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18 **UNITED STATES DISTRICT COURT**  
 19 **CENTRAL DISTRICT OF CALIFORNIA**

20 **ALEXANDRA HOEVELKAMP,**  
 21 **KELLY HOEVELKAMP, and**  
 22 **TIMOTHY HOEVELKAMP,**  
 23 **Individually and On Behalf of All**  
 24 **Others Similarly Situated,**

25 **Plaintiffs,**

26 **v.**

27 **JPMORGAN CHASE BANK, N.A.,**

28 **Defendant.**

**Case No.: 8:22-cv-00744**

**CLASS ACTION COMPLAINT  
FOR DAMAGES AND  
INJUNCTIVE RELIEF FOR  
VIOLATIONS OF:**

- 1) **UNFAIR COMPETITION LAW (“UCL”), CAL. BUS. & PROF. §§ 17200, ET SEQ.;**
- 2) **NEGLIGENT MISREPRESENTATION; AND,**
- 3) **NEGLIGENCE.**

**JURY TRIAL DEMANDED**



1 INTRODUCTION

2 1. Plaintiffs ALEXANDRA HOEVELKAMP (“Plaintiff Alexandra”),  
3 KELLY HOEVELKAMP (“Plaintiff Kelly”), and TIMOTHY HOEVELKAMP  
4 (“Plaintiff Tim”) (together the “Plaintiffs”), individually and on behalf of all others  
5 similarly situated, bring this action to recover damages and prevent the unlawful and  
6 misleading business practices of defendant JPMORGAN CHASE BANK, N.A.  
7 (“Defendant” or “Chase”), resulting in violations of: (1) California’s Unfair  
8 Competition Law (“UCL”), Bus. & Prof. Code §§ 17200, *et seq.*, and for (2) negligent  
9 misrepresentation and (3) negligence.

10 2. Chase among other things, provides mortgage services throughout the  
11 United States, including in the State of California and within this judicial district.

12 3. Chase earns revenue from mortgage loan servicing in several ways. For  
13 instance, Chase earns money from the interest rate it charges when lending out money  
14 associated with the home mortgages it provides to borrowers in its function as a home  
15 mortgage lender.

16 4. Chase also provides several residential loan options, online and through  
17 its physical locations.

18 5. As described herein, Chase has been engaging in unfair and misleading  
19 business practices by making material misrepresentations of fact and/or acting  
20 negligently with consumers seeking a residential mortgage. Specifically, Chase has  
21 mislead prospective borrowers into reasonably believing that their mortgage loans  
22 would be approved (prompting the borrows to remove the loan contingencies) only to  
23 turn around and ultimately deny the loan when it suits Chase’s interests, resulting in  
24 out-of-pocket losses to consumers, including the Plaintiffs.

25 6. This unscrupulous and misleading business tactic has left borrowers like  
26 Plaintiffs with no choice but to scramble to secure alternative financing, often at  
27 inferior interest rates, while up against closing deadlines—resulting in fees, penalties  
28 and costs being incurred as a direct result of Chase’s belated decision to refuse to



1 honor the original loan offer.

2 7. Plaintiffs allege the following based upon personal knowledge as to their  
3 own acts, and on information and belief as to all other matters, including, the  
4 investigation conducted by and through their attorneys which includes, without  
5 limitation, a review of Defendant’s public documents, announcements, and wire and  
6 press releases published by and regarding Defendant, and information readily  
7 obtainable on the internet.

8 **JURISDICTION AND VENUE**

9 8. Jurisdiction is proper under 28 U.S.C. § 1332(d) (“CAFA”), which  
10 provides for original jurisdiction of the federal courts of any class action in which any  
11 member of the class is a citizen of a state different from the defendant, and in which  
12 the matter in controversy exceeds, in the aggregate, the sum of \$5,000,000, exclusive  
13 of interest and costs.

14 9. Upon information and belief, a substantial number of the members of the  
15 proposed Classes are residents of a different state from Chase, which is headquartered  
16 and has its principal place of business in New York.

17 10. Upon information and belief, the total claims of individual members in  
18 this action are in excess of \$5,000,000, where Plaintiffs seek restitution, damages, and  
19 other forms of equitable relief, which, when aggregated among the proposed class in  
20 the several thousands, exceeds the \$5,000,000 threshold.

21 11. Both diversity jurisdiction and the damages requirement under CAFA are  
22 satisfied, and this Court therefore has subject matter jurisdiction.

23 12. Plaintiffs alleges that at all times relevant herein, Chase conducted  
24 business in the State of California, and within this judicial district.

25 13. This Court has personal jurisdiction over Chase, which transacts business  
26 in California and maintains sufficient minimum contacts in California.

