



COR 1663 – 564001848

Core B: Legal Issues: Why Go to Court to Learn Federal Fair Housing Laws



ILLINOIS REALTORS®
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Kim Daugherty, Author

Completing Your Homestudy Course:

The student should look through the entire course to get a feel for the format (quizzes, notes, etc.) Highlighted areas and pre-quiz questions have been written to help students recognize key information in the material.

At the end of the course, students will take a proctored exam that will cover the course information. When you have completed the course, and have had time to review, please contact *the board from which you purchased the course* to schedule your proctored exam.

Instructor Availability

Kim Daugherty is the author and instructor for this home study program. As this program is designed to allow you to work at your own pace, it may be necessary for you to contact the instructor at some point if you are struggling with a certain area of the course.

It is the policy of the Illinois REALTORS® and Kim Daugherty to make available to you, an email address for a quick response to your questions, concerns, or comments about the home study program.

Always leave a detailed message with specific pages and/or topics you would like to discuss - **Email** – KDaugherty@cbgundaker.com

Maximum Allowable Time:

The maximum allowable time to complete this home study package is **90 days from the date of purchase.**

Any student not achieving a 70% score on the Final Exam must contact IR to prepare for a successful re-take of the Final Exam.

Instructions to Complete This Course



Step One: Look through the entire course to get a feel for the format (quizzes, notes and answer key)

Step Two: Answer/complete each quiz. After each quiz correct your answers, then go on to the next quiz and/or notes. Take your time and digest the material.

Step Three: Don't hesitate to use reference resources to expand your knowledge and understanding of any of the issues.

Step Four: Sign-up for and take the test

Outline

Introduction, overview and opening quiz	20 minutes
Part One of Quiz (questions 1-23) and review	30 minutes
Part Two of Quiz (plus X & O) and review	5 minutes
Part Three & Four	20 minutes
Case 1-5: Read, Answer, Review	30 minutes
Case 6-8: Read, Answer, Review	25 minutes
Case 9-10: Read, Answer, Review	20 minutes

Opening Quiz



Fill in the answer

1. How many protected classes are there under Title VIII of the Federal Fair Housing Laws? _____

2. Name all of the classes:

3. Which two of the protected classes are the newest to be added?

4. Which of the protected classes is never subject to an exception?

5. What year marks the beginning of Title VIII? _____

6. The Civil Rights Act of 1866 prohibits any discrimination based on:

7. The illegal practice of inducing homeowners to sell their properties by making representations regarding the entry or prospective entry of persons of a particular race or national origin into the neighborhood is known as:

8. The illegal practice of a lending institution denying loans or restricting their number of certain areas of a community is known as:

9. The illegal practice of channeling home seekers to or away from particular areas, either to maintain the homogeneity of an area or to change the character of an area to create a speculative situation, thus making some areas unavailable to home seekers because of their minority status is known as:

10. Persons who pose as prospective tenants or home seekers to check on compliance with fair housing laws are known as:

Part One



True/False

- _____ 1. According to Federal Fair Housing Law, any discrimination against any person is always illegal.
- _____ 2. The Federal Fair Housing Act prohibits discrimination based on age.
- _____ 3. Changing the terms and conditions under which a property is offered because of a buyer's race is OK, provided you don't list with a broker and you own less than three properties.
- _____ 4. Brokers are not liable if their agents unintentionally violate a Fair Housing Law.
- _____ 5. A real estate licensee is merely a liaison between a renter/buyer and a property owner and cannot be held liable under the Fair Housing Act for any of the owner's discriminatory policies which the licensee may communicate.
- _____ 6. A building which conforms to Federal Fair Housing guidelines may declare itself a senior citizen building and prohibit children from living there.
- _____ 7. Federal Fair Housing Laws do not apply to the sale or rental of condos and co-ops.
- _____ 8. The effect of a behavior may constitute a Fair Housing violation even when there is not intent to discriminate.
- _____ 9. Treating prospects differently because they have different housing needs or different incomes is probably not a violation of Fair Housing laws.
- _____ 10. Telling white buyers/renters about neighborhoods that are "changing", "transitional", or "integrated" so they know what they are getting into is OK if you are a buyer's agent.

