

# CONTINUING EDUCATION

## Successful & Compliant Advertising for Real Estate Agents

Course Sponsor Number CE21600004 | 4 CE HOURS

**PDH** Real Estate

### ORIENTATION

The twelve learning objectives for this course are:

1. Identify the four reasons for advertising: AIDA (Attention, Interest, Desire, Action)
2. Identify types of advertising from generic, or 'institutional' to specific ads on a specific property
3. Discuss pros and cons of print ads; MLS sheets; flyers
4. Identify both 'winning words' and 'tired phrases'
5. Practice "Painting a Picture"
6. Review State law: no misrepresentation
7. Review Ethics: not misleading, not out of date
8. Demonstrate how Regulation Z: Truth in Lending affects advertising
9. Employ Fair housing in advertising: define the property, not the person
10. Define demographics and using key words in advertising
11. Illustrate using social media to advertise: Hootsuite, LinkedIn, Facebook, Instagram, Pinterest, Twitter, etc.
12. Analyze the use of hashtags in advertising

To enhance comprehension, review questions will be asked throughout the course.

A final exam will be administered after the course is completed to check for mastery of the material.

If you do not pass the final exam, you can review the course material and retake the exam at no additional cost.

If assistance is needed with this course you can contact PDH Academy at 888-564-9098 or at [pdhacademy@gmail.com](mailto:pdhacademy@gmail.com).

After completing the course and final exam, we ask that you take our course survey to help us continue to provide high-quality continuing education.

## Course Introduction:

Welcome to PDH Academy's course on pricing residential real estate for agents. In this course, we will cover the following objectives:

1. Identify the four reasons for advertising: AIDA (Attention, Interest, Desire, Action)
2. Identify types of advertising from generic, or 'institutional' to specific ads on a specific property
3. Discuss pros and cons of print ads; MLS sheets; flyers
4. Identify both 'winning words' and 'tired phrases'
5. Practice "Painting a Picture"
6. Review State law: no misrepresentation
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10. Define demographics and using key words in advertising
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12. Analyze the use of hashtags in advertising

## MODULE 1

### Successful & Compliant Advertising for Real Estate Agents

In this first module, we will discuss the first three learning objectives:

1. Identify the four reasons for advertising: AIDA (Attention, Interest, Desire, Action)
2. Identify types of advertising from generic, or 'institutional' to specific ads on a specific property
3. Discuss pros and cons of print ads; MLS sheets; flyers

AIDA: Attention, interest, Desire and Action are the four words that the mnemonic AIDA refers to. In real estate we advertise to:

- Get attention to our brokerage business in general
- Sell specific listings
- Get sellers to list property with us

In some specialty areas of real estate, we also advertise to obtain tenants, or landlords; to lease residential or commercial space; to obtain clients for appraisal and consulting purposes. Most of the real estate agents in the United States are residential agents, so we will concentrate on residential real estate.

Let's talk first about generating attention for the brokerage business in general. A real estate company advertises to maintain a market presence, and to ensure consumers do not forget about them. This kind of advertising, which we will call general or institutional advertising, promotes the company, an individual agent, or a team, and includes, but is not limited to:

- Billboards promoting the company, an individual agent, or a team. For example: "Brighton Team sells the beach".
- Ads placed in programs, booklets, yearbooks, etc. which are often "patron ads".

- Bus stop ads designed again to keep the public aware of your company's presence in the marketplace.
- Shopping cart ads on the plastic fold down piece that is at the front of the shopping cart.
- giveaway items such as magnets, calendars, pens, rulers, measuring spoons, canvas bags, flash drives. In short, anything you can fit the company name on and give to a consumer.
- Ads on paper placemats at restaurants.
- Company sponsorship of a sports team, which can include everything from children's T-ball teams all the way up to adult baseball or bowling teams.
- Closing gift items which have the company name and information on them; popular ones include portfolios for holding documents; knife sets, etc.
- Career apparel: blazers, golf shirts, jackets, T-shirts, with the company logo, name, etc.
- Magnetic signs for vehicles.
- vehicle wraps.
- A company owned moving truck, loaned to customers, with all the company information on the truck.

Because many of these items have a long shelf life, they should be fairly generic, but include the information the consumer needs: name of the company, phone number, website, and a general location. A giveaway item with only a company name and phone number on it doesn't remind the consumer where you do business. Consumers who travel will collect many of these items.

If an agent is advertising individually, she needs to check state laws. In many states, the information about the brokerage must also appear in the ad. So, rather than: "Jane Johnston, REALTOR®, serving the Philadelphia area", it should say: "Jane Johnston, REALTOR® with Main Line Real Estate, serving the Philadelphia area". In either case, include a phone number, a website address, and possibly an email address. For example, in the state of Pennsylvania the brokerage phone number must be included. The agent can add her direct line, but must include the brokerage number. In some states, it is not necessary to include the brokerage phone number. Always check the advertising regulations in your state.

Giveaway items may be held onto for years, and appear in unexpected places. The author of the course's uncle, while on a mission trip in Nigeria, Africa, came across a small thermometer which was a giveaway item from our family's real estate brokerage—in central Pennsylvania! The purpose of this kind of advertising is to both inform the public that you are there, and to remind the ones that know about the company that you are still there. The hope is that you remain "top of mind" for consumers, and the day they are thinking about buying or selling a house is the day they see your name on the billboard, the shopping cart, or even their child's T-shirt at a ball game.

Real estate companies also advertise to specifically attract buyers to listings they have, or to attract sellers to list their properties with them. Let's start with listings.

When a brokerage has a listing they will generally put signage on it, unless prohibited by local ordinances, or for some reason not approved by the owner. Most state laws require written permission from an owner to place signage on a property; this permission is usually found in the written listing agreement between the seller and the brokerage. Signage is still an effective form of advertising because buyers still drive around neighborhoods looking for houses for sale. Houses which have high curb appeal will generate sign calls, even if the house is not within the buyer's price range. A good agent will convert that prospect to a listing he can afford.

Many brokerages also use directional arrow signs, as well as specific signs, such as "Open House" signs, or "Agent on Duty" signs. Of course, the brokerage itself should have very prominent signage. It's important that signage is consistent with color, logo, and font. A company with a red and white main office sign, but green and white "For Sale" signs will confuse the public.

In some parts of the country, agents are beginning to use "Coming Soon" signage. The "coming soon" idea, generally, is that the agent will either be listing a property in the near future, or has a listing contract in place which begins at a specific time in the near future. The signage is meant to generate excitement and interest in the listing. Some caution for agents: 1) Make certain you have written permission to put that sign up, if you do not currently have a listing contract. 2) Make it clear, and get it verified in writing by the owners that they are directing you to not show, market, or place in the MLS, their property until a certain date. 3) Understand this can backfire on you: an agent made a listing presentation to sellers, and enthusiastically described the "coming soon" concept. The sellers gave him permission to put the sign "Coming Soon" up, but they had not yet signed a listing contract. A buyer drove by, saw both the sign, and the seller, who was working in the yard. The buyer stopped to ask what the sign meant; he viewed the house and bought it. Of course, the seller knew what to ask because the helpful agent had done a comparative market analysis (CMA) for him. The seller got a sale, the buyer got a house, and the agent got nothing. The sign produced AIDA; it just didn't involve the agent!

**Print Ads:** Print advertising is still widely used in many parts of the country, often to satisfy sellers who want the satisfaction of seeing their home in print. Print advertising can include the local newspaper, a regional or national newspaper, a homes magazine, a special interest magazine, a flyer, or a brochure.

Homes magazines are found in all markets and are placed where people can easily pick them up: restaurants, supermarkets, other businesses. Many brokers still place print ads in the local newspaper; in some markets there is a particular day, often Sunday, when the paper has a real estate section. Since this is the day when brokers typically do Open Houses, Sundays are a nice fit for the brokers.

Regional and national newspapers are used to find a broader market. The Wall Street Journal, for example, published a real estate section, called "Mansion" on Fridays. In addition to a fair amount of ads for specific properties, there are articles highlighting specific properties. Typically, upper end houses appear in publications like this, which are very expensive.

Special interest publications can be used to market properties which appeal to a specific niche, such as horse owners, sail boat owners, recreational property buyers, etc. This advertising is expensive; however, nowadays, many of these companies also have an online presence, and by advertising in the paper edition, you are guaranteed a spot in the digital edition.

The classic Open House ad, if it drives customers to your open house, fulfills AIDA: The ad gets the Attention of the buyer, who is Interested in the kind of house you are holding open; because they Desire to buy a home of that size, in that location and price range. When they show up at your open house, they have taken Action.

Experienced agents know that Open Houses have a relatively poor track record of selling that property on that day. However, they are a great source of buyer leads for real estate agents. The agent or agents running the Open House should make certain to have with them information about competing listings, lower and higher priced properties, mortgage information, any required disclosures (usually about agency relationships) and should endeavor to find out if the prospect is currently represented by another agent. If the prospect is not, this is an opportunity for the agent to begin a relationship with this buyer.

A synergy can be obtained by having several open houses simultaneously in the same neighborhood. They can all be company listings, or if you cooperate with other brokers, you can schedule them at the same date and time. In my experience, when this is done, the overall traffic is much higher, because buyers appreciate that they can see several homes in one general neighborhood. If the company has several listings and agents, they can also run them simultaneously, even in different neighborhoods, and include information at each one about the other open houses the company is running that day.

A generic for sale ad in print, by which I mean not one with an Open House, can also fulfill AIDA if the customer sees the ad, and calls or emails the agent. What are the advantages and disadvantages of print advertising?

#### **Advantages:**

- The consumer can save the magazine, or the section of the paper to refer to, and they can physically hold onto the ad, which is not true with Internet advertising.
- The seller can see, hold, and touch a physical ad. Some sellers are not Internet savvy, and do not regard what is on the Internet as being "real".

#### **Disadvantages:**

- Very short life; a local newspaper is generally in the recycling bin within hours of being received at the house.
- Expensive, even for small local papers, compared to Internet advertising.

Print advertising can also be used to generate listings. This can be accomplished in a number of ways. One is to advertise several sold listings, with "SOLD" emblazoned over the ad. The balance of the ad says something like: "We've sold most of our inventory, and we have buyers waiting. Is NOW the time you should sell?"

**Other Print Advertising:** Other kinds of print advertising include brochures, postcards, letters, flyers, door hangers, etc.

**Brochures:** In some markets, brochure boxes work well; they are placed on the property near the sign, and have a paper brochure in them that the consumer can pick up and take with them. Of course, this needs to contain both information about the property listed for sale as well as the agent and the brokerage. In some markets, agents create and distribute informational brochures about themselves and their company which may not be advertising a specific listing, as much as advertising the agent's services.

**Postcards:** Agents use postcards in a variety of ways. One of the most popular is the "Just Listed/Just Sold" postcards, which involves sending a maximum of two postcards. An agent might end up sending only one, if they sell another company's listing. It is ethical, per the REALTOR® Code of Ethics, for any agent involved in the sale, whether the listing agent or the selling agent, to claim to have sold the property. The *Just Listed* postcards should be sent immediately when the house is listed. The purpose is to make the neighbors in the immediate area aware that the house is for sale. Neighbors often know someone who might be interested in moving into their neighborhood; repeated sending of these postcards in a neighborhood where the agent or broker is active helps to establish you as the neighborhood expert. The card usually contains the address and list price of the house.

When the house is sold, *Just Sold* postcards should go out. This is a very good marketing piece when the house has sold quickly. A variation of a Just Sold postcard is one which introduces the new neighbors by name. *This should only be sent with consent of the buyers!* These postcards are of interest to the neighbors; everyone wants to know what is going on in their neighborhood with respect to listings and sales.

Postcards can also be used for a listing campaign, as in: "We have buyers interested in your neighborhood! Are you, or any of your neighbors thinking of selling? Contact us today for a no-obligation market analysis of what your house is worth in today's market." This is one of many variations on this theme. Postcards can also be targeted to specific groups, such as renters in apartments, with a message such as: "Tired of paying off someone else's mortgage? Rates are low, and there are great programs for first time buyers. Let me show you how easy it is to buy a house!" Another group often targeted is seniors (people 55+) particularly those who have been in a house for a number of years. REALTORS® who have the SRES (Seniors Residential Expert Specialist) designation have customizable postcards available to this niche, with messages about downsizing to smaller houses.

Many agents like postcards because it is virtually impossible to not read a postcard; unlike a 'junk mail letter', which the recipient often throws away without opening, a postcard is read. Agents who 'farm' an area use a variety of postcards; we'll discuss this under farming practices.

**Door hangers:** These are stiff paper brochures with a curve at the top, designed to hang over a doorknob. They can be used in any place where solicitation is allowed, or allowed with a permit. Many agents, especially new agents who have time, like using door hangers because they get to meet home owners face to face and have discussions with them. You will learn much more about a neighborhood and its occupants by walking it and talking to the residents. Door hangers typically contain the same messages as postcards.

**Letters:** As previously stated, anything that looks like junk mail may get discarded unopened. One technique used to make sure the letter is opened is to hand address envelopes, or use a font that looks like handwriting, or use a company that provides mailers that look hand addressed, not generic. A letter would typically be used for a message either too long for a postcard, or specific enough that you need room to say more to the owner.

**Internet Advertising:** Internet advertising is used by brokers in a variety of ways, from the company website to the company Twitter, Instagram, Linked-In, or Facebook account. We will discuss the Internet in detail in an upcoming module; however, for the time being, what you need to remember is that in the eyes of licensing boards and the REALTOR® Code of Ethics, anything the public can see is an advertisement, so it needs to comply with: local law, the Code of Ethics (if you are a REALTOR®), and Fair Housing laws.

