**Add your own Letterhead to the top of this form**

July 22, 2014

Dear \_\_\_\_\_\_\_\_\_\_\_\_:

This confirms our request and, with your acceptance, is the contract for your professional appraisal services in a **Appraisal** assignment. Upon your acceptance of this assignment we expect you to provide us with a **Appraisal Report**.

 Your Appraisal and Report should include the following approaches to value:

 **Sales Comparison Approach**

 **Cost Approach**

 **Income Approach** (We recommend that the Income Approach to Value be completed on an owner/operator basis. If completed on a rental basis we may require additional documentation.

After due consideration, please confirm your acceptance of this assignment by signing this letter and returning a copy to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_within seven (7) days of receipt.

**I. OBJECTIVE and BUSINESS RELATIONSHIP**

Our objective is to obtain candid, impartial, and reliable information about the property to be appraised (subject property) for use in a Farmer Mac loan or servicing action.

Upon your acceptance of this assignment, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is your Client. Your work in this assignment is as an independent contractor and not as an employee, partner, principal, or agent of the client.

**II. AUTHORIZATION, SUBJECT PROPERTY IDENTIFICATION and INFORMATION**

With your acceptance of this assignment, we authorize you to appraise a fee ownership interest in the property identified as: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

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

**Required Supplemental Forms**

[ ] [x]  FTF Environmental Disclosure 1010A

[ ] [x]  1027 Summary of Appraisal Assignment Requirements

[ ] [x]  1037 Assumptions and Limiting Conditions

[x]  Copy of this Engagement Letter

**Additional Forms Required if Applicable or Checked**

[ ] [ ]  1035 Income Approach (Example\*)

[ ] [ ]  1034 Permanent Plantings (Example\*)

[ ] [ ]  1036 Sale Data Summary (Example\*)

[ ] [ ]  FTF Irrigation and Drainage Supp. 1013A

 (applicant completed, appraiser reviewed)

[ ] [ ]  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\*Farmer Mac provides Example forms for use by appraisers, as applicable. The use of these forms is at the appraiser’s option, but an alternative form or table must provide an equivalent level of data and analysis detail. An appraiser is expected to supplement the data in an example form with narrative or with supporting exhibits (tables, spreadsheets, etc.) as the situation requires.

**III. GENERAL ASSIGNMENT CONDITIONS**

**Confidentiality --** The results of your assignment are to be communicated only in writing and only to us. All documents and information furnished to you by this company in connection with this assignment are confidential information.

**Addition information on assignment and appraisal delivery --** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Access and Communications --** Access to the property and additional information regarding its use, productivity, and history is available from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, who can be contacted at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Please advise us of the date and time when you have made contact with that party and when you have scheduled the property inspection. Also, please contact us immediately if you encounter unforeseen problems, such as difficulty in making access arrangements or obtaining necessary property information.

**Delivery Date --** Your appraisal report shall be delivered to us on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*.*

**Original and Copies --** Two original paper copies, and one PDF electronic copy of your appraisal report are required.

**Fee --** The fee for appraisal services rendered, payable upon our acceptance of your report, shall be $\_\_\_\_\_\_\_\_\_\_\_. Please include your tax identification number on your invoice.

**IV. GENERAL APPRAISAL ASSIGNMENT REQUIREMENTS**

All appraisals must comply with the following minimum requirements.

**1. Standards and Contract Requirements --** All appraisals must conform to the requirements stated or referenced in this engagement letter, including the applicable requirements in the current edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP).

**2. Privacy Requirements** – The client believes that the privacy and security of our customer's personal information is of the utmost importance. It is also the law. As an unaffiliated third party, we rely on you to help us protect our customer's financial privacy.

Under current federal law (Gramm-Leach-Bliley Act of 1999) and other laws, information that we provide to you relating to a borrower's financial condition and any other "non-public personal information" shall be handled in a confidential manner. You agree to keep all such information confidential and take reasonable steps to safeguard such information. The information the client furnishes to you can only be used to provide the specific services you are hired to perform.

