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AGA-OPEIU / AFL-CIO : 1st Draft Exposure 09/22/2015

Draft Proposal for MINIMUM NATIONAL GSE APPRAISER FEES

An opportunity to correct inequities arising from less than reasonable appraisal fees nationally.

CHARTED CONCLUSIONS AT END OF REPORT

Presently there is no single standard that affected parties can point to in order to determine **what a ‘customary fee’ is, and what is a reasonable fee.** In all fifty states plus affected territories, each regulatory agency is left to make (or carefully side step) this determination themselves. The single common factor that does exist is that studies to determine ‘C& R fees must NOT include those below market fees introduced by appraisal management companies in the early days of HVCC; and that continue to the present.

The more proactive states have established rules by which these can be calculated. Unfortunately such states are few, and even their allowable methodologies do not produce uniform results. Enforcement is also (apparently) lax until a lawsuit is brought. The current preferred method appears to be so called unbiased university studies which when impartially applied attempt to quantify non AMC fees for various types of property. Their downfall is that they have very little or no consideration given to the complexities that can be found among ALL property types.

Additionally, such studies have (so far) failed to adequately measure the spill over impact of half a dozen years of near universal ‘less than C&R’ fees in the marketplace by AMCs and GSEs, into non GSE work. They have effectively created a below market competitive environment based on consumers reasonable belief that an AMC appraisal should not be any different than a non AMC appraisal. Consumers have been exerting downward pressure as a result of anti-competitive AMC prices.

Lastly, there is the influence of less than impartial studies where funding is provided by the AMC Industry and its advocates. Universities that produce unfavorable results simply see themselves eliminated from future studies.

A few years ago certain AMCs introduced the concept of one size fits all single fee national pricing.

There has always been a concern about adequate attention being paid to the unique nature of all properties being appraised (non-complex versus complex) to assure the selection of properly qualified appraisers.

Prior to HVCC, there was usually discussion between specific appraisers and the appraisal department of the entity ordering an appraisal to insure (at least on the surface) that the assignment was within the appraiser's competency level.

Ethical & competent appraisers usually did preliminary research before accepting assignments. They asked the client specific questions based on what the data indicated to resolve any apparent inconsistencies, or to discuss any apparent complexities. Both the client and the appraiser had a reasonable expectation of what the property appraisal challenges MIGHT be. Tentative commitments were made subject to the field inspections confirming or refuting the assignment complexities.

The appraiser then contacted the owners and interviewed them to find out if they had the address and property description right; whether size was right or if additions had been done, along with a host of other pre appointment screening questions. Based on the complexity at that point, the appraiser and property owner discussed and agreed to the fee. For complex properties owners were advised specifically why the fee was much higher than the lender lead them to believe. If it was too high, they and the appraiser could go back to the lender and discuss it further, or have the assignment reassigned with no hard feelings on anyone's part. If all were in agreement with respect to the fee and turn times based on ALL parties needs and limitations, then the property inspection appointment was set up.

Most of these critically important steps disappeared with the introduction of AMCs, though in the early years some lip service as paid to complex assignments requiring higher fees among the more ethical AMCs; while less ethical AMCs merely shopped for less experienced appraisers that did not see the complexities.

The new *single national fee business practice* all but eliminated any pretense of lenders fulfilling THEIR obligation to insure the appraisers they, or their agents selected are properly qualified to perform the specific appraisal assignments they are given. Frankly all they cared about was that the fee they contracted with the AMC for (usually from \$495 to \$499) covered all contingencies. If added costs were apparent, the AMC was expected to keep shopping until they found an appraiser willing to work for the fees offered. Usually \$300 to \$350 though often even less-down to as low as \$175- \$180!

Even appraiser owned AMCs were unable to offer higher fees or obtain provisions for complex fees. They too are expected to absorb those costs in return for volume orders. No one was interested in a "cost plus" pricing model. Even after Collateral Underwriter (CU) imposed additional review burdens on the AMCs, Chief Appraisers at the Direct Endorsement lenders for the AMCs reported they expect the AMC to absorb those costs of compliance to FNMA Special License Requirements for lenders to use the CU system.

In the meantime scope creep runs rampant. More is asked of the appraiser, in less time, for lower compensation.

"Customary" & "Reasonable" fees have become mutually exclusive oxymorons.

WHAT IS THE ALTERNATIVE?

I think we need to start by eliminating the over used and usually abused phrase "customary", and just deal with "reasonable". What is the *reasonable real cost* of obtaining or providing USPAP compliant appraisal on a per assignment basis? Do we conduct more state by state studies and surveys? None of which have yet proven to be definitive, or do we seek another method?

Perhaps one that considers differences in geographic locations but which can still be calculated on a national basis? A system that is both 'reasonable' for the appraiser performing the work, and for which the AMC or lender sitting across the country can still reasonably calculate the fee assuming it is a non-

complex, conforming loan limit transaction?

IMPOSSIBLE?

No. Such a system already exists. *It is also as unbiased as can be achieved today.* It was implemented long before HVCC, so it is not skewed by absurdly low post HVCC AMC fees.

