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CHAPTER 9. MEDIA ADVERTISING

SECTION I - POLICY

- 9-1 Media Advertising. Properties available for sale shall be publicly marketed. Media advertising may be used to maintain consistent turnover, boost slow markets, or stimulate sales in problem areas. All advertising must meet the requirements of 24 CFR 109-111, and must not be in violation of the Truth in Lending Act. HUD is prohibited from sponsoring news or other programs whose content is determined by others. Annually, a marketing plan is developed for each Field Office. The approved marketing plan should be implemented without significant change.

SECTION II - INTERNAL CONTROL OBJECTIVES

- 9-2 Advertising Expenditures. Field Office expenditures for advertising shall be according to the approved marketing plan and shall be within the Field Office budget prior to their disbursement. Disbursements are to be made only to approved vendors and must comply with applicable HUD procurement regulations.
- 9-3 Advertising Payments. Advertising expenditure payments must be valid, reasonable, appropriately documented and authorized, and comply with procurement and program guidelines. Only authorized vendors are used. Upon authorization, disbursements are processed promptly. Appropriate separation of duties is maintained between authorization and processing of disbursements.

SECTION III - MEDIA ADVERTISING

- 9-4 General. Use special display, direct mailings to brokers and/or classified advertising to maintain consistent turnover, boost slow markets, or stimulate sales in problem areas. Media selection may include newspapers and other print media, broadcast media, and outdoor. However, HUD is prohibited from sponsoring news or other programs whose content is determined by others; and no advertisement will state or imply that HUD is sponsoring newscasts or programs.
- 9-5 Analysis of Advertising Program. Analyze the advertising program on a continuing basis to assure it is suitable for current market conditions and that advertising is targeted for the best possible exposure, in the most cost effective manner.
- A. To reach the largest segment of HUD's potential sales market, consider placing additional display ads in other locations within the same newspaper, as well as the use of radio or television spot announcements and outdoor advertising. Regardless of the approach used, evaluate the effectiveness of the media being employed:
- B. Establish selection criteria for the use of both majority and minority media. The selection procedure adopted must be fair

and include all media that reach the desired target markets. Document the evaluation/selection process. Individual publications may be selected if it is determined they are cost effective and capable of reaching HUD's target audience. Request media kits and other information from each publication under consideration. The more detailed the information received, the greater HUD's ability to judge the cost efficiency of each media option. Information such as, but not limited to, the following should be requested and considered:

- circulation/distribution area
- cost per thousand (CPM) against HUD's target audience
- overall quality of publication
- demographics of readers/listeners/viewers
- regional/zoning capabilities

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- method of distribution
  - frequency of publication
  - production quality (typesetting, etc.)
  - editorial versus advertising space ratio
  - publication dates
  - closing schedule for advertising/providing materials
  - total readership
  - return rate
  - paid subscribers versus free distribution
  - audited versus un-audited circulation figures
  - rate structure
  - billing information/policy
  - computer capability (ability to accept HUD's information via modem or disk)
  - capability of producing and typesetting ads
  - willingness to provide "added value" items such as free color ads, photos of HUD homes in ads, feature articles about HUD homes, etc.

9-6 Prohibited Statements

A. Details of available financing may not be included, since this would require complete disclosure, pursuant to the Truth in Lending Act. Accordingly, the advertising may not set forth any information which would be in violation of that statute. Advertisements must not contain such statements as:

1. Maximum mortgage amount, loan term or finance charges.
2. "No down payment", or "no closing costs".
3. Interest rate.

- B. Permissible are dollar amount downpayment statements and general statements such as "easy terms available," "low down payment," and/or "HUD-insured financing available."

9-7 HUD Communications with the Public. In communicating with the public, HUD has the following responsibilities:

- HUD must furnish appropriate auxiliary aids where necessary to afford an individual with disabilities an equal opportunity to participate in, and enjoy the benefits of, any program or activity conducted by HUD.
- Telecommunication devices for deaf persons (TDDs) or equally effective telecommunication systems, shall be available. TDD telephone numbers are to be advertised in the print media to inform persons with impaired hearing.
- HUD shall ensure that interested persons, including person with impaired vision or hearing, can obtain information as to the existence and location of accessible services, activities, and facilities.

Upon a request by the public that these accommodations be provided, contact the Regional Personnel Office for information and assistance.

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9-8 Fair Housing/Equal Opportunity Advertising Guidelines. Advertising for sale or rent, whether placed by selling brokers at their expense or by HUD, must meet the requirements of 24 CFR Part 109 and "Fair Housing Advertising."

