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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

KIM ROBINSON, BRADLEY SKOUGARD,  
DESIREE SKOUGARD, TAMMY  
SANTORIL, ARTHUR WHITNEY,  
MICHELLE HINDS, BRADLEY HINDS,  
RUSTY STEFFNER, AMIE STEFFNER, and  
GAGE RADTKE, on behalf of themselves, and  
on behalf of all others similarly situated,

Plaintiffs,

v.

D.R. HORTON, INC., and DHI MORTGAGE  
COMPANY, LTD.,

Defendants.

Case No. 2:25-cv-02394-RFB-MDC

*Assigned to District Judge Richard F.  
Boulware, II and Magistrate Judge  
Maximiliano D. Couvillier, III*

**FIRST AMENDED CLASS ACTION  
COMPLAINT**

**JURY TRIAL DEMANDED**

1 Plaintiffs Kim Robinson, Bradley Skougard, Desiree Skougard, Tammy Santorii, Arthur  
2 Whitney, Michelle Hinds, Bradley Hinds, Rusty Steffner, Amie Steffner, Gage Radtke (together,  
3 “Plaintiffs”) individually, and on behalf of all others similarly situated (the “Class” or “Class  
4 Members”), file this Class Action Complaint against Defendants DR Horton, Inc. (“DR Horton”);  
5 and DHI Mortgage Company, Ltd. (“DHI Mortgage”) (together, “Defendants”), as follows:

6 **I. INTRODUCTION**

7 1. Defendant DR Horton, one of the country’s largest home builders, operates a  
8 deceptive bait-and-switch scheme that conceals the true monthly cost of purchasing its homes from  
9 unsuspecting homebuyers. This deception makes DR Horton’s homes appear more affordable than  
10 competitors’ properties, while enabling homebuyers to qualify for loans on homes that cost more  
11 than they understand they can afford. To carry out its scheme, DR Horton works with its “preferred”  
12 mortgage lender, DHI Mortgage, to entice prospective homebuyers—predominately middle- and  
13 working-class Americans—by promising them low, affordable monthly payments. In reality,  
14 Defendants create artificially low monthly mortgage payment quotes by deliberately including only  
15 a fraction of required property taxes in their payment calculations, while knowingly excluding the  
16 remaining taxes. Through this “Monthly Payment Suppression Scheme,” DR Horton and DHI  
17 Mortgage mislead homebuyers into believing their total monthly housing costs will fit within their  
18 monthly budget. But Defendants have actual knowledge of the true property tax amounts throughout  
19 the entire home sales and financing process, and they know what homebuyers’ monthly payments  
20 will actually be; however, they prominently and repeatedly center the suppressed monthly payment  
21 to homebuyers. It is not until well after closing that homebuyers learn the truth, when their monthly  
22 payments increase by hundreds of dollars. By this time, DHI Mortgage has transferred the loan, and  
23 a new mortgage servicer delivers the bad news.

24 2. The surprise increase in these homebuyers’ monthly payments causes serious  
25 hardship. These homebuyers must now scrape together hundreds more dollars every month to stay  
26 current, potentially risking foreclosure. And the overall value of their homes is impacted by the true  
27 cost of the property taxes. Deepening the injury, many of Defendants’ customers are first time  
28 homebuyers on tight budgets, including participants in the Federal Housing Administration’s (FHA)

1 mortgage program for working- and middle-class Americans and veterans participating in the  
2 Veterans' Administration's (VA) mortgage program.

3 3. Defendants' unfair and deceptive scheme enables them to market their homes as more  
4 affordable than competitors' properties through artificially low monthly payment quotes. Typically,  
5 a monthly mortgage payment consists of principal, interest, taxes, and insurance. Because  
6 homebuyers make purchase decisions based on this total monthly payment amount, Defendants can  
7 manipulate the disclosed tax component to make higher-priced homes appear affordable. For  
8 example, if a homebuyer had a \$2,500 a month budget to cover all four components of a monthly  
9 mortgage payment, using a lower tax amount allows Defendants to capture a larger share of that  
10 homebuyer's budget for repayment towards the loan principal.

11 4. Defendants are able to obscure their misleading property tax estimates from borrowers  
12 because of their integrated business model, which allows for the knowing cooperation of the home  
13 builder and seller, DR Horton, and its "preferred" mortgage lender, DHI Mortgage. By working  
14 together, Defendants have devised uniform marketing practices, in which their sales agents focus  
15 homebuyers on artificially suppressed monthly payments, a tactic that flows through every step of  
16 the process, from the initial pitch to closing. Defendants jointly profit from the scheme, through  
17 increased home prices and increased fees charged as a percentage of home price. Consumers lose  
18 substantially. They overpaid for their homes and now must pay substantially more out of pocket  
19 each month than they were promised.

20 5. For example, Defendants promised the Santorii-Whitney Family a monthly payment  
21 of \$2,878.57. Based on this payment, the Santorii-Whitney Family chose a DR Horton home with  
22 a DHI Mortgage loan because the monthly payment was—according to Defendants—lower than  
23 other homes with similar sales prices. But, less than a year after closing, the Santorii-Whitney  
24 Family payment skyrocketed from \$2,878.57 to \$3,968.84 per month when the new servicer  
25 conducted an escrow analysis that included all of their property taxes as well as the amounts the  
26 Santorii-Whitney Family now had to cover for back taxes due to this scheme.

27 6. Similarly, Defendants promised the Mr. Radtke, a veteran of the United States  
28 Military, a monthly payment of \$1,888.69. Based on this payment, Mr. Radtke chose a DR Horton

1 home with a DHI Mortgage loan because the monthly payment was—according to Defendants—  
2 lower than other homes with similar sales prices. But, less than one year after closing, Mr. Radtke’s  
3 payment skyrocketed from \$1,888.69 to \$2,717.72 per month when the new servicer conducted an  
4 escrow analysis that included all the property taxes as well as the amounts the Mr. Radtke now had  
5 to cover for back taxes due to this scheme.

6 7. On behalf of those victimized by Defendants’ Monthly Payment Suppression Scheme,  
7 Plaintiffs bring this class action lawsuit. Plaintiffs seek redress for Class Members, who are all  
8 homebuyers who purchased their DR Horton homes with mortgages originated by DHI Mortgage  
9 that included suppressed estimated taxes in the monthly payment (referred to herein as  
10 “Homebuyers”), a subclass of Homebuyers with FHA mortgages (“FHA Homebuyers”), a subclass  
11 of Nevada Homebuyers (“Nevada Homebuyers”), and a subclass of Florida Homebuyers (“Florida  
12 Homebuyers”). Plaintiffs seek relief including but not limited to damages, disgorgement of profits  
13 from Defendants for this illegal scheme, and injunctive relief to ensure that Defendants comply with  
14 the law and cease preying on unsuspecting buyers seeking their part of the American dream.

## 15 **II. JURISDICTION AND VENUE**

16 8. This Court has subject-matter jurisdiction over this case under 28 U.S.C. § 1332(d) of  
17 the Class Action Fairness Act because the matter in controversy exceeds \$5,000,000, exclusive of  
18 interest and costs, and it is a class action in which the parties are minimally diverse.

19 9. This Court also has subject-matter jurisdiction under 28 U.S.C. § 1331 because this  
20 action is brought by Plaintiff pursuant, inter alia, to the Racketeer Influenced and Corrupt  
21 Organizations Act, 18 U.S.C. § 1961.

22 10. Minimal diversity exists. The Defendants are incorporated in Texas and Plaintiffs are  
23 citizens of Nevada and Florida.

24 11. This Court has personal jurisdiction over Defendants. Defendants conduct substantial  
25 business in this District, maintain registered agents in this state, have sufficient contacts with this  
26 District, and otherwise avail themselves of the markets in this District.

27 12. Venue is proper in this Court under 28 U.S.C. § 1391(b) and (c), specifically, because  
28 the actions giving rise to this lawsuit occurred in Clark County, Nevada.

1 **III. PARTIES**

2 13. Plaintiff Kim Robinson (“Ms. Robinson”) is a natural person living in Las Vegas,  
3 Nevada. At all material times hereto, Kim Robinson was a resident of Nevada.

4 14. Plaintiff Bradley Skougard is a natural person living in Pahrump, Nevada. At all  
5 material times hereto, Bradley Skougard was a resident of Nevada.

6 15. Plaintiff Desiree Skougard is a natural person living in Pahrump, Nevada. At all  
7 material times hereto, Desiree Skougard was a resident of Nevada. (Bradley Skougard and Desiree  
8 Skougard are referred to herein as the “Skougard Family”).

9 16. Plaintiff Arthur Whitney is a natural person living in Las Vegas, Nevada. At all  
10 material times hereto, Aurthur Whitney was a resident of Nevada.

11 17. Plaintiff Tammy Whitney is a natural person living in Las Vegas, Nevada. Tammy  
12 Whitney married Arthur Whitney in 2025 and changed her last name. At the time of the subject real  
13 estate transaction, Tammy Whitney was legally named Tammy Santorii. At all material times hereto,  
14 Tammy Whitney was a resident of Nevada. (Arthur Whitney and Tammy Whitney are referred to  
15 herein as the “Whitney Family”)

16 18. Plaintiff Bradley Hinds is a natural person living in Pahrump, Nevada. At all material  
17 times hereto, Bradley Hinds was a resident of Nevada.

18 19. Plaintiff Michelle Hinds is a natural person living in Pahrump, Nevada. At all material  
19 times hereto, Michelle Hinds was a resident of Nevada. (Bradley Hinds and Michelle Hinds are  
20 referred to herein as the “Hinds Family”).

21 20. Plaintiff Rusty Steffner is a natural person living in Charlotte County, Florida. At all  
22 times material hereto, Rusty Steffner was a resident of Florida.

23 21. Plaintiff Amie Steffner is a natural person living in Charlotte County, Florida. At all  
24 times material hereto, Amie Steffner was a resident of Florida. (Rusty Steffer and Amie Steffner are  
25 referred to herein as the “Steffner Family”).

26 22. Plaintiff Gage Radtke (“Mr. Radtke”) is a natural person living in Polk County,  
27 Florida. At all times material hereto, Rusty Steffner was a resident of Florida.

28 23. Defendant DR Horton, Inc.:

1 a) DR Horton is the largest homebuilding company in the United States as measured  
2 by the volume of home sales closed and revenue. DR Horton constructs and sells  
3 homes through its operating divisions in 125 markets across 36 states, primarily  
4 under the names of DR Horton, America’s Builder, Emerald Homes, Express  
5 Homes and Freedom Homes.

6 b) DR Horton’s principal place of business is 1341 Horton Circle, Arlington, Texas  
7 76011. For citizenship purposes, DR Horton is a citizen of the State of Texas.

8 c) At all times material hereto, DR Horton operated as a home builder in Nevada,  
9 buying, selling, and developing real estate throughout the state including within  
10 this district. DR Horton has purposefully availed itself of Nevada law and  
11 routinely profited from doing business in Clark County and under the laws of the  
12 State of Nevada. Accordingly, DR Horton is subject to specific jurisdiction in this  
13 District.

14 24. Defendant DHI Mortgage Company, Ltd. (hereinafter “DHI Mortgage”):

15 a) DHI Mortgage is a wholly owned subsidiary of DR Horton.

16 b) DHI Mortgage’s principal place of business is 1341 Horton Circle, Arlington  
17 Texas 76011. For citizenship purposes, DHI Mortgage is a citizen of the State of  
18 Texas.

19 c) At all times material hereto, DHI Mortgage served as a mortgage loan originator  
20 across the country, serving primarily or exclusively as the mortgage lender for DR  
21 Horton real estate transactions.

22 d) DHI Mortgage has originated thousands of loans across the state of Nevada  
23 including within this district. DHI Mortgage has purposefully availed itself of  
24 Nevada law and routinely profited from doing business in Clark County and under  
25 the laws of the State of Nevada. Accordingly, DHI Mortgage is subject to specific  
26 jurisdiction in this District.

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1 **IV. GENERAL FACTUAL ALLEGATIONS**

2 **A. Defendants Market and Sell Homes and Mortgages to Homebuyers.**

3 **i. DR Horton Sells Newly Constructed Homes to Homebuyers.**

4 25. Defendant DR Horton is the largest homebuilding company in the United States. DR  
5 Horton's common stock is included in the S&P 500 Index and listed on the New York Stock  
6 Exchange (NYSE) under the ticker symbol "DHI." DR Horton's business operations include  
7 homebuilding, rental, a majority-owned residential lot development company (Forestar Group Inc.),  
8 financial services, and other related activities.

9 26. DR Horton has established itself as the dominating builder in the starter home market  
10 or as DR Horton refers to it, the "express" home space. DR Horton first rolled out its targeted starter  
11 home in 2015 and since then this product has become the company's primary driver of profits.

12 27. DR Horton typically buys large parcels of land to develop as residential  
13 neighborhoods, using its in-house team of agents to sell to prospective buyers.

14 28. According to its corporate filings, DR Horton's "primary focus [is] on the first time  
15 and first time move-up homebuyer, which account for the majority of [its] home closings." DR  
16 Horton 2024 Form 10-K. For the year ended September 30, 2024, DR Horton's homes had an  
17 average closing price of \$378,000. Id.

18 **ii. DHI Mortgage Provides Mortgage Financing, Including FHA, VA, and**  
19 **Conventional Mortgage Loans, to Consumers Buying DR Horton Homes.**

20 29. A substantial majority of consumers buying a DR Horton home obtain their mortgage  
21 loans from DHI Mortgage. For the year ending September 30, 2024, DHI Mortgage provided  
22 mortgage financing services for 78% of the 89,690 homes closed by DR Horton's homebuilding  
23 operations. And nearly all of DHI Mortgage's business involves originating loans for DR Horton  
24 properties.

25 30. DHI Mortgage originates conventional loans, largely originated pursuant to Fannie  
26 Mae and Freddie Mac guidelines; loans insured by the Federal Housing Administration (FHA) and  
27 subject to FHA guidelines; and loans insured by the Veterans' Administration (VA) and subject to  
28 VA guidelines.

1 The largest portion Defendants’ mortgage loans are made through the FHA program. For  
2 example, in 2024, 43.08% of DHI Mortgage’s 70,690 loan originations were through the FHA  
3 program. The second largest portion of the loans are conventional mortgages (38.4% in 2024), and  
4 the third largest is VA loans (17.57% in 2024).

5 **B. Defendants Know that the Total Monthly “PITI” Payment Is a Key Driver in**  
6 **Homebuyers’ Home-Buying Decisions, and to Attract Homebuyers, Engage in**  
7 **Their Monthly Payment Suppression Scheme.**

8 31. When looking to buy a home, the price of the home is a major consideration. But for  
9 most Homebuyers, the total monthly housing payment is particularly material.

10 32. For nearly all mortgages, the monthly mortgage payment consists of four components  
11 known as “PITI”: loan principal (P); interest on the loan (I), property taxes (T), and homeowner’s  
12 insurance (I). The principal and interest payments get applied to the loan itself, and the property  
13 taxes and insurance payments are deposited into an escrow account. Accordingly, they are referred  
14 to as the escrow payment.

15 33. In making homebuying decisions, Homebuyers focus on the monthly payment as a  
16 whole to determine if they can afford a home, not the amounts of the individual PITI components.  
17 For example, two \$300,000 homes in different tax jurisdictions could result in vastly different  
18 monthly payments because the property tax component alone can vary dramatically. Similarly, a  
19 Homebuyer with a \$2,500 monthly budget can afford a more expensive home in a low-tax  
20 jurisdiction than in a high-tax area, since the lower property taxes keep the total monthly payment  
21 within their budget constraints.

22 34. Understanding this dynamic, Defendants seek to maximize the price they receive for  
23 their homes while ensuring they appear to offer monthly payments within Homebuyers’ budgets.

24 35. Because Defendants market to first time Homebuyers and others with more limited  
25 means, Defendants understand that monthly payment affordability is these Homebuyers’ primary  
26 concern. Defendants’ marketing strategy emphasizes low monthly payments and affordability to  
27 attract Homebuyers. In reality, Defendants systematically work together to obscure the true cost of  
28

1 the home from Homebuyers by including only a fraction of the required property taxes in the  
2 Homebuyers' monthly PITI payment.

3 36. Defendants execute this scheme through a deliberate bait-and-switch, designed to  
4 avoid detection until after purchase. First, DR Horton, through its sales agents, and DHI Mortgage,  
5 through its loan officers, solicit from the Homebuyer the amount they are able to pay on a monthly  
6 basis (the "Target Monthly Payment"). Then, prior to and at closing, DHI Mortgage provides the  
7 Homebuyer with written disclosures that confirm that the final monthly payment will match the  
8 Target Monthly Payment. DHI Mortgage does this by including in the disclosures a "Suppressed  
9 Estimate" of the amount that will be included in the Homebuyer's monthly escrow payment using  
10 the low property tax assessment for the unimproved land before DR Horton built the home.  
11 Defendants know that this Suppressed Estimate is not correct for the property after the home is built,  
12 but rather, dramatically, and falsely depressed.

