

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
DEPARTMENT OF THE TRIAL COURT
CIVIL ACTION NO. 2384CV02751

In re EasyKnock, Inc.

ASSURANCE OF DISCONTINUANCE PURSUANT TO G.L. c. 93A, §5

The Commonwealth of Massachusetts, by and through the Office of Attorney General Andrea Joy Campbell (“AGO”), and EasyKnock, Inc. (“EasyKnock”) (collectively, the “Parties”) hereby agree to this Assurance of Discontinuance (“Assurance”) pursuant to Massachusetts General Laws chapter 93A, § 5.

I. Introduction

1. EasyKnock is a Delaware Corporation with a principal place of business in New York. EasyKnock describes itself as a “real estate technology company” which markets Sale-Leaseback products to consumers.

2. Pursuant to G.L. c. 93A, § 6, the AGO conducted an investigation into EasyKnock’s compliance with G.L. c. 93A, § 2 and G.L. c. 186, § 15B in its marketing and administration of its Sale-Leaseback products in Massachusetts.

3. Based on the investigation, the AGO alleges that EasyKnock engaged in unfair and deceptive acts and practices in the process of marketing its Sale-Leaseback products and transacting with Massachusetts consumers, in violation of G.L. c. 93A.

4. The AGO further alleges that EasyKnock’s Sale-Leaseback products violated Massachusetts Landlord-Tenant Law.

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ACTING CLERK MAGISTRATE

5. In lieu of litigation and in recognition of EasyKnock's assistance and cooperation throughout the investigation, the AGO agrees to accept this Assurance on the terms and conditions contained herein, pursuant to the Massachusetts Consumer Protection Act, G.L. c. 93A, § 5.

6. EasyKnock denies the AGO's allegations in paragraphs 17 through 44 below and further denies that it has violated Massachusetts law. In an effort to avoid the uncertainty of litigation and resolve this investigation, EasyKnock agrees to enter into and be bound by the terms of this Assurance. EasyKnock's agreement to this Assurance does not constitute an admission to any of the AGO's allegations.

II. Definitions

The following definitions shall apply wherever the defined terms are used within this Assurance:

7. "Covered Conduct" means those acts or practices alleged in paragraphs 17-44, below.

8. "Dwelling Unit" means any real property leased to Massachusetts consumers by EasyKnock, and shall include any building or structure, or any unit therein or part thereof, and all the common areas inside and outside such building or structure, occupied or intended for occupancy as a residence by one or more individuals.

9. "Effective Date" means the date that this Assurance is filed in the Superior Court.

10. "Landlord" means any person who holds title to one or more Dwelling Units in any manner including but not limited to a partnership, corporation or trust, and shall include one who manages, controls, and/or customarily accepts rent on behalf of the owner.

11. "Remediation Plan" shall mean the plan EasyKnock submits to the AGO to address all applicable rent adjustments for Tenants.

12. “Residential Lease Agreement” shall mean any express or implied agreement for use and occupancy of a Dwelling Unit between EasyKnock and Massachusetts consumers.

13. “Sale-Leaseback” shall refer to a real property transaction between EasyKnock and a Massachusetts consumer, which includes the following features: (a) the consumer sells a property to EasyKnock; (b) the consumer and EasyKnock enter into a lease by which the consumer continues to occupy such property as a Tenant of EasyKnock; and (c) the consumer and EasyKnock enter into an option contract relating to the resale of the property back to the consumer and/or to a third party.

14. “Tenancy” shall mean the occupation or use of a Dwelling Unit under a rental agreement.

15. “Tenant” shall mean any Massachusetts person who inhabits or is entitled to inhabit a Dwelling Unit under a Residential Lease Agreement.

III. Allegations

16. As a result of the Attorney General’s investigation into EasyKnock’s Sale-Leaseback products, conducted pursuant to her authority under G.L. c. 93A, § 6, the Attorney General alleges the following related to EasyKnock.

A. EasyKnock’s Residential Sale-Leaseback Products

17. EasyKnock describes itself as a “real estate technology company” which markets Sale-Leaseback products to consumers.

18. In a Sale-Leaseback, the consumer sells their home to EasyKnock, and then rents the home back from the company.

19. As a result of the Sale-Leaseback transaction, EasyKnock becomes the owner of the property and Landlord, and the consumer becomes a Tenant and pays rent.

