of the Superior Court
By S. Bakke ,Deputy Clerk

Attorneys for PLAINTIFFS, STEPHANIE VILLEGAS and MARCUS TRAHAN

7 **IN THE SUPERIOR COURT**
8 **FOR THE COUNTY OF SAN DIEGO**

9 STEPHANIE VILLEGAS; MARCUS
10 TRAHAN,

11 **PLAINTIFFS,**

12 vs.

13 CARRINGTON MORTGAGE SERVICES,
14 LLC; DOES 1 through 25, inclusive,

15 **DEFENDANTS.**

Case No.: 26CU022347C

**COMPLAINT FOR DAMAGES AND
DEMAND FOR JURY TRIAL FOR
VIOALTIONS OF:**

1. C.M.V.C. §§ 800-813;
2. CALIF. CIV. CODE §§ 1788-1788.32;
3. CALIF. CIV. CODE §§ 1785.25(a)-1788.31;
4. NEGLIGENCE;
5. INTENTIONAL MISREPRESENTATIONS

16
17 **TO THE CLERK OF THE COURT, ALL PARTIES, AND THE HONORABLE
DISTRICT COURT JUDGE:**

18
19 **PLAINTIFFS, STEPHANIE VILLEGAS; MARCUS TRAHAN** (hereinafter,
20 “PLAINTIFFS”), each an individual, by and through her attorneys of record, hereby complain
21 and allege in this Complaint as follows:

22 **INTRODUCTION**

23 1. This action arises out of DEFENDANT CARRINGTON MORTGAGE
24 SERVICES, LLC’S (hereinafter, “NEWREZ”) violations of Calif. Military and Veteran’s Code

1 §§ 800-813; the State of California Consumer Credit Reporting Agencies Act (Calif. Civ. Code
2 §§ 1785.25-1785.31); the State of California Rosenthal Act (hereinafter “Rosenthal Act”) (Calif.
3 Civil Code §§1788-1788.32); and Common Law torts of Negligence and Intentional
4 Misrepresentations.

5 2. PLAINTIFFS make the allegations below on information and belief, with the
6 exception of those allegations that pertain to PLAINTIFFS personally, or to PLAINTIFFS’
7 counsel, which PLAINTIFFS alleges on personal knowledge.

8 3. California’s enactment of legislation conferring certain benefits with regard to
9 civil obligations, liabilities, and litigation on military personnel called to active service or duty
10 evidences the Legislature’s intent to protect such members of our Armed Forces.

11 4. For example, the Comments to California Bill Analysis, A.B. 306 Assem.,
12 4/26/2005 states in part:

13 A recent Pentagon survey found that 31% of families of reservists and National Guard
14 members see a decrease in income when a spouse is called to duty. Too much debt
15 and financial worries are a burden to service members and can have serious
16 consequences. Federal and state governments have long recognized the need to
17 provide certain legal protections for individuals entering or called to active duty in
18 the military service. During times of past national crisis, Congress and state
19 legislatures have passed various laws to protect service members while deployed on
20 active duty. **The goal of these laws was to allow service members to focus on their
21 military duties without worrying about civil obligations back home and to
22 ensure that service members and their families would not face undue economic
23 hardships as a result of their military service** (emphasis added).

24 The author of this bill argues that **no Californian should be subjected to financial
hardship as a result of their choice to serve and that because California's service
members are currently being activated at near record levels, now is the time for
California to stand up and protect the financial security of these brave soldiers
and their families** (emphasis added).

5. Furthermore, California Bill Analysis, A.B. 3212 Assem., 4/10/2018 states in part:
“The need to provide active duty members of the military, as well as National Guard and Reserve
service members who are called to active duty, with a certain measure of protection in civil

1 liability cases is long-recognized, first during the Civil War and later, in the form of the Soldiers
2 and Sailors Relief Act of 1940.”

3 6. Additionally, California Bill Analysis, A.B. 3212 Assem., 5/2/2018 shows that the
4 Purpose of the Bill to amend Military and Veterans’ Code § 800, et seq. was as follows:

5 Purpose. This bill seeks to ease the legal and financial burdens placed on military
6 personnel and their families by expanding and strengthening several consumer
7 protections provided to active-duty California service members. This bill is
8 sponsored by the state attorney general. According to the author:

9 California leads the nation in protecting the rights of military members under state
10 law. But current state military consumer protections apply only to members of the
11 National Guard and reservists who are called to active duty. These protections do
12 not cover the more than 100,000 full time members of the active components of the
13 armed forces who live in California.

14 Currently, most of the protections expire quickly after a service member leaves
15 active duty. This is problematic because service members need time after
16 deployment to reintegrate and may face financial distress during this period of
17 transition.

18 7. DEFENDANTS’ actions taken with respect to PLAINTIFFS’ residential home
19 mortgage loan obligations do not comply nor comport with the legislative intent to protect the
20 financial security of our service members risking their own lives for the safety of our Country.

21 8. While many violations are described below with specificity, this Complaint alleges
22 violations of the statutes cited in their entirety.

23 9. DEFENDANT CARRINGTON is a business entity that regularly does business
24 within the State of California, County of San Diego, and maintains its principal place of business
at 1600 S DOUGLASS RD, SUITES 200-A & 110 ANAHEIM, CA 92806. Therefore, personal
jurisdiction is established.

10. Because all tortious conduct occurred while PLAINTIFFS resided in the City of San
Diego, County of San Diego, and the actions taken by DEFENDANTS that give rise to this

1 lawsuit pertain to a home mortgage loan for real property located within the City of San Diego,
2 County of San Diego, and witnesses are located therein, venue properly lies in this Court.

3 **PARTIES & DEFINITIONS**

4 11. PLAINTIFFS are each a natural person.

5 12. PLAINTIFFS, as natural persons allegedly obligated to pay a consumer debt to
6 DEFENDANTS for a home mortgage loan, alleged to have been due and owing, are therefore a
7 “debtor” as that term is defined by California Civil Code § 1788.2(h) of the Rosenthal Act.

8 13. DEFENDANTS alleged that PLAINTIFFS owed money that they were allegedly
9 collecting for a home mortgage loan for PLAINTIFFS’ principal place of residence, and
10 PLAINTIFFS is therefore informed and believes that the money alleged to have been owed
11 originated from monetary credit that was extended to PLAINTIFFS primarily for personal, family,
12 or household purposes, and is therefore a “debt” as that term is defined by Calif. Civil Code §
13 1788.2(d) of the Rosenthal Act.

14 14. Upon information and belief, DEFENDANTS were attempting to collect on a debt
15 that originated from monetary credit that was extended primarily for personal, family, or
16 household purposes, and was therefore a “consumer credit transaction” within the meaning of
17 Calif. Civil Code § 1788.2(e) of the Rosenthal Act.

18 15. Because PLAINTIFFS, a natural person allegedly obligated to pay money arising
19 from a consumer credit transaction, the money allegedly owed was a “consumer debt” within the
20 meaning of California Civil Code § 1788.2(f) of the Rosenthal Act.