13 37. Meanwhile, Defendants create a "True Estimate" that reflects the substantially higher  
14 property taxes that will actually apply to the completed, improved property. Defendants do not use  
15 the "True Estimate" to calculate the Homebuyer's monthly payment. Instead, Defendants quote the  
16 Homebuyer an artificially suppressed monthly payment based on the Suppressed Estimate that is  
17 hundreds of dollars lower than what they will ultimately be required to pay each month.

18 38. DHI Mortgage uses the Suppressed Estimate in final Closing Disclosures and when  
19 setting up the initial escrow account, contrary to both the intent and requirements of federal law.

20 39. Defendants know that the Suppressed Estimate will lead to the Homebuyer's escrow  
21 account not covering the full property taxes when they come due, which the new servicer will pay  
22 out of the escrow account. Because the escrow account was not calculated based on the True  
23 Estimate, when the taxes are paid there is a substantial shortfall in the account. Thereafter, the  
24 servicer will conduct a new escrow analysis, requiring the Homebuyer to pay not just the higher  
25 amount, but also the shortfall, and a new substantially higher cushion. For the Homebuyer, this looks  
26 like a sudden, dramatic increase in their regular monthly payment.

27 40. Through their Monthly Payment Suppression Scheme, Defendants systemically cut  
28 the amount escrowed for property taxes by up to 80% annually. For example, DHI Mortgage might

1 include in the escrow payment taxes of \$1,500 per year instead of a good faith and legally required  
2 estimate of \$7,500 per year that it reasonably anticipates, and has actually calculated in the True  
3 Estimate, will be charged. The end result is that the monthly payment estimate is off by up to \$500  
4 per month or \$6,000 per year—plus any extra cushion the servicer can collect.

5 41. The Monthly Payment Suppression Scheme benefits both Defendants by allowing  
6 them to close more sales and loans and generate more revenue. Meanwhile, Homebuyers suffer  
7 when their payments skyrocket well after they’ve committed to the home, and they are forced to  
8 scrape together enough money to keep their family’s home or risk foreclosure.

9 42. The mortgage lending and servicing industry is well-aware of the problems that occur,  
10 including increased risk of foreclosure, when there has been an escrow shortage. This is why, when  
11 lenders set up an escrow account, they are required to escrow the full amount of the taxes using a  
12 true, good faith estimate and the standard industry practice is to include a “cushion” in monthly  
13 escrow payments to guard against any surprises.

14 C. **DR Horton and DHI Mortgage Work Together to Carry Out Their Monthly**  
15 **Payment Suppression Scheme.**

16 43. Defendants have been successful in carrying out their Monthly Payment Suppression  
17 Scheme because of their partnership.

18 44. Defendants advertise an appealing and easy “one-stop shop” for home buyers.  
19 Defendants market primarily to first-time homebuyers with moderate incomes. Together,  
20 Defendants make affordability, and specifically, the monthly payment, a key part of their marketing  
21 strategy. And Defendants lean on Homebuyers’ inexperience in purchasing homes by designing a  
22 one-stop shopping process that funnels Homebuyers through to closing in a way that causes them  
23 to never feel the need to seek out any sort of independent experienced lenders and agents who could  
24 detect the Scheme.

25 45. DHI Mortgage’s Facebook page promises: “From finding the right DR Horton home,  
26 to financing with DHI Mortgage and closing with DHI Title, we’re with you every step of the way.”

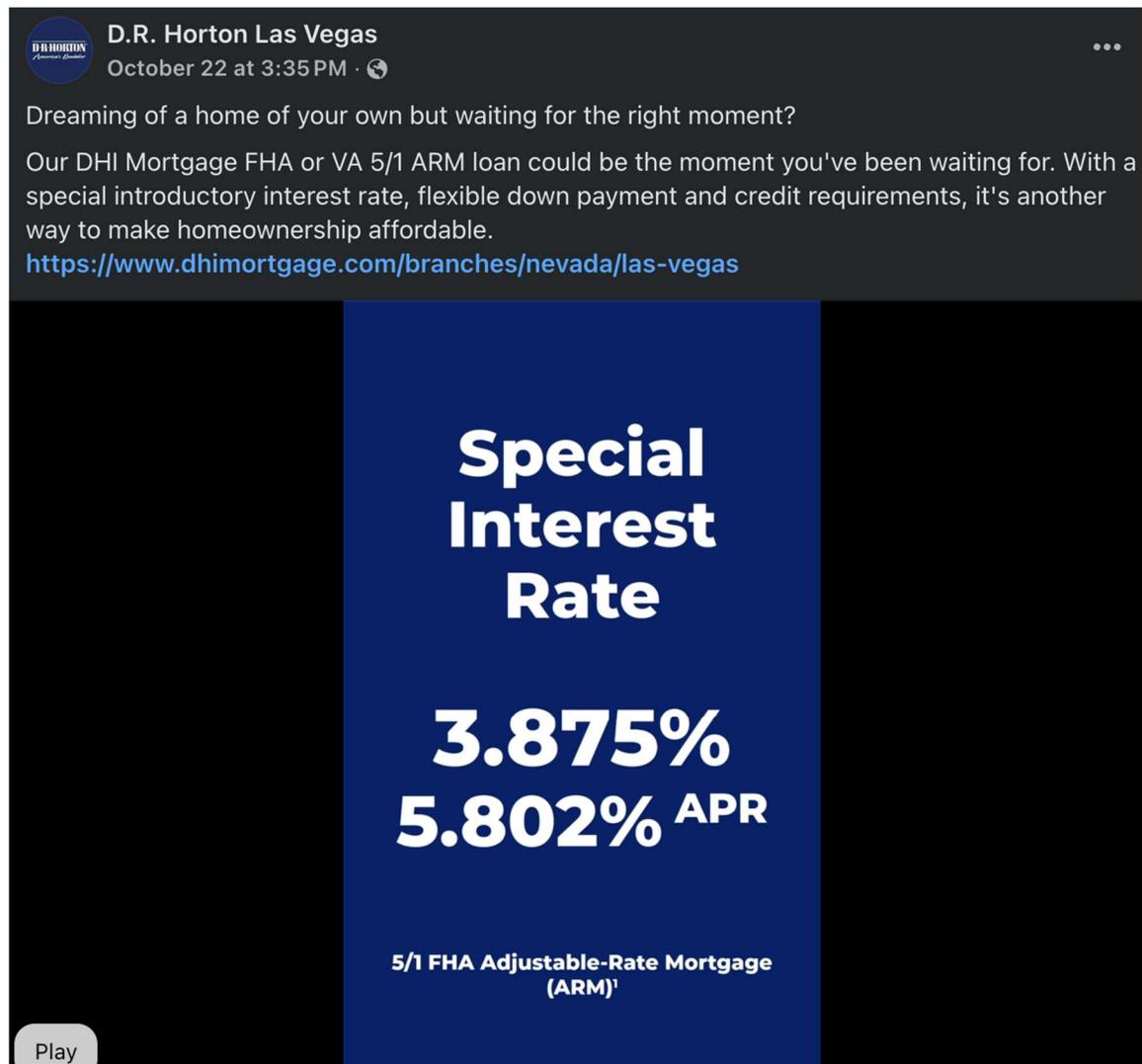
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1                    **i. Defendants Employ an Integrated Marketing Strategy to Attract Prospective**  
2                    **Homebuyers by Touting Affordability.**

3                    46. DHI Mortgage and DR Horton work together to market their homes and loans to  
4 Homebuyers. They have a coordinated advertising strategy designed to promote both services,  
5 regardless of which Defendant is doing the advertising. In addition to nationwide advertising,  
6 throughout the class period, Defendants created social media pages and accounts for various  
7 geographic areas in which they have homes for sale, and, together, they created ads that appeal to  
8 prospective Homebuyers by promoting their lending services and their ability to meet borrowers'  
9 budgets.

10                  47. For example, DR Horton posted the following advertisement on a Facebook page  
11 created for the Las Vegas area, with a link to DHI Mortgage's website:



1 48. In other advertisements, Defendants, and in particular, DHI Mortgage, appeal to those  
 2 just entering the home buying process for the first time, by providing simple explanations and tips  
 3 about home buying, reflecting an understanding that prospective Homebuyers may have concerns  
 4 about affordability. For example, DHI Mortgage ran promotions on Facebook in January 2025,  
 5 providing advice to homebuyers in the form of a multi-step process, including “Step #2 – Know  
 6 what you can afford” and “Step #3: Create a solid budget.”

7 49. In addition to online advertising on Facebook, Instagram, and other social media sites,  
 8 as well as through the MLS listing service and real estate sites such as Zillow, DR Horton conducts  
 9 local advertising to alert consumers of its new residential developments and the range of homes for  
 10 sale. These ads included flyers, signage, and placement in local media.

11 50. Often when DR Horton runs advertisements, it includes a link or QR code to direct  
 12 consumers to its website, where prospective Homebuyers can see more information about the homes  
 13 for sale in their communities. When prospective Homebuyers visit those pages, they find not only  
 14 information about the homes, but also advertising for DHI Mortgage, including being directed to a  
 15 page that touts benefits for Homebuyers, which DHI Mortgage and DR Horton jointly publish.  
 16 There, consumers will see that DHI Mortgage and DR Horton are working together to offer an  
 17 affordable monthly payment associated with the home, as shown below:

**4.99%**  
**5.843%<sup>APR</sup>**  
**Fixed Rate FHA Mortgage<sup>1</sup>**  
**3.5% down payment required.<sup>1</sup>**

Based on a FHA 30-Year fixed rate mortgage with a sales price of \$386,990, a loan amount of \$379,981, up front mortgage insurance premium of 1.75%, and a monthly payment of \$2,669. Total monthly payment includes principal, interest, estimated taxes, mortgage insurance, homeowners insurance and HOA. Rate also available for VA and USDA loan programs.

**5.50%**  
**5.970%<sup>APR</sup>**  
**Fixed Rate Conventional Mortgage<sup>2</sup>**  
**5% down payment required.<sup>2</sup>**

Based on a Conventional 30-Year fixed rate mortgage with a sales price of \$386,990, and a loan amount of \$367,641, and a monthly payment of \$2,673. Total monthly payment includes principal, interest, estimated taxes, mortgage insurance, homeowners insurance and HOA.

**Available on certain D.R. Horton homes in select communities in Georgia.**  
**Must contract on or after 03/18/25 and close by 06/30/25**

**Contact us for more information**

**DHI Mortgage**  
 8800 Roswell Rd., Bldg B, Suite 150  
 Sandy Springs, GA 30350  
 678-292-4930 main  
[dhimortgage.com](http://dhimortgage.com)

**D.R. Horton**  
[drhorton.com](http://drhorton.com)

**Interested in learning more?**  
 Please fill out the form below.

First Name  
 Last Name  
 I am a  
 I am moving in  
 Phone  
 Email  
 Message

**SUBMIT**

1           51. From their Texas headquarters, and throughout the class period, Defendants have  
2 communicated with one another and with their various representatives in Texas and around the  
3 country to design advertisements similar to those described in the preceding paragraphs and to  
4 disseminate them over interstate wires to Homebuyers around the country. Each Defendant  
5 disseminated the ads with the shared goal of attracting Homebuyers to purchase DR Horton homes  
6 with funds borrowed from DHI Mortgage and did so while knowing that they would be engaging in  
7 the Monthly Payment Suppression Scheme.

8           52. Once prospective Homebuyers are interested in a DR Horton property, they can  
9 contact DR Horton by visiting a property, through online forms, or by phone. From its Texas  
10 headquarters, DR Horton oversees a large sales staff based around the country, where it has new  
11 residential developments with homes for sale. DR Horton trains its sales staff to assist Homebuyers  
12 with their questions and help them make appointments to view homes. In so doing, DR Horton  
13 ensures that even those who have not yet obtained a real estate agent are immediately put on a path  
14 to private appointments to view homes and obtain financing from DHI Mortgage.

15           53. During the initial interactions with prospective Homebuyers, DR Horton directs its  
16 sales personnel to focus on affordability and one-stop shopping, touting that DR Horton can assist  
17 them every step of the way. Upon information and belief, DR Horton and DHI Mortgage agreed that  
18 DR Horton’s sales personnel should emphasize how their “preferred” partner, DHI Mortgage, offers  
19 deals for Homebuyers through its lending program.

20           54. When performing intakes, DR Horton sales representatives and DHI Mortgage loan  
21 officers ask how much Homebuyers are paying per month for housing and how much Homebuyers  
22 have budgeted for their monthly mortgage payment (the “Target Monthly Payment”).

23           55. DR Horton schedules appointments to show homes, schematics, or model homes in  
24 its portfolio for which it knows DHI Mortgage will be able to design a lending package that appears  
25 to have a monthly payment that hits the Target Monthly Payment.

26           56. And that strategy carries over into the lending process, as DHI Mortgage calibrates  
27 the lending package, using incentives and suppressed property tax estimates, to provide the  
28

1 Homebuyer with a payment at closing that is approximately equivalent to, the Target Monthly  
2 Payment.

3 57. By focusing the Homebuyer on Defendants' ability to sell them a home and mortgage  
4 that will conform to the Homebuyer's Target Monthly Payment, Defendants' advertising and sales  
5 efforts take advantage of a common pattern of consumer behavior which psychologists have called  
6 an "anchoring and adjustment heuristic." This heuristic is an observed cognitive bias where people  
7 beginning a transaction "anchor" on information about the transaction that they consider the most  
8 important, and use that anchor as a mental benchmark, or starting point, for estimating value. This  
9 ultimately leads the consumer to overlook, discount, or insufficiently adjust for information  
10 provided later. Where the most important information is price, consumers anchor their decision to  
11 the price the lender first presented, and overlook, discount, or insufficiently adjust their decision-  
12 making when surcharges or additional cost information is disclosed. In this case, DR Horton anchors  
13 the Target Monthly Payment in the Homebuyers' minds by assuring them that any home will fit in  
14 their budget, a detail repeated by DHI Mortgage during the lending process.

15 58. This is further reinforced with another common pattern of consumer behavior which  
16 psychologists have called "confirmation bias," which is the tendency to interpret new evidence as  
17 confirmation of one's existing beliefs. DR Horton and DHI Mortgage exploit confirmation bias to  
18 ensure that any conflicting information provided in fine print is overlooked.

19 **ii. Once Prospective Homebuyers Are Interested in a Property, Defendants**  
20 **Work Together to Suppress the True Monthly Cost of the Home, While**  
21 **Assuring the Homeowner that the Payment Will Align with the Target**  
**Monthly Payment.**

22 59. When a prospective Homebuyer expresses an interest in moving forward and looking  
23 at homes or learning more about DHI Mortgage's options, DR Horton works with DHI Mortgage to  
24 further the scheme.

25 60. While many buyers rely on lenders they find through personal referrals or their own  
26 real estate agent, Defendants know and intend for their business model to result in Homebuyers  
27 contracting with DHI Mortgage without looking for an independent lender. To further this scheme,  
28 DR Horton and DHI Mortgage work together to present false monthly payment projections that

1 align with the Target Monthly Payment, which appear to reflect a good deal, making it so these  
2 Homebuyers have little reason to shop around.

3 61. In connection with open houses, showings, and appointments, DR Horton anchors the  
4 Target Monthly Payment in Homebuyers' minds, often presenting prospective Homebuyers with  
5 more information on financing through DHI Mortgage, and assures them that by buying a house  
6 from DR Horton with a loan from DHI Mortgage, the total monthly payment on the house will  
7 match the Target Monthly Payment.

8 62. To prepare these false monthly PITI payment projections, DHI Mortgage, with  
9 agreement from DR Horton, uses the Suppressed Estimate when calculating the monthly payment,  
10 even though it has the substantially higher True Estimate in hand. In so doing, Defendants create a  
11 monthly payment estimate that appears to fit in the prospective Homebuyer's budget, while allowing  
12 DR Horton to capture more of the prospective Homebuyer's budgeted monthly payment in the form  
13 of principal, and by extension, charge a higher amount for the home. Defendants transmit these false  
14 PITI payment projections to one another and to prospective Homebuyers using interstate wires.

15 63. When the prospective Homebuyer decides to move forward, DR Horton's sales agents  
16 refer them to DHI Mortgage, using a variety of joint incentives to use both companies and other  
17 affiliated companies.

