

**REAL ESTATE  
EDUCATIONAL  
SERVICES**

**FAIR HOUSING**

*REES*

**REAL ESTATE  
EDUCATIONAL  
SERVICES**

Category of Offering: *Fair Housing*

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## FAIR HOUSING

### Information Sheet & Student Instructions

#### IMPORTANT — READ CAREFULLY BEFORE PROCEEDING

*This course is approved for 3 hours Continuing Education credit by the California Department of Real Estate, DRE Sponsor #0217. However, this approval does not constitute an endorsement of the views or opinions, which are expressed, by the course sponsor, instructor, authors or lecturers.*

#### I. COURSE OBJECTIVE

The objective of our course "Fair Housing" is to inform and explain to the student the various laws, regulations, and basic principles that must govern the attitudes and actions of a real estate licensee when dealing with the public. By understanding the required attitudes and actions, the licensee will be better able to serve clients, customers, and the public in general.

#### II. GENERAL INSTRUCTIONS

**A.** This is a traditional correspondence course. This course is based on the textbook titled "*Fair Housing*" published by Real Estate Educational Services.

#### **B.** HOW TO PROCEED

1. Read and become familiar with the textbook, *Fair Housing*. Note, in your reading, the various state and federal laws that form the basis of fair housing practices, as well as the steps taken by the real estate industry, to assure all persons equal to real property.
2. Final Examination
  - a. You must wait 24 hours from your original enrollment date before you can begin taking your final exams. No more than 15 hours of continuing education credit can be earned in any 24 hour period.
  - b. The final examination can be taken online or at our corporate office in Anaheim, Monday – Friday, 8:30am – 2:00pm.
  - c. You will have a maximum of 15 minutes to complete 15 multiple-choice questions. The test is open book. A score of 70% (11 questions) or better is passing and entitles you to a certificate of completion.
  - d. If you test online your exam will be graded immediately and you will know your score. Once all of your courses are completed, you can print out your Certificate of

Completion, with the approval/certificate numbers, and renew your license by visiting the Department of Real Estate's website.

- e. If you do not pass the final exam, you may take an alternate final exam within your 1-year enrollment at no additional charge.

**NOTE:** You have one year from your original date of purchase to complete the course.

### **III. REFUND POLICY**

A student submitting a written request for a refund within 10 days of purchase and returning all materials unused will receive a full refund less a \$10 processing fee. If the materials have been used, an additional amount will be retained by the school. No refund will be issued once the final exam has been requested.

### **IV. CERTIFICATION**

Completion of this course, as approved by the California Department of Real Estate, provides credit for 3 hours of Continuing Education for renewal of a California Real Estate license. (Business & Professions Code 10170.5(a)(2))

### **V. EVALUATION**

We invite your suggestions for ways we can improve our courses. Course feedback can be emailed to [info@retrainers.com](mailto:info@retrainers.com). A course evaluation form is also available at the Department of Real Estate's website, [www.dre.ca.gov](http://www.dre.ca.gov).

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# FAIR HOUSING

*Keith W. Tellinghuisen*

## REAL ESTATE EDUCATIONAL SERVICES

*ANAHEIM, CALIFORNIA 92806*

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# Fair Housing

Both Federal and state laws place a high degree of responsibility on real estate brokers and salespersons to be certain that all persons have equal access to housing opportunities regardless of the person's race, color, religion, sex, marital status, national origin, or physical disability. There are a number of laws and regulations which attempt to further the objective of fair housing opportunities. This course will examine:

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# Chapter 1

## The Federal Fair Housing Act

Title VIII of the Civil Rights Act of 1968 is more commonly known as the Federal Fair Housing Act. Its stated purpose is to provide fair housing throughout the United States, within Constitutional limitations. This of course does not mean that the federal government intends to provide housing for all citizens. Instead, its intent is to prohibit discrimination in housing-related transactions, whether sale, rental, lease or financing.

### Protected Classes

Under the Federal Fair Housing Act, it is illegal to discriminate against anyone on the basis of that person's:

- race
- color
- religion
- sex
- handicap
- familial status, or
- national origin.

The essence of the law is that anyone who is financially able should be able to purchase, rent or finance real property under the same terms and conditions as anyone else. A person's race, religion, sex, physical handicap, familial status or national origin should not cause any difficulty in obtaining housing.

### Prohibited Acts

The Federal Fair Housing Act prohibits the following acts:

- (1) Upon receipt of a bona fide offer, it is illegal to refuse to sell or rent on the basis of the status of the person making the offer;
- (2) Discriminatory terms relating to a sale or rental;
- (3) Preferential advertising or statements;
- (4) False representations as to availability;
- (5) Blockbusting;
- (6) Discrimination in financing.

Naturally, examples of these prohibitions might prove helpful.

### Refusal to Sell or Rent

This prohibition is perhaps the most obvious of all. A property owner who receives a genuine offer from a qualified buyer or tenant cannot refuse to sell or rent the property based on the racial or other status of the buyer (or prospective tenant).

*Mr. Adams owns a single-family residence and has listed the property for sale with Ms. Jones, a real estate broker. Ms. Jones brings an offer that meets the terms of the listing contract. The buyer is of a different race than the seller and is financially qualified. Mr. Adams rejects the offer based on the race of the buyer.*

In this example, it is obvious that Mr. Adams has violated the Federal Fair Housing Act. As will be discussed later, the buyer would have the right to file a complaint or file a lawsuit against Mr. Adams. It is important for real estate licensees to know that Ms. Jones has obligations under the law as well, and may in fact be sued by the buyer for violating this same law. Ms. Jones has the legal obligation to inform the seller that he is in violation of the Federal Fair Housing Act and to inform the buyer that he or she has been discriminated against and to tell the buyer what rights he or she has under the law. If Ms. Jones does not take these actions, she is just as liable as Mr. Adams for the discriminatory act. (Under California real estate law, Ms. Jones would also have the right to sue for her commission, but that would be her decision.)

### **Discriminatory Terms**

Owners cannot have discriminatory terms regarding the sale or rental of a dwelling.

*Ms. Taylor owns a ten-unit apartment complex. She advertises each apartment for \$700 rent per month. If a Caucasian applicant applies to rent a unit, she lowers the rent to \$600 per month. Non-Caucasians may rent units, but they have to pay the full \$700 monthly rental.*

The fact that Ms. Taylor is willing to rent to non-Caucasians is not sufficient. She must do so on the same terms and conditions as she would for Caucasians. Similarly, a seller who charges a higher price to non-Caucasians than to Caucasians would be in violation of this act.

### **Preferential Advertising or Statements**

Owners of dwellings cannot run any advertisements or make any statements which would discourage a prospective buyer or tenant based on that person's racial or other status.

*Mr. Smith builds a new apartment complex. As a marketing strategy, he decides to make the units available only to single tenants. He runs an advertisement that includes the phrase "singles only."*

This advertisement would discriminate on the basis of the marital status of the prospective tenants. The advertisement itself is a violation of the law. If Mr. Smith actually rents the units only to single persons that would be another violation of the law.

### **False Statements as to Availability**

Perhaps the most common violation of the Federal Fair Housing Act is the making of false or misleading statements or actions relative to the availability of properties. Of course the easy

example of a violation of this provision is someone who tells a minority prospect that a property is already sold or rented when that is not the case. This would be a clear violation of federal law.

Another practice that has much the same effect is what is called "steering," or "channeling." Steering is where a real estate licensee shows properties to minority persons only in areas that are already integrated, or in areas that are predominantly populated by minorities. In essence, the licensee tries to keep the minority prospect out of whites-only neighborhoods. Steering is often done on such a subtle basis that the client never knows that it has occurred.