21 16. PLAINTIFFS is informed and believes that DEFENDANTS regularly collect or
22 attempt to collect debts on behalf of others that are owed or due or asserted to be owed or due,
23 and is each therefore a “debt collector” within the meaning of Calif. Civil Code § 1788.2(c) of
24 the Rosenthal Act, and thereby engage in “debt collection” within the meaning of California Civil

1 Code § 1788.2(b) of the Rosenthal Act, are also therefore each a “person” within the meaning of
2 California Civil Code § 1788.2(g) of the Rosenthal Act, and each is also a “creditor” under
3 California Civil Code § 1788.2(i).

4 17. PLAINTIFFS is a natural person and is a “consumer” as that term is defined by
5 Calif. Civ. Code § 1785.3(b) of the CCCRAA.

6 18. As far as this matter pertains to PLAINTIFFS’ “consumer credit reports”, as that
7 term is defined by Calif. Civ. Code § 1785.3(c) of the California CCRAA, in that inaccurate
8 misrepresentations of PLAINTIFFS’ credit worthiness, credit standing, and credit capacity were
9 made via written, oral, or other communication of information by a consumer credit reporting
10 agency, which is used or is expected to be used, or collected in whole or in part, for the purpose
11 of serving as a factor in establishing PLAINTIFFS’ eligibility for, among other things, credit to
12 be used primarily for personal, family, or household purposes, and employment purposes.

13 19. As far as this matter pertains to the California CCRAA, DEFENDANTS are each
14 a partnership, corporation, association, or other entity, and are therefore a “person” as that term
15 is defined by Calif. Civ. Code § 1785.3(j) of the California CCRAA.

16 **STATUTORY PROTECTIONS**
17 **OF CALIFORNIA MILITARY RESERVIST SERVICEMEMBERS**

18 20. Section 800(a)(1) of the Calif. Military and Veterans’ Code reads: “... a reservist
19 who is called to active duty may defer payments on any of the following obligations while serving
20 on active duty: (A) An obligation secured by a mortgage or deed of trust.”¹

21
22
23
24 ¹ The obligation to defer payments on a mortgage or deed of trust pursuant to § 800(a) became
effective January 1, 2006, Enacted Legislation Added by Stats.2005, c. 291 (A.B.306), § 2.

1 21. Section 800(b) requires only that the reservist submit a written request for
2 deferment that encloses a copy of the military orders and explicitly states that email
3 communication is sufficient to satisfy such a written request.

4 22. Pursuant to Section 800(e), the term of the credit obligation is required to be
5 extended as follows: “If a lender defers payments on a closed end credit obligation or an open-
6 end credit obligation with a maturity date, pursuant to this chapter, **the lender shall extend the**
7 **term of the obligation by the amount of months the obligation was deferred.**” (emphasis
8 added).

9 23. Section 804 of the Calif. Military and Veterans’ Code reads:

10 During the period specified in Section 800, the reservist may defer the
11 payment of principal and interest on the specified obligations. No penalties
12 shall be imposed on the nonpayment of principal or interest during this period.
13 No interest shall be charged or accumulated on the principal or interest on
which the payment was delayed. No foreclosure or repossession of property
on which payment has been deferred shall take place during the period
specified in Section 800.

14 24. Section 805 of the Calif. Military and Veterans’ Code reads:

15 Subject to subdivisions (e) and (f) of Section 800, a stay, postponement, or
16 suspension under this chapter of the payment of any tax, fine, penalty,
17 insurance premium, or other civil obligation or liability of a person in military
18 service shall not provide the basis for affecting credit ratings, denial or
19 revocation of credit, or a change by the lender in the terms of an existing credit
20 arrangement.

21 25. Section 811(a) of the Calif. Military and Veterans’ Code reads:

22 The spouse or legal dependent, or both, of a reservist who is called to active
23 duty, shall be entitled to the benefits accorded to a reservist under this chapter,
24 provided that the reservist is eligible for the benefits.

25 26. Violations of these protections as codified by the Calif. Military and Veterans’ Code are
26 enforceable by Section 812 as follows:

27 a) A person violating any provision of this chapter shall be liable for actual
28 damages, reasonable attorney's fees, and costs incurred by the service member
or other person entitled to the benefits and protections of this chapter.

1 b) A service member or other person seeking to enforce rights pursuant to this
2 chapter shall not be required to pay a filing fee or court costs.

3 27. Pursuant to Section 813(a)-(b) of the Calif. Military and Veterans' Code, any
4 potential deficiency, legal insufficiency, or lack of entitlement to a request for deferment
5 submitted by a reservist is waived if the lender/servicer fails to provide a written explanation
6 within 30 days as to why it believes any such deficiency, legal insufficiency, or lack of entitlement
7 may exist, and in such a case the reservist is therefore entitled to the deferment benefits provided
8 herein despite the existence of any potential deficiency, legal insufficiency, or lack of entitlement.

9 28. It must also be noted that, pursuant to CMVC § 401(a)(3) and (a)(5), it is unlawful
10 for a creditor to furnish to the credit reporting agencies any adverse credit reporting and/or that a
11 borrower is a member of either an active or reserve component of the Armed Forces. Such a
12 violation is punishable criminally as follows, pursuant to CMVC § 401(e): "Any person violating
13 any provision of this section is guilty of a misdemeanor and shall be punishable by imprisonment
14 not to exceed one year or by a fine not to exceed one thousand dollars (\$1,000), or both.

15 **FACTUAL ALLEGATIONS**

16 29. PLAINTIFF STEPHANIE is presently a Staff Sergeant with the California Army
17 National Guard.

18 30. PLAINTIFF MARCUS is the husband of PLAINTIFF STEPHANIE, and pursuant
19 to C.M.V.C. § 811 he is entitled to the same benefits under the C.M.V.C. as PLAINTIFF
20 STEPHANIE.

21 31. PLAINTIFF STEPHANIE is presently 34 years old and PLAINTIFF MARCUS
22 is presently 41 years old.

23 32. The Couple have one child presently aged 22 months.

24 33. PLAINTIFFS' family is a dedicated military family.

1 34. PLAINTIFF STEPHANIE has Top Secret Clearance.

2 35. On or about February 2021, PLAINTIFFS incurred a home mortgage loan
3 obligation, for which DEFENDANTS are presently the owners and/or servicers of the mortgage
4 loan.

5 36. The mortgage loan is a VA backed loan.

6 37. The home mortgage loan is for PLAINTIFFS' primary place of residence in the
7 City of San Diego, County of San Diego.

8 38. On September 30, 2025, which is after PLAINTIFFS incurred the home mortgage
9 loan obligation, PLAINTIFF STEPHANIE received orders ordering her to report for full time
10 active duty for 365 days from October 2025 to October 2026.

11 39. On October 20, 2025, PLAINTIFFS submitted to DEFENDANTS a written
12 request for deferment pursuant to the Calif. Military & Veterans' Code Section 800, et seq.,
13 seeking to defer the principal and interest payments on the home mortgage loan obligation for the
14 maximum period allowed by statute.