I am talking about the studies performed by and for the United States Office of Personnel Management (OPM) and the General Service (GS) federal pay scale. This is the SAME SCALE used to determine pay rates for other professionals such as attorneys, accountants, engineers, foresters and yes, real estate appraisers. More specifically the GS-1171 series for grades 9 through 14; though I'd propose adding one to two more categories to allow for meaningful training of future appraisers (GS 5 & GS 7) which are currently below the listed qualification standards, but can be reasonably imputed.

For years we have all heard government official after government official state that they “must pay at a rate competitive with private industry, or they would lose all their most qualified professionals to the private sector.” IF this is in fact true, then the GS pay scale must be agreed upon as being representative of “reasonable” fees; salary and compensation. If it is NOT the most ‘reasonable’ pay scale, then we need to open the conversation as to whether federal workers are being “unreasonably” overpaid.

Additionally, as a taxpayer I do not think any government worker should be paid more than their private sector counterparts. The OPM studies are predicated on the requirement to be competitive with private industry and to be reasonable compensation for comparable work.

I've provided support for these specific proposals further in this document but in the interest of not boring every reader even more, let's cut to the conclusions derived from my analysis of the above GS Pay Scale and Qualifications Standards for calendar year 2015. The 1171 series compensation starts at grade 9. I've added grades 5 & 7 for entry level and basic trainee purposes.

GS Grade & private Industry Equivalents:

GS 5: Non appraiser trainee. Appraisal clerical & administrative support staff—learning property ID techniques; superficial potential comparable sales research via public records, etc.

GS 7: A licensed “Appraiser Trainee” operating under the direct supervision of a trained appraiser.

GS 9: A licensed but not certified appraiser; typically with less than three years' experience. Limited to non-complex real estate appraisal of 1 to 4 units (The *Non-Complex appraisal* “base fee level”).

GS10: Interim grades are not normally used. This COULD be a transitional appraiser with 3 to 5 or even 10+ years' experience but still not certified.

GS11: Certified Residential Real Estate appraiser. Unlimited 1 to 4 unit appraisals within competency skillset. **Base Fee for Complex Appraisals**

GS12: Apprentice to Journeyman commercial / industrial appraiser and or Certified Residential appraiser with over five years' experience and completion of basic income property coursework; or extensive professional appraisal advisory experience similar to those categories for AG's in the GS 15 series. SMEs, Supervisory Appraisers, Appraisal teachers, etc...

GS13: Senior C&I appraisers generally unlimited except by specific assignment competency. Generally with over 10 to 15 years' experience overall with over ten in C&I work.

GS14: Most complex C&I assignments. High rise offices, hospitals, feasibility studies for proposed phased new subdivisions, etc. Corporate Appraisal Policy Advisors

GS15: Same as GS 14 with corporate policy direction; authoring General Certified related texts and informational publications, National Appraisal Advisory Board participation (TAF; ASB, AQB, State or National Appraisal Coalition (active) policy development Participation; Recognized teachers of general certified level courses, etc.

Once we know the scope of work and skills required for each level of appraisal it's fairly easy to convert that to a reasonable fee equivalent using the GS scale. Though federal employees are not compensated on a per assignment basis they DO work a predictable number of hours per year with paid holidays; sick leave and retirement; along with a host of other quantifiable benefits.

The basis for this analysis is the forty hour week federal work schedule – No weekends or holiday appointments or work.

This author's contention is that for fully USPAP compliant work it takes from eight (8) to twelve (12) hours for most non-complex single family residential appraisal assignments. With up to two more hours for condominium and PUDs (10 to 14 hours). Two to four units are 16 to 30+- hours. Each is from start to finish with no professional or clerical assistance from anyone. This is from the time the order is proposed and researched, through delivery of the completed product and assumes NO REQUIRED follow up addendums; explanations, revisions or requests for reconsideration. Attorneys representing appraisers contend they have often been told the number is six (6) hours for non-complex. I will hold firm at the lower end of the 8 and 24 hour ranges noted above.

I also contend that not less than one full day a week on average is spent dealing with client inquiries; Collateral Underwriter (CU) responses, keeping informed on new regulatory or client special guidelines & appraisal policies, learning new software and techniques and averaging out continuing education courses; attending professional development seminars; mls Board meetings etc..

Personally I believe with all current requirements (1004MC; UAD, CU responses and special delivery requirements that only three start to Finish (StF) appraisals are reasonable. I would concede very well organized appraisers working in the same known tracts may well do four (4) a week, but I am unwilling to concede five (5) or more. Remember we are talking about a forty hour work week-not the usual sixty hour week so many appraisers currently work to survive.

Therefore four per week is 32 hours, with an additional 8 hours per week (or two hours per appraisal on average) for follow up, explanations, rebuttals, research of rebuttals, amendments, and other necessary administrative functions. The four assignments must compensate for 40 hours per week (plus office overhead, but we'll deal with that much further on). **Please do not assume the following charted salaries are the final basis for calculating "reasonable fees".**

The following charts are BASE GS pay levels. *In ALL cases, actual rates received are from 14% to 35% higher depending on location.* PLUS benefits PLUS office overhead.

NOTE: ANY INDICATED "HOURLY RATES" ARE NOT INCLUDING THE MARKET EQUIVALENT OF FEDERAL BENEFITS AND TAXPAYER PAID OFFICE OVERHEAD.