27 14. Venue is proper in the United States District Court for the Central District  
28 of California pursuant to 18 U.S.C. § 1391(b)(2) because a substantial part of the



1 events giving rise to the claims occurred within this judicial district and Chase  
2 conducts substantial business within this judicial district.

3  
4 **PARTIES**

5 15. At all times relevant, Plaintiffs were and are each an individual residing  
6 in the State of California, County of Orange.

7 16. Upon information and belief, Chase is a national bank headquartered in  
8 New York City, New York, with its corporate offices located at 270 Park Ave 31st  
9 Floor, New York, NY 10017.

10 17. Chase provides various financial services including home mortgages,  
11 banking, insurance, investments and other products and services to consumers,  
12 businesses and other institutions.

13 18. Chase is reported to have approximately \$3.29 trillion in assets.<sup>1</sup>

14 **FACTUAL ALLEGATIONS**

15 19. During January of 2022, Plaintiffs began the process of jointly  
16 purchasing a home to be the primary residence of Plaintiff Alex, who is the daughter  
17 of Plaintiffs Tim and Kelly.

18 20. Plaintiffs made an offer on property located in Lake Forest, California  
19 during the beginning of January of 2022 (the “Lake Forest Property”).

20 21. The Plaintiffs’ offer on the Lake Forest Property was accepted by the  
21 sellers on or around January 12, 2022; and the parties immediately began the escrow  
22 process as the sellers desired a quick closing.

23 22. The purchase price of the Lake Forest Property was \$850,000 and had a  
24 25-day closing date of February 7, 2022.

25 23. Like many home purchasers, Plaintiffs sought financing for the Lake  
26

27  
28 <sup>1</sup> See BANKING, *The 15 largest banks in the US*  
<https://www.bankrate.com/banking/biggest-banks-in-america/> (Feb. 11, 2022).

1 Forest Property and desired to take out a home mortgage loan with Chase based on an  
2 attractive interest rate.

3 24. On or about January 12, 2022, a Chase loan officer confirmed with  
4 Plaintiffs Kelly and Alex that loan for the Lake Forest Property could be closed within  
5 the 25 day-period, and that the loan and appraisal contingencies could be removed  
6 within 12 days (i.e., by January 24, 2022).

7 25. This understanding was confirmed in writing via an email  
8 correspondence between a Chase Home Lending Advisor and Plaintiffs Kelly and  
9 Alex.

10 26. Shortly thereafter, Plaintiffs received a pre-approval letter from Chase for  
11 the home mortgage loan on the Lake Forest Property dated January 12, 2022, with  
12 Plaintiffs Kelly and Tim listed as the borrowers.

13 27. Knowing that they were up against a quickly approaching closing date,  
14 Plaintiffs immediately started the application process and provided supporting  
15 documents to Chase for the home mortgage on January 12, 2022.

16 28. The same day, Plaintiffs' offer on the Lake Forest Property was submitted  
17 and accepted by the seller, which was memorialized by a signed purchase agreement.

18 29. Relying on Chase's representations that the loan and contingencies could  
19 be completed within the applicable time-period, Plaintiffs wired earnest money (or a  
20 good faith deposit on the Lake Forest Property) in the amount of \$25,500 on January  
21 14, 2022.

22 30. Plaintiffs received confirmation of receipt of the earnest money deposit  
23 from the escrow company Blue Water Escrow ("BWE") shortly after making the  
24 payment.

25 31. During the end of January 2022, Plaintiffs provided Chase with  
26 supporting documentation for the mortgage loan, including an amended 2020 tax  
27 return with proof of IRS receipt, which was sent for underwriting review on January  
28 20, 2022.



1 32. On January 20, 2022, the Lake Forest Property was appraised, and valued  
2 at \$750,000. Plaintiffs contested that valuation, and thereafter received a revised  
3 appraisal of \$780,000. Plaintiff's thereafter sought a further appraisal.

4 33. On January 21, 2022, Plaintiffs received an email from Chase that the  
5 "[l]oan [was] conditionally approved" and noting that "Kelly and Alex have provided  
6 the documents to clear remaining conditions. File is back in underwriting que for  
7 review. [Chase] is tracking well on [the] contingency period."

8 34. On January 21, 2022, Plaintiffs provided Chase with the Homeowner's  
9 Association ("HOA") documents for the Lake Forest Property.

10 35. Shortly thereafter, on or about January 25, 2022, Plaintiffs' realtor  
11 confirmed via telephone call and text messages with Chase's loan officer that the  
12 mortgage loan was not a concern. Subsequently, Plaintiffs' realtor called Plaintiffs  
13 Kelly and Alex to confirm that Chase indicated that they could proceed to remove the  
14 contingencies on the loan.

