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Date

Borrower Name

Borrower Address

Borrower Contact Information

Appraiser Name

Appraiser Address

Appraiser Contact Information

Subject: Name of property to be appraised

Dear Appraiser,

Please consider this engagement letter as our request for your appraisal services. As we have discussed the subject of this appraisal is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_­­­­­ property in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ County, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Please review this document and ensure that it describes the Scope of Work we discussed previously and that you agree to the terms outlined here. Upon your acceptance of these terms, please sign this letter and return a copy to me within three (3) business days. Upon my receipt, I will consider you engaged to perform this work and look forward to reading the finished product.

### Introduction

The ultimate goal of the appraisal report is to facilitate our understanding of all aspects of the subject property that affect its value and income stream. To that end it is necessary that the report explain in detail characteristics of the subject property, of the subject’s real estate market and a thorough analysis of the local and regional forces that affect value.

The subject is to be analyzed in the “As Is” condition of the Fee Simple estate of the subject and all conclusions relating to Highest and Best Use and to value should reflect this condition unless otherwise agreed upon by the Borrower.

The appraisal is to include analysis of the value of the subject property using all three standard approaches to value (Cost, Sales Comparison and Income) where applicable. Any omission of one or more of these approaches is to be explained in the body of the report.

### Scope of Work

To clarify the goals of the assignment the following items must be considered in the appraisal as part of the Scope of Work decision discussed between us the Borrower and you as the appraiser.

1. USPAP Compliance: The appraisal report submitted to our office must be compliant with the most current version of USPAP including standards for development, reporting, competency and ethics.
2. Extraordinary Assumptions/Hypothetical Conditions: Any extraordinary assumptions or hypothetical conditions included in the analysis of the subject or comparable sales must be approved by our office prior to use in the report. The Borrower will only accept those assumptions or conditions that have been discussed prior to delivery of the report.
3. Intended Users: The Intended Users of the appraisal report are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Zions Agricultural Finance and Agri-Access.
4. Intended Use: The Intended Use of the appraisal report is to “aid in credit decisions and/or portfolio management decisions regarding the subject property.”
5. Purpose of Appraisal: The purpose of the appraisal is to “Develop an ‘As Is’ opinion of Market Value of the subject property that is to be used as an aid in credit decisions and/or portfolio management decisions regarding the subject property.”
6. Effective Date: The Effective Date of the appraisal should be the last day of the appraiser’s physical inspection of the subject property.
7. Report Date: The Report Date should not be more than sixty (60) days after the Effective Date.
8. Format: The prepared report should be written in either a narrative format or a format consistent with the Uniform Agricultural Appraisal Report (UAAR).
9. Subject and Comparable Data Descriptions: The report should describe the subject and comparable sales/leases in detail. At a minimum these descriptions must include:
   1. Ownership and vesting information
   2. Addresses of owner(s)
   3. County in which the subject is located
   4. State in which the subject is located
   5. Last deed to transfer ownership of the subject property
   6. Full legal description
   7. Plat maps
   8. County parcel/ID numbers
   9. Total acreage and acreage by land use
   10. Address (if no physical address exists then note nearest roads and towns)
   11. Current zoning
   12. Aerial photo of subject indicating property boundaries
   13. Soils map of the subject indicating property boundaries and soils descriptions
   14. Topographic map of the subject property indicating property boundaries
   15. Improvements (note age, size, location, quality, use and construction)
   16. Photographs showing all improvements (including irrigation equipment) and land forms with captions noting the locating of the photographer relative to property boundaries and the direction of view
   17. Flood maps if the subject is improved
   18. Environmental survey
   19. Irrigation and drainage supplement if the subject is irrigated
   20. Marketing period
   21. Market conditions and trends
   22. Purchase and sale agreement (if applicable)
10. Analysis of Value: The appraisal report must contain an analysis of the subject using the three standard approaches to value (Cost, Sales Comparison and Income). In some instances, it will be impossible to develop one or more of these approaches and in these instances the appraiser is to discuss the limitations of the approach and the reason for its omission.
11. Irrigation Analysis: For subjects that rely on irrigation the appraisal must include an analysis of the legality and sufficiency of water rights associated with the subject property. Factors such as water quality, reliability, quantity, ownership and delivery methods are to be included. The appraiser must also include data demonstrating ownership of irrigation water rights in the report.
12. Irrigation and Drainage Supplement: The appraiser must ensure that an Irrigation and Drainage Supplement is completed and included in the report.
13. Environmental Survey: The appraiser must ensure that a signed Environmental Survey is included in the report.
14. Non-Realty Rights: An analysis of the impact on the use and marketability of the subject property of permits, agreements, leases, etc. that may affect the overall value and/or marketability of the subject. The appraiser should report such agreements as well as note the ultimate owners of the rights conveyed through any permits, agreements, leases, etc.
15. Letter of Engagement: The appraisal report must include a signed copy of the engagement letter in the report.
16. Appraiser Licenses: The appraisal report must include copies of the current appraisal license held by the appraiser for the state in which the subject is located.

The following forms are enclosed and are required to be completed in this appraisal assignment:

**Required Supplemental Forms**

Environmental Disclosure

1027 Summary of Appraisal Assignment Requirements

Copy of this Engagement Letter

Irrigation and Drainage Supplement

(applicant completed, appraiser reviewed)

### Appraisal Review Process

To ensure that the appraisal product we receive meets our Appraisal Requirements, and those set forth by USPAP, the appraisal that your office generates will be reviewed by our staff. The review process will include an examination of the appraisal to ensure compliance with our Appraisal Requirements as well as compliance with USPAP. The review will conform to Standard 3 of USPAP. The reviewer will also read the report for consistent logic and treatment of sales and subject as well as review any mathematical calculations for accuracy and will also ensure that a credible assignment result has been achieved. The review may be either an administrative or technical review.

### Fee and Date of Completion

The fee for your appraisal services is agreed upon at $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Please include two copies of the invoice for this work with the two hard copies of the report that are to be delivered to our office. After successful review of the appraisal, payment will be issued.

It is agreed upon that the completed appraisal report will be delivered to us no later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_. The report shall be delivered in .pdf format via email on or before the delivery date followed by two signed and bound hard copies of the report delivered to:

Recipient Name

Recipient Address

The reports should be bound in a manner that will allow for inclusion of additional information or revised pages, should they be necessary after our final review.

### Signatures

By signing this Letter of Engagement, I agree to the terms and conditions set forth and will provide an appraisal report that address the purpose of the appraisal in a manner consistent with your appraisal standards and those set forth in USPAP.

Date: .