20. As part of a Sale-Leaseback transaction, EasyKnock also grants to the consumer an option contract. The option contracts EasyKnock entered in Massachusetts varied, but each one contained an “Option Exercise Price,” and entitled the consumer to proceeds from the resale of the property above the Option Exercise Price.

21. In some Sale-Leaseback options, the consumer also could elect to re-purchase the property from EasyKnock for the Option Exercise Price.

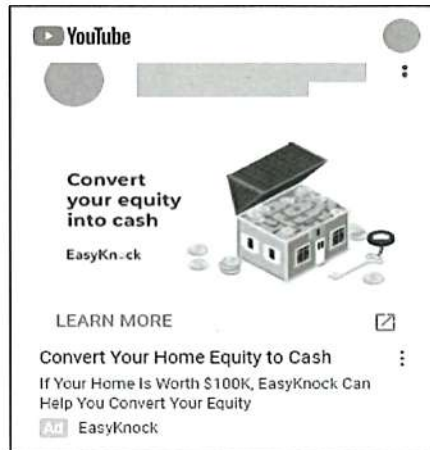
22. The Sale-Leaseback options varied in the amounts of fees charged to consumers, in the timing of the fees, and in the details of how the Option Exercise Price was calculated.

B. EasyKnock Advertised to Consumers Who Were Seeking Loans

23. EasyKnock advertised its Sale-Leaseback products through digital paid advertisements to consumers who were seeking loans, using phrases like “convert your home equity to cash.”

24. EasyKnock advertised using search engines, and directed its ads to be shown when consumers searched for loan-related terms such as “bad credit cash out refinance” and “refinance mortgage divorce.” These ads featured content such as “Don't Let Bad Credit Keep You From a Home Improvement Loan. Qualify with EasyKnock Today!”

25. Some of EasyKnock’s ads did not state in the headings of the ads that its Sale-Leaseback products were not loans. For example, they used images such as the below:



26. EasyKnock also employed telephone sales representatives to speak with consumers who were considering a Sale-Leaseback transaction. In at least one instance, an EasyKnock representative spoke with a Massachusetts consumer who referred to EasyKnock's product as a loan and the EasyKnock representative failed to correct the consumer's misstatement during that call.

27. EasyKnock's marketing equivocated in its description of the amount of money consumers would receive in exchange for their property between "value," "cash funding," and actual cash payments in a way that may have been confusing to some consumers.

28. EasyKnock also stated that consumers would be charged fair market rent when, at least as to some consumers, the fair market rent information in documents provided to EasyKnock prior to closing differed from the rent EasyKnock charged to those consumers.

29. When purchasing consumers' homes, EasyKnock assigned responsibility to consumer-sellers for certain transaction costs which are typically paid by the buyer. Some of EasyKnock's Sale-Leaseback options assign these costs back to the seller upon resale, requiring the consumers to pay these costs twice.

30. In some instances, EasyKnock represented to consumers that it would cover certain fees or costs, when those costs were actually paid by a deduction from the consumer's sale proceeds.

31. In some instances, EasyKnock altered the terms of its agreement with consumers days or hours before closing, either reducing the price, adding holdbacks and fees, or otherwise modifying the agreement.

32. The AGO alleges that the acts or practices identified in paragraphs 17-31 above constitute violations of G.L. c. 93A, §2.

C. EasyKnock Violated Massachusetts Landlord-Tenant Law

33. EasyKnock has been engaged in the leasing, ownership, and management of real property in Massachusetts.

34. Upon executing the Purchase and Sale Agreement and Residential Lease Agreement included in each Sale-Leaseback, EasyKnock becomes the owner and Landlord of the Dwelling Unit and the consumer-occupant(s) become Tenants.

35. As a result, EasyKnock and Tenants become subject to all applicable rights and obligations of owners, tenants, lessors, and lessees, including but not limited to those contained in G.L. c. 239, G.L. c. 186, 105 CMR 410, and 940 CMR 3.17.

36. EasyKnock's Residential Lease Agreements include terms that violate Massachusetts law, including:

- a. Requiring Tenants to pay so-called "Rent Holdbacks" and "Repair Holdbacks," in violation of G.L. c. 186, § 15B(1)(b) and 940 CMR 3.17(4)(a);
- b. Reserving EasyKnock's right to charge a penalty for failure to pay rent prior to such rent being thirty days past due, in violation of G.L. c. 186, § 15B(1)(c);
- c. Allowing EasyKnock to disclaim violations of the implied warranty of habitability; and

- d. Conditioning EasyKnock's obligation to make repairs on whether a Tenant is current on rent.

