

WHAT NEW BROKERS NEED TO KNOW...

Brought to you by the Indiana REALTORS® Leadership Academy Class of 2018



Interviewing Brokerages

As a newly licensed real estate broker, it is important to know brokerages are not one-size-fits-all. There is plenty to consider and ask as you interview potential companies to work for. Be sure to take notes and compare each brokerage you interview before deciding on a team to join. Brokers must exercise due diligence on behalf of their clients' during home searches; why not start out doing that in your own office search?

What are the benefits of the brokerage company?

Each brokerage offers different amenities and can vary from the next one in many ways. Asking about and verifying those amenities is a good place to begin. These include:

Marketing

Find out what marketing materials the brokerage provides and what you are responsible to provide at your own expense. Know the cost and responsibilities of lockboxes, business cards, lead generation, and signs. (Remember, the managing broker is responsible for reviewing all your advertising.) Also ask if the brokerage participates in an online lead generation or referral program and, if so, how are leads distributed through the office? Definitely verify if there are fees associated with company-provided leads. The idea is to get a full picture of what to expect before committing to a brokerage.

Office Benefits

Are there office fees? Do they offer work space? What equipment is provided – furniture, computers, printers, office supplies, a phone with voicemail, WI-FI? Also, consider if there is administrative support such as call management, listing input, transaction paperwork, and appointment scheduling. As a newer broker, you may find these tools helpful as you begin your real estate career.

What are the broker's expectations?

When considering any office, find out if they require a minimum number of transactions or annual and/or quarterly dollar amount in sales. It doesn't matter if you are making real estate your full-time career or part-time, this is key to staying in good standing with the company.

Ask if you will have "floor time" to receive calls coming into the firm. If there is no office secretary, find out who answers the phone. Most companies will want to have a broker available to answer calls on properties or to handle clients that walk into the office. Also remember, vacations are key to maintaining your momentum in business and avoiding burnout. Everyone needs to step back and refresh at various times. Ask if the brokerage has a system for when brokers are unavailable and what kind of fee, if any, they will charge for this service.

What kind of training will the company provide?

Training and continuing education are vital to your success in this business. Ask your managing broker if they have special programs. Also, will they be pairing you with a seasoned agent? Or, will the managing broker be your lifeline? Mentorship is key for newer members. Even if the company doesn't have an official mentorship program, you can try to find a seasoned broker in the office who is willing to take you under their wing. When you encounter a tough situation, and it is very likely you will, having had that shared experience will help you best serve your clients.

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Compensation and Income

When starting out in the world of real estate as a new licensee, one of the first thoughts most brokers have is, “**How do I manage my finances as an independent contractor?**” It isn’t as complicated as you might think but there is a system to follow. You will need to set aside money from each commission check to meet your expenses, pay taxes, and fund your retirement account.

How much money will I make?

After teaming up with the managing broker/brokerage you’d like to work for, you will negotiate the commission and fee structure of how you will be compensated. Brokerage companies are generally paid a percentage of each property’s sale price upon the transaction’s closing. The commission fees are typically shared by the listing brokerage and selling brokerage.

What kind of expenses will I have?

Even after a real estate broker receives a commission check, there are still expenses that need to be paid and planned ahead for:

Income Tax

The Internal Revenue Service will definitely want to make sure you are paying income tax. Set aside funds out of every closing transaction’s proceeds for when tax time rolls around. Everyone has a different living situation and you should see an accounting or tax professional to find out the right plan for you.

Membership Fees

Real estate brokers pay annual association dues and membership fees to access the Multiple Listing Service (MLS), or Broker Listing Cooperative® (BLC) if you work in Central Indiana.

Continuing Education

After getting licensed, continuing education is mandatory to keep your license active. Be sure to keep a record of all courses taken and expenses incurred.

Speaking of continuing education, we recommend the Real Estate Certification Program (RECP). RECP develops its courses with the help of IAR attorneys and industry experts and leaders whose focus is on Indiana. IAR attorneys spend their days listening to Indiana REALTORS® via the legal hotline and they know what’s going on in the various local markets. They also work with IAR lobbyists to fix REALTOR® concerns legislatively and to know what’s coming down the pike. This relationship – just like the community relationships that benefit your business and help your clients – positions RECP to provide the most timely and relevant education out there.

Questions? RECP’s school staff can help Monday – Friday from 8:30am to 5:30pm ET. Call 1-800-742-4067 or visit us at www.recp.org. View RECP’s available Online CE here: <http://bit.ly/Online-CE>

Vehicle

If there’s one thing real estate brokers do a lot of, it is driving. Safe, properly maintained, and clean transportation for your clients and yourself must be a priority in your business. Always carrying full coverage car insurance is another must. All your real estate receipts should be saved and documented. Consult with your accounting or tax professional for tips and requirements.

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Generating Leads

So, you've gotten your license and joined a brokerage to start your real estate business. Now, how do you find leads to build up that business?

Successful real estate brokers say these are **three great places to start looking:**

Sphere of Influence

One of the first orders of business is to network in your sphere of influence. That involves making a list of all the people you know. Contact them. During that contact, share details about your new career path and ask if they have plans to buy or sell real estate soon. If they say yes, tell them you can help. Also, ask if they know anyone looking to buy or sell. This is a prime opportunity for referral business, which is one of the top ways to retain and gain clients. Be assertive yet polite and professional. Remember, there is no harm in asking.

