Pay a Referral the Way Your Deal Splits It

Last Modified on 09/04/2026 11:18 am EDT

Where a referral fee comes from changes everything about how you enter it. Three placements, one decision — and picking the wrong one quietly moves money between the brokerage and the agent.

Introduction

Every referral question that reaches support turns out to be the same question underneath: *whose money is this coming out of?* Off the top of the gross, before anyone splits anything? Out of the referring agent's own share, leaving the brokerage untouched? Or both at once, because there's an in-house referrer and an outside brokerage on the same deal?

Pipeline has a distinct mechanism for each, and they are not interchangeable. The Referral field always comes off the top; that's what it's for. Reach for it when the fee should come out of one agent's share and it hands the brokerage a smaller number than it earned.

When to Use This

- One of your own agents referred the client to another of your agents and takes a cut.
- The referring agent agreed to pay the referral out of their own share, not the office's.
- You have an in-house referral and an outside brokerage's referral on the same transaction.
- You entered a referral and the brokerage's number came out lower than expected.
- You checked the in-house referral box and the referring agent couldn't be found in the list.

Why This Decides Who Actually Pays

The instinct is that a referral is a referral, so it goes in the Referral field. It's the field with the right name on it, and it's right there in Step 1.

But that field is an off-the-top reduction: the number goes in, the gross comes down, and everything downstream — the brokerage's split, the agent's split, every percentage on the form — runs on what's left. When the deal you actually agreed to says the referring agent pays the referral out of their own share, using that field spreads the cost across the brokerage as well. The fee is the same, the paperwork looks fine, and the office is short.

1. Decide Where the Money Should Come From

Before you open the transaction, settle the one question the entry depends on. There are three answers, and each maps to a different step below.

- **Off the top of the gross** — everyone contributes proportionally. This is the default shape of a referral, and it's step 2.
- **Out of the referring agent's own share** — the brokerage's portion is untouched. That's step 3.
- **Both, on one deal** — an in-house referrer plus an outside brokerage. That's step 4.

A referral commission comes off the top of a deal's gross commission, before the brokerage and the agent split anything — you enter it once, and Pipeline carries the reduced number through the rest of the form.

See Referral Commissions

2. Take It Off the Top With the Referral Field

In Step 1, enter the gross referral commission in the **Referral** field and check **This is an in-house referral**. Then in the referral step near the end, choose the referring agent and enter their share as a percentage. Whatever percentage you don't allocate to the agent goes to the brokerage automatically — so enter 100% if the agent keeps all of it, or just their portion if your office takes a cut of referrals.

> An in-house referrer has to be an actual user in your Pipeline account. If the person you're looking for isn't in the list, they're an outside referrer as far as the module is concerned — leave the in-house box unchecked and name them as an external referrer instead.
>
> An external referrer is a brokerage, agent, or partner outside your company that earns a piece of the deal. Name them on the transaction, split the referral between them, and tell escrow who to pay.
>
> See External Referrers

3. Take It Out of the Agent's Share With a Deduction

When the referring agent is paying the referral themselves, do not use the Referral field — it can only come off the top. Use a deduction instead, applied under that agent, which comes out of their share after the split and leaves the brokerage's portion exactly where it was.

Deductions come out of the brokerage's share or an agent's share of a commission and get paid to someone else — an in-house teammate or an outside company.

See Deductions

> Create the deduction type once — *Referral Fee*, or whatever your office calls it — and it's on the list for every future deal. A master admin sets up deduction types, and you can't invent one mid-entry.

4. Handle an In-House and an Outside Referral Together

One deal, two referrals, two different mechanisms. Put the in-house one in the Referral field as in step 2, and enter the external brokerage's referral as an off-the-top deduction so it also reduces the gross before Pipeline works out any split.

Take an amount out of the gross commission before Pipeline calculates anyone's split, so the figure the brokerage and its agents divide is already net of it.

See Off-the-Top

Off-the-top deductions have to be switched on before you'll see the option: **Allow off-the-top deductions** lives in the Location's Commission & CDA Settings, and it's a master admin's checkbox. If the control isn't on the form, that's why.