37. EasyKnock regularly exercised the illegal lease term regarding the late payment of rent. EasyKnock typically levied late fees of \$100 and as early as the sixth day after rent was due.

38. On at least three occasions, EasyKnock required Tenants to pay for repairs to a Dwelling Unit, which included tree and mold removal. Said repairs were EasyKnock's responsibility pursuant to 105 CMR 410.

39. EasyKnock's Residential Lease Agreements require Tenants to pay for water usage at the Dwelling Units.

40. The Massachusetts Water Law, G.L. c. 186, § 22, permits landlords to require Tenants to pay for water under limited circumstances and only if certain preconditions are met, such as the use of water conservation fixtures, proper submetering, and filing a certification of compliance with the Water Law with the proper authorities.

41. EasyKnock violated G.L. c. 186, § 22 because:

- a. None of EasyKnock's Dwelling Units were eligible for the imposition of water charges on the Tenants under § 22(d);
- b. EasyKnock failed to ensure that all faucets, showerheads, and toilets in the Dwelling Unit were water conservation devices; and
- c. EasyKnock failed to file the certification required by § 22(c).

42. EasyKnock's conduct as a Landlord as described in paragraphs 33-41 violated G.L. c. 186, § 15B, G.L. c. 186, § 22, and/or 940 CMR 3.17, and thus violated G.L. c. 93A, §2.

43. The AGO alleges that the acts or practices identified in paragraphs 17-42 above constitute violations of G.L. c. 93A, §2.

44. EasyKnock knew or should have known that all of these acts violated G.L. c. 93A, §2.

IV. Assurances and Undertakings

A. Monetary Payment

45. On or before thirty (30) days from the Effective Date of this Assurance, EasyKnock shall pay \$200,000 to the AGO by check or wire transfer payable to the “Commonwealth of Massachusetts.”

46. At her sole discretion, the Attorney General may distribute the payment described in the foregoing paragraph in any amount, allocation or apportionment and for any purpose permitted by law, including but not limited to: (a) payments to or for consumers and for the facilitation of this Assurance; (b) payments to the General Fund of the Commonwealth of Massachusetts; (c) payments to the Local Consumer Aid Fund established pursuant to G.L. c. 12, § 11G; or (d) for programs or initiatives in furtherance of the protection of the people of the Commonwealth.

47. For avoidance of doubt, EasyKnock shall have no right to direct, nor any responsibility as to the use or application of funds by the Attorney General.

B. No New Massachusetts Sale-Leaseback Transactions

48. EasyKnock shall not solicit or enter into any Sale-Leaseback transaction as defined by this Assurance on any residential property in Massachusetts.

49. If EasyKnock desires to offer any other financial product to consumers involving a sale of real property from a consumer to EasyKnock in Massachusetts in the future, EasyKnock shall send written notice describing the product to the AGO sixty (60) days before marketing or offering the product to Massachusetts consumers (“Advance Notification Requirement”). The

AGO's response or lack of response to such Advance Notification shall not constitute an approval or endorsement of EasyKnock's proposed offering or a covenant not to bring an action relating to the product(s), and EasyKnock shall make no representation to the contrary. EasyKnock's Advance Notification Requirement shall expire five (5) years after the Effective Date.

50. Notwithstanding the foregoing paragraphs, EasyKnock may engage in nationwide advertising so long as: (a) it does not specifically target Massachusetts consumers; and (b) the advertisements and EasyKnock's website disclose that the Sale-Leaseback product is not available in Massachusetts.

C. Adjustments to Rents and Withheld Funds

51. EasyKnock shall adjust certain Tenant's monthly rents as set forth in the Remediation Plan that EasyKnock has submitted to the AGO, and the AGO has approved in connection with this Assurance.

52. EasyKnock shall identify all unspent funds it has withheld from any consumer's sale proceeds for the completion of repairs (the "Repair Holdback Funds"), and shall deliver to each such consumer a check for the full amount of the consumer's Repair Holdback Funds within 30 days of the Effective Date.

D. Adjustments to Leases and Landlord Practices

53. Within thirty (30) days of the Effective Date, EasyKnock shall submit to the AGO a proposed revised form lease which shall not contain any term which violates Massachusetts law (including but not limited to the terms identified in paragraph 36 above), and which shall not contain any term less favorable to the consumer than EasyKnock's prior lease(s), along with a proposed cover notice explaining the changes for the consumer.