- _____ 11. A housing discrimination complaint can only be filed by an individual who is renting or buying a dwelling.
- _____ 12. In advertising property for sale or rent, it is a good idea to mention the name of the local church.
- _____ 13. The buyer's agent asks the listing agent directly if the seller has AIDS. The listing agent knows that to be a fact, so must disclose it to the buyers agent.
- _____ 14. If you are renting a house to a family with children, it's OK to charge a higher security deposit than those families without children because the presence of children results in more wear and tear on the property.
- _____ 15. "Testers" must acknowledge that they are "testers" if the real estate agent specifically addresses the issue.
- _____ 16. If an agent appears to have violated the law, the "tester(s)" will give the agent a warning and recommend what the agent should/could do to solve the problem.
- _____ 17. At the end of an audit/test, the "tester" must tell the agent that he/she is a "tester" and not really a buyer.

Multiple Choice

18. Which is true regarding the Federal Fair Housing Law?
- A. The case of Jones vs. Alfred Mayer Company negated the effects of the law
 - B. Aggrieved parties may appeal to HUD for assistance
 - C. It preempts state laws concerning discrimination
 - D. It would apply to commercial buyers

19. The Falks were planning to sell their home, which is the only real property they own. They do not plan to employ an agent and have not sold any other house within the past two years. If they do not use discriminatory language in advertising, may they discriminate, on the basis of race, in the sale of their property?
- A. Yes, because owners are exempt in the sale of single-family residences when an agent is not employed
 - B. Yes, because the Fair Housing Act of 1968 allows for an exemption under these conditions
 - C. No, because they do not qualify for exemption under the provisions of the Fair Housing Act of 1968
 - D. No, because they would be in violation of the Civil Rights Act of 1866
20. A Lutheran church owns a retirement home and restricts the rental of the unit to Lutherans of any age, sex, race, color or national origin. Is this policy a violation of federal fair housing laws?
- A. Yes, because all discrimination on the basis of religion is illegal
 - B. Yes, because only owners of single-family homes may discriminate on the basis of religion
 - C. No, because nonprofit organizations are not subject to federal housing provisions
 - D. No, because religious organizations may limit occupancy of dwelling units they own to persons of the same religion
21. The Spectrum Club, in which membership is all male, maintains several sleeping rooms as a convenience for its members on a nonprofit basis. Occupancy is restricted to members or male guests of members. Is this a violation of the federal fair housing laws?
- A. Yes, because this constitutes sexual discrimination
 - B. Yes, because the facilities are not open to the public
 - C. No, because non-members are accepted as guests of members
 - D. No, because this is not a commercially operated house

22. Familial status deals with discrimination against families
- A. with children under the age of 18
 - B. with children under the age of 16
 - C. with no children
 - D. of a certain religion
23. A person leasing a one-bedroom apartment, can discriminate against all **EXCEPT**:
- A. a family with three children
 - B. a couple no financially able
 - C. a financially able minority couple
 - D. a couple with pets

Part Two



Multiple Choice

1. Under the federal fair housing law, the seven protected classes include:
 - A. race, color, sex, handicap, national origin, source of income, religion
 - B. race, color, religion, sex, handicap, familial status, national origin
 - C. race, sexual orientation, sex, familial status, handicap, age national origin
 - D. none of the above

2. The fair housing laws prohibit all of the following, **EXCEPT**:
 - A. refusal to show, sell, or rent a property because of disability
 - B. expressing a preference for adults in a listing comment
 - C. evicting a current user of illegal drugs
 - D. targeting your marketing efforts exclusively to young executives

3. Under federal fair housing laws it is legal to prohibit which of the following in a housing unit?
 - A. smoking
 - B. a live in caregiver for a resident with a disability
 - C. drinking alcohol
 - D. both A and C

4. Types of housing covered under the Fair Housing Act include:
 - A. condominiums and cooperatives
 - B. single family home
 - C. commercial building
 - D. both A and B

