



The Anatomy of An Appraisal Fee

Wednesday, June 29, 2011

By: Thomas J. Inserra, MBA, MAI, SRA

As the song goes, "...Should I stay or Should I Go?" Many appraisers are thinking about leaving the profession and many have already moved on. How much time does it take to complete a residential appraisal, what are the costs to produce an appraisal and what is an appraiser's net take-home pay after all those costs? Attached is a spreadsheet that can be used as a tool by residential appraisers to evaluate the Anatomy of an Appraisal, the performance of their business and their net take home pay.

Typically, an appraiser would compare their net take-home pay with the gross salary they could receive in an alternative salaried position (appraisal or non-appraisal) when determining whether to leave their appraisal business. As a result, the spreadsheet provided is a pre-tax estimate of the appraiser's net take-home pay. Some appraisers could opt to hire a staff appraiser to author appraisals for their business and when doing so, would be required to pay that appraiser an acceptable wage which we estimate as a national average gross wage of \$40,000. The fees, salaries and expenses in your local area may vary but the model can be adjusted to reflect your actual expenses, revenues and salaries. Our use of an average \$40,000 gross salary is for illustration purposes only and immaterial since we add then deduct the salary with business profits or losses to arrive at net take-home pay. Thus, increasing or decreasing of the \$40,000 salary we used has no effect on the net take home pay. Some appraisers for example, despite seeing a decline in fees and revenues continue to pay themselves the same salary so they can keep paying their bills. However, this requires increased capital contributions to their business from savings, draw down their IRA or 401K or increased debt. If fees ultimately fail to recover, then appraisers with unsustainable gross salaries would be required to reduce their salaries and the model can help appraisers evaluate their production costs.

We calculate the average appraisal takes about 12.5 hours to produce, factoring in both actual production time plus the appraiser's non-productive overhead time. Our model also estimates that a typical USA residential fee appraiser produces a mix of fee work with some at Customary & Reasonable Rates and some AMC fee work well below Customary and Reasonable rates resulting in average annual gross revenues of **\$70,000.** representing a gross hourly rate of \$23.40. Sounds great right?

However, after accounting for all expenses and cost of producing the appraisal, we calculate the typical residential appraiser has a net take-home pay of just over \$29,000, which after accounting for a typical 60 hour appraiser work

week represents effective net take home pay of about \$9.70 per hour.

Wow. A few weeks ago I offered a comment on the Buzz (in jest) that I was thinking about a full-time 40 hour job at McDonalds or Wal Mart – but I wouldn't know what to do with the raise or the extra time off. Although it was joke at the time, having now calculated all the operational costs, I find the joke was on me and other appraisers because those alternative jobs would in fact appear to be a raise.

Hold on, it gets worse.

If the appraiser decided to do exclusively AMC work in my market, taking into account the notably lower AMC fees in my area, the appraiser's annual gross revenues would decline to \$45,000 and after accounting for all expenses, their net take home pay would be negative \$3.82 per hour! That's right, after accounting for business losses, an appraiser who relies exclusively on AMC work would have a negative net take home pay. That means there are likely appraisers out there who are funding their business losses and trying to survive by drawing down IRA, 401k, selling off assets, making capital contributions, going further into debt and taking other drastic steps to survive. Taking into account those business losses, a typical AMC dependent appraiser is in fact suffering an annual economic loss and would certainly seek alternative employment.

Appraisers have commonly shared with me two primary reasons for the decision to close their business or leave the profession: 1) Economic considerations and 2) Battle weary and tired of fighting after 17 years of "war". The war they refer to is the constant battle since 1994 federal policy allowed and required (for the first time since the Great Depression) that Independent and Objective Appraised Value reports be required to compete with advocated values of Broker Price Opinions. Appraisers are also fighting a second War of fees with AMC's who commonly take 40% to 60% of the overall appraisal fee, reducing fees paid by many (but not all) AMC's to appraisers well below "Customary & Reasonable" Levels. The third War has always existed (but worsened considerably in 1994 and since) which involves the constant War by clients, borrowers, agent and others constantly wanting to negotiate the appraised value.

Is it any surprise that the huge increase in volume of advocated BPO valuations along with the huge increase in market share of AMC's since 1994 resulted in a bubble (over valuation of assets) – and an environment where appraisers were forced to compete on the basis of their willingness to hit advocated values and forced to compete with unregulated, agent advocated BPO products? Its been estimated that since 1994, the market share of BPOs in lending transactions has increased from near zero to an approximate 60% market share today compared with a 40% market share for appraisals.

Appraisers are losing the war and as a result, fleeing the profession. An appraisal of the appraisal profession and economic review of the numbers suggests it may be time to get out.

Comments About the Model:

Why include a salary? Most businesses that run a P&L include a market supported salary. Increasing or decreasing the salary for your local market is easy and has no effect on the net take-home pay, as increasing your salary will reduce your net profits while reducing your salary will increase your net profits.