CHART ONE:

Annual Base Rates by Grade and Step

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	WGI
1	18161	18768	19372	19973	20577	20931	21528	22130	22153	22712	VARIE S

2	20419	20905	21581	22153	22403	23062	23721	24380	25039	25698	VARIE S
3	22279	23022	23765	24508	25251	25994	26737	27480	28223	28966	743
4	25011	25845	26679	27513	28347	29181	30015	30849	31683	32517	834
5	27982	28915	29848	30781	31714	32647	33580	34513	35446	36379	933
6	31192	32232	33272	34312	35352	36392	37432	38472	39512	40552	1040
7	34662	35817	36972	38127	39282	40437	41592	42747	43902	45057	1155
8	38387	39667	40947	42227	43507	44787	46067	47347	48627	49907	1280
9	42399	43812	45225	46638	48051	49464	50877	52290	53703	55116	1413
10	46691	48247	49803	51359	52915	54471	56027	57583	59139	60695	1556
11	51298	53008	54718	56428	58138	59848	61558	63268	64978	66688	1710
12	61486	63536	65586	67636	69686	71736	73786	75836	77886	79936	2050
13	73115	75552	77989	80426	82863	85300	87737	90174	92611	95048	2437
14	86399	89279	92159	95039	97919	100799	103679	106559	109439	112319	2880
15	101630	105018	108406	111794	115182	118570	121958	125346	128734	132122	3388

Hourly Rates

CHART TWO

Hourly Basic (B) Rates by Grade and Step

Hourly Overtime (O) Rates by Grade and Step

Grade	B/ O	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
1	B	8.70	8.99	9.28	9.57	9.86	10.03	10.32	10.60	10.61	10.88
	O	13.05	13.49	13.92	14.36	14.79	15.05	15.48	15.90	15.92	16.32
2	B	9.78	10.02	10.34	10.61	10.73	11.05	11.37	11.68	12.00	12.31
	O	14.67	15.03	15.51	15.92	16.10	16.58	17.06	17.52	18.00	18.47
3	B	10.68	11.03	11.39	11.74	12.10	12.46	12.81	13.17	13.52	13.88
	O	16.02	16.55	17.09	17.61	18.15	18.69	19.22	19.76	20.28	20.82

4	B	11.98	12.38	12.78	13.18	13.58	13.98	14.38	14.78	15.18	15.58
	O	17.97	18.57	19.17	19.77	20.37	20.97	21.57	22.17	22.77	23.37
5	B	13.41	13.85	14.30	14.75	15.20	15.64	16.09	16.54	16.98	17.43
	O	20.12	20.78	21.45	22.13	22.80	23.46	24.14	24.81	25.47	26.15
6	B	14.95	15.44	15.94	16.44	16.94	17.44	17.94	18.43	18.93	19.43
	O	22.43	23.16	23.91	24.66	25.41	26.16	26.91	27.65	28.40	29.15
7	B	16.61	17.16	17.72	18.27	18.82	19.38	19.93	20.48	21.04	21.59
	O	24.92	25.74	26.58	27.41	28.23	29.07	29.90	30.72	31.56	32.39
8	B	18.39	19.01	19.62	20.23	20.85	21.46	22.07	22.69	23.30	23.91
	O	27.59	28.52	29.43	30.35	31.28	32.19	33.11	33.56	33.56	33.56
9	B	20.32	20.99	21.67	22.35	23.02	23.70	24.38	25.06	25.73	26.41
	O	30.48	31.49	32.51	33.53	33.56	33.56	33.56	33.56	33.56	33.56
10	B	22.37	23.12	23.86	24.61	25.35	26.10	26.85	27.59	28.34	29.08
	O	33.56	33.56	33.56	33.56	33.56	33.56	33.56	33.56	33.56	33.56
11	B	24.58	25.40	26.22	27.04	27.86	28.68	29.50	30.32	31.13	31.95
	O	33.56	33.56	33.56	33.56	33.56	33.56	33.56	33.56	33.56	33.56
12	B	29.46	30.44	31.43	32.41	33.39	34.37	35.36	36.34	37.32	38.30
	O	33.56	33.56	33.56	33.56	33.56	34.37	35.36	36.34	37.32	38.30
13	B	35.03	36.20	37.37	38.54	39.70	40.87	42.04	43.21	44.38	45.54
	O	35.03	36.20	37.37	38.54	39.70	40.87	42.04	43.21	44.38	45.54
14	B	41.40	42.78	44.16	45.54	46.92	48.30	49.68	51.06	52.44	53.82
	O	41.40	42.78	44.16	45.54	46.92	48.30	49.68	51.06	52.44	53.82
15	B	48.70	50.32	51.94	53.57	55.19	56.81	58.44	60.06	61.68	63.31
	O	48.70	50.32	51.94	53.57	55.19	56.81	58.44	60.06	61.68	63.31

NOTE: as a former GS 13 Step 1 my actual annual pay and location allowance was just under \$92,000 nearly six years ago. NOT COUNTING OTHER BENEFITS.

CHART THREE

The following table represents the **NON HIGH COST** living areas across America. These areas receive a 14.16% premium ABOVE the base rates noted above.