15 36. On January 25, 2022, relying on Chase's unequivocal representations,  
16 including that the loan was conditionally approved, Plaintiffs removed the loan  
17 contingencies, except for the appraisal contingency as Plaintiffs were waiting on a new  
18 appraisal of the property.

19 37. The following week, Plaintiffs' realtor confirmed via phone call and text  
20 message again with Chase's loan officer that the loan was not a concern and would be  
21 approved. The Chase loan officer instructed the Plaintiffs to remove all contingencies  
22 as a result.

23 38. On February 4, 2022, relying on Chase's promises to approve the loan,  
24 Plaintiffs removed all contingencies on the loan and requested an extension of the  
25 closing date to February 1, 2022.

26 39. A few days later, on February 7, 2022, a new appraisal of the Lake Forest  
27 Property was set, and the house was appraised for the full asking price of \$850,000.

28 40. On February 8, 2022, Chase raised for the first time (which was after

1 instructing Plaintiffs to remove all contingencies) that there was a concern with the  
2 HOA certifications. This came as a complete shock to Plaintiffs, as they reasonably  
3 believed and detrimentally relied on Chase's representations that the loan was going  
4 to be approved.

5 41. Upon information and belief, mortgage lenders typically investigate  
6 HOA certifications several weeks before the residential mortgage closing date and  
7 before borrowers are informed it is safe to remove loan contingencies.

8 42. On February 15, 2022, the Chase loan officer sent Plaintiffs an email  
9 stating that "[i]n order to successfully close tomorrow [February 16, 2022] we would  
10 need to waive your right to review the 2<sup>nd</sup> appraisal. Can you please sign the attached?"

11 43. Eager to close on their property, Plaintiffs completed and submitted the  
12 waiver form that same day (and within only a few minutes of receiving that email).

13 44. The very next day, on February 16, 2022 (which should have been the  
14 date of closing), Plaintiffs followed up with the Chase loan officer on the status of the  
15 loan closure.

16 45. The Chase loan officer then informed Plaintiffs that Chase was waiting  
17 on the HOA certification documents before they could close.

18 46. On February 17, 2022, Plaintiffs still had not closed on the Lake Forest  
19 Property. Concerned and confused by the delay in Chase's finalization of the loan,  
20 Plaintiff Kelly met in-person with the Chase loan officer in order to obtain more  
21 information.

22 47. During this February 17, 2022 meeting, Chase informed Plaintiff Kelly  
23 that the loan document release was pending the HOA's response to a questionnaire.

24 48. Plaintiffs were provided with a copy of the HOA questionnaire which  
25 was related to property insurance because the coverage for was recently decreased  
26 from \$40 million to \$2.5 million per occurrence.

27 49. Surprised by this new piece of information, Plaintiff Kelly pressed the  
28 Chase loan officer on why this apparent issue was not raised beforehand, but Chase

1 simply reassured her that the loan would be approved.

2 50. Later that day, Plaintiff Kelly received a text message from her realtor  
3 forwarding an email from Chase's underwriter indicating that home mortgage loan for  
4 the Lake Forest Property was denied by Chase.

5 51. Outraged by Chase's sudden decision to deny the loan, Plaintiff Kelly  
6 called Chase on February 18, 2022, and spoke to the loan officer and the Executive  
7 Director/Regional Loan officer, pleading for help. However, Plaintiffs were informed  
8 that the HOA insurance was an issue for Chase in approving the loan.

9 52. Plaintiffs were upset and frustrated because the loan closing date was in  
10 two weeks and the Plaintiffs needed a definite answer to make an informed decision  
11 on how to proceed with the financing of the Lake Forest Property. However, Chase  
12 would not confirm or clearly state whether the loan was officially denied.

13 53. Not wanting to incur other fees and penalties associated with the closing,  
14 on or about February 18, 2022, Plaintiffs started a mortgage loan application with  
15 Wells Fargo for the property.

16 54. However, Wells Fargo informed Plaintiffs that Chase needed to issue an  
17 official loan cancellation notice in order for Wells Fargo to close the new loan for the  
18 Lake Forest Property.

19 55. On February 18, 2022, Plaintiffs followed up with the Chase loan team  
20 via email to confirm whether the loan was in fact denied.

21 56. Plaintiffs sent a subsequent email to Chase on February 22, 2022 noting  
22 that in order to close on the loan with Wells Fargo, Plaintiffs needed an official  
23 cancellation letter.

24 57. As of February 22, 2022, Chase had not confirmed that the loan was  
25 denied and failed to provide Plaintiffs with an official cancellation letter.

26 58. On February 23, 2022, Plaintiffs' realtor informed them that the sellers  
27 of the Lake Forest Property agreed to extend the existing closing date until March 9,  
28 2022, but Plaintiffs would be subject to a penalty due to the delay.