18 **iii. Defendants' Integrated Business Model Allows Them to Obscure Their**  
19 **Unfair and Deceptive Practices During the Initial Loan Application Process**  
20 **and Through Closing.**

21 64. After the Homebuyer expresses interest in a home and begins working with DHI  
22 Mortgage for a loan, DHI Mortgage and DR Horton work together, and in most instances, with DR  
23 Horton's subsidiary title company, to complete the uniform disclosures and other closing  
24 documents. Because each of these companies are aware of and participate in the Monthly Payment  
25 Suppression Scheme, the artificially low Target Monthly Payment is repeatedly confirmed to the  
26 Homebuyer.

27 65. The DHI Mortgage loan process contains the following steps. During these steps,  
28 information is often shared with the DR Horton sales agent who is working the Homebuyer.

1           66.    **Application Submission.** To start the loan process, at the direction of DHI Mortgage  
2 and the DR Horton sales representative, the Homebuyer provides DHI Mortgage with various  
3 detailed financial and household information to apply for a loan. The Homebuyer typically provides  
4 this information to DHI Mortgage via a weblink provided by either the DR Horton sales agent or  
5 the DHI mortgage loan office; that link directs the Homebuyer to an online platform hosted by DHI  
6 Mortgage, where the Homebuyer fills out forms and provides supporting documentation.

7           67.    **Loan Review.** Shortly after receiving the initial loan application, a DHI Mortgage  
8 loan officer contacts the Homebuyer to introduce herself to discuss the loan. During this  
9 communication, which often happens via telephone, the DHI Mortgage loan officer confirms Target  
10 Monthly Payment.

11           68.    **Processing.** DHI Mortgage then reviews the loan. During this part of the process, DHI  
12 Mortgage might request additional information from the Homebuyer and require review and  
13 sometimes electronic signature of additional documents, such as authorizations to conduct credit  
14 checks, consumer protective disclosures, and certifications as to the accuracy of data. DHI Mortgage  
15 typically provides dozens of documents to the Homebuyer to review and sign during this stage.  
16 These documents are exchanged between DHI Mortgage in Texas and its local affiliates and  
17 Homebuyers electronically over interstate wires, often using DocuSign in California or other third-  
18 party e-signature vendors.

19           69.    At the same time, DR Horton continues working with the Homebuyer, also  
20 transmitting documents to the Homebuyer to review and sometimes sign related to the home  
21 purchase. These include purchase agreements and various consumer protective disclosures. These  
22 documents are exchanged between DR Horton in Texas and its local affiliates and Homebuyers  
23 electronically over interstate wires, often using DocuSign in California or other third-party e-  
24 signature vendors.

25           70.    Often, DR Horton’s sales agent and DHI Mortgage’s loan officer communicate with  
26 the Homebuyer and one another via joint email chain.

27           71.    Often Homebuyers are alerted to these documents via text message and email from  
28 DHI Mortgage with messages that create a sense of urgency and links to view and sign the

1 documents. DHI Mortgage knows that many Homebuyers access these links and DocuSign via their  
2 mobile phones. Often the documents are grouped together in packets that contain multiple  
3 documents, sometimes in packages of up to 100 pages.

4 72. At the same time that documents are being exchanged, DR Horton's sales agent and  
5 DHI Mortgage's loan officer each continue to engage with the Homebuyers via text message, email,  
6 telephone, and, for DR Horton, at times in person. The DR Horton sales agent and the DHI Mortgage  
7 loan officer repeatedly reinforce to the Homebuyer that the home will meet their budget and that the  
8 loan will meet their Target Monthly Payment.

9 73. **Closing Disclosures.** A closing cannot take place unless a Homebuyer has been  
10 previously provided a copy of a document titled "Closing Disclosure" that reflects, in all material  
11 ways, the terms of the loan that they will sign at the closing. The Closing Disclosure form was  
12 designed by the federal government after considerable testing and input. The purpose of the Closing  
13 Disclosure is to ensure that borrowers understand the final details of their mortgage loan, including  
14 their monthly payment, prior to and at closing.

15 74. In each of the Closing Disclosures it provides to Homebuyers, DHI Mortgage  
16 prominently displays the artificially low Target Monthly Payment, created using the Suppressed  
17 Estimate, which matches the Homebuyer's budget and conforms to the payment discussed with the  
18 DHI Mortgage loan officer and the DR Horton sales agent. The Closing Disclosure is prepared on  
19 a standardized form and is an official document from the lender purporting to reflect a good faith,  
20 true, total estimated cost of the loan and home purchase.

21 75. Because the Closing Disclosure must be updated if there are changes to the costs and  
22 terms of the loan, at times DHI Mortgage provides multiple Closing Disclosures to Homebuyers  
23 with updated information. These disclosures include might contain minor variations as closing costs  
24 and other details become finalized. When providing these updated Closing Disclosures, DHI  
25 Mortgage knows the True Estimate of property taxes. But in each of these disclosures of the  
26 Homebuyer's monthly payment, DHI Mortgage continues to use the Suppressed Estimate.

27 76. The Closing Disclosures and, at times, the other documents, do not disclose the True  
28 Estimate that reflects the actual property taxes that Defendants know Homebuyers will ultimately

1 be required to pay; instead they set forth the Suppressed Estimate. In reality, Defendants know at  
 2 the time they prepare these documents that property taxes are significantly higher than what is  
 3 disclosed, as indicated by their statement that only “some” property taxes are included in escrow in  
 4 the Closing Disclosure. This vague statement does not disclose to the Homebuyer that the estimated  
 5 payment is artificially low. The statement is confusing and is not otherwise discussed or explained  
 6 by Defendants. While Homebuyers might be aware that certain amounts (i.e., homeowners  
 7 associations dues) would not be included in their escrow account, they have no reason to expect that  
 8 they would only pay some property taxes as part of their monthly payment and would have to pay  
 9 a much larger part of the same tax bill to the taxing authority directly.

10 77. As an example, page 1 of the Closing Disclosure says:

Projected Payments			
Payment Calculation	Years 1-30		
Principal & Interest			\$2,521.87
Mortgage Insurance	+		210.43
Estimated Escrow <i>Amount can increase over time</i>	+		146.27
<b>Estimated Total Monthly Payment</b>	<b>\$2,878.57</b>		
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	<b>\$580.63</b> Monthly	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowners Assoc Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	In escrow? SOME YES NO

20 78. Obscured on page 4 of the Closing Disclosure, DHI Mortgage lists escrowed and non-  
 21 escrowed amounts, but nowhere in this document is it clear that the Homebuyer has to pay these  
 22 amounts and do so separately. And at no time does either Defendant explain that the “Estimated  
 23 Total Monthly Payment” is inaccurate because of this extra amount that would have to be paid. As  
 24 an example, page 4 of the Closing Statement says:

25  
26  
27  
28

**Escrow Account**  
**For now, your loan**

will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$3,923.70	Estimated total amount over year 1 for your escrowed property costs: See attached page for additional information
Non-Escrowed Property Costs over Year 1	\$4,777.96	Estimated total amount over year 1 for your non-escrowed property costs: Property Taxes, HOA Dues  You may have other property costs.
Initial Escrow Payment	\$58.00	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$356.70	The amount included in your total monthly payment.

will not have an escrow account because  you declined it  your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

79. This document states that there will be an escrow account and does not explain what "Non-Escrowed Property Costs" means, nor does it advise a Homebuyer how or where they might pay these costs, even if they understood what this language meant. This document does not explain that the amount listed as "Estimated Total Monthly Payment" was inaccurate and will be significantly higher when correctly calculated.

80. Upon information and belief, no other mortgage lender in the United States engages in the practice of partially escrowing property taxes by deliberately including only small a portion of a Homebuyer's property taxes in their monthly payment.

81. The Closing Disclosures are exchanged between DHI Mortgage in Texas and its local affiliates and Homebuyers electronically over interstate wires.

1           82.    **Closing.** After the final Closing Disclosure has been sent to the Homebuyer, DHI  
2 Mortgage arranges a real estate closing to finalize the deal. Around this time, using interstate wires,  
3 DHI Mortgage creates the loan obligating the Homebuyer. DHI Mortgage also creates an escrow  
4 account using the Suppressed Estimate for the upcoming year. And Defendants and DR Horton’s  
5 subsidiary title company prepare the paperwork.

6           83.    On closing day, the Homebuyer arrives at an office to sign all the prepared documents.  
7 Defendants know that Homebuyers arrive at closing expecting that all documents conform to their  
8 prior expectations.

9           84.    Numerous documents presented at closing conform with the Homebuyer’s  
10 expectations, such as the final Closing Disclosure. The Homebuyer is provided with a physical copy  
11 of the final Closing Disclosure, utilizing the Suppressed Estimate to create a monthly payment  
12 amount that conforms with prior estimates. In addition, at the closing, numerous other standard  
13 documents are provided to the Homebuyer to sign, including a document verifying they received  
14 the house keys, the mortgage and deed, the promissory note, various riders and addenda, and other  
15 disclosures.

16           85.    At this point, the Homebuyer completes the paperwork, DR Horton transfers the deed  
17 to the Homebuyer, and DHI Mortgage places a deed of trust or mortgage on the property preserving  
18 DHI Mortgage’s interest in the property.

19                           **iv. Homebuyers Discover the Scheme Months Later When Their Payments**  
20                           **Skyrocket.**

21           86.    After the closing, at Defendants’ direction, DR Horton’s subsidiary title company  
22 ensures that the funds from DHI Mortgage and the Homebuyer’s down payment is transferred to the  
23 proper parties, including paying DR Horton the purchase price of the home with the DHI Mortgage  
24 loan proceeds and paying DHI Mortgage for the costs and fees associated with originating the loan.

25           87.    Shortly after the closing, DHI Mortgage transfers/sells the mortgage loan to a new  
26 holder and servicer. DHI Mortgage no longer owns the loan, its liquidity is restored, and it can  
27 proceed to make more mortgage loans and repeat its scheme.

28

1 88. Meanwhile, the new servicer begins collecting the Homebuyer's monthly payment.  
2 Eventually, the new servicer to conduct a new escrow analysis on the loan. Often this happens when  
3 property taxes come due, which could be many months after closing. When the servicer sees that  
4 the amount in escrow is insufficient to cover the amount due, the servicer will notify the Homebuyer.  
5 Under the new analysis, the Homebuyer's monthly payments often skyrocket. The Homebuyer must  
6 not only pay more in property taxes going forward, but servicers collect more than what is required  
7 to have the required cushion in the escrow account, which is often substantial. In addition, the  
8 Homebuyer is required to repay the shortage or deficiency caused by the underpayment of the  
9 escrow amount. This new payment—even leaving out the need to cure the deficiency or shortage—  
10 far exceeds the payment that the Homebuyer sought and that Defendants promised. Often, the higher  
11 payment is more than the Homebuyer can actually afford.

12 89. Thus, only after closing and transfer of the loan, when the new servicer conducts an  
13 appropriate escrow analysis, do Homebuyers learn that the monthly payment they were promised  
14 was a lie, and instead, they owe hundreds more a month because Defendants had only included a  
15 small portion of their actual monthly tax obligation in their monthly payment even though  
16 Defendants had calculated the True Estimate prior to closing. These additional amounts put many  
17 Homebuyers at risk of default and foreclosure. In addition, when the correct property tax  
18 measurement is considered, the home value may have declined or not have appreciated in a way  
19 that keeps pace with the market.

20 **v. Defendants' Conduct Is Inconsistent with Borrower Expectations, Industry**  
21 **Practice, and Defendants' Legal Obligations.**

22 90. As part of the loan application and closing process, originating lenders like DHI  
23 Mortgage calculate the regular monthly payment for Closing Disclosures and other documents. The  
24 lender calculates the monthly principal (P) and interest (I) payment using the interest rate, term, and  
25 loan amount. The lender is further required to calculate the monthly payment for taxes (T) and  
26 insurance (I) that will be paid out of an escrow account. The Real Estate Settlement and Procedures  
27 Act (RESPA) sets forth the generally applicable guidelines for establishment and operation of  
28 escrow accounts to provide minimum protections for homeowners. Pursuant to RESPA, when

1 establishing an escrow account or estimating related payments, a lender first determines a true,  
2 accurate, and reliable amount of the taxes, insurance, and other escrowed sums and the timing of  
3 when these amounts must be paid. The lender then conducts a trial analysis for the coming year to  
4 determine how much must be paid monthly by the consumer into the escrow account, plus any  
5 amount that must be paid at closing as an escrow deposit, to ensure the taxes and other escrowed  
6 sums will be paid timely and that the account not only never falls into a negative but also maintains  
7 a permissible cushion at all times. All monthly payments for taxes and insurance that are included  
8 in the total monthly payment are placed into an escrow account, from which the ultimate loan  
9 servicer disburses funds to pay the property taxes other escrowed costs when those payments come  
10 due—which may be months after the Homebuyer closes on the home. If all the calculations are done  
11 correctly, there should be sufficient funds in escrow to pay the property taxes.

12 91. If the initial estimate is low, there can be dire consequences for the Homebuyer. When  
13 an accurate escrow analysis is eventually completed, the Homebuyer's payment will sky-rocket,  
14 causing substantial payment shock—their new monthly payment will not only include the higher  
15 monthly payment for the actual taxes, but also the required cushion as a percentage of that higher  
16 payment and amounts to cover the shortfall for the past months they have owned the home and paid  
17 too little into escrow.

18 92. In addition, FHA loans set forth specific requirements to meet the goals of the  
19 program. Congress created the FHA program in 1934 to make homeownership accessible to  
20 working-class Americans by providing government-backed financing, enabling them to build  
21 intergenerational wealth. FHA loans are insured by the government and issued by a bank or other  
22 private lender. FHA loans require a lower minimum down payment than many conventional loans,  
23 and applicants may have lower credit scores than some mortgage lenders usually require. FHA loans  
24 are designed to help low- to moderate-income families attain homeownership, and they are  
25 particularly popular with first-time homebuyers. FHA loans are intended to make homeownership  
26 more accessible, reduce the risk of foreclosure, make payments more affordable, and reduce the  
27 exposure to changing interest rates. Many lenders to first-time buyers choose to offer FHA  
28

1 mortgages because they are insured against loss and lower-income and lower-wealth individuals  
2 qualify for FHA loans but may not qualify for traditional loans.

3 93. To protect homeowners from default as well as its own interest in the property, the  
4 FHA requires that originating lenders such as DHI Mortgage escrow the “estimated amount of all  
5 property taxes,” as well as insurance and other required payments, and to ensure that these are paid  
6 through the regular monthly mortgage payment. 24 C.F.R. § 203.23; see also 24 C.F.R. § 203.257  
7 (requiring DHI Mortgage to adhere FHA regulations “with the same force and to the same extent as  
8 if a separate contract had been executed relating to the insured mortgage.”). FHA regulations also  
9 require that mortgage lenders, servicers, and holders properly estimate and timely collect these  
10 amounts, in accordance with the Real Estate Settlement and Procedures Act (RESPA). 24 C.F.R. §  
11 203.550. The FHA reinforces the express language in the regulation through clear guidance in its  
12 FHA Mortgage Handbook. Specifically, FHA Handbook 4000.1 states: “The escrow account must  
13 be sufficient to meet the following obligations when they become due: . . . real estate taxes . . . .”  
14 FHA Handbook 4000.1 at 375, available at  
15 <https://www.hud.gov/sites/dfiles/OCHCO/documents/40001-hsgh-update16-5.pdf>. The Handbook  
16 further explains that “[t]he Mortgagee must use accurate estimates of monthly tax escrows when  
17 calculating the total Mortgage Payment. In New Construction cases and Manufactured Homes  
18 converting to real estate, property tax estimates must be based on the land and improvements.” *Id.*  
19 at 361-62.

20 94. Similarly, VA loans were established to provide homeownership opportunities to  
21 veterans. VA regulations and guidelines explicitly require lenders to comply with RESPA and all  
22 other generally applicable laws when establishing escrow accounts. VA Handbook 26-7, Chapter 9-  
23 23. VA loan regulations further require that lenders utilize accurate property tax estimates when  
24 originating loans—including explicitly requiring that lenders use the higher property tax figure  
25 when they expect an assessment to increase. See, e.g., 38 CFR 36.4340.

26 95. DHI Mortgage creates escrow accounts for all Homebuyers—whether they obtain  
27 conventional, FHA, or VA loans. However, as described above, DHI Mortgage does not set up  
28 Homebuyer escrow accounts using reliable, complete, and accurate estimates of property taxes (the

1 True Estimate) as required. Instead, despite knowing the true amount of taxes that would likely be  
2 due during the first twelve months of the loan, DHI Mortgage establishes the escrow accounts using  
3 the Suppressed Tax Estimate. In doing so, DHI Mortgage violates its legal requirements under  
4 RESPA as to all Homebuyers. As to FHA Homebuyers, it violates additional legal requirements  
5 under FHA regulations and requirements.