Why such an expensive SUV? That model had lower operating costs and higher re-sale value. Thus, if you use a lower priced car, the maintenance costs may rise and your resale value may decline having the effect of increasing rather than decreasing your annual fully loaded auto costs.

Why loan expense? Above the SUV cost, we needed to account for the car loan interest expense.

Don't AMC's have the effect of reducing marketing costs and/or allowing appraisers to produce higher volumes of reports? Maybe. However, in light of the huge difference in fees in my market between AMCs vs Customary and Reasonable, it would be economically advantageous for an appraiser to seek non-AMC work at higher fees and thus they still incur marketing expenses. Also, certainly some appraisers can attain higher rates of production but my experience managing large volumes of appraisers is that these represent valid, sustainable production numbers while maintaining high levels of quality. My sense is that AMCs spend a considerable amount of increased cost and time asking for and chasing down corrections because of their reliance on the lowest fee provider. Conversely, my experience in awarding hundreds of million in appraisal fees that higher fees when coupled with higher quality appraisers, leads to lower overall operating costs and lower loan losses.

My Health Care Costs are higher and I don't belong to an appraisal organization? Also, the fees are different in my market. Great, adjust the model accordingly to reflect your actual revenues and expenses and find out how much you really are earning on an effective net take-home basis.



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About the Author: Thomas J. Inerra resides in Scottsdale Arizona is an active fee appraiser and serves as CEO of We Value America, LLC www.WeValueAmerica.com (<http://www.WeValueAmerica.com>) and CEO of Pinnacle Peak Appraisal www.PinnaclePeakAppraisal.com (<http://www.PinnaclePeakAppraisal.com>)

Comments

[We are our own worst enemies..... \(/anatomy-of-appraisal-fee#comment-166\)](#)

Submitted by Anonymous on Mon, 07/04/2011 - 22:55.

I have to ditto much of the commentary about this article, being an appraiser right now is not pleasant. I saw the handwriting on the wall and am nearing completion of my general license in order to diversify. I also have personally called on all of the lawyers, probate courts and financial types in my multi county rural area and have more than enough work, heading toward less than 50% lender work this year and counting. I have consistently refused cut rate work and yes I have to drive much more than an urban appraiser but even adding the additional costs of gas etc, I have maintained a healthy bottomline. It takes a marketing and sales attitude,

something I did prior to my appraisal career. I've been at this 15 years now and like all things in economics, the appraisal profession has swings and we are into a serious overcorrection swing right now due to GOVERNMENT INTERFERENCE. It will swing back as all things do when the kneejerk reaction regs are found to be industry killers and go by the wayside. Unfortunately, many good appraisers will have abandoned this field in order to make a decent living without the stress. I'm too old to change careers again and don't want to leave the farm so I am using all of my ingenuity to try to survive. Hang in there, this too shall pass.....

[The Unvarnished Truth \(/anatomy-of-appraisal-fee#comment-162\)](#)

Submitted by Anonymous on Sun, 07/03/2011 - 14:38.

I came to the same conclusion in May of 2009 and closed my firm of 18 years. I've spent the past two years trying to fight HVCC & the Dodd (Dud) Frank Loophole. On April 1st (Appraiser Fool's Day) I came to the conclusion that the United State government could care less that appraisers are being driven out of business and that homeowners are now paying twice the typical appraisal fee for appraisers of such low quality that it is incomprehensible. On April 15th I launched the precursor of the National Appraisers Boycott. The site is down 99.9% of the time because of the poor platform that I was forced to use but we've still managed to gather over 2,500 appraiser email addresses and sign up 114 appraisers who have essentially given up on justice for appraisers and homeowners. The new site will be launched on a better platform this month and provide room for comments, video feeds, polling, news links, and a way to contribute to the documentary that is currently being produced on this this story of injustice. NATIONAL APPRAISERS BOYCOTT (GOOGLE IT...JOIN IT). Write to me at davidf104@aol.com (<mailto:davidf104@aol.com>) if you wish to stay informed about the official site that will be launched in July.

[We need to Strike and band together for the greater cause \(/anatomy-of-appraisal-fee#comment-161\)](#)

Submitted by Anonymous on Sun, 07/03/2011 - 12:32.

Lets shut the system down, Time is money and the banks hate losing money.

[It's not Rocket Science \(/anatomy-of-appraisal-fee#comment-157\)](#)

Submitted by Anonymous on Fri, 07/01/2011 - 10:49.

I've been saying it for years. It makes more sense to get a job at Starbucks than to work for reduced AMC fees. Appraisers get scared that they're going to run out of work, so they accept the AMC's low fees. It doesn't make sense to work for those fees. You could make more money, get health benefits, and probably sleep a lot better at night by working at Starbucks, rather than taking reduced fee AMC work. I won't do any AMC work that doesn't pay my full fee. I may have half the work of some of the appraisers I know, but each assignment pays me twice as much. I have also found a lot of non-lending work. There is life outside of AMC's. If they don't pay you, dump them as a client. Then spend your freed up time going to chamber of commerce mixers, board of realtor meetings, going to a local chapter of whatever appraiser organization is in the area, and otherwise getting your name out there. Do that consistently and you will find that business starts to come your way.