## MODULE 2

### Successful & Compliant Advertising for Real Estate Agents

In this module we will talk about what to say in ads, and how to avoid common errors. This will include tired phrases and how to use winning words which will get the consumer's attention, as well as lead to interest, desire, and action. We will also talk about 'painting a picture' of the house to help the potential buyer visualize themselves in the house.

#### **The Basics:**

There are certain things buyers want to find out from ads. They include:

- Location: if not a specific address, a community or a neighborhood known by name; often you will include school district
- Bedroom and bath count
- Square footage, in most instances
- Amenities/special features: lake front, fireplace, central air, specific community
- Garages and parking
- Age and/or remodeling and updating information
- Number of rooms; sometimes the level of rooms
- Heating and air conditioning—not always required, but often a selling point
- Price—either specific, or a range, as is "Under \$300,000!"

If you don't give enough information in the ad to pique the buyer's interest, they may simply move on to another listing, and never pursue your listing.

### Tired, worn-out phrases and words:

There are words and phrases that have been used so much in real estate that they are worn out, and should be shelved. Let's discuss a few of the worst offenders:

"Will Not Last!"	You will have egg on your face if you still have this listing in 3 months
"Seller says sell"	Of course they did; it is listed for sale
"Needs TLC"	Buyers know this is code for a dump
ANYTHING IN ALL CAPS	Annoying, especially in internet ads; hard to read. Caps can be used judiciously for emphasis, but don't have all the copy in caps.
Bad spelling and grammar	Huge distraction; unprofessional
"Better than new"	Oxymoron
"Don't let this one pass you by"	Again, if it's still on the market in 3 months, you look stupid
"A decorator's touch"	Can mean the décor is very ugly, or highly personalized
"Cozy"	Buyers see 'small' or 'tiny'
"Full of character"	Bizarre layout, unworkable floor plan
"One of a kind"	No one else would have built this house

This is just a sampling; the point is to not copy other agents' ads, and to try to write your ads with a fresh point of view.

**Describe the property:** In an upcoming module we will talk about Fair Housing Guidelines, where the catchphrase is "Describe the property, not the person". Therefore there are words and phrases we need to avoid so we are not violating Fair Housing regulations. Let's concentrate here on writing a good ad.

**The Listing:** The house is a 3 bedroom, 2 bath, one floor house, with an attached 2 car garage, gas heat, central air, level lot which is 100 x 100. The house is situated in a residential subdivision convenient to schools, shopping, employment, and other amenities. You could write an ad which said: "Three bedroom, two bath ranch style house, 2 car garage, gas heat, central air, nice sized lot, handy to everything." But that's pretty blah.

Let's try emphasizing the benefits of the house in terms of living there.

## review questions...

The following 13 questions will be a review of the content from this section.

These questions will NOT be graded.

These questions are provided to help gain insight in the course material.

**1. The point of advertising is to:**

- (A) Create Desire by drawing attention to interesting features, always
- (B) Create Attention, Interest, Desire and Action
- (C) Create Action by instilling desire and impetus with attention
- (D) Create Attention by Acting on the Desires and Interests of the ad reader

**2. A disadvantage of a newspaper advertisement is:**

- (A) No one reads newspapers anymore
- (B) Ads are hard to find in newspaper
- (C) It has a short shelf life
- (D) It is extremely expensive

**3. A real estate company places billboards in the community, advertising as "Smith Real Estate, Your Local Experts for 30 Years!" This is:**

- (A) Futile
- (B) Used for name recognition
- (C) A waste, because no house was advertised
- (D) Internet advertising

**4. Which of the following would be considered 'institutional advertising'?**

- (A) Brochure on a specific property
- (B) "Just Listed" postcard on a specific property
- (C) Facebook ad on a specific property
- (D) Sponsoring T shirts for a young baseball league

**5. Which of the following is correct?**

- (A) Postcard advertising can only be used for a specific property
- (B) You must have both listed and sold the house to advertise that you sold it
- (C) Postcards can be used to generate sales, listings, or interest in the company
- (D) Postcards are less likely to be read than letters

**6. An agent has a property listed which has 20 acres, is zoned for horses, and contains a state of the art horse barn and riding rink. Which of the following publications would probably be the best place to advertise this property?**

- (A) The Wall Street Journal
- (B) Gourmet magazine
- (C) Horse and Rider magazine
- (D) Good Housekeeping magazine

Questions continued on the next page

**7. One way to generate more traffic at an Open House is to:**

- (A) Make sure you select Super Bowl Sunday as the date
- (B) Coordinate with the agents in the neighborhood who have other listings in the area, to do several open houses at the same time and day
- (C) Make certain none of the other listings in the neighborhood will be open that day; you want the buyers to only come to your listing
- (D) Offer free beer and wine, even to minors

**8. One of the reasons to send 'Just Listed' and 'Just Sold' postcards in a neighborhood is to:**

- (A) Position yourself as the neighborhood real estate expert
- (B) Get a tax write off
- (C) To make certain the owners of the listing see how hard you are working
- (D) To make your broker happy

**9. Most licensing bodies consider ads to be:**

- (A) Newspapers only
- (B) Magazines only
- (C) Brochures only
- (D) Anything the public can see is an advertisement

**10. The advantage of a postcard over a letter is:**

- (A) The postage is cheaper
- (B) There are fewer words; most people can't read well
- (C) It is hard for anyone to discard it without reading it
- (D) People collect them

**11. Which of the following is correct about postcards?**

- (A) Postcard advertising can only be used for a specific property
- (B) You must have both listed and sold the house to advertise that you sold it
- (C) Postcards will not generate sales, listings, or interest in the company
- (D) Postcards are more likely to be read than letters

**12. One method to try to get consumers to open direct mail is to:**

- (A) Place the words "OVERDUE BILL" on the envelope
- (B) Handwrite the name and address
- (C) Stamp "Must be opened" on the envelope
- (D) Make the envelope see through

**13. A company has billboards, ads on the backs of benches near bus stops, and sponsors youth sports teams, with the company name on the kids' T-shirts. This is best described as:**

- (A) Institutional advertising, to keep the company's name in front of the public
- (B) Institutional advertising, to advertise specific listings
- (C) Targeted advertising to those who drive, or take the bus, or go to ball games
- (D) None of the above

Review Question Answers:  
1. B 2. C 3. B 4. D 5. C 6. C  
7. B 8. A 9. D 10. C 11. D 12. B  
13. A

"Easy Living!"

"Convenient to all the amenities of Brentwood, this house offers the essentials for an easy life style. The lot is level, and easy to maintain; large enough for outside activities, but not so big that you have to spend all weekend taking care of it. Inside, you'll find a large great room open to the light, kitchen completely remodeled last year—plenty of room to gather friends and family. There are three good sized bedrooms and two full baths, both updated with ceramic tile floors and shower enclosures. At 1800 square feet, the house is a comfortable size. Efficient gas heat and central air; attached 2 car garage. Listed competitively at \$XXX, XXX."

This ad mentions the community, which is typically known in the area (A) The lot isn't huge; it also isn't hard to maintain because it is level. The open floor plan is popular now, so if the listing has that feature, stress it. Talk about features which have been remodeled and updated (D) The ad mentions facts buyers are interested in: type of heat, is there central air conditioning, does it have a garage. Finally, the price is included (D) At one time agents left prices out of the ad, in order to make buyers call to find out. Today, with widespread internet use, the buyer can find the price, so not including it is likely to irritate them more than anything.

**Creativity:**

You can go creative with an ad (D) Think about advertising a house as if the house were putting itself out there in the personal ads.

“SFH (Single family house) Seeking New Owners! “ I’m lonely since my last owners moved! I don’t like to live alone. I like it when people cook in my all remodeled kitchen with wonderful cupboard space; and then eat in my spacious dining room, which adjoins the kitchen. After dinner, come get comfy in the good-sized living room where you can sit and talk or watch TV. For the hobbyists I have a great small room, perfect for crafts, computer, or a toy room—it’s just off the dining room, so it’s handy to the rest of the house. My first floor is rounded out with a full bath and a laundry room. Upstairs, I have 4 bedrooms, so there’s lots of room. I don’t usually share all my ‘statistics’, but I’ve got 2200 square feet. I’m an older house, but my upgrades are all within the past 3 years. There are spacious closets, and another full bath. You won’t spend your weekends taking care of me; I have a small, manageable lot, and vinyl siding and replacement windows—no painting! My roof and furnace are new, and I’m handy to schools, shopping, and work, in the Hill Section of Anytown. Come check me out!—I’m affordable at only \$XXX, XXX.”

A version of this ad, when run, garnered lots of interest and comments, including a consumer who sent me a message saying: “I’m not in the market to sell my house, but if I ever do, I will list with you—that is creative!”

### Lifestyle:

Often, you are selling a lifestyle or a feature external to the house. Consider these ads as examples of that:

“Crickets....and Birds Singing”

“That’s all you will hear in the evenings in the summer in this peaceful summer cottage on Lake Woebegone. No traffic noises, no loud city sounds, no neighbors nearby—just the peaceful sounds of crickets and frogs. In the morning, wake to the sounds of songbirds, right outside your window. Grab your coffee and head for the screened porch and watch the day wake up. After breakfast, amble down to the lake with your fishing gear and take the kayak out to catch a few fish...or just some rays. When the day ends, come back up and fix a hearty meal in the kitchen while enjoying the company in the living room—it’s an open floor plan. You have 3 bedrooms and 2 baths, so there’s plenty of room for company. If it gets chilly, build a fire outside in the fire circle, or inside in the stone fireplace. Call for your appointment to find your own special place. Listed at \$XXX, XXX.”

This ad has painted a picture of a peaceful cottage on a lake. Crickets and song birds evoke the sounds of nature. The ad walks you through the features without reciting them like a laundry list. By the end of the ad, you know that the cottage has 3 bedrooms, 2 baths, a kitchen open to a living room with a stone fireplace, and a screened porch. The location is specific to the lake, so buyers know that and they know the price. The ad is designed to make the prospect visualize a day at the lake at this house—from sunup to sundown.

Here’s another example of a lifestyle ad:

“Sell the Mower; Give Away the Snow Shovel”

“For buyers who fit into the 55 + niche, this home in Fox Hollow offers the best of all worlds—condominium living, all on one level, with all outdoor maintenance part of the package. This elegant but comfortable house offers a large living room, open to the modern, spacious kitchen; 2 bedrooms, 2 full baths, a front patio and a rear screened porch. The laundry room is tucked into a spacious closet, close to the kitchen. 1750 square feet, with a very efficient layout; one level living means you can give up steps! There’s also a 2 car garage, basement storage, heat pump for heating and cooling. Amenities in Fox Hollow include community center, golf course, indoor swimming pool and fitness center. Isn’t it time you spent your free time doing what YOU want to do? Only 3 years old, in immaculate condition, and attractively priced at \$XXX, XXX.”

This ad is obviously for a condominium house in a 55+ community. The ad stresses what buyers in this price range are often looking for: no exterior maintenance; one floor living; open floor plan; some outside space; amenities in the community. The tag line urges the buyers to think about doing what THEY want to do in their free time, not doing chores.

These are just a few examples of how to employ some creativity in real estate ads, while still giving consumers the information they want and need about the property. Remember, if the house sounds blah and uninspiring, the buyer won’t be inspired to call you to see it. You want to give facts and features, but tie the features to an activity that most people will enjoy. So, cook in the spacious kitchen, relax on the screened porch, enjoy friends in the living room, gather around in the dining room, et(C)

As you practice ad writing, you will get better at it. Try to take your time; test your ads for effectiveness. If a particular kind of ad, or certain words, is making the phone ring and the email come in, do more of it!

# review questions...

## Successful & Compliant Advertising for Real Estate Agents

### Module 2

#### Review Questions

The following 8 questions are for review purposes only.

These questions will NOT be graded.

**1. The phrase ‘paint a picture’ with respect to an ad means:**

- (A) Recite the facts, but include colors of the rooms
- (B) Describe the property so that the buyer can visualize living there
- (C) Give painstaking detail about all features
- (D) Show lots of interior pictures of the house in the ad

**2. To tie facts to features, you can:**

- (A) Recite the facts with the name of the feature, as in “large dining room—16 x 18”
- (B) Mention which features are where in the house, as in “Walk in closet is in master bedroom”
- (C) Tie the feature to an activity, such as “Enjoy watching the big game in the large media room”
- (D) Tie the facts to who you think is the buyer who will buy it: “Perfect for empty nesters”

**3. Which of the following features tie into lifestyle?**

- (A) Large closets for hoarders
- (B) Bathrooms for people who like to stay clean
- (C) Garages for people who have cars
- (D) No exterior maintenance responsible for owners who want to be able to ‘lock and leave’.

**4. 4. Which is correct?**

- (A) ALL CAPS ENGAGE THE READER and are pleasing
- (B) CAPS can be used judiciously, for emphasis
- (C) all lower case is better than caps and while you are at it don’t use punctuation
- (D) CAPS should never be used, under any circumstances.

**5. Which of the following are time-worn phrases, which should be retired?**

- (A) “Won’t last!”
- (B) “One of a kind!”
- (C) “Needs some TLC!”
- (D) All of the above

**6. The basics of what consumers expect to find in an ad include which of the following?**

- (A) Location—specific, or at least community
- (B) Price—specific or a general idea
- (C) Amenities
- (D) All of the above

**7. An example of tying a feature into a fact would be:**

- (A) Bedrooms are all at least 10 x 10
- (B) Privacy plus on this 2 acre lot
- (C) Kitchen has granite countertops
- (D) Double closets in all the bedrooms

**8. What is true about writing in ALL CAPS?**

- (A) It is ‘shouting’ in places like email and the Internet
- (B) It is more difficult to read than normal type
- (C) It is annoying to many readers
- (D) All of the above

Review Question Answers:  
1. B 2. C 3. D 4. B 5. D 6. D  
7. B 8. D

## MODULE 3

### Successful & Compliant Advertising for Real Estate Agents

Before we write any ad, before we enter a listing into MLS, and before we design any brochures we have to ask whether or not we are obeying state laws, the Code of Ethics (if we are REALTORS®), and Fair Housing Laws. Remember, anything the public sees is an advertisement. Additionally, anything that is posted on the internet has a life of its own after being posted. Even if you remove a post or pictures, they will show up somewhere on the net. In this module we will discuss two of the major four components with respect to advertising responsibly. These four include:

- State license law
- Code of Ethics
- Regulation Z
- Fair Housing

In this module we will discuss state license law as well as the Code of Ethics. In the next module, we’ll discuss Regulation Z and Fair Housing.

