

# How Do I Get My Freight Brokers License: A Step-by-Step Guide

The transportation industry has changed dramatically over the last decade or two. More companies are using trucks and trailers to transport their goods from one place to another.

This means that truck drivers need to be skilled at navigating the roadways safely.

There are some things you should know before starting your journey as a freight broker. If you want to start your career as a freight broker, then you need to know how to become a licensed driver. Otherwise, you won't be able to apply for a license.

In this article, we'll give you a step-by-step guide on how to become a licensed freight broker. Read on to find out how to pass the driver training exam and begin your new career.

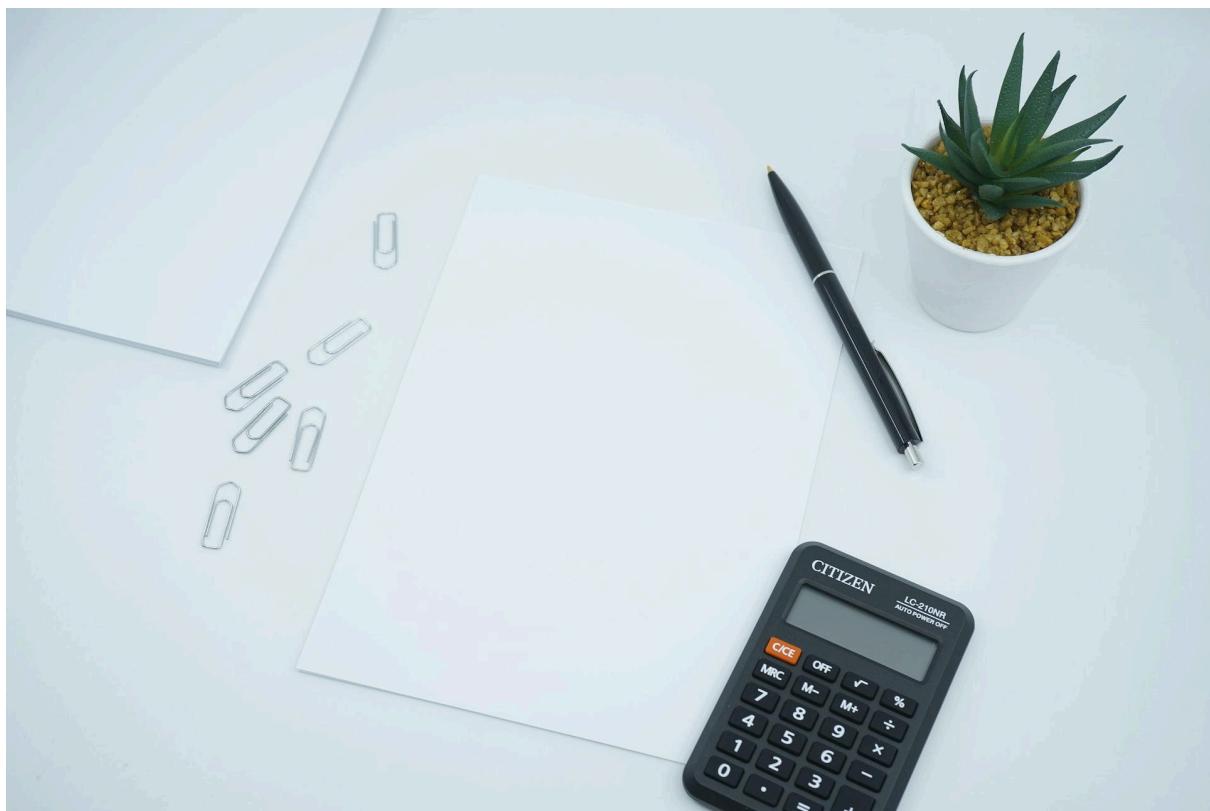


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## What is a Freight Broker?

Before getting to the “How do I get my freight brokers license” question, let us review who a freight broker is and what they do. In a simple, understandable way, freight brokers are the people who help connect cargo owners with goods to ship with carriers looking for cargo to deliver.

Freight brokers have a very significant role in shipping goods by connecting the shippers and carriers. Sure, they act as an intermediary, but they also keep thorough records of pickups, deliveries, and other important information.

Most important information often includes:

- [Broker's Load Board](#)
- [Carriers Load Board](#)

They are also experts in shipping regulation matters, which helps them oversee the legal matters of transportation.

What freight brokers do is very valuable, as they try their best to make sure the shipments reach their destination and take care of all the small things related to shipping the cargo. Therefore, they have some very important responsibilities that are as follows.

- Being in touch with both shippers and carriers
- The ability to have good negotiation skills regarding the pricing and contracts with the carriers
- Tracking the cargo cautiously and making sure they reach their destination on time and safe
- Handling the paperwork that needs to be taken care of between shippers and dealers

## How Much Do Freight Brokers Earn?

Most freight brokers earn a base salary plus a commission. The commission they receive is 10-15% of the total cost of the delivered shipment.