54. Within 15 days after such submission, the AGO shall either approve the proposed lease and cover notice, or identify with particularity the terms in the proposed lease or cover notice which violate the requirements of the above paragraph, after which EasyKnock shall promptly submit a revised proposal.

55. After the revised form lease and cover notice are approved, EasyKnock shall promptly submit the notice and revised lease to the consumer for signature.

56. Regardless of whether or not the consumer signs the revised lease and notwithstanding any lease term to the contrary, EasyKnock shall act in full compliance with Massachusetts Landlord-Tenant Law. Such compliance shall include, *inter alia*:

- a. EasyKnock shall not enforce, or threaten or attempt to enforce, any provision of any lease which violates Massachusetts law.
- b. To the extent required by law, EasyKnock shall comply with any applicable local or municipal regulation or rule concerning the leasing of a Dwelling Unit.
- c. EasyKnock shall make, at its own sole cost and expense, any and all repairs and maintenance required under the warranty of habitability, *see Boston Housing Auth. v. Hemingway*, 363 Mass. 184 (1973), 105 CMR 410, G.L. c. 186, § 14, and 940 CMR 3.17. EasyKnock shall not charge any Tenant for any such repair and shall not deduct the cost of any such repair from the consumer's closing date proceeds upon the exercise or expiration of any Sale-Leaseback option.
- d. EasyKnock shall not charge any interest or penalty for failure to pay rent until thirty days after such rent shall have been due.
- e. EasyKnock shall not impose a charge for water usage on any Tenant.
- f. EasyKnock shall otherwise comply with all Massachusetts laws or rules applicable to the relationship between Landlords and Tenants.

57. Prior to issuing any notice to quit, or initiating or advancing any eviction proceeding, EasyKnock shall take reasonable steps and make a good faith effort to avoid eviction. Such steps may include, without limitation, communications with Massachusetts

consumers regarding total or partial unpaid rent forgiveness whether unconditional or contingent, relocation assistance, and/or moving assistance. EasyKnock shall provide at least 30 days' notice to the AGO prior to issuing any notice to quit, and an additional 10 days' notice before further advancing any eviction proceeding involving any Massachusetts consumer who is a Tenant as of the Effective Date. Such notice shall include the grounds for eviction, and documentation of the good faith efforts EasyKnock has made to avoid eviction.

E. Miscellaneous

58. EasyKnock shall inform the holder of each outstanding Sale-Leaseback option that such option shall be recorded in the registry of deeds after 30 days unless the option holder instructs EasyKnock not to record. Any option holder who initially instructs EasyKnock not to record the option shall have the right to later instruct EasyKnock to record the option, and EasyKnock shall so record within thirty days of such instruction.

59. If a consumer exercises a Sale-Leaseback option, EasyKnock shall use reasonable best efforts to close on the same promptly, and shall not charge a Tenant any rent for periods of the Tenancy prolonged by delay caused primarily by EasyKnock.

60. Upon closing a sale of a property from EasyKnock to a third party, EasyKnock shall deliver the full amount of money due to the Sale-Leaseback option holder within 10 days of closing.

61. EasyKnock shall comply with any reasonable request by the AGO for individual consumer account data relating to current or former Massachusetts Tenants.

62. The AGO agrees that all confidential information disclosed to it by EasyKnock under CID in the course of the investigation and in connection with this Assurance shall be kept

confidential by the AGO to the degree provided by G.L. c. 93A, § 6, G.L. c. 4, § 7(26)(a) and (f), and other applicable law.

V. Release

63. Contingent on the completion of the payment obligation set forth in paragraph 45 and the account adjustments set forth the Remediation Plan, the AGO fully and finally releases EasyKnock, its present or former employees, officers, directors, managers, agents, parents, subsidiaries and subdivisions, shareholders, investors, successors, and assigns from any and all civil liability arising from the Covered Conduct occurring prior to the Effective Date.

64. Notwithstanding the preceding paragraph, for the removal of any doubt, any and all of the following forms of liability are specifically reserved and excluded from the above releases:

- a. private rights of action, including any claims consumers have or may have on an individual or class basis under state consumer protection laws against any person or entity, include EasyKnock;
- b. tax liability;
- c. criminal liability;
- d. claims alleging violations of state or federal securities laws;
- e. claims alleging violations of state or federal antitrust laws; and/or
- f. claims by any other agency or subdivision of the Commonwealth of Massachusetts.