- A. Print Media. All space advertising (advertising in regularly printed media such as newspapers or magazines) of residential real estate, for sale or rent, should contain an Equal Housing Opportunity logotype, statement OR slogan. Use of one of the three is mandatory depending on the size of the advertisement as indicated below.

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 SPACE ADVERTISING

(Advertising in regularly printed media such as newspapers or magazines)

SIZE OF ADVERTISEMENT	USE
One-half page or larger	Statement or 2" x 2" Logo

One-eighth page up to one-half page	Statement or 1" x 1" Logo
Four column inch up to one-eighth page	Statement or 1/2" x 1/2" Logo
Less than four column inches (One column four inches long, or two columns two inches long)	Slogan Only

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The three options are:

1. Logotype:

If other logotypes are used in same ad, Equal Housing Opportunity logo should be of a size at least equal to the largest of the other logos.

If no other logotypes are used, then the type should be bold display face which is clearly visible. Alternatively, when no other logotypes are used, three to five percent of an ad may be devoted to the Equal Housing Opportunity statement.

2. Statement: (Bold type) HUD properties are offered for sale to qualified purchasers without regard to the prospective purchaser's race, color, religion, sex, disability, familial status, or national origin."

3. Slogan: "Equal Housing Opportunity"

B. Broadcast and Outdoor Media. Radio advertising should contain the slogan. On television, the use of the slogan or logo is appropriate and on billboards, the logo. The size of the logo and the speed of delivery of "Equal Housing Opportunity" should be reasonable.

9-9 Required Caveat. All advertising offering specific property for sale must carry the caveat:

"HUD reserves the right to reject any and all offers or to withdraw a property prior to bid opening. Accuracy of information contained in this advertisement is not guaranteed. Properties may contain zoning and code violations as well as defects which could affect the purchaser's health or safety. It is the purchaser's

and property condition, including any possible zoning and code violations."

9-10 Methods of Purchase. In accordance with the approved Marketing Plan, Field Offices may purchase advertising directly from the media, through the national contractor (see paragraph 9-10 C. below) or procure contracts with advertising agencies to place advertising.

A. Competition. Following a determination of the type of advertising needed, work with the Regional Contracting Director to determine the level of competition practicable, depending upon the number of sources available within the geographic area to be served.

B. Budget. Annually, a budget is established for each Region and Field Office. Field Offices must be prudent in the amounts spent on advertising in terms of the value of property offered, the cost of the advertising, and its ability to reach the appropriate market. Regional Offices are charged with allocating Field Office budgets as contained in the marketing plan and for monitoring those assigned budgets.

1. The Field Office budget is to cover only the following expenses:

- a. Local newspaper listing media costs.
- b. Labor costs for use of national advertising contractor or other source for the negotiation and placement of listings, if not placed by HUD directly.
- c. Customization of nationally available creative to meet local needs (includes labor and materials).
- d. Customization of nationally available broker seminar materials (includes labor and materials, excluding printing).
- e. Development and mailing of PIR/BIR.
- f. Development and mailing of other local direct mail programs as outlined in the approved marketing plan.
- g. Development of custom materials to support promotions that have been approved by Headquarters.

2. Funds from the Field Office's advertising budget may not be used for:

- a. Voice response systems or equipment.
- b. Office supplies.
- c. Furnishings.
- d. ADP equipment.
- e. Software.
- f. Telecommunication equipment (such as telephones, FAX and answering machines).
- g. Multifamily advertising.
- h. Advertising for contract services.
- i. HUD sale signs.

3. Periodically review the actual advertising expenditures to ensure that the best market exposure is being received for the money spent. If there is a contract with an

advertising agency, emphasize the need for cost effective advertising.

4. Should it become apparent during the fiscal year that the advertising budget for a given office is inadequate to serve its needs, according to the approved marketing plan, the Regional Housing Director should determine if surplus funds exist within the Region. If an advertising funds transfer occurs within the Region, Headquarters SFPD must be notified.

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5. Submit a monthly report to Regional support staff, indicating cumulative usage of advertising funds.
6. Regional Offices are responsible for monitoring the budgets for their Field Offices to ensure that budgets are in line with the approved marketing plan.

