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The AMC Conundrum in the Appraisal Business

By Dave Towne

Pre-2009, there were few AMC's interacting with mortgage lenders and appraisers. Most lenders and mortgage brokers had their own 'appraisal departments' or sales people who were the prime contact with independent appraiser vendors.

HVCC/Dodd Frank

That changed after Andrew Cuomo, the then New York State Attorney General, threatened to take FannieMae and FreddieMac into court due to their acceptance of highly questionable and potentially unethical lending practices and appraisals. These were common up to the worldwide financial crisis that manifested itself in 2008, and after.

To avoid court, the GSE's agreed to sign Cuomo's Home Valuation Code of Conduct - the HVCC. The primary directive of the HVCC was to mandate separation of the lender's sales people (loan officers and mortgage brokers) from directly placing orders with appraisers.

The intent was to help maintain the required independence of appraisers, without exposure to the overt intimidation and coercion that had been occurring far too often prior to 2008.

AMCs take over

The HVCC document DID NOT, despite erroneous opinions/statements of many appraisers, mandate the use of AMC's. But the net result of this regulation was exactly that ... the use of AMC's across the nation exploded.

Bank lenders abandoned their appraisal departments' because those are "cost centers", not income generators. Mortgage brokers had to find an alternative way to place appraisal assignments.

Many more AMC's popped up, both national firms and regional enterprises. Some were then, and still are, owned by appraisers. But the largest AMC's are corporations managed to derive the highest income possible for the owners or shareholders.

Appraisal fees

Prior to the HVCC, pretty much everyone involved with mortgage lending knew what an appraisal would cost, as fees were fairly standard with variations in regions across the country. Bank lenders and mortgage brokers quoted those fees to their borrower clients, who paid the fee. That fee was passed on to the appraiser. In general, this process was accepted and understood by all parties.

After the HVCC was put into place, and later the Dodd-Frank law replaced it, the appraisal fee situation became more onerous for appraisers. The established 'appraisal fee' was still in use, but now there was an intermediary business between the borrower, lender, and appraiser.

That intermediary business, the AMC, had to earn income to stay in business. The typical way they'd do that is appropriate a portion of the 'appraisal fee' that the borrower initially paid, and passed on the remaining amount to the appraiser.

In This Issue

My personal fee experience

I can reveal my personal situation when this happened: to keep the assignments coming in from our best large bank client, my mentor and I had to accept a 25% reduction in income because that's the amount the bank's AMC took off the top of the 'appraisal fee' that the borrower had paid.

We were expected to produce the same quality appraisals in the same time allowance per report, but earn only 75% of what we had prior to this situation. "Accept it or we'll find another appraiser" was the AMC's acerbic message to us when we were contacted to join their panel. We reluctantly did.

Appraiser attitude shift

This same situation began happening more and more across the country as the use of AMC's increased. That resulted in an enormous frustrating attitude shift among appraisers. Some left the business, others of us kept going, gritting our teeth in the process while enduring income losses.

At first, AMC's were content hiring independent vendor appraisers using direct-placed assignments to appraisers the lenders and mortgage brokers had on their 'approved lists.' But as it became more well-known that the income working with AMC's was discounted, fewer and fewer appraisers chose to associate with AMC's.

"Appraiser Shortage"

Then the fictitious stories about an "appraiser shortage" began appearing. There never really was an appraiser shortage .... only the lack of desire on the part of many appraisers to work with AMC's due to the loss of income.

AMC staff appraisers

Fast forward to recent times. Many, if not most, AMC's have recruiters scouring the earth to find appraisers willing to become "guaranteed" W-2 employees of the AMC. This begs the question of maintaining appraiser independence if the AMC is working directly for the lender, and hiring appraisers to do reports for that lender.

The AMC promises steady income based on a fee split with a minimum number of monthly reports completed, reimbursement for MLS dues, license renewal, and software purchase. Some have retirement bennies and health insurance, and even 'pet' insurance! Maybe including 'paid' vacation, based on average weekly earnings.

When I've looked at or heard about the minimum submitted reports number requirement, it's generally based on submitting 17-20 reports (or more) per month, meaning working portions of weekends is almost mandatory if working without administrative help. But I also know that AMC staff appraiser burn-out is common - for a variety of reasons.

OK, becoming an AMC staff appraiser is somewhat workable if the appraiser does not want to do everything required to keep a successful sole proprietor, LLC or Corporation business going independently. But the trade-off is being worked extra hard just to maintain a steady income and the bennies as an AMC W-2 employee.

With this business plan, the appraiser earns about 35-45% of the original 'appraisal cost' as their report income because the AMC has to keep the rest to pay appraiser bennies and their own overhead expenses.

Appraisal Cost

In regard to 'appraisal cost', many if not most AMC's have an appraisal fee cost sheet they give to their lender clients. That sheet defines what a certain kind of appraisal will cost, in terms of what the AMC intends to be paid by the lender, which the lender charges to the borrower. Costs vary by differing locations across the US. Appraisal report income paid to appraisers is factored from the fee cost sheet.

The next aspect of the conundrum is the fact that AMC's don't have 100% W-2 employee appraiser coverage in all regions. Sometimes, the W-2er doesn't want to do the assignment due to property complexity, location, etc. That leaves the AMC scrambling to find an independent vendor appraiser to accept an incoming assignment. And most of those assignments are sent out as 'bid requests' to regional appraisers which equates to "*give us your lowest fee and fastest turn time, and you may get the assignment."*

Why is it done this way? It's due, in my opinion, to the mindset of the AMC managers and staff who know they pay a minimum percentage of the original fee to their staff W-2 appraisers, and that mindset gets transferred to the sought-after independent vendor appraisers who are operating with a different business model. These independent appraisers should be paid more on a per-report basis than the AMC's W-2 employee, but they typically are not.