[Which McDonalds \(/anatomy-of-appraisal-fee#comment-156\)](#)

Submitted by Anonymous on Fri, 07/01/2011 - 01:47.

Do you know which McDonalds is Hiring? Now I'll probably have to do MCappraisals. Thank you

[Tom \(/anatomy-of-appraisal-fee#comment-154\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 23:37.

As always you have written an excellent well written article. I've been appraising for 28 years and just applied at McDonalds, but lost the job to a chief loan officer. Well, I have an interview at AMC (keep your fingers crossed). Truly, good article, changes are coming.

The Time It Takes to Complete an Appraisal and Report It (/anatomy-of-appraisal-fee#comment-152)

Submitted by Anonymous on Thu, 06/30/2011 - 21:05.

First of all. Great article. You are offering a well-reasoned argument for appraisers to demand higher fees. Appraisers could be convinced and then required to spend that average of 12.5 hours per assignment. I might be able to argue how much time it takes, but that is hardly the point. Many appraisers claim to be able to complete them much, much faster than that. Another significant problem is that the industry standards for appraising are vague leaving the Landsafe appraiser on a par with a litigation expert. Unfortunately, until we learn to marginalize and then eliminate the cheap sir speedies from our ranks, all of the rational calculation of our costs will have absolutely no effect on the fees we can demand. It is past time to require random mandatory peer review of every appraisal as well as clarified standards, particularly with respect to scope of work. When we have transparency and accountability then the industry can become serious about earning a decent wage after covering its costs. Edd Gillespie

I Finally Gave Up (/anatomy-of-appraisal-fee#comment-149)

Submitted by Anonymous on Thu, 06/30/2011 - 17:29.

I was a Residential Appraiser for 24 years. I finally gave up and retired this past month. I was too stressed out to continue. When I went on my own after working for appraisal shops for three years, I could do two jobs a day at \$275 each. At the end, it was taking me about 10-12 hours to do each at a fee of \$325. Then the lenders would come back with absurd questions and requirements -- for example, I would give them five comps and they'd ask for two more, even though I stated in my remarks that these were the **only** available comps. I have an MBA, and my reports were being reviewed by what I **think** are high school dropouts. I get Social Security and I never drew on my IRA, so I'll start doing that now, and hope for the best. Fortunately, I didn't have kids or a family to support. I feel sorry for those who do. I think the new regs and requirements, as well as the AMCs, are destroying the profession. They are bleeding the appraisers dry.

SS (/anatomy-of-appraisal-fee#comment-147)

Submitted by Anonymous on Thu, 06/30/2011 - 16:15.

These last four years absolutely convinced me to get out of the business.. I can't foresee it getting any better. Just not worth the time, money and aggravation.. After considering all my expenses, my take home was under 28k., went from 75-80k. Gone back to my old food service job where I am now making 55k with paid health, vacation, days off, guaranteed ck and no headaches or anxiety of losing clients or amc work. Really happy I made this move.

AMC Fees vs. Fees Paid by Appraiser Owned Shops

[\(/anatomy-of-appraisal-fee#comment-146\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 15:59.

Mr. Thomas J., Inserra, The numbers make sad sense, but the widespread involvement of AMCs is fairly new. On the other hand, Mom & Pop Appraisal Companies have been around for years. They have their relationships and get appraisal fees that are fair. They however farmed out the work to other appraisers and paid them 50%. So, really, greedy

appraisers with those Good'Ol Boy relationships created the model, demonstrated that lesser connected appraiser could be used, and set the stage for the AMC model. I suspect most split fee appraisal firms, including yours, pays appraisers less than 60% of the fee they receive from their clients. What do your appraiser get? At GAMco, we only engage designated appraisers. We employ the Cost Plus approach. The appraisers get paid 100% of their bid fees. We get an administration and review fee. Sincerely, William H. McGinn, SRA

[Thanks for the spreadsheet. I \(/anatomy-of-appraisal-fee#comment-145\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 15:34.

Thanks for the spreadsheet. I think there is alot of truth in the article. I think you need to get rid of the SUV for starters. Who in there right mind would pay to maintain an SUV with the way things are going in our industry. You could save quite a bit if you would get a small economic car. I drive a Mazda3 and its great. I live and work in a mosly rural area. Its sad to see where the fees have gone over the past few years. I do mostly CR fee appraisals from Banks and charge \$400 to \$600 per appraisal. I do alot of appraisals in communities with 2,500 in population and less and there is no MLS. I get quite a few requests to do appraisals from AMC's that want to pay a lot less than that. I refuse to do appraisals for less than \$400 and so most of the time if they are not willing to raise there fees I just say NO! I wish appraisers would stand together on this. That is what it is going to take. The appraisers doing the work need to take a stand. I know it is difficult for a lot of appraisers to do this especially in areas where there is alot of competition. I hope things will get better in our industry.