#### State Law

Every state has some language in their statutes for real estate brokers and salespeople which address advertising. And, the language is remarkably consistent from state to state. Time and again, phrases like “deceptive”, “false”, “misleading”, and “puffing” appear consistently across state lines.

The other regulation which is consistent in different states is the requirement to have written permission from the seller to advertise a property, including placing signs on it. State laws also state agents shall remove signs and stop advertising property when the listing expires, or is sold. One of the problems today is agents who put the property out on a number of websites, and then neglect to remove it once it is expired or sold. Consumers who call on an expired listing feel as if it is “bait and switch” when the agent says: “Oh, that property is sold, but we have this one.”

The permission to advertise a property, and to place signs on it, is generally found in the listing agreement. The seller can control signage and advertising. If the seller does not want the house listed on the internet, the agent has a choice: take the listing and comply with the seller’s request, or decline the listing.

Another universal rule is to not run a ‘blind ad’, which is one where the property is listed by an agent, but is advertised without indicating that a broker has the property listed. On top of the generic state laws just cited, some states have particular laws of their own. For example, some states prohibit an agent running any advertisement which does not contain the name of the brokerage and possibly the address and/or the main phone number of the brokerage as well.

Many states also have specific rules regarding team advertising, as well as rules for using nicknames in advertising. Another commonly found item in state laws is a prohibition about making assurances and promises, especially about the future value of property. So, an ad that says: “You’ll get back two times your investment on this property” would be a violation of law in many states. It is imperative that you know, and follow, the specific rules in your state regarding advertising. You should research your state’s laws regarding advertising.

### **Code of Ethics**

If you are a REALTOR®, the Code of Ethics has a lot to say about advertising. It is found in Article 12. Article 12, and all of the Standards of Practice are reproduced below:

[Note that the National Association of REALTORS® has placed the Code of Ethics on the internet, and accessible to anyone.]

### **Article 12**

Realtors® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. Realtors® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional. (Amended 1/08)

### **Standard of Practice 12-1**

Realtors® may use the term “free” and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time. (Amended 1/97)

### **Standard of Practice 12-2**

Realtors® may represent their services as “free” or without cost even if they expect to receive compensation from a source other than their client provided that the potential for the Realtor® to obtain a benefit from a third party is clearly disclosed at the same time. (Amended 1/97)

### **Standard of Practice 12-3**

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the Realtor® making the offer. However, Realtors® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the Realtor’s® offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. (Amended 1/95)

### **Standard of Practice 12-4**

Realtors® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, Realtors® shall not quote a price different from that agreed upon with the seller/landlord. (Amended 1/93)

### **Standard of Practice 12-5**

Realtors® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium (e.g., electronically, print, radio, television, et(C)) without disclosing the name of that Realtor’s® firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures. (Adopted 11/86, Amended 1/16)

### **Standard of Practice 12-6**

Realtors®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as Realtors® or real estate licensees.

(Amended 1/93)

### **Standard of Practice 12-7**

Only Realtors® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have “sold” the property. Prior to closing, a cooperating broker may post a “sold” sign only with the consent of the listing broker. (Amended 1/96)

### Standard of Practice 12-8

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on Realtors® websites. Realtors® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a Realtor’s® website is no longer current or accurate, Realtors® shall promptly take corrective action. (Adopted 1/07)

### Standard of Practice 12-9

Realtor® firm websites shall disclose the firm’s name and state(s) of licensure in a reasonable and readily apparent manner. Websites of Realtors® and non-member licensees affiliated with a Realtor® firm shall disclose the firm’s name and that Realtor’s® or non-member licensee’s state(s) of licensure in a reasonable and readily apparent manner. (Adopted 1/07)

### Standard of Practice 12-10

Realtors® obligation to present a true picture in their advertising and representations to the public includes Internet content posted, and the URLs and domain names they use, and prohibits Realtors® from: 1) engaging in deceptive or unauthorized framing of real estate brokerage websites; 2) manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result; 3) deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or 4) presenting content developed by others without either attribution or without permission, or 5) to otherwise mislead consumers. (Adopted 1/07, Amended 1/13)

### Standard of Practice 12-11

Realtors® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. (Adopted 1/07)

### Standard of Practice 12-12

Realtors® shall not: 1) use URLs or domain names that present less than a true picture, or 2) register URLs or domain names which, if used, would present less than a true picture. (Adopted 1/08)

### Standard of Practice 12-13

The obligation to present a true picture in advertising, marketing, and representations allows Realtors® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. (Adopted 1/08)

The beginning of Article 12 says it all: REALTORS® should be ‘honest and truthful’ and present a ‘true picture’ in their advertising. Whether you are a member of the National Association of REALTORS® or not, this is basic, sound advice to be an ethical agent.

Realtors® shall not: 1) use URLs or domain names that present less than a true picture, or 2) register URLs or domain names which, if used, would present less than a true picture. (Adopted 1/08)

For example, look at SOP (Standard of Practice) 12-4, which prohibits REALTORS® from advertising property with permission and authority. Then, look at SOP 12-5, which requires the name of the brokerage to be included in ads. From there, go on to SOP 12-6, which states that if a REALTOR® is selling unlisted property which they personally own, they must disclose their ‘true position’ to consumers. This is also consistent with many states laws. The reason states require that is so that consumers know in advance that they are dealing with a licensee. State regulatory boards take the view that a licensee is (or should be) more knowledgeable about real estate issues than a consumer, so the consumer has the right to know who they are dealing with. Moving on to SOP 12-7, this addresses bragging rights, or who can say that they sold a property. The Code makes it clear that both agents can take credit; the listing agent and the selling agent. As an agent, you know when it comes to counting volume, the standard in the industry is that each side claims the full selling price. So, if Agent “A” has a house listed for \$250,000 which sells at that price, and Agent “B” sold it, both agents can count \$250,000 towards their dollar volume.

SOP 12-8 through 12-12 all address use of the internet. Let’s take a quick look:

SOP 12-8	Keep your website current! Remove listings which have expired or sold.
SOP 12-9	Disclose your firm’s name and state of licensure. The internet is world-wide; most agents are licensed only in one state. A consumer in another state might wrongly assume you are licensed in their state.
SOP 12-10	<p>This is about deceptive practices on the internet. The first part talks about framing. Framing would be when an agent takes another company’s content, and frames it as if it their own. Most brokers in the United States today use IDX (Internet Data Exchange), which is an agreement whereby brokers display other brokers’ listings on their website. The feed for this data comes through a MLS system to which both brokers subscribe. IDX rules also prohibit a broker from displaying another broker’s listing and removing the information that the listing broker, in fact, has the listing. This is what parts 1 and 2 of this SOP say.</p> <p>Then, number 3 addresses metatags. Metatags are coding statements which appear in the Hypertext Markup Language (HTML) that describes some aspect of the contents of a Web page. If a metatag suggests you are someone other than yourself (another company, in another state), it is deceptive.</p> <p>Number 4 addresses copyright issues. In today’s world, people randomly copy and paste with impunity. However, <i>any content</i> developed by another person is theirs, and should not be used without permission and attribution. If you find a great blog about real estate and want to use it, ask for permission, and give attribution. If you quote sales stats from your local MLS, credit the source.</p> <p>Number 5 is a catch-all reminding REALTORS® to not mislead consumers.</p>

SOP 12-11	This is about gathering consumer information and then sharing it. Some real estate websites require visitors, in order to obtain a particular level of information, to register, with a name, email address, and possibly a phone number. Consumers who are thinking of buying houses are of great interest to those in affiliated businesses, such as title companies, lenders, home inspectors, etc. If you intend to share their information, you need to tell the consumer. A better solution is to offer the consumer an 'opt-in' or 'opt-out' choice.
SOP 12-12	This is about registering and using domain names that do not present a true picture. Obviously, some domain names are very valuable, and many people were ahead of the curve on buying domain names. Think, for example, of the clever person who immediately bought NewYorkCity.com. Even before NAR adopted this SOP, there was a significant "cyber-squatting" case in Ohio. You can read about this case here: <a href="http://www.finnegan.com/publications/updates/newsletters/pubdetail.aspx?pub=51e720cb-9232-4eaa-886e-b8bc68e0681d">http://www.finnegan.com/publications/updates/newsletters/pubdetail.aspx?pub=51e720cb-9232-4eaa-886e-b8bc68e0681d</a> ;  The gist of this case is that an agent left one company to go to another, and registered the url of his former company, as well as urls of executives at his former company. The agent was found to have had advertising which was misleading.

The final SOP in Article 12, SOP 12-13 prohibits REALTORS® from using designations or certifications to which they are not entitled. REALTORS® obtain these designations and certifications by completing a specific course of study, and, sometimes, demonstrating proficiency through a certain number of closed transactions, or a particular dollar volume. Although you might think that adding "CCIM" (Certified Commercial Investment Manager) after your name gives you a certain cachet, you should not do that unless you actually have that designation.

Visit the following link to read The National Association of Realtor's® "Model Internet Advertising Rule":

<http://www.realtor.org/law-and-ethics/risk-management/nar-internet-advertising-policy>

## review questions...

The following 16 questions will be a review of the content from this section.

These questions will NOT be graded.

1. **Which of the following words best describes what both the Code of Ethics and state laws require of advertising by a real estate agent?**

- (A) Must be in writing
- (B) Exaggerated
- (C) Detailed
- (D) Presents a 'true picture'

2. **Which word below is likely to be found in license law as a prohibition, in an advertisement?**

- (A) Truthful
- (B) Accurate
- (C) Misleading
- (D) Vague

3. **Most state license laws, when addressing a licensee selling a property he or she owns, say which of the following:**

- (A) They must list the property with their brokerage
- (B) If the property is not listed, they must disclose in the advertisement that they are a licensee
- (C) They may not advertise the property
- (D) They must inform the consumer they are licensed when the consumer is ready to enter into a contract

4. **Many states require that a real estate ad include which of the following:**

- (A) License numbers for everyone in the firm
- (B) Brokerage name and state of licensure
- (C) Cell phone numbers of all licensees
- (D) Designations held by any licensee

5. **True or False: After a listing contract expires, the agent should remove the sign, take down all internet advertising of the property, and stop any other advertising of the property.**

- (A) True
- (B) False

6. **True or False: Agents can only advertise properties with permission; the permission is usually found in the listing agreement.**

- (A) True
- (B) False

7. **The Code of Ethics requires REALTORS® to:**

- (A) Advertise all properties in the newspaper
- (B) Participate in IDX with other REALTORS®
- (C) To present a 'true picture' in advertising
- (D) To only claim they sold a property if they had it listed

Questions continued on the next page

**8. A ‘true picture’ is a standard for advertising**

- (A) In the Code of Ethics
- (B) In license law
- (C) Both a and b
- (D) Neither a nor b

**9. True or False? Placing a sign on a property without the owner’s permission is generally a violation of state law.**

- (A) True
- (B) False

*For the following 7 situations (Questions 10-16), indicate if the REALTOR® would be violating the Code of Ethics by selecting “Yes” if there is a violation, and “No” if there is no violation.*

**10. REALTOR® C uses photoshop to make a listing look much better than it is; he removes power lines, neighboring homes, and ‘repaints’ the house.**

- (A) Yes
- (B) No

**11. REALTOR® D sells REALTOR® E’s listing. He puts a picture in an ad of “Properties We’ve Sold”**

- (A) Yes
- (B) No

**12. REALTOR® F has a website which contains all the listings he has ever taken, including those which have sold and closed, or have expired**

- (A) Yes
- (B) No

**13. REALTOR® Z is skilled with computers, and finds a way to display other brokers’ listings on his website, without the information that those properties are listed with other brokers**

- (A) Yes
- (B) No

**14. REALTOR® A’s company is Able Real Estate. He registers the domain name AbleRealEstate.com**

- (A) Yes
- (B) No

**15. REALTOR® E’s company is Effect Real Estate. One of his competitors is Affect Real Estate. He registers both EffectRealEstate and AffectRealEstate**

- (A) Yes
- (B) No

**16. REALTOR® D is just getting started in the business, and doesn’t have any designations. But, he likes the way all those letters look on a business card, so he adds to his card: “ABR, GRI, CRS”**

- (A) Yes
- (B) No

*Review Question Answers:*

13. A	14. B	15. A	16. A
7. C	8. C	9. A	10. A
1. D	2. C	3. B	4. B
5. A	6. A	11. B	12. A

## MODULE 4

### Successful & Compliant Advertising for Real Estate Agents

In this module, we are going to finish discussing regulations by covering Regulation Z and Fair Housing. Both of these are federal laws which affect real estate. Fair Housing is also regulated at the state and sometimes the local level. We’ll discuss those state and local regulations in their own section of this module.

#### Regulation Z:

Regulation Z is part of the “Truth in Lending” law that governs disclosures which must be made to consumers with respect to borrowing money. Especially during the past few years it has been a great idea for licensees to advertise how affordable listings are with interest rates at historic lows. In many markets rents are high enough that it is actually cheaper for consumers to buy a house. But if we are going to advertise financial terms, there are rules. First, an easy rule: you can advertise the percentage of down payment needed, either as a percentage, or a dollar amount, without giving any other information. So, for example:

“Affordable! You only need \$3500 down, with FHA financing, to buy this \$100,000 house! Let us help you see if you qualify for FHA financing.”