1 59. Left with no choice, Plaintiffs agreed to an addendum to the purchase  
2 agreement where Plaintiffs would incur a daily per diem penalty of \$200 from  
3 February 17, 2022 until the date of closing.

4 60. As a result of the delays, the seller’s realtor had to forgo his commission  
5 of \$32,500 to obtain an extension from his clients, since the sellers wanted a fast  
6 closing and were frustrated by the delays.

7 61. On February 24, 2022, Chase finally sent Plaintiffs a formal loan  
8 declination letter.

9 62. Plaintiffs were eventually able to secure a residential loan with Wells  
10 Fargo (but with a higher interest rate of 3.375% compared to the 3.000% offered by  
11 Chase) and closed on the Lake Forest Property.

12 63. Upon information and belief, Chase intentionally and/or negligently  
13 failed to properly investigate the loan and mislead Plaintiffs into believing the loan  
14 would be approved.

15 64. Chase’s misleading statements and/or negligent conduct regarding the  
16 loan approval caused significant delay, and unreasonable delay in officially denying  
17 the loan, forced Plaintiffs to be unable to meet the contractual timeline on the closing  
18 of the property, and jeopardized Plaintiffs’ earnest money, which could have been lost  
19 as a result of Chase’s instruction to remove the contingencies on the loan despite not  
20 having adequately investigated the property, causing actual damages to Plaintiffs.

21 65. Indeed, Chase itself has acknowledge that “[w]aiving your  
22 contingencies” can lead to lost earnest money.<sup>2</sup>

23  
24  
25 <sup>2</sup> Chase, *Understanding earnest money*,  
26 <https://www.chase.com/personal/mortgage/education/financing-a-home/understanding-earnest-money#:~:text=Earnest%20money%2C%20or%20good%20faith,agreement%20or%20the%20sales%20contract.%5C> (last visited March 23, 2022) (“Financing and inspection contingencies protect your earnest money if your mortgage doesn’t go



1 66. As a result of Chase’s unfair and misleading business practices and/or  
2 negligent actions, Plaintiffs suffered harm and monetary damages.

3 67. Plaintiffs’ monetary damages included, but are not necessarily limited to:  
4 (1) \$639.15 in additional appraisal fees for the loan with Wells Fargo; (2)  
5 approximately \$300 for an additional HOA certification because Chase would not  
6 disclose the HOA certification to Wells Fargo; (3) \$200 a day in penalties to extend  
7 the closing date for 18 days, totaling \$3,800; (4) and additional time and significant  
8 emotional stress in securing an urgent mortgage loan with a different lender, which  
9 delayed the closing on the property; and (5) ending up needing to agree to a less  
10 favorable interest rate on the residential mortgage loan with Wells Fargo.

11 68. Had Plaintiff been aware that Chase would refuse to approve the loan  
12 after Chase had informed Plaintiffs they could remove loan contingencies, they would  
13 have made arrangements to find other funding sooner (including not removing the loan  
14 contingencies) and could have avoided penalties and other economic damages that  
15 flowed from or related to Chase’s delay in officially denying the loan.

16 **CLASS ACTION ALLEGATIONS**

17 69. Plaintiffs brings this action on behalf of Plaintiffs and all others similarly  
18 situated (the “National Class” and “California Sub-Class”).

19 70. Plaintiffs represent, and are members of, the National Class, pursuant to  
20 Fed. R. Civ. P. 23(b)(2) and/or (b)(3), which is defined as follows:

21 All persons in the United States who paid fees and/or  
22 penalties, incurred a higher loan interest rate, and/or incurred  
23 out-of-pocket expense relating to Defendant’s decision to not  
24 approve their residential mortgage loan after Defendant, its  
25 employees and/or agents informed the buyer/s that they  
26 were approved or conditionally approved for the loans and  
27 the buyer/s could remove contingencies on the loan, within

28 through or the house is beyond repair. However, if you waive either contingency, you  
forfeit your good faith deposit if the house does not go to sale.”).

1 the four years prior to the filing of the Complaint in this  
2 action.

3 71. Plaintiffs represent, and are also members of, the California Sub-Class,  
4 pursuant to Fed. R. Civ. P. 23(b)(2) and/or (b)(3), which is defined as follows

5  
6 All persons in California who paid fees and/or penalties,  
7 incurred a higher loan interest rate, and/or incurred out-of-  
8 pocket expense relating to Defendant's decision to not  
9 approve their residential mortgage loan after Defendant, its  
10 employees and/or agents informed the buyer/s that they  
11 were approved or conditionally approved for the loans and  
12 the buyer/s could remove contingencies on the loan, within  
13 the four years prior to the filing of the Complaint in this  
14 action.