[Appraisers Costs \(/anatomy-of-appraisal-fee#comment-142\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 14:08.

How refreshing your article was, to the point and honest. After getting our taxes done our CPA figured out how much an hour I was making, based on your calculations you were dead on. It always amazes me, one of the most expensive items you purchase in your life time and all everyone cares about is how fast and how cheap you will do the job for. Go Figure! Thanks for a great article :)

[Im in the Black, barely! \(/anatomy-of-appraisal-fee#comment-140\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 11:07.

Thanks for the spreadsheet, it really quantifies much of the costs that many appraisers really dont take into consideration when pricing out an appraisal. Based on my numbers, which include a paid off car, and considerably lower health insurance costs, I make about \$11 an hour doing blended (50%) AMC and CR fees, and \$19 doing only CR fees. My local McDonalds pays about \$8.50 so Im doing a little better at \$11 seeing as I cant get all CR fees in this market. However, not too much better considering that I have a bachelors degree and my liability per appraisal is much higher than the burger flipper per burger. Lucky for me I am working on an exit strategy, I started another business awhile back which god willing will be profitable enough for me to either leave the business altogether or do it as a hobby since I really like the analysis involved in the appraisal process.Good luck to all!

[So True!!! \(/anatomy-of-appraisal-fee#comment-135\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 15:37.

Appraisers are upside down. The Legislators/Congress have ruined our profession. The Bank lobbyist have ruined our profession. Appraisers accepting REDICULOUSLY low fee's have ruined our profession. REDICULOUS amounts of compliance, for what seems like every governmental agency

has ruined our profession. We now need to comply to so many agencies and departments it's impossible to now if we are in compliance with everyone's "rules"/"laws"/"Policies".
Something has to give. This is definitely not sustainable.
Banks using their own AMC as a profit center! Screwing the appraiser out of their just and needed fee's. Doesn't make sense. We as appraisers need to organize! Enough of the madness!

[Interesting viewpoint \(/anatomy-of-appraisal-fee#comment-134\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 15:20.

I started appraising 9 years ago under my dad who has been in commercial for @30 years. Although I have never made a great deal of money, I work from home (many days in pjs) raising 2 kids (one that survived leukemia after 3 years of treatment while I worked from home) while my husband brings home a regular wage with full benefits. I have seen my fees reduce down over the years but my yearly gross income had not changed much and this year I will make the same as the year I started as it looks. I have had to cut things from my overhead like a car payment, car washes, AI membership, etc. I find it a luxury to make my own schedule, choose who I will work for and sometimes set my own fees. I do amc work, hard money loan work, estate work, desk reports, pretty much anything coming my way, the fees all even out in the wash. I plan to stay with this as long as I can as I cannot think of many other jobs for a mom to do that pay this on this schedule. Good luck to you all

[hi mom \(/anatomy-of-appraisal-fee#comment-165\)](#)

Submitted by Anonymous on Sun, 07/03/2011 - 16:16.

thats great. nothing against housewives or house husbands, but now are appraisals will be done by people in their house frock or boxers with caramel sticky keyboards and the tv blaring and tub overflowing. the same person could stuff lots of envelopes for around the same day rate at home... if they were good at it. problem is the house appraiser doesn't even have to be good at it... they will get paid the same, better if they have no pride or ethics. I had always hoped our appraisals would be done by... well, professionals! The problem is the person who orders the appraisal usually has no idea of the difference between a quality appraisal and a lousy one, especially the bankers. and if the orderer is savvy, they will hire a bad appraiser to get what they want! Peer Review is the only solution, not govt review by idiots with checklists who don't know a thing about real estate!

[your mom \(/anatomy-of-appraisal-fee#comment-253\)](#)

Submitted by Anonymous on Thu, 07/14/2011 - 14:27.

you got that right brother! its just a system to help people cheat and leave the honest hard working people in the dust to move to other industries and get a real job where you can get paid.

[Appraisal Fees - What's the Problem? \(/anatomy-of-appraisal-fee#comment-132\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 14:07.

The need for a personal physical inspection will never go completely away, and thus the UAD database being created will never take the place of a current and competent appraisal. Question is....are we going to continue giving our services away for what the client is 'willing to pay' or are we going to provide a competent service to the client for a fee that we are 'willing to accept'? The logic is simple. If you went searching for someone to change your oil for \$5 you probably would not find anyone, and if you did...imagine the service. Competent mechanics don't do \$5 oil changes.

Period. To make this REALLY simple, and not so offensive as confrontation with the client, think about this: The client wants an appraisal for \$200, with complete compliance with THEIR guidelines and little or no consideration for YOUR guidelines or office policy. A few of mine even want all of our file numbers hidden and replaces with theirs...making searches more time consuming than ever... SO we make a very simply answer. Doesn't matter what your guidelines are, will comply with each and every one of them for a set and easy to remember fee schedule...\$125 per comparable, and \$5 for each photo beyond front, back, and street. Work with that a minute, appraisers, and see how good it feels. doug@boss-online.com (<mailto:doug@boss-online.com>)

[Appraisal costs & Fees \(/anatomy-of-appraisal-fee#comment-130\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 12:49.