15 40. PLAINTIFFS enclosed a copy of the deployment orders with the deferment
16 request.

17 41. DEFENDANTS failed to provide a written response within 30 days as required by
18 C.M.V.C. § 813.

19 42. C.M.V.C. § 813(a)-(b) specifically states:

20 (a) Any person who receives a good faith request from a service member for
21 relief pursuant to this chapter and who believes the request is incomplete or
22 otherwise not legally sufficient, or that the service member is not entitled to
23 the relief requested, shall, within 30 days of the request, provide the service
24 member with a written response acknowledging the request, setting forth the
person's basis for believing or asserting that the request is incomplete or not
legally sufficient, or that the service member is not entitled to the relief
requested. The response shall clearly identify the specific information or
materials that are missing from the request and that would be required to grant
the relief requested, and provide contact information, including a mailing

1 address and telephone number, which the service member can use to contact
2 the person.

3 (b) If the person fails to make such a response in the timeframe set forth in this
4 section, the person waives any objection to the request, and the service
5 member shall be entitled to the relief requested.

6 43. Therefore, pursuant to C.M.V.C. § 813(b), DEFENDANTS have waived any
7 entitlement to assert as a defense in this litigation that PLAINTIFFS' request was "incomplete or
8 otherwise not legally sufficient, or that the service member is not entitled to the relief requested".

9 44. Additionally, based on C.M.V.C. § 813(b), it is not required that there exist an
10 express statement by the mortgage company that the deferment has been granted, as a failure to
11 make such a response in the timeframe set forth in this section results in a waiver of any objection
12 to the request, and in turns means automatically the servicemember "shall be entitled to the relief
13 requested" by operation of law.

14 45. Assuming, but without conceding, that DEFENDANTS might assert there exists
15 a potential deficiency, legal insufficiency, or lack of entitlement to PLAINTIFFS' July and/or
16 August requests for deferment, DEFENDANTS' failure to provide any written explanation of any
17 basis for a rejection/denial of the request within 30 days, as mandated by Section 813, therefore
18 results in any potential deficiency, legal insufficiency, or lack of entitlement having been waived,
19 which results in PLAINTIFFS therefore being automatically entitled to the benefits requested
20 despite any such potential deficiency, legal insufficiency, or lack of entitlement (if there even is
21 any).

22 46. Therefore, pursuant to Sections 800 and 811 of the Calif. Military and Veterans'
23 Code, PLAINTIFFS were automatically entitled to up to 180-days' worth of deferment of the
24 principal and interest, and DEFENDANTS are and were obligated to not only abide by the

1 mandatory deferment but to also extend the maturity date of the term of the obligation equal to
2 the number of months of the deferment

3 47. However, after not receiving any response, PLAINTIFFS continued to make full
4 regular monthly payments even though they should have been entitled to deferment of principal
5 and interest payments starting with the payment due November 1, 2025.

6 48. By failing to respond in a timely manner and thereby compelling PLAINTIFFS to
7 make full regular monthly payments even though they should have been entitled to deferment of
8 principal and interest payments starting with the payment due November 1, 2025,
9 DEFENDANTS violated the C.M.V.C. and directly caused financial harm to PLAINTIFFS by
10 depriving them of the ability to secure deferment of principal and interest payments starting with
11 the payment due November 1, 2025.

12 49. On December 30, 2025, DEFENDANTS responded with a letter that unilaterally
13 imposed a financial hardship forbearance on the account.

14 50. PLAINTIFFS did not request a financial hardship forbearance on the account but
15 instead clearly requested a C.M.V.C. deferment via their communication on October 20, 2025.

16 51. A financial hardship forbearance is vastly different from deferment under
17 C.M.V.C. § 800, et seq., and is more detrimental to PLAINTIFFS than deferment under C.M.V.C.
18 § 800, et seq., because a financial hardship forbearance does not extend the maturity date of the
19 loan and thereby forces PLAINTIFFS so suffer a lump sum balloon payment of all amounts in
20 forbearance, whereas C.M.V.C. deferment requires extension of maturity date so that the
21 servicemember can resume making regular monthly payments without a lump sum balloon
22 payment, and also because a financial hardship forbearance results in negative credit reporting of
23 the account as not being paid whereas C.M.V.C. § 805 expressly prohibits any negative credit
24 reporting of the account as a result of C.M.V.C. deferment.

1 52. PLAINTIFFS thereafter sent an electronic communication to DEFENDANTS on
2 January 12, 2026 that specifically disavowed the financial hardship forbearance and insisted that
3 it be removed from the account, and also expressly reiterated that they wanted a C.M.V.C.
4 deferment and once again provided a copy of the active duty orders to support the request.

5 53. However, DEFENDANTS failed to follow through on removing the financial
6 hardship forbearance from the account.

7 54. PLAINTIFFS later received in the mail a physical letter dated December 30, 2025
8 that claims PLAINTIFFS' request for deferment pursuant to C.M.V.C. was granted, and the
9 deferment was backdated to the payment due October 1, 2025.

10 55. However, backdating the deferment to the payment due October 1, 2025 deprived
11 PLAINTIFFS of the ability to actually defer the principal and interest payments for the months
12 of October, November, and December because those months had already passed and
13 PLAINTIFFS had already made full regular payments for those months, which means
14 PLAINTIFFS have suffered financial harm as a result.

15 56. And, backdating the deferment to the payment due October 1, 2025 is false,
16 because C.M.V.C. mandates that the deferment be implemented with the first payment due after
17 the request, which would be November 1, 2025.

18 57. If the deferment had been implemented with payment due November 1, 2025, then
19 PLAINTIFFS' 180 days of deferment would carry them through the month of April 2026 until
20 payment due May 1, 2026, but by backdating the deferment to the payment due October 1, 2025
21 DEFENDANTS deprived PLAINTIFFS of a deferment for the payment due April 1, 2026.

22 58. And, because this letter was never transmitted electronically and it does not appear
23 anywhere in PLAINTIFFS' online account portal, they did not receive the physical letter until
24 late January, which means they were also deprived of the ability to actually defer the principal

1 and interest payments for the month of January because that months' due date had already passed
2 by the time they received the letter and PLAINTIFFS had already made full regular payment for
3 that months, which means PLAINTIFFS have suffered financial harm as a result.

4 59. As the deferments were required to be applied to principal and interest,
5 PLAINTIFFS was only required to pay each month the escrow amount for taxes and insurance.

6 60. Despite this, however, PLAINTIFFS continued to receive from DEFENDANTS
7 written communications in January 2026 and February 2026 that falsely claim PLAINTIFFS
8 owed \$0.00 payments.

9 61. This claim is false because PLAINTIFFS were obligated to still pay escrow each
10 month.

11 62. This claim that PLAINTIFFS owed \$0.00 for those months also shows that
12 DEFENDANTS continued to improperly implement a financial hardship forbearance instead of
13 a C.M.V.C. deferment of principal and interest.