15 72. The National Class and the California Sub-Class are jointly referred to  
16 herein as the "Classes." Excluded from the Classes are: (1) Defendant, any entity or  
17 division in which Defendant has a controlling interest, and its legal representatives,  
18 officers, directors, assigns, and successors; (2) the Judge to whom this case is assigned  
19 and the Judge's staff; and (3) those persons who have suffered personal injuries as a  
20 result of the facts alleged herein.

21 73. Plaintiffs reserve the right to redefine the Classes, including but not  
22 limited to expanding the class definition and adding one or more sub-Classes as  
23 appropriate based on discovery and specific theories of liability.

24 74. The Classes that Plaintiffs seek to represent contains numerous members  
25 and is clearly ascertainable including, without limitation, by using Defendant's  
26 records to determine the size of the Classes and to determine the identities of  
27 individual members of the Classes.

28 **Numerosity**

75. The members of the Classes are so numerous that joinder of all members  
would be unfeasible and impractical. The membership of the Classes is currently

1 unknown to Plaintiffs at this time. However, on information and belief, the Classes  
2 are likely to consist of several thousands of members. Members of the Classes can  
3 easily be identified through Defendant's records. The disposition of their claims in a  
4 class action will provide substantial benefits to the parties and the Court.

5 **Commonality**

6 76. There are questions of law and fact common to the Classes that  
7 predominate over any questions affecting only individual members of the Classes.  
8 Those common questions of law and fact include, without limitation, the following:

- 9 a) Whether Defendant's conduct constituted an unfair business practice;  
10 b) Whether Defendant's conduct of advising to Plaintiffs and the Classes  
11 that they could remove the contingencies on the loan only to turn  
12 around and deny the loan was negligent;  
13 c) Whether Defendant's conduct was misleading;  
14 d) Whether Defendant made misrepresentations of fact to Plaintiffs and  
15 members of the Classes regarding the status of their loans;  
16 e) Whether Plaintiffs and members of the Classes were damaged  
17 economically by Defendant's conduct; and  
18 f) Whether Defendant should be enjoined from the improper conduct,  
19 including but not limited to modifying its policies and procedures  
20 relating to the residential loan approval process and denial letters.

21 **Typicality**

22 77. Plaintiffs are qualified to, and will, fairly and adequately protect the  
23 interests of each member of the Classes with whom they are similarly situated, and  
24 Plaintiffs' claims (or defenses, if any) are typical of all members of the Classes as  
25 demonstrated herein.

26 78. Plaintiffs represent and are members of the Classes because Defendant,  
27 in misleading Plaintiffs to believe the loan would be approved, instructed them to  
28 remove the loan contingencies, and then ultimately denied approval of the loan, which

1 resulted in Plaintiffs incurring actual monetary loss.

2 79. Consequently, the claims of Plaintiffs are typical of the claims of  
3 members of the Classes and Plaintiffs' interests are consistent with and not  
4 antagonistic to those of the other members of the Classes whom the Plaintiffs seek to  
5 represent.

6 80. Plaintiffs and all members of the Classes have been impacted by, and  
7 face continuing harm arising out of, Defendant's statutory violations and misconduct  
8 as alleged herein.

9 **Adequacy**

10 81. Plaintiffs are qualified to, and will, fairly and adequately protect the  
11 interests of each Class member with whom Plaintiffs are similarly situated, as  
12 demonstrated herein.

13 82. Plaintiffs acknowledge that Plaintiffs have an obligation to make known  
14 to the Court any relationship, conflicts, or differences with any member of the Classes.

15 83. Plaintiffs' attorneys, the proposed class counsel, are versed in the rules  
16 governing class action discovery, certification, and settlement. In addition, the  
17 proposed class counsel is experienced in handling claims involving consumer actions  
18 and violations of the causes of action asserted. Plaintiffs have or will expend time and  
19 money necessary for the prosecution of this action for the substantial benefit of each  
20 member of the Classes.

21 84. Neither Plaintiffs nor Plaintiffs' counsel have any interests adverse to  
22 those of the other members of the Classes.

23 **Predominance**

24 85. Questions of law or fact common to the members of the Classes  
25 predominate over any questions affecting only individual members of the Classes. The  
26 elements of the legal claims brought by Plaintiffs and members of the Classes are  
27 capable of proof at trial through evidence that is common to the Classes rather than  
28

1 individual to its members.

2 **Superiority**

3 86. A class action is superior to other available methods for the fair and  
4 efficient adjudication of this controversy because individual litigation of the claims of  
5 all members of the Classes is impracticable and questions of law and fact common to  
6 the Classes predominate over any questions affecting only individual members of the  
7 Classes. Even if every individual member of the Classes could afford individual  
8 litigation, the court system could not. It would be unduly burdensome to the courts if  
9 individual litigation of the numerous cases were to be required.