I have been appraising full time since 1985 and started doing residential but now do mostly commercial. The residential fees in 1985 were \$400 per appraisal. I now charge \$450 and am at the high in of the range in my market. Just some food for thought.

[Thanks for the spreadsheet \(/anatomy-of-appraisal-fee#comment-129\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 12:47.

Great spreadsheet....I will have to tweak it out for my area and see where I am at. I unfortunately have relied on AMC's the past year or so because local companies now require a Certified Appraiser just to be on their list. What I don't understand is how a Licensed Appraiser can do a retrospective review of a Certified Appraisers work but cannot "look into the attic and test the water" for a FHA report. Did you mention health care? What's that? Im sorry but the \$850/mo they want for catastrophic coverage is a little tough to cover when I get orders for \$150 drive by appraisals or \$225 full. Then I get laughed at when I tell them I require at least \$375 and they go elsewhere. I stopped accepting the low fee's and I think everyone else should as well. It's the only way they AMC's will stop taking away from our dinner table. If a bank wants to hire an AMC to review and manage the appraisal process....great, but they should have to pay the appraisers fee as well as the AMC fee. That's my 2 cents.

[anatomy of an appraisal fee \(/anatomy-of-appraisal-fee#comment-128\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 12:46.

I could not have said it better. I will wait to see how the software developers implement the UAD so it can be hopefully not too much of a pain. I try to stay away from low AMC fees & am doing less lender work. I have also branched out to some home sales with a real estate lic. I think that for at least the short term, appraisal as a whole profession & income is in a transition that may either get worse or possibly get better in the future for those left. Time will tell. But for me, I'm doing part time appraisal in the meantime. Trying to make a full time income w/o working tons of hours , if you could get that much volume, is not worth it.

[I left the business \(/anatomy-of-appraisal-fee#comment-126\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 12:04.

I left the business two years ago, working under too much stress for too little money. My job actually made me sick. The AMCs are manipulating the appraisals to get what they want, maybe it is not a "target value" but they are still manipulating the appraisals. So things have not changed all that much, except we are working harder for less money. Who in their right mind would keep doing that? My husband now works for

TWO companies and still can't make a living. I hope the whole process implodes.

[We are working ourselves out of a job-UAD \(/anatomy-of-appraisal-fee#comment-125\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 11:30.

I think that with the new UAD format, Fannie and Freddie, or another party will collect and farm all of our data. 5 years from now when much of the market data is collected about the subject and comps, we will no longer be needed. I am not planning on getting a severance check for all of our hard work when it's over.

[Appraisers need a true voice \(/anatomy-of-appraisal-fee#comment-124\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 11:30.

I agree with many of the comments here, but as the owner of a large appraisal firm that has seen many changes, I've had the pleasure to work with many quality appraisers across multiple skill levels. I'm often struck by the fact that in the lending transaction, appraisers still hold the power, but have never been able to use it because they are too fragmented in their labor organization (or lack thereof) and will undercut each other to put food on the table. At the end of the day, without a quality appraiser, a large portion of mortgages will not happen. Also, at the end of the day, AMC's would falter and fail without appraisers, if appraisers organized a boycott of these firms. If appraisers could organize their own union, they would wield the same power of many of the strong unions out there today, and be able to truly negotiate fair fees and rates, as well as have a true voice in regulations and changes. I'd love to get comments on this idea, maybe I'm crazy but whining and utilizing organizations with no power will not change anything. Please comment, would love to hear thoughts.....it would not be easy, but if realized at a national or regional level, it would be extremely powerful and take appraisers to the respected level they deserve.

[A union for appraisers? \(/anatomy-of-appraisal-fee#comment-143\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 15:12.

I agree. The current situation is the reason unions were created in the first place. With the power of a lot of members, perhaps politicians would listen, we could get RESPA to show Appraiser Fees and AMC Fees separately to stop mis-leading the public, we could better educate the public through the media, we could "finger" the Banks as the ones who closed down their Appraiser Fee Panel Departments and put the money in their own profit while passing the work off to the AMC's who then compete for the banks business and take the cost out of the Appraiser's fee, while increasing cost to borrowers. Politicians and Banks! Those are the major culprits.

[STRIKE, STRIKE, STRIKE, STRIKE or be a schumck \(/anatomy-of-appraisal-fee#comment-159\)](#)

Submitted by Anonymous on Sun, 07/03/2011 - 12:24.