65. Further, nothing in this Assurance shall be deemed to preclude the AGO's review of conduct that occurs after the Effective Date, or any claims that may be brought by the AGO to enforce EasyKnock's compliance with the Assurance.

VI. Notice

66. Any notice that is made or required under the terms of this Assurance shall be provided via electronic mail and first-class mail to the following addresses.

For the Commonwealth:

Massachusetts Attorney General's Office
Consumer Protection Division
ATTN: Matthew Lashof-Sullivan
One Ashburton Place, 18th Floor
Boston, MA 02108
matthew.lashof-sullivan@mass.gov

For EasyKnock:

EasyKnock, Inc.
111 West 33rd Street
Suite 1901
New York, NY 10120
Attn: Legal Department
legal@easyknock.com

With a copy to:

James Kim
Christine Emello
Troutman Pepper Hamilton Sanders LLP
875 Third Avenue
New York, NY 10022
james.kim@troutman.com
christine.emello@troutman.com

VII. General Provisions

67. This Assurance shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, and Superior Court for Suffolk County shall retain jurisdiction over this Assurance.

68. This Assurance shall be effective as of the Effective Date.

69. This Assurance and the Remediation Plan referenced herein together contain the complete agreement between the Parties. No promises, representations, or warranties other than those set forth in this Assurance and the Remediation Plan have been made by either party. This Assurance and the Remediation Plan together supersede all prior communications, discussions, or understandings, if any, of the Parties, whether written or oral.

70. The provisions of this Assurance are severable. If any provision herein is found to be legally insufficient, invalid, void, or unenforceable, the remaining provisions shall continue in full force and effect and shall in no way be affected, impaired, or invalidated.

71. This Assurance shall be binding on EasyKnock's successors, subsidiaries, and all other persons who have authority to control or who in fact control and direct EasyKnock's business in the Commonwealth of Massachusetts.

72. Nothing contained in this Assurance shall be used, offered, or received in evidence in any proceeding to prove any liability, any wrongdoing, or any admission on the part of EasyKnock or any of EasyKnock's subsidiaries or affiliates or by any individual or entity not a party hereto; provided, however, that the foregoing provision shall not limit the Attorney General's rights under G.L. c. 93A, § 5, and shall not prevent this Assurance from being used, offered, or received in evidence in any proceeding between the Parties to enforce its terms.

73. EasyKnock waives all rights to appeal or to otherwise challenge or contest the validity of this Assurance.

74. Except as to Notice provision, this Assurance can be amended or supplemented only by a written document signed by all parties or by court order.

75. This Assurance, as well as any amendments thereto, may be signed in multiple counterparts, each of which will be considered an original and all of which, when considered together, will constitute a whole.

76. Nothing in this Assurance shall relieve EasyKnock of any obligations to comply with all applicable federal and state laws, rules, and regulations.

77. This Assurance does not constitute an approval by the AGO of EasyKnock's acts or practices, and EasyKnock shall make no representation to the contrary.


78. EasyKnock shall not knowingly cause, encourage, or permit third parties acting as EasyKnock's agent, on EasyKnock's behalf or for its benefit, or otherwise under EasyKnock's control or direction, to engage in practices from which EasyKnock is prohibited by this Assurance.

79. EasyKnock and its signatories have consulted with counsel in connection with their decision to enter into this Assurance.

80. Signatories for EasyKnock represent and warrant that they have the full legal power, capacity, and authority to bind EasyKnock.

81. By signing below, EasyKnock agrees to comply with all of the terms of this Assurance.

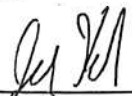
COMMONWEALTH OF MASSACHUSETTS
ANDREA JOY CAMPBELL, ATTORNEY GENERAL


By: _____

Matthew Lashof-Sullivan, BBO #695922
Yael Shavit, BBO #695333
Colin Harnsgate, BBO #696453
Assistant Attorneys General
Consumer Protection Division
One Ashburton Place
Boston, MA 02108
p. 617.727.7200

Dated: 11/30/23

EasyKnock, Inc.


By: _____

Jarred Kessler
Chief Executive Officer
111 West 33rd Street
Suite 1901
New York, NY 10120

Dated: 11/29/23