Technology fees

On top of all this is the tendency of some AMC's to force the independent vendor appraiser to pay an upload 'technology' fee in order to transmit the completed report to that AMC client. It's another jolt to the system, to put it mildly, diminishing the appraiser's income.

New URAR/UAD Process

Another conundrum to this situation is the latest evolution in appraising residential properties for mortgage loan purposes. That's the New URAR/UAD process which is very near to being implemented US-wide early in 2026.

Those 25 or so of us GSE approved instructors for the 'New URAR' reports could see at the end of our mandatory training session in Sept. 2024 that the new reports would require the appraiser to spend additional time in the field when doing property inspections.

I don't think this original opinion has changed much, if any, as we have instructed multiple classes to hundreds of appraisers across the US this year. Appraisers see this as realistic during the class, based on the course evaluations turned in.

Fees for New URAR/UAD

But the real issue with this conundrum is the attitude of lenders and their AMC's about the increased time involved doing these new reports, coupled with the necessity for the appraiser to acquire a tablet with which to do the variable data base collection process while in the field.

The attitude may be that "it's no big deal" because people tend to resist change and just accept the status quo because it's easier to do that. I'm concerned that the AMC's present 'cost sheet' won't change, at least initially, for the New URAR reports. This could lead to fewer independent appraisers willing to work for AMC's.

Can the present conundrum be modified? Can things change?

Perhaps I'm too much the optimist, but I believe it can. However, appraisers have to be strong enough to stand their ground and insist that fees earned back in 2009 are insufficient now.

Lenders have to understand that the upcoming modification to the appraisal data gathering and reporting process will take more appraiser time. That added time needs to be compensated.

Meaning borrowers should pay more for 'the appraisal.'

And AMC's need to modify their present attitude of insisting independent vendor appraisers must accept the same low fee per report paid to the AMC staff appraiser who has the advantage of additional benefits incorporated into their compensation package.

About the author

I have been reading Dave's frequent email comments for a long time. They are usually much shorter than this article. To subscribe, use the email address below and request to be added to his mailing list.

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2025 Year end tax planning for appraisers. You can still save on your 2025 taxes!

Notes to readers:

What will happen in 2026 for appraiser income is uncertain, similar to 2025. If mortgage interest rates drop enough, there will be a big refi and purchase boom. An appraiser shortage is certain.

I saw this boom in 1985, after 5 years of of interest rates as high as 18%. I paid 15.5% for the mortgage on my duplex purchase in 1985. I started my appraisal business in 1986 and was overwhelmed with appraisal orders. Very few appraisers were left in 1985 due to very litle lender appraisals. Those that did non-lender work stayed busy.

Today, drops in 2026 mortgage interest rates will increase appraiser income. The amount of business increase depends on how low the rates go.

When your business is slow, saving on taxes is almost more important than when you are busy. Every Dollar Counts!!

Your most significant tax decision now is based on if you expect your 2026 total taxable income (personal and business) will be going up, stable, or down.

If you expect your 2026 income to be higher than 2025, consider deferring purchases, donations, etc. as you will need them more in 2026.

If you expect no change in income for 2026, or are not sure, you can do some year-end deductible purchases and pay January bills in December, which I am doing.

I am projecting a slightly lower taxable income in 2026, so I am taking most of my deductions in 2025.

There is plenty of complicated advice available on reducing taxes, but most does not apply to small appraisal businesses. Travel and entertainment for marketing purposes is one example that few appraisers use.

Most appraisers are sole proprietors so this article covers these deductions, both business and some personal. If you have another structure, such as LLC or S-Corporation, contact your tax advisor or check online.

Federal vs. state taxes

This article only addresses federal taxes, not state taxes. They differ from state to state. Check with your tax advisor.

Ways to defer income

In 2025, many appraisers have experienced a decline in work compared to 2024. Do you expect your 2026 income to go down, be the same, or increase? If you expect it to decline in 2026, you can defer some of your 2025 income until 2026.

If you are self-employed and on the cash basis of accounting, bill your clients near year end if you can. They will probably pay you next year. If you work for AMCs that require a fast turnaround, sending your invoice with the appraisal and paying quickly, this may not be an option. Also, this won't work if you require payment upfront for non-lender appraisals, retainer fees, or half in advance.

How to maximize deductible expenses by timing payments

Pay as many bills as you can by the end of the year, such as property taxes, software maintenance agreements, etc.

Your greatest savings in taxes is usually by setting up and/or contributing to a SEP-IRA, Solo 401-k, or other type of retirement account

Note: be sure to check with your tax advisor to set one up and to be sure your actual contribution is correct. They can change. If you have employees, get advice on those plans.

Get a Solo 401(k) if you don't have another retirement account

The one-participant 401(k) plan isn't a new type of 401(k) plan. It's a traditional 401(k) plan covering a business owner with no employees, or that person and his or her spouse. These plans have the same rules and requirements as any other 401(k) plan.

Many financial experts recommend a Solo 401(k) now because it may allow you to shelter more income from taxes. You can also borrow from a Solo 401(k) plan. However, its administrative costs and tax reporting requirements may be greater than those for a SEP IRA.

Deadline to set up Solo 401k is December 31, 2025. You must have the plan documents signed by this date, but you don't have to fund it yet. The Secure 2.0 Act (including retirement changes), allows you to establish a plan after the end of the taxable year, but before your filing due date.

In 2025, aggregate contributions can reach up to $70,000 if you are under 50 and $77,500 if you are age 50-59 or age 64 or older. Those between age 60 and 63 can have aggregate contributions up to $81,250.

I always contribute the maximum allowed for my income to my Solo 401k. My enrolled agent does the calculations, which can be tricky.

SEP-IRA

I have a SEP-IRA, as I had employees at the time I set it up in 1987. They also got SEP-IRAs.

