

Luxury Living's Buyer Closing Credit FAQ - Frequently Asked Questions

Why aren't closing credits and incentives more common?

Savvy buyers understand that there's no such thing as a free lunch. There's a reason why buyer agent incentives aren't more common. That's because listing agents are loathe to split commission with discount brokers. It already stings to have to split commission, why put salt on the wound by also hurting the industry? Plus, there's no point in getting any incentive if it'll make the seller resentful. Why would you want the seller to feel like he or she is paying you commission?

Can I sign up if I'm already working with a buyer's agent?

Yes! As a home buyer you should never sign an Exclusive Right to Represent Agreement which means you are free to switch representation at any time. If you are asked to sign an exclusivity agreement by anyone, you should run! It's very rare for anyone but the occasional transferee who is heavily dependent on their local representative to have an exclusive buyer's agent.

Can I sign up if I've already contacted the listing agent?

Yes! You have the right to choose to work with the agent of your choice at any time. With that said, you won't be making any friends if you've already seen the property with the listing agent and then decide to loop in a discount broker. Fortunately, all our buyer agents are experienced, established traditional agents.

Can I sign up if I've already submitted an offer?

It depends. If you've already submitted an offer directly with the listing agent or through another buyer's agent, then it may be too late. It will be hard for our partner broker to be the procuring cause of the sale, and thus eligible for commission, if your offer has already been accepted. However, it's not too late if your offer was rejected or if you plan on making a new offer on the same property or a different property!

Is it legal for home buyers to receive part of their agent's commission?

Yes, home buyer closing credits and incentives are completely legal in most states including Michigan. It's completely legal for a buyer's agent to offer a portion of their commission as an incentive to home buyers, and it's completely legal for home buyers to receive such an incentive.

Will my buyer closing credit be taxed as income?

The IRS has issued an opinion letter stating that closing credits and commission incentives provided by real estate brokers are generally not taxable. As a result, you should not expect a 1099 to be issued to you as your closing gift will generally be treated as a concession on price, and thus a reduction of your cost basis. Please consult your tax adviser for more information. You can also view the specific IRS rule we referenced here.

Do I need to sign an agreement?

As a home buyer, you are never required to sign any sort of contract or exclusivity agreement. However, our buyer agents can send you a simple agreement for e-signature detailing how much they will pay you. This agreement is optional to sign and is for your protection!

Our partner brokers will also send you an Agency Disclosure Form. This government mandated disclosure form is not a contract and simply explains whom your agent represents. You are not required to sign it, but our buyer agents are required to present it.

What properties qualify for a buyer closing credit?

You can receive a Luxury Living Buyer Closing Credit on all types of homes in Michigan, including new construction buildings, condos, co-ops, multi-family houses or any other building or land that is listed for sale. It's important to clarify that our buyer agents can offer you this incentive on any listing in Michigan, even if it is listed by another broker. Many buyers think that this sort of incentive could only be offered on a broker's own listings but that is simply not the case.

How much is the buyer closing credit?

Michigan home buyers will receive \$500.00 as a Luxury Living Buyer Closing Credit

Are there any hidden fees?

No. You don't owe us or our buyer agents anything at all because buyers' agents get paid from a split of the built-in listing commission. As a result, it is the seller who pays the agents on both sides. If you don't take advantage of your right to free buyer representation, then you'll simply allow the listing agent to keep both sides of the commission!

Can I still search on my own?

Yes. You are free to continue searching for listings online and even attending open houses on your own. Once you've found or seen a listing you want to put an offer on, please let our buyer agent know! Just remember to write the contact information of our buyer agent down on open house sign in sheets so listing agents know you're represented. A further benefit of doing so is you won't be added to newsletters and mailing lists!

Will I have a full-service buyer's agent?

Yes. You won't be treated any differently by our buyer agent because you're receiving a buyer closing credit. Our experienced buyer agents will be there to guide you through your search, offer, contract and closing process. If you're busy, our buyer agents can search for listings and schedule viewings on behalf, and even put together showing tours for you when you're free for a day!