

We defend each answer with an explanation based on citations from the book. We may quote more content than necessary to put our answers into context and to make this quiz a richer learning experience. Citations from the book appear on a yellow background in **Times-Roman**.

Paragraphs labeled as “**Notes**” contain supplemental information we think useful but which is not part of the course. Paragraphs labeled as “**Comments**” are the author’s comments and may be ignored.

Recommendation: If you don’t fully understand any particular question or our explanation of the answer, we suggest you re-read the section in the book on which that question is based in the book. For example, if you missed question #1 📍 on this quiz or if you don’t understand our explanation for question #1, then re-read “§1.4: Protected Classes”.

Caveat: The quiz questions are more difficult than questions on the final. These questions tend to be longer, make greater use of real estate jargon, and require you to think harder than questions on the final.

1. 1.4: PROTECTED CLASSES

Thelma is Bob’s tenant. She is also a drunk. She has trouble keeping a job since she is often too hung-over to drive to work. She lives on disability income (SSI) and an allowance from a rich boyfriend. Many of Bob’s tenants have complained to him because they believe she sets a bad example for their children. Thelma’s lease is up next month. Bob may not decline to renew her lease because she is an alcoholic.

True Thelma is disabled and is therefore entitled to the protections of the federal Fair Housing Act. According to the Act, a handicap is a physical or mental impairment which substantially ... limits one or more of a person’s major life activities, or a record of having such an impairment, or one regarded as having such an impairment with the exception of users of illegal drugs or any other illicit activity. By this definition, Thelma is disabled: her drinking limits her life activities; specifically, her driving and her ability to keep a job.

If Thelma’s alcoholism interfered with the rights of others, or if she failed to pay her rent, or if her behavior posed a threat to others; or if she used illicit drugs; then Bob would be legally justified to not renew her lease. (Click [here](#) 📄 for an article which describes alcoholism as a disability)

Note #1: Because Thelma is disabled, the FHA requires Bob to grant Thelma any reasonable accommodation needed to cope with her alcoholism.

Suppose, for example, Thelma requests Bob to replace (at her expense) the smooth tiles in her bathroom with skid-resistant tiles to reduce her chances of slipping and falling when she is loaded. If Bob declined her request, Thelma could file a complaint with the **Department of Fair Employment and Housing (DFEH)** (HUD’s proxy in California) alleging that Bob illegally denied her a reasonable accommodation. Should the complaint be investigated by the DFEH and Bob be unable to convince its investigator that Thelma’s request was unreasonable, Bob would have to allow Thelma to replace the tiles (see §2.3.3.2: “Reasonable Accommodation”).

Note #2: Remember that “Source of Income” is one of the twelve State-protected classes (see §1.4: “Protected Classes”); therefore, as with any protected class, Bob must ignore her source of income when making any decision about her lease even if he might personally disapprove of her using her SSI (disability) payments to buy beer or if he suspects her relationship with her sugar daddy may be short-lived.

2. 1.4: PROTECTED CLASSES

Landlords may inquire about an applicant's immigration status but only if they make the same inquiry of every applicant.

False The prohibition against inquiring into a proposed tenant's immigration status is absolute. Since 2008, CC §1940.3 has precluded questions about immigration status, and has precluded requiring verification of citizenship in the application process for residential tenants.

Citation: Effective January 2008, immigrants and foreign citizens acquired limited protections against housing discrimination. Specifically, landlords may not discriminate based on either immigration or citizenship status. Landlords are prohibited from making any inquiry into immigration or citizenship status or requiring any prospective tenant to make a statement about immigration or citizenship status.

Note: AB 291, signed by the Governor Jerry Brown in October 2017, makes it against the law for landlords to disclose a tenant's citizenship status to third parties, or to inquire as to the immigration or citizenship status of a tenant or occupant.

3. 1.5: FEDERAL VS. STATE LAW

All violations of federal fair housing and lending laws are also violations of California's fair housing and lending laws.

True The textbook makes this point repeatedly:

- §1.5 Since federal fair housing violations are *de facto* state fair housing violations with comparable enforcement procedures and remedies, HUD subsidizes the California's Department of Fair Employment and Housing (DFEH) to enforce its fair housing laws.
- §2.1 In California, HUD has delegated its enforcement of the fair housing laws to the DFEH since California fair housing laws are substantially equivalent to the federal fair housing laws.
- §2.4 HUD has declared that California's fair housing laws are "substantially equivalent" to the FHA.