14 63. Because DEFENDANTS informed PLAINTIFFS that they did not owe any
15 amount at all, they in fact failed to pay any amount even though they were obligated to still pay
16 escrow each month, which means any default by PLAINTIFFS for those months is precisely due
17 to DEFENDANTS' own misrepresentations.

18 64. After realizing the mistake, PLAINTIFFS then made full regular monthly
19 payments solely in order to not be alleged in default for those months, even though they were
20 statutorily entitled to deferments of principal and interest, which again caused PLAINTIFFS to
21 suffer financial harm as a direct result of DEFENDANTS' own misrepresentations.

22 65. PLAINTIFFS then received communication in March 2026 that falsely claimed
23 they owed the full regular monthly payment for payment due April 1, 2026.

24

1 66. To be clear: PLAINTIFFS absolutely did not owe the full regular monthly
2 payment for April 1, 2026, because DEFENDANTS' action in backdating the deferment to the
3 payment due October 1, 2025 deprived PLAINTIFFS of a deferment for the payment due April
4 1, 2026.

5 67. In turn, this means that each communication wherein DEFENDANTS insisted that
6 PLAINTIFFS owed the full regular monthly payment for months that should have been deferred
7 was a false statement, a misrepresentation as to the character and status of the account, and
8 resulted in PLAINTIFFS being coerced into paying money that PLAINTIFFS otherwise should
9 not have had to pay.

10 68. And, each communication wherein DEFENDANTS claimed that PLAINTIFFS
11 owed \$0.00 monthly payment for months that should have been deferred was a false statement, a
12 misrepresentation as to the character and status of the account, and resulted in PLAINTIFFS not
13 making their mandatory escrow payment and then thereafter being coerced into paying money
14 that they otherwise should not have had to pay just to avoid any accusation of default.

15 69. And furthermore, because PLAINTIFFS paid to DEFENDANTS several
16 thousands of dollars during these months that they should have otherwise been entitled to save or
17 use for other life necessities, PLAINTIFFS have been deprived of the use and enjoyment of those
18 several thousands of dollars and have suffered consequential financial harm as a direct and
19 proximate result of being deprived of deferring those several thousands of dollars.

20 70. PLAINTIFFS have also discovered in April 2026 that DEFENDANTS have
21 furnished to the consumer credit reporting agencies that PLAINTIFFS' account was late by 180
22 days during months that were protected by deferment as per DEFENDANTS' own
23 communication dated December 30, 2025.

1 71. DEFENDANTS' actions of credit reporting that PLAINTIFFS were in default and
2 delinquency on the account during months that were under deferment protections have caused
3 PLAINTIFFS' credit scores to drop and also paints a false and inaccurate picture of PLAINTIFFS
4 as being not creditworthy consumers who default on their accounts due to financial
5 irresponsibility.

6 72. DEFENDANTS' actions of credit reporting has also caused PLAINTIFFS to be
7 concerned and worried over the possibility of discipline within the military, possibility of
8 demotion and/or less than honorable discharge, and possibly being stripped of Security Clearance,
9 as negative credit history risks PLAINTIFF STEPHANIE being deprived of security clearance
10 level because the military considers someone with negative credit history as being at risk for
11 bribery and manipulation by foreign adversaries.²

12 73. In April 2026, PLAINTIFFS request a payoff quote. The payoff quote provided
13 to PLAINTIFFS shows that DEFENDANTS have refused and failed to implement a deferment,
14 falsely claiming that she owes a lump sum payment of more than \$16,000.00 and also failing to
15 account for payments PLAINTIFFS made towards the account in an attempt to correct any
16 allegations of default.

17 74. DEFENDANTS have also charged to PLAINTIFFS unexplained "fees and
18 charges" even though C.M.V.C. § 804 prohibits any fees and charges for not making payments
19 during months that should have been deferred, and the charging of such fees against PLAINTIFFS
20 also operates as unlawful monetary penalties against PLAINTIFFS.

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24 ² <https://www.consumerfinance.gov/about-us/blog/warno-new-security-clearance-guidelines-make-it-more-important-ever-servicemembers-monitor-their-credit/>.

1 75. Each action taken by DEFENDANTS has caused PLAINTIFFS to suffer fear and
2 worry over their family's financial affairs, and to also suffer fear and worry over whether their
3 family might lose their home due exclusively to gross errors committed by a company that they
4 had no choice in servicing their account, and to also suffer fear and worry over whether the VA
5 might withdraw its guarantee of the loan and refusal to provide any further VA
6 benefits/protections.

7 76. PLAINTIFFS have suffered emotional distress, such as loss of sleep, worry, fear,
8 shame, embarrassment, headaches, increased heart rate, and shaking.

9 77. Furthermore, PLAINTIFFS have suffered financial harm as a direct and proximate
10 result of the violations described herein.

11 78. Upon information and belief, DEFENDANTS have acted with malice and
12 oppression and in deliberate and willful disregard of PLAINTIFFS' rights, because they acted
13 with such a high degree of risk of committing a legal violation that was higher than mere
14 carelessness, because the laws that protect PLAINTIFFS in these circumstances are very clear
15 and unambiguous, and also because DEFENDANTS are fully aware of the obligations and
16 protections mandated by the C.M.V.C., yet DEFENDANTS have utterly failed to properly
17 comply, which means DEFENDANTS deserve exemplary and punitive damages.

18 79. Upon information and belief, DEFENDANTS have implemented a scam so that
19 DEFENDANTS can ensure that they receive higher interest payments for their own financial gain
20 to the detriment of deployed servicemembers, which is despicable, fraudulent, and malicious, and
21 is deserving of exemplary damages.

22 80. DEFENDANTS' actions described herein completely undermine the spirit and
23 purpose of the protections afforded to PLAINTIFFS by the Calif. Military and Veterans' Code,
24 as these protections are meant to allow deployed servicemembers to focus on their job duties

1 during deployment and to focus on their transition from non-deployment to deployment without
2 having to suffer worry and distress over financial affairs and without having to suffer worry and
3 distress over the security of their residence during deployment.

4 **FIRST CAUSE OF ACTION**
5 **CALIF. MILITARY & VETS.' CODE §§ 800-813**
6 **(BY AND ON BEHALF OF ALL PLAINTIFFS, AS AGAINST ALL DEFENDANTS)**

7 81. PLAINTIFFS repeat, re-allege, and incorporate by reference all other paragraphs,
8 as if fully set forth herein.

9 82. PLAINTIFFS invoked protections under this Act by sending the required written
10 notices that included copies of the applicable deployment orders.

11 83. DEFENDANTS' failure to provide a written response within 30 days of
12 PLAINTIFFS' written requests for deferment results in Section 813 mandating that
13 DEFENDANTS have waived any ability to argue that PLAINTIFFS' requests were somehow
14 insufficient/deficient or that PLAINTIFFS were not otherwise entitled to the requested deferments,
15 and also mandating that PLAINTIFFS were automatically entitled to the requested deferments.

