Can I raise my fees yet?

By TJ McCarthy, SRA, IFA

**Like any good appraiser, I will start off this article with a disclaimer about what this story will not do**…It’s not going to tell anyone what to charge for their services. That’s up to you…

Instead I would like to point out some simple truths about the residential appraiser and what has been happening to our ever-shrinking industry over the past 20+ years. We aren’t getting any younger and the number of new appraisers joining our ranks is microscopic to say the least. We are continually asked to add more and more lender overlay in our appraisals, most recently the dreaded UAD’s, which does sound like a nasty medical affliction when you think about it…yet we refuse to raise our fees. We are all licensed professionals. We are not members of a union. Most of us are not employees, we are contractors. We work hard for our fee’s which are slightly higher today than they were 20 years ago.

Welcome to the appraiser Twilight Zone and to quote the late Rod Serling, “the following is presented for your consideration”:

Appraisers are now being asked to give a lot more for a lot less…

* Include interior photos of every room now…can I raise my fees for that change in my service? **NO!**
* I bought expensive imagining software and I’m making sure I smudge out all personal photos of people that appear in my photos including that one of grandma on the fireplace…can I raise my fees? **NO!**
* I’ve inserted an aerial photo with the subject centered and labeled showing a minimum one mile view, oh yeah…Cut and Paste won’t work because most of these images are copy written, so I bought a special program to provide these images that look like they have been shot from a cold war spy plane…can I raise my fees yet? **NO!**
* Your Internet Portal sites are charging me $10 to $25 to upload appraisals to you…can I add that to me fee…pretty please with sugar on top…no charge for the sugar? **NO!**
* My E & O insurance premium is going up because the GSE’s are performing tons of retrospective appraisals hoping to get banks to buy back loans and sue appraisers for providing what they say are now bad value opinions,thanks to appraisers who are willing to do retrospective reviews going back years and producing lower values years later, (sort of ironic isn’t it)…can I raise my fees yet? **NO!**
* I went out and bought that $500.00 scanner I now need to attach everything in my work file to your appraisal, (wouldn’t that sort of make a summary appraisal a self contained appraisal? **Don’t try to confuse us with that USPAP mumbo jumbo…besides the lender is requiring it so it must be OK**), hmmm…that’s going to take a long time since my software doesn’t really make that easy for me. Plus the file will be huge…probably won’t fit through your portal. I’m afraid I’m going to have to raise my….**STOP!!! Everybody else is doing it and they aren’t raising their fees!** They aren’t? **NO!**
* You want me to copy and paste all of the comparables I didn’t use into the appraisal and explain why the ones I selected are better than the ones I didn’t? This is a bad dream right? Don’t you trust me? **Of course we trust you, but when the customer complains about your LOW value, we want to be able to beat them to the punch when they present their comparables for a reconsideration of value and we say “see…the appraiser already considered those”.** But that’s like second guessing me a little don’t you think. **Everybody else is doing it**. They are???
* Why do you want me to attach my license and E and O insurance policy to every appraisal? I sent you all that when you asked me to become an approved appraiser years ago. **Who keeps track of that kind of stuff, besides it’s really more for the borrower when we give them a copy of your appraisal and they decide to use it for a million other intended uses.** But they can’t do that. **Aren’t you forgetting about Cert #23?** That will add a lot of unnecessary additional liability on me; I will probably have to raise my…**CLICK!** Hello…are you still there…hello?
* I just got the good news that I passed the FBI, CIA & State Police background check that I had to pay for myself. Still trying to get the black ink off my fingers too. That was sort of scary but now that you know I am as pure as the driven snow I would like to ask for a small increase in my…**work volume? Glad to hear that. We just got another client yesterday, they pay a little less than our other clients, but we got the whole account thanks to the fees we offered them…we will send you 10 more orders tomorrow. Remember quantity pays!**
* Since I can only do appraisals that are within 15 miles of where I live now I will have to raise my fees or change careers…**We heard several local fast food places close to your house are hiring….good luck with that.**
* The cost of gas has gone up to $4.00 a gallon…can I raise my fees yet? **You need to GO GREEN!**
* I just paid my $500.00 fee to renew my license…can I raise my fees yet? **$500 bucks…that’s nothing compared to what they charge us**. But you’re a huge national company…I’m just a single appraiser…**yeah it’s a numbers game alright!**
* My state just passed a record 66% income tax hike…can I raise my fees yet? **Last time we checked you can still write off state tax on your federal tax so it’s sort of like a wash.**
* **Reconsider these 15 comparables that all sold for much more than your comparables and are not even in your neighborhood…don’t ask!**
* **Give us two closed sales in the last 90 days**…”but they don’t exist”…**then expand your search to other areas**...”well that’s just stupid”…I should be able to charge more for stupidity right? **We’ll get back to you on that one…**
* **Learn a new reporting language and start writing all your reports in code**…”but some of this stuff is a little misleading don’t you think?”**...just give it your best guess, here use this tilde ~ if it will help you feel better**. Thanks…can I raise my…**No!**
* It takes twice as long to type a UAD report and this software is driving me nuts…can I raise my fees yet? **NO!**
* I just took another USPAP update class that just reminded me that most of the stuff I’m being asked to do by my clients violates USPAP…can I raise my fees yet? **I don’t know what does USPAP say about customary and reasonable fees…”somewhere a lonely cricket chirps”???**
* As long as you mentioned it, what about Dodd-Frank and customary and reasonable fees Mr. Lender? **If the Interagency’s can’t figure it out, how do you expect us too?** Well at least that’s actually a reasonable answer.

I’m sure if we made this a chain letter you could all help me think of a million other reasons why residential appraisers all over the country should be paid customary and reasonable fees for the work we do. I don’t have a problem with clients asking for more scope creep as long as I can get paid for my time…and the scope creep being requested doesn’t mess with Standards 1 and 2…that’s our turf. Remember the client chooses you and you choose everything else!

Why would anyone want to go to college to become an appraiser? First off, no one will hire them as a trainee. Second, they won’t even make enough income to repay their student loans. Finally, we all live under the dreaded threat of being blacklisted and once that happens it’s game over!

I will be retiring in a few years and I’ve worked my entire life as an independent contractor. No retirement plan for me. I pay for all my own benefits…always have. Will Social Security even be around in another 10 years? My dad who was a smart business man always told me not to be afraid to ask for fair compensation. Some clients will pay, some won’t, but the upside is you will make the same income and do a lot less work.

…so maybe we all need to ask the question…**CAN WE RAISE OUR FEES YET?**