5. Based on federal fair housing law, which of the following people would be protected?
 - A. a 47 year old white male
 - B. a divorced male, single parent

- C. a 22 year old, Jewish male
 - D. all of the above
6. Based on federal fair housing law, which of the following people would be protected?
- A. a divorced woman, single parent
 - B. a 35 year old, Catholic man
 - C. a 50 year old, white man
 - D. all of the above
7. The fair housing laws prohibit all of the following **EXCEPT**:
- A. refusal to sell a property because of a buyer's religion.
 - B. advertising a preference for Caucasian buyers
 - C. refusing a blind resident permission to have a guide animal
 - D. using the phrase "master bedroom" in an advertisement
8. Which of the following are violations of the Fair Housing Act?
- A. a seller tells you he does not want to sell to African-Americans
 - B. a sales associate puts the phrase "adults preferred" in a MLS listing
 - C. both A and B
 - D. none of the above
9. Which of the following phrases comply with the federal fair housing laws?
- A. ideal for college students or retirees
 - B. one bedroom cottage near public transportation
 - C. Christian community
 - D. both A and C
10. Familial Status deals with discrimination against families with:
- A. two or more children
 - B. husbands and wives exclusively, provided they have one child or more
 - C. at least one child under the age of 18
 - D. at least one child under the age to be considered an adult in their respective state

11. A person leasing a two bedroom house can discriminate against all of the following

EXCEPT:

- A. a family with eight children (3 boys...5 girls)
- B. a mother and child with a pet that lives indoors with them
- C. a minority couple not financially able
- D. a financially able family with one child

12. All of the following people can file a fair housing complaint **EXCEPT:**

- A. a tester
- B. a buyer's agent
- C. a homeowner
- D. a pet frog
- E. the federal government
- F. a buyer
- G. a renter
- H. a seller
- I. a "failed to sell" homeowner

Place an "X" next to each of the following that represents a federally recognized disability.* Place an "O" next to those that do **NOT** qualify:

- ___ walking impairment
- ___ cancer
- ___ heart disease
- ___ MS
- ___ hearing impairment
- ___ transvestites
- ___ those who have successfully completed a drug rehab program
- ___ mental illness
- ___ divorces
- ___ users of illegal drugs
- ___ AIDS, HIV
- ___ diabetes
- ___ impeached officeholders of the federal government
- ___ those visually impaired (blind)

*The above is NOT an all-inclusive list...

Part Three



What Everyone Should Know About Fair Housing & Equal Opportunity In Housing

Some of the rules, regulations & laws:

The Law...Civil Rights Act of 1866

The Civil Rights Act of 1866 prohibits any racial discrimination in the sale or rental of residential real property.

Fair Housing Act...

The Federal Fair Housing Act establishes a nationwide policy of fair housing. The law makes discrimination in the sale or lease of real property because of race, color, religion, national origin, sex, handicap and familial status illegal.

Americans With Disabilities Act...

Title III of the Americans with Disabilities Act prohibits discrimination of disabled Individuals in places of public accommodations & commercial facilities.

Equal Credit Opportunity Act...

Equal Credit Opportunity Act makes it illegal to discriminate on an aspect of a credit application on the basis of the seven protected classes (race, color, religion, national origin, Sex, handicap and familial status) or because any or all of the applicants income may be from a public assistance program.

State & local laws...

State & local laws may prohibit discrimination based upon additional classes not covered by the Federal Fair Housing laws.

Responsibilities...

The home seller, home seeker, and the professional all have rights & responsibilities under the Federal Fair Housing Law. All home sellers and real estate professionals must be assured that all property is marketed and made available without discrimination based upon race, color, religion, national origin, sex, handicap, and familial status.

The Home Seller...

Responsibilities & Requirements: No discrimination in the sale/rental of residential real property base upon the 7(seven) federally protected classes.

A home seller/landlord may not instruct a licensed real estate broker or sales person acting as your agent to discriminate in the sale &/or rental of real property based upon the 7(seven) federally protected classes.