*Mr. Taylor is a licensed real estate salesperson. Mr. and Mrs. Simpson, a black couple, ask Mr. Taylor to help them find a home to purchase. Mr. Taylor helps the Simpsons analyze their resources and income, runs a credit check and finds that the Simpsons could qualify to purchase a home for up to \$175,000. Mr. Taylor shows homes in this price range to the Simpsons. The homes are located only in areas which are already integrated. There are other homes in the community which are in their price range which are in predominantly white neighborhoods. Since the Simpsons did not specifically request to see those homes, Mr. Taylor feels justified in not showing those homes.*

The basic rule is that real estate salespeople should show the same homes to minority prospects as they would to Caucasian prospects. In all probability, had the Simpsons been white, Taylor would have shown them homes in the white neighborhoods. Taylor is therefore guilty of steering the Simpsons toward the integrated neighborhoods. The fact that the Simpsons made no mention of those homes is irrelevant. Taylor should have shown the Simpsons the same homes he would have shown anyone else.

### **Blockbusting**

"Blockbusting" is an illegal practice which is also called "panic peddling," or "panic selling." It is where people are encouraged to sell their property because the ethnic characteristics of the neighborhood are changing, often with the threat or implication that property values will fall and crime will increase.

*Mr. Baker is a new real estate salesperson. After struggling to obtain listings, he finds success by reminding people that a minority couple has moved into the neighborhood. He says "You know what that means for the value of your property in a few years."*

Notice that salespeople do not have to make outright statements that integration will hurt property values. The exploitation of existing prejudices can also constitute blockbusting.

### **Discrimination in Financing**

The Federal Fair Housing Act also prohibits discrimination by lenders. This prohibition would cover both discriminatory lending terms (such as a higher down payment requirement for minority buyers) and "redlining." Redlining is a practice whereby lenders refuse to loan money on properties in certain neighborhoods. These neighborhoods are usually predominantly populated by minority owners.

*Acme Home Loans receives a loan application from a black homeowner who lives in a predominantly black neighborhood. Acme instructs its staff appraiser to place great emphasis*



*on two foreclosures which occurred eleven months ago. There have been five or six purchase transactions that have closed escrow in the neighborhood in the past several months. These purchases were at significantly higher values than the two foreclosures.*

This lender is attempting to distort the appraised value of the property in order to avoid making the loan to the black owner. This would be a form of redlining.

## **Applicability**

The Federal Fair Housing, in its initial phase, applied only to the following dwellings:

- dwellings owned or operated by the federal government;
- dwellings financed by the federal government;
- dwellings financed by loans which are insured or guaranteed by the federal government (such as FHA loans);
- dwellings developed or redeveloped by a state or local government or agency which received federal financial assistance;
- dwellings intended for occupancy by five or more families.

It should be noted that the term "dwelling" is defined as follows:

*...any building, structure or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one or more families, and any vacant land which is offered for sale or lease for the construction or location thereon of any such building, structure, or portion thereof.*

Notice that this definition would include any vacant lot on which a residence will be built.

After the initial phase, which ended December 31, 1968, the Federal Fair Housing law applies to all dwellings except those which are specifically exempt. In general, the sale or rental of a single family residential property would not be subject to this law unless:

- the owner owns more than three such properties; or
- in the case of a sale, the owner sells more than one such property within any twenty-four month period; or
- the owner uses the services of a licensed real estate broker or salesperson (or someone else who is "in the business" of selling or renting dwellings).

A one-to-four family residential property would be exempt from this law if the owner occupies one of the units as his or her personal residence.

One final exemption should be noted. Private clubs or religious organizations which own properties which they operate for other than commercial purposes may give preference to members of their club or religion.

## **Enforcement**

Persons who have been discriminated against may file a complaint with the Secretary of the Department of Housing and Urban Development (HUD), who may choose to resolve the

complaint with informal methods of conference, conciliation, and persuasion. Nothing in this part of the process can be made public or used in other proceedings without the person's written consent. Complaints must be filed within one year after the alleged violation occurred.

If state or local governments provide substantially similar complaint resolution procedures, the Secretary will refer the complaint to such agencies and take no further action unless he believes that the state or local agency did not adequately protect the rights of the parties or if he believes that further action is required in the interest of justice.

If within 30 days, the Secretary takes no action regarding a complaint or is unable to obtain voluntary compliance, the aggrieved person may file a lawsuit in federal district court. (If state or local laws provide an equal judicial remedy, they would have jurisdiction.) In any court action, the burden of proof is on the complainant. Once the lawsuit comes to trial, the Secretary will cease any action to obtain voluntary compliance. The plaintiff may seek either an injunction ordering compliance or actual damages plus punitive damages of up to \$1,000.

When the Secretary of HUD receives a complaint, the Secretary may choose to investigate the complaint. In such investigations, the Secretary has the power to issue subpoenas to compel a person's appearance and testimony at a hearing, and to compel the submission of relevant books and records. Those who fail to appear, or who make deliberately false statements or alter or destroy evidence may be subject to a fine of up to \$1,000 and imprisonment for up to one year.

While the Federal Fair Housing Act is ordinarily enforced by private persons who file a complaint or a lawsuit, the U. S. Attorney General may bring civil action without any specific plaintiff's request if there is reasonable cause to believe that a person or group is engaged in a pattern of practice of resistance to this Act.

## Chapter 1 Practice Questions

1.) More commonly referred to as the Federal \_\_\_\_\_ Act, is the Title VIII of the Civil Rights Act of 1968.

- A. Finance Discrimination
- B. Fair Employment
- C. Civil Rights
- D. Fair Housing

2.) It is \_\_\_\_\_ to discriminate against anyone under the Federal Fair Housing Act.

- A. Typical
- B. Legal
- C. Recommended
- D. Illegal

3.) In areas that are predominantly populated by minorities, is “\_\_\_\_\_”; where a real estate licensee shows properties to minority persons only in areas that are already integrated.

- A. “Blockbusting”
- B. “Commingling
- C. “Redlining”
- D. “Steering”

4.) \_\_\_\_\_ apply to the Federal Fair Housing, in its initial phase, financed by loans which are insured or guaranteed by the federal government (such as FHA loans).

- A. Businesses
- B. Organizations
- C. States
- D. Dwellings

5.) Complaints must be filed within \_\_\_\_\_ year(s) after the alleged violation occurred.

- A. Three
- B. Five
- C. One
- D. Two

1. ANSWER: D. – Fair Housing

2. ANSWER: D. – Illegal

3. ANSWER: D. – “Steering”

4. ANSWER: D. – Dwellings

5. ANSWER: C. – One

## Chapter 2

### The Civil Rights Act of 1866

The first civil rights law in the United States (apart from the adoption of the Constitution and the Bill of Rights) was the Civil Rights Law of 1866. Passed after the end of the Civil War, it says in part:

*All citizens of the United States shall have the same right in every state and territory, as is enjoyed by white citizens thereof, to inherit, purchase, lease, sell, hold and convey real and personal property.*

Unlike many of the other anti-discrimination laws which will be covered, this law specifically includes the right to buy or sell personal property, as well as real property.

This law became central to one of the major court cases affecting fair housing practices in the United States: *Jones vs. Mayer*. Mayer was a real estate broker in Chicago. Jones was an African-American who wanted to purchase a home. Mayer engaged in a practice called "steering." He showed Jones homes only in neighborhoods which were predominantly populated by blacks. Mayer drove circuitous routes to take Jones to see these homes, making sure that he never drove through any white neighborhoods on the way to see the homes in the black neighborhoods. Jones felt that he had not been given the same opportunity to purchase a home that would have been given to a white client, so he sued on the grounds of racial discrimination. The case went all the way to the United States Supreme Court, which in 1968 declared discrimination in housing to be unconstitutional. It did so at least partly on the basis of the Civil Rights Act of 1866, which says that everyone has equal rights to purchase property.