We need to strike in the Jimmy Hoffa Way. Maybe the Teamsters will help. If I am going to work for less lets give it to a good cause because we really need to strike. By striking (all of us) we can shut down the mortgage market and cause great pain to the banks. What are they going to do: Use AVM'S. lots of luck with the bad data realtors put out. They cannot even agree on how many bedrooms or baths there are. We are already not training or bringing in new blood. the average age last I new was 50. I cannot help noticing our comrades who working too hard and actually killing (really) themselves doing it. The system is

part of the AFL-CIO the nation's largest union. I joined (despite being an anti-union Republican) because something has to change to help appraisers. Here is the link: <http://www.appraisersguild.org/>
(<http://www.appraisersguild.org/>)

[Appraisal costs \(/anatomy-of-appraisal-fee#comment-123\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 11:09.

I just renewed my license against my better judgement. I am a small town, rural appraiser. I have been in the business for over 20 years and have seen the industry grow from no license requirement to extensive education and licensing. This has been good for the industry. However, today the AMC's are literally destroying my desire to continue in the appraisal business. Regulations are getting beyond my scope of work! I have enjoyed doing appraisals, however today there is no pleasure only stress in an effort to remain in compliance! Rural America is not exactly the same as metropolitan America. We struggle for comparable sales data, and lender's demand more than we can give honestly! I refuse to lower my standards of ethics and I tell it like it is and they still demand more! I don't think some lenders actually read and evaluate appraisals in the rural sector and judge our reports by metro reports! I haven't had a lender appraisal in five months....the market is poor....I will focus on estates; property taxes etc....

[I'm riding it out \(/anatomy-of-appraisal-fee#comment-121\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 10:20.

I've been appraising for 5 years...started during the boom and barely surviving the crash. But, I'm waiting it out. Most appraisers are nearing retirement age and I'm going to be there to fill the gap when there are fewer and fewer "old time" existing appraisers and no newbies training for this profession. Nope, we're not making any money and yeah, I'm pissed about AMCs taking a huge chunk of my pay but the tables will turn and I'll be there when they do. Most of my work is through AMCs and I feel confident the bad ones will fail as their business model is unsustainable. They're vultures who swooped in to eat on the carcass but they'll be gone soon - weeded out by a lack of good appraisers who will not work for what they charge - you know who you are...Lenders will wise up and start ordering work directly from the appraiser when the Dodd-Frank Police start fining them for breaking the rules. I'm in this for the long haul. I refuse to work for peanuts and am paid a reasonable fee - a fee I determine individually, on every order based upon the scope of work, not what the AMC determines. Appraisers need to stop whining and just say NO to low fees. The rest will fall into place.

[The demise of the Residential Appraiser \(/anatomy-of-appraisal-fee#comment-118\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 10:06.

I was a residential appraiser for almost 30 years. Watching my career spiral down over the years. At the end, I was making less money, with more overhead, than I did when I entered the profession. Greed in the profession reduced my "trickled down" fee's to create significant stress and anxiety in my life to the point that I just had to stop conducting appraisals. I guess all the younger, less experienced appraisers were all Underwriters want to make their deals. It is just so sad to be run out of what was once an honorable profession. At the end, I just felt like a prostitute for the AMC's while I waited for the Federal government to save us... They just gave in to pressure and flushed us down the toilet..... Very Sad.... I am EXTREMELY bitter..... William A. Somerville III, RC000116.

[Anatomy of Appraisal Fee \(/anatomy-of-appraisal-fee#comment-117\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 10:05.

I guess I am one of the VERY FEW fortunate appraisers still left. I just turned 65 and my wife retired. We are on SSN and medicare, so I don't need appraising as my primary income now. I only have one client, an REO AMC, that pays full fee, and has NO underwriter or processor involved. I only get 3-4 appraisals a month, but that is sufficient to support my needs. I did my first appraisal about 1977. I have seen the gradual total destruction of the appraisal profession. I really feel bad for you who need this to support a family. I am in the Atlanta area, and have seen many of my appraiser friends turn in their licenses. My advice is to hold on if you can because in a few years you will be the only appraiser left in your state. Good luck to all of you.

[Anatomy of an appraisal fee \(/anatomy-of-appraisal-fee#comment-144\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 15:26.

I am in California and have been feeling the the AMC pressure too, but trying to wait it out also. I am in the process of upgrading my license to see if that will get me more work. I like doing the REO appraisals too. Wondering if you will share your clients contact information. appraisalsbyross1@yahoo.com (<mailto:appraisalsbyross1@yahoo.com>). Thanks in advance Ross.

[REO WORK \(/anatomy-of-appraisal-fee#comment-131\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 13:08.

Would you mind sharing who is your REO AMC? I really like doing Reo Appraisals and have been looking for a company who specializes in such. My email is: Kadoshone@msn.com (<mailto:Kadoshone@msn.com>). Thank you, Jewel

[We also consider ourselves \(/anatomy-of-appraisal-fee#comment-127\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 12:39.

We also consider ourselves one of the few fortunate appraisers left. I also am letting my license expire the end of July as I will be 67 in September. My husband will continue with his license. We are also doing some work for a local bank and getting some Fannie Mae work, full fees--we decline ALL below fee work. With our Social Security, Medicare health insurance and the savings we accumulated during the boom times, we are doing great. We have been in real estate for over 35 years, appraising for 20 years, and have seen the up and down cycle of real estate throughout this period. A warning to those who stay--when the boom times come, don't spend it all--put some away for the rainy days--we are in a rainy day period now and for those who saved, you are alright. For those who didn't--you are in a mess.