However, let's not forget that the pay rate is mostly dependent on the location they're going to deliver the shipment. According to online estimates, freight brokers earn between \$43,000 and \$100,000 per year.

## Why Do Companies Use Freight Brokers?

The vast majority of successful companies use the assistance of 3PL, which includes freight brokers, and report their satisfaction with it too. Freight brokers will take care of the various parts of the transportation from beginning to end and save you a lot of time and energy!

They will basically arrange shipping which may take a lot of a company's time and focus. Freight brokers are also very qualified at negotiating good prices for your company. How they handle your items and ensure they are in a good place and secure is definitely not comparable to anyone else's work.

With the adequate information they have regarding shipping and delivery, they will choose the most appropriate method of transportation for your shipments, so there will be little to zero damage to your shipment.

Based on all the positive points we mentioned for using a freight broker, we can conclude that hiring one will prove to be very beneficial for companies who don't have enough time and knowledge to take care of their goods' transportation.

## Stages of Becoming A Freight Broker

Before getting to the question of "How Do I Get My Freight Brokers License?" it's important to understand how you can become a freight broker. Here below is a short summary of every step you must take to become a freight broker.

## **1. Gain Experience**

Negotiation and communication skills are the things a freight broker needs to have or obtain, as their work heavily depends on these skills.

Basically, they can do all they have to do over email and phone. If you have some e-commerce experience, even in another role, your experience will be invaluable. There is a catch here, you might ask.

Well, the catch is that you will be more connected and in touch with the main players in the field, which will create an atmosphere for your growth.

## **2. Develop a Business Plan**

Starting a business from scratch and being successful in it takes a lot of courage and, of course, a business plan! Your business plan will help you have a more clear mind about finding your niche and your customers.

Once you have a business plan that includes a go-to strategy and a desire to learn more about the market, you'll be prepared to meet its challenges.

## **3. Find the Right Carriers and Set the Rates**

Part of your go-to strategy should include finding trustworthy carriers who work in the same exact field and are complete experts in their own field. Take your time and find the right carriers from online directories.

Take a chance on a few of them and see which really works for you!

## **4. Register Your Business**

In order to work as a freight broker, you need to choose a name for your company and register it with the permits and licenses.

## **5. Get Surety Bond**

If you don't know what a surety bond is, here's a simple definition. In essence, they are a three-party contract. Your freight brokerage is the supposed principal, the FMCSA would be the obligee, and the surety would be the one providing the bond.

The reason behind getting a surety bond is that the freight broker bond works as a guarantee that you will obey all mentioned rules and regulations in your brokering. In this sense, the bond is an extra line of credit for your business.

## **6. Get the Necessary Equipment**

Before starting a brokerage, there are a few things to consider, like the essential technical equipment you will need, even if you don't plan on having a physical office. Those things are printers, computers, fax machines, landlines, mobile numbers, and a good internet connection.

## The Perks of Being a Licensed Freight Broker

There are many reasons why obtaining a freight broker license is a necessary thing for you and why you need to seriously consider it.

Investing in a freight broker business can be a wise and good choice for those who value freedom, want to work for themselves, and have a strong desire to make more money. In any case, here's why being a licensed freight broker can be much more in your favor.



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### No Limit on Earnings

When you work as a freight broker, the only limit to earning more money is the ability to work as hard as you can and be persistent. You will get a commission for every load you successfully drop.

Having a team of freight brokers is a lot of work and needs your dedication. People often start with a small team and grow bigger from there.

### Little to Zero Commute

Any driver can agree that being on the road all the time and being away from family feels awful. Drivers also tend to get tired more than others as they're always on the road and have little to zero time to catch some rest.

If you like the transportation industry but are hesitant to continue to be a driver or not, you should know that becoming a freight broker won't need you to work on the road. In fact, you'll do most of your work from home.

One upside to being a freight broker is that you won't get limited vacations but rather take time off whenever you feel like it.

## Low Overhead Expenses

The overhead expenses of being a freight broker are much less than those of running other businesses. There are only a few expenses that you are responsible for:

- a good enough internet connection,
- transportation management system,
- A cell phone.

As you can see, the overhead expenses are very low compared to other startups.

## Challenges of Getting a Freight Brokers License

There are currently over 19 million drivers who operate out of 4,300 trucking companies across the U.S., according to the American Trucking Association (ATA). And they expect to hire over 2.2 million new drivers by 2022.

Freight brokers are needed at every step of the supply chain to ensure goods get from their point of origin to their destination safely and efficiently. As a freight broker, you'll manage the entire transportation process from start to finish.

## Is the “No-Training” Requirement True?

A part of the answer to the “How Do I Get My Freight Brokers License?” question is: training first. Of course, having a formal college education is not a necessity if you want to work as a freight broker.