C. National Advertising Contract.

1. Headquarters provides a national advertising contractor whose mission is to provide professional advertising and marketing services to Headquarters, Regional and Field Offices that will strengthen the effectiveness of HUD's advertising and improve its exposure and image to real estate professionals and the home buying public. The contractor develops marketing plans for all Regions/Field Offices which should be implemented without significant change. The plans analyze current market conditions; provide an overall Regional/Field Office marketing strategy and specific marketing recommendations; provide implementation tactics; and, include Regional/Field Office budgets. The national contract prevents duplicative effort in acquiring marketing and promotional materials and services.
2. Periodically review the marketing plan. Should circumstances affecting the plan occur during the fiscal year, or experience show that the plan is not the most cost effective approach, the contractor and the Single Family Property Disposition Division should be so advised.
3. The Regional Contracting Division Contracting Officer or, if delegated contracting authority, Field Offices may issue and negotiate delivery orders under the national contract. The national advertising contractor provides services such as: ad development, ad placement, customization (local ads, brochures, etc.), evaluation of advertising, materials for use at conventions, home shows,

industry meetings, and seminars, research, and public relations.

4. Regional/Field Offices using the national advertising contract must designate a Government Technical Representative (GTR) prior to issuing Delivery Orders under the contract. The GTR should be an individual who is familiar with the marketing plan and local market conditions. The GTR is responsible for reviewing all Delivery Orders issued and ensuring that each is within the Scope of Work. All Delivery Orders issued are subject to the prior approval of the appropriate GTR.
  - a. A copy of the GTR designation letter must be forwarded to the contractor and to the Single Family Property Disposition Division in Headquarters, Attention: National Advertising Contract GTR.
  - b. A copy of the delivery order issued under the national advertising contract must be sent to the Single Family Property Disposition Division in Headquarters, Attention: National Advertising Contract GTR.

D. Minority Media. For reporting purposes, a minority media business is one which is at least 51 percent minority owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals. The media ownership must be of US citizenry and must be a member of one of the following minority groups:

- Black Americans
- Hispanic Americans
- Native Americans
- Asian Pacific Americans
- Asian Indian Americans
- Hasidic Jewish Americans

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The national advertising contractor will place the minority media advertising for each office according to the approved marketing plan. As the national advertising contractor places advertisements in minority-owned media, it is required to obtain a statement from the media, (Appendix 25), certifying that it meets the above requirements for being a minority-owned media. Should a Field Office be approved in the marketing plan to place, either direct or through a contractor other than the national advertising contractor, an advertisement in a minority-owned media, it must obtain this same certification.

Any advertising service, involving a minority-owned media,

which is placed through other than the national advertising contractor, must be in accordance with the marketing plan approved by Headquarters and the Field Office must report such expenditure to the national advertising contractor on a quarterly basis.

- E. Media. Advertising may be ordered in all forms of media.
- 9-11 Brokers Information Release (BIR). Distribute informational booklets to brokers which provide in-depth information to all selling brokers on how to participate in HUD's sales program. This material must be both accurate and attractive and must be updated regularly but not less than every six months. Newspaper advertisements must not be used to provide detailed instructions to brokers. Note: As used herein, Brokers Information Release and Public Information Release are synonymous.
- A. New and Extended Listings. To the extent that it is recommended in the approved marketing plan, Field Offices may publish its new listings in the BIR. The BIR should also be used routinely to publish extended listings.
  - B. Lead-Based Paint Requirements. See paragraph 13-15 for Lead-Based Paint procedures applicable to the BIR.
- 9-12 Industry Meetings. Industry meetings must be held frequently as a means of conveying information and promoting sales. At a minimum, industry meetings must be conducted every six months. Pursue accreditation of industry meetings as continuing education courses for real estate brokers and their sales staffs. An outline training course is provided in PD Memorandum "Training for Real Estate Brokers on Single Family Property Disposition," dated February 24, 1989. Accreditation by state licensing boards would permit those attending industry meetings to receive continuing education credits in those states where continuing education is required. Maintain appropriate documentation to support approval or disapproval by the board.
- Industry meetings for Property Disposition outreach to industry professionals only, may be charged to the Field Office advertising budget.
- 9-13 Advertising Agencies. Services of a local advertising agency may be considered when the office determines that such will achieve the goal of marketing HUD-owned properties more effectively and such use complies with the approved marketing plan. The use of a local advertising agent may be appropriate:
- A. Where cost effective and it does not duplicate the products already developed and available nationally. Local agencies must offer cost savings when procuring newspaper or other media. (Note: Advertising agencies typically receive a 15 percent discount from most media; HUD should attempt to benefit from this discount.)
  - B. For special sales advertising campaigns, including display or institutional advertisements.



- C. Where the services of newspapers are not adequate for local needs or type of promotional services required.

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- D. Where a number of newspapers will be used for the same display advertisement or the special design work requires professional expertise beyond the capabilities of the newspaper.

Contracting for local advertising agency services from other than the national contractor must be on a competitive basis. Solicitation formats have been developed for procurement of advertising, marketing, and promotional services. Contact the Regional Contracting Director for copies of appropriate procurement documents.