For the Locality Pay Areas of Rest of U.S. (14.16% above base rates)

Annual Rates by Grade and Step

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
1	20733	21426	22115	22801	23491	23895	24576	25264	25290	25928
2	23310	23865	24637	25290	25575	26328	27080	27832	28585	29337
3	25434	26282	27130	27978	28827	29675	30523	31371	32219	33068
4	28553	29505	30457	31409	32361	33313	34265	35217	36169	37121
5	31944	33009	34074	35140	36205	37270	38335	39400	40465	41530
6	35609	36796	37983	39171	40358	41545	42732	43920	45107	46294
7	39570	40889	42207	43526	44844	46163	47481	48800	50119	51437
8	43823	45284	46745	48206	49668	51129	52590	54051	55513	56974
9	48403	50016	51629	53242	54855	56468	58081	59694	61307	62920
10	53302	55079	56855	58631	60408	62184	63960	65737	67513	69289
11	58562	60514	62466	64418	66370	68322	70275	72227	74179	76131
12	70192	72533	74873	77213	79554	81894	84234	86574	88915	91255
13	83468	86250	89032	91814	94596	97378	100161	102943	105725	108507
14	98633	101921	105209	108497	111784	115072	118360	121648	124936	128223
15	116021	119889	123756	127624	131492	135360	139227	143095	146963	150830

General Schedule (GS) How it Works

General Schedule (GS) base pay varies from the GS-1 level at \$18,160.81 per annum to \$130,810 per annum at step 10 of the GS-15 grade, not including [locality pay adjustments](#). The Senior Executive Service salary tops out at \$179,700 per annum. The average annual salary for full-time non-postal employees has increased to just over \$83,500 in 2014. [Starting pay](#) depends on the level of experience, education and complexity of the position applied for. You may also be able to [negotiate your starting salary](#) if your previous employer pay was greater than step 1 of the pay grade you are hired into.

Each GS grade has 10 pay steps. Currently, a GS-9 starts at \$41,979 for step 1 and reaches \$54,570 per year at step 10 (**not including locality pay adjustments**). At the GS-9 grade, each pay step adds \$1,399 to the annual salary. Pay steps are earned based on time in service and the employee's work performance. General Schedule employees are referred to as white-collar workers under the federal classification system. There are 36 locality pay areas.

Locality Payments

Locality pay adjustments basically level the playing field for all federal employees across the country. Essentially they provide a salary adjustment for those living in higher cost areas. The lowest adjustment to the basic rate schedule listed above is 14.16 % for the "Rest of the US." This group includes federal employees that do not reside in one of the 33 locality rate areas. The highest locality rate of 35.15% is for the San Jose, San-Francisco-Oakland California locality area. You can determine what you salary would be at any location by using OPM's salary calculator that you will find under [resources](#) on this page.

http://www.federaljobs.net/salarybase.htm#SALARY_TABLE_2015-GS

(look under Locality Pay Rate links)

What is the impact of locality adjustment: Let's pick a reasonable cost area above the base but by no means at or near the highest end.

CHART FOUR:

2015 GS Pay Table Washington Baltimore Northern Virginia, DC-MD-VA-WV-PA

Published: January 28, 2015

More in: [GS Locality Pay Tables](#)

SALARY TABLE 2015-DCB

INCORPORATING THE 1% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 24.22%

FOR THE LOCALITY PAY AREA OF WASHINGTON-BALTIMORE-NORTHERN VIRGINIA, DC-MD-VA-WV-PA

TOTAL INCREASE: 1%

EFFECTIVE JANUARY 2015

Annual Rates by Grade and Step

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
1	22560	23314	24064	24810	25561	26000	26742	27490	27518	28213
2	25364	25968	26808	27518	27829	28648	29466	30285	31103	31922
3	27675	28598	29521	30444	31367	32290	33213	34136	35059	35982
4	31069	32105	33141	34177	35213	36249	37285	38321	39357	40393
5	34759	35918	37077	38236	39395	40554	41713	42872	44031	45190
6	38747	40039	41330	42622	43914	45206	46498	47790	49082	50374
7	43057	44492	45927	47361	48796	50231	51666	53100	54535	55970

8	47684	49274	50864	52454	54044	55634	57224	58814	60404	61994
9	52668	54423	56178	57934	59689	61444	63199	64955	66710	68465
10	58000	59932	61865	63798	65731	67664	69597	71530	73462	75395
11	63722	65847	67971	70095	72219	74343	76467	78592	80716	82840
12	76378	78924	81471	84017	86564	89110	91657	94203	96750	99296
13	90823	93851	96878	99905	102932	105960	108987	112014	115041	118069
14	107325	110902	114480	118057	121635	125213	128790	132368	135945	139523
15	126245	130453	134662	138871	143079	147288	151496	155705	158700 *	158700 *

* Rate limited to the rate for level IV of the Executive Schedule (5 U.S.C. 5304 (g)(1)).