A home seller/landlord cannot establish discriminatory terms or conditions for the sale/rental of residential real property (includes all advertising).

A home seller/landlord cannot make a property only available to persons of certain race, religion, national origin, sex, handicap and familial status.

The Home Buyer...

As home buyer, you have the right to expect that housing will be available to you without discrimination or limitations based upon race, color, religion, national origin, sex, handicap and familial status. This includes:

- Housing in your price range made available
- Opportunity to consider a broad range of housing
- No discriminatory limitations on communities or locations of housing
- No discrimination in the availability of financing, appraisal, or insurance of housing
- Reasonable accommodations for persons with disabilities
- Non-discriminating terms & conditions for the sale/rental of real property
- Non-discriminating terms & conditions for the financing or insuring of real property
- Free from threats or interference with your Fair Housing Rights

Fair Housing Partnership...

The Fair Housing Partnership is a partnership with the Department of Housing & Urban Development. REALTORS voluntarily participate in activities to become & remain informed of programs available within a community with respect to equal housing opportunities & establish office procedures to guarantee that equal professional service to all.

If you have any questions, concerns, or want additional information, call the US Department of Housing Development at 1-800-343-3442.

Part Four



Some Key Notes about Federal Fair Housing Laws

“Age” is not one of the seven protected classes covered under the Federal Fair Housing Laws.

Do not mention the names of churches in your ads.

Your agency status with a consumer does not influence how you are bound by the Federal Fair Housing Laws.

If you accidentally violate the Federal Fair Housing Laws you are still in trouble. Your intent or lack of knowledge will not get you off the hook.

AIDS is considered a disability thus making it part of the protected classes.

A landlord is permitted to keep children from living at a complex provided said complex conforms with the Federal Fair Housing guidelines for a senior citizen only project.

A licensee may choose to not work with a buyer due to the buyer’s income or housing needs. Neither item falls under the Federal Fair Housing protected classes.

A landlord is permitted to say no to a tenant that has too many people wanting to take occupancy.

Some states have extra or more stringent fair housing laws. If state and federal laws are not the same, most stringent law must be followed.

“Testers” are not required to ever disclose their true identity or tell the truth even when asked a direct question. They are like under-cover cops.

Familial Status involves families with a child or children under the age of 18.

There are seven protected classes under Federal Fair Housing.

Brokers are always potentially liable for what their agents do.

The Federal Fair Housing Laws are the same throughout the United States. State fair housing laws may vary.

Key Notes continued

Commercial transaction (commercial real estate) is not covered by Federal Fair Housing Laws.

Anyone who thinks they have been injured may file a fair housing complaint.

Race is **ALWAYS** a protected class.

If you're a licensee involved in marketing or a transaction, you are potentially liable for what you and your client/customer does.

Condos, co-ops, etc. are all covered by the Federal Fair Housing Laws.

It is **NOT** ok to charge a higher deposit for families that have more children.

A licensee is liable for what they say, do, write, etc. Know the laws and play by the rules.

*Website licensees should visit: www.hud.org



Fair Housing Case Studies – Short and to the Point

1. An advertisement in a local newspaper for an exclusive new rental community says the following:

“This beautifully designed rental community offers the finest in executive living.”

Is this discriminatory?

2. The following ad appeared in the Daily News:

FOR SALE: 4 BR brick home, Redwood School District. Excellent Elm Street location next door to St. John’s church and right on the bus line. Move-in condition; priced to sell. Call Gina at XYZ Realty, 555-1212.

Is this discriminatory?

3. An advertising firm was hired by a developer to prepare a promotional brochure for a new housing development. The brochure pictured white couples as “happy residents”. These brochures were distributed to corporate executives employed by local firms. The development was advertised for sale in the “Business Executive Times” which is published in the area.

Is this discriminatory?