A SEP IRA, or Simplified Employee Pension IRA, is a retirement savings plan for small business owners and their employees. It allows employers to contribute to their employees' traditional IRAs, and employees can also make their own traditional IRA contributions to the same account.

Deadline for setting up SEP-IRA.

As late as the due date (including extensions) of your business's income tax return for that year. For the 2025 tax year, this means the deadline to set up a SEP IRA is April 15, 2026, with an automatic extension to October 15, 2026.

Contributions

You must make your SEP-IRA contributions by each year's federal income tax due date. For the 2025 contribution year, the deadline is April 15, 2026. If you have a tax extension, you must make the contributions by the end of the extension period.

There are other options, such as Roth IRA. You can also save taxes by setting up an S-Corp (pay yourself a salary). They are more complicated to set up and are used less often, so I don't include them in this "last minute" tax tips article.

The big advantage of setting up retirement accounts, except Roth, is the income is not taxable until you take money out.

2026 changes for Required Minimum Contribution (RMD)

Required minimum distributions (RMDs) are the minimum amounts you must withdraw from your retirement accounts each year. The account owner is taxed at their income tax rate on the amount of the distribution RMD.

For 2026, changes to Required Minimum Contributions (RMDs) include the age to start distributions remaining at 73 for those born in 1951-1959, with no general RMD increases being announced, but contribution limits have increased.

With RMDs you are paying back a percentage of the Social Security you have paid in. Your payment changes every year based on age.

- They must be paid every year, on time, starting with the required start date.
- The penalty for failing to take a Required Minimum Distribution (RMD) in 2025 is an excise tax of 25% of the amount not withdrawn. This penalty can be reduced to 10% if the missed distribution is corrected in a timely manner within a two-year correction window.
- Starting in 2025, RMDs will no longer be required from Roth accounts in employer retirement plans.

I really dislike the RMDs as they were based on much shorter lives, such as age 65. I had to start mine at age 70 ½ 12 years ago. I will need the money when I am over 90, not now. My mother died 20 years ago at age 82 from dementia, but she was physically in good condition. She could have easily lived until 90. One of my aunts and a grandmother lived to be over 90.

Several Social Security bills are currently under consideration

A major one is the Social Security Expansion Act, proposed by Senate Democrats, which would increase monthly benefits by $200 starting in 2026 and shift the cost-of-living adjustment (COLA) to the CPI-E index.

Editor's note: CPI-E uses senior's actual expenses.

Minimum Benefit: Increases the minimum monthly benefit for low earners based on years worked, up 125% of the poverty line for those with 30 years of work.

The You Earn It, You Keep It Act was introduced to eliminate all federal taxes on Social Security benefits by expanding the payroll tax cap to cover wages over $250,000. *(Editor's note: probably more acceptable than reducing Social Security payments.*)

Permanently eliminates federal taxes on Social Security benefits for all recipients.

Funding: Raises the payroll tax cap to cover earnings over $250,000 to fund the benefit tax reduction.

Status: Introduced in the Senate by Sen. Ruben Gallego (D-AZ) and in the House by Rep. Angie Craig (D-MN).

A more recent proposal, the Social Security Emergency Inflation Relief Act

A one-time, six-month $200 monthly increase starting in January 2026 to help with rising costs.
(Editor's note: easiest to implement.)

Duration: Would last for six months, from January 2026 to June 2026.

Purpose: To help beneficiaries with rising costs of essentials like groceries and medication.

For more information, including status Google the name of the bill. My brief summaries do not include all the changes.

Options for keeping Social Security in the future

Options for bolstering Social Security's financial stability include:
- increasing program revenues, such as raising the payroll tax rate or lifting the cap on income subject to Social Security taxes.

Another approach is to reduce program costs by adjusting eligibility and benefits, like gradually raising the retirement age or modifying the formula for calculating benefits.

A combination of both revenue enhancements and cost reductions is also a possible solution.

When to start taking Social Security

When I mention that my 2025 monthly Social Security before deductions is $4,437 (after deductions $4,178) almost everyone is very surprised. With a 2.8% COLA my 2026 checks will be $4,295. I waited until I was 70 to start. An annual COLA adjustment is much larger the higher your payment, so it increases over time. All the people I spoke with started earlier.

The maximum Social Security benefit in 2025 for someone retiring at age 70 is $5,108 per month. To qualify for this amount, you must have had the maximum possible taxable earnings for at least 35 years of your working life and delayed claiming benefits until age 70.

I am still working. Yes, working while collecting Social Security can increase your payment through two main ways: annual recalculations of your highest earnings years and adjustments for any benefits withheld before your full retirement age (FRA). If your new earnings become one of your highest 35 years, your benefit will be recalculated, and you'll receive any increase due.

Why do people start Social Security earlier than 70?

Approximately 6.5% of Social Security recipients claim their benefits at age 70. (Note This percent varies as there is no recent data available).

Some Americans claim Social Security early primarily due to financial necessity for regular income, but also due to fear about the program's future solvency and health issues that lead them to believe they won't live long enough to benefit from waiting. While they may understand that delaying benefits increases the monthly payment, these other factors often take precedence.

Most people underestimate how long they will live and need Social Security.

Why I started taking Social Security at age 70?

People are living much longer today. Looking at my family history and my good health condition at age 82, I plan to live to my 90s and probably longer. I play pickleball weekly with a guy who is 93 and usually beats me. I exercise every day, have a personal trainer at the gym, and eat healthy food.

I am still working. My steady monthly income is from Social Security at $4,178 and my rental property provides $2,000 per month.

At full retirement age, workers stand to receive 100% of the benefits they earned. For each year delayed past full retirement age up to age 70, 8% is added to Social Security benefits. By waiting to age 70, retirees can lock in the biggest benefit checks available based on their work records.