Other court cases have relied upon the Civil Rights Act of 1866, including one where the court ruled that opposition to low-income housing, when done for racially-motivated reasons, is unconstitutional.

## Section 1

### The Americans With Disabilities Act

In 1990, Congress passed the Americans With Disabilities Act which prohibits discrimination on the basis of disability by private entities in places of public accommodation. It also requires that all new places of public accommodation and commercial facilities be designed and constructed so as to be readily accessible and usable by persons with disabilities. The intent is that persons with disabilities should have the same access to goods and services as those who are not disabled.

The Constitutional authority to pass this legislation is taken from the Commerce Clause of the Constitution, which grants Congress broad authority to regulate interstate commerce. Accordingly, it is important to define the term **commerce**. This term means travel, trade, traffic, or communication among the various states, or between states or territories and foreign countries, or between parts of the same state, but through another state. The Act

specifically references the definition of commerce used in the Civil Rights Act of 1964, so that the Americans With Disabilities Act would apply to the same entities as are subject to the Civil Rights Act of 1964.

With respect to an individual, a **disability** means:

- A physical or mental impairment that substantially limits one or more of the major life activities of such individual; (This could include blindness, inability to walk, deafness, and specifically HIV infection.)
- A person who has a record of such a disability, (which was included to prevent discrimination based on a past disability);
- A person who is regarded as having such an impairment, such as one who has burn scars.

**Places of public accommodation** include:

- places of lodging;
- establishments serving food or drink;
- places of exhibition or entertainment;
- places of public gathering;
- sales or rental establishments;
- stations used for specified public transportation;
- service establishments;
- places of public display or collection;
- places of recreation;
- places of education;
- social service center establishments; and
- places of exercise or recreation.

## **General Prohibitions**

The primary aspect of the Americans With Disabilities Act is that discrimination is prohibited on the basis of disability in the full and equal enjoyment of goods, services, facilities, privileges, advantages and accommodations of any place of public accommodation. The disabled must have the equal right to participate, even if they cannot receive the full benefit of participation. For instance, a person in a wheelchair should have the right to participate in an exercise class even though that person would not benefit as much as a person who is not disabled. This prohibition applies to anyone who owns, leases (or leases to), or operates a place of public accommodation.

The Americans With Disabilities Act specifically addresses the following matters:

- It is prohibited to deny a person with a disability the right to participate in or benefit from the goods, services, facilities, privileges, advantages, or accommodations of a public accommodation. This specifically prohibits the denial on the basis of insurance company policies.
- Services or accommodations that are not equal to those provided to others are prohibited, such as limiting the disabled to just certain performances at a theater.

- Services must be provided on as integrated a basis as possible. Separate, special or different programs that are designed to provide a benefit to persons with disabilities cannot be used to restrict the participation of persons with disabilities in general, integrated activities. Modified participation for persons with disabilities must be a choice, not a requirement.
- An individual or entity shall not, directly or through contractual or other arrangements, utilize standards or criteria or methods of administration that have the effect of discriminating on the basis of disability.
- Persons shall not be discriminated against because of their association with persons with disabilities.
- Retaliation against anyone who exercises their rights under the Act is prohibited.
- Persons who use illegal drugs are not covered by the Act, but alcoholics are considered to be persons with a disability. An addiction to illegal drugs is a disability, but the person is only protected when they are not using illegal drugs.
- A public accommodation shall maintain in operable condition those features of facilities and equipment that are required to be readily accessible to and usable by persons with disabilities.
- A person with a disability cannot be denied insurance or be subject to different terms or conditions of insurance based on disability alone, if the disability does not pose increased risks.
- There is a general prohibition against the imposition or application of eligibility criteria that screen out or tend to screen out an individual with a disability or a class of individuals with disabilities from fully and equally enjoying any goods, services, facilities, privileges, advantages, and accommodations unless such criteria are necessary to provide such goods, services, accommodations, etc. Examples of this would include prohibiting deaf people from playing golf, or people with cerebral palsy from attending a movie theater, or requiring people with Down's Syndrome to sit in only specified areas of a restaurant.
- Public accommodations cannot unnecessarily identify the existence of a disability, such as a question on a credit application that asks if the person has epilepsy.
- It is prohibited to impose unnecessary requirements or burdens on individuals with disabilities that are not placed on others, such as a requirement that a disabled person be accompanied by an attendant. (Public accommodations, however, are not required to provide services of a personal nature such as toileting, eating, or dressing.)
- Public accommodations may not place a surcharge on an individual with a disability (or any such group) to cover the costs of such measures as the provision of auxiliary aids and services, barrier removal, alternatives to barrier removal, and reasonable modifications in policies, practices, and procedures that are required to provide that individual or group with the nondiscriminatory treatment required by the Act. Fully-refundable deposits are permissible for auxiliary aids.

- Criteria needed for safety reasons, such as minimum height requirements for amusement park rides, are permissible as long as they are based on actual risks and not on speculation, stereotypes, or generalizations about individuals with disabilities.
- Public accommodations must take such steps as are necessary to ensure that no individual with a disability is excluded, denied services, segregated or otherwise treated differently than other individuals because of the absence of auxiliary aids and services unless that would fundamentally alter the product or service or impose an undue burden.

## Required Modifications

The Americans With Disabilities Act requires businesses and others who are subject to the Act to make whatever reasonable modifications in their policies, practices and procedures as are necessary to provide equal access to disabled persons. The only exception to this requirement is if the modification would fundamentally change the nature of the goods, services, facilities, advantages or accommodations.

Examples of such modifications to policies, practices and procedures would include:

- Allowing large vans for the handicapped in parking structures, if clearance permits;
- Department stores should allow more than one person in a dressing room in cases of mental retardation;
- Hotels should keep handicapped rooms available for those who need them, when reservations have been made;
- Stores should have check out aisles available for wheelchairs;
- Banks should make sure that at least one walkup Automated Teller Machine (ATM) is available for wheelchairs;
- Drug treatment centers could not refuse treatment just because the person is HIV-positive;
- Hotels should allow guide-dogs, and other "service animals."

Public accommodations are required to remove architectural and communications barriers, where such removal is readily achievable. Priority is given to physical access to the facility and the goods or services provided.

- Where removal of barriers is impossible, alternatives may be used, such as having clerks get the merchandise for the customer, or the use of curbside service or home delivery. No extra charge can be imposed for these services.
- Facilities with seating in assembly areas, such as movie theaters, should make it possible for handicapped persons to sit with their families.



## **Section 2**

### **The Unruh Civil Rights Act**

The Unruh Civil Rights Act declares: "All persons within the jurisdiction of this State are free and equal, and no matter what their sex, race, color, ancestry, or national origin are entitled to the full and equal accommodations, advantages, facilities, privileges, or services in all business establishments of every kind whatsoever..."

Notice that the main thrust of the Unruh Civil Rights Act is to prohibit discrimination by businesses. This would include businesses of all types in the State of California. The validity of the act has been tested and applies to real estate activities. Thus, real estate brokers who unlawfully deny full and equal accommodations, advantages, facilities, privileges and services of their business establishment on grounds of race or color are in violation of the act. Its intent is to give all persons full and equal accommodations, advantages, facilities, privileges, or services in all business establishments of every kind whatsoever.

#### **Exemption**

The Unruh Civil Rights Act has been held to apply to age discrimination in apartment rental and condominium properties because they are considered to be businesses subject to this act.