Note: The federal fair housing laws are a subset of the State fair housing laws; therefore, any violation of the federal law is also a violation of the State law but, the reverse is not true. For example, discrimination based on "sexual orientation" is **not illegal** under Federal law but it is under State law. ([Source](#))

4. 2.2.2.2: DISCRIMINATORY RESTRICTIVE COVENANTS

An illegal restrictive covenant written into a trust deed must be removed before conveyance.

False New home owners have the option of removing the illegal restrictive covenant but its removal is **not** required as all illegal restrictive covenants ➡ are unenforceable.

Citation: Sacramento passed a law (Government §12956.1(b)(1)) which requires anyone who provides any property document must provide a notice informing the recipient that any restrictive covenant based on any prohibited consideration is void and that property owners have the right to have such language removed.

14. **RACIAL RESTRICTIONS.** No property in said addition shall at any time be sold, conveyed, rented or leased in whole or in part to any person or persons not of the White or Caucasian race. No person other than one of the White or Caucasian race shall be permitted to occupy any property in said addition or portion thereof or building thereon except a domestic servant actually employed by a person of the White or Caucasian race where the latter is an occupant of such property.

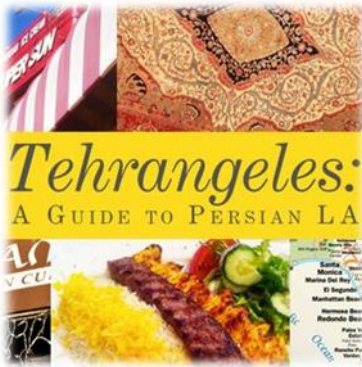
15. **ANIMALS.** No hogs, cattle, horses, sheep, goats, or or similar livestock shall be permitted or maintained on said property at any time. Chicken hens, pigeons, rabbits and other similar small livestock, not exceeding a total of twenty-five

¶14 above is an example of an illegal restrictive covenant.

Note: Shown above is a typical discriminatory restrictive covenant in a deed ([source](#)). Although its provision #14 is unenforceable, provision #15 **is** enforceable by neighbors or home owner associations. (“Deed restrictions” are explained [here](#).)

5. 2.2.3.1: STEERING

Mr. and Mrs. Farahan ask Betty to show them homes in Persian neighborhoods. Betty responds, “I’m sorry, but the law forbids me from selling property on an ethnic basis.” Betty’s response is considered correct by the DFEH.



True This is the correct response recommended by attorneys from HUD (the Department of Fair Employment and Housing (DFEH) is HUD’s proxy and enforcement agent of the FHA in California).

Citation: To the buyer who requests to see homes only in Asian neighborhoods, say, “I’m sorry but this office is not permitted to list or sell property on a racial basis.”

If Betty complies with the Farahan’s request and then commences to show them homes only in Persian neighborhoods that she, Betty, selects; then Betty would commit the fair housing violation known as “steering” (CR 2780(b)). But if the Farahans instead were to say, “Please Betty, take us to see homes in Tehrangeles ☹, Tarzana, Woodland Hills, and Encino because we only want to live in Persian Neighborhoods,” then Betty would **not** be in violation of the FHA as it would have been the Farahans choice and not Betty’s.

A licensee can take a buyer to any place their buyer specifies but the licensee cannot select neighborhoods for their buyers based on any prohibited characteristic such as ethnicity even if requested to do so by their client.

6. 2.2.3.2: DISCRIMINATION VIA AGENCY

Bob asks his agent, Linda, if the seller's neighborhood is transitioning from Hispanic to Yuppie ("Anglo"). Linda answers, "yes, I think so. Trader Joe's just opened for business in the building formerly occupied by Supermercado Gigante." Linda is in violation of the FHA.

True By answering Bob's question, Linda violates the FHA because the FHA prohibits agents from answering questions related to the protected characteristics of a neighborhood. Since ethnicity is a protected characteristic, Linda broke the law when she answered Bob's question.

Citation: Question: Can a real estate agent answer questions about the protected characteristics of a neighborhood?; **Answer:** No.

Note: Other questions from prospective buyers that you shouldn't answer for the same reason: (1) "Are there any little girls next door for my daughter to play dolls with?", (2) "Are the six men living across the street in a sober-living home?," (3) "Their home is so perfect, are they gay too?"

7. 2.3.3.2: REASONABLE ACCOMMODATION

Walter manages Gloria's apartment building. Gloria has multiple chemical sensitivity syndrome (MCS) – an affliction unfamiliar to Walter. To accommodate her disability, Gloria requests Walter to: (1) Repaint her apartment using hypoallergenic paint, (2) Clean her air ducts, (3) Stop using pesticides near her apartment, and (4) Contact her only by telephone since she is also allergic to Walter. Before considering whether to make these reasonable accommodations, Walter may ask her to prove that MCS is a medically recognized disease and that she suffers from it.