4. An appraiser is asked to appraise a residential property for loan purposes. The property is located in a “changing” neighborhood. A number of

“minority” homeowners have recently been moving into this previously “all white” residential neighborhood. The appraiser believes that there will be an increase in criminal or antisocial behavior and that the quality of schools and other community facilities will decline because of the change in the neighborhood. The appraiser believes these conditions will result in lower property value and reflects this belief in the estimate of value.

Is this discriminatory?

5. A real estate salesperson is asked by a potential seller to prepare a Competitive Market Analysis as a guide to establishing a listing price. The salesperson indicates that the houses have not been selling very fast in the neighborhood because of several incidents of racial tension. The salesperson recommends that the seller list the property for 20% less than the recent sales indicate the market value to be so that the house will sell more rapidly.

Is this discriminatory?

6. Sam, a Caucasian, and Tony, an African American, both expressed interest in purchasing a home through the same real estate brokerage firm. The salesperson working with Sam provides him with detailed information about financing, including information about specific programs available at five different local lenders. The salesperson also pre-qualifies Sam for conventional as well as FHA insured and VA guaranteed loan programs. Tony is provided general information about possible financing arrangements. This lender specializes in FHA financing.

Is this discriminatory?

7. The property manager of an apartment complex has established the following rental procedures:
 - A. Prospective tenants with physical disabilities should be shown the first floor.
 - B. Tenants are prohibited from making any leasehold improvements without prior approval by the property manager.
 - C. Families with children should be shown units in a building reserved for children.

- D. An additional security deposit should be collected from tenants who have a pet.
- E. One bedroom apartments should be occupied by no more than two persons.

Are these discriminatory?

- 8. A single woman with two small children has been told by a real estate salesperson that homes for sale in one of the new developments are “usually only available to married couples and two-parent families because they tend to create a more stable neighborhood”.

Is this discriminatory?

- 9. A family is moving from out of town and contacts QRS Realty to help them learn about the new area and find a home. The family is concerned about finding a community with a rich cultural environment, a good school district with an active football program and a neighborhood with other families and children of approximately the same ages. They also indicate to the real estate salesperson that they had the experience of living in a “mixed neighborhood” and like the advantages of living with a variety of people. The salesperson agrees to show them houses only in integrated neighborhoods but says that the schools are not as good as in the white neighborhoods and there are not as many cultural advantages.

Is this discriminatory?

- 10. An elderly Caucasian couple, Mr. And Mrs. Valentine, list their home for sale at \$130,000 with sales associate Smith. They wish to move into a condominium. Their home, an older structure that is in good condition, is located in a neighborhood where many Italian families reside.

After an open house, listing agent Smith receives two offers on the home. The first offer is from Mr. And Mrs. George Rivera. The second offer is from Mr. And Mrs. Tony Castiglione. The first offer is for 100% of the

asking price, and the second offer is for 95% of the asking price. The first offer is solid - the buyers were pre-qualified, and they want to close as soon as possible. Furthermore, their offer does not include an inspection contingency. The second offer is contingent on the buyers selling their own home, which has been on the market for six months. The second offer also includes a standard inspection contingency. The sellers instruct Smith to accept Mr. And Mrs. Castiglione's offer.

Do you suspect discrimination? Why?

How would you handle this situation?

What would you do in the future to avoid this situation from ever happening?

Federal Fair Housing Answer Key

Opening Quiz

1. Seven
2. Race, color, religion, national origin, sex, familial status & disability
3. Familial status & disability (or handicap)
4. Race
5. 1968
6. Race
7. Block busting
8. Red lining
9. Steering
10. Testers or auditors

Part One

1. False
2. False
3. False
4. False
5. False
6. True
7. False
8. True
9. True
10. False
11. False
12. False
13. False
14. False
15. False
16. False
17. False
18. B
19. D
20. D
21. D
22. A
23. C