16 84. By failing to provide PLAINTIFFS with mandatory deferment of principal and
17 interest when in reality PLAINTIFFS were entitled to deferment protections, DEFENDANTS
18 have violated Calif. Military & Vets.' Code.

19 85. By backdating the deferment to October 1, 2025, even though the deferment
20 should have been implemented starting with payment due November 1, 2025, DEFENDANTS
21 deprived PLAINTIFFS of months of deferment that they should have been entitled to and thereby
22 violated Calif. Military & Vets.' Code.

23 86. By backdating the deferment to October 1, 2025 and not delivering that
24 correspondence to PLAINTIFFS until late January 2026, after PLAINTIFFS had already made

1 regular monthly payments, DEFENDANTS deprived PLAINTIFFS of months of deferment that
2 they should have been entitled to and thereby violated Calif. Military & Vets.' Code.

3 87. By falsely claiming on multiple occasions that PLAINTIFFS owed the full regular
4 monthly payments, which amounts to several thousands of dollars more than what they actually
5 owed because they were entitled to deferment protections, DEFENDANTS violated Calif.
6 Military & Vets.' Code.

7 88. By falsely threatening that PLAINTIFFS were in default when in reality
8 PLAINTIFFS was entitled to deferment protections, DEFENDANTS violated Calif. Military &
9 Vets.' Code.

10 89. By falsely claiming on multiple occasions that PLAINTIFFS owed \$0.00 monthly
11 payments, which resulted in PLAINTIFFS first not making escrow payments and then making
12 full regular monthly payments for those months just to avoid any accusation of default,
13 DEFENDANTS violated Calif. Military & Vets.' Code.

14 90. As a direct and proximate result of DEFENDANTS' actions, PLAINTIFFS have
15 suffered loss of time, loss of quality of life, as well as emotional and financial injuries.

16 91. PLAINTIFFS are also entitled to, and seek, attorneys' fees and costs.

17 92. PLAINTIFFS are further informed and believes that the aforesaid conduct was
18 malicious and oppressive, as those terms are defined by California Civil Code sections 3294(c)(1)
19 and 3294(c)(2), deserving of punitive and exemplary damages. The obligations of
20 DEFENDANTS in this Cause of Action are not arising from contract, as the obligations arise

1 specifically from statute, which in turn means the limitation of § 3294(a) (“In an action for the
2 breach of an obligation not arising from contract ...”) does not apply.³

3 93. Upon information and belief, DEFENDANTS have (or are likely to have)
4 mortgage servicing engagements with other military families throughout the State of California,
5 which means DEFENDANTS deserve to suffer exemplary damages so that they do not inflict
6 similar violations upon other military families, in addition to deserving punishment for attempting
7 to rip off PLAINTIFFS.

8 94. Under California law, even where a claim formally sounds in negligence, if the
9 PLAINTIFFS can make a showing that defendant's conduct goes beyond gross negligence and
10 demonstrates a knowing and reckless disregard, punitive damages may be available. *In re*
11 *Yahoo! Inc. Customer Data Security Breach Litigation* (N.D. Cal.2018) 313 F.Supp.3d 1113.

12 95. Assuming, but without conceding, that DEFENDANTS might assert there exists
13 a potential deficiency, legal insufficiency, or lack of entitlement to PLAINTIFFS’ requests for
14 deferment, DEFENDANTS’ failure to provide any written explanation of any basis for a
15 rejection/denial of the request within 30 days, as mandated by Section 813, therefore results in
16 any argument as to a potential deficiency, legal insufficiency, or lack of entitlement having been
17 waived, which results in PLAINTIFFS therefore being entitled to the benefits requested despite
18 any such potential deficiency, legal insufficiency, or lack of entitlement (if there even is any).

19
20
21 ³ In the statute authorizing punitive damages for “an action for the breach of an obligation not
22 arising from contract,” the word “contract” is used in its ordinary sense to mean an agreement
23 between the parties, not an obligation imposed by law despite the absence of any such
24 agreement. *Brewer v. Premier Golf Properties, LP* (App. 4 Dist. 2008) 168 Cal.App.4th 1243,
review denied; *Ward v. Taggart* (1959) 51 Cal.2d 736, 336 P.2d 534. Further, exemplary
damages may be recovered in tort action upon a proper showing of malice, fraud or oppression
even though the tort incidentally involves a breach of contract. *Chelini v. Nieri* (1948) 32
Cal.2d 480, 196 P.2d 915; *Haigler v. Donnelly* (1941) 18 Cal.2d 674, 117 P.2d 331.

1 **SECOND CAUSE OF ACTION**
2 **CALIF. ROSENTHAL ACT**
3 **CALIF. CIV. CODE §§ 1788-1788.32**
4 **(BY AND ON BEHALF OF ALL PLAINTIFFS, AS AGAINST ALL DEFENDANTS)**

5 96. PLAINTIFFS repeat, re-allege, and incorporate by reference all other paragraphs,
6 as if fully set forth herein.

7 97. At all times during the aforementioned actions, there was in full force and effect
8 the following obligation for a debt collector in connection with the collection of any debt,
9 pertaining to pursuant to California Civil Code § 1788.17 of the Rosenthal Act, requiring all debt
10 collectors to be responsible for and liable for all requirements contained with the Federal FDCPA,
11 exceptions of which are not applicable:

12 Notwithstanding any other provision of this title, every debt collector collecting
13 or attempting to collect a consumer debt shall comply with the provisions of
14 Sections 1692b to 1692j, inclusive, of, and shall be subject to the remedies in
15 Section 1692k of, Title 15 of the United States Code. However, subsection (11)
16 of Section 1692e and Section 1692g shall not apply to any person specified in
17 paragraphs (A) and (B) of subsection (6) of Section 1692a of Title 15 of the
18 United States Code or that person's principal. The references to federal codes
19 in this section refer to those codes as they read January 1, 2001.

20 98. At all times relevant, DEFENDANTS were each obligated to comply with all such
21 requirements of the Federal FDCPA incorporated into the Rosenthal Act pursuant to Calif. Civ.
22 Code § 1788.17.

23 99. By falsely claiming on multiple occasions that PLAINTIFFS owed the full regular
24 monthly payments during a time when in reality PLAINTIFFS were entitled to deferment
protections, which amounted to several thousands of dollars more than what PLAINTIFFS
actually owed, DEFENDANTS engaged in multiple violations of the FDCPA as follows, all of
which are necessarily violations of the Rosenthal FDCPA via Calif. Civ. Code 1788.17, including
but not limited to:

- a. 15 U.S.C. §1692d by engaging in conduct the natural consequence of which is to oppress PLAINTIFFS in connection with the collection of a debt,
- b. 15 U.S.C. §1692e by using false, deceptive, and misleading representations in connection with the collection of a debt,
- c. 15 U.S.C. §1692e(2)(A) by falsely representing the character, amount, and legal status of the debt,
- d. 15 U.S.C. §1692e(10) by using false representations and deceptive means to attempt to collect a debt,
- e. 15 U.S.C. §1692f by using unfair and unconscionable means to attempt to collect a debt,
- f. 15 U.S.C. §1692f(1) by collecting an amount not authorized by agreement or by law.