- 9-14 Advertising Properties in Flood Hazard Areas. In advertising the availability for purchase of HUD properties where the property is located in a Special Flood Hazard Area, the advertisement must include the following notation:

"This property is located in a designated Special Flood Hazard Area".

- 9-15 Adverting Insured Sales with Repair Escrow. The newspaper advertisement or Broker's Information Release listing properties under this procedure must list these properties under the heading: As-Is, red Financing Available Subject to Repairs. The after-repaired value of the property will be shown as the listing price. Additionally, the advertisement must also include the amount to be escrowed and the property's unrepaired value. For example:

Listing Price	Escrow of Repairs	Unrepaired Value
\$50,000	\$3,300	\$47,000

The advertisement must also:

- A. Advise bidders that if they intend to buy the property under this escrow procedure, they must: (1) Check the space provided in Item 4 of Form HUD-9548 (Appendix 39), that indicates they are applying for a Section 203(b) mortgage involving a repair escrow, and (2) Include the amount of the escrow for repairs in the space provided.
- B. Advise bidders that they may buy the property without insured mortgage financing. If this is done, the bidders should check the appropriate space on Item 4 of Form HUD-9548. State where bidders may obtain a list of the repairs needed to be completed to make the property insurable and the estimated cost of the

repairs.

- 9-16 Advertising the Availability of 203(k) Insured Financing. Public advertisements of HUD-owned properties should designate which properties are eligible for 203(k) insured financing. The following sample statement should be used in the Broker Information Release:

"203(k) Insured Loans  
Available on HUD Homes

"If you're looking at a HUD Home that needs repairs, ask your lender about the FHA 203(k) insured loan program. Through this program a lender can provide funds, in the mortgage, to rehabilitate and repair the property. A minimum of \$5,000 in improvements or repairs is required. Condominiums and properties eligible for 203(b) insured financing are not eligible."

- 9-17 Defective/Lead-Based Paint Hazards.

- A. Advertisements listing properties for sale that have not been treated for defective paint surfaces must identify those properties and state that HUD will treat the defective surfaces in the manner prescribed by HUD prior to closing.

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- B. Regardless of action that may have been taken regarding defective paint surfaces, advertisements for any property constructed prior to 1978 must identify those properties as "LBP," indicating the property may contain lead-based paint.

- 9-18 Broker Advertising. Brokers are invited and encouraged to advertise HUD-acquired properties as long as it is done according to the following rules:

- A. Properties may not be advertised until they are officially listed for sale by HUD.
- B. Brokers may not design or word their advertisements in such a manner as to give the appearance that they are the sole source of property information or that they have an exclusive or favored sales listing or sales advantage. Note: Exclusive Listing Brokers (ELB) are excluded from this provision.
- C. Brokers are asked not to word their advertisements in such a manner as to indicate that the sales of HUD-acquired properties are distressed sales.
- D. All space advertising (advertising in regularly printed media such as newspapers or magazines) should contain an Equal

Housing Opportunity logotype, statement or slogan. See paragraph 9-8 for the requirements.

- E. The ad must comply with the Truth-in-Lending Act.
  - F. If applicable, the ad must include the flood plain notation described in paragraph 9-14 and/or the hazard information discussed in paragraph 13-28.
  - G. For Sale signs may not be installed or placed in or about the property unless authorized by HUD. Only HUD's "For Sale" sign may be posted, with the exception of ELB's. The selling broker is encouraged to install a "sold" sign on the property after the broker's offer has been accepted. The selling broker's "sold" sign may remain until closing or cancellation of the offer. The selling broker must return HUD signs on the day of closing to the local HUD office or to the REAM responsible for the management of the property.
- 9-19 Hotline. The HUD Homes Hotline's purpose is to improve the marketing position of the HUD-Homes sales program, increase HUD property sales, develop direct mail campaigns and decrease the number of phone calls to local Field Offices. Include a reference to the Hotline, along with its telephone number, in all print ads.

#### SECTION IV - PROCESSING REQUIREMENTS FOR SAMS

- 9-20 Identification of Advertising Vendors in SAMS. Any person or company that does Single Family Property Disposition advertising business with HUD must be assigned a name and address identifier. The name and address identifier is established in the Global Subsystem and is the sole identifier for the vendor in SAMS. The information required to establish the vendor in SAMS is taken from the SAMS Form 1111.
- 9-21 Payment of Advertising Vendors through SAMS. The Accounts Payable Subsystem handles all payable information in SAMS. The Field Office keys in the data to establish purchase orders from and contracts with vendors providing advertising services. The SAMS Form 1106, Invoice Transmittal, is used to forward purchase order and invoices from vendors through the Field Office to the SAMS contractor for payment.