Few appraisers have a pension from an employer or large retirement savings. Some have property rental income. I purchased my duplex in 1985 and now occupy one unit after selling my big house and downsizing.

Many of us rely on Social Security and retirement accounts. Maximizing your benefit amount is very important.

Social Security is the only time in my life I have received regular income payments. When the Social Security program was initiated in 1935, the average life expectancy was 61 years old. American women have a life expectancy of 81.7 years in 2026, compared with men's, which 74.8.

I always recommend waiting until age 70 to start collecting Social Security. The longer you wait to start, the larger your monthly check will be. For example, if you start receiving retirement benefits at age 67 instead of age 66, depending the year you were born, you'll get 108 percent of the monthly benefit because you delayed getting benefits for 12 months. At 70, you'll get 132 percent of the monthly benefit because you delayed getting benefits for 48 months.

You can wait until after you are 70. There are no retroactive payments if you don't start taking it at age 70. I don't know why people wait until after 70.

Income taxes are due on up to 85% of your Social Security.

Remember, for most appraisers, 85% of your Social Security is taxable. Substantial income includes wages, earnings from self-employment, interest, dividends, and other taxable income that must be reported on your tax return.

Between $25,000 and $34,000, you may have to pay income tax on up to 50% of your benefits. More than $34,000, up to 85% of your benefits may be taxable

What is the future for Social Security?

As far as I can tell, no changes are planned now. However, Social Security problems are coming.

Per the Social Security website, "The concepts of solvency, sustainability, and budget impact are common in discussions of Social Security, but are not well understood."

Currently, the Social Security Board of Trustees projects program cost to rise by 2035 so that taxes will be enough to pay for only 75 percent of scheduled benefits. This increase in cost results from population aging, not because we are living longer, but because birth rates dropped from three to two children per woman.

Importantly, this shortfall is basically stable after 2035; adjustments to taxes or benefits that offset the effects of the lower birth rate may restore solvency for the Social Security program on a sustainable basis for the foreseeable future. Finally, as Treasury debt securities (trust fund assets) are redeemed in the future, they will just be replaced with public debt. If trust fund assets are exhausted without reform, benefits will necessarily be lowered with no effect on budget deficits."

Equipment (and vehicle) Section 179 purchase limits for 2025

The 2025 Section 179 deadline is December 31, 2025.

For 2025, Section 179 deduction limit has increased to $2.5 million, with a phase-out threshold starting at $4 million in total equipment purchases.

Qualifying Property: The deduction applies to new and used tangible personal property (machinery, equipment, off-the-shelf software, certain vehicles) and qualifying improvements to non-residential real property (roofs, HVAC, security systems).

If you are planning to use this, check with your tax advisor. It probably isn't going away in 2026, but there's no guarantee what it will look like.

Section 179 is aimed at small to medium businesses that purchase anywhere from $5,000 to $2,500,000 worth of equipment.

You can write off part or all of the purchase price of a new or "new to you" car or truck for your business by taking a section 179 deduction. This special deduction allows you to deduct up to the entire cost of the vehicle in the first year you use it if you are using it primarily for business purposes. If you use it for business and personal use, you can only deduct the percent used for business.

For appraisers, this typically applies to auto purchases. This is a bit more complicated. For example, these deductions are only for vehicles used more than 50% of the time for business purposes. The deduction is limited to the amount of use. Some vehicles (like taxis, airport shuttle vans, and limousines) are considered only as business vehicles so they can be deducted at 100%.

The vehicle must be purchased and put into service (used) during the year in which you are applying for the Section 179 deduction.

Check with your tax advisor on auto purchase, depreciation, leased vehicles, and other requirements. Also, check for other deductible expenses, which can be complicated.

Charitable contributions

For your donation to be considered tax deductible when you file, it must have been made by the end of that corresponding tax year. For example, you have until Dec. 31, 2025, to make donations you want to claim on your 2025 tax return, which gets filed by April 15, 2026.

Credit card payments for business or charitable donations made by December 31 are deductible. Then pay it off when you receive your credit card statement. I do this every year.

I keep good records of all my deductions, including receipts and photos of personal and business items to Goodwill.

Charitable donations - unwanted items

Clean out your closets every other year and contribute your unwanted items to a charity for a deduction. Be sure to get a receipt for all donations and contributions, regardless of the amount. Photos can also work well for verifying your donations.

Take advantage of all business deductions not paid out of business checks or business credit cards

Review your records and cancelled checks carefully to take advantage of all business deductions. Be sure your deductions are adequately supported by written records that indicate time, amount and business purpose.

Be sure to check for any business expenses paid using a personal checkbook or credit cards. For example, sometimes a vendor will not accept my business Amex credit card, so I use a personal credit card. Also, I sometimes use a personal credit card for paying expenses on my rental property. Every year I go through my personal checking account and credit cards to be sure I don't miss a deduction.

I hate cash purchases as I don't keep track of them very well and sometimes forget to throw the receipt into a special "petty cash" box.

More ideas for reducing 2025 personal taxes

If your personal itemized deductions are close to the standard deduction, consider "bunching" your expenses every other year.

Pay your fourth quarter state income estimated tax payment in December instead of January every other year. Pay your January mortgage payment by December 31 every other year. Just be sure the bank reflects this extra payment in the annual mortgage interest paid form so that your deduction matches the information the bank sends the IRS.

Pay your property taxes early, if allowed. You must have been billed to pay early per IRS regulations. In California, annual tax bills are sent out every year with 2 payments allowed. The first payment is due in December and the second payment the following April. When I expect my income to be higher the next year, I defer the second payment.

Income tax brackets changed for 2025

The brackets are adjusted each year to account for inflation. Check online for the brackets - too much info for this article.

You may want to change deductions to qualify for a lower tax bracket this year.

