

California Association of REALTORS Scholarship Foundation

Trustee Guideline Manual

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I. INTRODUCTION

A. Overview of the California Association of REALTORS⁷ Scholarship Foundation

The California Association of REALTORS⁷ Scholarship Foundation was established in 1948 as the Glenn D. Willaman Real Estate Foundation, in honor of the man who served as State Secretary of the California Real Estate Association from 1921 to 1946. The name of the Foundation was changed to the CREA Scholarship Foundation in 1967, and later to the C.A.R. Scholarship Foundation in 1976. The Foundation was started with \$1,874.38 in cash, a \$1,000 bond and some donation pledges.

Real estate is basic to the welfare of California. The first concern of the Realtor⁷ is to encourage and safeguard investment in real estate. The second is to widen the opportunity for ownership of real property. The accomplishment of these broad purposes demands that those in real estate have the finest possible education and training. Scholarships not only assist this education for outstanding individuals, but support the education structure of the colleges and universities offering real estate courses.

The purpose of the Foundation was to provide Ascholarships to help students whose intelligence, qualities of leadership and health make them assets worth developing for the future good of the state.≡ The scholarships were intended to encourage people going into the real estate business to obtain a quality real estate education.

The Foundation was organized as a charitable trust and is considered a 501(c)(3) Public Charity by the IRS. As a public charity the Foundation is exempt from federal and state taxation and may receive tax deductible donations.

The Trustees are the managers of the trust. As the managers of a charitable trust, the Trustees hold legal title to the money and other property donated to the Foundation. Even though they hold legal title to trust property, the Trustees have an equitable obligation to manage the trust property for the benefit of the scholarship recipients, the beneficiaries of the trust. As the legal owners of the trust property, the Trustees have broad powers which are limited by the declaration of trust, and applicable state and federal laws.

The Trustees are fiduciaries and as such must act with the highest good faith, must make full disclosure of material facts, and must not use their positions to gain any advantage or make any special profit. They should avoid self dealing and should not

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buy property from or sell property to the Foundation. They cannot receive a commission or bonus from a purchaser of trust property. Trustees may not use the trust property for any purpose unconnected with the Foundation and they may not take part in any transaction in which they have an interest adverse to the Foundation.

When acting in their official capacity, Trustees have the duty to exercise care, skill, prudence, and diligence to accomplish the purposes of the trust. Trustees may be personally liable for any breach of trust committed intentionally, with gross negligence, in bad faith, or with reckless indifference to the interest of the beneficiary.

Except where specifically stated in the Declaration of Trust, all actions undertaken by the Trustees must be approved by a majority of the Trustees. Any action approved by the majority of the Trustees shall be conclusive and binding.

Since the beneficiaries of the Foundation are not specifically identified, the trust is enforced and protected by the California Attorney General. The Attorney General maintains a register of charitable trusts and copy of the Foundation trust declaration and its amendments are filed therein. The Attorney General may investigate transactions and relationships to ascertain whether the trust purposes are being carried out. The Attorney General may also institute proceedings to secure compliance with the state laws governing charitable trusts.

This guideline is intended to explain the Trustees duties and obligations under the Trust Declaration. Trustees should consult the Trust Declaration, which controls, and legal counsel, if questions should arise.

B. Trustees: Number, Qualifications, Term, Appointments and Removal

- A. There shall be thirteen Trustees each of which shall serve a term of 5 years from January of the year in which they begin their term through November 31st of the year ending their term.
- B. At the time of their appointment, Trustees must be California residents, a member of C.A.R. and licensed real estate brokers.
- C. Each incoming C.A.R. president shall appoint Trustees to replace those Trustees whose terms expire or are otherwise terminated during the years preceding the president's term. However, vacancies occurring between January meetings of the C.A.R. Board of Directors shall be filled by the remaining Trustees in office and the Trustees so appointed shall serve until the following January when the replacement is appointed by the incoming C.A.R. president takes office.

Trustees appointed to replace Trustees whose terms had not expired shall only serve the remainder of the term of the Trustees whom they are replacing. When making appointments the president shall consider the recommendation of the sitting Trustees and those appointments are subject to ratification of the C.A.R. Board of Directors.

- D. Trustees may be removed from office by the affirmative vote of the majority of the C.A.R. Board of Directors. Vacancies also occur if a Trustee dies, resigns, has his license suspended or revoked, refuses to act, is found to be of unsound mind by the court or other competent tribunal, or is found by the Superior Court to have violated his trust or to be unfit to fulfill his duties as Trustee.