In 1984 the Legislature enacted Civil Code Section 51.2 to clarify the holdings of the California Supreme Court cases dealing with the scope of the applicability of the Unruh Civil Rights Act. In the same bill it enacted Civil Code Section 51.3 to establish and preserve specially designed accessible housing for senior citizens.

Section 51.2 says that: "Section 51 shall be construed to prohibit a business establishment from discriminating in the sale or rental of housing based upon age. Where accommodations are designed to meet the physical and social needs of senior citizens, a business establishment may establish and preserve such housing for senior citizens, pursuant to Section 51.3 of the Civil Code."

Section 51.3 defines the senior citizen accommodations referred to in Section 51.2 as/for:

1. Senior citizens are persons 62 years or older or one 55 years or older in a senior citizen housing development.
2. The definition of a senior citizen housing development varies, depending upon its location. If it is in a standard metropolitan statistical area (SMSA), it must consist of 150 or more units. If it is not in a SMSA, then it must consist of 35 or more units. In either case, the project must be developed for or substantially renovated for senior citizens. The law does not apply to mobilehome developments.

The law contains several conditions required for senior citizen housing developments. The restrictions limit occupancy to senior citizen residents and a younger spouse or cohabitant or,

as an alternative to a spouse, any person who provides primary physical or financial support to the senior citizen. In either case the lower age limit is 45 years.

The restrictions must allow for temporary residency of any person for not less than 60 days per calendar year, and if the senior citizen dies, is absent for a prolonged period, or there is a dissolution of marriage, the remaining permanent resident is entitled to continue in residence.

The project must have been developed for and initially put to use as senior citizen housing or must have been substantially renovated and immediately put to use as senior citizen housing.

The existing age restrictions or policies were enforceable until December, 1986, after which they were enforceable only to the extent authorized by Section 51.3. Any person who had a right to reside in housing subject to this section on January 1, 1985 is allowed to continue in residence.

## **Penalties**

Anyone who violates the Unruh Civil Rights Act is liable for:

- actual damages for each offense;
- punitive damages up to three times the actual damages, but not less than \$1,000; and
- such attorney's fees as may be determined by the court.

## Chapter 2 Practice Questions

1.) The Civil Rights Act of 1866, which says that everyone has equal rights to purchase \_\_\_\_\_.

- A. Neighborhoods
- B. Homes
- C. Businesses
- D. Property

2.) A \_\_\_\_\_ means a physical or mental impairment that substantially limits one or more of the major life activities of such individual; (This could include blindness, inability to walk, deafness, and specifically HIV infection.)

- A. Commerce
- B. Disability
- C. Privilege
- D. Recreation

3.) Establishments serving \_\_\_\_\_ or \_\_\_\_\_, is known as a place of public accommodation.

- A. Food or Drink
- B. Gifts or Prizes
- C. Parks or Neighborhoods
- D. Businesses or Companies

4.) Notice that the main thrust of the Unruh Civil Rights Act is to prohibit discrimination by \_\_\_\_\_.

- A. Provisions
- B. Consumers
- C. Businesses
- D. Children

5.) Full and equal accommodations, advantages, facilities, privileges and services of their business establishment on grounds of race or color are in \_\_\_\_\_ of the act, for real estate brokers who unlawfully deny these accommodations.

- A. Accessible
- B. Designation
- C. Treatment
- D. Violation

- 1. ANSWER: D. – Property
- 3. ANSWER: A. – Food or Drink
- 5. ANSWER: D. – Violation

- 2. ANSWER: B. – Disability
- 4. ANSWER: C. – Businesses

## **Chapter 3**

### **Blind and Other Physically Disabled Persons**

Sections 54 and 55 of the California Civil Code deal with Blind and Other Physically Disabled Persons. Section 54 says:

Blind persons, visually handicapped persons, and other physically disabled persons shall have the same right as the able-bodied to the full and free use of the streets, highways, sidewalks, walkways, public buildings, public facilities, and other public places.

Other provisions of this law include:

- Blind persons and other physically disabled persons are entitled to full and equal access to all accommodations and common carriers as anyone else. This means that they have the right to travel on airliners, trains, and the like, as well as the right to stay in hotels and motels.
- Blind and other handicapped persons have equal rights to purchase, rent or lease housing accommodations as anyone else. People who rent one room of a single family residence are exempt from this requirement. Further, owners are not required to make special modifications to the property, nor are they required to accept guide dogs if they do not allow other tenants to have dogs.
- Blind or other visually handicapped persons are entitled to be accompanied by a guide dog at no additional charge.
- It is a misdemeanor to interfere with a blind person's admittance to or enjoyment of any public facility.
- Enforcement of this law is done through the obtaining of an injunction from a court requiring compliance.

## **Section 1**

### **California Fair Employment and Housing Act**

The California Fair Employment and Housing Act is commonly referred to as the Rumford Act. Its purpose is stated as follows:

"It is hereby declared as the public policy of this state that it is necessary to protect and safeguard the right and opportunity of all persons to seek, obtain and hold employment

without discrimination or abridgment on account of race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, sex, or age."

It goes on to state:

"Further, the practice of discrimination because of race, color, religion, sex, marital status, national origin, or ancestry in housing accommodations is declared to be against public policy."

The Rumford Act includes the following specific prohibitions:

- The owner of any housing accommodation cannot discriminate on the basis of race, color, religion, sex, marital status, national origin, or ancestry.
- Property owners cannot ask, either orally or in writing, about the racial or other protected status of any prospective buyer or prospective tenant. (Notice, therefore, that landlords cannot include a question on a rental application about the racial status of the applicant.)
- It is illegal to publish or make any notice, statement or advertisement regarding the rental or sale of any housing accommodation which indicates a preference or discrimination with regard to race or the other categories.
- Discriminatory lending practices are prohibited.
- Property owners cannot harass, evict or otherwise retaliate against anyone who has complained about possible violations of this Act.

## **Enforcement**

The Rumford Act is primarily enforced by private individuals who file a complaint with the Department of Fair Employment and Housing, which is part of the Department of Consumer Affairs. These complaints must be filed within 60 days from the date the violation is alleged to have occurred, except that this period can be extended up to another 60 days if the complainant did not become aware of the violation until after the first 60 day period had already expired. The State Attorney General may also file a complaint when violations come to his or her attention.

Once a complaint is received by the Department of Fair Employment and Housing, the Department may try to resolve the complaint through conference, conciliation, or persuasive efforts. If these efforts are not successful, or for whatever reasons are not attempted, the Department may begin the process of issuing an accusation against the accused violator. The Department has the power to issue subpoenas to require attendance at hearing and to compel the production of books, records and other forms of evidence.

If the Department does not make an accusation against the alleged violator within 150 days of receiving the complaint, or sooner decides not to make the accusation, it must notify the complainant that the Department will take no further action. The complainant is also advised of his or her right to sue the alleged violator in Superior Court for up to one year after the issuance of such notification.

After the hearing(s), if the Department believes that there has in fact been a violation of this law, the Department may order:

- The sale or rental of the housing accommodation, if it is still available;
- The sale or rental of the next similar property which becomes available;
- The payment of actual damages plus punitive damages up to \$10,000, plus (in some cases) reimbursement of legal fees.

The violator would have the right to appeal this order under the California Administrative Procedures Act. These remedies would not be available to the complainant unless they agree to waive their right to sue under the Unruh Civil Rights Act.