10 87. Individualized litigation also would present the potential for varying,  
11 inconsistent, or contradictory judgments, and would magnify the delay and expense to  
12 all parties and to the court system resulting from multiple trials of the same factual  
13 issues. By contrast, conducting this action as a class action will present fewer  
14 management difficulties, conserve the resources of the parties and the court system,  
15 and protect the rights of each member of the Classes. Further, it will prevent the very  
16 real harm that would be suffered by numerous members of the Classes who will be  
17 unable to enforce individual claims of this size on their own, and by Defendant's  
18 competitors, who will be placed at a competitive disadvantage because they chose to  
19 obey the law. Plaintiffs anticipate no difficulty in the management of this case as a  
20 class action.

21 88. The prosecution of separate actions by individual members of the Classes  
22 may create a risk of adjudications with respect to them that would, as a practical  
23 matter, be dispositive of the interests of other members of the Classes not party to  
24 those adjudications, or that would otherwise substantially impair or impede the ability  
25 of those non-party members of the Classes to protect their interests.

26 89. The prosecution of individual actions by members of the Classes would  
27 establish inconsistent standards of conduct for Defendant.  
28

1 90. Defendant has acted or refused to act in ways generally applicable to the  
2 Classes, thereby making appropriate final and injunctive relief or corresponding  
3 declaratory relief with regard to members of the Classes as a whole. Likewise,  
4 Defendant’s conduct as described above is unlawful, is capable of repetition, and will  
5 continue unless restrained and enjoined by the Court.

6 91. The Classes may also be certified because:

7 (a) the prosecution of separate actions by individual Class members would  
8 create a risk of inconsistent or varying adjudication with respect to  
9 individual members, which would establish incompatible standards of  
10 conduct for Defendant;

11 (b) the prosecution of separate actions by individual members would  
12 create a risk of adjudications with respect to them that would, as a  
13 practical matter, be dispositive of the interests of other members not  
14 parties to the adjudications, or substantially impair or impede their  
15 ability to protect their interests; and,

16 (c) Defendant has acted or refused to act on grounds generally applicable  
17 to the Classes, thereby making appropriate final and injunctive relief  
18 with respect to the members of the Classes as a whole.

19 92. At this time, this suit expressly is not intended to request any recovery  
20 for personal injury and claims related thereto.

21 **FIRST CAUSE OF ACTION**

22 **VIOLATION OF CAL. BUS. & PROF. CODE §§ 17200, *ET SEQ.***

23 **CALIFORNIA’S UNFAIR COMPETITION LAW (“UCL”)**

24 **[CALIFORNIA SUB-CLASS ONLY]**

25 93. Plaintiffs incorporate by reference all of the above paragraphs of this  
26 Complaint as though fully stated herein.

27 94. Plaintiffs and Defendant are each “person[s]” as defined by California  
28 Business & Professional Code § 17201.



1 95. California Business & Professional Code § 17204 authorizes a private  
2 right of action on both an individual and representative basis.

3 96. “Unfair competition” is defined by Business and Professions Code  
4 Section § 17200 as encompassing several types of business “wrongs”: (1) an  
5 “unlawful” business act or practice, (2) an “unfair” business act or practice, (3) a  
6 “fraudulent” business act or practice, and (4) “unfair, deceptive, untrue or misleading  
7 advertising.” The definitions in § 17200 are drafted in the disjunctive, meaning that  
8 each of these “wrongs” operates independently from the others.

9 97. By and through Defendant’s conduct alleged in further detail above and  
10 herein, Defendant engaged in conduct that constitutes unfair business practices  
11 prohibited by Bus. & Prof. Code § 17200 *et seq.*

12 98. Defendant’s actions, representations or omissions constitute an “unfair”  
13 business act or practice under Business & Professions Code §17200, *et seq.* in that  
14 Defendant’s conduct is substantially injurious to consumers, offends public policy,  
15 and is immoral, unethical, oppressive, and unscrupulous as the gravity of the conduct  
16 outweighs any alleged benefits attributable to such conduct.

17 99. Without limitation, it is an unfair business act or practice for Defendant  
18 to offer borrowers (including Plaintiffs) a residential mortgage loan, instruct them to  
19 remove the contingencies and then ultimately refusing to approve the loan.

20 100. It is also an unfair business act or practice for Defendant to fail to  
21 promptly provide an official letter of its decision to deny the residential mortgage loan,  
22 leaving consumers in a stage of unreasonable uncertainty concerning the loan.

23 101. Such conduct by Defendant offends established public policy and/or is  
24 immoral, unethical, oppressive, unscrupulous and/or substantially injurious to  
25 consumers in that consumers are led to believe that their loans were approved only to  
26 be left in precarious financial position by having to scramble secure alternative  
27 financing, incur fees and penalties, and also risk losing their earnest money.