6 96. Defendants' conduct is, unsurprisingly, inconsistent with industry practice. No other  
7 homebuilder or lender engages in the schedule described above, including only purporting to escrow  
8 "some" of a borrower's total property taxes and utilizing a suppressed estimate of property taxes for  
9 its escrow analyses when it has actual knowledge of the true property taxes for the property.

10 97. By artificially depressing the total monthly mortgage payment by manipulating the  
11 estimated property taxes, Defendants unlawfully trap homeowners into homes that are more  
12 expensive than they can afford, at great loss to homebuyers—and great gain to Defendants.

13 98. Ultimately, the result of Defendants' Monthly Payment Suppression Scheme is that  
14 Plaintiffs and the Homebuyer class do not get what they were promised. They are forced to pay far  
15 more per month for the same house after specific misrepresentations were made about the monthly  
16 costs of the home purchase and corresponding loans. DR Horton has given itself an unfair advantage  
17 in the marketplace at the expense of Plaintiffs and the class by presenting its homes as more  
18 affordable on a monthly basis than they truly are. In turn, Defendants generate record sales, record  
19 profits, and consistently charge greater and greater sums for their properties than they would have  
20 commanded on the open market.

## 21 **V. PLAINTIFFS' ALLEGATIONS**

### 22 **A. The Skougard Family Facts**

23 99. The Skougard Family are residents of Pahrump, Nevada.

24 100. The Skougard Family first began looking for homes on Zillow in the summer of 2023.  
25 Soon after they started looking, Ms. Skougard drove past a billboard advertising DR Horton's new  
26 build homes in Pahrump, Nevada, a suburb located 45-minutes outside of Las Vegas.

27 101. Ms. Skougard visited Pahrump to view a DR Horton home in-person in July of 2023  
28 where she met a DR Horton sales representative named Darin Chong.

1           102. Mr. Chong asked Ms. Skougard what the Skougard Family could afford to pay per  
2 month. Ms. Skougard informed Mr. Chong that the Skougard Family could afford a payment of  
3 \$2,100 per month.

4           103. Mr. Chong showed Ms. Skougard a home that was \$349,000 and advised that this was  
5 the home that would be within the Skougard Family budget, i.e., that their monthly mortgage  
6 payment would be less than or approximately the same as their Target Payment, i.e., \$2,100/month  
7 or less.

8           104. The next day, Mrs. Skougard returned to look at the same home with her husband, Mr.  
9 Skougard. Mr. Chong explained the incentives that were available if the Skougard Family agreed to  
10 use DHI Mortgage as their lender and to use other DR Horton affiliated services, including \$5,000  
11 towards the closing.

12           105. Mr. Chong then connected the Skougard family with DHI Mortgage, through DHI  
13 Mortgage loan officer Howard Cooper. As a part of the initial call, Mr. Cooper asked the Skougard  
14 Family basic information about their income, family size, and what they were looking for in a home.  
15 Mr. Cooper also asked the Skougard Family what monthly payment they could afford and  
16 specifically asked them how much they paid per month for rent. The Skougard Family informed Mr.  
17 Cooper that they could afford a home with a monthly payment of \$2,100 per month.

18           106. On or around July 5, 2023, Mr. Cooper provided the Skougard Family with a link to  
19 the DHI Mortgage online portal to apply for a mortgage with DHI Mortgage. The Skougard Family  
20 completed the application and submitted it through the portal, transmitting it to DHI Mortgage over  
21 interstate wires.

22           107. Because of the price of the home and the Skougard Family income level and their  
23 desired monthly Target Payment of \$2,100, Mr. Cooper recommended that the Skougard Family  
24 utilize an FHA Mortgage.

25           108. On or about July 8, 2023, the Skougard Family executed a purchase agreement for a  
26 property located at 73 E Wildcat Ave, Pahrump, Nevada 89060, for \$348,830.

27  
28

1           109. Over the course of July through August, the DHI Mortgage loan officer sent the  
2 Skougard Family dozens of documents to complete via DocuSign, including the documents  
3 identified in Paragraphs 68-69, utilizing the interstate wires.

4           110. During this period when many documents were being sent, DHI Mortgage also  
5 prepared the True Estimate. On July 12, 2023, DHI Mortgage used that True Estimate in one of  
6 those many documents it was sending to the Skougard Family, who specifically asked why this  
7 initial loan document referenced a higher monthly payment than the Skougard Family's Target  
8 Monthly Payment. After expressing hesitation, DR Horton representative, Mr. Chong and DHI  
9 Mortgage representative, Mr. Cooper, copied on the same email from Ms. Skougard, assured the  
10 Skougard Family that they had run the numbers again and that the monthly payment met their Target  
11 Monthly Payment. In so doing, and unbeknownst to the Skougard Family, DR Horton and DHI  
12 Mortgage used the Suppressed Estimate in their second run of the numbers instead of the True  
13 Estimate.

14           111. At no time did DR Horton and DHI Mortgage disclose that DHI Mortgage would not  
15 be escrowing enough property taxes to cover the actual estimated property taxes on the home, which  
16 Defendants knew would be thousands of dollars more.

17           112. Between loan approval and closing, Defendants prepared a final Closing Disclosure.  
18 All Closing Disclosures estimated the Skougard Family's "Estimated Total Monthly Payment"  
19 would be approximately \$2,198.77, again utilizing the Suppressed Estimate. DHI Horton used  
20 DocuSign in California to transmit the documents to the Skougard Family, and to its representatives  
21 in Nevada.

22           113. The Skougard Family executed this Closing Disclosure and other closing documents  
23 in person on September 21, 2023, at 1081 Whitney Ranch Drive, Henderson, NV 89014. The  
24 Closing Disclosure asserted that it was a "statement of final loan terms" and stated that the Skougard  
25 Family's "Estimated Total Monthly Payment" would be \$2,076.24, utilizing the Suppressed  
26 Estimate.

27  
28

1           114. As the Closing Disclosure also conformed to the Skougard Family’s expectations, the  
2 Skougard Family understood that even with some minor variations, their monthly payments would  
3 fit comfortably in their budget.

4           115. At no point during the initial sales pitch from Mr. Chong nor the financing discussions  
5 with Mr. Cooper did any DR Horton or DHI Mortgage representative mention that Skougard Family  
6 would owe substantial additional property taxes beyond those property taxes included in his monthly  
7 PITI payment nor that their payment would be more than \$500 more per month than the amount  
8 that was listed as his “Estimated Total Monthly Payment” in the Closing Disclosures.

9           116. Within sixty days of closing, DHI Mortgage transferred ownership and servicing of  
10 the Skougard Family loan to a different company. DHI Mortgage received proceeds from that sale  
11 via the interstate wires.

12           117. From November 1, 2023, through March 1, 2025, the Skougard Family paid  
13 approximately \$2,198.77 per month as stated on each bill that they received from the servicer.

14           118. On or about April 1, 2025, seventeen months after closing, the Skougard Family  
15 received an Escrow Account Disclosure Statement from the loan’s servicer that informed the  
16 Skougard Family that their escrow account had a negative balance of \$2,879.18 and that the  
17 mortgage payment was increasing on July 1, 2025, to \$2,717.88, a 20% increase.

18           119. The shortage and increase were the result of a county tax bill that increased the  
19 monthly escrow payment from a total of \$254.87 to \$773.98.

20           120. DHI Mortgage and DR Horton used the suppressed estimate of \$1,219.08 per year for  
21 property taxes in the Closing Disclosures to reach an estimated payment of \$2,198.77.

22           121. Defendants intended to mislead the Skougard Family. The Loan Estimates and  
23 Closing Disclosures provided to the Skougard Family were prepared by DHI Mortgage with DR  
24 Horton’s knowledge using forms created by the federal government and transmitted at various points  
25 in advance of closing in accordance with federal law to ensure homebuyers have accurate and  
26 truthful information about the mortgage loan. DR Horton and DHI Mortgage knew that a budget-  
27 sensitive Homebuyer like the Skougard Family would focus on the monthly payment amount, and  
28 by repeating that the suppressed monthly amount many times, in contravention of both law and

1 mortgage lending best practices, Defendants did not use those forms to disclose the truth. Instead,  
2 Defendants created other paperwork that reinforced the intentional nature of the Monthly Payment  
3 Suppression Scheme.

4 122. The Skougard Family has struggle financially to keep their home, falling behind on  
5 monthly payments several times. To accommodate the commute to Las Vegas, Nevada, the  
6 Skougard Family purchased a new vehicle. The Skougard Family did not account for a 20% increase  
7 in their mortgage when deciding to purchase a vehicle. As a result, the Skougard Family has had to  
8 choose between a car payment and the monthly mortgage payment.

9 123. The Skougard Family was injured by Defendants' Monthly Payment Suppression  
10 Scheme. They agreed to purchase a home with a Monthly Payment equal to \$2,198.77, with minor  
11 and reasonable fluctuations as the home value and local tax rates changed. But at all times,  
12 Defendants knew the cost of the home would be substantially more, independent of changes to the  
13 home value and local taxes. Had Defendants taken timely and proper steps to provide the Skougard  
14 Family with a monthly payment estimate utilizing the True Estimate of property taxes in accordance  
15 with the duties and obligations of a FHA mortgage lender and set up the account to escrow all taxes,  
16 the Skougard Family would have paid less for the house.

17 124. As a result, the Skougard Family has suffered damages including but not limited to  
18 paying an inflated price for his home, diminished home value, lost opportunity to purchase  
19 alternative homes within their budget, increased out of pocket monthly expenses in the form of a  
20 higher PITI, and other consequences, such as an increased risk of foreclosure and late fees.

21 **B. The Hinds Family Facts**

22 125. The Hinds Family are residents of Pahrump, Nevada. Mr. Hinds is a member of the  
23 United States Military.

24 126. The Hinds Family were considering purchasing a home in around August 2023 when  
25 they passed a billboard advertising a DR Horton development in Pahrump, Nevada.

26 127. The Hinds Family then visited the Pahrump DR Horton development, where they went  
27 to the sales office and were introduced to DR Horton sales agent Laura Le.  
28

1 128. DR Horton’s sales agent represented that because Mr. Hinds was a veteran, DR Horton  
2 could provide them with significant credits.

3 129. During this first, in person meeting at the Pahrump DR Horton development, DR  
4 Horton’s sales agent asked them what they could afford to pay per month. The Hinds Family  
5 responded that they could afford \$2,100 per month, and DR Horton’s sales agent assured them that  
6 the payment would be at or below that amount.

7 130. Over the course of the next two to three weeks, the Hinds Family met with the DR  
8 Horton sales agent multiple times to view homes.

9 131. The DR Horton sales agent encouraged the Hinds Family to use DHI Mortgage and  
10 other DR Horton affiliated services for their purchase. The DR Horton sales agent advised the Hinds  
11 Family that if they used DHI Mortgage, they would receive incentives, including credits for Mr.  
12 Hinds’ veteran status and a lower interest rate. On or around September 8, 2023, the DR Horton  
13 sales agent provided the Hinds family with a link to the DHI Mortgage online portal to apply for a  
14 mortgage with DHI Mortgage. The Hinds Family completed the application and submitted it  
15 through the portal, transmitting it to DHI Mortgage over interstate wires.

16 132. After the Hinds Family completed the loan application with DHI Mortgage, in early  
17 September 2023, they spoke with DHI Mortgage loan officer Nicole Granados by telephone. During  
18 their conversations with the loan officer, the Hinds Family informed the loan officer that they could  
19 afford a home with a monthly payment of \$2,100, and the DHI Mortgage loan officer assured them  
20 that the payment would be around this amount.

21 133. Based on Mr. Hind’s military service, income information, and the home price, DHI  
22 Mortgage recommended that the Hind Family utilize a VA loan to purchase the home.

23 134. Ultimately, the Hinds Family entered a purchase agreement with DR Horton to  
24 purchase the home at 99 Pioneer Range Ave., Pahrump, Nevada, for \$355,310.

25 135. Over the course of September and October, the DHI Mortgage loan officer sent the  
26 Hinds family dozens of documents to complete via DocuSign, including the documents identified  
27 in Paragraphs 68-69, utilizing the interstate wires. The DR Horton sales representative also  
28 communicated with the Hinds Family at times about these same documents.

1           136. On or around September 21, 2023, the DR Horton sales agent advised the Hinds  
2 Family by text message that their loan with DHI Mortgage had been conditionally approved.

3           137. Prior to the loan closing, both the DR Horton sales agent and the DHI Mortgage loan  
4 officer repeatedly advised the Hinds Family that their monthly payment would be within their  
5 budget of \$2,100 per month.

6           138. During this same time period, DHI Mortgage also prepared the True Estimate.

7           139. On October 12, 2023, a Closing Disclosure was generated. Despite knowing the True  
8 Estimate at the time DHI Mortgage prepared and transmitted the final Closing Statement over  
9 interstate wires, DHI Mortgage used the Suppressed Estimate of \$2,076.24, consistent with Hinds  
10 Family's Target Monthly Payment of \$2,100.

11           140. The Hinds Family executed this Closing Disclosure and other closing documents in  
12 person on October 18, 2023, at 1081 Whitney Ranch Drive, Henderson, NV 89014. The Closing  
13 Disclosure asserted that it was a "statement of final loan terms" and stated that the Hinds Family's  
14 "Estimated Total Monthly Payment" would be \$2,076.24, utilizing the Suppressed Estimate.

15           141. As the Closing Disclosure conformed to the Hinds Family's expectations about their  
16 total monthly payment amount, the Hinds Family understood that even with some minor variations,  
17 their monthly payments would fit comfortably in their budget.

18           142. At no time was the Hinds Family informed that this monthly payment was inaccurate  
19 or would be higher due to Defendants' failure to escrow the majority of the estimated property taxes.

20           143. At no point during the sales pitch and subsequent discussions with the DR Horton  
21 sales agent nor the financing discussions with the DHI Mortgage loan officer did any DR Horton or  
22 DHI Mortgage representative mention that the Hinds Family would owe substantial additional  
23 property taxes beyond those property taxes included in his monthly PITI payment nor that their  
24 payment would be more than \$500 more per month than the amount that was listed as their  
25 "Estimated Total Monthly Payment."

26           144. Within sixty days of closing, DHI Mortgage transferred ownership and servicing of  
27 the Hinds Family loan. DHI Mortgage received proceeds from that sale via the interstate wires.  
28

1 145. From November 2023 through September 2024, the Hinds Family paid approximately  
2 \$2,076.24 per month as stated on each bill that they received from the new servicer.

3 146. Shortly before October 2024, eleven months after closing, the Hinds Family received  
4 an Escrow Account Disclosure Statement from the new servicer that informed the Hinds Family that  
5 their escrow account was significantly in the negative and that the mortgage payment was increasing  
6 on October 1, 2024, to \$2,485.78, a more than \$400 per month and nearly 20% increase.

7 147. The shortage and increase were the result of a county tax bill that increased the escrow  
8 payment. This assessment setting forth the true tax amount occurred prior to December 11, 2023—  
9 shortly after the closing.

10 148. DHI Mortgage and DR Horton used the Suppressed Estimate of \$255.96 per year for  
11 property taxes in the Loan Estimates and Closing Disclosure to reach an estimated payment of  
12 \$2,076.24.

13 149. Defendants intended to mislead the Hinds Family. The Loan Estimates and Closing  
14 Disclosures provided to the Hinds Family were prepared by DHI Mortgage with DR Horton's  
15 knowledge using forms created by the federal government and transmitted at various points in  
16 advance of closing in accordance with federal law to ensure homebuyers have accurate and truthful  
17 information about the mortgage loan. DR Horton and DHI Mortgage knew that a budget-sensitive  
18 Homebuyer like the Hinds Family would focus on the monthly payment amount, and by repeating  
19 that the suppressed monthly amount many times, in contravention of both law and mortgage lending  
20 best practices, Defendants did not use those forms to disclose the truth. Instead, Defendants created  
21 other paperwork that reinforced the intentional nature of the Monthly Payment Suppression Scheme.

22 150. The Hinds Family has struggle financially to keep their home, falling behind on  
23 monthly payments several times. The Hinds Family had a home in Utah that they hoped to retire to  
24 and live in. When their payment rose to \$2,485.78, the Hinds Family made the difficult decision to  
25 sell the Utah Home so that they could afford their Nevada home.

26 151. The Hinds Family was injured by Defendants' Monthly Payment Suppression  
27 Scheme. They agreed to purchase a home with a Monthly Payment equal to \$2,076.24, with minor  
28 and reasonable fluctuations as the home value and local tax rates changed. But at all times,

1 Defendants knew the cost of the home would be substantially more, independent of changes to the  
2 home value and local taxes. Had Defendants taken timely and proper steps to provide the Hinds  
3 Family with a monthly payment estimate utilizing the True Estimate of property taxes in accordance  
4 with the duties and obligations of a VA mortgage lender and set up the account to escrow all taxes,  
5 the Hinds Family would not have moved forward with the purchase, or at a minimum, would have  
6 paid less for the house.

