



Before you sign up for the pre-license course at Real Estate Success Center, I'd like to have a conversation with you. It begins with questions about why you'd like to become an agent and how much time you can devote to working as an agent before you receive compensation. As you know, revenue does not come to you until a transaction is closed. Why you want to become a licensed agent is important because you must be able to put your client's needs before your own interest. Do you have the dedication to cancel a school activity or dinner with your family if your buyer or seller needs your presence or attention?

Working with real estate clients takes the dedication of time and resources. The gratification and compensation which comes from doing a good job for your buyers and sellers is absolutely worth it, but not always easy. What could go wrong sometimes does go wrong. As a licensed agent, you must be flexible enough to adjust your life to accommodate their needs. This happens often enough that I'd like you to consider all this before you step into the industry.

A revenue stream is sometimes non-existent in your early weeks or months of real estate yet the expenses of doing business continue. Even before you receive your license, you spend money with no guarantee of return. So let's look at the expenses for a moment.

All dollar amounts are estimates – some may vary. Memphis Area Association of REALTORS® (MAAR) membership dues and Multiple Listing Service (MLS) dues are prorated based on the time of year you join. 12-month dues are listed for the purposes of this blog post.

Education:

- Tennessee Real Estate Principles \$389 - 60 Hour Pre-license course Required by TN Real Estate Commission
- Course for New Affiliate \$165 - 30 Hour Pre-license course Required by TN Real Estate Commission
- Complete Tennessee Real Estate Drill and Practice v3.0 \$60 required by Real Estate Success Center

- PSI National & State Exam \$39
- Finger Print Application (est.) \$45 - \$50
- Proof of E & O insurance – see below for further information
- License Application Fee \$91.00

To maintain your new license, you are required to complete 16 hours of continuing education each renewal period (2 years). During your first two years, you'll be taking courses to complete that requirement. Those courses will vary in cost based on the number of hours and where you take them.

Additional Fees: Fees are believed to be accurate but not guaranteed.

- MAAR Application and Study Materials fee \$145 (one-time fee)
- MLS Orientation fee \$150 (one-time fee)
- Annual MAAR dues \$465 – prorated based on the month you join
- Annual MLS dues \$492
- Lockboxes for your listings are optional and sell for \$110 each
- Keycard \$25 – gives you access to listings – one-time fee unless replacement is needed.

Errors and Omissions Insurance – required by Tennessee Real Estate Commission before they will issue your license - \$221 minimum with RISC Insurance (two-year term which coincides with license term) as an example. The premium is prorated based on the month of issuance of your license. It is common for firms to require additional coverage so it is important to ask your prospective broker that question during your interview. Premiums may also vary based on the insurance carrier you use. Proof of E & O insurance is required and is submitted with your application prior to Tennessee Real Estate Commission issuing your license.

Individual brokerage expenses specific to the broker with whom you choose to affiliate could be roughly \$50 to \$100 per month.

After your education, the other expenses will come quickly after pass the national and state exam through PSI. Most always, your broker will require you to become a member of MAAR and MLS to enable your access to listings for your buyer clients and enable you to place your new listings in MLS for all agents to see and hopefully help you sell.

Marketing and printing cost should be estimated by your broker as those vary but you need to be prepared to market yourself to build your career. Business cards must be printed and possibly a website established. Does your broker provide a website for you or must you maintain that on your own?

So much of real estate is digital so plan on having a computer you can always have with you. Your smartphone is inadequate for this purpose. You will need a laptop or tablet but iPads are becoming the norm. However, Chromebooks are also widely used.

Training is another consideration. Does your broker provide in-house training or will you seek additional training on your own? Education is almost never free so plan on developing your business skills through education at your association or online. I'll be happy to discuss a training plan with you and you'll want recommendations from your broker. Get some advice; you'll be glad you planned for your training in the long run.

You'll be joining other organizations to promote yourself and your business talents – some are free – others you'll deem worth the investment. You'll have to decide on those but ask your broker's advice.

Bet you didn't see all that coming at you. This document serves as a big picture view of your first few months in the real estate business. You are concentrating now on the education and if your mind jumps to the revenue reward, I want you to know the part in the middle and make a plan. If you are armed with good information and prepare for the financial obligations now, you are free to launch your real estate career with fewer surprises. And that allows you to concentrate on your business.

Let's begin your real estate career with enthusiasm rather than fear of the unknown.

Sheila Hensley, CDEI

Certified Distance Education Instructor

CDEI is conferred only by the Association of Real Estate License Law Officials (ARELLO)