Wisconsin REALTORS® Association
4801 Forest Run Road, Suite 201
Madison, WI 53704
608-241-2047
www.wra.org

2027 Practice Change FAQs

Compensation

The practice changes due to 2025 Wis. Act 69 go into effect on January 1, 2027, modify how compensation is documented and paid in residential transactions involving one to four dwelling units. These FAQs explain the most common questions regarding firm-to-firm compensation and negotiating seller-paid compensation and are current as of June 29, 2026.

1. **Does the law apply to commercial or multifamily property?**
   No. These compensation provisions apply only to residential properties containing one to four dwelling units. Transactions involving other property types are not subject to these specific restrictions.

2. **Can one real estate firm still pay compensation to another firm in a residential transaction?**
   No. Beginning January 1, 2027, one firm may not pay compensation of any kind to another firm for brokerage services performed in connection with the sale of a residential property containing one to four dwelling units. This prohibition applies regardless of the brokerage relationship between the firms. Referral fees and finder's fees permitted under Wisconsin law are not affected.

3. **Does the law prohibit a seller from paying all or part of the buyer's firm's compensation?**
   No. The law does not prohibit seller-paid compensation; rather, it changes how that compensation is documented. A seller may agree to pay all or part of the buyer's firm's compensation, provided the agreement is negotiated and expressly documented in the fully executed offer to purchase signed by both the buyer and seller. The payment is made directly by the seller to the buyer's firm, not by the listing firm.

4. **May a buyer request that the seller pay the buyer's firm's compensation?**
   Yes. A buyer may include a request in the offer to purchase asking the seller to pay compensation to the buyer's firm. The seller is under no obligation to agree and may accept, reject or counter the request as part of the overall negotiation of the offer.

5. **Can the amount of compensation paid by the seller to the buyer's firm be negotiated?**
   Yes. The amount of compensation is negotiable. A seller may accept, reject or counter a buyer's request that the seller pay compensation to the buyer's firm just like they can with any other offer term. If the parties reach an agreement, it must be included in the fully executed offer to purchase.

6. **Can a seller offer different amounts of compensation in response to competing offers?**
   Yes. Compensation is a negotiable term of the offer to purchase. Just as a seller may negotiate price, closing date or other contract terms, the seller may negotiate whether to pay compensation to the buyer's firm and, if so, the amount of that compensation. Any agreement must be reflected in the executed offer to purchase.

7. **If the seller agrees to pay the buyer's firm's compensation, who makes the payment?**
   The seller pays the buyer's firm directly as provided in the executed offer to purchase. The payment is not made by the listing firm because Wisconsin law prohibits one firm from paying compensation to another firm in connection with brokerage services involving residential properties containing one to four dwelling units.

8. **Can a buyer's firm receive compensation from the seller if the payment is discussed but not included in the offer to purchase?**
   No. A firm working with the buyer may not receive compensation from the seller unless the agreement is documented in the executed offer to purchase. Verbal agreements or side agreements that are not incorporated into the executed contract do not satisfy the statutory requirements.

9. **Can the seller's agreement to pay the buyer's firm's compensation be added after the offer is accepted?**
   Yes. Provided the buyer and seller mutually agree, the parties may amend the offer to purchase to include a seller-paid compensation provision. Because the law requires the agreement to be documented in the executed offer to purchase, any subsequent agreement should be incorporated into the contract through a written amendment signed by both parties.

10. **May a listing contract require the seller to pay compensation to another firm?**
    No. A listing contract may not require or imply that the seller will pay compensation to another firm unless that obligation is contingent upon its inclusion in the executed offer to purchase. Whether the seller agrees to pay another firm's compensation is determined during negotiation of the offer.

11. **What changes will sellers see in the listing contract?**
    Listing contracts will include a provision asking whether the seller authorizes the listing firm to disclose that the seller may be willing to pay compensation to another firm. This authorization permits disclosure of the seller's willingness to consider such compensation but does not create an obligation to pay it.

12. **Can a seller advertise that they are willing to pay compensation to the firm working with the buyer?**
    Yes. If the seller authorizes the disclosure in the listing contract, the listing firm may disclose that the seller is willing to consider paying compensation to a firm working with the buyer. However, any actual agreement for the seller to pay that compensation must be negotiated and documented in the executed offer to purchase.

13. **Can a subagent ask the seller to pay the subagent's compensation?**
    The law permits a seller to agree to pay compensation to a firm working with the buyer-customer provided the agreement is negotiated and documented in the executed offer to purchase. However, a subagent working with a buyer-customer continues to owe duties to the seller and may not place the subagent's own interests ahead of the seller's interests. Whether a subagent's request that the seller pay the subagent's compensation is consistent with those duties will depend on the specific facts and circumstances of the transaction.

14. **Are referral fees prohibited under the new law?**
    No. The prohibition on firm-to-firm compensation does not apply to referral fees or finder's fees that are otherwise permitted under Wisconsin law.

15. **What happens if firms enter into an agreement that violates the new law?**
    Any agreement or arrangement that violates the statutory prohibition on firm-to-firm compensation is void and unenforceable.