## **Exemptions**

Certain groups or properties are exempt from this Act, including:

- Housing accommodations owned or operated by religious, fraternal, or charitable associations, or by non-profit corporations are not subject to this Act, provided they are used to further the group's primary purpose and are not used commercially. This would mean that a church, for instance, could give preference to its members for any housing units the church owns.
- The definition of the term "employer" specifically states that it would be any person or firm who regularly employs five or more employees, so those persons or firms with four or less employees would be exempt.

## **Section 2**

### **The Commissioner's Regulations**

The Commissioner of the California Department of Real Estate has adopted a number of regulations which are meant to ensure that licensed real estate brokers and salespersons do not engage in discriminatory professional behavior. Prohibited discriminatory conduct by a real estate licensee based upon race, color, sex, religion, ancestry, physical handicap, marital status or national origin includes, but is not limited to, the following:

- Refusing to sell, rent or finance real property because of the racial or other characteristic of the prospective customer is prohibited.
- Refusing to show property or volunteer information about property for racial or other reasons is prohibited. A specific exception to this regulation is that licensees may refuse to show properties to handicapped persons when there are hazardous conditions or architectural barriers to access.
- Discrimination in the negotiation, sale, or services related to loans or installment sales contracts (except as required by community property laws) is prohibited.

- Licensees may not offer discriminatory terms in the sale, rental or lease of real property except that terms may differ for properties containing special facilities for the physically handicapped.
- Discriminatory business practices are prohibited, including referring minorities to other realtors or to specific salespersons, use of codes or other means of identifying minority prospects, or processing applications differently.
- The making of false statements as to the availability of property is prohibited. An example of this would be telling someone that an apartment unit has already been rented when such is not the case.
- Processing a person's application slower than those of other persons in an effort to hinder or delay the rental or financing of a property is prohibited.
- Encouraging discriminatory actions or conduct by others is prohibited.
- A licensee may not refuse to cooperate with another licensee because of the racial or other characteristic of the licensee or the licensee's customer or client.
- Discouraging the purchase or rental of a property because a person is of a different race or national origin (etc.) than the majority of the people residing in the area is prohibited.
- Asking any question or making any statement which might imply a racial or other bias towards that person, except as required by law. (Lenders are required to note the race of the applicant under state and federal law.)
- Exercising or encouraging coercion regarding the area where a person might live, or in any way punishing those who refuse to participate in such actions is prohibited.
- Soliciting sales or rentals on a discriminatory basis is prohibited.
- Refusal to inform people of the existence of waiting lists or other methods of notification regarding future availability of properties would be prohibited.
- Discouraging a sale or rental because of the presence or absence of certain groups as residents of the area is prohibited.
- Discouraging a sale or rental because of alleged or actual community opposition on discriminatory grounds.
- It is prohibited to give different information about the desirability of a particular neighborhood to different groups, except for truthful information significant to handicapped persons.

- A refusal to accept a rental, listing, or financing application because of the race (or other characteristic) of the applicant is prohibited.
- Entering into any agreement (such as a listing contract) that would forbid showing, selling, renting or financing a property because of the race or other characteristic of the prospect is prohibited.
- Any statement or advertisement which indicates a preference for a particular group is prohibited, except for advertisements directed towards the physically handicapped.
- Use of any words, images or visual aids which would indicate a preference for a particular group is prohibited, except those directed at attracting the physically handicapped.
- The selective placement or display of advertisements so as to attract only specified groups is prohibited, except for affirmative marketing campaigns to attract racial or other groups that might not otherwise be attracted to a particular area.
- Quoting or charging different prices or fees, including deposits and cleaning fees, to different groups is prohibited.
- The use of different qualifying standards for various groups when financing real property is prohibited. This is to prohibit redlining.
- Advising a prospect about property values based on the racial or other characteristics of the residents of the neighborhood is prohibited.
- Discrimination in the treatment of people or services provided in connection with property management is prohibited, except for differing charges because of facilities provided to the physically handicapped.
- Discrimination against property owners because of the racial or other characteristics of the owner's guests is prohibited.
- The use of rules which limit a person's opportunity to benefit from the multiple listing service is prohibited.
- Assisting anyone in the sale, rental or financing of real property when there is a reasonable basis to believe that the person intends to discriminate is prohibited. For instance, this would preclude a licensee from assisting the in sale of a property to someone who says he is purchasing the property in an attempt to keep minorities out of the neighborhood.
- Panic selling is prohibited and is grounds for disciplinary action. Panic selling is where a licensee encourages people to sell their property by frightening them by suggesting that different racial or ethnic groups are moving into the area. This is usually accompanied by statements or implications about various negative consequences which will result.



## **Broker's Duty To Supervise**

A broker licensee must take reasonable steps to become aware of and to be familiar with and to familiarize his or her salespersons with the requirements of federal and state laws and regulations relating to the prohibition of discrimination in the sale, rental or financing of the purchase of real property. Such laws and regulations include but are not limited to the current provisions and any amendments thereto of:

- (a) Sections 12900 through 12996 of the California Government Code (which is the California Fair Employment and Housing Act, and is also referred to as the "Rumford Act").
- (b) Sections 51 and 52 of the California Civil Code (the Unruh Civil Rights Act).
- (c) Title VIII and IX of the United States Civil Rights Act of 1968 (Fair Housing Act).
- (d) Sections 35800 through 35833 of the California Health and Safety Code (The Housing Financial Discrimination Act of 1977, commonly called the "Holden Act").
- (e) Sections 54 through 55.1 of the Civil Code (Blind and Other Physically Disabled Persons).

## Chapter 3 Practice Questions

1.) Notice that the main thrust of the Unruh Civil Rights Act is to prohibit discrimination by \_\_\_\_\_.

- A. Provisions
- B. Consumers
- C. Businesses
- D. Children

2.) Full and equal accommodations, advantages, facilities, privileges and services of their business establishment on grounds of race or color are in \_\_\_\_\_ of the act, for real estate brokers who unlawfully deny these accommodations.

- A. Accessible
- B. Designation
- C. Treatment
- D. Violation

3.) Full and equal access to all accommodations and common carriers as anyone else is entitled to all \_\_\_\_\_ persons and other physically disabled persons.

- A. Blind
- B. Fit
- C. Capable
- D. Timid

4.) Full and equal access to all accommodations and common carriers as anyone else is entitled to all \_\_\_\_\_ persons and other physically disabled persons.

- E. Blind
- F. Fit
- G. Capable
- H. Timid

5.) Blind and other handicapped persons have equal rights to \_\_\_\_\_, rent or lease housing accommodations as anyone else.

- A. Move
- B. Purchase
- C. Auction
- D. Demolish

- 1. ANSWER: C. – Businesses
- 2. ANSWER: D. – Violation
- 3. ANSWER: A. – Blind
- 4. ANSWER: A. – Blind
- 5. ANSWER: B. - Purchase

## Chapter 4

### The Housing Financial Discrimination Act

In 1976 state regulations and guidelines were adopted to prohibit the practice of "redlining" by state licensed savings and loan associations. Redlining is defined as the practice of refusing to make loans, or making them on discriminatory terms, because of the location of the security property. This practice is often associated with low and moderate income areas. All home mortgage loans are affected, including FHA insured, VA guaranteed and conventional loans, that apply to the financing of one-to-four-family units which are owner-occupied.

California legislation prohibiting state financial institutions from engaging in the practice of redlining became effective January 1, 1978. Known as the Housing Financial Discrimination Act of 1977 or the *Holden Act*, the law provides a unique opportunity for real estate licensees to aid in stamping out redlining, a practice which is discriminatory and which, by restricting the free flow of mortgage capital, makes it more difficult for real estate licensees to put bona fide transactions together.