7 152. As a result, the Hinds Family has suffered damages including but not limited to  
8 purchasing a home that they would not have purchased but for the fraudulent scheme, paying an  
9 inflated price for their home, diminished home value, lost opportunity to purchase alternative homes  
10 within their budget, increased out of pocket monthly expenses in the form of a higher PITI, and  
11 other consequences, such as an increased risk of foreclosure and late fees.

12 **C. Ms. Robinson's Facts**

13 153. Ms. Robinson is a resident of Las Vegas, Nevada.

14 154. Ms. Robinson began looking for a home in May of 2023. At the time, Ms. Robinson  
15 was drawn to the location of the DR Horton home development in Las Vegas, Nevada.

16 155. Around early May 2023, Ms. Robinson went to visit a property located at 10908  
17 Rollingford Ave., Las Vegas, Nevada. There, Ms. Robinson met a DR Horton sales representative,  
18 Cassandra Warner.

19 156. Ms. Robinson felt pressured to apply for the home since Ms. Warner told her that  
20 inventory was low and that a decision had to be made right away. Ms. Robinson also understood  
21 there would be incentives to buying the home since it was a new-build.

22 157. Over the next week or so, Ms. Robinson continued having conversations with Ms.  
23 Warner about purchasing the home, in which she expressed that she did not want to be "house poor"  
24 and needed affordable monthly mortgage payments. Ms. Warner told Ms. Robinson she understood  
25 and assured Ms. Robinson that DR Horton and DHI Mortgage could work out payments that would  
26 be affordable.

27 158. At the end of the week, on or around May 16, 2024, Ms. Robinson signed an  
28 agreement to purchase the DR Horton home for \$378,990.



1           166. Prior to the loan closing and throughout this process, Mr. Macauley continued to  
2 repeatedly advise Ms. Robinson that her monthly payment would be within her budget of \$1,759  
3 per month.

4           167. During this same time period, DHI Mortgage also prepared the True Estimate.

5           168. On June 11, 2024, a Closing Disclosure was generated. Despite knowing the True  
6 Estimate at the time DHI Mortgage prepared and transmitted the final Closing Statement over  
7 interstate wires, DHI Mortgage used the Suppressed Estimate of \$1,780.60, consistent with Ms.  
8 Robinson’s Target Monthly Payment of \$1,759.00.

9           169. Ms. Robinson executed this Closing Disclosure and other closing documents in person  
10 on June 12, 2024. The Closing Disclosure asserted that it was a “statement of final loan terms” and  
11 stated that Ms. Robinson’s “Estimated Total Monthly Payment” would be \$1,780.60, utilizing the  
12 Suppressed Estimate.

13           170. As the Closing Disclosure conformed to Ms. Robinson’s expectations about her total  
14 monthly payment amount, she understood that even with some minor variations, her monthly  
15 payments would fit comfortably in her budget.

16           171. At no time was Ms. Robinson informed that this monthly payment was inaccurate or  
17 would be higher due to Defendants’ failure to escrow the majority of the estimated property taxes.

18           172. At no point during the sales pitch and subsequent discussions with the Ms. Warner nor  
19 the financing discussions with Mr. Macauley did any DR Horton or DHI Mortgage representative  
20 mention that Ms. Robinson would owe substantial additional property taxes beyond those property  
21 taxes included in her monthly PITI payment nor that her payment would be nearly \$595 more per  
22 month than the amount that was listed as their “Estimated Total Monthly Payment.”

23           173. Within sixty days of closing, DHI Mortgage sold the ownership and servicing rights  
24 to Ms. Robinson’s loan. DHI Mortgage received proceeds from that sale via interstate wires.

25           174. From July 1, 2024, through July 1, 2025, Ms. Robinson paid approximately \$1,780.60  
26 per month as stated on each bill that she received from the new servicer.

27           175. On or about July 1, 2025, twelve months after closing, Ms. Robinson received an  
28 Escrow Account Disclosure Statement from her loan servicer that informed her that her escrow

1 account was several thousand dollars in the negative and that the mortgage payment was increasing  
2 on July 1, 2025.

3 176. The shortage and increase were the result of a county tax bill that increased the escrow  
4 payment. Because she had not paid the correct tax amount for the previous year, and because her  
5 property taxes would be increased for the year following, Ms. Robinson's monthly payment jumped  
6 from \$1,780.60 to \$2,376.25, an increase of \$595.65 and nearly a 33% increase.

7 177. DHI mortgage and DR Horton used the suppressed estimate of \$917.88 per year for  
8 property taxes in the Closing Disclosure to reach an estimated payment of \$1,780.60.

9 178. Defendants intended to mislead Ms. Robinson. The Closing Disclosures provided to  
10 Ms. Robinson were prepared by DHI Mortgage with DR Horton's knowledge using forms created  
11 by the federal government and transmitted at various points in advance of closing in accordance  
12 with federal law to ensure home buyers have accurate and truthful information about the mortgage  
13 loan. DR Horton and DHI Mortgage knew that a budget-sensitive Homebuyer like Ms. Robinson  
14 would focus on the monthly payment amount, and by repeating that the suppressed monthly amount  
15 many times, in contravention of both law and mortgage lending best practices, Defendants did not  
16 use those forms to disclose the truth. Instead, Defendants created other paperwork that reinforced  
17 the intentional nature of the Monthly Payment Suppression Scheme.

18 179. Ms. Robinson has struggled financially to keep her home. Notably, Ms. Robinson  
19 received a job offer that would involve a slight pay cut but was a dream job for her. Because of the  
20 18% increase in her monthly payment, Ms. Robinson was forced to turn that job down.

21 180. Ms. Robinson was injured by Defendants' Monthly Payment Suppression Scheme.  
22 She agreed to purchase a home with a monthly payment equal to \$1,780.60, with minor and  
23 reasonable fluctuations as the home value and local tax rates changed. But at all times, Defendants  
24 knew the cost of the home would be substantially more, independent of changes to the home value  
25 and local taxes. Had Defendants taken timely and proper steps to provide Ms. Robinson with a  
26 monthly payment estimate utilizing the True Estimate of property taxes in accordance with its duties  
27 and obligations as a mortgage lender, Ms. Robinson would not have moved forward with the  
28 purchase, or at a minimum, would have paid less for the house.

1           181. As a result, Ms. Robinson has suffered damages including but not limited to  
2 purchasing a home that she would not have purchased but for the fraudulent scheme, paying an  
3 inflated price for her home, diminished home value, lost opportunity to purchase alternative homes  
4 within her budget, increased out of pocket monthly expenses in the form of a higher PITI, and other  
5 consequences, such as an increased risk of foreclosure and late fees.

6           **D. The Santorii-Whitney Family Facts**

7           182. The Santorii-Whitney Family resides in Las Vegas, Nevada. Tammy Santorii is a  
8 veteran of United States Navy.

9           183. In October 2024, the Santorii-Whitney Family were looking to purchase their first  
10 home. Early that month, at a date between October 2 and October 17, they visited a DR Horton  
11 development in North Las Vegas, Nevada. There, they were introduced to DR Horton sales agent  
12 Eddie Aiello.

13           184. DR Horton's sales agent advised the Santorii-Whitney family that there were  
14 incentives available to lower the price and payment for a DR Horton home.

15           185. During this first, in person meeting at the North Las Vegas development, DR Horton's  
16 sales agent asked the Santorii-Whitney Family what they could afford to pay each month. The  
17 Santorii-Whitney Family responded that they could afford around \$2800 per month, and DR  
18 Horton's sales agent assured them that the payment would be at or below that amount.

19           186. The DR Horton sales representative encouraged the Santorii-Whitney Family to use  
20 DHI Mortgage and other DR Horton affiliated services for their purchase and referred them to apply  
21 for a mortgage with DHI Mortgage, including by offering seller credits towards the closing. Among  
22 other things, Mr. Aiello said that DR Horton could be the Santorii-Whitney Family's one stop shop  
23 for the entire home buying process.

24           187. The Santorii-Whitney Family agreed to buy the home built by DR Horton, with DHI  
25 Mortgage to provide the financing and DHI Title and DHI Title of Nevada to provide the title work.  
26 To the Santorii-Whitney Family, the differences in these entities were not apparent and appeared  
27 that all the people and paperwork were from DR Horton.  
28

1           188. Also in early October 2024 (between October 2 and October 17), DHI Mortgage loan  
2 officer Nicole Grandos then contacted the Santorii-Whitney Family and sent them a link to the DHI  
3 Mortgage online portal and instructions to apply for a loan DHI Mortgage. The Santorii-Whitney  
4 Family completed the application and submitted it through the portal, transmitting it to DHI  
5 Mortgage over interstate wires.

6           189. After the Santorii-Whitney completed the online loan application with DHI Mortgage,  
7 they spoke with DHI Mortgage loan officer Nicole Grandos by telephone. During their  
8 conversations with the DHI Mortgage loan officer, the Santorii-Whitney Family informed the DHI  
9 Mortgage loan officer that they could afford a home with a monthly payment of \$2,800 and she  
10 assured them that the payment would be around this amount.

11           190. Throughout October, November, and early December, the Santorii-Whitney Family  
12 met with the DR Horton sales agent multiple times to view homes. Meanwhile, the Santorii-Whitney  
13 Family went through the process of applying for a loan with DHI Mortgage.

14           191. Because of the Santorii-Whitney Family income level and characteristics, DHI  
15 Mortgage recommended that the Santorii-Whitney Family utilize an FHA Mortgage.

16           192. On December 4, 2024, the DHI Mortgage loan officer sent an email to the Santorii-  
17 Whitney Family advising them that they had been preapproved for an FHA loan. The DHI Mortgage  
18 loan officer copied the DR Horton sales agent on the email, who congratulated the Santorii-Whitney  
19 Family.

20           193. Around the same time, the Santorii-Whitney Family chose the home at 4574 Aqua  
21 Landing Ave. North Las Vegas, Nevada, and on December 11, 2024, entered an agreement to  
22 purchase the home for \$478,990.

23           194. Throughout October, November, December, and January, the DHI Mortgage loan  
24 officer sent the Santorii-Whitney family dozens of documents to complete via DocuSign, including  
25 the documents identified in Paragraphs 68-69, utilizing the interstate wires.

26           195. Prior to the loan closing, both the DR Horton sales agent and the DHI Mortgage loan  
27 officer repeatedly advised the Santorii-Whitney Family that their monthly payment would be within  
28 their budget of \$2,800 per month.

1 196. During this same time period, DHI Mortgage also prepared the True Estimate.

2 197. On January 2, 2025, the DHI Mortgage loan officer sent a Closing Disclosure to the  
3 Santorii-Whitney Family. Despite knowing the True Estimate at the time DHI Mortgage prepared  
4 and transmitted the final Closing Disclosure over interstate wires, DHI Mortgage used the  
5 Suppressed Estimate of \$2,878.57, consistent with Santorii-Whitney Family’s Target Monthly  
6 Payment of \$2,800. The Santorii-Whitney signed the Closing Disclosure using DocuSign.

7 198. As the Closing Disclosure conformed to the Santorii-Whitney Family’s expectations  
8 about their total monthly payment amount, the Santorii-Whitney Family understood that even with  
9 some minor variations, their monthly payments would fit comfortably in their budget.

10 199. On January 8, 2025, DHI Mortgage generated another Closing Disclosure. Despite  
11 knowing the True Estimate at the time DHI Mortgage prepared and transmitted the final Closing  
12 Statement over interstate wires, DHI Mortgage used the Suppressed Estimate of \$2,878.57,  
13 consistent with Santorii-Whitney Family’s Target Monthly Payment of \$2,800.

14 200. On January 13, 2025, the Santorii-Whitney Family attended the closing at 9am at DHI  
15 Title of Nevada, 1081 Whitney Ranch Drive, Henderson, NV 89014. That day, they were presented  
16 with and signed in person a final Closing Disclosure and other closing documents. The Closing  
17 Disclosure asserted that it was a “statement of final loan terms” and stated that the Santorii-Whitney  
18 Family’s “Estimated Total Monthly Payment” would be \$2,878.574, utilizing the Suppressed  
19 Estimate.

20 201. As the Closing Disclosure conformed to the Santorii-Whitney Family’s expectations  
21 about their total monthly payment amount, the Santorii-Whitney Family understood that even with  
22 some minor variations, their monthly payments would fit comfortably in their budget.

23 202. At no time was the Santorii-Whitney Family informed that this monthly payment was  
24 inaccurate or would be higher due to Defendants’ failure to escrow the majority of the estimated  
25 property taxes.

26 203. At no point during the sales pitch and subsequent discussions with the DR Horton  
27 sales agent nor the financing discussions with the DHI Mortgage loan officer did any DR Horton or  
28 DHI Mortgage representative mention that the Santorii-Whitney Family would owe substantial

1 additional property taxes beyond those property taxes included in his monthly PITI payment nor  
2 that their payment would be more than nor that their payment would be more than \$1,000 more per  
3 month than the amount that was listed as their “Estimated Total Monthly Payment.”

4 204. Within sixty days of closing, DHI Mortgage transferred ownership and servicing of  
5 the Santorii-Whitney Family loan. DHI Mortgage received proceeds from that sale via the interstate  
6 wires.

7 205. From February 1, 2025, through October 1, 2025, the Santorii-Whitney Family paid  
8 \$2,878.57 per month as stated on each bill that they received from the new servicer.

9 206. On September 23, 2025, nine months after closing, the Santorii-Whitney Family  
10 received an Escrow Account Disclosure Statement from their loan servicer that informed them that  
11 their escrow account had a negative balance of \$3,096.36 and that the mortgage payment was  
12 increasing on November 1, 2025, to \$3,968.84, a 27.5% increase.

13 207. The shortage and increase were the result of a county tax bill that increased the  
14 monthly escrow payment from a total of \$356.70 to \$1,446.97.

15 208. DHI Mortgage and DR Horton used the Suppressed Estimate of \$1,059.24 per year  
16 for property taxes in the Closing Disclosure to reach an estimated payment of \$2,878.57.

17 209. Defendants intended to mislead the Santorii-Whitney Family. The Loan Estimates and  
18 Closing Disclosures provided to the Santorii-Whitney Family were prepared by DHI Mortgage with  
19 DR Horton’s knowledge using forms created by the federal government and transmitted at various  
20 points in advance of closing in accordance with federal law to ensure homebuyers have accurate  
21 and truthful information about the mortgage loan. DR Horton and DHI Mortgage knew that a  
22 budget-sensitive Homebuyer like the Santorii-Whitney Family would focus on the monthly payment  
23 amount, and by repeating that the suppressed monthly amount many times, in contravention of both  
24 law and mortgage lending best practices, Defendants did not use those forms to disclose the truth.  
25 Instead, Defendants created other paperwork that reinforced the intentional nature of the Monthly  
26 Payment Suppression Scheme.

27 210. The Santorii-Whitney Family is struggling financially to keep their home, and has  
28 already pulled money out of their 401K in order to make up the deficit in their monthly budget.

1           211. The Santorii-Whitney Family was injured by Defendants' Monthly Payment  
2           Suppression Scheme. The Santorii-Whitney Family agreed to purchase a home with a monthly  
3           payment equal to \$2,878.57, with minor and reasonable fluctuations as the home value and local tax  
4           rates changed. But at all times, Defendants knew the cost of the home would be substantially more,  
5           independent of changes to the home value and local taxes. Had Defendants had taken timely and  
6           proper steps to provide the Santorii-Whitney Family with a monthly payment estimate utilizing the  
7           True Estimate of property taxes in accordance with the duties and obligations of a FHA mortgage  
8           lender and set up the account to escrow all taxes, the Santorii-Whitney Family would have paid less  
9           for the house.

10           212. As a result, the Santorii-Whitney Family has suffered damages including but not  
11           limited paying an inflated price for his home, diminished home value, lost opportunity to purchase  
12           alternative homes within their budget, increased out of pocket monthly expenses in the form of a  
13           higher PITI, and other consequences, such as an increased risk of foreclosure and late fees.

14           **E. The Steffner Family Facts**

15           213. The Steffner Family are residents of Punta Gorda, Florida.

16           214. The Steffner Family first began looking for homes on Zillow and Google in the spring  
17           of 2023. Soon after they started looking, Mr. Steffner received a Google advertisement for \$5,000  
18           of incentives for DR Horton homes starting in the \$350,000 range.

19           215. In response to the ad, the Steffner Family began calling DR Horton to try to schedule  
20           a time to see one of their homes. Eventually, DR Horton called back and asked that the Steffner  
21           Family get a pre-approval from DHI Mortgage before coming to see a DR Horton home at all.