100. By failing to provide PLAINTIFFS the ability to secure deferment of principal and interest during months that PLAINTIFFS were otherwise entitled to deferment protections, DEFENDANTS engaged in multiple violations of the FDCPA as follows, all of which are necessarily violations of the Rosenthal FDCPA via Calif. Civ. Code 1788.17, including but not limited to:

- a. 15 U.S.C. §1692d by engaging in conduct the natural consequence of which is to oppress PLAINTIFFS in connection with the collection of a debt,
- b. 15 U.S.C. §1692e by using false, deceptive, and misleading representations in connection with the collection of a debt,
- c. 15 U.S.C. §1692e(2)(A) by falsely representing the character, amount, and legal status of the debt,
- d. 15 U.S.C. §1692e(10) by using false representations and deceptive means to

1 attempt to collect a debt,

2 e. 15 U.S.C. §1692f by using unfair and unconscionable means to attempt to collect a
3 debt,

4 f. 15 U.S.C. §1692f(1) by collecting an amount not authorized by agreement or by
5 law.

6 101. By tricking and deceiving PLAINTIFFS into not making escrow payments by
7 claiming \$0.00 amount owed, which resulted in PLAINTIFFS making full regular monthly
8 payments just to avoid default, DEFENDANTS engaged in multiple violations of the FDCPA as
9 follows, all of which are necessarily violations of the Rosenthal FDCPA via Calif. Civ. Code
10 1788.17, including but not limited to:

11 a. 15 U.S.C. §1692d by engaging in conduct the natural consequence of which is to
12 oppress PLAINTIFFS in connection with the collection of a debt,

13 b. 15 U.S.C. §1692e by using false, deceptive, and misleading representations in
14 connection with the collection of a debt,

15 c. 15 U.S.C. §1692e(2)(A) by falsely representing the character, amount, and legal
16 status of the debt,

17 d. 15 U.S.C. §1692e(10) by using false representations and deceptive means to
18 attempt to collect a debt,

19 e. 15 U.S.C. §1692f by using unfair and unconscionable means to attempt to collect a
20 debt,

21 f. 15 U.S.C. §1692f(1) by collecting an amount not authorized by agreement or by
22 law.

23 102. By furnishing false, inaccurate, and misleading information to the consumer credit
24 reporting agencies that PLAINTIFFS 1) owed the full regular monthly payments at a time when

1 she was actually entitled to deferment, which amounts to a false claim that PLAINTIFFS owed
2 several thousands of dollars more than she otherwise did in fact owe, and 2) was delinquent during
3 months when she was actually entitled to deferment, DEFENDANTS engaged in multiple
4 violations of the Federal FDCA as follows, all of which are necessarily violations of the Rosenthal
5 FDCPA via Calif. Civ. Code 1788.17:

- 6 a. 15 U.S.C. §1692d by engaging in conduct the natural consequence of which is to
7 oppress PLAINTIFFS in connection with the collection of a debt,
- 8 b. 15 U.S.C. §1692e by using false, deceptive, and misleading representations in
9 connection with the collection of a debt,
- 10 c. 15 U.S.C. §1692e(2)(A) by falsely representing the character, amount, and legal
11 status of the debt,
- 12 d. 15 U.S.C. §1692e(8), by furnishing credit reporting information to the consumer
13 credit reporting agencies that DEFENDANTS knew or should know is false,
- 14 e. 15 U.S.C. §1692e(10) by using false representations and deceptive means to
15 attempt to collect a debt,
- 16 f. 15 U.S.C. §1692f by using unfair and unconscionable means to attempt to collect a
17 debt,
- 18 g. 15 U.S.C. §1692f(1) by collecting an amount not authorized by agreement or by
19 law.

20 103. By furnishing false, inaccurate, and misleading information to PLAINTIFFS in
21 the April 2026 payoff quote, DEFENDANTS engaged in multiple violations of the Federal FDCA
22 as follows, all of which are necessarily violations of the Rosenthal FDCPA via Calif. Civ. Code
23 1788.17:

- 24 a. 15 U.S.C. §1692d by engaging in conduct the natural consequence of which is to

1 oppress PLAINTIFFS in connection with the collection of a debt,

2 b. 15 U.S.C. §1692e by using false, deceptive, and misleading representations in
3 connection with the collection of a debt,

4 c. 15 U.S.C. §1692e(2)(A) by falsely representing the character, amount, and legal
5 status of the debt,

6 d. 15 U.S.C. §1692e(8), by furnishing credit reporting information to the consumer
7 credit reporting agencies that DEFENDANTS knew or should know is false,

8 e. 15 U.S.C. §1692e(10) by using false representations and deceptive means to
9 attempt to collect a debt,

10 f. 15 U.S.C. §1692f by using unfair and unconscionable means to attempt to collect a
11 debt,

12 g. 15 U.S.C. §1692f(1) by collecting an amount not authorized by agreement or by
13 law.

14 104. By falsely implementing financial hardship forbearance instead of deferment and
15 failing to reverse the financial hardship forbearance in response to PLAINTIFFS' express
16 instructions, DEFENDANTS engaged in multiple violations of the Federal FDCA as follows, all
17 of which are necessarily violations of the Rosenthal FDCPA via Calif. Civ. Code 1788.17:

18 a. 15 U.S.C. §1692d by engaging in conduct the natural consequence of which is to
19 oppress PLAINTIFFS in connection with the collection of a debt,

20 b. 15 U.S.C. §1692e by using false, deceptive, and misleading representations in
21 connection with the collection of a debt,

22 c. 15 U.S.C. §1692e(2)(A) by falsely representing the character, amount, and legal
23 status of the debt,

24 d. 15 U.S.C. §1692e(8), by furnishing credit reporting information to the consumer

1 credit reporting agencies that DEFENDANTS knew or should know is false,

2 e. 15 U.S.C. §1692e(10) by using false representations and deceptive means to
3 attempt to collect a debt,

4 f. 15 U.S.C. §1692f by using unfair and unconscionable means to attempt to collect a
5 debt,

6 g. 15 U.S.C. §1692f(1) by collecting an amount not authorized by agreement or by
7 law.

8 105. The actions taken by DEFENDANTS that form the basis of PLAINTIFFS'
9 Rosenthal FDCPA violations in this matter were always done in an attempt to collect money from
10 PLAINTIFFS and were never done to simply enforce the security interest.

11 106. It has long been settled that a mortgage servicer who attempts to obtain repayment
12 of mortgage debt is a "debt collector" subject to the Rosenthal Fair Debt Collection Practices Act.
13 *See, e.g., Davidson v. Seterus, Inc.* (4th Dist. Ct. App. 2018) 21 Cal.App.5th 283, 304-305.