* Source: OPM

For Example: My own state and area is the Los Angeles-Long Beach-Riverside Census Region

CHART FIVE:

SALARY TABLE 2015-LA

INCORPORATING THE 1% GENERAL SCHEDULE INCREASE AND A LOCALITY PAYMENT OF 27.16%

FOR THE LOCALITY PAY AREA OF LOS ANGELES-LONG BEACH-RIVERSIDE, CA

TOTAL INCREASE: 1%

EFFECTIVE JANUARY 2015

Annual Rates by Grade and Step

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
1	23094	23865	24633	25398	26166	26616	27375	28141	28170	28881
2	25965	26583	27442	28170	28488	29326	30164	31002	31840	32678
3	28330	29275	30220	31164	32109	33054	33999	34944	35888	36833
4	31804	32865	33925	34986	36046	37107	38167	39228	40288	41349
5	35582	36768	37955	39141	40328	41514	42700	43887	45073	46260
6	39664	40986	42309	43631	44954	46276	47599	48921	50243	51566
7	44076	45545	47014	48482	49951	51420	52888	54357	55826	57294
8	48813	50441	52068	53696	55324	56951	58579	60206	61834	63462
9	53915	55711	57508	59305	61102	62898	64695	66492	68289	70086
10	59372	61351	63329	65308	67287	69265	71244	73223	75201	77180
11	65231	67405	69579	71754	73928	76103	78277	80452	82626	84800
12	78186	80792	83399	86006	88613	91219	93826	96433	99040	101647

13	92973	96072	99171	10227	0	10536	9	10846	7	11156	6	114665	117764	120863			
14	10986	5	11352	7	11718	9	12085	2	12451	4	12817	6	13183	8	135500	139163	142825
15	12923	3	13354	1	13784	9	14215	7	14646	5	15077	4	15508	2	158700 *	158700 *	158700 *

* Rate limited to the rate for level IV of the Executive Schedule (5 U.S.C. 5304 (g)(1)).

* Source: OPM

The temptation at this stage is to say “OK, let’s select a chart level and convert it to weeks and then in turn convert that amount to the number of assignments reasonably completed per week” postulated as FOUR per introductory comments.

1. But we have not calculated OTHER benefits such as retirement, tax deferred savings contributions, and the employers contribution to social security.
2. We have also not calculated office overhead and required professional fees, licenses, etc.
3. The **federal government provides office space, educational reimbursement, and license reimbursement**
4. *There is no requirement for E&O insurance with federal employment. A savings of \$700 to \$800 for most.*

The government pays 1/3 of basic Federal Employees Group Life Insurance (FGLI).

You are entitled to flexible spending medical accounts where you contribute \$2,000 of BEFORE TAX dollars reducing your liability by about 30% (**\$600**). You get \$2k insurance for a net cost of \$1,400.

Included in your base plus locality pay are two to four weeks’ vacation (2 weeks for new to two years’ service; 3 for three years’ service and four for fifteen (?) or more years.

There is a complex formula for matching savings as part of the three legged retirement savings program, but bottom line if you maximize this it is 5% more ABOVE your base and locality pay (\$100,000 pay and locality premium-saving the maximum allowable matching funds amounts you receive \$105,000 of which \$10,000 is tax deferred.

Retirement earned is 1% of five highest average years income x number of years. Example: a ten year employee highest five year average is \$75,000 then they get \$5,625 per year forever; ok just until death unless of course you opt in for survivor’s benefits. A thirty year employee with a five year high average of \$100,000 will get 1% (\$1,000) x 30 years = \$30,000 PLUS social security, plus draw down on Thrift Saving Plan that allows you to compound interest on it as well (reinvest the interest).

Appraisers get reimbursed for mileage.

Federal appraisers ALSO get per diem and (high end) hotel costs covered when traveling overnight. It’s about \$200 a day depending on WHERE you are required to travel to. There ARE conditions where you’re allowed to pocket up to half of that.

OK there are a lot of variables. What are all these benefits worth in annual dollars today? I wasn’t able to find that specific data for federal benefits as a lump sum but what I did find was extractable comparable data percentages from the **California Appraisal Regulators Annual Salaries which are similar**. Surrogates have long been used by both appraisers and statisticians. This sourced data is found

at:

[http://transparentcalifornia.com/salaries/search/?q=SENIOR%20PROPERTY%20APPRAISER/INVESTIGATOR%20\(OFFICE%20OF%20REAL%20ESTATE%20APPRAISERS\)](http://transparentcalifornia.com/salaries/search/?q=SENIOR%20PROPERTY%20APPRAISER/INVESTIGATOR%20(OFFICE%20OF%20REAL%20ESTATE%20APPRAISERS))

Name	Job title	Regul ar pay	Overti me pay	Oth er pay	Total benef its	Total pay & benefi ts
Donald B Fruechtl	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$80,341.88	\$2,934.91	\$30.00	\$32,061.97	\$115,368.76
Stephen R Simmons	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$79,028.24	\$0.00	\$7.00	\$35,709.97	\$114,745.21
Paul W Ketchum	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$78,554.00	\$0.00	\$0.00	\$31,718.05	\$110,272.05
John W Schmidt	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$79,929.20	\$0.00	\$0.00	\$25,244.17	\$105,173.37
William J Drabick	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$83,922.56	\$0.00	\$0.00	\$20,343.85	\$104,266.41
John K Hopp	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$80,763.00	\$0.00	\$0.00	\$19,609.83	\$100,372.83
Randall K Woolley	SENIOR PROPERTY APPRAISER/INVESTIGATOR (OFFICE OF REAL ESTATE APPRAISERS) State of California, 2014	\$75,816.24	\$0.00	\$0.00	\$24,204.83	\$100,021.07
Cynthia L Souza	SENIOR PROPERTY APPRAISER/INVESTIGATOR	\$71,364.75	\$0.00	\$0.00	\$23,742.25	\$95,107.00