You agree to notify the client immediately if any confidential information is improperly disclosed by you or those working for you, and to cooperate with the client in investigating such disclosure. Unless otherwise instructed, only the undersigned is entitled to receive the appraisal report or applicable information deemed to be non-public and personal.

**3.** **Engagement, Compensation, and Personal Interest --** An appraisal completed by an appraiser who has a direct or indirect interest, financial or otherwise (except for payment of the appraisal service fee), in the property appraised or with regard to the parties involved in the assignment (Client, Client’s Customer, Property Owner(s), Property Broker(s), etc.) is not acceptable to Farmer Mac. If you are unable to make your report certification with regard to compensation or personal interest consistent with text in the Farmer Mac Seller/Servicer Guide at Chapter CV101, please return this package to us and do not proceed with this assignment.

**4. Competency --** Your engagement in this assignment is predicated on your being able to personally complete it in compliance with the assignment requirements. If at any time in the course of this assignment you find that you will not be able to comply with the Competency Rule in USPAP, please contact us immediately and do not proceed with any further effort in this assignment until we have discussed the matter.

**5. Assumptions, Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions --** Except by our prior agreement, the only Assumptions, Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions Farmer Mac will accept are those shown in Farmer Mac Form 1037 and described in the Farmer Mac Servicer Guide Chapter CV101. If you believe there is a need to apply others, please contact the client to discuss obtaining our prior agreement*.*

**6. Intended Users --** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Zions Agricultural Finance and Farmer Mac are intended users of your assignment results. We may, without your prior authorization or a notice to you, provide your report or elements of it to other parties for their use in lending-related activities.

**7.** **Intended Use --** It is our intention to use your assignment results in a Farmer Mac-related loan transaction or servicing action, or in similar lending-related transactions.

8. **Report Note:** If an Income Approach is not completed in the appraisal, the Highest and Best Use section of the report must contain a summary of the appraiser’s estimates of Gross and Net Property Income, and indicate the basis for the income estimates (i.e., Cash or Share Rental, or Owner/Operator, or a combination of these). If the income estimates are on a rental basis, the appraiser must also state the relationship, as a ratio, of rental to owner/operator net income (e.g., If Rental Income = $100/Acre vs. Owner/Operator Net Income = $150/Acre, the ratio stated would be 150%).

9. The attached *Summary of Appraisal Assignment Requirements* (Farmer Mac Form 1027) has entry areas to indicate where in your report the required information is located. Please use the form as a checklist and complete the entries with page numbers or section references.

**10. Certification --** Your appraisal report must include your personal certification, with content as described in Farmer Mac Seller/Servicer Guide Chapter CV101. Your signature must be in a personal capacity as well as in any business capacity and include your state licensing and certification information as well as any professional accreditation.

This assignment is placed with you on the express condition that your certification constitutes your representation that the assignment was accepted and performed by you with knowledge of and in compliance with Farmer Mac’s scope of work, report content, and disclosure requirements applicable in the assignment.

**V. APPRAISAL ACCEPTANCE, APPRAISAL REVIEW, SUBSEQUENT REQUESTS, and SUPPLEMENTAL ASSSIGNMENTS**

**Acceptance Audit --** Your appraisal report will be read and the result compared to your responses to the requirements stated in this engagement letter and Farmer Mac Seller/Servicer Guide Chapter CV101.

**Appraisal Review --** As part of our collateral valuation quality assurance effort, some appraisal reports are subject to an appraisal review completed in accordance with Standard 3 in USPAP.

**Subsequent Requests --** You may be contacted to provide responses to questions resulting from our reading or review of your report. By accepting this assignment, you agree to respond promptly to our subsequent requests. When the cause of our subsequent request is a deficiency in your appraisal or report that was under your control, you agree to cure that deficiency promptly without cost to us.

**Supplemental Assignments --** If, during or following completion of your work, we determine a need for additional research, analysis, or supplemental appraisal information, that need may be addressed as a supplemental assignment.

## VI. ENGAGEMENT and ASSIGNMENT CONTRACT ACCEPTANCE SIGNATURES

I / We agree to the terms of the assignment stated in this engagement letter:

By: By: Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 *Client Signature Signature of Appraiser*