C. Trustee Duties at a Glance

- X Trustees attend three C.A.R. Scholarship Committee meetings. The C.A.R. Scholarship Committee meets on Friday from 8:00 a.m. - 11:00 a.m.
- X Trustees interview students, participate at the annual fund raising booth during the C.A.R. Expo, and promote the scholarship program.
- X Trustees are encouraged to contact their local colleges and universities in an effort to a) introduce themselves as a liaison between the C.A.R. Scholarship Foundation and real estate professor or the Financial Aid office and b) to promote the availability of perpetual scholarships that have been specifically designated to certain colleges or regions.
- X Trustees should be familiar with the perpetual scholarships specifically designated to the colleges in their region and make every effort to ensure that scholarships are awarded to deserving students in their region.
- X Trustees are responsible for overseeing the management of the Foundations assets.

D. Internal Revenue Service and Franchise Tax Board Considerations

- A. In any tax year, after paying expenses and other Foundation obligations, the Trustees must distribute any remaining trust income as scholarships to avoid taxation.

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- B. The Trustees must not engage in transactions for the sale, lease or exchange of property between the Foundation and any disqualified person unless a lease of property is made to the Foundation without charge. Disqualified persons are defined as any Trustee, any corporation or partnership wholly or substantially owned by a Trustee, any substantial contributor, any whole or substantial owner of a substantial contributor, or any family member of a substantial contributor.
- C. The Trustees must not lend money or extend credit to or borrow money or accept credit from any disqualified person unless a loan is made to the Foundation by a disqualified person with no interest or other charges. The performance by a bank or trust company which is a disqualified person of trust functions and certain general banking services are not prohibited. The general banking services allowed by this paragraph are: (1) checking accounts, as long as a bank does not charge interest on any over withdrawals; (2) savings accounts, as long as the Foundation may withdraw its funds on no more than 30 days= notice without subjecting itself to a loss of interest on its money for the time during which the money was on deposit; and (3) safekeeping activities.
- D. The trustees must not furnish any goods, services or facilities to or accept any goods, services or facilities from any disqualified person unless such goods, services or facilities are provided to the Foundation by the disqualified person without charge or the goods, services or facilities are furnished to the disqualified person on no more favorable terms than those on which such goods, services or facilities would be made available to the general public.
- E. The Trustees must not compensate or reimburse the expenses of any disqualified person unless such compensation or reimbursement is paid for personal services which are reasonable and necessary to carry out the exempt purposes of the foundation.
- F. The Trustees must not transfer the Foundations assets or income to any disqualified persons, or permit any disqualified person to use the Foundation assets or income.
- G. The combined holdings of the Foundation and any disqualified persons in any corporation conducting a business which is not substantially related to the exempt purposes of the Foundation should not exceed twenty percent of the voting stock in such corporation. The combined holdings of the Foundation and any disqualified persons in any unincorporated business (other than a sole proprietorship) which is not substantially related to the exempt purposes of the Foundation should not exceed twenty percent. The Foundation should have no interest in a sole proprietorship which is not substantially related to the exempt purposes of the Foundation.
- H. The Trustees must avoid all investments which would jeopardize the carrying out of the Foundation=s tax exempt purposes. An investment shall be considered to

jeopardize the carrying out the Foundation's exempt purposes if it is determined that in making such investment the Trustees failed to exercise ordinary business care and prudence, under the facts and circumstances prevailing at the time of making the investment, in providing for the long and short term financial needs of the Foundation to carry out its exempt purposes.

- I. The Trustees should not make any expenditures for any purposes other than those set forth in the Trust Declaration. Specifically prohibited are (1) expenditures to carry on propaganda or to influence legislation; (2) expenditures to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive; (3) grants to individuals other than scholarships in accordance with the conditions of the Trust Declaration as it is amended from time to time; and (4) grants to organizations. Any expenses incurred carrying out the exempt purposes of the Foundation are permitted.

E. Trust Property and Donations to the Foundation

- A. While most donations to the Foundation are money or pledges of money, the Foundation may accept all forms of property as donations, including real estate property, personal property, common stocks, preferred stocks, and intangible property such as patents or copy rights.
- B. Property donated to the Foundation is called the trust corpus or principal, while dividends, except dividends in liquidation, and interest from the trust accounts or investment are called trust income. Any distribution other than regular dividends, including additional stock real or personal property or rights, privileges or advantages of any kind, shall be considered trust corpus. Any cash, rights or privileges or property other than the usual or customary dividends which are paid out as an incident of a dissolution, merger, reorganization or other changes in the corporation in which the Foundation owns stock or other securities shall also be treated as trust corpus or income.
- C. In arriving at the income derived from securities held by the Trustees, there is no need to recoup the cost of the security. No additions should be made to income if securities are purchased at discount prices.
- D. As a general rule, the Trustees are authorized to determine whether money or other property coming into its hands are trust corpus or income. Any such determinations made in good faith by the Trustees shall be conclusive and binding upon all persons interested in the Foundation.
- E. All the debts and obligations of the Foundation are to be paid from the trust

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income and not out of the principal. All scholarships shall be paid out of the trust income and not the trust corpus. Only the interest on the principal is used to grant awards.