[Fees \(/anatomy-of-appraisal-fee#comment-116\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 10:03.

If appraisers would stop accepting assignments that pay low fees, maybe things would improve. But until that happens, we are our own worst enemy.

[Why I only do part time appraising now \(/anatomy-of-appraisal-fee#comment-114\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 09:33.

I looked at my income for the past 5 years and found it was steadily going down. So I got a different job. Actually have some vacation now. I now only do appraisal work for full fee, and no lender work. Lender work takes too much time with too many supplemental standards and the underwriters are never satisfied. The only way an appraiser can make a reasonable living doing lender work is to charge \$400 to \$450 an appraisal. But hey, the new AQB standards will now

require a College Degree for the Certified Residential License. That should really make this profession attractive.

[Appraisal Fees \(/anatomy-of-appraisal-fee#comment-112\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 09:01.

How right you are about the shrinking fees and how they affect appraisers. You also have to factor in buying healthcare for an individual which is SO expensive (for example if you were working for a company, they would help with the cost), also we are paying for the gas for our cars and wear and tear which recently at \$4.00 per gallon driving around a large city like Atlanta can eat up any profit your are making. Also, in Atlanta we have 2 MLS's that we have to pay for plus redlink records to get the square footage. My expenses last year totaled up to \$18,000 and my gross revenues were \$58,000.!

[Good article, bad news for appraisers \(/anatomy-of-appraisal-fee#comment-111\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 08:47.

I sent a copy of your article and a link to the site to my RI National Reps. Here is the content:Dear Senator and Congressman, I am sending you the below article regarding the current state of the appraisal industry. Now that I have read it I may go out to put in my application at McDonalds or WalMart. BTW - I have blind copied my few remaining, and many former, bank and mortgage company clients.

[Anatomy of Appraiser Fees \(/anatomy-of-appraisal-fee#comment-110\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 08:10.

This is fantastic and pretty much right on the money with just a few exceptions for me anyway. Thank you for this. I plan to blog about this on my site, just in case anyone says hey why do you charge so much.I appreciate the time spent on this. It looks very much like my tax return!I have thought many times about leaving the profession, but I am one of the lucky ones who gets most of their work with R & C fees. Also where can I go as a female to work at a decent paying job and wear casual clothes every day. I was in the Corporate world for many years and I surely do not miss wearing suits, nylons and heels. I also love being able to work out of my home and if I want while typing up my reports wearing very casual clothes. PJ's even!As for the Mickey D's analogy, still don't think I could live on that salary alone! Benefits would be nice, since our Health Insurance is so high! Finding a new job in my 50's in this day and age.....TOUGH!I just hope that the work holds up until I chose to retire!

[Anatomy of Appraiser Fees Reply \(/anatomy-of-appraisal-fee#comment-115\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 09:55.

It sounds like I wrote your letter, except I don't think the word retirement is in my vocabulary anymore. Hang in there, that is what I am doing. Was in the Corporate world for 16 years and don't want to go back to that again. I'm working in my PJ's at this very moment, sure does save time getting up, getting ready and going to an office as we can get started right away. I am in my 50's also and have looked for a few real estate appraising jobs, which just did not fit me. Good luck to both of us.

[Anatomy of an Appraisal Fee \(/anatomy-of-appraisal-fee#comment-109\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 07:51.

Nice breakdown of revenues, costs, and time resources. I've known since expanded requirements started (and keep increasing) that my business model is not sustainable. So, I just keep trying to 'skim the cream' off the top of the client

market in hopes that I can survive. In the short term, that has worked, but there is no long term to this strategy because there is no weekend (or nights) and there is virtually no life left in appraisers with this strategy. It's no wonder that every appraiser I talk to either has no family expenses or has one hand on the door knob to the exit door.

[AMC Appraising \(/anatomy-of-appraisal-fee#comment-108\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 07:49.

I think the residential appraiser is going to have to diversify and work towards additional certification. Great Article!!

[Low fees are Unsustainable \(/anatomy-of-appraisal-fee#comment-107\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 07:26.