22           216. On or about May 1, 2023, the Steffner Family was introduced to Susan Marsha, a DHI  
23           Mortgage loan officer. The Steffner Family received a link to the DHI Mortgage online portal to  
24           apply for a loan with DHI Mortgage online using interstate wires. The Steffner Family completed  
25           the application and submitted it through the portal, transmitting it to DHI Mortgage over interstate  
26           wires.

27           217. There the Steffner Family provided basic financial information to DHI Mortgage and  
28           received a pre-approval to purchase a \$378,000 home. During the approval process the Steffner

1 Family spoke with Ms. Marsha over the phone and informed DHI Mortgage that they could afford  
2 a monthly payment of \$2,500 - \$3,000 as that was what they were currently paying in rent.

3 218. Also in May 2023, The Steffner Family visited the Burnt Store Village community in  
4 South Punta Gorda, Florida where they met a DR Horton sales representative named Michael  
5 Malloy. At the time of their visit the Steffner Family only viewed a slab foundation and model home  
6 renderings as the homes were still being constructed and were expected to be finished in summer  
7 2023.

8 219. During the meetings with Mr. Malloy in person and in phone calls with Ms. Marsha,  
9 the Steffner family was repeatedly informed that the home would be within their Target Monthly  
10 Payment of a maximum of \$3,000 per month or less.

11 220. Because of the price of the home, the Steffner Family income level, and the Steffner  
12 Family's Target Monthly Payment, DHI Mortgage recommended that the Steffner Family utilize an  
13 FHA Mortgage.

14 221. On May 3, 2023, The Steffner Family executed a purchase agreement for a property  
15 located at 25273 Cadiz Drive, Punta Gorda, Florida 33955, for \$376,455. As a part of the agreement,  
16 the Steffner Family put \$6,500 down on their future home and would require final approval when  
17 the home was nearing completion.

18 222. Over the course of May through September, the DHI Mortgage loan officer sent the  
19 Steffner Family dozens of documents to complete via DocuSign, including the documents identified  
20 in Paragraphs 68-69, utilizing the interstate wires.

21 223. During this same time period, DHI Mortgage also prepared the True Estimate.

22 224. DR Horton and DHI Mortgage do not disclose that DHI Mortgage would not be  
23 escrowing enough property taxes to cover the actual estimated property taxes on the home, which  
24 Defendants knew would be thousands of dollars more.

25 225. Between loan approval and closing, Defendants provided the Steffner Family with  
26 multiple Closing Disclosures that reflected their Target Monthly Payment. On September 1, 2023,  
27 Defendants provided the Steffner Family with a Closing Disclosure with an "Estimated Total  
28 Monthly Payment" of \$2,833. On September 18, 2023, Defendants provided the Steffner Family

1 with a Closing Disclosure with an “Estimated Total Monthly Payment” of \$2,805.84. All preclosing  
2 Closing Disclosures estimated the Steffner Family’s “Estimated Total Monthly Payment” would be  
3 approximately \$2,800, again utilizing the Suppressed Estimate. DHI Horton used DocuSign in  
4 California to transmit the documents to the Steffner Family, who signed these documents and  
5 returned them shortly thereafter via interstate wires.

6 226. On September 27, 2023, one day before the closing, the Steffner Family received a  
7 final Closing Disclosure from DHI Mortgage over the interstate wires that again disclosed an  
8 “Estimated Total Monthly Payment” substantially similar to the ones received prior, in the amount  
9 of \$2,805.84.

10 227. The Steffner Family executed this Closing Disclosure and other closing documents in  
11 person on September 28, 2023, at 10545 Ben C. Pratt 6 Mile Cypress Parkway, Suite 300 Fort  
12 Myers, FL 33966. The Closing Disclosure asserted that it was a “statement of final loan terms” and  
13 stated that the Skougard Family’s “Estimated Total Monthly Payment” would be \$2,805.84, utilizing  
14 the Suppressed Estimate.

15 228. As the Closing Disclosure also conformed to the Steffner Family’s expectations, the  
16 Steffner Family understood that even with some minor variations, their monthly payments would  
17 fit comfortably in their budget.

18 229. At no point during the sales process nor the financing discussions with Ms. Marsha  
19 did any DR Horton or DHI Mortgage representative mention that Steffner Family would owe  
20 substantial additional property taxes beyond those property taxes included in his monthly PITI  
21 payment nor that their payment would be more than \$700 more per month than the amount that was  
22 listed as his “Estimated Total Monthly Payment.”

23 230. Within sixty days of closing, DHI Mortgage transferred ownership and servicing of  
24 the Steffner Family loan to a different company. DHI Mortgage received proceeds from that sale via  
25 the interstate wires.

26 231. From November 1, 2023, through February 1, 2025, the Steffner Family paid  
27 approximately \$2,789.43 per month as stated on each bill that they received from the servicer.  
28

1           232. On or about December 3, 2024, fourteen months after closing, the Steffner Family  
2 received an Escrow Account Disclosure Statement from the loan’s servicer that informed the  
3 Steffner Family that their escrow account had a negative balance of \$7,606.67 and that the mortgage  
4 payment was increasing on February 1, 2025, to \$3,766.89 a 26% increase.

5           233. The shortage and increase were the result of a county tax bill that increased the  
6 monthly escrow payment from a total of \$339.91 per month to \$1,317.37.

7           234. DHI mortgage and DR Horton used the suppressed estimate of \$571.56 per year for  
8 property taxes in the Closing Disclosures to reach an estimated payment of \$2,805.84.

9           235. Defendants intended to mislead the Steffner Family. The Loan Estimates and Closing  
10 Disclosures provided to the Steffner Family were prepared by DHI Mortgage with DR Horton’s  
11 knowledge using forms created by the federal government and transmitted at various points in  
12 advance of closing in accordance with federal law to ensure homebuyers have accurate and truthful  
13 information about the mortgage loan. DR Horton and DHI Mortgage knew that a budget-sensitive  
14 Homebuyer like the Steffner Family would focus on the monthly payment amount, and by repeating  
15 that the suppressed monthly amount many times, in contravention of both law and mortgage lending  
16 best practices, Defendants did not use those forms to disclose the truth. Instead, Defendants created  
17 other paperwork that reinforced the intentional nature of the Monthly Payment Suppression Scheme.

18           236. The Steffner Family has struggle financially to keep their home, falling behind on  
19 monthly payments several times. The Steffner Family has had to choose between paying for  
20 groceries and healthcare and meeting their mortgage obligations. The Steffner Family simply did  
21 not account for a 25% increase in their mortgage when deciding to purchase this home.

22           237. The Steffner Family was injured by Defendants’ Monthly Payment Suppression  
23 Scheme. They agreed to purchase a home with a Monthly Payment equal to \$2,805.84, with minor  
24 and reasonable fluctuations as the home value and local tax rates changed. But at all times,  
25 Defendants knew the cost of the home would be substantially more, independent of changes to the  
26 home value and local taxes. Had Defendants taken timely and proper steps to provide the Steffner  
27 Family with a monthly payment estimate utilizing the True Estimate of property taxes in accordance  
28

1 with the duties and obligations of a FHA mortgage lender and set up the account to escrow all taxes,  
2 the Steffner Family would have paid less for the house.

3 238. As a result, the Steffner Family has suffered damages including but not limited to  
4 paying an inflated price for their home, diminished home value, lost opportunity to purchase  
5 alternative homes within their budget, increased out of pocket monthly expenses in the form of a  
6 higher PITI, and other consequences, such as an increased risk of foreclosure and late fees.

7 **F. Mr. Radtke's Facts**

8 239. Mr. Radtke is a resident of Eagle Lake, Florida. Mr. Radtke is a disabled veteran of  
9 the United States Military.

10 240. Mr. Radtke began looking for homes in Polk County, Florida on Zillow in the summer  
11 of 2023. Mr. Radtke was having a difficult time finding a home and was only able to get pre-  
12 approved for \$150,000. Shortly after he started looking, Mr. Radtke came across DR Horton.

13 241. In August 2023, the Mr. Radtke visited a DR Horton property located at 2345 Aquiline  
14 Nest Street Eagle Lake, Florida 33896. There Mr. Radtke met DR Horton sales representative,  
15 Cheryl Day. She asked him what he could afford to pay per month. Mr. Radtke responded that they  
16 could afford up to \$1,900 per month based on his disability income and job with the City. Ms. Day  
17 said that she could find Mr. Radtke a home within his Target Monthly Payment if he used DHI  
18 Mortgage and other DR Horton affiliated services for his purchase. Thereafter, Ms. Day introduced  
19 him to a DHI Mortgage loan officer, Kraig Peck.

20 242. As a part of the initial call with Mr. Peck, Mr. Radtke was asked for basic information  
21 about his income, family size, and what he were looking for in a home. In addition, the loan officer  
22 asked Mr. Radtke what monthly payment he could afford. Mr. Radtke informed the loan officer that  
23 they could afford a home with a monthly payment of up to \$1,900. Mr. Peck said in the initial phone  
24 call that he could not get the payment under \$1,900, but that he could "keep it under \$2,000." Mr.  
25 Radtke agreed and thought that he could make a payment under \$2,000 work.

26 243. On or around the same day, Mr. Peck provided the Mr. Radtke with a link to the DHI  
27 Mortgage online portal to apply for a mortgage with DHI Mortgage. Mr. Radtke completed the  
28

1 application and submitted it through the portal, transmitting it to DHI Mortgage over interstate  
2 wires.

3 244. Because of the price of the home and Mr. Radtke’s income level and his veteran status  
4 and his desired monthly Target Payment of under \$2,000, Mr. Peck recommended that the Mr.  
5 Radkte utilize an VA Mortgage.

6 245. On or about August 24, 2023, Mr. Radtke agreed to purchase the DR Horton home for  
7 \$305,990.00.

8 246. Based on Mr. Radtke’s military service, income information, the home price, and his  
9 Target Monthly Payment, Mr. Peck and Ms. Day recommended that Mr. Radtke utilize a VA loan  
10 to purchase the home.

11 247. Over the course of August through September, the DHI Mortgage loan officer sent the  
12 Mr. Radtke dozens of documents to complete via DocuSign, including the documents identified in  
13 Paragraphs 68-69, utilizing the interstate wires.

14 248. During this same time period, DHI Mortgage also prepared the True Estimate.

15 249. DR Horton and DHI Mortgage do not disclose that DHI Mortgage would not be  
16 escrowing enough property taxes to cover the actual estimated property taxes on the home, which  
17 Defendants knew would be thousands of dollars more.

18 250. Between loan approval and closing, Defendants prepared a final Closing Disclosure.  
19 All Closing Disclosures estimated that Mr. Radkte’s “Estimated Total Monthly Payment” would be  
20 approximately \$1,888.69, again utilizing the Suppressed Estimate. DHI Mortgage used DocuSign  
21 in California to transmit the documents to Mr. Radtke, who signed these documents and returned  
22 them shortly thereafter via interstate wires.

23 251. Mr. Radtke executed this Closing Disclosure and other closing documents in person  
24 on September 27, 2023, at 7835 Osceola Polk Line Rd. Suite A Davenport, Florida 33896. The  
25 Closing Disclosure asserted that it was a “statement of final loan terms” and stated that the Mr.  
26 Radtke’s “Estimated Total Monthly Payment” would be \$1,888.69, utilizing the Suppressed  
27 Estimate.

28

1           252. As the Closing Disclosure also conformed to Mr. Radtke’s expectations, he  
2 understood that even with some minor variations, his monthly payments would fit comfortably in  
3 his budget.

4           253. At no point during the initial sales pitch from the DR Horton sales agent, Ms. Day,  
5 nor the financing discussions with the DHI Mortgage loan officer did any DR Horton or DHI  
6 Mortgage loan officer, Mr. Peck, mention that Mr. Radtke would owe substantial additional property  
7 taxes beyond those property taxes included in his monthly PITI payment nor that their payment  
8 would be more than \$500 more per month than the amount that was listed as their “Estimated Total  
9 Monthly Payment.”

10           254. Within sixty days of closing, DHI Mortgage transferred ownership and servicing of  
11 Mr. Radtke’s loan. DHI Mortgage received proceeds from that sale via the interstate wires.

12           255. From November 2023 through June 1, 2024, Mr. Radtke paid approximately  
13 \$1,888.69 per month as stated on each bill that he received from the new servicer.

14           256. On or about May 24, 2024, eight months after closing, the Mr. Radtke received an  
15 Escrow Account Disclosure Statement from the loan’s servicer that informed the Mr. Radkte that  
16 his escrow account had a negative balance of \$2,610.41 and that the mortgage payment was  
17 increasing on July 1, 2024 to \$2,228.49.

18           257. The shortage and increase were the result of a county tax bill that increased the  
19 monthly escrow payment from a total of \$247.94 per month to \$587.74.

20           258. However, just a few months later, on December 9, 2024, Mr. Radkte received a second  
21 Escrow Account Disclosure Statement from the loan’s servicer that informed the Mr. Radkte that  
22 his escrow account had a negative balance of \$6,977.84 and that the mortgage payment was  
23 increasing on February 1, 2025, to \$2,556.25, a 37% increase from his Estimated Total Monthly  
24 Payment at closing.

25           259. The shortage and increase were the result of a county tax bill that increased the  
26 monthly escrow payment from a total of \$247.94 per month to \$915.50.

27           260. DHI mortgage and DR Horton used the suppressed estimate for property taxes in the  
28 Closing Disclosure to reach an estimated payment of \$1,888.69.

1           261. Defendants intended to mislead Mr. Radtke. The Loan Estimates and Closing  
2 Disclosures provided to the Mr. Radtke were prepared by DHI Mortgage with DR Horton's  
3 knowledge using forms created by the federal government and transmitted at various points in  
4 advance of closing in accordance with federal law to ensure homebuyers have accurate and truthful  
5 information about the mortgage loan. DR Horton and DHI Mortgage knew that a budget-sensitive  
6 Homebuyer like Mr. Radtke would focus on the monthly payment amount, and by repeating that the  
7 suppressed monthly amount many times, in contravention of both law and mortgage lending best  
8 practices, Defendants did not use those forms to disclose the truth. Instead, Defendants created other  
9 paperwork that reinforced the intentional nature of the Monthly Payment Suppression Scheme.

10           262. Mr. Radtke has struggled financially to keep his home. Mr. Radtke has taken out  
11 several consumer loans to support his daughter and pay bills while he is finishing school. Mr. Radtke  
12 has had to forgo groceries for his family and choose between that or making a mortgage payment.

13           263. Mr. Radtke was injured by Defendants' Monthly Payment Suppression Scheme. He  
14 agreed to purchase a home with a Monthly Payment equal to \$1,888.69, with minor and reasonable  
15 fluctuations as the home value and local tax rates changed. But at all times, Defendants knew the  
16 cost of the home would be substantially more, independent of changes to the home value and local  
17 taxes. Had Defendants taken timely and proper steps to provide Mr. Radtke with a monthly payment  
18 estimate utilizing the True Estimate of property taxes in accordance with the duties and obligations  
19 of a VA mortgage lender and set up the account to escrow all taxes, Mr. Radtke would have paid  
20 less for the house.

21           264. As a result, Mr. Radtke has suffered damages including but not limited to paying an  
22 inflated price for his home, diminished home value, lost opportunity to purchase alternative homes  
23 within their budget, increased out of pocket monthly expenses in the form of a higher PITI, and  
24 other consequences, such as an increased risk of foreclosure and late fees.

## 25 **VI. CLASS ACTION ALLEGATIONS**

26           265. Plaintiffs bring this case on behalf of themselves and all other persons similarly  
27 situated, pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3). The proposed Class (the  
28 "Class") is defined as follows:

1           **All individuals in the United States who, during the Class Period,**  
2           **(1) purchased a DR Horton home; (2) with a loan originated by DHI**  
3           **Mortgage in which DHI Mortgage established an escrow account**  
4           **that included property taxes; and (3) where the final Closing**  
5           **Disclosure sets forth an Estimated Total Monthly Payment that**  
6           **includes only a portion of the total anticipated property taxes, as**  
7           **reflected on page 4 of the Closing Disclosure; within the applicable**  
8           **statute of limitations.**

9           266. Plaintiffs, the Skougard Family, the Whitney Family, and the Steffner Family bring  
10          this case on behalf of themselves and all other persons similarly situated, pursuant to Federal Rules  
11          of Civil Procedure 23(a) and (b)(3). The proposed “FHA Sub-class” is defined as follows:

12           **All members of the Class defined above who entered an FHA-**  
13           **insured loan.**

14          267. Plaintiffs, the Skougard Family, the Whitney Family, the Hind Family, and Ms.  
15          Robinson, bring this case on behalf of themselves and all other persons similarly situated, pursuant  
16          to Federal Rules of Civil Procedure 23(a) and (b)(3). The proposed “Nevada Sub-class” is defined  
17          as follows:

18           **All members of the Class defined above who purchased a home**  
19           **located within the State of Nevada.**

20          268. Plaintiffs, the Steffner Family and Mr. Radtke bring this case on behalf of themselves  
21          and all other persons similarly situated, pursuant to Federal Rules of Civil Procedure 23(a) and  
22          (b)(3). The proposed “Florida Sub-class” is defined as follows:

23           **All members of the Class defined above who purchased a home**  
24           **located within the State of Florida.**

25          269. Expressly excluded from the Class are:

- 26           a) Any Judge or Magistrate Judge presiding over this action and members of their  
27           immediate families;
- 28           b) Defendants and any entities in which Defendants have a controlling interest, or  
              which has a controlling interest in Defendants and its legal representatives, assigns  
              and successors; and

1 c) All persons who properly execute and file a timely request for exclusion from the  
2 Class.