Medical expenses - 2025

In 2025, the IRS allows all taxpayers to deduct their qualified unreimbursed medical care expenses that exceed 7.5% of their adjusted gross income. No change from 2024.

If you had significant medical expenses in 2025, look into whether you can pay your medical bills next year instead. By "bunching" your medical expenses into one year, you might be able to get over 2025's 7.5% threshold (assuming it does not change).

Amounts paid for fees to doctors, dentists, surgeons, chiropractors, psychiatrists, psychologists, and nontraditional medical practitioners are deductible. Google "what medical expenses are deductible in 2025" I was surprised as I did not know that some of my expenses are deductible, such as chiropractor.

For the self-employed, 100% of health insurance premiums are deductible to reduce AGI rather than as an itemized deduction.

Self-employed persons on Medicare can deduct the premiums they pay for Medicare Part B and Part D, plus the cost of supplemental Medicare (medigap) policies or the cost of a Medicare Advantage plan.

I have always had good health insurance. My medical expenses are always under the 7.5% requirement.

Always, always keep receipts for all deductions

If you are audited by the IRS, they expect to see receipts for all expenses. I did not do this in the past. In my 2017 IRS audit, I had to spend a lot of time getting receipts for 2015 and 2016, because the IRS goes back in time. Some banks, credit card companies and many vendors did not keep records older than 3 years.

Also, be sure to keep all bank statements. Many banks only maintain them "online" for 2 years. Printed copies are best. Typically banks will charge you to print your older statements.

Your credit card statements are not adequate. You need proof using receipts.

My article "An appraiser gets audited by the IRS. Don't make my mistakes! by Ann O'Rourke" is in the March 2025 issue of Appraisal Today. Worth reading so hopefully you don't make my mistakes!

Keep an accurate mileage log

Business mileage is targeted by the IRS. I was not able to obtain any statistics, but I am sure that many small businesses, including appraisal, do not have accurate business mileage records.

Like many appraisers, I used to drive a lot of miles and just used 90% of my mileage for business, without keeping an accurate mileage log. This was a big mistake.

In the December 2021 issue (reprinted in the March, 2025 issue), I wrote about my 2017 IRS audit. I failed the auto expense deduction as I did not keep a mileage log and significantly over estimated my business miles. That newsletter issue is available upon request.

For the audit, I made a mileage log using Google maps for all my appraisals for the audit. It was a big hassle. If you don't want to do this, do the best you can for mileage estimates. If necessary, you can estimate it by using your calendar for days of appraisals, medical appointments, and charitable activities for all mileage deductions.

You will need accurate beginning and ending odometer readings for the year. The best method is to use auto repair receipts where the odometer reading is listed. You can pro-rate the monthly mileage.

You can use a smartphone app to keep accurate mileage records. I have auto repairs and maintenance close to the end of the year or the beginning of the next year, depending on my income forecast for the following year.

Mileage deductions - medical and moving, charitable purposes

The 2025 IRS standard mileage deduction rates are 70 cents per mile for business use, 21 cents per mile for medical or moving purposes (for qualified military only), and 14 cents per mile for charitable service

Business mileage deduction increased for 2025

The IRS business mileage deduction for 2025 is 70 cents per mile. This rate, which is an increase from 67 cents in 2024.

Education expenses

In 2025, more CE was "in person" with deductions for travel expenses. Be sure to keep complete records, including receipts, especially if going to a conference or other CE where you are staying overnight.

Don't forget meals. If you don't keep good record of your meals you can use a standard deduction.

If you are driving, be sure to record it in your mileage log.

Who should do your taxes?

I strongly recommend using an enrolled agent or a CPA. Why? They are tax experts and, also very important, they can represent you if you have an IRS audit. They can calculate such items as Alternative Minimum Tax, depreciation, and advise you on deductions.

I always fill out a form provided by my enrolled agent. Don't show up with a box of receipts unless you want to pay a very big fee. If you don't use Quickbooks, make a commitment to do it ASAP. Don't wait until just before April 15 to start using the software.

I represented myself once at an IRS tax hearing about my husband's commercial fishing business in the 1970s. It did not go well. I had no experience or training in what to do at the hearing. I lost.

At my 2017 random audit (looked at everything, personal and business, visited my home office, etc.) I did not speak with the IRS agent. My enrolled agent handled everything. The expense was worth the peace of mind. We made a few Quickbook mistakes causing our reported gross income to be lower. He found our mistake and explained it to the auditor.

He also helped me keep my home office deduction, which included a site visit from the IRS auditor. There are very specific requirements for home offices. I have always had our primary office in an office building, plus a home office.

The audit cost me about $15,000: $10,000 for miscalculations on income and $5,000 to my enrolled agent. Since then I am meticulous about getting every receipt.

Keep business and personal expenses separate

I am always surprised when I get a check for a newsletter subscription from an appraiser that is written from a personal account, not a separate business account. Big Mistake.

Or, appraisers who don't have separate business and personal credit cards.

You should have separate business checking and credit cards. If you don't, do it now and try to get your 2025 personal vs. business expenses straightened out ASAP.

Most of us occasionally pay business expenses in cash or with personal credit cards or checks. Be sure to check your records or box of receipts. I try to do as few cash payments as possible as they are a hassle to prove.

The IRS scrutinizes personal expenses that may have been claimed as a business expense, such as the use of a business vehicle for personal use. Be diligent about keeping good records.

Use Quickbooks to keep track of your business income and expenses

I am always very surprised that some appraisers don't use Quickbooks. When I started my business in 1986, it was all manual. I hired my mother to do it.

Why Quickbooks? Relatively inexpensive, easy to use, and widely used. Most small business bookkeepers use it.

What if you have never used Quickbooks? Taxes are not due until April 15, 2025. Do it yourself or pay someone to set it up for you and enter all your income and expenses.