Lately, I have been envious of the rubbish collector. Fixed hours, better wages and benefits, no legal liability, no education. Life must be sweet. A Walmart greeter position is starting to look good. As an appraiser, **if you are being paid .70 cents for work that costs \$1.00 you are an idiot going bankrupt.** Daily, I get happy face invitations to sign on for work that pays slave wages. To make the situation worse, the post appraisal process with many companies is worse than being waterboarded. I would rather be stuck next to a screaming baby on an airplane for 7 hours than deal with the horrible review structure of many AMCS. It is usually a young lady with a generic name politely asking for hyperfast response to trivial and inane issues within 2 hours for the next several days. Then you must spend a few more hours uploading the work through a **Rube Goldberg** interface. The appraiser, after foolishly accepting a low fee and the **liability** of being made a defacto warrantor of the value of a house should the homeowner default years later for any reason whatever is now subject to AMC torture. AMC workers misreading data will spend days coming up with trivial and obscure issues needing added comment. Months later, they will come back and ask for more revisions for free for the "investor". By the time the process ends, the appraiser has lost hundreds of dollars. The Bank and the AMC, meanwhile, add the amount the appraiser lost to the cost of the report and passed it on to the consumer charging \$450 for what the appraiser was paid \$300. It doesn't take a rocket scientist to do the math. Appraisers will go out of business in droves this year unless we can once again earn reasonable market based fees as we used to. We can not afford to subsidize big banks and the AMCS they own.

[Auto Appraisal or Real Estate Appraisal \(/anatomy-of-appraisal-fee#comment-138\)](#)

Submitted by Anonymous on Thu, 06/30/2011 - 08:55.

I am currently involved in the background, in a civil suit revolving around the ownership of a 1969 Corvette that money was loaned on privately but the load was never paid back in full by the borrower. Long story short, we had to have the car appraised. I chose the most experienced auto appraiser with the best credentials in my state for litigation. The fee???? - \$295.00. I have been practicing Residential Real Estate Appraisal since 1986. Prior to the HVCC I was getting between \$350.00 - \$375.00 to appraise any moderate parcel of residential real estate. I think this points out that our fees were already low considering, far reaching legal responsibility/accountability and the time involved in completing the appraisal process competently for residential real estate. Good luck to the powers that be, attracting new blood into a thankless industry where the bottom line is currently something in the neighborhood (pardon the pun) of \$15.00 per hour. As for myself, I have already started another business and will do that as my primary source of income

until such time as the appraisal industry is ready to start paying what the real estate appraisal process is worth. In the mean time I am taking only full fee non-lender based work as supplemental income. I recommend any self-respecting appraiser do the same.

[Demise of the Appraisal profession \(/anatomy-of-appraisal-fee#comment-120\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 10:09.

Banks have turned over their responsibility to these uneducated money grubbing AMCs and when FNMA audits start in 2012, a lot of them will come to realize they are in deep doo-doo for their laziness. No agency ever said the banks must give up their responsibility to an AMC. Customary and reasonable ...what a joke!!. Banks should always have been paying the fee for the part of the AMC, not the appraiser. No government agency or appraisal institution is going to help us. OUR destiny will have to be from our own organized efforts. Check out this link: <http://www.change.org/petitions/national-appraisers-petition-to-boycott-appraisal-management-companies> (<http://www.change.org/petitions/national-appraisers-petition-to-boycott-appraisal-management-companies>). Either that or head on down to Walmart with your resume and a big smile.

[I plan to retire early \(/anatomy-of-appraisal-fee#comment-119\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 10:07.

I will be 62 in July. I figured out two years ago with the lower market activity and AMC's I was not making any more working as an Appraiser then I could draw from retiring. So why continue with all the agrivations? When the new UAD requirements go into effect in September I will no longer do any appraisal work. That will leave more work for someone.

[Great article \(/anatomy-of-appraisal-fee#comment-122\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 11:01.

Great job writing that article! Thanks.

[APPRAISAL LOST CAUSE \(/anatomy-of-appraisal-fee#comment-137\)](#)

Submitted by Anonymous on Wed, 06/29/2011 - 22:59.

Well, you guys are whining about the same old thing. You blame it on everybody but YOURSELVES and THAT is where the blame goes. It is your own fault. If you guys would NOT favor the client, if a HUGE portion of you would simply require your money up front, and then just hand them an honest, accurate, and competent appraisal you might still be in business. But that is not the case. I have been there, I have seen those loan officers hang up on me and call my competition and they give them exactly what they want. I have tried to belong to "Appraisal Organizations" and when I would meet with them, I would keep my ears open. Oh I heard them once their confidence was up, they would say things like, "Oh you can't be a 'meat grinder' appraiser, you have to go along with these commisioned people or they just won't work with you." etc. etc. I have heard all kinds of angles like that. I have done many field reviews, I have seen a lot of reports done by my "fellow" appraisers. Its just a racket is all it is. You can't even make truck driver wages at it. Most apprasiers I know are SUBSIDIZED. Either they have a spouse that makes the living OR they are retired from the military or fire department and get a pension and

health care. But to me, working part time for nothing is DUMB. Even working part time, the wages should pay what the skill is worth, for sure what the TIME is worth. Life is short, why spend it working for some too cheap fee because your spouse makes a good living?? You would be better off volunteering for some worthwhile cause. All this racket does is CONTRIBUTE to the Plundering of America by Wall Street. That is all it does, your designations and Certificatins are not worth the paper they are printed on, and a good number of you SHOULD be in PRISON with Bernie Madoff. However, it has become the National Ethos that White Collar Crime is OK. So, there are no prosecutions. What man does not fix nature will. Bob Burnitt Ellis County Texas