- F. The Trustees are required to sell any real property donated to the Foundation and to include the proceeds from the sale in the trust corpus.
- G. **All gifts to the Foundation must be irrevocable.**
- H. Donors to the trust may set forth conditions upon which the funds they have donated should be awarded as scholarships. However, the ultimate discretion must remain with the Trustees and Trustees may act upon a donors conditions only to the extend that they do not conflict with the charitable purposes of the trust.

III. Scholarship Qualifications

The Foundation awards scholarships to students enrolled at a California College or University for professions which are centered on, or support a **career** in real estate transactional activity such as:

- X Real Estate Management/Brokerage
- X Real Estate Finance
- X Real Estate Development
- X Real Estate Appraisal
- X Real Estate Planning
- X Real Estate Law

and other fields of study the Trustees feel worthy of consideration. Additionally, real estate licensees who wish to pursue advanced real estate designations, degrees or credentials may also be considered for scholarships.

The two award categories are:

- \$2,000 - awarded to students attending a four-year college or university
- \$1,000 - awarded to students attending a two-year college

A. Criteria

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- X Students must be enrolled in study at a California college or university for professions centered on a career in real estate.
- X Students must have completed at least 12 units prior to submitting applications.
- X Students must be currently enrolled in a minimum of 6 units per semester or term.
- X Students must have maintained a cumulative grade point average of 2.6 or better from all colleges/universities attended.
- X Students must be legal residents of California for at least one year prior to the date of application and have a valid California Driver=s license or California State Identification card.
- X Students must have a demonstrated need for financial assistance.

Applicants must fill out a scholarship application, write an essay of at least 300 words expressing their career objectives in the real estate, provide two faculty and one personal signature as a reference, submit two letters of recommendation, and official transcript(s) from all colleges/universities attended.

Before scholarships are awarded, enrollment and grades are verified by a Trustee or the scholarship administrator.

B. Interviewing Students

Trustees should interview students at their board or place of business, in some cases when distance and schedules necessitate, interviews are conducted over the telephone.

Trustees are provided with an **Interview Questionnaire**. Said questionnaire is used as a guideline to assist Trustees. The main objective of the interview is to ensure that the information provided by the student is accurate and reflects a sincere intention by the student to enter the field of real estate.

Trustees must attempt to differentiate the **professional scholarship applicant**, from students who are sincerely planning a career in real estate. Trustees make their recommendations at the committee meeting by giving a brief summary of the student and answering any questions posed by other Trustees.

Consistency, objectivity and a strict adherence to the purpose as set forth in the Trust Declaration should guide Trustees when making recommendations for scholarship awards. Favoritism or personal friendships with applicants should not be the focus when making recommendations.

If you feel strongly about a student's qualifications, it is perfectly acceptable to voice your opinions. Conversely, if you feel that an applicant's qualifications are not up to standard, you must also feel comfortable in expressing your thoughts.

When in doubt, refer to the Trust Declaration.

C. Award Procedures

- A. After each committee meeting, Trustees may contact the student(s) they interviewed and advise them if an award was granted. In addition a letter is mailed to each applicant advising them as to the status of their application.
- B. Scholarship awards are mailed to the Trustee who interviewed the student(s). Awards are made in the name of the student. If the Trustee is not able to present the student award, they should inform the Scholarship Administrator so that the award can be mailed directly to the student. Scholarship funds should be used to pay tuition, books and other education fees and expenses only.
- C. Trustees should try to present student(s) with their award as soon as possible, preferably at their board or association meetings. When a perpetual scholarship award has been granted to a student, the board or association executive may wish to make the presentation to the student in the presence of the honoree.
- D. If possible, Trustees should submit a brief article to the board or association editor asking them to include it in their newsletter.

IV. SCHOLARSHIP PUBLICITY

When a perpetual scholarship has been established by a family, individual, board or association, it is of the utmost importance and the responsibility of the Trustee(s) in that region to ensure that awards are granted on a regular basis. When student applications are sparse Trustees must reach out to the colleges by phone or in person. The significance of establishing communication with the financial aid office, real estate professor or scholarship department is extremely beneficial.