Part Two-Multiple Choice

- | | |
|------|------|
| 1. B | 7. D |
| 2. C | 8. C |
| 3. D | 9. B |
| 4. D | 10.C |
| 5. D | 11.D |

6. D 12.D

Mark federally recognized disabilities with an X

Walking impairment – X

Cancer – X

Heart disease – X

MS – X

Hearing impairment – X

Transvestites – O

Those who have successfully completed a drug rehab program – X

Mental illness – X

Divorcees – O

Users of illegal drugs – O

AIDS and HIV – X

Diabetes – X

Impeached officeholders of the federal government – O

Those visually impaired (blind) - X

Case Studies

- 1. An advertisement in a local newspaper for an exclusive new rental community says the following: “This beautifully designed rental community offers the finest in executive living.” Is this discriminatory?**

There are some of these case studies that are definitely discriminatory, there are some that might be a bit of a gray area, and then there are some that are okay. When in doubt, always take the conservative route. Remember you always want everyone to feel welcome and no one to feel left out. So with one, “This beautifully designed rental community offers the finest in executive living,” where is the problem? It is the word “executive.” Executive living. It is implying if you’re not an executive, you wouldn’t want it. You wouldn’t like it. It’s not for you. Had it said, “This beautifully designed rental community offers the finest in living,” then it’s probably okay. But the word “executive” is the flag word, the one that could potentially offend someone and even be considered discriminatory.

- 2. The following ad appeared in the Daily News: “For sale: 4 bedroom brick home, Redwood School District. Excellent Elm Street location next to St. John’s Church, right on**

the bus line. Move-in condition; priced to sell. Call Gina at XYZ Realty.” Is this discriminatory?

Remember we're only talking about Federal Fair Housing. We're not talking about potential other misrepresentations in the ad. Like is it really a brick home, or is it really brick veneer? Is it move-in condition and by whose standards? But here is the key, "St. John's Church" should probably be avoided. So it's "St. John's Church" that is the flag.

3. An advertising firm was hired by a developer to prepare a promotional brochure for a new housing development. The brochure pictured white couples as "happy residents". These brochures were distributed to corporate executives employed by local firms. The development was advertised for sale in the "Business Executive Times" which is published in the area. Is this discriminatory?

Yes, several key issues. Issue 1, if you are going to use models in your ads, pictures of people, be sure there is diversity. Second item, it's okay to have people pictured as happy, but the distribution of the information needs to reach out to everyone. It's okay to do brochures, it's okay to target them to specific areas, provided you have other ads in a more outreaching source of media that would tap into the majority of people in that greater area. For instance, you would not want to distribute only advertising to executives at local firms, and you would not want to only advertise in the "Business Executive Times." So between yourself and your company, be sure the advertising reaches out to the general population. Above and beyond that, if you want to do some target marketing, that's fine.

4. An appraiser is asked to appraise a residential property for loan purposes. The property is located in a "changing" neighborhood. A number of "minority" homeowners have recently been moving into this previously "all white" residential neighborhood. The appraiser believes that there will be an increase in criminal and antisocial behavior and that the quality of schools and other community facilities will decline because of the change in the neighborhood. The appraiser believes these conditions will result in lower values and reflects this belief in the estimate of value. Is this discriminatory?

Yes. What part of it? All of it. Four is laced with opinions that are illegally founded.

5. A real estate salesperson is asked by a potential buyer to prepare a Competitive Market Analysis as a guide to establishing a listing price. The salesperson indicates that the houses have not been selling very fast in the neighborhood because of several incidents of racial tension. The salesperson recommends that the seller list the property for 20% less than the recent sales indicate the market value to be so that the house will sell more rapidly. Is this discriminatory?

Yes. In fact this is a case of block busting.

6. Sam, a Caucasian, and Tony, an African American, both expressed an interest in purchasing a home through the same real estate brokerage firm. The salesperson working with Sam provides him with detailed information about financing, including information about specific programs available at five different local lenders. The salesperson also pre-qualifies Sam for conventional as well as FHA insured and VA guaranteed loan programs. Tony is provided general information about possible financing. This lender specializes in FHA financing. Is this discriminatory?

Very possibly, yes. The key is this, if two people walk into an office, and their situation does not merit that different information be brought to their attention, then they should be consistently treated much the same unless they specifically request information that is not the same. Bottom line is, just race should not be a reason for which they get different treatment and/or different information provided.