True Assuming that Walter has never heard of MCS, he may "request reliable disability-related information" to verify that Gloria's affliction meets the FHA's definition of a disability (see note #1) and that the accommodations she requests will mitigate the symptoms of her disability.

Citation: Question: If a disability is not obvious [Gloria's disability is not], what kinds of information may a housing provider request in support of a requested accommodation? ¶ **Answer:** A housing provider may not ordinarily inquire as to the nature and severity of an individual's disability. However, in response to a request for a reasonable accommodation, a housing provider may request reliable disability-related information that (1) is necessary to verify that the person meets the Act's definition of disability ..., (2) describes the needed accommodation, and (3) shows the relationship between the ... disability and the need for the ... accommodation.

Note #1: The statutory definition of a disability is given in §1.4 as defined by federal law, a handicap is a physical or mental impairment which substantially (California law omits "substantially") limits one or more of a person's major life activities, or a record of having such an impairment, or one regarded as having such an impairment.

Note #2: The [Wikipedia article](#) on MCS says: "MCS is a controversial diagnosis and is not recognized as an organic, chemical-caused illness by the American Medical Association" but, according to [another article](#), HUD recognizes MCS as a legitimate disease.

8. 2.3.3.3: EXEMPTIONS

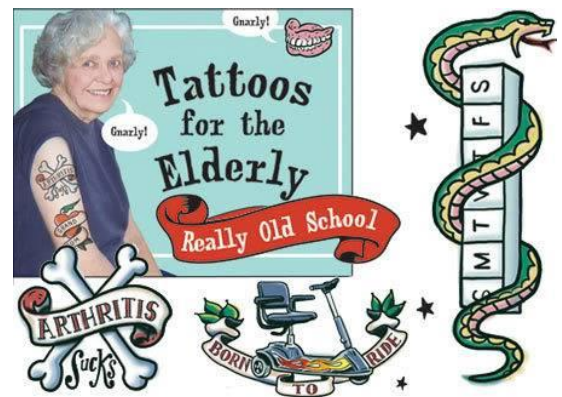
A private community can exclude children if 80% of its units are occupied by someone 55 years of age or older and the community provides a ...

- A. playground, running track, and video game room.
- B. business center, conference rooms, and handball court.
- C. transport service, card rooms, and health center.
- D. tennis courts, tattoo parlor, and vape bar.

(C) A community may exclude children if 80% of its units are occupied by one or more persons 55 years or older AND if it provides significant facilities and services designed to meet the physical or social needs of older persons.

Since many seniors don't drive; such seniors would likely value a transport service to local malls, banks, and medical facilities. Since many seniors are preoccupied with their health, such seniors would likely value an onsite health center staffed with a full-time nurse. Since many seniors find it difficult to travel outside of their community to meet others, such seniors would be likely to value a social center such as card room.

Certainly adult communities can provide amenities which also appeal to younger persons (including tattoo parlors ☺), but to qualify for FHA's senior housing exemption, communities must also provide significant facilities and services of interest **primarily** to older persons.



Citation: The senior housing exemption allows buildings to exclude children under the following conditions: (1) All occupants are 62 years of age or older with two exceptions: (a) resident managers and maintenance personnel and (b) occupants since 1989. (2) Buildings where at least 80% of the units are occupied by one person 55 years of age or older and the building has significant facilities and services designed to meet the physical or social needs of older persons.

Note: Click [here](#) for a link to a site which offers information and reviews of more than 500 active 55+ adult communities.

9. 2.3.3.3: EXEMPTIONS

Mrs. Murphy owns a duplex. She lives in her downstairs unit and rents her upstairs unit. When advertising for a tenant, which of the following statements would be legal?

- A. "You should be able-bodied – 25-steps up to the front door!"
- B. "No progressives and no pinkies!!"
- C. "Only the gentler sex need apply."
- D. "Not suitable for children."
- E. "No druggies, no smokers, and no drunks."