28 102. Plaintiffs and members of the California Sub-Class could not have



1 reasonably avoided the injury they suffered.

2 103. Plaintiffs diligently, and timely, provided Chase with the requisite  
3 information to process the loan and Chase mislead Plaintiffs into believing the loan  
4 would be approved and that the contingencies could thus be removed.

5 104. Plaintiffs reserve the right to allege further conduct that constitutes other  
6 unfair business acts or practices.

7 105. Such conduct is ongoing and continues to this date, as Defendant  
8 continues to refuse to provide Plaintiffs, and those similarly situated, with  
9 compensation for penalties, costs and other economic harms that resulted from  
10 Chase's unfair conduct, including its belated denial of their loans.

11 **SECOND CAUSE OF ACTION**

12 **NEGLIGENT MISREPRESENTATION**

13 **[NATIONAL CLASS AND CALIFORNIA SUB-CLASS]**

14 106. Plaintiffs incorporate by reference all of the above paragraphs of this  
15 Complaint as though fully stated herein.

16 107. As set forth herein, Defendant misrepresented that Plaintiffs' residential  
17 mortgage loan would be approved and therefore instructed Plaintiffs that the loan  
18 contingencies could be removed, when in fact Chase was not going to approve  
19 Plaintiffs' loan and ultimately declined to approve the loan through a belated denial  
20 letter. This misrepresentation of fact required Plaintiffs to secure urgent financing with  
21 another lender at a higher interest rate and to incur penalties and other costs. As such,  
22 Defendant's misrepresentation of the status of the residential mortgage loans sought  
23 by the Plaintiffs and members of the Classes caused economic injuries.

24 108. At the time Defendant made these misrepresentations, Defendant knew  
25 or should have known that these misrepresentations were false. Defendant at least  
26 negligently misrepresented and or negligently omitted material facts about the  
27 approval of Plaintiffs' loan, especially where Defendant had not fully investigated the  
28 HOA insurance, which ultimately led to its denial of the Plaintiffs' loan.



1 109. In providing lending services to Plaintiffs and the members of the  
2 Classes, Defendant owed a duty to exercise reasonable care to make full, fair, and  
3 adequate disclosure in connection with the status of their loans, and whether or not  
4 they had in fact been approved. This duty included, among other things, not  
5 misrepresenting facts regarding the status of their loan applications.

6 110. It was foreseeable that if Defendant did not take reasonable measures to  
7 ascertain and ensure the accuracy and truthfulness of its representations, Plaintiff and  
8 the members of the Classes would rely on its representations and remove the  
9 contingencies on their loans, only to be left with no financing from Chase. Defendant  
10 should have known to take precautions to ensure its representations regarding the loan  
11 approval were accurate.

12 111. Further, Chase did not take reasonable steps to promptly investigate the  
13 HOA certifications, or similar certification, and prior to informing the Plaintiffs and  
14 the members of the Class that contingencies on the loan could be removed.

15 112. The negligent misrepresentations and omissions made by Defendant,  
16 upon which Plaintiff and members of the Classes reasonably, justifiably, and  
17 detrimentally relied, were intended to induce and influence, and actually induced and  
18 influenced, Plaintiff and members of the Classes to seek out Defendant's residential  
19 loan services.

20 113. Plaintiff and the Classes would not have removed the contingencies on  
21 their loans true facts had been known. The negligent actions and misrepresentations of  
22 Defendant caused actual and tangible concrete injury and harm to Plaintiffs and the  
23 members of the Classes who are entitled to damages and other legal and equitable relief  
24 as a result.

25 114. Defendant's negligence was a substantial factor in causing harm to  
26 Plaintiffs and members of the Classes. As a direct and proximate cause and result of  
27 Defendant's failure to exercise reasonable care and use reasonable measures to ensure  
28 the accuracy of its representations, Plaintiffs and the Classes have suffered actual

1 injury-in-fact and economic damages, including incurring penalties, appraisal fees,  
2 adverse loan terms, and other economic harms.

3 115. Neither Plaintiffs nor other members of the Classes contributed to the  
4 unlawful conduct set forth herein, nor did they contribute to Defendant’s making of its  
5 misrepresentation, nor to the insufficient policies, procedures, and measures which were  
6 omitted and led to the failure to ensure the accuracy and truthfulness of Defendant’s  
7 claims in connection with the status of their loans.

8 116. Plaintiffs and the members of the Classes request the Court enter an order  
9 awarding Plaintiffs and the members of the Classes mandatory restitution, rescission,  
10 and/or damages, and that they are entitled to recover their reasonable attorneys’ fees.