14 107. Of importance to note is that PLAINTIFFS does not allege a violation based on
15 any act of giving notice of a foreclosure sale, but instead allege violations based on
16 DEFENDANTS' threatening of foreclosure during a time that DEFENDANTS fully know based
17 on their own communications that PLAINTIFFS is protected from foreclosure and also using
18 threats of foreclosure in an attempt to scare and intimidate PLAINTIFFS into giving up her rights
19 to mandatory deferment protections and making payments of several thousands of dollars to
20 DEFENDANTS that they otherwise should have to pay.

21 108. DEFENDANTS' violations of the Rosenthal FDCPA were willful, because
22 DEFENDANTS at all times knew that the actions giving rise to such violations were wrongful
23 and in violation of the law, and were also in direct contradiction to DEFENDANTS' own
24 knowledge about the requirements of the C.M.V.C. considering that DEFENDANTS had already

1 quoted portions of the C.M.V.C. to PLAINTIFFS, which shows that DEFENDANTS are fully
2 aware of the obligations under the C.M.V.C. yet failed to comply with their own obligations after
3 waiving any purported defense to the C.M.V.C. under Section 813.

4 109. As a proximate result of DEFENDANTS' actions, PLAINTIFFS have suffered
5 loss of time, loss of quality of life, as well as emotional and financial injuries.

6 110. PLAINTIFFS are also entitled to, and seek, up to \$1,000.00 in statutory damages
7 plus attorneys' fees and costs.

8 **THIRD CAUSE OF ACTION**
9 **CALIFORNIA CONSUMER CREDIT REPORTING AGENCIES ACT**
10 **CALIF. CIV. CODE § 1785.25(a)**
11 **(BY AND ON BEHALF OF ALL PLAINTIFFS, AS AGAINST ALL DEFENDANTS)**

12 111. PLAINTIFFS repeat, re-allege, and incorporate by reference each of the above
13 paragraphs as though set forth fully herein.

14 112. As the furnisher of information to credit reporting agencies, DEFENDANTS at all
15 times remained obligated to not furnish information on a transaction or experience to any
16 consumer credit reporting agency if they knew or should have known the information was
17 incomplete or inaccurate, as required by Calif. Civ. Code § 1785.25(a) of the California CCRAA.

18 113. Even if the derogatory reporting is technically accurate, it is still a violation of this
19 law if the derogatory reporting is misleading in such a way and to such an extent that it can be
20 expected to adversely affect credit decisions. *Cisneros v. U.D. Registry, Inc.* (1995) 39 Cal. App.
21 4th 548.

22 114. A credit reporting violation is "willful" if it involves the commission not only of
23 acts known to violate the statute, but also "reckless disregard of statutory duty." *Safeco Ins. Co.*
24 *of Am. v. Burr*, 551 U.S. 47, 56-57 (2007).

1 115. The Ninth Circuit in *Syed v. M-I, LLC* (2017) 853 F.3d 492, FN 7 recently stated,
2 with respect to credit reporting violations, “[W]here a party’s action violates an unambiguous
3 statutory requirement, that fact alone may be sufficient to conclude that violation is reckless, and
4 therefore willful. ... [R]ecklessness may be determined by objective evidence alone.”

5 116. DEFENDANTS have furnished false credit reporting against PLAINTIFFS that
6 owed full regular monthly payments during months that they were otherwise entitled to
7 deferments.

8 117. This reporting has in turn caused PLAINTIFFS to suffer adverse credit reporting
9 because it shows monthly financial obligations that PLAINTIFFS otherwise did not have, which
10 in turn causes PLAINTIFFS to suffer a worse debt to income ratio than it otherwise should be.

11 118. And moreover, DEFENDANTS have furnished false credit reporting against
12 PLAINTIFFS that they were in default during months that they were otherwise entitled to
13 deferments.

14 119. This negative credit reporting that PLAINTIFFS were in default on the account
15 has caused PLAINTIFFS’ credit scores to drop and also paints a false and inaccurate picture of
16 PLAINTIFFS as being not creditworthy consumers who default on their accounts due to financial
17 irresponsibility.

18 120. The negative credit reporting that PLAINTIFFS were in default on the account
19 has also caused PLAINTIFFS to be concerned and worried over the possibility of discipline
20 within the military, possibility of demotion and/or less than honorable discharge, and possibly
21 being stripped of Security Clearance, as negative credit history risks PLAINTIFF STEPHANIE
22 being deprived of security clearance level because the military considers someone with negative
23 credit history as being at risk for bribery and manipulation by foreign adversaries.

1 121. DEFENDANTS knew, or should have known, that this information furnished to
2 the consumer credit reporting agencies was inaccurate or incomplete.

3 122. DEFENDANTS' violations were negligent at a minimum, because a reasonable
4 person would not have reported the account in such a manner.

5 123. PLAINTIFFS are also informed and believe that DEFENDANTS' violations were
6 willful in that DEFENDANTS know of their obligations pursuant to Section 1785.25(a), yet acted
7 with such a high degree of risk of committing a legal violation that was higher than mere
8 carelessness by failing to review and consider their own internal records in committing these
9 violations, and because the reporting was in direct contradiction to the statutory protections
10 afforded to PLAINTIFFS as a deployed military family, and were also in direct contradiction to
11 DEFENDANTS' own knowledge about the requirements of the C.M.V.C. considering that
12 DEFENDANTS had already quoted portions of the C.M.V.C. to PLAINTIFFS, which shows that
13 DEFENDANTS are fully aware of the obligations under the C.M.V.C. yet failed to comply with
14 their own obligations after waiving any purported defense to the C.M.V.C. under Section 813.

15 124. As a proximate result of DEFENDANTS' actions, PLAINTIFFS have suffered
16 loss of time, loss of quality of life, as well as emotional and financial injuries.

17 125. PLAINTIFFS are therefore entitled to, and seek, actual damages, statutory
18 damages of \$5,000.00 per willful violation, attorneys' fees and costs, and injunctive relief
19 pursuant to Calif. Civ. Code § 1785.31.

20 **FOURTH CAUSE OF ACTION**
21 **NEGLIGENCE**
(BY AND ON BEHALF OF ALL PLAINTIFFS, AS AGAINST ALL DEFENDANTS)

22 126. PLAINTIFFS repeat, re-allege, and incorporate by reference each of the above
23 paragraphs as though set forth fully herein.

1 127. DEFENDANTS engaged in misrepresentations to PLAINTIFFS, which
2 DEFENDANTS knew or had reason to know were not truthful statements, by falsely claiming
3 that PLAINTIFFS would be under deferment protections, which statements PLAINTIFFS relied
4 upon to their detriment.

5 128. DEFENDANTS' statements were false because DEFENDANTS later claimed that
6 PLAINTIFFS owed either \$0.00 (and thereby tricking PLAINTIFFS into going into default) and
7 also by falsely claiming that PLAINTIFFS owed thousands of dollars for full regular monthly
8 payments that they otherwise did not owe because PLAINTIFFS were in fact automatically
9 entitled to mandatory deferment of the principal and interest, all of which resulted in loss of use
10 of such monies.