OR (OFFICE OF REAL
ESTATE APPRAISERS)
State of California, 2014

SENIOR PROPERTY

Christina C APPRAISER/INVESTIGAT

Roberts	OR (OFFICE OF REAL	\$60,847.46	\$0.00	\$0.00	\$28,622.06	\$89,469.52
Morlatt	ESTATE APPRAISERS)					

State of California, 2014

SENIOR PROPERTY

APPRAISER/INVESTIGAT

Barrett R	OR (OFFICE OF REAL	\$65,697.28	\$0.00	\$0.00	\$12,760.80	\$78,458.08
Bates	ESTATE APPRAISERS)					

State of California, 2014

Senior Property

Appraiser/Investigator

Stephen R	(Office Of Real Estate	\$74,620.90	\$0.00	(\$1,059.35	\$35,189.09	\$108,750.64
Simmons	Appraisers))		

State of California, 2013

There are numerous reasons why total benefits for seemingly similar salaries will vary greatly. This may be related to both time on the job as well as conditional benefits such as educational reimbursement. My point in producing this is to provide a reasonable surrogate for percentage approximations of benefits above salaries, provided to government appraisers.

The least (lowest) benefits paid above regular pay was \$12,761 (rounded) or 19.42% above regular pay.

The lowest regular pay benefits paid were actually higher, at \$28,622. This was 47.04%!

The highest was \$32,062, or 39.9% of that employee's regular pay.

Most appear to be in the 25%+- to 30%+- range.

Conservatively the value of compensation / benefits received should be at least 25% over base and locality pay for similar grade federal workers.

The final item is office overhead. Whether and appraiser works from his or her home or a small office. Even when I worked in "fee shops" an office overhead contribution was almost always sought. Typically it was 10% for each appraiser. Operating on our own or from our houses, it is much higher because we bear all the burden of rent, utilities, telephone, cell phone, computers, software and software maintenance agreements, Internet Service Providers charges, web site maintenance, public records verification sources (recorded closed sales, etc.), MLS fees, CAR dues, NAR dues, Appraiser Guild dues, Commercial data services such as CoStar and Loopnet, digital cameras and peripherals to connect to computer, files, file storage (for five or more years), E&O insurance, License renewals every TWO years for State; and every four years for Federal; CE fees including USPAP twice every four years; USPAP books every two years, Professional Publications such as Appraisal of R.E., Dictionary of RE Appraisal, M&S or similar services and specialty publications to increase competency. Fees paid to trainees. The appraiser is responsible for paying 15% of adjusted gross income for social security

(both the employer's portion and the employee's portion). Again very conservatively the cost of maintaining either a very small outside office or a home office (room) is **at least 25% of gross income**.

In communicating with other appraisers online and across the country a consensus of +/- 50% to 60% office overhead was developed for multi person offices staffed with one or more receptionists/admin assistants/ data researchers/ typists (form fillers). Volume potentially produced is increased as a rule, however a reasonable APPRAISERS compensation cannot be dependent on whether or not there is office staff support. This is due to several reasons. Not the least of which is inability to guarantee sufficient level work flow to cover this increased office overhead during slow periods.

Calculation of "Reasonable Fee" (CHART of CONCLUSIONS AT END OF REPORT).

Non-Complex SFR by licensed appraiser:

Many if not most AMC's today require residential certified appraisers, however the historic S&L model was that a trained appraiser with three or more years was generally acceptable. The requirement today is partly a marketing gimmick; and was partly due to the practice of certain AMC's paying for a single report that MAY have to have been converted after the inspection to an FHA appraisal. (I offer no comment on the propriety of that, except to state that under the new revised FHA rules this cannot take place at all in the future).

A licensed appraiser with three years' prior experience appraising non-complex single family residential uses; as well condominiums, and two to four unit income property (with or without assistance) would typically equate to the GS9 step 4 pay grade level in the Federal General Service Pay Scale. This equates to \$59,305 in the California higher cost living area (27.16% premium). ALL states have at least a 14% location premium. By contrast Washington DC, Baltimore, Virginia is 24.22%.

While the federal employee does not have to worry about the total number of productive working days per year in order to assure a fixed, predictable income; the independent appraiser does. There are **104 week end days** per year, **leaving 261 days**. Each federal employee also **receives 13 'sick days'** per year. This does not count or include 'exchange banked sick days' where other employees with high accrued days can donate paid sick days to fellow workers in times of catastrophic illness of themselves or a family member. **Productive days are reduced to 248 days a year**. Additionally, **all federal employees receive ten more paid days** as off for federal holidays. **Productive days remaining are 238**. The next set of non-working days are variable based on longevity. ALL employees **receive at least 13 paid personal holiday** or vacation days until after they complete three years' service. *This reduces production days to 225*. Employees with **3 to 15 years longevity earn 20 paid vacation** days and employees with over 15 years receive 26 days off leaving 218 and 212 working days respectively.

The impact of this is that the entire year's annual income for the business of the appraiser must be earned in from 212 to 238 working days! Appraisers cannot rely on taxpayers to pay their 'salaries' or expenses. It MUST be generated on a per report basis during the work year. I have calculated 40 hour work weeks with 8 hour days. NOT deducted are the two federally required breaks per day, or lunch. It is not "reasonable" that appraisers should be expected to work weekends, holidays and when they are sick; or that they should work more than eight (8) hours a day without paid overtime.