As most agents know, FHA is a lending program most buyers do qualify for. In fact, the credit rating requirements for FHA loans are more relaxed than some other types of loans.

What if we want to advertise a payment? Well, first we need some information. Here’s what we need to know in order to advertise a payment:

- Amount of the mortgage
- Simple interest rate
- Term

- Bank fees specific to the loan, which typically include:
  - o Origination fees
  - o Application fees
  - o Mortgage broker fees
  - o Tax/flood service fees
  - o Rate lock fees
  - o Interest (usually from day of closing to end of month)
  - o Fees for preparing TILA disclosures

Example:

Let's say we have a house which is listed at \$100,000. We can obtain a conventional mortgage with a 20% down payment at:

- 4% interest;
- 30 year term;
- The annual taxes are \$2400; and
- The property insurance is estimated at \$800.
- Bank fees specific to the loan, which typically include:
  - o The lender will charge points of \$1000;
  - o An origination fee of \$500;
  - o A mortgage broker fee of \$500;
  - o A tax/flood service fee of \$25; and
  - o A \$200 fee to lock the rate.

*\*\*Note that the only fees which go into calculating the APR are specific lender fees. Other fees a buyer pays, such as appraisal and credit report fees, fees for preparing loan documents, amounts to be put into escrow (taxes and insurance) title insurance, house insurance, home inspection, etc. are not computed into the APR.*

To do these calculations you have to have a financial calculator, or an app for your smart phone which can compute mortgages. To find one, check the apps available for your smart phone in your app store. There are a number of apps available, for all kinds of phones from I-phones to Androids.

You will also need the lender to disclose fees to you, and you will have to make a calculation about "odd days interest", which is the interest from the date of closing to the end of the month.

Let's calculate the APR % and monthly payment for the P&I (Principal and Interest) of a conventional mortgage first. You can do the calculation using the app found here:

<http://www.mtgprofessor.com/calculators/Calculator16.html>

Using the Mortgage Professor App, take the following steps:

1. Select the Type of Loan (Conventional)
2. Enter the Loan Amount (\$80,000.00)
3. Enter the Interest Rate (4.00%)
4. Enter the Points (\$1,000.00)
5. Enter the Loan Term in Months (30 x 12 = 360 months)
6. Leave "Number of Years Loan is Interest-Only" blank
7. Enter the Current Value of Property (\$100,000.00)
8. Enter the Loan origination fee (\$500.00)
9. Enter the Mortgage broker fee (\$500.00)
10. Enter the Tax/flood service (\$25.00)

11. Leave "Required credit life or disability insurance" blank
12. Enter the Lock/commitment fee (\$200.00)
13. Leave "Other APR fees" blank
14. Leave the "Mortgage Insurance" fields blank
15. Compute APR

Result: This calculation tells us the APR is 4.235% and the (Principal and Interest) monthly payment is \$381.94

Curious as to what the formula for calculating the APR actually looks like? If you visit this site, you will see the formula used for calculating the APR:

[http://www.efunda.com/formulae/finance/apr\\_calculator.cfm](http://www.efunda.com/formulae/finance/apr_calculator.cfm)

This calculator first calculates the monthly payment using **C (Loan Amount) + E (Extra Cost)** and the original interest rate  $r = R/1200$ :

$$P = \frac{(C + E)r(1+r)^N}{(1+r)^N - 1}$$

The APR ( $a = A/1200$ ) is then calculated iteratively by solving the following equation using the Newton-Raphson method:

$$\frac{a(1+a)^N}{(1+a)^N - 1} - \frac{P}{C} = 0$$

Another option is to add in the taxes and insurance and calculate the payment as PITI (Principal, Interest, Taxes and Insurance).

If we want to advertise the payment as PITI then you will need to do the following:

1. \$381.94 + \$200 (1/12 of the annual taxes of \$2400) = \$581.94
2. \$581.94 + \$66.67 (1/12 of the annual insurance bill of \$800) = \$648.61

Result: This calculation tells us the PITI (Principal, Interest, Taxes and Insurance) payment is \$648.61

Now you're ready to write your ad for a conventional loan!

But what about an FHA loan, where there is a mortgage insurance premium (MIP)?

First of all, let's review what MIP is. It is insurance on the loan which protects the lender in the event of borrower default. Some buyers mistakenly think it is mortgage insurance which will pay the mortgage if they die or become disabled (D). Any loan with less than 20% down requires MIP. Since January, 2015, the MIP has been: 0.85% annual MIP plus 1.75% upfront MIP.

Let's calculate the FHA mortgage payment assuming that the costs to the buyer remain the same as in the previous example, but with the addition of the MIP Insurance. For our purposes we will input .85 as the annual APR premium, and 1.75 as the upfront MIP premium.

*\*Caution: FHA has changed these percentages several times, so always check with a lender to see what they currently are.*

You can do the calculation using the app found here:

<http://www.mtgprofessor.com/calculators/Calculator16.html>

Using the Mortgage Professor App, take the following steps:

1. Select the Type of Loan (FHA)
2. Enter the Loan Amount (\$96,500.00)
3. Enter the Interest Rate (4.00%)
4. Enter the Points (\$1,000.00)
5. Enter the Loan Term in Months (30 x 12= 360 months)
6. Leave "Number of Years Loan is Interest-Only" blank
7. Enter the Current Value of Property (\$100,000.00)
8. Enter the Loan origination fee (\$500.00)
9. Enter the Mortgage broker fee (\$500.00)
10. Enter the tax/flood service (\$25.00)
11. Leave the "Assumption fee" blank
12. Leave the "Required credit life or disability insurance" blank
13. Enter the Lock/commitment fee (\$200.00)
14. Leave the "Other APR fees" blank
15. Enter the Annual mortgage insurance premium (The annual %= 0.85)
16. Enter the Upfront Mortgage Insurance Premium (The %= 1.75)
17. Compute APR

Result: The APR on this loan is 5.239% and the monthly payment is \$468.77

You will see when you review the Loan Information screen, that the app has automatically financed the upfront MIP (which is a common practice for FHA buyers). See how the loan amount is \$98,188.75? So, how can we advertise this property?

The first option is to write an ad using the principal and interest only monthly payments which are \$468.77.

However, if we want to advertise the payment as PITI (Principal, Interest, Taxes and Insurance), then we will need to do the additional calculations as before:

1.  $\$468.77 + \$200$  (1/12 of the annual taxes of \$2400) = \$668.77
2.  $\$668.77 + \$66.67$  (1/12 of the annual insurance bill of \$800) = \$735.44

But! Because PITI must include mortgage insurance as well, we have to add that in. Our app helpfully tells us the monthly mortgage insurance payment is \$68.35 so we add that to the payment we already have:

$$3. \$735.44 + \$68.35 = \$803.79$$

Result: This calculation tells us the PITI (Principal, Interest, Taxes and Insurance) monthly payment is \$803.79

Now we can write our ad for an FHA loan!

"FHA Buyers—Take a look—only \$803.79 a month for total payment buys you this great 3 bedroom house in the Anytown School District. New floor coverings, close to shopping, schools, and other amenities. Payment based on sales price of \$100,000; FHA loan with 3.5% down, 30 year term, 4% interest, APR is 5.235%. To find out if you qualify for FHA financing, call us!"

#### Five Rules for Regulation Z:

There are five rules under Regulation Z for advertising financial terms for a loan:

- 1). A monthly payment may represent either principal and interest, or PITI, but it doesn't have to be labeled as one or the other. *Note: This has always surprised me, as you would think that an advertisement designed to help consumers figure out if a loan is affordable or not would include these labels.*
- 2). The payment must include the cost for mortgage insurance premiums. *Not all loans require MIP, but the general rule is that any loan with less than a 20% down payment requires MIP.*
- 3). The loan length may be presented in years (30-year financing) or months (360 monthly payments).
- 4). The simple interest rate may not be shown more conspicuously than the APR. If you use ten point type for the simple interest rate, the type for the numerical portion of the APR should be no smaller than ten point. **No fine print!**
- 5). The abbreviation APR should appear in capital letters.

Triggering Terms: These 5 rules are called "triggering terms". If you include one, you must comply with all five. So, for example, you can say: "only 3.5% down", but if you say "easy payments of less than \$700", you need to comply.

HOA fees: Any payment given in an advertisement must include mandatory HOA fees as well.

To read more about these rules, click here:

<http://realtormag.realtor.org/sales-and-marketing/feature/article/1996/12/do-your-ads-satisfy-reg-z-patrol>

## Summation of Regulation Z:

Using financial information is a powerful way to advertise property, especially if it is more affordable to buy a property than to rent one. However, agents must be mindful of the rules and regulations regarding these advertisements. Always check with your broker or manager regarding office policy. If you are going to use a website to calculate loan information, such as the one given in our example, you will need to have all of the lender's costs associated with the loan. If you are uncomfortable calculating these yourself, get a mortgage broker to do it for you. It's helpful to have one or two scenarios from the lender. For example, an FHA loan as well as a conventional loan. Many mortgage brokers will still do "one sheets" to have at a property which show a variety of financing options for buyers.

## Fair Housing:

Fair housing laws are found at the federal, state, and local level. Additionally, Fair Housing appears in the REALTOR® Code of Ethics, at Article 10.

Let's start with Federal Laws. Regardless of where you sell real estate in the United States, Federal Fair Housing Laws apply. The protected classes at the federal level are: Race, color, religion, sex, handicap, familial status, national origin. These seven classes may not be discriminated against in any state. Individual states have often added protected classes; sometimes cities or communities within a state have added protected classes as well. Some are extensive; for example the protected classes in New York City are: Actual or perceived race, color, creed, age, national origin, alienage or citizenship status, gender (including gender identity and sexual harassment), sexual orientation, disability, marital status, partnership status, lawful occupation, family status, or lawful source of income. The Law also prohibits retaliation.

Obviously, no real estate agent would want to take part in housing discrimination. In addition to being against federal, state, and possibly local laws, in most states it is also incorporated into real estate license law. So violating fair housing is also violating license law.

State and local laws vary, and *it is your responsibility as an agent to know state and local laws!*

Code of Ethics: The REALTOR® Code of Ethics includes classes not found at the Federal Level, nor at many state levels. Here's the Article:

### Article 10

Realtors® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. Realtors® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. (Amended 1/14)

Realtors®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. (Amended 1/14)

### Standard of Practice 10-1

When involved in the sale or lease of a residence, Realtors® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, Realtors® may provide other demographic information. (Adopted 1/94, Amended 1/06)

### Standard of Practice 10-2

When not involved in the sale or lease of a residence, Realtors® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the Realtor® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. (Adopted 1/05, Renumbered 1/06)

### Standard of Practice 10-3

Realtors® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. (Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)

### Standard of Practice 10-4

As used in Article 10 "real estate employment practices" relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. (Adopted 1/00, Renumbered 1/05 and 1/06)

As you can see, the Code of Ethics includes "sexual orientation and gender identity". These two categories are also protected classes under many state and local laws.

## Exemptions:

Are there any exemptions to Fair Housing Laws? The answer is yes, but only in specific circumstances.

HOPA: The first exemption comes under HOPA, which is the Housing for Older Persons Act. HOPA allows licensees and owners of properties that are either 55+ or 62+ housing to advertise "no children" in all marketing materials. This is because the exemption is based on the kind of housing it is: housing for older persons. Essentially, HOPA allows for an exception to the familial status protection in the Federal Law.

How does a community become a “55+ or a 62+” community? Well, it isn’t as simple as just declaring the community is “Adults only, over 55”. The developer or owner must first establish that the community is in fact, what it is advertised to be. To obtain approval, they must prove there is a need in the community for housing which serves the needs of these specific age groups. Real estate agents are not responsible for verifying the ages of the people who want to look at these properties; but you should make the buyers aware that proof of age is part of the process, and the management company will require proof of age. The exemptions in the law are for communities where everyone is over the age of 62, or at least 80% of the occupied units include at least one resident who is over the age of 44. *Both* communities have “carve out exemptions” for caretakers who live with the occupants. So, if two 80 year old are living in a 62+ community, but need a live in caretaker to assist them with dressing, feeding, bathing, et(C), this person can live in the unit, in the community. The same is true for 55+ communities. Another twist for 55+ communities is that they can set lower age restrictions (or none at all) in 20% of the development.

The main thing for you to know is what you are advertising. If you list a house in a 55+ community, you can advertise it as such, and not run afoul of Fair Housing law. The same goes for 62+ communities. You can read more about this here:

<https://www.55places.com/blog/yes-age-restricted-communities-are-legal>

#### Shared Living Quarters:

There is also an exemption in the law for sharing living quarters, such as kitchens, baths, etc. with another person, when the owner or tenant also lives in the unit. In simple terms, if a 70 year old widow wants to rent out her spare room, she can be picky about gender, age, non-smokers, etc. Typically, these types of arrangements do not involve real estate agents. In some lawsuits, these people have been identified as roommates; common sense would say that if you are going to share living space with another person, you want someone who is compatible with you. You can read more about this here:

<https://www.fairhousingcoach.com/article/court-fair-housing-law-doesnt-apply-roommate-selection>

#### Mrs. Murphy Exemption:

Another exemption that is sometimes mentioned in Fair Housing is the “Mrs. Murphy” exemption, so called because it involves an individual (the fictitious Mrs. Murphy) who is renting a space in her own, 1 to 4 family, owner occupied dwelling, and not using an agent.