However, gaining actual experience will help you a lot. Gaining a basic knowledge of how the sector works can be beneficial for enthusiastic freight brokers.

Attending lectures where they tell you about the freight industry, especially getting the licenses and also the regulations regarding freight brokerage, will come in handy.

Once you decide to be a freight broker, the thing that will make you shine and stand out will be your way of marketing yourself. The training you take to be a freight broker will make your journey of becoming a licensed freight broker way smoother.

## The Fees to Take Care of

Most freight brokers who want to get a broker license don't know that they should raise a surety bond worth around \$75,000. This \$75,000 is part of the process of getting the license and is almost one of the most challenging parts of it.

Surety bonds are mainly used to ensure professionalism in different industries. Approval for this bond can feel like it's hard to pass. An applicant has to pay the application fees and training costs. This can cost you something between \$300 and \$600.

## Having the Best Business Structure

How to structure a business is what's important in the process of getting the license.

You should always consider getting help from an accountant or lawyer—someone who knows all the regulations and rules and is completely aware of the process.

Whichever business type you may have, has its own downsides and upsides. Discussing it with an expert can help you make up your mind.

## How Do I Get My Freight Brokers License

The process of getting a freight broker license can seem complicated at times and even overwhelming! Keep reading this guide to gain a better understanding of obtaining a freight broker license, and the complications will seem less intimidating.

### 1. Establish a Business Structure

As we said in the last section, how the company is structured is very important in the process of obtaining your freight broker license.

Therefore, we recommend consulting with an attorney or accountant when trying to get a freight broker license. They have the ability to check the positives and negatives of having a kind of business type and the difficulty of getting a freight broker license.

We have three main business structures. They are:

- Individual/Sole Proprietor
- Partnership
- Corporation

### 2. Get Your MC Authority from the FMCSA

The motor carrier (MC) number is essential to making your brokerage legal.

To start this process, you need to get a PIN from the FMCSA. No charges will be made; however, you need to have a valid credit card in order to obtain that PIN. That PIN will arrive at your address in 4-7 business days.

In addition to obtaining a PIN, you should apply for an MC Authority license. Your license is an important element to becoming a registered freight broker. After getting the PIN, you are ready to submit an online OP-1 application for your MC authority.

To start the process, choose the first option, "New or Additional Registration," and after that, you have to fill out all the other necessary information.

The filing fee is \$300. You need to be extra cautious when filling out the forms, as that \$300 is not refundable if you make any mistake and want to refile.

If you want other licenses too, you will have to file for them separately and pay an individual \$300 for each.

Once you have received your DOT registration, you must file a biennial update by submitting an MCS-150 form online. You have to submit it anyway, even if your company hasn't made a change in their information.

### 3. Obtain Liability Insurance

Liability insurance for freight forwarders and carriers is legally wanted by the FMCSA.

If you are a freight broker, you need to submit proof to the FMCSA after you obtain your insurance.

### 4. Choose a Process Agent

Before choosing a process agent, we need to know what a process agent is.

The FMCSA defines a process agent as "a representative upon whom the court papers may be served in any proceeding brought against a motor carrier, broker, or freight forwarder."

In any state you are operating, you should get a process agent. If you're just a broker, "operating" means having an actual office or making contracts. If you're also a motor carrier, then "operating" is when your freight passes through that state.

Some freight brokers may prefer to use individual agents in each state, while others would want to select a national company that provides process agent services in all 50 states. You will need to file [Form BOC-3](#) with the FMCSA to tell your choice of process agents.

### 5. Get a BMC-84 Surety Bond

This stage of getting your freight broker license is one of the most difficult stages. The applicant's background plays a big role in obtaining the approval of the bond.

Surety bonds are commonly straightforward contracts used in many industries to ensure the principal conducts business in a way that they comply with all relevant rules and regulations.

The required amount of the bond is \$75,000. You're not supposed to pay all that yourself, and you can work with a surety company that will provide it for you, but you will be asked for a small premium.

Violations of the bond terms will be held accountable up to the limit of the bond.

### 6. Register the Brokerage

For the last step, you will have to register your brokerage with the FMCSA through the URS (Unified Registration System). In this system, all your forms will be in a single, easy-to-use online application form.

This registration sets rules and regulations for all freight brokers plus fees that must be paid to the freight broker's state, where the office is located.

As part of the Unified Carrier Registration, brokers must also familiarize themselves with the local regulations of every state where they intend to do business. In fact, that's how many of them can [find loads for their trucking business](#) in the first place.

## Final Thoughts

Once you try to obtain your freight broker license, there are some challenges: the costs and lack of proper knowledge of the sector.

Working for a freight brokerage before being a freight broker yourself can be helpful and will increase your knowledge of how the sector works and how the process of obtaining a freight broker license is.

You are ready to obtain a license when you feel confident enough to run your own business.

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