The Act prohibits financial institutions (e.g., State savings and loan associations, banks, personal property brokers, industrial loan companies, insurance companies, credit unions, thrift companies or mortgage bankers—except that federal savings and loan associations are not covered) from engaging in discriminatory loan practices due, in whole or in part, to the consideration of conditions, characteristics, or trends in the neighborhood or geographic area surrounding the housing accommodations. The only exception is if the financial institution can demonstrate that such consideration in the particular case is required to avoid an unsafe and unsound business practice. Consideration of race, color, religion, sex, marital status, national origin, or ancestry is also prohibited in regard to the composition of the neighborhood, the geographic area surrounding a housing accommodation, trends in the area, or in appraising a housing accommodation.

The Act applies to any application for financial assistance to purchase, construct, rehabilitate, improve or refinance a one-to-four-unit owner-occupied residence. In addition, the law applies to those investors who seek secured home improvement loans or mortgage financing in connection with rehabilitation financing on one-to-four-unit dwellings.

The ultimate responsibility for monitoring compliance with the Act resides in the Secretary of Business, Transportation, and Housing. Additionally, the Secretary of Business, Transportation, and Housing or the Secretary's designee is required to collect data compiled by various regulated lenders relating to their lending practices. Designee in the case of state-licensed savings and loans means the Savings and Loan Commissioner; with respect to state and federally chartered banks, the Superintendent of Banks; for state and federally chartered credit unions, industrial loan companies, personal property brokers, consumer or commercial finance lenders, the Corporations Commissioner; for mortgage brokers, the Real Estate Commissioner; regarding insurance, the Insurance Commissioner. The Secretary of Business, Transportation, and Housing is directly responsible for monitoring lending data of public agencies. This lending data is required to be submitted annually in each census tract within a metropolitan statistical area.

## **Complaint Resolution**

The Act establishes a special three-step complaint resolution procedure available to any such applicant. First, an applicant may file a complaint with the Secretary of Business, Transportation, and Housing or the designee (depending on the lenders) who has 30 days in which to resolve the complaint. If the Secretary or the designee finds a violation of this statute, he or she is empowered to order either: (a) the making of the loan or improving the terms of the loan, or (b) the payment of actual damages to the complainant of up to \$1,000. The second step allows for an appeal of the Secretary's or designee's decision to the Office of Administrative Hearings. This is available to either the complainant or the financial institution. Finally, judicial review of the decision of the Office of Administrative Hearings may be obtained by either party filing a petition for Writ of Mandate. The law also requires the financial institution to notify all such applicants at the time of written application for financial assistance of the prohibitions and right of review provided in the law. Such notice must also include the address of the Secretary and where complaints may be filed and questions asked.

The Act provides a rational means of increasing the availability of housing accommodations to creditworthy persons and thus ensure the supply of decent, safe housing. In addition, the law strives to help reverse the process of abandonment and decay of certain neighborhoods, particularly in the urban centers of this state.

*Note: Around the country rehabilitation of neighborhoods in inner cities is on the rise, the result of joint efforts by national and city governments, lenders, appraisers, contractors and trade groups, private individuals, and investors. Newspapers, magazines and industry spokesmen are reporting these significant events.*

*Lenders and appraisers are detecting bargains in neighborhoods of faded property values, signaling their increased interest in the inner cities. Accepted appraisal techniques now include methodology in recognition of these changes and those dictated by commitments to non-discriminatory conduct.*

## **Section 1**

### **Additional Considerations**

There are a number of other laws, regulations, and industry programs which implement the anti-discrimination position of the government, including:

- The Equal Credit Opportunity Act;
- The Home Mortgage Disclosure Act;
- Voluntary Affirmative Marketing Agreement;
- Advertising Regulations; and
- AIDS-related disclosures.

## **The Equal Credit Opportunity Act**

The Equal Credit Opportunity Act became effective on October 28, 1975 and forbids discrimination in lending on the basis of race, color, religion, national origin, sex, marital status, or on the grounds of receipt of income from a public assistance program. This is the federal law which prohibits redlining, which is the refusal to do business in certain areas which are usually predominantly populated by minority groups.

One of the ways that this Act attempts to outlaw redlining is a requirement that when a lender rejects an application for a home loan, the lender must provide the applicant with a written statement of the reason for the rejection, or else must at least notify the applicant that he or she has the right to receive this written explanation of the reason for the rejection. This would make it more difficult for a lender to summarily reject a loan application solely because of the race of the applicant, since of course a written statement to that effect would be sufficient cause for a lawsuit against the lender.

Another requirement of this law is that if a consumer is denied credit because of the information included in a credit agency's report, the consumer is entitled to a copy of that report. It should be noted, however, that it is not the lender who is required to provide this copy of the credit report, but rather it is the responsibility of the credit reporting agency to provide the report. If the consumer is not provided with a copy of the report by the credit reporting agency, a court may award a \$5,000 judgment, plus the attorney's fees and court costs needed to clear up the report.

It should be noted that the California Civil Code has a similar provision which requires that persons who have been denied credit because of a credit agency's report must be provided with a copy of the report by the credit agency. The California law regulates who can have access to the reports and provides procedures for resolution of erroneous reports.

## **The Home Mortgage Disclosure Act**

This federal law requires federally regulated lenders to provide the government with data regarding loans made and declined in each U.S. Census Tract. This makes it even more difficult for lenders to engage in redlining. If a lender primarily loans money in areas which are not predominantly populated by minority groups, the data of their loans by census tract will make this readily apparent.

As mentioned in the previous section, California has a similar law which requires lenders to report their loans to the State of California by each census tract. This law applies to lenders who are regulated by the State of California.

## **Voluntary Affirmative Marketing Agreement**

The Voluntary Affirmative Marketing Agreement (VAMA) is an agreement between the Department of Housing and Urban Development (HUD) and the NATIONAL ASSOCIATION OF REALTORS®. Its purpose is to provide fair housing for everyone through programs of voluntary assistance, affirmative marketing, outreach and education.

The authority for this agreement is found in Section 809 of the Fair Housing Act which states that "(the HUD Secretary) shall call conferences of persons in the housing industry and other interested parties to acquaint them with the provisions of this title and suggested means of implementing it, and shall endeavor with their advice to work out programs of voluntary compliance and of enforcement," (42 U.S.C. sec. 3609).

The Fair Housing Act, as passed in 1968, prohibited discrimination based on race, color, religion, sex or national origin. The Fair Housing Amendments Act of 1988 extended protection to families with children and the disabled.

The parties to the Voluntary Affirmative Marketing Agreement are the U.S. Department of Housing and Urban Development, the NATIONAL ASSOCIATION OF REALTORS<sup>®</sup>, and participating State Associations of REALTORS<sup>®</sup> or local Boards or Associations of REALTORS<sup>®</sup>. Individual REALTORS<sup>®</sup> or firms who are members of a Board of REALTORS<sup>®</sup> are then asked to subscribe to the agreement, meaning that they agree to comply with the requirements of the agreement.

### **National Responsibilities**

As part of this agreement, the NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> and the U.S. Department of Housing and Urban Development (HUD) made a number of commitments, including the following:

- The NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> agreed to develop and disseminate various publications to assist in implementing fair housing and related training programs.

- HUD and the NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> agreed to cooperate in various conferences to promote fair housing.

- Both of the above parties agreed that each may develop fair housing and related training programs.

- The NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> agreed to work with State Associations to obtain certification for fair housing training programs as part of continuing education requirements.

- The NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> agreed to publish a **Fair Housing Handbook** promoting fair housing practices and make it available to subscribers and signatories.

- The NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> agreed to prepare sample affirmative marketing advertisements.

- Both parties agreed to work with newspapers and magazines to secure placement of HUD's "Publisher's Notice" on the lead page of any real estate advertising section.

