

Instructions for Use of Revised Disclosure to Clients with Agency Agreements

Numerous changes to Wis. Stat. chapter 452 go into effect on July 1, 2016. These changes affect the language used in the mandatory disclosures made to clients when entering into an agency agreement such as a listing contract or a buyer agency agreement. The changes also affect the language used in the mandatory disclosures made to customers before negotiation.

The WB-1 Residential Listing Contract (2016) has been revised to capture the new mandatory language for the disclosures made to the client. For all other listing contracts, buyer agency agreements and other agency agreements, a new Disclosure to Clients form (2016) will need to be used in conjunction with forms until such time as those forms are updated by the REEB.

The revised WB-1 has a mandatory use date of July 1, 2016, and had no optional use date. That is because the new Disclosure to Clients section comes directly from the statute and should not be used before July 1, 2016, the effective date for Wis. Stat. § 452.135.

These are the instructions for using the Wisconsin REALTOR® Association's (WRA) new Disclosure to Clients (2016). A new Disclosure to Clients form is required for all new agency relationships created on or after July 1, 2016. The 2016 Disclosure to Clients form contains the new mandatory language explaining agency relationships and multiple representation relationships such as multiple representation with and without designated agency. If an agent takes a new listing or signs a new buyer agency agreement on or after July 1, 2016, a 2016 Disclosure to Clients must be used because the agency provisions in the listings (other than the WB-1) and the buyer agency agreement will no longer be correct starting July 1, 2016.

USE OF WRA DISCLOSURE TO CLIENTS WITH AGENCY AGREEMENTS

Starting July 1, 2016, and until the time that the REEB creates revised listing contracts and buyer agency agreements that include the new mandatory agency disclosure language for clients, Wisconsin REALTORS® should follow a two-step process:

- (1) Have the client complete and sign the new Disclosure to Clients form, and then
- (2) Modify and execute the agency agreement.

The one exception to this is the WB-1 Residential Listing Contract with a mandatory use date of July 1, 2016 because it contains the new Disclosure to Clients language.

STEP #1 – EXECUTE DISCLOSURE TO CLIENTS

The WRA's Disclosure to Clients form resembles the Broker Disclosure to Clients form used in the past: the name is changed because the new terminology refers to firms, not brokers. In addition, the new Disclosure to Clients form contains the updated disclosure language from Wis. Stat. § 452.135 that goes into effect July 1, 2016. The Broker Disclosure to Clients language in the present state-approved listing contracts (except for the WB-1) and buyer agency agreement forms will become obsolete as of July 1, 2016. The new Disclosure to Clients should be used in conjunction with all new agency agreements as the interim measure that will ensure that all clients receive current information about agency and representation relationships.

Review the Disclosure to Clients with the client, discuss agency choices, and answer any questions. When the client is ready, write in the firm name on line 100. Prompt the client to check his or her representation

preference at the top of the second page, write in confidential or non-confidential information, write in his or her name(s) on line 103, and then sign and date the form at line 101.

STEP #2 – EXECUTE & MODIFY AGENCY AGREEMENT

Once the Disclosure to Clients has been signed, the agency agreement (listing contract or buyer agency agreement) may be executed. Portions of the agency agreements will be obsolete and will incorrectly describe the law as of July 1, 2016, so it may be helpful to delete those provisions that are no longer applicable, either by lining them out (in a manner so that the language is still legible) and/or by including language in Additional Provisions removing the obsolete provisions by reference to their line numbers. Remember, the WB-1 Residential Listing Contract is already updated so this process is not needed for that contract.

For example, if an agent was taking a vacant land listing, the following language may be inserted in the Additional Provisions section beginning at line 254 of the WB-3, “The Broker Disclosure to Clients provisions at lines 96-173 are deleted and have been replaced by the Disclosure to Clients form.” This same sentence may be used in other listings and agency agreements by plugging in the correct line numbers for that particular form.

The outdated agency disclosure provisions that may be lined out and/or deleted by reference to the line numbers are as follows:

WB-2 Farm Listing Contract	Lines 103-179
WB-3 Vacant Land Listing Contract	Lines 96-173
WB-4 Residential Condominium Listing Contract	Lines 142-221
WB-5 Commercial Listing Contract	Lines 99-177
WB-6 Business Listing Contract	Lines 120-187
WB-8 Time Share Listing Contract	Lines 141-201
WB-36 Buyer Agency/Tenant Representation Agreement	Lines 52-122
WB-37 Residential Listing Contract – Exclusive Right to Rent	Lines 53-123
WRA Property Management Agreement	Lines 100-149

Some of these line references include information regarding confidentiality. To simplify the process, all of these sections may be lined out because confidentiality provisions are also included in the Disclosure to Clients.