7. The property manager of an apartment complex has established the following rental procedures:

A. Prospective tenants with physical disabilities should be shown the first floor. Actually, they should be shown everything that's available. Do not limit unless they request that you show them just the first floor. B. Tenants are prohibited from making any leasehold improvements

without prior approval by the property manager. That's okay. C. Families with children should be shown units in a building reserved for children. That is not okay, unless it's been approved by HUD and the local building authority has given permission to have buildings reserved for children. Otherwise you should show them everything and all buildings should be open to everyone. D. An additional security deposit should be collected from tenants who have a pet. Is this okay? Yes it is. E. One bedroom apartments should be occupied by no more than two persons. Is that okay? Yes it is.

8. A single person with two small children has been told by a real estate salesperson that homes for sale in one of the new developments are “usually only available to married couples and two-parent families because they tend to create a more stable neighborhood”. Is this discriminatory?

The answer is yes. What part of it? All of it. Violation of familial status.

9. A family is moving from out of town and contacts QRS Realty to help them learn about the new area and find a home. The family is concerned about finding a community with a rich cultural environment, a good school district and an active football program and a neighborhood with other families and children of approximately the same ages. They also indicate to the real estate salesperson that they had the experience of living in a “mixed neighborhood” and like the advantages of living with a variety of people. The salesperson agrees to show them houses only in integrated neighborhood but says that the schools are not as good as in the white neighborhoods and there are not as many cultural advantages. Is this discriminatory?

The answer is yes. By the way, what the consumer requested was great, how the agent responded is where the problem occurs.

10. An elderly Caucasian couple, Mr. and Mrs. Valentinie, list their home for sale at \$130,000 with a sales associate whose last name is Smith. They wish to move into a condominium. Their home, an older structure that is in good condition, is located in a

neighborhood where many Italian families live. After an open house, listing agent Smith receives two offers on the home. The first offer is from Mr. and Mrs. George Rivera. The second offer is from Mr. and Mrs. Tony Castiglione. The first offer is for 100% of the asking price, and the second offer is for 95% of the asking price. The first offer is solid – the buyers are pre-qualified, and they want to close as soon as possible. Furthermore, their offer does not include an inspection contingency. The second offer is contingent on the buyers selling their own home, which has been on the market for six months. The second offer also includes a standard inspection contingency. The seller instructs Smith to accept Mr. and Mrs. Castiglione’s offer.

Do you suspect discrimination? Probably, and why do you suspect it has to do with the fact that the offer from buyer 1, the Riveras, is measurably superior to the second offer. How would you handle this situation? If you’re the listing agent, you might want to bring it to the attention of the seller to be sure whatever offer they pick is in their best interest and in keeping with the Federal Fair Housing Laws. It is important that everyone play by the rules. You might even show them again your handout (part three of this packet), about what everyone should know, what all home buyers and home sellers should know, about Fair Housing Laws, etc. You might also want to run it by your manager to see what insights your manager might have on how to address this situation. What would you do in the future to avoid this situation from ever happening? Well the reality is this, there might be nothing you can do other than stress fair housing when you list the property.

Before we leave this case study, let’s take a quick glimpse at some reasons why a home seller might take one offer over another offer that would be perfectly in keeping with the Fair Housing Laws. They might prefer the closing date of one offer as opposed to the other. One offer might net them more money. Another offer might have more inspections rather than less. Other contingencies in the offer to purchase might favor one as looking better than the other. If one buyer has been pre-approved, and the other has not, that could be something the seller would want to factor in. Maybe one buyer asked for a lot of personal property and the other offer to purchase reflects no request for personal property. Here’s the key, when a seller picks one offer over another, it can be for any reason provided it doesn’t violate any set of laws including, but not limited to fair housing. When in doubt, be sure to get your manager involved.

3 Hours Core B Continuing Education Credit – State of Illinois

This course has been prepared to satisfy the guidelines to meet the State of Illinois' continuing education requirements for brokers, salespersons and leasing agents.

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