■ The NATIONAL ASSOCIATION OF REALTORS® agreed to provide guidance and counsel to State Associations and Boards regarding fair housing advertising responsibilities.

■ The NATIONAL ASSOCIATION OF REALTORS® agreed to prepare annual reports evaluating the effectiveness of this agreement. HUD agreed to review and respond to such reports.

■ The NATIONAL ASSOCIATION OF REALTORS® agreed to select a representative sample of State Associations and Boards for evaluation. The NAR may invite HUD to send a representative and will meet with the State Associations or Boards to assess their progress in achieving the goals and objectives of this agreement.

■ HUD may select State Associations and/or Boards for on-site evaluation, and shall coordinate the selection with The NATIONAL ASSOCIATION OF REALTORS®. HUD shall prepare a written report following the on-site evaluation and provide a copy to NAR and the State Association or Board.

■ If an evaluation of a State Association or Board shows insufficient progress, The NATIONAL ASSOCIATION OF REALTORS® and the State Association or Board shall identify actions and steps to be taken within a specific time frame within 30 days. Copies of this plan will be sent to HUD (in the case of a NAR inspection, the specific association or board will not be mentioned).

■ If the State Association or Board does not agree to take the necessary corrective action, it may result in the suspension of that association or board as a party to this agreement.

■ Whenever the Equal Opportunity Committee (EOC) of the Subscriber's Board has reasonable cause to believe that a Subscriber has failed to make good faith efforts to comply with this agreement, the EOC and Subscriber shall meet to determine appropriate corrective action.

■ If the Subscriber does not agree to take the needed corrective action, or fails to take the action within the specified time, the EOC shall recommend to the Board of Directors that it suspend the Subscriber's status.

■ Whenever HUD or the EOC has reasonable cause to believe that a Signatory has failed to make good faith efforts to comply with this agreement, representatives of HUD and EOC will meet to determine what action should be taken. Discussions will be held with the signatory to determine the actions necessary.

■ If the signatory does not agree to take the necessary action, or otherwise does not comply, and after a series of hearings, the Assistant Secretary of HUD may suspend the signatory.

■ HUD and The NATIONAL ASSOCIATION OF REALTORS® will meet no less than twice each year to discuss issues relating to the implementation, application, or interpretation of this agreement.

## **State and Local Board Responsibilities**

Each State and Local Board of REALTORS® is required to establish an Equal Opportunity Committee (EOC) with the following responsibilities:

- 1.) To explain and publicize this agreement and its purposes and to obtain the broadest possible participation in this agreement;
- 2.) To implement and monitor the progress of the affirmative marketing program set out in this agreement;
- 3.) To assist the Grievance Committee in receiving and investigating complaints.

State and Local Boards of REALTORS® then make the following commitments:

■ The Board shall make available fair housing and VAMA educational materials for all members and employees and is encouraged to make use of materials and training courses developed by the State Association, The NATIONAL ASSOCIATION OF REALTORS® and/or HUD.

■ The State Association shall conduct at least two educational seminars annually on the Fair Housing Laws and implementation of this Agreement, and work with the State real estate licensing agency to certify fair housing courses for continuing education credits, where applicable.

■ The Board shall publicize its commitment to Fair Housing to the community. Acceptable means include the quarterly placement of an approved affirmative marketing advertisement in a newspaper of general circulation in the housing market served by the Board.

■ The Board (or State Association) shall either adopt NAR's recommended fair housing procedures, including procedures relating to office operations and advertising policies, or policies which achieve the same objectives. The Board shall disseminate these policies and encourage their implementation by Subscribers and Signatories.

■ The Board shall establish procedures to review with its Subscribers and Signatories their progress in developing and adopting fair housing procedures and advertising policies and to assess whether adherence to those procedures and policies is achieving the intended goals and purposes.

State Associations and Local Boards of REALTORS® are further required by the agreement to commit themselves to fair employment practices in the real estate industry. Specifically, each Association or Board must commit itself to:

■ Encourage brokers of all racial and ethnic groups, of both sexes, with and without disabilities, and individuals otherwise protected from discrimination by the Fair Housing Act, to apply for membership;



- Promote the recruitment of persons from all racial and ethnic groups, of both sexes, with and without disabilities, and individual otherwise protected from discrimination by the Fair Housing Act, into the real estate industry; and

- Encourage the participation of persons of all racial and ethnic groups, of both sexes, with and without disabilities, and individual otherwise protected from discrimination by the Fair Housing Act, at all levels within the Association.

### **Responsibilities of Individual REALTORS®**

Individual REALTORS® or firms who subscribe to the agreement must commit themselves to:

- Being informed regarding responsibilities under the Fair Housing Laws and this Agreement;

- Making a public commitment to providing affirmatively equal professional service and informing the public that services are provided by the firm without discrimination;

- Implementing affirmative fair housing procedures relating to office operations, to insure the provision of equal professional service by all associated with the firm, and to avoid practices which limit housing choice;

- Affirmatively recruiting salaried employees and independent contractors; and

- Participating in efforts to identify and remove barriers to equal opportunity in housing in the community.

### **Advertising Regulations**

The U.S. Department of Housing and Urban Development has issued regulations relating to real estate advertisements. One of the primary regulations is that advertisements of certain specified sizes must include the fair housing logo, which is shown on the next page.

Insert Fair Housing symbol

The display of this logo means that the advertiser is committed to provided equal housing opportunity to all persons, regardless of their race, color, religion, sex, marital status, or national origin. Real estate firms are also required to display this logo prominently in their principal place of business.

Another primary concern of the regulations is that advertisements must not promote any sense of racial preference in the sale or rental of real property. A common problem has been the use of display ads which depict only Caucasian buyers. Many newspapers have begun printing the words "Models used in this ad do not reflect any racial preference."

## **AIDS-Related Disclosures**

California law requires that if any occupant of a residence died in that residence in the past three years, that fact must be disclosed to any potential buyer. The law does not require, however, any automatic disclosure that the decedent had or died of Acquired Immune Deficiency Syndrome (AIDS). If asked specifically whether the person (or any other occupant) had AIDS, the broker or salesperson would have to answer the question truthfully. California Civil Code Section 1710.2 says, in part:

*...no cause of action can be brought against the owner of real property or the owner's agent or any agent of the buyer of the property for failure to disclose that an occupant of the property was afflicted with AIDS.*

## Chapter 4 Practice Questions

1.) The Secretary of \_\_\_\_\_, Transportation, and Housing is directly responsible for monitoring lending data of public agencies.

- A. State
- B. Real Estate
- C. U.S.
- D. Business

2.) A requirement that when a \_\_\_\_\_ rejects an application for a home loan, the lender must provide the applicant with a written statement of the reason for the rejection.

- A. Broker
- B. Borrower
- C. Appraiser
- D. Lender

3.) If a \_\_\_\_\_ is denied credit because of the information included in a credit agency's report, the consumer is entitled to a copy of that report.

- A. Consumer
- B. Lender
- C. Broker
- D. Lawyer

4.) Individual REALTORS or firms who are members of a Board of REALTORS are then asked to subscribe to an agreement, meaning that they agree to \_\_\_\_\_ with the requirements of the agreement.

- A. Study
- B. Comply
- C. Appeal
- D. Bargain

5.) The State Association shall conduct at least two educational seminars annually on the Fair Housing Laws and implementation of this \_\_\_\_\_.