What have I been doing in 2025 to reduce my taxes?

I always make annual charitable contributions, about $2,500.

If I expected my 2026 taxable income to be higher than 2025, I would be not be taking some of my deductions this year. I would need them next rear.

If I thought it would be lower in 2026, I would not defer purchases into 2026.

I always do my maximum allowed contribution to my SEP-IRA.

I will get some needed repairs done on my rental property this year.

Where to get more information

Google "year-end tax tips self-employed". Most of the tips for appraisers are in this article. But, sometimes it is a good idea to read how someone else explains it.

There may be tips not covered in this article applicable to your personal tax situation.

Contact your tax advisor with any questions. As you can see, some of the calculations are complicated. I am not an attorney or accountant, and have never played either one on TV, Youtube, or in a movie ;>

UAD 3.6 Update: December 2025 - The Big Picture, First UAD 3.6 Appraisal Successfully Accepted for Loan Production

The Big Picture

"When One Bulb Fails… Why Everyone Must Be Ready for UAD 3.6" By Tony Pistilli in the November 21 issue of the weekly free Appraisal Today newsletter.

Excerpts:

Imagine standing before a beautifully decorated Christmas tree, ready to flip the switch. You plug in the lights and nothing happens. You check the plug, the length of the wire and each bulb, one at a time, until you find that one tiny bulb somewhere along the strand is broken or loose, and it's causing the entire string of lights from working.

Similarly, in complex systems, the weakest link often determines how well the system functions or whether the system functions at all. The upcoming mandate for the Uniform Appraisal Dataset 3.6 (UAD 3.6) and the redesigned Uniform Residential Appraisal Report (URAR) is such a system. If any single stakeholder in the mortgage/valuation chain fails to support the standard, the entire "string" of appraisal-to-loan delivery can go dark.

But the new standard will only succeed if every link in the chain - appraisers, appraisal software vendors, AMCs, lenders, and of course, Fannie Mae and Freddie Mac - are ready. If even just one segment lags behind, or isn't ready, the lights won't come on.

The valuation process works like a relay race. Orders pass from lender to AMC, from AMC to appraiser, and from appraiser through multiple layers of review before final delivery. If any handoff falters, the baton is dropped.

Everything should be ready for liftoff, except that perhaps a large share of independent appraisers have not yet adopted the new version of their software, or they haven't completed any continuing education to inform them of the new process/form. They are still producing appraisals in the old 2.6 format.

To read the full article, go to https://appraisalbuzz.com/when-one-bulb-fails

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Status of lenders

A small group of lenders began using UAD 3.6 on an invitation-only basis in September 2025 to prepare for the full rollout.

The primary adopters are lenders working with Fannie Mae and Freddie Mac, which have initiated the rollout for conventional loans. Government agencies like the FHA and VA are also expected to adopt the new standard on their own timelines.

Optional industry-wide use starts on January 26, 2026. USDA will eventually use UAD 3.6, the new appraisal data format, but has not yet announced its adoption timeline.

The First Interview With the First Appraiser to Do the First UAD 3.6 Report.

Bryan Reynolds interviews Adam Winstead. 11/24/25 (30 minutes)

For all the naysayers who insisted "There's no way this happens before the end of the year," um… yeah… you were wrong. Stay tuned for the full interview on The Appraisal Update Podcast in a couple of weeks. Until then, look upon Adam Winstead with respect and amazement. He DID it.

Adam comments

I left my Surface Pro tablet in the truck and I did my inspection with the clipboard and just kind of operated business as usual. Measured the house, took good notes, got my floor plan. The inspection went pretty well.

My strategy was to really just take as many photos as possible, more than usual, you know, three or four of each room, the flooring, the ceilings, just everything I could.

I have been interested in just getting photos and features of the home. In case fields populated when I went to write the report, I would have that data. I have the information there and I would feel comfortable.

Obviously I measured ceiling heights. I measured the front the front porch, the height. It's new requirements as a consequence of UAD 3.6. You got to measure ceiling height and the front door elevation.

Bryan question

How user friendly was it? Was it pretty easy filling this stuff out or was it really a challenge and foreign to you?

Adam

I don't want to say it was a challenge. It was just a little tedious. There was a learning curve for two reasons. It was brand new software for me. I use a different provider. I've been a Win Total (alamode) user for the 20 years my entire career.

I was approached to use SFREP's new software. The day before the inspection I downloaded that software to familiarize myself with that program. The user interface looks familiar. It's very much based like an Excel and Microsoft Word interface. So there's a lot of familiarity there.

There was learning curve. I did have to call tech support and get some guidance while doing the data entry and just try to figure out how to navigate through the form.

When you populate one checkbox, something else populates. If you do the wrong thing, you may have to backtrack. Then, if you don't do the right thing, you get a warning and then you have to go back and fix it.

So there's some learning required. I think that's with all software and all appraisal software programs. I tried to get through it as best I could. I did lean on tech support.

To watch the 30 minute interview with Adam Winstead by Bryan Reynolds on 11/24/25, "Breaking News: The First Interview With the First Appraiser to Do the First UAD 3.6 Report at T https://www.youtube.com/watch?v=_JAHiT3WqQw

My comments: Finally, an appraiser tells us what it was like doing his first UAD 3.6 appraisal! Adam is very candid and discusses his personal experience. The video is definitely worth watching.

SFREP Press Release, November 20, 2025: Software for Real Estate Professionals (SFREP), AIMSdashboard, North State Bank, and NC Appraiser Adam Winstead Successfully Complete Industry Milestone

A major milestone was achieved on Friday, November 14th as North Carolina residential appraiser Adam Winstead, using software from Software for Real Estate Professionals (SFREP - www.sfrep.com, along with appraisal submission partner AIMSdashboard- www.aimsdashboard.com , and lender North State Bank www.northstate-bank.com, successfully submitted the first-ever appraisal report in the new Uniform Appraisal Dataset (UAD) 3.6 format.