Under Federal Law this owner/landlord can select tenants, and would possibly exclude people who are not married, who have children, et(C) Most states honor the “Mrs. Murphy” exemption, but most experts agree that an agent cannot be involve(D) You can read more about this here:

<https://fairhousing.foxrothschild.com/2013/04/articles/fha-basics/the-fhas-mrs-murphy-exemption-a-50-state-guide/>

#### Discriminatory Practices:

What does the Federal Housing Administration (FHA) define as discrimination in housing? This is the list:

The FHA prohibits discrimination in residential real estate-related transactions. These include (1) making loans or providing financial assistance (a) to purchase, construct, improve, repair, or maintain a dwelling or (b) secured by residential real estate or (2) selling, brokering, or appraising residential real estate. It is illegal, based on a person's protected status, to:

1. Refuse to make a mortgage loan;
2. Refuse to provide information regarding loans;
3. Impose different terms or conditions on a loan (e.g., different interest rates);
4. Discriminate in appraising property; or
5. Set different terms or conditions for purchasing a security, loan, or debt secured by residential real estate.

#### People with Disabilities:

The FHA provides additional guidance as to what constitutes discrimination based on disability. It makes it illegal to discriminate in the rental or sale of a dwelling because a person with disabilities:

1. Is the buyer or renter,
2. Is associated with the buyer or renter, or
3. Will live in the dwelling.

Under the FHA, discrimination against people with disabilities includes:

1. Refusing to permit, at the expense of the person with disabilities, reasonable modifications to the premises;
2. Refusing to make reasonable accommodations in rules, policies, or practices, when necessary to afford a person an equal opportunity to use and enjoy a dwelling; or
3. Failing to comply with accessibility design and construction standards when construing new multifamily housing.

The federal Americans with Disabilities Act and the Rehabilitation Act also prohibit discrimination against people with disabilities in the housing context (for more information, see OLR Report 2009-R-0361).

The portion that applies to agents is item #2, where it discusses brokerage, and here, of course, specifically, advertising!

The Best Rule in Advertising: Describe the Property, Not the Person!

Agents get into trouble when they begin advertising *who* they think might buy the house, not *what* the house is. An example would be if an agent listed a 3 bedroom home, in a starter home price range, within sight of an elementary school. The temptation is to say: "Perfect for the family with young children!" But such a statement would imply to people without children that they are not welcome.

Another example would be a small, 2 bedroom house, all on one level, including the laundry room. An agent is tempted to say: "Empty Nesters! Perfect size!" But, this would imply to a single person, or a person with a child, that they are not welcome.

Sometimes, agents are afraid to advertise features of a home because they think it implies something about the buyer. The best example is a handicap accessible home. It is *perfectly acceptable* to advertise a home as: "Handicap accessible house; wide hallways and doors; level door handles, roll up kitchen counters", because it is advertising the *property* not the *person*.

Here is a list compiled and updated which includes words which are acceptable; words that should be used with caution; and words which are unacceptable. The source of this list is:

<http://www.mvfairhousing.com/pdfs/ad-word-list.pdf>

This comes from Miami, OH, but is a good guideline for agents anywhere. The rule is: "If in doubt, don't use the word/term/phrase!"

Fair Housing Advertising Word and Phrase List  
Revised 05/01/09

*This word and phrase list is intended as a guideline to assist in complying with state and federal fair housing laws. It is not intended as a complete list of every word or phrase that could violate any local, state, or federal statutes. This list is intended to educate and provide general guidance to the many businesses in the Miami Valley that create and publish real estate advertising. This list is not intended to provide legal advice. By its nature, a general list cannot cover particular persons' situations or questions. The list is intended to make you aware of and sensitive to the important legal obligations concerning discriminatory real estate advertising. For additional information, contact the Miami Valley Fair Housing Center at (937)223-6035.*

\* Permitted to be used only when complex or development qualifies as housing for older persons  
 \*\*Permitted to be used only when describing shared living areas or dwelling units used exclusively as dormitory facilities by educational institutions.

*All cautionary words are unacceptable if utilized in a context that states an unlawful preference or limitation. Furthermore, all cautionary words are "red flags" to fair housing enforcement agencies. Use of these words will only serve to invite further investigation and/or testing. This word and phrase list is intended as a guideline to assist in complying with state and federal fair housing laws. It is not intended as a complete list of every word or phrase that could violate any local, state, or federal statutes. This list is intended to educate and provide general guidance to the many businesses in the Miami Valley that create and publish real estate advertising. This list is not intended to provide legal advice. If you are in need of legal advice, please see an attorney. By its nature, a general list cannot cover particular persons' situations or questions. The list is intended to make you aware of and sensitive to the important legal obligations concerning discriminatory real estate advertising."*

**BOLD**—not acceptable    *ITALIC*—caution    STANDARD--acceptable

<b>Able-bodied</b>	<b>Employed, must be</b>	<b>Males(s) only **</b>	<b>Physically fit</b>
<i>Active</i>	<b>Empty nesters</b>	<i>Mature</i>	<b>Play area, no</b>
<b>Adult community, living, park, adults only</b>	<b>English only</b>	<b>Mature complex; mature couple; mature individuals; mature person(s)</b>	<b>Preferred community</b>
<b>African, no</b>	<u>Equal Housing Opportunity</u>	<u>Membership available</u>	<i>Prestigious</i>
<b>Agile</b>	<b>Ethnic references</b>	<i>Membership approval required</i>	<u>Privacy</u>
<b>AIDS, no</b>	<i>Exclusive</i>	<b>Mentally handicapped, no</b>	<i>Private</i>
<b>Appalachian, no</b>	<i>Executive</i>	<b>Mentally ill, no</b>	<u>Private driveway; entrance; property; setting</u>
<b>American Indians, no</b>	<b>Families, no</b>	<b>Mexican, no</b>	<u>Public transportation (near)</u>
<b>Asian</b>	<u>Family room</u>	<b>Migrant workers, no</b>	<b>Puerto Rican, no</b>
<u>Assistance animal(s) or Assistance animal(s) only</u>	<i>Female roommate; females only**</i>	<b>Military, no</b>	<u>Quality construction</u>

**BOLD**—not acceptable *ITALIC*—caution STANDARD—acceptable

<i>Bachelor</i>	<i>55 and older community*</i>	<i>Mormon Temple</i>	<i>Quality neighborhood</i>
<b>Bisexuals, no</b>	<u>Fixer-upper</u>	<b>Mosque</b>	<u>Quiet, quiet neighborhood</u>
<b>Blacks, no</b>	<u>Gated community</u>	<u>Mother-in-law apartment</u>	<u>Responsible</u>
<b>Blind, no</b>	<b>Gays, no</b>	<i>Muslim</i>	<b>Restricted</b>
<i>Board approval required</i>	<b>Golden-agers only</b>	<i>Nanny's room</i>	<i>Retirees Safe neighborhood</i>
<i>Catholic</i>	<u>Golf course, near</u>	<b>Nationality</b>	<i>School name or school district</i>
<b>Caucasian</b>	<b>Group home(s) no</b>	<i>Near</i>	<u>Se habla espanol</u>
<b>Chicano, no</b>	<u>Guest house</u>	<b>Negro, no</b>	<i>Secluded</i>
<b>Children, no</b>	<u>Handicap accessible</u>	<u>Neighborhood name</u>	<i>Senior adult community, senior citizen(s)**</i>
<b>Chinese</b>	<b>Handicap parking, no; Handicapped, not for</b>	<b>Newlyweds</b>	<u>Single family home</u>

<i>Christian</i>	<b>Healthy only</b>	<u>Nice</u>	<b>Single person</b>
<b>Churches, near</b>	<i>Hindu</i>	<u>Non-smokers</u>	<b>Singles only</b>
<u>College students, no</u>	<b>Hispanic, No</b>	<u># of bedrooms</u>	<u>Smokers, no; Smoking, no</u>
<b>Colored</b>	<b>HIV, no</b>	<b># of children</b>	<u>Sober</u>
<b>Congregation</b>	<b>Homosexuals, no</b>	<u># of persons</u>	<u>Spanish speaking</u>
<u>Convalescent home</u>	<i>Ideal for...(should not describe people)</i>	<u># of sleeping areas</u>	<u>Square feet</u>
<u>Convenient to</u>	<b>Impaired, no</b>	<u>Nursery</u>	<u>Students</u>
<b>Couple, couples only</b>	<b>Indian, no</b>	<u>Nursing home</u>	<i>Students, no</i>
<u>Credit check required</u>	<b>Integrated</b>	<i>Older person(s)</i>	<b>Supplemental Security Income (SSI), no</b>
<b>Crippled, no</b>	<b>Irish, no</b>	<b>One child</b>	<u>Townhouse</u>
<b>Deaf, no</b>	<b>Italian, no</b>	<b>Oriental, no</b>	<b>Traditional neighborhood</b>

<u>Den</u>	<i>Jewish</i>	<b>Parish (note that if you are in Louisiana, this is acceptable, as Louisiana has parishes instead of counties)</b>	<u>Traditional style</u>
<b>Disabled, no</b>	<u>Kids welcome</u>	<i>Perfect for...(should not describe people)</i>	<b>Transgender, no</b>
<i>Domestics, quarters</i>	<i>Landmark reference</i>	<u>Pets limited to assistance animals</u>	<b>Unemployed, no</b>
<u>Drug users, no</u>	<b>Latino, no</b>	<i>Pets, no</i>	<u>Verifiable Income</u>
<u>Drugs, no</u>	<b>Lesbians, no</b>	<b>Philippine or Phillipinos, no</b>	<u>Walking distance of</u>
			<b>Wheelchairs, no</b>
			<b>White; whites only</b>

### Reviewing the List:

When you review this list, you may find things which surprise you; let's discuss them. For example, "family room", "mother-in-law apartment", "nursery" "privacy" and "private" as used to modify other words, such as "driveway" or "setting" are acceptable. This is consistent with HUD guidelines to advertise the property, not the person. HUD has stated that "family room" and "mother-in-law apartment" are "commonly used phrases to describe housing".

Your first step when ad writing is to ask yourself: "Am I describing the property or the person?" Your second question is: "Am I targeting, or excluding, any groups or classes of people?" From there, go back, and describe the property. You also see that "landmark" and "near" are on the "use with caution" list; but "neighborhood name" is acceptable. Employ common sense with this. If you have a city with a neighborhood known as "Germantown" (Philadelphia, PA), you can certainly advertise it that way. Landmarks which do **not** suggest a preference are acceptable; so "near the university" is fine; "next to Congregation Beth Israel Synagogue" is not acceptable. "Near shopping, bus line and schools" is acceptable; "near Walnut Street Christian School" is not acceptable.

### Writing Ads the Right Way:

With the list in mind, let's think about how we would advertise a two bedroom ranch, on a small lot, with a first floor laundry room, convenient to the bus line. In many respects, this house screams: "Empty Nesters!" because it is 1) small 2) one floor living 3) laundry on first floor 3) manageable lot 4) near the bus line if seniors can no longer drive. But, realizing that "seniors" is a do not use word; and retirees is a "use with caution" phrase, how can we write the ad? Well, what can we mention? We can say it is near public transportation; we can list the neighborhood by name; we can list the size of the house in terms of bedrooms and square footage. We can describe the house. So, this is an example:

"Just Right!

This compact 2 bedroom home, on a small, manageable lot, is a half block from the bus stop, and convenient to shopping, hospital, schools. 900 square feet, with first floor laundry room, this is in the Hill Section of AnyCity. Priced to sell at only \$XX,XXX!"

Let's say we have a large home for sale—it has 5 bedrooms, four full baths, living room, family room, basement rec room, in ground pool, 3 car garage, and 3600 square feet. Just as the last house seemed to have "seniors" written all over it, this one seems to have "family" written all over it. We have to write the ad and discuss the property, not the person. People with large families will be drawn to a house of this size. So, we would probably say:

"Space, space, and more space!"

3600 square feet, 5 bedrooms, 4 full baths—plus family room, rec room, living room, in ground pool, 3 car garage. Lots of room to spread out and enjoy entertaining friends and family. Located in Orchard Hills, in SuburbTown. Priced at \$XXX,XXX.”

Note that “family room” is acceptable; and it is acceptable to use family in the context of entertaining.

#### Practice Problems:

You will be presented with 4 advertisements. See if you can identify all of the words and/or phrases that you think are inappropriate in light of Fair Housing. Then, come up with replacement words and/or phrases of your own to create an appropriate and compliant advertisement.

Finally, you’ll see the course author’s suggestion for the revised advertisement. [Note: words highlighted in yellow are to be removed; any additional words (suggestions only) are in red.]

#### Practice Problem 1:

How many errors can you identify in this advertisement?

##### *Swingin’ Singles!*

*Have I got a condo for you! Located in Metro Towers (aka “Sin City”), this one bedroom play pen looks out over the pool and tennis courts. Enjoy drinks at your wet bar next to your own private hot tub (bathing suits not required!) On site amenities include: shopping, dry cleaners, gym, pool, tennis courts, community room, and oh, yeah, lots of swingin’ singles! Youthful and fit? You’ll fit right in! Call Swingin’ Sam directly at 428-3386 (“Have Fun”). Call anytime, especially if you are a blonde, brunette or redhead!*

- (A) 5
- (B) 6
- (C) 8
- (D) 10

#### Practice Problem 1 Answer:

How many errors can you identify in this advertisement?

- (C) 8

##### *1. Swingin’ Singles!*

*Have I got a condo for you! Located in Metro Towers 2. (aka “Sin City”), this one bedroom 3. play pen looks out over the pool and tennis courts. Enjoy drinks at your wet bar next to your own private hot tub 4. (bathing suits not required!) On site amenities include: shopping, dry cleaners, gym, pool, tennis courts, community room, and 5. oh, yeah, lots of swingin’ singles! 6. Youthful and fit? You’ll fit right in! Call 7. Swingin’ Sam directly at 428-3386 (“Have Fun”). Call anytime, 8. especially if you are a blonde, brunette or redhead!*

#### Practice Problem 1 Author’s Revision:

##### *Condo in Downtown*

*Have I got a condo for you! Located in Metro Towers, this one bedroom unit looks out over the pool and tennis courts. Enjoy drinks at your wet bar next to your own private hot tub! On site amenities include: shopping, dry cleaners, gym, pool, tennis courts, community room, and Call for more information or to schedule a showing!*

#### Practice Problem 2:

How many errors can you identify in this advertisement?