A. How to Start a C.A.R. Perpetual Scholarship

HOW TO START A C.A.R. SCHOLARSHIP FUND

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Thank you for your interest in the California Association of REALTORS⁷ Scholarship Foundation. The Foundation operates under section 501(c)(3), of the Internal Revenue Code. **All donations to the Foundation are tax deductible.**

The following is an outline on **How to Start a C.A.R. Scholarship Fund:**

1. To start a scholarship fund, a minimum amount of \$500.00 is required. The ultimate goal is to reach \$10,000.00. (The amount required to establish a **Perpetual Scholarship**.)

When a Perpetual Scholarship is established, scholarship grants are awarded in honor of the selected individual or association.

2. When a fund is initiated, a period of **three to five** years is allowed to establish a perpetual fund. Otherwise, the monies collected are included in the C.A.R. Scholarship Realtor Fund. A one-time scholarship in honor of the selected individual may be granted.
3. Donations should be made payable to: **C.A.R. Scholarship Foundation**. Indicate the name of the selected honoree on all checks. A Thank you letter is mailed to each donor.
4. Mail donations to:

**C.A.R. Scholarship Foundation
525 South Virgil Avenue
Los Angeles, CA 90020
Attn: Luming Lutero - Acct.**

If you have any questions, or wish further information regarding the C.A.R. Scholarship Foundation, please do not hesitate to contact the C.A.R. Scholarship Coordinator at (213) 739-8200, ask for the scholarship voice-mail. www.car.org

B. List of Perpetual Scholarships.

Fund Amount	Perpetual Scholarship	Requirements
10,000	Robert G. Adamson (H)	S.F.V. area
10,000	The Anewalt Family	San Diego Cty.
38,239	Henry G. Beaumont (M)	USC student
10,660	Don Beck (M)	NV,Reno,Sacramento
10,000	Carl Clor (M)	Anaheim
10,225	John Cotton (M)	San Diego

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10,000	Fresno BOR/Vida Wilke	Fresno State
11,040	Larry Lee Fargher, Jr. (M)	San Jose area
10,000	Bob Fey (H)	Palm Springs
10,365	Jerry Galante (H)	USC
10,020	Aurelia Gebert (M)	Placer Cty. ,Sacramento
10,000	Myra Goldwater (H)	College of the Desert /Open
10,000	Annette Graw (H)	Open
10,000	Ira Gribin (H)	CSU Northridge
13,925	Harry (H) & Jeanette(M) Heron	Santa Barbara
10,000	Mary Dee Karp (H)	UC Berkeley
10,100	Art Leitch (H)	Open
20,300	Pete Lombardo (M)	Orange Cty.
10,000	Los Angeles AOR	Open
10,000	Bill Mc Cann (H)	San Fernando Valley
12,255	AEd≅ J.J. McKeegan (M)	Contra Costa
10,000	Forrest & Pearl Mc Kinley (H)	San Diego
22,592	Loren Mowrey (M)	Bay area - Orinda
91,300	Vance Otis (M)	USC Student
22,410	Jack Paulson (M)	Open
10,000	Gloria Petri (H)	Open
10,100	Jean Poulson (M)	Open
25,000	Maurice G. Read (M)	UC Berkeley
5,192	Mary Riggle (M)	Open
15,488	Douglas J. Urbanick (M)	Sonoma Cty.
15,000	George (M) & Ruth (H) Warwick	San Diego
21,396	Donald Wiedmann (M)	Open
20,000	Glenn D. Willaman (M)	Open
10,025	George Williamson (M)	New Port Beach
38,858	Women=s Council of REALTORS7 Tessie Martinis Fund	Attn. 2 yr. College

(M) Memorial

(H) Honorary

Open - No restrictions

C. Publicity

Applications are mailed to the Financial Aid or Scholarship Office at various colleges and universities twice a year. A cover letter is included indicating distribution to the Real Estate Professor or that notice be placed in the appropriate bulletin board. Most colleges and universities are more than happy to include scholarship information in their web page. The California Association of REALTORS7 web site page includes information on the C.A.R. Scholarship Foundation. In the near future students, members, Associations and Boards will be able to download the C.A.R. Scholarship

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Application.

The following articles that may be used as a outline when creating articles for newsletters. Trustees are encouraged to utilize the information provided on the students application, transcripts, essay or letters of recommendation to create a personalized news letter. If a perpetual scholarship is awarded, the Scholarship Administrator may have information about the honoree to include in the newsletter.