The pioneering report was prepared by appraiser Adam Winstead using SFREP's flagship, Appraise-It Pro, for North State Bank, a community bank based in Raleigh, NC.

Upon completion, the report was securely transmitted to the lender through the AIMSdashboard platform. Adam Winstead, the appraiser who completed the report, commented, "The process turned out to be much easier than I anticipated, and I'm excited to have taken an early step into the future of the appraisal industry."

"Gaining this experience has strengthened my confidence and removed any fear of falling behind."

Editor's comment: SFREP software was approved by GSEs. When I did my initial reviews of the vendors software, SFREP was the only one who had a working version of their software.

Per SFREP "We don't have the inspection app done yet though one of the two we will offer, InstaPlan, will launch next month for UAD 2.6 and in January for UAD 3.6"

"To ensure compliance with UAD 3.6 requirements, North State Bank leveraged AIMSdashboard's workflow platform to select appraisers who attested to being "ready, willing, and able". Chris Williams, President and CTO of AIMSdashboard, explained, "Maintaining strong business controls during the transition to modernized appraisals is essential to ensure competency, training, interest, and technical capability. "

"The AIMSdashboard platform incorporates appraiser attestations for all three criteria and requires identification of the enabling software-Appraise-It Pro-to validate those claims."

"Given the initial scarcity of appraisers meeting these standards, operational controls are critical for effective appraisal management."

The three organizations involved, SFREP, AIMSdashboard, and North State Bank, are committed to supporting the appraisal and lending communities through the mandated adoption of the new data standards.

Link to full press release: https://blog.sfrep.com/2025/11/20/the-first-uad-3-6-appraisal-report-has-been-submitted

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Other UAD 3.6 APPRAISAL SOFTWARE STATUS AS OF NOVEMBER 22, 2025

Only two vendors have GSE authorization for their report software (per Fannie web site): SFREP and Aivre.

Per Fannie: "Two new appraisal software providers are ready to support the creation of appraisal reports compliant with the Uniform Appraisal Dataset (UAD) 3.6 - bringing enhanced efficiency, accuracy, and innovation to the appraisal process. "

"Using the Integrated Vendor List, identify approved providers by locating UAD 3.6 Appraisal Software Provider in the Fannie Mae Product Interface drop-down menu."

To see the vendor list go to singlefamily.fanniemae.com/integrated-vendor-list

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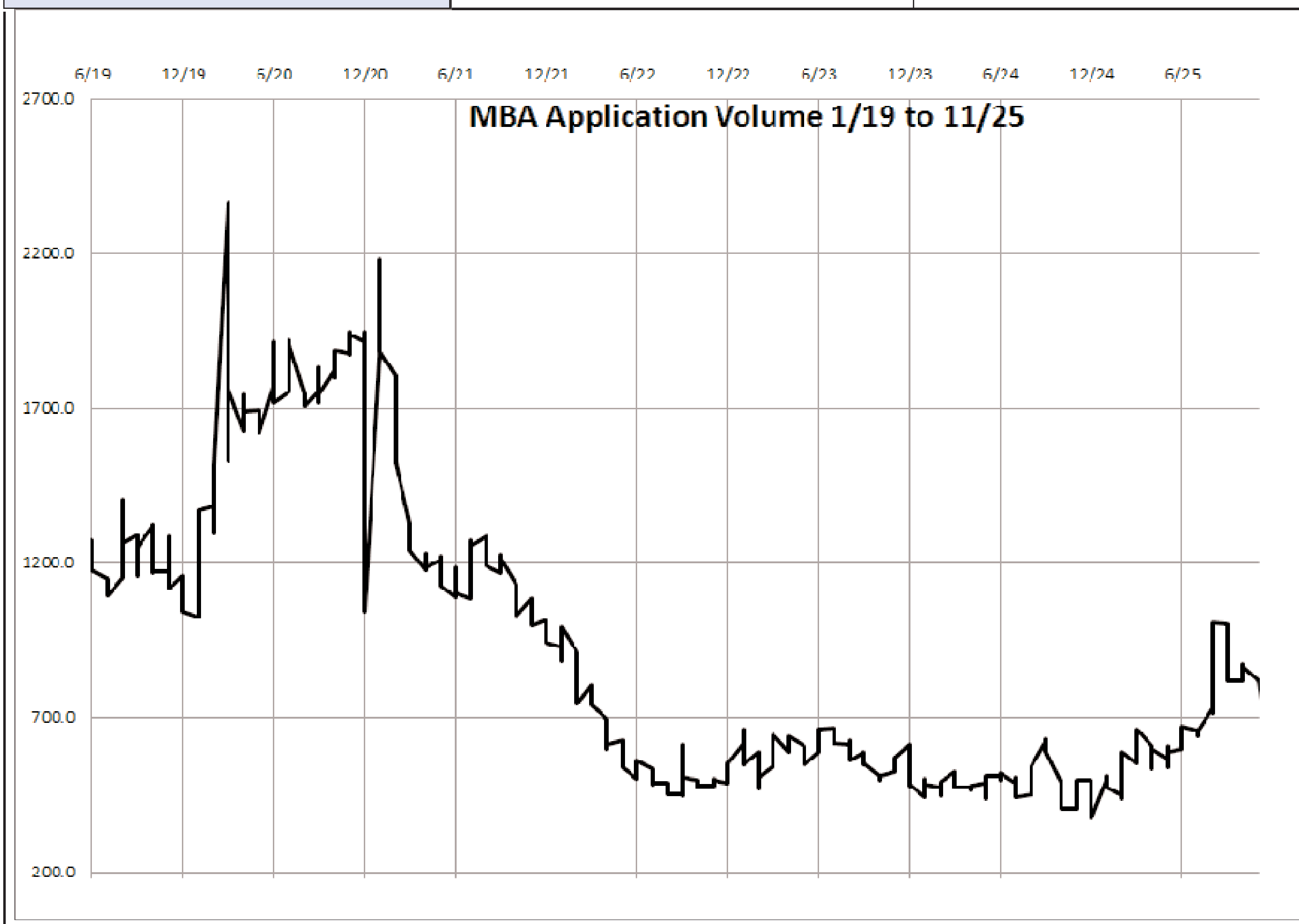

Two Major Factors to be completed before the software can be used by appraisers

1. UAD 3.6 software - "PDF Report" (Note: GSEs tell the vendor how this is setup. Each vendor's software must be validated by the GSEs before it can be used.
2. New mobile app. In my opinion, this is mandatory for any appraiser wanting to do UAD 3.6 reports.