##### *Family Style!*

*Great family home with 5 bedrooms, 3 full baths, rec room and family room, spacious 1 acre lot includes pool and basketball hoop in the driveway. Large family kitchen, first floor laundry room. Lots of other great families in the neighborhood bring your kids and you will be welcome! Walking distance to elementary and middle schools; car pool distance to the high school and train station. Coffee klatch kind of neighborhood for all –American families. Call Nancy Nice at ABC Realty, 555-1212.*

- (A) 8
- (B) 6
- (C) 4
- (D) 12

#### Practice Problem 2 Answer:

How many errors can you identify in this advertisement?

- (A) 8

##### *1. Family Style!*

*Great 2. family home with 5 bedrooms, 3 full baths, rec room and family room, spacious 1 acre lot includes pool and basketball hoop in the driveway. Large 3. family kitchen, first floor laundry room. 4. Lots of other great families in the neighborhood 5. bring your kids and you will be welcome! 6. Walking distance to elementary and middle schools; car pool distance to the high school and train station. 7. Coffee klatch kind of neighborhood 8. for all –American families. Call Nancy Nice at ABC Realty, 555-1212.*

#### Practice Problem 2 Author’s Revision:

##### *Spacious House*

*Great home with 5 bedrooms, 3 full baths, rec room and family room, spacious 1 acre lot includes pool and basketball hoop in the driveway. Large eat-in kitchen, first floor laundry room. Just a few blocks to elementary and middle schools; car pool distance to the high school and train station. Call Nancy Nice at ABC Realty, 555-1212.*

### Practice Problem 3:

How many errors can you identify in this advertisement?

*Hablo Espanol?*

*You'll be comfortable in this house near the bus stop and Our Lady of Guadalupe Catholic Church and Elementary School. Your language is spoken here! Strong family neighborhood with limited Anglo influence. 4 bedrooms and 2 baths. Call Jose at Hacienda Real Estate, 444-1313*

- (A)3
- (B) 5
- (C) 8
- (D)9

### Practice Problem 3 Answer:

How many errors can you identify in this advertisement?

- (B) 5

#### **1. Hablo Espanol?**

*You'll be comfortable in this house near the bus stop and 2. Our Lady of Guadalupe Catholic Church and Elementary School. 3. Your language is spoken here! 4. Strong family neighborhood with 5. limited Anglo influence. 4 bedrooms and 2 baths. Call Jose at Hacienda Real Estate, 444-1313*

### Practice Problem 3 Author's Revision:

*Looking for a new home?*

*You'll be comfortable in this house near the bus stop. Close to schools and shopping; 4 bedrooms and 2 baths. Call Jose at Hacienda Real Estate, 444-1313*

### Practice Problem 4:

How many errors can you identify in this advertisement?

*Retirees Welcome*

*Cute little two bedroom rancher on a quiet street in the Hill section, near the Jewish Center. Perfect for empty-nesters! Make your last best move (before the nursing home!) into this great house. Plenty of folks your age in the neighborhood, available for bridge, Mah-Jongg or visiting. Call Thelma Whelma at Oldies Real Estate, 888-1313.*

- (A)3
- (B) 7
- (C) 0
- (D)5

### Practice Problem 4 Answer:

How many errors can you identify in this advertisement?

- (D)5

#### **1. Retirees Welcome**

*Cute little two bedroom rancher on a quiet street in the Hill section, 2. near the Jewish Center. 3. Perfect for empty-nesters! 4. Make your last best move (before the nursing home!) into this great house. 5. Plenty of folks your age in the neighborhood, available for bridge, Mah-Jongg or visiting. Call Thelma Whelma at Oldies Real Estate, 888-1313.*

### Practice Problem 4 Author's Revision:

*Welcome to your new home!*

*Cute little two bedroom rancher on a quiet street in the Hill section. Low maintenance exterior; easy to care for lawn. Call Thelma Whelma at Oldies Real Estate, 888-1313.*

**Special Situations:** In the list above, "Students" was listed as acceptable, but "no students" was listed as caution. Also, number of persons was indicated as caution. In some cases, zoning will make ads with these words or phrases acceptable.

**Example #1, Students:** Many communities with college and university campuses have zoned specific areas to allow student housing, and have also zoned other areas to not allow student housing. If this is true in your community, and you are listing a multi-family dwelling that is not zoned for students, it would be permissible to advertise it as such. Students, per se, are not a protected class.

**Example #2, Number of Persons:** Some cities also have zoning in place that governs how many people may occupy a dwelling, based on the square footage of the dwelling or unit. In that case, be specific in the ad: "Zoning allows a maximum of 2 occupants".

### Pictures, Images, and Diversity:

When you use human models in advertising, make certain that your ads contain all kinds of people including various ethnic groups, genders, races, handicapped individuals, etc. An ad, for example, which shows a white family with two children has the potential to make any of the following feel uncomfortable: anyone whose race is not "white"; anyone who is not in a 'traditional marriage', which can include same sex couples as well as single parents; anyone without children; anyone past a certain age; and anyone disabled if the human models are clearly not disabled. In short, a whole lot of people!

**Getting and Using Images:** Some companies are large enough that they employ an advertising agency to write ads for them, for all kinds of media, and they hire human models. If this is the case, your company should have in the contract that the agency will provide "diversity in human models". If you don't have the money to spend on an advertising agency, you should be getting and using images from a licensed site. By licensed site, I mean a place such as: [www.clipart.com](http://www.clipart.com), [www.shutterstock.com](http://www.shutterstock.com), [www.istock.com](http://www.istock.com). These sites have clip art as well as photos. The author subscribes to [www.clipart.com](http://www.clipart.com) and uses those images in marketing material for a real estate brokerage, as well as for real estate education. If you use people you know, who agree to be photographed, get their permission in writing.

**Fair Housing Wrap-up:** Remember to advertise the *property* not the person. Read your ad to make certain it does not target or exclude any protected classes. If using human models, make sure there is diversity in the models used

## review questions...

The following 20 questions will be a review of the content from this section. These questions will NOT be graded. These questions are provided to help gain insight in the course material.

- 1. Which of the following is a “triggering term” for Regulation Z advertising?**
  - (A) Monthly payment is only \$816.36
  - (B) FHA financing available with 3.5% down payment
  - (C) Easy terms, interest rates are low today
  - (D) Qualifies for FHA or VA financing
- 2. If your ad includes a payment, which of the following is correct?**
  - (A) It must be P & I only (principal and interest)
  - (B) It must be PITI only (principal, interest, taxes and insurance)
  - (C) It must include MIP (mortgage in premiums)
  - (D) It must present the loan term in months
- 3. Which of the following is correct about the APR?**
  - (A) The APR is always the same as the simple interest rate
  - (B) The APR in an ad must be shown in the same size type as the simple interest rate
  - (C) The APR cannot be computed until the borrower applies for the loan
  - (D) The APR will always be 1.25% higher than the simple interest rate
- 4. Which of the following ways can an agent compute an APR?**
  - (A) By using a website, providing the agent has all of the costs associated with the loan
  - (B) By asking a lender to compute it, for a specific type of loan, such as FHA, or conventional
  - (C) Both a and b
  - (D) None of the above
- 5. MIP is:**
  - (A) Mortgage insurance premium, which is insurance to protect the lender in the event of default. It does not protect the borrower.
  - (B) Mortgage insurance premium, which pays the mortgage in the event of the borrower’s death or disability
  - (C) Mortgage insurance, which insures the house
  - (D) Mortgage insurance, which insures the buyer against a predatory lender
- 6. Which of the following fees would be used to compute the APR?**
  - (A) Origination fee
  - (B) Application fee
  - (C) Points
  - (D) All of the above
- 7. At which levels are there are Fair Housing Laws?**
  - (A) Federal
  - (B) State
  - (C) Local
  - (D) All of the above
- 8. Which two protected classes are included in Article 10 of the REALTOR® Code of Ethics, which are not found in federal fair housing laws?**
  - (A) Race and religion
  - (B) Color and familial status
  - (C) Sexual orientation and gender identity
  - (D) Handicap and familial status
- 9. HOPA allows an exception in the federal law for which class:**
  - (A) Race
  - (B) Religion
  - (C) Age
  - (D) Familial status
- 10. “Mrs. Murphy” laws apply to:**
  - (A) Any property owned by a widow
  - (B) Property of 1-4 units, which is owner-occupied, and an agent is not used
  - (C) All 1-4 units
  - (D) Only people named Murphy
- 11. A person is seeking a roommate to share a house or apartment. Which of the following is correct?**
  - (A) All Fair Housing laws, at federal, state and local level, apply
  - (B) The person seeking to share living quarters may specify the gender of the person they want as a roommate
  - (C) The person seeking to share living quarters may not require personal habits, such as “non-smokers”
  - (D) An agent must be used to have any exceptions apply

Questions continued on the next page

12. Which of the following words or phrases would be acceptable in an advertisement?

- (A) "Adults only"
- (B) "No Children"
- (C) "55+ Community"
- (D) "Restricted"

13. Which of the following words or phrases would not be acceptable in an advertisement?

- (A) "Family room"
- (B) "Nursery"
- (C) "Mother-in-law apartment"
- (D) "Next to St. Mary's Catholic Church"

14. Which of the following words or phrases would be acceptable in an advertisement?

- (A) "Next to St. Boniface Elementary School"
- (B) "Near the Fairgrounds"
- (C) "Near Malcom Shabazz Mosque"
- (D) "Next to Cheder Menachem School"

15. Which of the following protected classes does not exist at the Federal level?

- (A) Sexual orientation and gender identity
- (B) Age
- (C) Handicap
- (D) Race

16. HOPA stands for:

- (A) Hope Of Protection for All
- (B) Housing for Older Persons Act
- (C) Housing for Other Persons Act
- (D) Handicapped, Otherwise Persons Act

17. The exception allowed under HOPA at the Federal Level is:

- (A) Gender
- (B) Familial status
- (C) Religion
- (D) Race

18. Regulation Z is also known as:

- (A) "Truth in Lending" (TILA)
- (B) Dodd-Frank
- (C) Fair Housing
- (D) FDIC

19. Which of the following is usually NOT included in the computation of the APR?

- (A) Application fee
- (B) Points
- (C) Origination fee
- (D) Homeowner's insurance

20. The stated interest rate and the APR, in an ad, must be:

- (A) In the same size font
- (B) The same rate
- (C) May be estimates only
- (D) Maybe excluded if the payment is given

Review Question Answers:  
1. A 2. C 3. B 4. C 5. A 6. D  
7. D 8. C 9. D 10. B 11. B 12. C  
13. D 14. B 15. C 16. A 17. B 18. A  
19. D 20. A

## MODULE 5

### Successful & Compliant Advertising for Real Estate Agents

In this final module we will talk about using social media to advertise properties and your services as a real estate agent. Social media is a very powerful tool for the real estate industry. We will touch on the best known and most often used types of social media, but our list is by no means all-inclusive.

Our learning objectives for this module are:

1. Define demographics and using key words in advertising
2. Illustrate using social media to advertise: Hootsuite, LinkedIn, Facebook, Instagram, Pinterest, Twitter, etc.
3. Analyze the use of hashtags in advertising

The use of social media is a 21st century phenomenon. Among other things, social media allows people to connect with many other people quickly, and often for free. Some social media advertising costs money. However, in most markets social media is still less expensive than print advertising with the added benefit of targeting consumers who are probably most interested in purchasing that specific property, in that specific location.

**Facebook:** The most popular social networking site in the U.S. Users set up profile pages, add pictures, information about themselves, and 'friend' other people, as well as asking people to 'friend' them. Users can 'like', or use other emoticons, to express their opinions about others' posts. Many real estate agents have personal Facebook pages, and use them to stay in touch with current and past clients. However, many agents also use their personal page to advertise, without following guidelines, which is not okay. Read on.

Facebook Fan Page: Facebook has a policy of no “commerce” on an individual Facebook page. Commerce can include anything from selling Tupperware to selling houses. Individuals and businesses wishing to engage in commerce should open a Facebook Fan Page. Here is a link to a real estate Facebook page:

<https://www.facebook.com/Jackson-Real-Estate-230227940368764/>

Here is a link to another Fan page, this one set up by the author for this real estate continuing education course:

<https://www.facebook.com/melaniejmclane/?fref=ts>

In the case of fan pages people will not ‘friend’ you, rather people can ‘follow’ you. This means that what you post shows up in their feed—sometimes. Facebook’s algorithms are often perplexing with respect to what content shows up in people’s feeds. A lot of it has to do with interaction on the part of those following you, so the more interesting your post, the more likely you are to get comments, likes, and shares; all of which will keep your feed going to those who liked, shared, and commented on your post.

A Facebook Fan Page should be considered to be a mini website for the real estate company. Therefore, the information on the fan page should comply with all state laws regarding advertising which may include, depending upon your state’s regulations, the address of the business, the main phone number, the name of the business, etc. Brokers should exercise care about who in the company can post to a company page. If the broker does not have a page, an agent can set one up on his own.