I calculated the pay as follows:

BASE rate GS9 Step 4 (approximating three completed years of experience) X 1.27.16% Location premium. Adjusted this is **\$59,305**. Adding federal benefits OTHER than days off and paid holidays an

additional 25% is required; or $\$59,305 \times 1.25\% = \$74,131$. An additional amount must be added to cover office and business overhead that the taxpayers pay for the federal worker. In a single person 'home office' this is conservatively 25% though in multi person support staff offices it can routinely range from 50% to 60% +- I calculated only 25% or $\$74,131 \times 1.25\% = \$92,664$.

At 225 working days per year, there are only 1,800 hours of productivity per year or 45 'work weeks' per year. There is some dispute as to the number of properly completed, USPAP compliant real estate appraisals one appraiser can produce per day or week. Some contend it only takes six hours start to finish; while others contend it is more likely to be 8 to 10 hours. Additionally, there is follow up time required by underwriter inquiries; clarifications or borrower value rebuttals. **I am concluding that the average non-complex report takes 8 hours start to finish.** Obviously there are exceptions but the single person norm is 8 hours. This includes researching ownership interests, transaction histories; analyzing (not simply reporting) market data; highest and best use; investigating site anomalies, STUDYING the sub neighborhood; its general plan compliance as well as zoning and apparent permit issues and making calls and awaiting responses from involved parties to the transactions. Further; that only four days per week are available for appraising or report writing. A total of 8 more hours is allocated for ongoing education; communicating with clients to develop new business, administrative functions, accounting, collections, reviewing and studying regulatory changes, software changes, etc.. Federal employees are paid to do all these things on government time-not after hours or on holidays.

All the above results in a production limit of only 180 appraisals per year assuming maximum appraiser/client/borrower efficiencies and no slow down periods..

To achieve the required "reasonable" annual fee total of \$92,664 each non-complex appraisal and report MUST be quoted and billed at \$515 MINIMUM. That equates to an hourly cost of \$64 per hour. Contrast that with an auto mechanic cost from \$100 to \$130 per hour; or a plumber at \$100 an hour.

*I left out the traditional "between grade" level GS10 since most GS 9s promote directly to GS 11. Assuming a licensee with much greater experience but less than residential certification a **minimum SFR fee of \$585 and \$73 per hour is not unreasonable.**

Certified Appraiser Required by Client (NOT necessarily complex appraisal):

Starting at the GS 11 step 6 experience level since many if not most AMCs today are requiring certification either directly or by inference (ie; must be on FHA roster). A certified appraiser *is assumed to have at least five years+ overall experience.* Hence the step level 6. The base salary and California moderate cost locality factor total is **\$76,103** plus 25% benefits = **\$95,129**. Add in office overhead of 25% = **\$118,911**. The five year employee has fewer annual work days available due to higher number of allowed days off earned as a result of longevity in order to remain competitive with federal employees with similar experience. Total days worked are 218. Total hours are 1,744. MINIMUM FEE required fee for parity or comparability to federal appraiser compensation, benefits and overhead is **\$682 for a one day assignment, or \$85 per hour.** . NOTE: FHA takes longer. Particularly under the new rules & guidelines (4000.1). Some contend two more hours; while others think it will be less. I concluded that at least one additional hour is required if for no other reason that cross checking the more than 500 pages of specific FHA guidelines; and increased level of "observations and analyses". **Say nine hours; or \$767.**

Condos are also one to two hours more or $\$682 + \$85 = \$767$. NOTE: Why are condominiums longer

to do? At a minimum the appraiser should be reading and analyzing the Articles of Association and CC&Rs to fully understand the ownership rights that exist; and to insure the comparables have truly similar ownership interests. Budgetary adequacy must also be ascertained; and all common areas inspected.

Two to Four Units:

I recognize many licensed appraisers do 2-4 units however the federal pay scale GS 9 does not include these therefore whether performed by a licensed appraiser or certified appraiser an assumption is made that knowledge “nearly” equal to that of a certified appraiser may be employed in the specific assignments.

A duplex or two on a lot is not merely ‘an sfr with an extra dwelling!’ It should never be assumed or presumed that the only extra time needed is to measure a second (or third, or fourth) unit. Though measuring IS more work as a rule (particularly where net rentable area varies from pro rata share of the GBA overall due to laundry rooms, common halls or corridors). Rental agreements must be reviewed in light of local and state laws concerning tenant rights. The ability to achieve market rents must be considered; and if appropriate the leased fee interest that exists may need to be discounted to a fee interest being appraised. It is more complex than whether or not local “rent control” exists. Many states have laws concerning noticing and or vacating periods based on the longevity of tenant occupancy and or tenant’s ages and applicability of disability protections. An appraiser cannot simply assume a property is voluntarily vacated and that market rents can be achieved. The existence of leases as opposed to rental agreements can have further implications on ownership rights in existence. A seemingly simple thing like whether or not such a property is separately metered for water, gas and or electricity can have a substantial impact on value and marketability. An argument can be made that all income property is complex by definition, however traditional licensing recognizes that 2 to 4 units *MAY be performed by a licensee* rather than certified appraiser. An hourly range of from \$64 to \$73 would be appropriate at this level (from above GS9-GS10) explanations.

I’m providing a two tiered recommendation below: One is for a truly non complex 2-4 and the other is for a more complicated 2 to 4 where a residential certified appraiser is required.