Additional factors to be completed by software vendors

None of the software vendors have done all that is needed in addition to the report software: good mobile app, all add-ons integrated (their own and other software such as Spark) and AI features planned.

Integration of UAD 2.6 (forms). Both UAD 2.6 and 3.6 will be needed until November 3, 2026 when UAD 3.6 is mandated.

Pricing data is uncertain.

How to watch demos of 7 UAD 3.6 software providers.

I recently watched videos of 7 of the software providers in a recorded "Open Mic with appraisal software providers" by Walitt Solutions. It was excellent!

To purchase the recording go to www.walitt.com and click on the button at the top of the page that says "Jump to Appraisal Software Demos".

Then click on access series and register to pay $49.00. Once that is set up, go to the videos for the UAD 3.6 software vendors you want to watch.

None of the vendors are "ready to go" now, but you can get an idea of what their software looks like. Included are these 6 vendors:

" Matt Johnson Takes the Open Mic to Share the New *Appraise-It Pro*
" Humza Ahmed Takes the Open Mic to Dive Into "Automax AI"
" Andy Arledge Takes the Open Mic and Explores *Freedom Appraise*
" Jake Lew Takes the Open Mic for to Showcase "Aivre Analytics"
" Jeff Bradford Grabs the Open Mic to Discuss *NightHawk*
" Back for More: Aivre's Dynamic Duo Lights Up Tech Talk Take 2
" Sam Nash of EZTypes Takes the Open Mic to Explore "EZ"

REVIEW OF Aivre software - COMING IN APPRAISAL TODAY January 2026 issue

I watched 3 demos for Aivre recently. (Artificial Intelligence Valuation Real Estate). I did not have time to get a demo where I asked questions and other interview questions, before my December deadline to include the article in this newsletter issue.

The CEO Jake Lew is a certified residential appraiser. The CTO is Jordan Lesson who has a group of software developers working on their software.

Their report software was the first to be "validated" by the GSEs in October 2025. They have a chatbot for getting information from F-1 for what the GSEs want in a field. They are working on a mobile app, voice to text, some of their own apps, etc. Hopefully launching in December 2025 or January 2026.

To watch a good demo video, "Transforming Appraisals with Aivre - The First GSE-Verified Software for UAD 3.6" go to www.bigmarker.com/communities/Storyboard-EMP/conferences (This video is at the top of the page)

For a more informal Aivre video from Bryan Reynolds:
The Appraisal Update Podcast 11.18.25 - Jake Lew, Aivre, and Getting Ready for UAD 3.6
www.youtube.com/watch?v=SZs1ao9E0Dg&t=596s

Previous Appraisal Today articles on UAD 3.6

Available to all paid subscribers. Go the current paid subscriber page with 3 years of articles.

April 2025 - first article
New URAR What It Means for Appraisers
Fannie Q and A's and other information available.

May 2025
Review of Appraiser's Guide to the New URAR Class
How to use Document F-1 to find what GSEs want in the PDF Report plus other introductory information and a review of the class.

June 2025: What is new in the New URAR

Introduction to UAD 3.6 and more info on topics in May 2025 and Scenario SR 1 - Single Family, used in many demos and discussions. I go through every page of the 20 page document and include what is new with references document F-1

Additional PDFs (on Paid subscriber web page):

Sample Scenario SF1 (Single Family) PDF Report - discussed in this article

Appendix F-1 URAR Reference Guide v1.2 14 MB

Fannie Sample Scenario PDFs Combined 15MB All scenarios

July 2025: From UAD 2.6 to UAD 3.6.
What appraisal software vendors are doing.

First article on this topic. I had live demos on Bradford, alamode, and SFREP. I asked them specific questions about fields. None of the vendors were "ready to go" on their software. 5 screen shots are included at the end of the article.

November, 2025: UAD 3.6 Update - Software Vendors, Both Old and New and More Info

In October, none of the software vendors were ready to use software for completing appraisals. All are focusing on the Broad Production start date of January 26, 2026, but I don't know who will complete the software by that date.

Recently appraiser Andy Arledge developed UAD 3.6 software. He previously developed Appraiser Genie Software (Genie Cloud does adjustment support, Cost Approach and more) He now has Freedom Appraise software for UAD 3.6, similar to the other companies above.

There are at least 3 new software companies with Venture Capital funding. They appear to use more AI. I will be getting live demos on these software companies. They are: Automax AI at www.automax.ai , Aivre at ww.aivre.com and EZTypes www.eztypes.com

My final comments

Why are current software vendors developing UAD 3.6 software? They want to remain in business.

Why will appraisers be using UAD 3.6?

They want to remain in business.

The reason why the GSEs want significantly more information in UAD 3.6 vs. UAD 2.6 is to get better data for their software analytics.

Everyone who sees appraisal reports definitely prefer UAD 3.6 over the old form reports (UAD 2.6). This includes real estate appraisers and anyone who gets a mortgage loan. Also, no more 20-30 addendums.