Here’s a page an agent set up as a Facebook Fan page:

<https://www.facebook.com/kim.skumanick?fref=ts>

Facebook Fan Pages are what are most effectively used for advertising. However, you will need a personal page as well to set up ads on your fan page. We’ll discuss that shortly. Using your personal page to advertise houses is not only a violation of Facebook policy, it is a violation of advertising rules beginning with Article 12 of the REALTOR® Code of Ethics, and continuing with state law. The one requirement found in all state laws is that if a licensee is advertising a property for sale or lease, the ad must indicate that the property is being handled by a licensee. Most state laws prohibit these, calling them ‘blind ads’, because the buyer doesn’t realize that the property is being handled by a licensee.

Many states also extend the prohibition on “blind ads” to a licensee advertising a property which they own, but is not listed. In the states which have that prohibition if a licensee is running a “FSBO” (For Sale by Owner) their ad needs to include the information that the owner is a real estate licensee.

All of this brings us back to Facebook, and the most common violation of advertising that I see on Facebook: the post, on a real estate agent’s personal page, of a picture of a house with a description followed by “Call me at XXX-XXX-XXX!” which is generally the agent’s mobile number. This lacks:

- Name of the brokerage,
- What state(s) the company is licensed in,
- And (if required):
  - Address of the business,
  - Phone number, and
  - License numbers.

The agents who run these ads like to argue: “But the only people who are my friends on Facebook know I am licensed!” But, as we all know, people can share from Facebook. Or they can take a screen shot and repost it. In either case that ad can go viral and may be seen by many people.

Facebook Advertising: So, how can you advertise on Facebook? Well, you will need a personal page and a Fan Page. Here are the steps:

1. Start by going to your own page.
2. At the top, next to the lock icon, there’s a downward arrow. Click on that and go to: “Create ads”.
3. Click on this and go to “Boost your posts”. Then, you will choose your page (your business page or pages should show up here).
4. From there you can pick an existing post on the page from the drop down menu, or click “Create new Page Post”. If you click “Create new Page Post”, you can then add pictures and text. Use your hashtags in the text to drive consumers.
5. When you are happy with your ad, the next page is “Ad set” where you define audience, budget, and schedule.
6. Here’s where you can drill down with demographics. You can select people by area, by age, by children in household, by self-identified interests and hobbies, by occupation, by education, and so on and so on—lots of possibilities.
7. After you set these, scroll down to “Placements”. If you have more than one photo, do not check Instagram; it will not pick it up with more than one photo.
8. Continue scrolling, and you get budget and schedule. Don’t pay the minimum that Facebook is showing; bid it lower. How much you will have to pay will depend a lot on how many of your competitors are using Facebook. You may get your bid, or you may get a message that your bid needs to be higher, or that for that price, you will get fewer impressions.
9. Beneath budget, you will see “Schedule”. Select “Set a start and end date”. Normally, this shouldn’t be a long campaign—maybe about a week or two.
10. Keep scrolling: you will see “Optimization for Ad Delivery”.
11. The default is “Post engagement”, scroll down and select “Impressions”.
12. Select “manual” and again bid on what the impressions are worth to you.
13. Click “Continue” on the bottom, it will take you to a screen where you can “Review order” or “Place Order”. It’s a good idea to review the order to make sure you get what you want.

Using the steps above, the author wrote a Facebook ad for a cabin, along a creek, near a world class Rail Trail (used for bicycling and hiking). The demographics selected were:

- People 35 to 60; in my experience, people are usually in their mid-30's before they can afford a second home; by 60 they either have one, or are not as interested. Also, the market research on recent sales showed a strong showing of Gen X buyers, and a smattering of younger Boomers.
- I also selected "People who have visited this area" which is essential in second homes; they aren't local people. That's one of the options.
- Then, I selected interests: hiking, bicycling, kayaking, fishing.

The ad was placed and ran; the property sold very quickly. How do you know how a campaign worked? Facebook will give you results. At the top of your screen, in the down arrow next to the lock icon, you can go to manage ads. From there, you can review your ads. Facebook also sends you a report when an ad campaign is finished.

This ad reached 1770 people and had 47 reactions, comments, and shares. One was the sad face; this was a family member of the owner who was sad they were selling their house! There were 435 post clicks; this is very important because these people didn't just see the ad, they clicked on it. There were 248 link clicks and 187 other clicks.

**Facebook Fan Pages for Institutional Advertising:** We've just described how to place a paid Facebook ad. You can use your personal page and your fan page to engage your friends and followers, and always remind them that you are in real estate. Most industry experts agree that your ratio should be about 9 to 1. In other words, running nothing but ads about listings will turn off friends and followers; including useful information about housing will make them tune in. What are some of the things you can include?

1. Local market information: facts and stats, which you can usually get from your MLS, are always of interest to people. People want to know how things are selling, what the inventory level is like, et(C)
2. General information about real estate. You can find posts from a variety of sources, including other Facebook pages you follow, or information you subscribe to. One such post is:

<http://www.mpamag.com/news/morning-briefing-firsttime-buyers-facing-increased-pressure-30873.aspx>

This is from mpamag.com: a mortgage professional site to which you can subscribe where you will then get daily updates. Another source, if you are a REALTOR® is the REALTOR® magazine or [www.realtor.com](http://www.realtor.com).

Here's an example from that site:

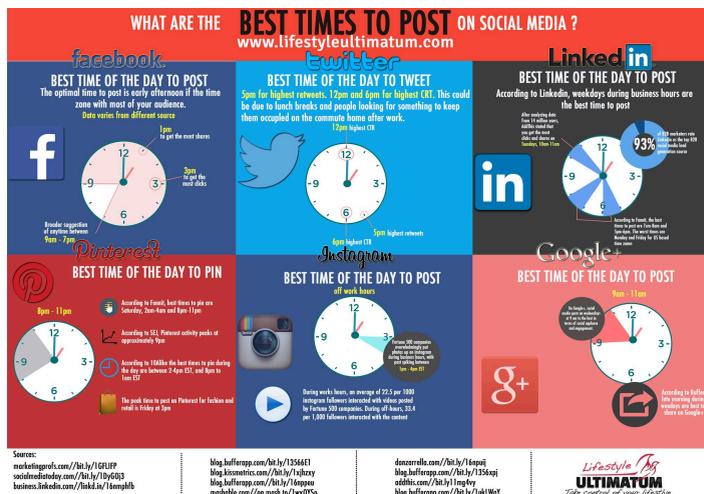
[http://www.realtor.com/advice/sell/things-to-never-say-when-selling-home/?cid=soc\\_editorial61476896&adbid=10154261401367871&adbpl=fb&adbpr=35368227870](http://www.realtor.com/advice/sell/things-to-never-say-when-selling-home/?cid=soc_editorial61476896&adbid=10154261401367871&adbpl=fb&adbpr=35368227870)

Other sources are sites such as HouseLogic and Houzz. Both of these sites contain ideas for homeowners, from everything from which colors to paint a room to what repairs to make.

3. Local news and articles, especially if it pertains to real estate.
4. Share articles others have posted, from appraisers to home inspectors.

The goal of a Facebook page is to engage your audience, continually remind them that you are in the real estate business, and present a positive, professional image. In live classes, I hear agents say "I don't do social media; I'm too busy." They are making a mistake! I see many millennial buyers asking questions about real estate to their 'peeps' on Facebook. As with anything you do, track your results. Facebook gives you a weekly page update, so pay attention to the traffic on your page. Watch the times when you post; certain times of day are better than others. Here's a chart which states certain times which are considered to be better than others, for various types of social media:

<https://www.facebook.com/melaniejmclane/photos/a.412372910912.184531.366118785912/10153605145210913/?type=3&theater>



It should go without saying that you should avoid rants, tirades, politics, religion and anything else controversial on your Fan page. On your personal page, you might want to separate who sees what, so that your customers who have friended you don't necessarily see all the details of your personal life. *Remember any post in social media once posted is there forever! People think they can remove a post, take an ad down, etc., but this may have been shared, or there may be a screen shot of it, so do not post in haste!*

#### Other Social Media Sites:

LinkedIn: LinkedIn has been described as "Facebook for grownups". This is more of a business to business site, and it is a place where you can get recommended for your expertise in an are(A) Here's a link to the author's LinkedIn page:

<https://www.linkedin.com/in/melaniemclane>

Because it is a business to business site, this is where an agent can connect with past clients and customers who can recommend you to other people. People can also endorse you for your skills on this page. Unlike Facebook personal pages, where you can get away with casual photos, on LinkedIn you should have a professional photo. This is also a site to post only about business, not the cute thing your dog, cat, or baby did last night.

How do you use LinkedIn for advertising? You can post on LinkedIn, and use hashtags. Hashtags (the # sign) are used to help people search. When you use the hashtag #realestate, then anyone searching real estate will find your post. From the post you can share to Facebook or to Twitter. Obviously, you need an account at both those places. So, you could post an ad for a new listing, using a picture and whatever hashtags are appropriate, and from LinkedIn you can share this to Twitter or Facebook.

GooglePlus: This is a social media site set up by Google which allows you to create circles and send specific messages to that group. This way you can have a group of peers; a family group; a personal friends group; a past clients and customers group, etc. You can also set up audiences and groups in Facebook and accomplish the same thing, which is to not send the same message to everyone.

Instagram: Instagram is a site to share photos and videos. Because so many of today's clients are from Generation X and the Millennial Generation, both of which are used to video and photos, Instagram will often work when words won't. The adage of "a picture is worth a thousand words" applies here. A good picture on Instagram can spark interest.

Twitter: Twitter is a social media site where users send "tweets". Tweets are short 140-character messages. Anyone can read what is on Twitter, but only registered users can comment and share. Real estate agents use shortened urls in connection with Twitter, as well as hashtags, to advertise property. In most MLS systems, from the MLS site, you can share a listing via Facebook, Twitter, or other social media sites. This is what a tweet about a listing looks like: melmclane @melmclane [This information is the author's 'twitter handle'.]

#realestate #PineCreek NON FLOOD <http://www.flexmls.com/share/VRiU/5735NROUTE44HIGHWAYJerseyShorePA17740> ...

This portion of the tweet is the embedded link which takes you right to the listing itself.

<http://www.flexmls.com/share/VRiU/5735NROUTE44HIGHWAYJerseyShorePA17740>

Pinterest: Pinterest is self-described as "the world's catalogue of ideas". Pinterest is a site that combines pictures and words; it has boards for topics, and what you post there can be shared to Facebook and other social media sites. Here is a link to a post from Pinterest, shared on Facebook, about mortgage financing:

<https://www.facebook.com/melanie.mclane/posts/10154165799837976>

Pinterest is a great place for a real estate agent to not specifically advertise a property, but to constantly remind followers, both on Pinterest and Facebook, that you are in the real estate business.

YouTube: Video is considered by many experts to be the 'hottest thing' agents can do for marketing and advertising:

<http://www.realtor.org/field-guides/field-guide-to-using-digital-video-as-a-marketing-tool>

Videos should be fairly short and sweet; many experts say no longer than 1 to 3 minutes. Real estate agents can use them for general marketing, as in a one minute video about current market conditions; or specific as in a video of a property for sale. Here's an example of an agent using video to advertise a specific property:

<https://www.youtube.com/watch?v=18d8pejvKkE>

Although this is not professionally done, it shows the chopiness of the agent doing it himself, the video is nonetheless effective. You can take videos; have another person video tape you, upload them to YouTube, and then share the link on other social media. You can also share most videos directly to social media. However, if you do a lot of videos, you might want to have them all on the same YouTube Channel so people can follow you.

## review questions...

The following 24 questions will be a review of the content from this section.

These questions will NOT be graded.

These questions are provided to help gain insight in the course material.

- 1. True or false? All Internet based advertising is free.**  
(A) True  
(B) False
- 2. True or false? The advantage of internet advertising is that everyone is on the internet.**  
(A) True  
(B) False
- 3. True or false? LinkedIn, compared to Facebook, is more of a business to business site.**  
(A) True  
(B) False
- 4. Hashtags (#) help search engines sort posts into categories people are searching for such as #realestate.**  
(A) True  
(B) False
- 5. Facebook ads have a set fee; you cannot 'bid' on them.**  
(A) True  
(B) False
- 6. Which of the following sites is for videos and pictures only?**  
(A) Facebook  
(B) LinkedIn  
(C) Instagram  
(D) Twitter
- 7. Which of the following sites limits a post to 140 characters (or less?)**  
(A) Facebook  
(B) Twitter  
(C) LinkedIn  
(D) Hootsuite

Questions continued on the next page

HootSuite: Hootsuite is a social management dashboard. We are mentioning it here because managing social media can become a chore; HootSuite is a very popular management dashboard. There are others, and some real estate agents hire someone to post for them. If you do so, it is important that your messages sound like you and sound authentic.

Hashtags: Hashtags are used on Facebook, Twitter, LinkedIn, in blogs, and in other places to help search engines find what people are looking for. So #realestate brings people looking for real estate to the post; #yourtown brings people looking for your town to the post, etc.

So, how does this work? Well, if you use the internet at all for shopping, you know that if you go online searching for kayaks or kitchen equipment, the next time you log on to the internet, whether it is Facebook or another site, you get inundated with ads for what you were searching for. The algorithms used for internet searches pick up this information from the sites you look at, the searches you do, etc.

Advantages of online advertising: There are several advantages. They are:

1. It is generally less expensive.
2. It is instantaneous; fancy color brochures can take a while to produce if your company has them done by a professional printer; print advertising also requires lead time.
3. You can target the audience who sees the ad. Other types of advertising will reach people with no interest in buying or selling property at all, or at least no interest in the particular property you are advertising. Because the *words in the ad* do not describe the people, you are not violating Fair Housing. But, if you list that 3 bedroom house a half block from a desirable elementary school, you can include in your list: "parents of young children"; "parents of pre-school children", so that they will see the ad.

Disadvantages: Why you might not want to limit yourself to online advertising:

1. Unlike print media, which may hang around on a table or desk, it is gone quickly.
2. Not everyone uses the internet; many people who use computers do not use social media.

