

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

- I. Other Presentations In Which Either The Date And /
Or Sponsoring Organization Is Missing
 2. Appraisal Topics
 - a. "Appraisal Organization and Fee
Structure", no date

Appraisal Organization and Fee Structure

- I. Professional Appraisal Societies
 - A. American Institute of Real Estate Appraisers (MAI)
 - B. Society of Real Estate Appraisers (SREA)
 - C. American Society of Appraisers (ASA)
 - D. International Association of Assessment Officers (IAAO)
 - E. Society of Certified Appraisers
 - F. Society of Review Appraisers
 - G. Society of Business Appraisers
- II. Functions of the Society are to Provide:
 - A. Professional standards of performance
 - B. Professional enforcement of ethical conduct
 - C. Public education on value of certification
 - D. Continuing education of membership
 - E. Political representation of profession
- III. Services & Fees
 - A. Standard forms - \$50-150
(Opportunity for industrialized systems)
 - B. Narrative reports of multi-unit projects
(Priced at \$'s per room, apartment, or acre)
 - C. Appraisals for government agencies for right-of-way acquisition, etc.
on a contract basis
(Fixed cost of database + production)
 - D. Testimony in court - hourly basis
 - E. Real estate counseling - hourly basis
- IV. Like all professional services, if you charge by the hour, income is limited.
How can the appraiser charge on the basis of value created for the owner?
 - A. Architects receive percentage of construction cost
 - B. Attorneys receive percentage of awards
 - C. Brokers and mortgage bankers receive a percentage of sales
 - D. A few real estate appraisal firms charge for the use of their name.
Roulac wants to charge a percentage of value added by acceptable
feasibility and financial analysis.

- V. As a percentage of fees collected expenses run 35-50% for office, secretarial, office, etc.
 - A. How many billable days in a week? At best 80% of your time can be charged to a customer; the other 20% is administration, public service, and promotion of the business.
 - B. Soliciting business is difficult without established firm recognition.
 - C. Appraisers may begin as employees, receiving 50-60% of billable production, as co-op members, paying a pro rata share of overhead, as partners, or by purchasing an established firm.
 - D. Appraisers as a profession are under competitive pressure from:
 - 1. Accounting firms
 - 2. Real estate development companies turned investment counselors.
 - 3. Cost engineering firms
 - 4. Property management and commercial brokerage firms which have large data banks
 - 5. Public computer systems for tax assessment or public planning agencies
 - 6. Threat of licensing with loss of control on entry requirements.