11 129. DEFENDANTS are in possession of the letters, notes, and phone call recordings
12 of the misrepresentations made to PLAINTIFFS, which means DEFENDANTS are assumed to
13 possess knowledge of the facts at least equal, if not superior, to the knowledge possessed by
14 PLAINTIFFS.

15 130. DEFENDANTS either knew, or acted with reckless disregard, that their
16 representations were false and knew that PLAINTIFFS was relying on such representations to
17 their detriment.

18 131. DEFENDANTS had no reasonable grounds for believing the representations were
19 true when made.

20 132. PLAINTIFFS are further informed and believe that the aforesaid conduct was
21 malicious and oppressive, as those terms are defined by California Civil Code sections 3294(c)(1)
22 and 3294(c)(2), deserving of punitive and exemplary damages. The obligations of
23 DEFENDANTS in this Cause of Action are not arising from contract, as the obligations arise
24

1 specifically from common law, which in turn means the limitation of § 3294(a) (“In an action for
2 the breach of an obligation not arising from contract ...”) does not apply.

3 133. Upon information and belief, DEFENDANTS have (or are likely to have)
4 mortgage servicing engagements with other military families throughout the State of California,
5 which means DEFENDANTS deserve to suffer exemplary damages so that they do not inflict
6 similar violations upon other military families, in addition to deserving punishment for attempting
7 to rip off PLAINTIFFS.

8 134. Under California law, even where a claim formally sounds in negligence, if the
9 PLAINTIFFS can make a showing that defendant's conduct goes beyond gross negligence and
10 demonstrates a knowing and reckless disregard, punitive damages may be available. *In re*
11 *Yahoo! Inc. Customer Data Security Breach Litigation* (N.D.Cal. 2018) 313 F.Supp.3d 1113.

12 **FIFTH CAUSE OF ACTION**
13 **INTENTIONAL MISREPRESENTATIONS**
14 **(BY AND ON BEHALF OF ALL PLAINTIFFS, AS AGAINST ALL DEFENDANTS)**

15 135. PLAINTIFFS repeats, re-alleges, and incorporates by reference each of the above
16 paragraphs as though set forth fully herein.

17 136. DEFENDANTS engaged in misrepresentations to PLAINTIFFS, which
18 DEFENDANTS knew or had reason to know were not truthful statements, by falsely claiming
19 that PLAINTIFFS would be under deferment protections, which statements PLAINTIFFS relied
20 upon to their detriment.

21 137. DEFENDANTS’ statements were false because DEFENDANTS later claimed that
22 PLAINTIFFS owed either \$0.00 (and thereby tricking PLAINTIFFS into going into default) and
23 also by falsely claiming that PLAINTIFFS owed thousands of dollars for full regular monthly
24 payments that they otherwise did not owe because PLAINTIFFS were in fact automatically

1 entitled to mandatory deferment of the principal and interest, all of which resulted in loss of use
2 of such monies.

3 138. DEFENDANTS are in possession of the letters, notes, and phone call recordings
4 of the misrepresentations made to PLAINTIFFS, which means DEFENDANTS are assumed to
5 possess knowledge of the facts at least equal, if not superior, to the knowledge possessed by
6 PLAINTIFFS.

7 139. DEFENDANTS either knew, or acted with reckless disregard, that their
8 representations were false and knew that PLAINTIFFS were relying on such representations to
9 their detriment.

10 140. DEFENDANTS had no reasonable grounds for believing the representations were
11 true when made.

12 141. PLAINTIFFS are further informed and believe that the aforesaid conduct was
13 malicious and oppressive, as those terms are defined by California Civil Code sections 3294(c)(1)
14 and 3294(c)(2), deserving of punitive and exemplary damages. The obligations of
15 DEFENDANTS in this Cause of Action are not arising from contract, as the obligations arise
16 specifically from common law, which in turn means the limitation of § 3294(a) (“In an action for
17 the breach of an obligation not arising from contract ...”) does not apply.

18 142. Upon information and belief, DEFENDANTS have (or are likely to have)
19 mortgage servicing engagements with other military families throughout the State of California,
20 which means DEFENDANTS deserve to suffer exemplary damages so that they do not inflict
21 similar violations upon other military families, in addition to deserving punishment for attempting
22 to rip off PLAINTIFFS.

23 143. Under California law, even where a claim formally sounds in negligence, if the
24 PLAINTIFFS can make a showing that defendant's conduct goes beyond gross negligence and

1 demonstrates a knowing and reckless disregard, punitive damages may be available. *In re*
2 *Yahoo! Inc. Customer Data Security Breach Litigation* (N.D.Cal. 2018) 313 F.Supp.3d 1113.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, PLAINTIFFS pray that judgment be entered against each DEFENDANT
5 individually, in favor of each PLAINTIFF individually, and that PLAINTIFFS be awarded
6 damages as follows:

7 1. General damages for pain and suffering, mental anguish, loss of enjoyment of life,
8 and others, in the amount of \$500,000.00, or as the jury may allow, subject to proof at jury trial;

9 2. Compensatory damages in the amount of \$500,000.00, or as the jury may allow,
10 subject to proof at jury trial;

11 3. Punitive damages, from each DEFENDANT individually, pursuant to Cal. Civ.
12 Code § 3294, as the jury may allow, subject to proof at jury trial;

13 4. Plus statutory damages of \$5,000.00 for each individual willful violation of the
14 Calif. Consumer Credit Reporting Agencies Act, pursuant to Calif. Civ. Code § 1785.31(a)(2)(A)-
15 (C);

16 5. Plus statutory damages of \$1,000.00 from each DEFENDANT individually
17 pursuant to Calif. Civ. Code §1788.30(b);

18 6. Prejudgment interest at the maximum legal rate;

19 7. Reasonable attorneys' fees;

20 8. Costs;

21 9. Injunctive relief to order DEFENDANTS to remove any and all inaccurate credit
22 reporting and to furnish accurate and truthful information to each and every consumer credit
23 reporting agency;

24 10. Injunctive relief to order DEFENDANTS to comply with all statutory obligations

1 referenced herein;

2 11. Injunctive relief to order DEFENDANTS to cease and desist any and all efforts to
3 falsely allege that PLAINTIFFS is in default and past due;

4 12. Injunctive relief to order DEFENDANTS to cease and desist any and all efforts to
5 implement foreclosure proceedings; and,

6 13. Such other relief as the Court may deem just and proper.

7 **TRIAL BY JURY**

8 Pursuant to the Seventh Amendment to the Constitution of the United States of America,
9 PLAINTIFFS are entitled to, and so demand, a trial by jury.

10
11 DATED: 4-18-26

SEMNR & HARTMAN, LLP

12
13 /s/ Jared M. Hartman,
14 JARED M. HARTMAN
15 Attorneys for PLAINTIFFS
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