At this point, we've discussed using social media for advertising, and now it is time for a quiz. This is the last module in the course, so this will be followed with an exam. We hope you now have a better understanding of the goals of advertising and how various types of advertising work. Most real estate companies will have a mix of advertising. Just remember this simple principle: "If it works, keep doing it; if it doesn't work, try something else." Good luck!

8. Which of the following sites has been described as “the world’s bulletin board of ideas”?
- (A) Pinterest
  - (B) Facebook
  - (C) Hootsuite
  - (D) Google+
9. A good length for a video on YouTube is typically:
- (A) 3 to 5 minutes
  - (B) 30 to 60 minutes
  - (C) 10 to 15 minutes
  - (D) 30 seconds
10. If you are trying to sell a property using a Facebook ad, and the property is near an elementary school, has 3 bedrooms, and is modestly priced, some of the demographics you would select from Facebook would include which of the following?
- (A) Interests—home and family
  - (B) Parents of young children
  - (C) Children’s education
  - (D) All of the above
11. If you are trying to sell a property using a Facebook ad, and the property is a mountain lodge (second home) in a ski resort area, also near hunting and hiking, which of the following demographics would you probably select?
- (A) Age: 75 plus; interests: reading and bird watching
  - (B) Age: 35 to 60; interests: winter sports
  - (C) Age: 20-35; interests: Nascar
  - (D) Age: 60 to 80; interests: investments
12. Which of the following would not be a good post on a Facebook Fan Page for a real estate company?
- (A) Local market facts and stats
  - (B) Articles about home remodeling
  - (C) Information about things to do in the area
  - (D) Political opinions
13. Under “optimization for ad delivery” on a Facebook ad, you should select:
- (A) Post engagement
  - (B) Clicks
  - (C) Impressions
  - (D) Imbedded links
14. The problem with an agent advertising a new listing on their personal page is:
- (A) It may lack information required by state law
  - (B) It may seem pushy
  - (C) It may not work
  - (D) It’s the only way to advertise on Facebook
15. True or False? Facebook is a business to business site.
- (A) True
  - (B) False
16. The problem with an agent advertising a new listing on their personal page is:
- (A) Instagram
  - (B) Pinterest
  - (C) Facebook
  - (D) Twitter
17. One of the sites which uses truncated urls (shortened urls), because of a limit on characters is:
- (A) Facebook
  - (B) LinkedIn
  - (C) Twitter
  - (D) Instagram
18. 3 to 5 minutes is an ideal length for:
- (A) How long it should take a buyer to read your brochure
  - (B) How long it should take someone to read your Facebook posts
  - (C) A YouTube video
  - (D) A phone conversation with a prospect
19. Impressions are the selection you should make, on a Facebook ad, under the category of:
- (A) Optimization for ad delivery
  - (B) Post engagement
  - (C) clicks
  - (D) Likes
20. Facebook’s policy regarding advertising is:
- (A) You must pay the fee they are asking, you cannot bid on ads
  - (B) You may bid on how much you will pay for the ad; you may or may not get your bid\*
  - (C) All ads are flat fee
  - (D) There are no fees for advertising on Facebook

Questions continued on the next page

21. The length of an ad campaign on Facebook is:

- (A) Always at least six months
- (B) Set by Facebook
- (C) Set by you
- (D) Dependent entirely on the whim of Facebook

22. Which social media site is most likely to generate referrals for you?

- (A) Instagram
- (B) Pinterest
- (C) LinkedIn
- (D) Twitter

23. Because of Facebook's policies regarding commerce, where should a real estate ad be placed?

- (A) On a personal page
- (B) On a fan page
- (C) On a Twitter account
- (D) On Instagram

24. Most social media experts advise a mix of \_\_\_% ads to \_\_\_% other real estate related content on a Facebook Fan page for a real estate company.

- (A) 50/50
- (B) 20/80
- (C) 10/90
- (D) 25/75

Review Question Answers:

- 1. B    2. B    3. A    4. A    5. B    6. C
- 7. B    8. A    9. A    10. B    11. B    12. D
- 13. C    14. A    15. B    16. A    17. A    18. A
- 19. A    20. B    21. C    22. C    23. B    24. C

# Successful & Compliant Advertising for Real Estate Agents

## Final Exam

- AIDA in advertising means:**
  - Attention, Incursion, Distraction, Action
  - Attention, Interest, Desire and Action
  - Action, Impel, Desire, Ambience
  - Advertising: I Direct Attention
- A 'name recognition ad' would generally be:**
  - A billboard with the company name and slogan
  - An "Open House" sign
  - A sign painted on the back of a bench
  - A and C
- Sponsoring an ad in the local high school yearbook is:**
  - Institutional advertising
  - Internet advertising
  - The most common form of print advertising
  - Direct mail advertising
- Which of the following would be considered a "special interest" publication?**
  - The Wall Street Journal
  - The New York Times
  - Horse and Rider magazine
  - Good Housekeeping magazine
- The general rule to test whether or not something is an ad is:**
  - Is it in print?
  - Is it on the internet?
  - Is it on a flyer?
  - Is it something the public can see?
- Which of the following are general types of advertising and marketing?**
  - Sponsoring a local sports team; company name is on the T-shirts
  - Printing brochures describing the company and its services
  - Printing brochures marketing a specific property
  - A and B
- Which is correct about newspaper advertising, in general?**
  - More people are reading newspapers than ever before
  - Ads are hard to find in newspaper
  - The ads have a very short 'shelf life'
  - They are free
- Coordinating with other agents to hold Open Houses at the same day and time for properties in the same neighborhood would probably:**
  - Create suspicion with those agents
  - Result in more traffic to all the Open Houses
  - Confuse the buyers, who then would not attend any of the Open Houses
  - Result in fewer buyers overall coming to any of the houses
- One of the ways to position yourself as a 'neighborhood expert', using print advertising is:**
  - To take out an ad in the weekly paper, stressing you are the expert in that neighborhood
  - To send "Just listed/Just Sold" postcards for any listings/sales you are involved in to the neighbors
  - To take out an ad in the Wall Street Journal
  - To take out an ad in a niche magazine, such as one devoted to Gardening or Fishing
- The phrase "No maintenance for you in this luxury condo; just 'lock and leave' and we'll take care of the lawn and the sidewalks" does what?**
  - Ties a feature into a lifestyle
  - Ties a feature into a fact
  - Appeals to empty nesters only
  - Paints a picture of living in the condo
- "One of a kind", "Won't last!" "Honey, stop the car" are all examples of:**
  - Buzz words that are very effective
  - Time worn phrases which should be retired
  - Standard phrases which are required in print ads
  - Unique phrases, rarely used
- Read the following ad and decide what it lacks, in the eyes of a consumer:**

*"Four bedroom, 2 ½ bath home, \$300,000, nice yard and an easy commute. Features include a 2 car garage; gas fireplace, and large covered patio."*

  - Location
  - Price
  - Number of bedrooms
  - Any amenities

13. Which of the following sentences helps to ‘paint a picture’ of living in the house?
- (A) You’ll love breakfast in the sunny yellow kitchen  
 (B) The living room is 12 x 19, so it is very spacious  
 (C) There are 4 bedrooms; room for all  
 (D) Have your morning coffee on the porch, overlooking the pond, while you hear the birds sing. In the evening, relax on the patio in the shade of the trees, and smell the roses.
14. Which of the following words are generally found in most license laws as prohibitions in advertising for licensees:
- (A) Misleading  
 (B) Untruthful  
 (C) Both a and b  
 (D) Neither a or b
15. Advertising a property owned by a licensee, which is not listed with any brokerage, will generally require that the licensee:
- (A) Must list the property with their brokerage  
 (B) Must disclose in the advertisement that they are a licensee  
 (C) There are no special requirements  
 (D) Give the buyer a written agency declaration
16. Many states require that, as a minimum, a real estate ad include which of the following:
- (A) Name of brokerage  
 (B) State where licensed  
 (C) Phone numbers  
 (D) All of the above
17. Which of the following would typically be a violation of state law regarding advertising?
- (A) “You’ll love living in this condo!”  
 (B) “No children allowed”  
 (C) “Positive cash flow in this four unit”  
 (D) “Come see this house, you’ll be glad you did!”
18. Article 12 in the REALTOR® Code of Ethics requires that REALTORS®
- (A) Advertise all properties in the newspaper  
 (B) Participate in IDX with other REALTORS®  
 (C) Cooperate with other REALTORS®  
 (D) Present a ‘true picture’ in advertising
19. True or False? Agents must follow ‘lawful instructions’ from sellers; this can include the seller directing that there be no sign placed on the house.
- (A) True  
 (B) False
20. “Triggering terms” for Regulation Z include which of the following?
- (A) Interest rate is a low 3.5%  
 (B) FHA and VA financing available  
 (C) Easy terms, low down payment  
 (D) Listed at appraised value
21. Which of the following must be included in an advertisement which states a payment?
- (A) An indication that the payment is P and I  
 (B) An indication that the payment is PITI  
 (C) The stated rate as well as the APR  
 (D) The payment as an annual amount
22. Which is correct about MIP?
- (A) It is mortgage insurance which protects the borrower and pays the mortgage should the mortgagee lose his job  
 (B) Mortgage insurance which protects the lender in the event of default  
 (C) It must be included in any ads advertising terms of the loan, if the terms of the loan require it  
 (D) Both b and c
23. An APR can be computed by:
- (A) A lender, who is quoting a APR for a particular loan  
 (B) An agent, who knows the costs associated with the loan that go into the APR, by using a website  
 (C) Both A & B  
 (D) None of the above
24. Which of the following is correct?
- (A) Federal Fair Housing laws are the same in every state; State Fair Housing Laws are always the same protected classes as the Federal Level.  
 (B) Federal Fair Housing Laws are the same in every state; State Fair Housing Laws vary from state to state; there are no local Fair Housing Laws.  
 (C) Federal Fair Housing Laws are the same in every state; State Fair Housing Laws vary from state to state; Fair Housing Laws vary from locality to locality  
 (D) State Housing laws may not exceed Federal Fair Housing Laws
25. A single female is renting out a room in her house. She specifies she wants a ‘female, non-smoker’. She can do this under laws known as:
- (A) HOPA Laws  
 (B) “Mrs. Murphy” exemptions  
 (C) Civil Rights Act of 1866  
 (D) Exemption for gender

26. Which of the following words or phrases would be acceptable in an advertisement?
- (A) "No mixed marriages"
  - (B) "No children"
  - (C) "Credit check required"
  - (D) "No Catholics"
27. Which of the following best describes an advertising policy that abides by Fair Housing guidelines?
- A) Describe the property, not the person
  - (B) Describe the person who is most likely to buy the house
  - (C) Make certain you mention all of the protected classes in the ad
  - (D) Use buzzwords like 'exclusive' to indicate preferences
28. Which of the following is an allowable phrase for advertising, using Fair Housing guidelines?
- (A) Restricted neighborhood
  - (B) No children
  - (C) Family room
  - (D) No Armenians
29. True or False? Internet advertising is still in its infancy.
- (A) True
  - (B) False
30. Knowing that hashtags (#) follow what people are searching for, which of the following hashtags would you use for a single family home in a popular community known as South Park?
- (A) #realestate #southpark #house
  - (B) #yourcompanyname #3BR #niceyard
  - (C) #nameofyourstate #yourname #realestate
  - (D) #3br #house #realestate
31. A Facebook Fan Page for a company should be:
- (A) Private for inter-company use only
  - (B) Available for anyone to edit and post
  - (C) Considered a webpage, and should comply with all advertising requirements
  - (D) A secret group on Facebook
32. Selecting interests and demographics for Facebook ads means:
- (A) Your ad will only be seen by people who meet all the qualifications you entered
  - (B) The algorithms used by Facebook will put your ad into the feed of people who meet at least one of your criteria
  - (C) Your ad will plainly state: "We are only looking for young families who have an interest in kayaking to buy this property"
  - (D) No one will see the ad
33. Based on the following interests and demographics selected by the agent, what type of property does it appear the agent is trying to sell? Interests and demographics: 55 to 75; hobbies; grandchildren; travel
- (A) A three bedroom, 2 bath house near schools
  - (B) A mountain cabin
  - (C) A one floor living condo in a 55+ community
  - (D) An estate type property with a 6500 square foot house
34. Which of the following would be a good content on a Facebook Fan Page for a real estate company?
- (A) Local market facts and stats
  - (B) Political opinions
  - (C) Disparaging remarks about competitors
  - (D) Book reviews
35. Allison Agent gets a brand new listing, and immediately posts a picture of it in a variety of social media: Instagram, Facebook, Twitter, LinkedIn, and Pinterest. What may be wrong with these placements?
- (A) They are advertisements, and may not comply with state law
  - (B) They are too repetitive; her followers will get bored
  - (C) They won't work
  - (D) Nothing; this is optimizing the use of social media
36. True or False? The Internet has completely replaced print advertising for real estate.
- (A) True
  - (B) False
37. One thing agents and brokers should do is:
- (A) Constantly change how they advertise property
  - (B) Never make any changes to how they advertise property
  - (C) Constantly check to see what is working; and do more of it
  - (D) Always advertise the way their competitors do

**38. Which of the following are sources for content to be shared on your Facebook Page?**

- (A) Sites such as HouseLogic or Houzz
- (B) REALTOR® magazine
- (C) MLS stats
- (D) All of the above

**39. Which of the following would typically be a violation of state law regarding advertising?**

- (A) “You’ll never tire of this beautiful view!”
- (B) “No outside maintenance for you in this great condo!”
- (C) “You’ll double your money in a year if you buy this property!”
- (D) “Come see this house, you’ll be glad you did!”

**40. Which of the following would not be used to compute the APR?**

- (A) Application fee
- (B) Tax/flood service fee
- (C) Title insurance fee
- (D) Lock/commitment fee