3 270. Plaintiffs reserve the right to amend the Class definition at the Class Certification  
4 stage of the litigation if further investigation and discovery indicates that the Class definition should  
5 be narrowed, expanded, or otherwise modified.

6 **Fed. R. Civ. P. 23(a) Criteria**

7 271. Numerosity. The exact number of Class Members is unknown as such information is  
8 in the exclusive control of Defendants. However, due to the number of closings that Defendants  
9 conduct annually, the nation-wide class is believed to be in the high tens of thousands, possibly  
10 greater than 100,000. Due to the number of closings Defendants conduct annually in Nevada and  
11 Florida, the number of Sub-class members is expected to be in the thousands. Thus, the Class is so  
12 numerous that joinder of all members is impracticable.

13 272. Commonality. Common questions of law and fact affect the rights of each Class  
14 Member, and common relief by way of damages is sought for Plaintiffs and Class Members.  
15 Common questions of law and fact that affect Plaintiffs and the Class include, but are not limited  
16 to:

- 17 a) Whether Defendants formed a RICO enterprise and conspiracy;
- 18 b) Whether Defendants' alleged use of the mail and interstate wires to (i) disseminate  
19 advertisements over social media and the internet generally targeting  
20 Homebuyers; (ii) transmit and exchange information and documents relating to  
21 the homebuying process, such as estimates, quotes, Homebuyer information, loan  
22 documents, and other forms, between one another, and with Homebuyers, often  
23 utilizing third-party e-signature platforms; (iii) transmit and exchange funds  
24 associated with the homebuying process and subsequent sale and transfer of the  
25 loans between one another and any third parties who later acquire the loans, in  
26 furtherance of the their Monthly Payment Suppression Scheme and systematic  
27 bait-and-switch scheme to deceive Homebuyers about the true cost of  
28 homeownership constitutes a pattern of wire fraud under RICO;

- 1 c) Whether Defendants' Monthly Payment Suppression Scheme misled the Class  
2 into purchasing their homes;
- 3 d) Whether Defendants Monthly Payment Suppression Scheme is unfair and/or  
4 deceptive in violation of Nevada's Deceptive Trade Practices Act ("DTPA"), Nev.  
5 Rev. Stat. §§ 598.0903, et seq.
- 6 e) Whether Defendants' Monthly Payment Suppression Scheme constitutes a per se  
7 negligence;
- 8 f) Whether Defendants' conduct was negligent;
- 9 g) Whether Defendants were unjustly enriched by the Monthly Payment Suppression  
10 Scheme;
- 11 h) Whether Defendants' Monthly Payment Suppression Scheme constitutes a per se  
12 violation of Florida's Unfair and Deceptive Trades Practices Act ("FDUTPA"),  
13 Fla. Stat. § 501.201, et seq.;
- 14 i) Whether Defendants Monthly Payment Suppression Scheme is unfair and/or  
15 deceptive in violation of the Florida's Unfair and Deceptive Trades Practices Act  
16 ("FDUTPA"), Fla. Stat. § 501.201, et seq.;
- 17 j) Whether Defendants' Monthly Payment Suppression Scheme constitutes a per se  
18 violation of FDUTPA;
- 19 k) Whether Defendants' conduct damaged Plaintiffs and Class Members, including,  
20 but not limited to, by causing them to pay an inflated price for their home,  
21 experience diminished home value, lose opportunities to purchase alternative  
22 homes within their budgets, suffer increased out of pocket monthly expenses in  
23 the form of a higher PITI, and face other consequences, such as an increased risk  
24 of foreclosure and late fees, and otherwise depriving them of the benefit of the  
25 bargain;
- 26 l) Whether Plaintiffs and Class Members are entitled to treble damages, equitable  
27 relief, civil penalties, punitive damages, injunctive and/or declaratory relief.  
28



1 278. Prosecution of separate actions by individual members of the Class would create a  
2 risk of inconsistent and varying adjudications against Defendants when confronted with  
3 incompatible standards of conduct.

4 279. Despite the sizeable sum of money unlawfully collected and retained by the  
5 Defendants, the claims of the individual Class Members are, nevertheless, small in relation to the  
6 expenses of individual litigation, making a class action the only procedural method of redress in  
7 which Class Members can, as a practical matter, and recover their damages. Further, the issues raised  
8 in this litigation are complex such that an individual’s recovery is small in relation to the amount of  
9 effort, cost, and expertise necessary to obtain said recovery.

10 280. Class Members are readily identifiable and ascertainable given the nature of  
11 Defendants’ business practices and using their business records.

12 **CAUSES OF ACTION**

13 **COUNT I**

14 **Conduct and Participation in a RICO Enterprise Through a**  
15 **Pattern of Racketeering Activity**  
16 **(RICO 18 U.S.C. § 1962 (c) (“RICO”)**  
***(On Behalf of Plaintiffs and the Classes against All Defendants)***

17 281. Plaintiffs repeat and reallege paragraphs 1 through 280 as if set forth fully herein.

18 282. Section 1962(c) makes it:

19 unlawful for any person employed by or associated with any enterprise  
20 engaged in, or the activities of which affect, interstate or foreign  
21 commerce, to conduct or participate, directly or indirectly, in the  
22 conduct of such enterprise’s affairs through a pattern of racketeering  
23 activity.

24 18 U.S.C. § 1962(c).

25 **The Enterprise**

26 283. The Enterprise within the meaning of 18 U.S.C. § 1961(4) consists of an association-  
27 in-fact of, at a minimum, DR Horton and its “preferred lender,” DHI Mortgage (the “Enterprise”).

28 284. Each Defendant is an entity within the meaning of “person” as defined in 18 U.S.C. §  
1961(3) because each is capable of holding, and does hold, “a legal or beneficial interest in  
property.”

1           285. Each Defendant is legally distinct from the other, in that each is separately  
2 incorporated, and each operates different businesses. DR Horton's business is to build and sell  
3 homes, and it does so with or without financing from DHI Mortgage. DHI Mortgage operates as a  
4 separate lending institution with its own mortgage origination business. DHI Mortgage's business  
5 is to make home-secured loans, and it does so for homes sold by DR Horton as well as other  
6 individual and corporate home-sellers and refinancing existing loans on owner-occupied homes.

7           286. Each Defendant has distinct regulatory and legal obligations, licensing requirements,  
8 and insurance considerations. In executing the Monthly Payment Suppression Scheme, each  
9 Defendant performs different roles in the Enterprise, relying on a web of contractual and business  
10 relationships designed to execute the Monthly Payment Suppression Scheme.

11           287. **Connection to Interstate Commerce:** The Enterprise is engaged activities that affect  
12 interstate and foreign commerce. Defendants each participate in and operate the Enterprise from  
13 their respective headquarters in Texas and through their agents and representatives around the  
14 country. They conduct home sales and mortgage originations across multiple states and, as discussed  
15 below, rely on the interstate wires to further their goals.

16           288. **Relationship:** Each member of the Enterprise has a relationship to each other. DR  
17 Horton is the parent corporation of DHI Mortgage. They have agreed with one another to execute  
18 the Monthly Payment Suppression Scheme.

19           289. **Common Purpose:** Each member of the Enterprise associated together for the  
20 common purpose of selling as many homes as quickly as possible for the maximum profit, including  
21 selling homes to Homebuyers at higher prices than these buyers would otherwise be willing to pay  
22 if the True Estimate were used. Each member of the Enterprise has an interest in furthering the  
23 common purpose. DR Horton obtains more money for the sale of each home, and DHI Mortgage  
24 can command a higher price for the loan that it sells after origination. And because of the Monthly  
25 Payment Suppression Scheme, Defendants each increased their total profit on each closing by  
26 making the deal look better than it actually is, enticing Homebuyers to buy homes they would not  
27 otherwise buy. Each Defendant benefited financially from its scheme to defraud the Class, receiving  
28 monies which they would not have received but for the existence of the scheme.

1           290. **Longevity:** Beginning before the Class Period and continuing to this day, Defendants  
2 have engaged in the Monthly Payment Suppression Scheme as to thousands of Homebuyers. The  
3 names, locations, and dates of each Homebuyer's injuries are in the exclusive control of Defendants.  
4 Defendants, through the Enterprise, continue to expand and operate pursuant to agreements entered  
5 into between and amongst Defendants and other unnamed co-conspirators. The RICO Enterprise  
6 has functioned as a continuing unit.

7           **Each Defendant Conducts and/or Participates in the Affairs of the Enterprise**

8           291. Defendants each had the specific intent to participate in the overall RICO Enterprise  
9 and the scheme to defraud Plaintiff and the Class, and each participated and controlled in the  
10 enterprise as follows:

11           292. Defendant DR Horton directs, controls, and participates in the activities of the  
12 Enterprise in a variety of ways as set forth herein, including:

- 13           a) building the home, and listing the home for sale,  
14           b) running advertisements nationwide and locally, using the interstate wires, that  
15           promote both DR Horton and DHI Mortgage, including its mortgage lending  
16           business,  
17           c) employing and training the sales representatives that:  
18           i. communicate with potential buyers including Plaintiffs and Class Members,  
19           ii. promote to Class Members its relationship with DHI Mortgage, the benefit of  
20           one-stop shopping when purchasing a home, and both Defendants' ability to  
21           work within a budget,  
22           iii. solicit the monthly payment or PITI that the buyer can afford,  
23           iv. show homes to Class Members that it knows it will price at an amount that  
24           exceeds their budget, and  
25           v. offer the buyers incentives to use DHI Mortgage for their financing;  
26           d) Determining the inflated price on the home, with the knowledge that DHI  
27           Mortgage will structure an estimated monthly payment with suppressed amount  
28           of property taxes, to make the home appear more affordable to the Class Member;

- e) Facilitating the Class Member's relationship with DHI Mortgage, all while knowing that DHI Mortgage will structure an estimated monthly payment with suppressed amount of property taxes, enabling it to charge a higher amount for the home, by:
  - i. directing the Class Member to a specific DHI mortgage sales professional for financing, and
  - ii. communicating with DHI Mortgage regarding the Class Member's budget and pricing on its homes;
- f) Coordinating with DHI Mortgage on the determining the Suppressed and True Estimates for property taxes on the homes;
- g) Undertaking efforts to finalize the paperwork associated with the sale and closing; and
- h) Receiving the proceeds of the sale of the home at an inflated price via interstate wires.

293. Defendant DHI Mortgage directs, controls, and participates in the activities of the enterprise in a variety of ways as set forth herein, including but not limited to engaging in the following:

- a) Authorizing DR Horton to run advertisements on its behalf and promote the benefit of one stop shopping to Class Members;
- b) Communicating with Class Members about DHI Mortgage's lending options,
- c) Communicating with DR Horton regarding the price at which the home should be sold, the Class Members' budgets, and the Suppressed and True Estimates of associated property taxes to design a lending package that uses a higher home price to capture an outsized share of the Class Member's monthly payment in the form of principal and interest,
- d) Obtaining and review loan applications, including the expected monthly payment of the buyer,
- e) Completing the escrow calculation in coordination with DR Horton,

- f) Drafting, completing, transmitting each of the documents including the Closing Disclosures and collecting signatures from Class Members, utilizing suppressed monthly payment amounts,
- g) Undertaking efforts to finalize the paperwork associated with the sale and closing; and
- h) Receiving profits from the closing of Plaintiffs' and the Class Members' loan through inflated fees and through the sales of servicing rights for the loans through interstate wires.

**Defendants Committed Multiple Acts of Wire Fraud  
in Violation of 18 U.S.C. § 1343 in Furtherance of the Enterprise**

294. Defendants each conducted the Enterprise's affairs through "a pattern of racketeering activity" within the meaning of 18 U.S.C. § 1961(1) and (5). During the ten (10) years preceding the filing of this action and to the present, Defendant did cooperate jointly and severally in the commission of three (3) or more of the predicate acts that are itemized at 18 U.S.C. §§ 1961(1)(A) and (B), in violation of 18 U.S.C. 1962(d), as described in this Complaint. This pattern consists of numerous related acts of wire fraud (18 U.S.C. § 1343) committed in furtherance of the Monthly Payment Suppression Scheme.

295. The acts set out below ("Racketeering Acts") had the same pattern and purpose to defraud Plaintiffs and the Class for the benefit of Defendant. Each Racketeering Act involved the same or similar methods of commission and participants and affected the Class similarly. Without the repeated predicate acts, the ability to conduct their fraud using the interstate telecommunications wires, the Enterprise's goal of carrying out the Monthly Payment Suppression Scheme would not have succeeded. The separate Racketeering Acts all relate to each other in that they were part of concerted actions by Defendants to use the endorsement and channels of the enterprise to operate their business to fraudulently induce Plaintiffs and the Class to purchase DR Horton homes with DHI Mortgage originated loans at a cost that they would not have agreed to but for the scheme.

1           296. Defendants voluntarily and intentionally devised and participated in a scheme to  
2 defraud Plaintiff and the Class out of money, in reliance on interstate wires. Defendants committed  
3 these acts with the intent to defraud Plaintiff and the Class.

4           297. In engaging in the Monthly Payment Suppression Scheme, it was reasonably  
5 foreseeable that interstate wire communications would be used.

6           298. Each Defendant could not have furthered their fraud without the ability to use the  
7 telecommunications wires to share documents, information, and money with the other Defendant,  
8 co-conspirators, Homebuyers, and others.

9           299. The acts of wire fraud include, but are not limited to, each of the transmissions  
10 designed to induce Plaintiffs and the Class to enter the home sales and financing transactions with  
11 Defendants which do not conform with industry practices, borrower expectations, and/or legal  
12 requirements. As the Class, the acts of wire fraud follow the same format set forth in paragraphs 43  
13 to 85, and the precise dates, locations, and identities of each of Class Members associated with each  
14 act are known to Defendants and are in their exclusive control. The Plaintiffs all experience acts of  
15 wire fraud following the same format as the Class, and where readily known to Plaintiffs, the precise  
16 details of the various acts of wire fraud are set forth in paragraphs 99 to 124 (the Skougard Family),  
17 paragraphs 125 to 152 (the Hinds Family), paragraphs 153 to 181 (Ms. Robinson), paragraphs 182  
18 to 212 (the Santorii-Whitney Family), paragraphs 213 to 238 (the Steffner Family), and paragraphs  
19 239 to 264 (Mr. Radtke).

20           300. In addition, the acts of wire fraud include Defendants' receipt of funds from the sale  
21 of loans procured via the Monthly Payment Suppression Scheme. With respect to DR Horton, that  
22 includes funds received from DHI Mortgage shortly after each Plaintiffs closing, and shortly after  
23 the closings of Class Members, the dates of which are in the exclusive control of Defendants. With  
24 respect to DHI Mortgage, this includes funds received and retained from the loan proceeds shortly  
25 after shortly after each Plaintiffs closing, and shortly after the closings of Class Members, the dates  
26 of which are in the exclusive control of Defendants; as well as funds received from the sale and  
27 transfer of each loan's servicing and/or ownership, including funds received from new servicers  
28 and/or holders shortly after each Plaintiffs closing, and funds received from servicers and/or holders

1 shortly after the closings of Class Members, the identities and dates of which are in the exclusive  
2 control of Defendants.

3 **The Monthly Payment Suppression Scheme Proximately Caused**  
4 **Injuries to Plaintiffs and the Class**

5 301. Defendants’ RICO scheme, including its ongoing pattern of racketeering activity, was  
6 reasonably calculated to deceive Plaintiffs and Class Members, all of whom are of ordinary  
7 prudence and comprehension, through the execution of their complex and illegal scheme to  
8 misrepresent the true monthly payments for the home purchases and related loans. The scheme has  
9 injured and continues to injure Plaintiffs and the Class.

10 302. Plaintiffs and Class Members would not have purchased the homes or entered the  
11 loans on the terms presented but for the illegal racketeering scheme operated by Defendants.