11 117. Plaintiffs and the members of the Classes therefore also seek pre-and-  
12 post-judgment interest and attorneys’ fees and costs as allowed by statute, including  
13 without limitation those recoverable under Cal. Code Civ. Proc. § 1021.5, any  
14 common law “private attorney general” equitable doctrine, any “common fund”  
15 doctrine, any “substantial benefit” doctrine, and/or any equitable principles of  
16 contribution and/or other methods of awarding attorneys’ fees and costs.

17 **THIRD CAUSE OF ACTION**

18 **NEGLIGENCE**

19 **[NATIONAL CLASS AND CALIFORNIA SUB-CLASS]**

20 118. Plaintiffs incorporate by reference all of the above paragraphs of this  
21 Complaint as though fully stated herein.

22 119. The elements of a cause of action for negligence are: “(a) a legal duty to  
23 use due care; (b) a breach of such legal duty; [and] (c) the breach as the proximate or  
24 legal cause of the resulting injury.” *Ladd v. County of San Mateo*, 12 Cal. 4th 913, 917  
25 (1996).

26 120. The first element of duty “may be imposed by law, be assumed by the  
27 defendant, or exist by virtue of a special relationship.” *Doe v. United States Youth*  
28 *Soccer Assn., Inc.* 8 Cal. App. 5th 1118, 1128 (2017).



1 121. Defendant owed Plaintiffs and members of the Classes a duty of care;  
2 and in upholding that duty, Defendant was obligated to make true and accurate  
3 representations regarding the status of their residential mortgage loan.

4 122. Defendant was required to exercise due care in providing Plaintiffs and  
5 members of the Classes with mortgage services, including accurately representing the  
6 status of their loan applications.

7 123. Defendant breached its duty to Plaintiffs and members of the Classes by  
8 making false and/or negligent misrepresentations regarding the status of their loan  
9 approval.

10 124. As a direct and proximate result of Defendant's breach of its duty,  
11 Plaintiffs and members of the Classes has suffered and will suffer injury, including  
12 but not limited to loss of the benefit of a timely closing, and loss of the benefit of  
13 Defendant's mortgage service offerings.

14 125. Plaintiffs and members of the Classes have also paid fees, penalties,  
15 and/or incurred a higher loan interest rate due to Defendant's failure to approval their  
16 residential mortgage loan after informing the buyer that they could remove  
17 contingencies on the loan.

18 126. As a direct and proximate result of Defendant's breach of its duty,  
19 Plaintiffs and members of the Classes have suffered and will continue to suffer other  
20 forms of injury and/or harm, and other economic and non-economic losses.

21 **PRAYER FOR RELIEF**

22 WHEREFORE, Plaintiffs, on behalf of themselves and members of the Classes,  
23 pray for the following relief against Defendant:

- 24
- 25 • That this action be certified as a Class Action, establishing the National Class  
26 and California Sub-Class;
  - 27 • Appointing Plaintiffs as the representative of the Classes;
  - 28 • Appointing the law firms representing Plaintiffs as Class Counsel;



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- That the Court find and declare that Defendant has violated the UCL and committed unfair business practices;
- An order requiring Defendant to pay restitution to Plaintiffs and the California Sub-Class due to Defendant’s UCL violations, pursuant to Cal. Bus. & Prof. Code §§ 17200-17205 in the amount of economic harm suffered as a result of their loans being denied;
- An order requiring imposition of a constructive trust and and/or disgorgement of Defendant’s ill-gotten gains and to pay restitution to Plaintiffs and all members of the California Sub-Class and to restore to Plaintiffs and members of the California Sub-Class all funds acquired by means of any act or practice declared by this court to be an unlawful, fraudulent, or unfair business act or practice, in violation of laws, statutes or regulations, or constituting unfair competition;
- An Order enjoining Defendant from continuing the wrongful conduct alleged herein and be required to comply with all applicable laws, including public injunctive relief;
- An Order awarding Plaintiffs and the members of the Classes mandatory restitution and/or damages;
- Actual damages, compensatory and all other damages allowed under applicable laws;
- Costs of suit;
- Pre-Judgment and Post-Judgment interest;
- An award of reasonable attorneys’ fees for Plaintiffs and the Classes pursuant to Code of Civil Procedure § 1021.5, the private attorney general doctrine, the common fund doctrine and/or any other applicable law; and,
- Any and all other relief as this Court may deem necessary or appropriate.

**JURY DEMAND**

1  
2 127. Pursuant to the Seventh Amendment to the Constitution of the United  
3 States of America, Plaintiffs are entitled to, and demand, a trial by jury on all issue so  
4 triable.

5 Dated: April 1, 2022

Respectfully submitted,

**KAZEROUNI LAW GROUP, APC**

By: /s/ Abbas Kazerounian, Esq.

ABBAS KAZEROUNIAN, ESQ.

ak@kazlg.com

ATTORNEY FOR PLAINTIFFS



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