(Non-complex)

Duplex or two on lot = \$986 (10 to 16 hours) at \$64 = \$640 to \$1,024. At \$73 per hour it is \$730 to \$1,168

Triplex or three on lot= \$1,048 (11 to 17 hours) at \$64 = \$704 to \$1,088. At \$73 per hour it is \$803 to \$1,241

Fourplex or similar = \$1,110. (12 to 18 hours) at \$64 = \$768 to \$1,152. At \$73 per hour it is \$876 to \$1,314

These fees at the higher end may be higher than most AMCs are used to paying, however “most” are not receiving fully USPAP compliant, and properly analyzed leased fee to fee simple appraisals. Rights appraised are typically assumptive rather than actual. A fact all too well known by holders of the notes in due course when they attempt to take back their defaulted loan property. A duplex is not merely two houses. There is a variable ownership interest; and possibly two tenants interests affecting the actual ownership interest. A triplex has four probable interests to be considered (three tenants and the owner). A four plex has five. The existence of rent control can complicate each of these interests in ways unique to each and every jurisdiction.

The above analyses assume the transaction amount is less than \$1,000,000 and that the assignments are

somehow 'non complex' where a residential certified appraiser is not required.

Where a residential certified appraiser IS required I think the \$85 to \$99 per hour rate is more applicable, but only up to a certain value range limitation. In most areas there is a very significant difference between a one million dollar property and a two million dollar property; just as there is between a one hundred thousand dollar property and a two hundred thousand dollar property. Each appraiser must determine for themselves where the complexity break occurs. I can only state that generically I am NOT appraising two or three million dollar properties for the same fee as I would charge for one million dollar properties. If nothing else, my exposure to liability is much greater.

The LOW end of the range for 'over a million' dollars two to four units should in my opinion be between \$850 and \$1,530. For my area, the break to a higher fee would likely take place around \$1.5 million 'plus'.

Complex Residential Assignments Requiring General Certified Appraisers:

Example: Landmark Converted Water Tower "SFR" with 270 degree ocean and harbor view, located half block to beach on M1 zoned 30' x 30' site with commercial enterprise potential or where the potential highest and best use of the underlying land requires a general certified appraiser in order to analyze and determine highest and best use.

Starting Level GS 13 Step 6 (assumes *minimum* five years as a general certified appraiser & an annual step increase)

\$102,270 base with California High Cost area allowance of 27.16% included

\$127,838 including 25% benefits equivalence.

\$159,797 including 25% office/business overhead

Hourly equivalent is \$115.

Discounts could reasonably be applicable for those clients that permit either trainees or lower license levels to inspect without mandatory interior inspection by the higher level licensed appraisers. Elimination of mandatory drive bys from the supervisory appraiser could result in further discounts. As one who has to cosign another's report, I determine to what degree I must check behind them, and when. It is unannounced and frequent but not on every assignment. IF I am REQUIRED TO DO SO, then my fees apply rather than trainee fees.

Commercial rates are individually quoted. Ordinary C& I work is quoted at GS 13 equivalent experience rates plus benefits and office overhead. Usually \$115+- to \$130+- per hour for non-litigation work.

Unique or special purpose uses such as acute care hospitals; sub-acute care and mid-sized SNFs, ARFs and ACFs, or Boat Marinas (Business Valuation or leasehold), refineries, etc. are typically at GS 14 rates depending on complexity.

Expert witness fees are \$300 to \$350 per hour.

Deposition fees are usually \$150+- per hour.

Concluded /Recommended Fees are on following page

Grade/ Step	Work-Type	base w/27.16 % Localit y	With 25% Benefits *	25% Ofc Overhea d	Workin g Days	Hours per year worke d	Work weeks per year	at 4 reports per week*	Min. "REAS ONAB LE" fee	FHA-Add 1-2 Hrs labor	Hourly Equival ent
			Excl Days Off		Per year		40 hrs each	Annual Volume	(Say 1)		
GS9/4	Non complex 1-4	59,305	74,131	92,664	225	1800	45	180	\$515	NA	\$64
GS10/4 *	N/C 10-15 yrs exp	65,308	81,635	102,044	218	1744	43.6	174.4	\$585	NA	\$73
GS11/6	Cert.Res. 5+yrs exp	76,103	95,129	118,911	218	1744	43.6	174.4	\$682	\$767	85(9)
GS12/5	Cert.Res. 10 yrs exp	88,613	110,766	138,458	218	1744	43.6	174.4	\$794	C&R/8 hrs	\$99
GS13/4	Cert-Gen 10+ yrs	102,270	127,838	159,797	218	1744	43.6	174.4	\$916	C&R/8 hrs	\$115
GS14/3	Cert.Gen-Mngr	117,189	146,486	183,108	218	1744	43.6	174.4	\$1,050	C&R/8 hrs	\$131

Decrease by 6 *1 person
 Days for over 15 yrs office
 Experience Multi person
 Offices increase overhead
 to 50 %
 minimum

Please contact Mike Ford at (714) 366 9404 or mike@mfford.com if you have any questions or if you believe that errors have been identified.

Thank you,

Mike Ford
 Chairman, National Appraiser
 Peer Review Committee
 American Guild of Appraisers (AGA)
 OPEIU / AFL-CIO