12 303. Defendants’ wrongful conduct has caused injury to Plaintiffs and the Class, remains  
13 part of their ongoing business practices, and remains a continuing threat to Plaintiff, the Class and  
14 the general public.

15 304. Plaintiffs and the Classes suffered economic harm by reason of the said violation of  
16 18 U.S.C. § 1962(c), including but not limited to purchasing a home that they would not have  
17 purchased but for the fraudulent scheme, paying an inflated price for their home, diminished home  
18 value, lost opportunity to purchase alternative homes within their budgets, increased out of pocket  
19 monthly expenses in the form of a higher PITI, and other consequences, such as an increased risk  
20 of foreclosure and late fees, and otherwise depriving them of the benefit of the bargain. The amounts  
21 of these damages will be proven at trial.

22 305. By reason of the damages directly sustained by Plaintiffs and the Class from the  
23 injuries to their business and/or property, they are entitled to treble damages, equitable relief, as well  
24 as reasonable attorney’s fees and costs, pursuant to 18 U.S.C. § 1964(c).

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**COUNT II**

**Nevada Deceptive Trade Practices Act**  
**Nev. Rev. Stat. §§ 598.0903 through 598.0999; Nev. Rev. Stat. § 41.600**  
***(On Behalf of Plaintiffs The Skougard Family, the Santorii-Whitney Family, the Hind Family, and Ms. Robinson and the Nevada Sub-class)***

306. Plaintiffs re-allege paragraphs 1 through 280 as though fully set forth herein.

307. Plaintiffs bring this claim against Defendants under Nevada’s Deceptive Trade Practices Act (“DTPA”), Nev. Rev. Stat. §§ 598.0903 et seq. See, e.g., *Betsinger v. DR Horton, Inc.*, 126 Nev. 162, 166, 232 P.3d 433, 436 n.4 (2010) (DTPA regulates Defendants’ deceptive sale and financing of real property).

308. Defendants engaged in deceptive trade practices in violation of DTPA through the conduct described above, which led to consumers entering transactions they otherwise would not have if Defendants had not suppressed the true monthly housing cost, including through misleading oral representations, Loan Estimates, and Closing Disclosures. Plaintiffs would not have purchased the homes had they known that the monthly cost would be more expensive than advertised at closing, or at a minimum, would have paid less.

309. Defendants’ use of misleading Loan Estimates and Closing Disclosures to obscure the full and true price of its homes and the full monthly cost of the mortgage is likely to deceive consumers into purchasing the homes with DHI mortgages because the estimated monthly cost is material to the average, ordinary, and reasonable consumer. Defendants knew consumers would rely on the estimated payment. By using a partially escrowed property tax calculation in its monthly payment estimate, Defendants has demonstrated that this lower monthly payment is material to consumers. As a result of their deceptive acts and practices, Defendants have sold and financed thousands of homes. If Defendants had performed the escrow calculation truthfully and in a non-misleading fashion, Plaintiffs, and the Nevada Sub-class Members, would not have purchased the homes or would not have paid as much.

310. Defendants’ actions in failing to escrow the full property taxes, as described herein, constitute deceptive trade practices as defined by DTPA. Defendant’s actions are unfair and/or

1 deceptive because Defendant conduct led customers into believing their monthly payment or PITI  
2 would be significantly lower than it was.

3 311. This scheme is deceptive as defined by DTPA because Defendant has an unfair  
4 advantage over Plaintiffs and the Nevada Subclass as well, as they were not fully informed of the  
5 details of the transaction at the time they compared the monthly payment or PITI of an existing  
6 home with the DR Horton home.

7 312. Defendants' conduct violated the DTPA, including but not limited to by:

- 8 a) Knowingly making false representations about goods and services, in violation of  
9 Nev. Rev. Stat. § 598.0915(6);
- 10 b) Making false or misleading statements of fact concerning the price of goods or  
11 services, in violation of in violation of Nev. Rev. Stat. § 598.0915(13);
- 12 c) Knowingly making other false representations in a transaction, in violation of  
13 Nev. Rev. Stat. § 598.0915(15);
- 14 d) Engaging in "bait and switch" tactics in violation of Nev. Rev. Stat. § 598.0917;
- 15 e) Knowingly violating federal statutes and regulations, namely RESPA, 12 U.S.C.  
16 § 2609(c)(1)(A), 12 C.F.R. § 1024.17; TILA, 12 C.F.R. § 1026.38(c); and, as to  
17 the FHA subclass, FHA regulations, 24 C.F.R. § 203.23, FHA Handbook 4000.1  
18 at 361-62, 375, each in violation of Nev. Rev. Stat. § 598.0923(1)(c); and
- 19 f) Knowingly using an unconscionable act or practice in the transaction, by taking  
20 advantage of unequal knowledge, ability, and experience of consumers and/or  
21 obtaining a gross disparity between the value received and the consideration paid,  
22 in violation of Nev. Rev. Stat. § 598.0923(1)(e), (2)(b).

23 313. Solely as to the misrepresentation-based claims above, Plaintiffs and the Nevada  
24 Subclass members reasonably relied on Defendant's material misrepresentations, omissions, and  
25 deceptive policies and practices, and would not have purchased the homes from Defendants, or  
26 would not have paid as much for said homes, had they known the truth about Defendant's policies  
27 and practices.

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1 323. FDUTPA seeks to protect legitimate consumers, like Plaintiffs and Class Members,  
2 from those who engage in unfair methods of competition, or unconscionable, deceptive, and/or  
3 unfair acts or practices in the conduct of any trade or commerce.

4 324. Defendants violated FDUTPA in three distinct ways, each of which, standing alone,  
5 is a violation of FDUTPA: (i) Defendants engaged in per se violations of rules intended to protect  
6 consumers; (ii) Defendants engaged in deceptive acts or practices; and/or (iii) Defendants engaged  
7 in unfair acts or practices, committed an unfair, immoral, and unethical practice that is substantially  
8 injurious to consumers.

9 **Per Se FDUTPA Violations**

10 325. A defendant per se violates FDUTPA in one of two ways: (1) if the law, statute, rule,  
11 regulation, or ordinance ‘expressly constitutes a violation of FDUTPA’ or (2) if the law, statute, rule,  
12 regulation, or ordinance ‘proscribes unconscionable, deceptive, or unfair acts or practices and  
13 therefore operates as an implied FDUTPA predicate.’” *Steven Michael Cox v. Porsche Fin. Services,*  
14 *Inc.*, 16-23409-CIV, 2020 WL 837167 (S.D. Fla. Feb. 19, 2020); see § 501.203(c), Florida Statutes.

15 326. FHA Mortgagees (i.e., the original lender, and later the Holders and Servicers of the  
16 loans) are required to escrow “all” property taxes, as well as insurance and other required payments,  
17 and to ensure that these are escrowed appropriately pursuant to RESPA. 24 C.F.R. § 203.23. *See*  
18 *also* FHA Handbook 4000.1 at 361-62, 375.

19 327. This provision is intended to ensure that Homebuyers are made aware of the monthly  
20 payment associated with the loan, that the loan is affordable, and that borrowers have the ability to  
21 repay the loan. The provision thus proscribes the unfair or deceptive acts of suppressing the true  
22 cost of the home purchase and loan from borrowers and/or misrepresenting the true costs of the  
23 transaction, causing payment shock for Homebuyers.

24 328. RESPA requires that, at the time of origination, the borrower must be provided “a  
25 statement clearly itemizing the estimated taxes . . . that are reasonably anticipated to be paid from  
26 the escrow account during the first 12 months after the establishment of the account . . . .” 12 U.S.C.  
27 § 2609(c)(1)(A); see also 12 C.F.R. § 1024.17.

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1           329. The Truth in Lending Act (“TILA”) requires that the Closing Disclosure must  
2 accurately disclose projected payments, including accurately estimated escrow payments. 12 C.F.R.  
3 § 1026.38(c).

4           330. Neither RESPA nor TILA permit the inclusion of a portion, but not all, of the estimated  
5 property taxes in the escrow account.

6           331. These provisions are intended to ensure that borrowers are made meaningfully aware  
7 of all the monthly payment associated with the loan to assist them in making informed decisions  
8 about whether to enter the transaction. The provision thus proscribes the unfair or deceptive acts of  
9 suppressing the true cost of the home purchase and loan from borrowers and/or misrepresenting the  
10 true costs of the transaction, causing payment shock for Homebuyers.

11           332. Defendants violated the letter and intent of these provisions by only including a small  
12 portion of the property taxes in the escrow account and thus artificially suppressing the monthly  
13 payments, thereby inducing borrowers into the transactions.

14           333. By violating FHA, RESPA, and/or TILA, Defendants engaged in a per se violation of  
15 FDUTPA.

16           334. Defendants knowingly and willingly committed these unfair and/or deceptive acts and  
17 practices for their own profit and for the profit of their shareholders.

18           335. The unfair and/or deceptive acts or practices took place in Florida because Defendants  
19 operate in this Florida and because the underlying home sales were for homes in Florida.

20           336. Defendants’ unfair and/or deceptive conduct occurred, and continues to occur, in the  
21 course of Defendants’ business.

22           337. Defendants’ actions were the direct, foreseeable, and proximate cause of the damages  
23 that Plaintiffs and the Florida Sub-class members have sustained.

24           338. As a direct and proximate result of Defendants’ misconduct and violations of the  
25 FDUTPA, Plaintiffs and the Florida Sub-class were injured and suffered actual damages, including  
26 but not limited to paying an inflated price for their home, diminished home value, lost opportunity  
27 to purchase alternative homes within their budgets, increased out of pocket monthly expenses in the  
28 form of a higher monthly payment, to be proven at trial, as a result of Defendants’ scheme.



1           344. This scheme is unfair because it gives Defendants a disproportionate advantage over  
2 other competitors in the industry that do not employ the same illegal practices. Additionally,  
3 Defendants have an unfair advantage over Plaintiffs and the Florida Sub-class as well, as they were  
4 not fully informed of the details of the transaction at the time they compared the monthly payment  
5 or PITI of an existing home with the DR Horton home.

6           345. Although not required by Florida law, Plaintiffs and the Florida Subclass members  
7 reasonably relied on Defendants’ material misrepresentations, omissions, and deceptive policies and  
8 practices, and would not have paid as much for said homes, had they known the truth about  
9 Defendants’ policies and practices. *See Bechor v. Simcenter, Inc.*, 394 So. 3d 666, 669 (Fla. 3rd DCA  
10 2024) (“[U]nlike fraud, a party asserting a deceptive trade practice claim need not show actual  
11 reliance on the representation or omission at issue.”).

12           346. Defendants knowingly and willingly committed these unfair and/or deceptive acts and  
13 practices for their own profit and for the profit of their shareholders.

14           347. The unfair and/or deceptive acts or practices took place in Florida because Defendants  
15 operate in Florida and because the underlying home sales were for homes in Florida.

16           348. Defendants’ unfair and/or deceptive conduct occurred, and continues to occur, in the  
17 course of Defendants’ businesses.

18           349. As a direct and proximate result of Defendants’ misconduct and violations of the  
19 FDUTPA, Plaintiffs and the Florida Sub-class were injured and suffered actual damages, including  
20 but not limited to paying an inflated price for their home, diminished home value, lost opportunity  
21 to purchase alternative homes within their budgets, increased out of pocket monthly expenses in the  
22 form of a higher monthly payment, to be proven at trial, as a result of Defendants’ scheme.

23           350. Plaintiffs and the Florida Sub-class members seek actual damages, equitable relief, an  
24 injunction to halt Defendants’ unlawful practices, and reasonable attorneys’ fees from Defendants.  
25 Fla. Stat. Ann. § 501.211.

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**COUNT IV**

**Negligence  
(On behalf of Plaintiffs and the Class)**

351. Plaintiffs re-allege paragraphs 1 through 280 as though fully set forth herein.

352. Defendants owed a duty of care to Plaintiffs and Class members in Defendants’ marketing and sales of homes; and in Defendants’ marketing, sales, and origination of home loans.

353. Defendants breached this duty by failing to accurately calculate the PITI payment, by failing include all taxes in the escrow analysis; and by thereby failing to disclose an accurate payment to borrowers.

354. Plaintiffs and the Class were damaged by this breach, including but not limited to paying an inflated price for their home, diminished home value, lost opportunity to purchase alternative homes within their budgets, increased out of pocket monthly expenses in the form of a higher monthly payment, to be proven at trial, as a proximate result of Defendants’ breach.

355. Plaintiffs’ and the Class’s damages were proximately caused by Defendants’ conduct, as described above.

356. The date of Plaintiffs injury for purposes of calculating the statute of limitations runs from the date the Plaintiffs and Class Members’ monthly payments increased.

357. Plaintiffs are thus entitled to actual damages and all other appropriate relief.

**COUNT IV**

**Negligence Per Se  
(On behalf of Plaintiffs and the Class)**

358. Plaintiffs re-allege paragraphs 1 through 280 as though fully set forth herein.

359. RESPA requires that, at the time of origination, the borrower must be provided “a statement clearly itemizing the estimated taxes . . . that are reasonably anticipated to be paid from the escrow account during the first 12 months after the establishment of the account . . . .” 12 U.S.C. § 2609(c)(1)(A); see also 12 C.F.R. § 1024.17.

1           360. The Truth in Lending Act (“TILA”) requires that the Closing Disclosure must  
2 accurately disclose projected payments, including accurately estimated escrow payments. 12 C.F.R.  
3 § 1026.38(c).

4           361. Neither RESPA nor TILA permit the inclusion of a portion, but not all, of the estimated  
5 property taxes in the escrow account.

6           362. These provisions are intended to ensure that borrowers are made meaningfully aware  
7 of all the monthly payment associated with the loan to assist them in making informed decisions  
8 about whether to enter the transaction. The provision thus proscribes the unfair or deceptive acts of  
9 suppressing the true cost of the home purchase and loan from borrowers and/or misrepresenting the  
10 true costs of the transaction, causing payment shock for Homebuyers.

11           363. As described above, including in paragraphs 36–40 and 95-98, Defendants violated  
12 the letter and intent of these provisions by only including a small portion of the property taxes in  
13 the escrow account and thus artificially suppressing the monthly payments, thereby inducing  
14 borrowers into the transactions.

15           364. Further, as to the FHA Subclass, FHA Mortgagees (i.e., the original lender, and later  
16 the Holders and Servicers of the loans) are required to escrow “all” property taxes, as well as  
17 insurance and other required payments, and to ensure that these are escrowed appropriately pursuant  
18 to RESPA. 24 C.F.R. § 203.23. See also FHA Handbook 4000.1 at 361-62, 375.

19           365. The FHA regulations and guidelines are intended to ensure that FHA Homebuyers are  
20 made aware of the monthly payment associated with the loan, that the loan is affordable, and that  
21 borrowers have the ability to repay the loan. The provision thus proscribes the unfair or deceptive  
22 acts of suppressing the true cost of the home purchase and loan from borrowers and/or  
23 misrepresenting the true costs of the transaction, causing payment shock for Homebuyers.

24           366. As described above, including in paragraphs 36–40 and 95-98, Defendants violated  
25 the letter and intent of the FHA regulations and guidelines by only failing to escrow all property  
26 taxes, and instead only including a small portion of the property taxes in the escrow account and  
27 thus artificially suppressing the monthly payment, thereby inducing borrowers into the transactions.  
28



1 378. Defendants had knowledge of the benefits conferred on them.

2 379. Defendants voluntarily accepted and retained these benefits.

3 380. The circumstances, as alleged herein, including that Defendants suppressed the true  
4 monthly payment from Plaintiffs and the Class and led Plaintiffs to believe that the monthly  
5 payments would be substantially lower, leading ultimately to payment shock for Plaintiffs and the  
6 Class, make it inequitable for Defendants to retain the benefits of their scheme.

7 381. Plaintiffs thus request that the Court order that Defendants disgorge all amounts by  
8 which they were unjustly enriched.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor  
11 and in favor of the Class, and against Defendants for:

- 12 a) an order certifying this case to proceed as a class action, designating Plaintiffs as
- 13 the Class representative, and designating the undersigned attorneys as Class
- 14 Counsel;
- 15 b) actual damages and interest;
- 16 c) treble damages and interest;
- 17 d) a declaration that Defendants’ conduct is unlawful as set forth herein;
- 18 e) injunctive relief requiring Defendants to cease all such unlawful conduct;
- 19 f) equitable relief including but not limited to disgorgement of Defendants’ profits;
- 20 g) attorney’s fees and costs; and
- 21 h) such further relief as this Court may deem appropriate.

22 **JURY DEMAND**

23 Plaintiffs hereby demand a trial by jury on all issues so triable.

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Dated: March 6, 2026

Respectfully Submitted,

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