FSBO and Expired Listings

Seek out For Sale By Owner (FSBO) and expired listings. These are the most qualified listing leads available, as the homeowners already made it known they are interested in selling. But keep in mind many other REALTORS® may be soliciting them as well. The key is setting yourself apart from the pack. With FSBOs, by choosing to sell themselves, they have implied that they don't see the value of using a REALTOR®. You have to convince them you are worth your commission. Start to develop that ability by learning the most common FSBO objections and how to overcome them. Remember, you must check back in. Even after a rejection. The most successful conversion rates are achieved by brokers with systematic and consistent follow-up.

Get Involved

Join professional organizations and volunteer with groups that reflect your interests in and out of real estate. Referrals are a driving force of professional networking organizations. If you put effort into building your referral database, and giving referrals in your network, they will do the same for you. Also find an organization that reflects the things you are passionate about. Getting involved with youth, sports, civics, or other activities are a few examples. Volunteer with passion and commitment. People will notice your hard work. Plus, it will create an organic means to meet people, and an opening to discuss your career.

Your first year or so may be difficult. Building things from scratch generally are. However, you can build a great lead database with consistent and focused effort.

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REALTOR® Safety How Safe Are You?

Being a REALTOR® can be risky business. The good news is you can arm yourself with certain tools to increase chances of staying safe in the field. Preparation and incorporating awareness in your business practices will put you on the right track to maintaining your safety and that of your clients in all situations.

Follow this checklist as you start your new career:

Prior to Showing a Property

MEET THE CLIENT.

Ask the potential client to stop by your office to fill out an identification form and sit in for a short interview. This is an opportunity to assess their needs and introduce them to someone else you work with, so they know who you are showing homes to. Also, you can ask for a copy of their driver's license for your files. Remember to tell somebody where you will be and who you are with. Have someone you trust call/text to check in with you.

When Showing a Property

TRUST YOUR INSTINCTS & PROTECT YOURSELF.

If something doesn't feel right, professionally remove yourself from that situation. Make sure your office has a DISTRESS CODE – a word or phrase you can say that indicates you need help but does not tip off who you are with. (For example, "Hi, this is Amy. I'm with Mr. Smith at the 15th Street listing. Could you email me the RED FILE?") Choose flight over fight. Your main goal is to escape from the situation. Always keep a charged cellphone with you and check if you have service in the area! Limit the personal items you bring. Lock your purse in the trunk before arrival. Do not wear expensive jewelry or carry large sums of money. Keep it light. Show properties before dark. Take your own car to a showing and park your car at the curb so you can't get blocked in a driveway.

Always Be in Control

BE AWARE OF YOUR SURROUNDINGS.

Follow the Two-Second Rule. When you arrive to a property and are walking toward the entrance of your destination, take two seconds to look for potential risks. Is anything out of place? Is anyone unexpected there? Know where the exits are. Never allow a client to get in your blind spot. Let the client walk in front of you. Be on guard during open houses.

Your continued safety is of the utmost concern. Stay on top of safety issues through materials and webinars at <https://www.nar.realtor/safety>.

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Getting Organized

Organization can be the steppingstone that makes an average REALTOR® able to be great. One of a broker's major responsibilities is meeting the needs of their client(s); and, being organized allows you to do that at a very high level. Today's technology is constantly evolving to maximize efficiency and nimble task management. Whether you are team Apple or Android, there are many apps available to operate at the top of the game. Whatever tools you choose, be it apps, paper planner, or calendar, be diligent and remember that this is your lifeline. Keeping inventory of client information, meetings, showing times, closings, and so on will make it easier to prioritize your to-do list and complete the important things first.

Always be able to stay on top of your to-do list by utilizing these pointers:

Transaction Management Software

This software is a must-have for every broker, and you need to fully understand it to be successful. Pay close attention to the Tasks tool. It allows you to assign specific tasks to a certain transaction or client on a specific day. Products like Dotloop, zipForms®, or Top Producer will make your transactions look more professional and make them go smoother. These are just a few examples of transaction management software platforms. Remember, this tool can also be essential while working in a team environment.

Brokerage Checklists

Most brokerages will provide their brokers with standard checklists for certain real estate functions. For example, a broker may have a checklist for new listings to ensure they do not miss anything. This sets the office standard. Everyone is on the same page and knows that each file has the must-needed documents. As you go through the transaction, these checklists help make sure no steps were missed and keeps everyone accountable. If your brokerage has not provided this information to you, ask for it.

Customer Relationship Management (CRM) Software

CRM programs are another useful way to stay organized. The last thing you want is to forget about your client base. Make sure they do not forget about you. Lots of great CRM options are available. Find one that feels right for you. Each offers a variety of features. You are sure to find software that checks off everything you need.

Not only is organization an important life skill and discipline, but it is crucial to the financial survival and success of a REALTOR®. You are not alone, though. Feel free to ask your managing broker or a top agent in your office how they handle this part of their business.