- A. Modification
- B. Information
- C. Agreement
- D. Certification

ANSWER: D. – Business

ANSWER: D. – Lender

ANSWER: A. – Consumer

ANSWER: B. – Comply

ANSWER: C. – Agreement

## FAIR HOUSING Practice Test 1

- 1.) More commonly referred to as the Federal \_\_\_\_\_ Act, is the Title VIII of the Civil Rights Act of 1968.
- a. Finance Discrimination
  - b. Fair Employment
  - c. Civil Rights
  - d. Fair Housing

ANSWER: D. – Fair Housing

- 2.) It is \_\_\_\_\_ to discriminate against anyone under the Federal Fair Housing Act.
- a. Typical
  - b. Legal
  - c. Recommended
  - d. Illegal

ANSWER: D. – Illegal

- 3.) In areas that are predominantly populated by minorities, is “\_\_\_\_\_”; where a real estate licensee shows properties to minority persons only in areas that are already integrated.
- a. “Blockbusting”
  - b. “Commingling
  - c. “Redlining”
  - d. “Steering”

ANSWER: D. – “Steering”

- 4.) \_\_\_\_\_ apply to the Federal Fair Housing, in its initial phase, financed by loans which are insured or guaranteed by the federal government (such as FHA loans).
- a. Businesses
  - b. Organizations
  - c. States
  - d. Dwellings

ANSWER: D. – Dwellings

- 5.) Complaints must be filed within \_\_\_\_\_ year(s) after the alleged violation occurred.
- A. Three
  - B. Five
  - C. One
  - D. Two

ANSWER: C. – One

6.) The Civil Rights Act of 1866, which says that everyone has equal rights to purchase \_\_\_\_\_.

- A. Neighborhoods
- B. Homes
- C. Businesses
- D. Property

ANSWER: D. - Property

7.) A \_\_\_\_\_ means a physical or mental impairment that substantially limits one or more of the major life activities of such individual; (This could include blindness, inability to walk, deafness, and specifically HIV infection.)

- A. Commerce
- B. Disability
- C. Privilege
- D. Recreation

ANSWER: B. – Disability

8.) Establishments serving \_\_\_\_\_ or \_\_\_\_\_, is known as a place of public accommodation.

- A. Food or Drink
- B. Gifts or Prizes
- C. Parks or Neighborhoods
- D. Businesses or Companies

ANSWER: A. – Food or Drink

9.) An addiction to illegal drugs is a disability, but the person is only protected when they are NOT using illegal \_\_\_\_\_.

- A. Drugs
- B. Weapons
- C. Beverages
- D. Cigars

ANSWER: A. – Drugs

10.) \_\_\_\_\_ needed for safety reasons are permissible as long as they are based on actual risks and not on speculation, stereotypes, or generalizations about individuals with disabilities.

- A. Modifications
- B. Accommodations
- C. Criteria
- D. Fundamentals

ANSWER: C. – Criteria

11.) Notice that the main thrust of the Unruh Civil Rights Act is to prohibit discrimination by \_\_\_\_\_.

- A. Provisions
- B. Consumers
- C. Businesses
- D. Children

ANSWER: C. – Businesses

12.) Full and equal accommodations, advantages, facilities, privileges and services of their business establishment on grounds of race or color are in \_\_\_\_\_ of the act, for real estate brokers who unlawfully deny these accommodations.

- A. Accessible
- B. Designation
- C. Treatment
- D. Violation

ANSWER: D. – Violation

13.) Full and equal access to all accommodations and common carriers as anyone else is entitled to all \_\_\_\_\_ persons and other physically disabled persons.

- A. Blind
- B. Fit
- C. Capable
- D. Timid

ANSWER: A. – Blind

14.) Blind and other handicapped persons have equal rights to \_\_\_\_\_, rent or lease housing accommodations as anyone else.

- A. Move
- B. Purchase
- C. Auction
- D. Demolish

ANSWER: B. - Purchase

15.) "...The practice of \_\_\_\_\_ because of race, color, religion, sex, marital status, national origin, or ancestry in housing accommodations is declared to be against public policy."

- A. Ethics
- B. Discrimination

- C. Law
  - D. Advertisements
- ANSWER: B. – Discrimination

## **FAIR HOUSING PRACTICE Test 2**

- 1.) The Department has the power to issue \_\_\_\_\_ to require attendance at hearing and to compel the production of books, records and other forms of evidence.
- a. Agents
  - b. Bodyguards
  - c. Subpoenas
  - d. Attorney's

ANSWER: C. – Subpoenas

- 2.) Refusing to sell, rent or finance real property because of the racial or other characteristic of the prospective customer is \_\_\_\_\_.
- a. Discrimination
  - b. Prohibited
  - c. Legal
  - d. Negotiable

ANSWER: B. – Prohibited

- 3.) Refusal to inform people of the \_\_\_\_\_ of waiting lists or other methods of notification regarding future availability of properties would be prohibited.
- a. Courtesy
  - b. Existence
  - c. Placement
  - d. Prohibition

ANSWER: B. – Existence

- 4.) Quoting or charging different prices or fees, including \_\_\_\_\_ and cleaning fees, to different groups is prohibited.
- a. Deposits
  - b. Organizations
  - c. Statements
  - d. Advertisements

ANSWER: A. – Deposits

- 5.) The \_\_\_\_\_ Act prohibits financial institutions from engaging in discriminatory loan practices due, in whole or in part.

- A. HID
- B. Civil Rights

- C. Holden
- D. California

ANSWER: C. – Holden

6.) The Secretary of \_\_\_\_\_, Transportation, and Housing is directly responsible for monitoring lending data of public agencies.

- A. State
- B. Real Estate
- C. U.S.
- D. Business

ANSWER: D. - Business

7.) A requirement that when a \_\_\_\_\_ rejects an application for a home loan, the lender must provide the applicant with a written statement of the reason for the rejection.

- A. Broker
- B. Borrower
- C. Appraiser
- D. Lender

ANSWER: D. – Lender

8.) If a \_\_\_\_\_ is denied credit because of the information included in a credit agency's report, the consumer is entitled to a copy of that report.

- A. Consumer
- B. Lender
- C. Broker
- D. Lawyer

ANSWER: A. – Consumer

9.) Individual REALTORS or firms who are members of a Board of REALTORS are then asked to subscribe to an agreement, meaning that they agree to \_\_\_\_\_ with the requirements of the agreement.

- A. Study
- B. Comply
- C. Appeal
- D. Bargain

ANSWER: B. – Comply

10.) The State Association shall conduct at least two educational seminars annually on the Fair Housing Laws and implementation of this \_\_\_\_\_.

- A. Modification



- B. Information
- C. Agreement
- D. Certification

ANSWER: C. – Agreement

11.) State Associations and Local Boards of REALTORS are further required by the agreement to commit themselves to \_\_\_\_ employment practices in the real estate industry.

- A. High
- B. Consumer
- C. Fair
- D. Acceptable

ANSWER: C. – Fair

12.) The U.S. Department of Housing and Urban Development has issued regulations relating to real estate \_\_\_\_\_.

- A. Investments
- B. Ethics
- C. Agency's
- D. Advertisements

ANSWER: D. – Advertisements

13.) Advertisements must not promote any sense of \_\_\_\_\_ preference in the sale or rental of real property.

- A. Comedic
- B. Racial
- C. Cosmic
- D. Acquired

ANSWER: B. – Racial

14.) California Law requires that if any occupant of a residence died in that residence in the past \_\_\_\_\_ years, that fact must be disclosed to any potential buyer.

- A. Three
- B. Two
- C. Five
- D. Six

ANSWER: A. - Three

15.) If a lender primarily loans money in areas which are not predominantly populated by minority groups, the \_\_\_\_\_ of their loans by census tract will make this readily apparent.

- A. Data
- B. Form
- C. Time
- D. State

ANSWER: A. – Data