(B) As offensive as this statement might be, it is not illegal. Political beliefs is not a protected

characteristic (see below note). All the other statements are illegal because each states a preference for individuals from a protected group (see §1.4 for a list):

- (A) Shows a preference for persons who can easily climb stairs and, correspondingly, discriminates against persons with mobility disabilities. To make this statement legal, Mrs. Murphy would only have to remove the first five words leaving: “25-steps up to the front door!”. Keep in mind the admonition we gave in §4.2: when advertising, “*Describe the property, not the person.*”
- (C) Shows a preference for women (the “gentler sex”).
This statement would only be legal IF both of Mrs. Murphy’s units (upstairs and downstairs) had common living facilities (e.g., a common kitchen). California’s fair housing law permits owner-occupants advertising for boarders (i.e., a tenant who shares living space with the owner-occupant) to discriminate in favor of the boarder’s gender. This exemption applies only to a single boarder. If advertising for two boarders, an acceptable ad might read “*Seeking two boarders one of which must be female.*” 😊
- (D) Shows a preference for a tenant who does not live with a child; therefore, this statement discriminates on the prohibited basis of family status. If the home was truly unsuitable for children, Mrs. Murphy could describe the features which made it so; for example, “*We live in the country with poison oak, mosquito-infested swamps, disease-ridden tics, venomous rattlesnakes, besotted deer hunters, and ferocious bears.*”
- (E) All Mrs. Murphy would have to do to make this statement legal is to strike “*no drunks*” or to change it to “*no drunks under the age of 21.*” As already mentioned, by statute only addictions to legal substances qualify for protection as a disability and then only if the addiction limits one or more of a person’s major life activities.

Citation: Owners must not publish any advertisement or notice for borders or roomers giving preference to applicants on any prohibited basis EXCEPT for sex – this exception only applies to advertising for boarders.

Note: Most authorities agree that the Unruh Civil Rights Act prohibits all “arbitrary discrimination” meaning discrimination based on any characteristic which bears no relationship to a person’s ability to be a rule-abiding tenant ([source](#)). For example, the California Supreme Court in [Harris v. Capital Growth Investors XIV, 1991](#) wrote:

Despite the listing of specific types of discrimination in the statute, we concluded that the Unruh Act prohibited all “arbitrary discrimination by a business enterprise” and that the listing was “illustrative rather than restrictive” of the kinds of discrimination prohibited by the Act We qualified our conclusion by stating that businesses subject to the Unruh Act retained the right to “establish reasonable regulations that are rationally related to the services performed and facilities provided.”
([Source](#))

While “arbitrary discrimination” may be illegal, we have not found a single case where a court ruled against a plaintiff for discrimination based on any characteristic other than California’s thirteen protected classes (see §1.4).

We suppose that in the very unlikely event that Mrs. Murphy were to be sued for discriminating against prospective tenants adhering to left-wing political views, that she could provide a plausible reason to justify why her discrimination was not arbitrary (for example, “*my last four tenants were Democrats and we were all the time arguing*”).

Of course any arbitrary characteristic which served as a proxy for discrimination on a prohibited basis would likewise be illegal. For example, if Mrs. Murphy’s advertisement had stated “*Must speak Spanish fluently,*” this could be construed as discriminatory because it purports to show a preference for tenants with an Hispanic ancestry.

10. 2.4: CALIFORNIA LAWS

In California, HUD investigates most fair housing complaints.

False In California, the Department of Fair Employment and Housing (DFEH) investigates nearly all fair housing complaints.

Citation #1: HUD refers nearly all fair housing complaints to the DFEH.

Citation #2: From §2.1: In California, HUD has delegated its enforcement of the fair housing laws to the DFEH since California fair housing laws are substantially equivalent to the federal fair housing laws.

11. 2.4.3: FAIR EMPLOYMENT AND HOUSING

When proposed in 1964, CAR[®] opposed the Rumford Act – California’s first fair housing law.

True – believe it or not. The California Real Estate Association (now CAR[®]) led an effort to repeal the Rumford Act. This effort resulted in Proposition 13. This initiative proposed a constitutional amendment which in effect would have nullified all housing acts – especially the Rumford Act – and would have spelled out in the [State] Constitution the unrestricted freedom of owners to sell their properties to whomever they pleased.

Note #1: In 1964, the California Real Estate Association (now CAR[®]) sponsored an initiative to counteract the Rumford Act which read:

Neither the State nor any subdivision or agency thereof shall deny, limit or abridge, directly or indirectly, the right of any person, who is willing or desires to sell, lease, or rent any part or all of his real property, to decline to sell, lease or rent such property to such person or persons as he, in his absolute discretion, chooses ([source](#)).

Note #2: In 1949, owing to the then overt racism of industry groups such as the California Real Estate Association (now CAR[®]), African-American real estate agents formed their own professional association; that group was and now is the [National Association of Real Estate Brokers](#). Its members call themselves Realtists[®].

12. 2.4.5: AIDS DISCLOSURE EXCEPTION

The recent death of any former occupant is considered “legally immaterial” and, therefore, must not be disclosed to potential buyers.

False The law declares that deaths in the seller’s home from AIDS are **never** material regardless of when they occurred and that deaths that occurred in the home three or more years prior to the home’s listing date are also not material.

Agents should not construe that this law compels them to disclose deaths that occurred in the home within the three years prior to the listing (AIDS deaths excepted). And certainly agents and sellers must be truthful in answering any question related to deaths in the home such as (1) “Has anyone ever died of AIDS in this house?”, (2) “Does this house have ghosts?”, or (3) “Was any former occupant ever murdered in this house or commit suicide?”

Citation #1: CC §1710.2 declares that neither the seller or his agent may be sued for the failure to disclose death(s) which occurred in the seller's home more than three years prior to the listing.

Citation #2: Furthermore, this same law, CC §1710.2, declares that if a former occupant was afflicted with or died from AIDS, that this fact too is not material regardless of when it may have occurred.

Opinion: It is your author's opinion that a buyer's agent should ask every seller on behalf of his buyer, "Has anyone ever died in this house?" and then relay the answer back to his buyer. Many people are reluctant to live in a house where former occupants have died particularly if they died from murder or suicide – a so-called "stigmatized property." Furthermore, some deaths might be related to the home itself: (1) An owner killed by a car that crashed through his front window when it failed to brake when speeding around a curve, (2) An owner raped and killed in her sleep by an ex-con staying at a nearby halfway house.

13. 3.2.1.3: WHAT CREDITORS MAY ASK

Suppose you are a mortgage lender and these two gentlemen have applied to you for a million dollar, 30-year mortgage. Assuming both are equal credit risks and that you can only fund one of their loans, how should you choose between them?

- A. Flip a coin.
- B. Choose the one most likely to live the longest.
- C. Choose the one who is not on a fixed income.



(A) You may have noticed that the gentleman on the left (call him "85-Year-Old Man") appears to be considerably older than the one on the right (call him "25-Year-Old Man").

You might think that 25-Year-Old Man relative to 85-Year-Old Man is ...

- (1) more likely to recover from a financial set back.
- (2) less likely to contract a debilitating disease.
- (3) less likely to die before paying off his mortgage.

But the question requires you to think like a lender and the law says that as a lender you must be blind to all prohibited characteristics including age. Therefore, if your underwriter tells you that 25-Year-Old Man and 85-Year-Old Man are equally creditworthy, then the fairest way for you to decide which to fund is to flip a coin.

Citation: A creditor may only ask an applicant if he is over 18. ¶ A creditor who uses a credit-scoring system may include the applicant's age if the applicant is 62 or over only to favor the applicant's score. ¶ A creditor may consider age to determine how long the applicant might continue to work and at what level of income. ¶ Age alone cannot prevent someone from qualifying even when an applicant's life expectancy is considerably less than the term of the mortgage. A lender may not even deny a 30-year mortgage to an applicant because he is a centenarian.

14. 3.2.1.4: CREDITOR NOTIFICATIONS

A creditor must respond to an applicant within 30 days of his application.

True Within 30 days after an application is completed, the creditor must notify the applicant whether or not credit has been approved. If the application is denied, the creditor must provide: (1) a statement of the applicant's rights

under ECOA, (2) the name and address of the federal agency enforcing ECOA compliance, and (3) a disclosure of the applicant's right to know the reasons for his denial.

15. 4.1: GENERAL RECOMMENDATIONS

HUD empowers private fair housing organizations to sue fair housing violators and retain settlements or court-awarded damages for their own use.

True Private fair housing agencies authorized by HUD are empowered to perform private enforcement activities. Under this authority, these agencies may sue fair housing violators and retain out-of-court settlements or court-awarded damages for their own use. Any money collected or awarded to a Council is used to affirmatively further fair housing.

16. 4.2: AVOIDING DISCRIMINATORY ADVERTISING

An assisted living facility advertises “*glatt kosher communal dining with on-site Shabbat services.*” This wording is in violation of the FHA.

False Yes, the ad describes services which only observant Jews would be likely to value BUT the ad does not specify a preference for Jews. If it had read “*Perfect for the Chosen People, we offer glatt kosher ...*” then it would have suggested a preference for The Chosen People (i.e., Jews) and would therefore be illegal.

Citation: On the other hand, based on HUD's belief that descriptions of properties and services are generally permitted, the agency has determined that ads containing such descriptions as “*chapel on the grounds*” and “*kosher meals available*” do not on their face state a preference for persons likely to make use of those facilities so as to violate the FHA. ... ¶ In addition to the “reasonable person” standard, you should also consider the following rule of thumb when advertising the sale or rental of a dwelling: **DESCRIBE THE PROPERTY, NOT THE PERSON.**