

**SUMMARY OF FARM SERVICE AGENCY APPRAISAL ASSIGNMENT REQUIREMENTS
USPAP Effective 1 January 2012; Revised January 17, 2012**

Farm, Specialized Agricultural Facility, Small Improved Acreage Property, Land

[Appraiser is to enter page references or "N/A" in the left column and other data, as applicable, under Information Description]

Report ID. _____

Page #	Information Requirement	Information Description
	1. Client	_____, _____, or FSA. Use the labels of "Client" for clarity.
	2. Intended User(s)	_____, _____, and / or FSA. Use the labels of "Intended User" for clarity.
	3. Intended Use	Farm Service Agency Loan Origination / Servicing Action / Etc.
	4. Report Label	<input type="checkbox"/> Summary. <u>Prominently</u> display the Report Label. Ensure report meets the requirements of a "Summary" report. Use guidance for report content from USPAP Std 2, Advisory Opinion 11, and these Agency Requirements.
	5. Purpose of Appraisal, Condition, & Effective Date(s) of Value:	To provide an opinion of <input type="checkbox"/> Market Value, <input type="checkbox"/> Other. _____ Condition <input type="checkbox"/> As Is, <input type="checkbox"/> As Improved, <input type="checkbox"/> Subject To (Effective Date) _____
	6. Market Value Definition	Definition and source of Market Value shall be stated in the report.
	7. Hypothetical Condition / Extraordinary Assumptions	Hypothetical Conditions and / or Extraordinary Assumptions shall be labeled as such and clearly defined and addressed <u>prominently</u> within the report. For proposed new construction a "hypothetical condition" would apply.
	8. Interest Appraised	<input type="checkbox"/> Fee simple estate, <input type="checkbox"/> Leased fee estate, <input type="checkbox"/> Leasehold estate, <input type="checkbox"/> (Other interests) _____

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	9. Scope of Work	Provide a narrative description of actions taken for Scope of Work consistent with fulfilling USPAP Scope of Work Rule and Client Letter of Engagement. Clearly identify the appraisal problem and disclose research conducted to solve it. See suggested FSA Scope / Statement of work. Fulfilling these Appraisal Requirements will substantially fulfill the USPAP Scope of Work Rule.
	10. Subject Property	Adequately identify the subject property. Provide a legal description, 911 Street Address if improved, and / or tax PID / PIN #. Provide aerial, soil and other applicable maps. Appraiser should review listing sheets and seller disclosures when applicable. Subject pending sale can't be used as a comp per 1FLP-Amend. 48.
		Legal Characteristics. Any impacts of legal characteristics (zoning, easements, contracts, entitlements, encumbrances, water rights, partial interests, etc.) shall be discussed and should be supported from the market if value adjustments are required. Adequately "describe" (not state) zoning to include building eligibility, minimum lot size, feedlot registration / permits and other pertinent factors that are applicable for the market area.
		Physical Characteristics. Any impacts of physical characteristics (access, soil characteristics, water features, view, topography, drainage, climate, configuration, site and structure improvements, and permanent plantings, etc.) shall be discussed and should be supported from the market if value adjustments are required. Land classification should be based on the market of the subject and sales. Address fixtures and personal property (ensure you have adequate justification for classification and valuation of personal property and fixtures).
		Economic Characteristics. Any impacts of economic characteristics productivity, production and ownership costs, Gross and Net Income, etc. shall be discussed and should be supported from the market if value adjustments are required. Review production contract(s) for specialized agricultural facilities,

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		Location: Describe the demographics, community services and market influences of the area. Discuss economic and market trends. Identify the similar market area (neighborhood) or applicable facility market types.
	11. Sales History	Analyze current sale agreements, options, or listings of the subject. Research, analyze and report any prior sales of the subject or comparable sales within three years for all property types.
	12. Highest and Best Use	Consider each; legally permissible, physically possible, financially feasible and maximally productive (highest value) factors. Describe (not state) reasoning for H&BU based on subject characteristics and market influences. If URAR is used for improved small acreage properties attach addendum with supporting land sales. Are land and improvements valued with “consistent use”.
		Comparable Sales Data Card and Analysis. Adequately describe and analyze the sale so the reader has a clear understanding of how it supports the “opinion of value”. Appraiser shall disclose how the sale was verified and marketed with a party to the transaction. The reader must be able to easily and independently verify units of comparison in sale analysis. Major attributes of the sale (date of sale, price, terms, legal description, street address, tax PID #, land classes, improvement description, pictures, soil maps, aerial photos, etc.) should be provided. H&BU of comparable sales should be consistent with H&BU of subject. You may summarize or include legible copies of the CRV, MLS sheet, and contracts or carry back mortgages, or other similar supporting documentation as applicable. Retain applicable documents in your work file.

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	13. Analysis Methods	<p>Sales Comparison Approach. Units of comparison should be derived from the market. Sales must be analyzed within the report so the reader can understand how the Appraiser has applied those units to the Subject. Provide a sales base within the report to adequately support the analysis. <u>Income based units of comparison do not qualify for this approach.</u> Explain reasoning for adjustments in the Sales Comparison Approach and reconcile strengths and weaknesses of the Sales Comparison Approach for solving this appraisal problem. Provide solid justification for exclusion of this approach if it is not applicable and necessary to solve the appraisal problem.</p>
		<p>Cost Approach. Provide support for land value and RCN within the appraisal report. Extract depreciation from the sales analysis within the report so the reader can understand the reasoning for applying depreciation rates to the subject. Explain reasoning for depreciation selection and reconcile strengths and weaknesses of the Cost Approach. Provide solid justification for exclusion of this approach if it is not applicable and necessary to solve the appraisal problem.</p>
		<p>Income Approach. Provide support for rents, expenses, and capitalization rates within the appraisal report. Analyze sales within the Appraisal report. Explain reasoning for rent, expense and capitalization rate selection. Reconcile strengths and weaknesses of the Income Approach. Provide solid justification for exclusion of this approach if it is not applicable and necessary to solve the appraisal problem.</p>
	14. Reconciliation	<p>Reconciliation, descriptive analysis to support “opinion of value” reviewing strengths and weaknesses of each approach to value. Is value based on a <input type="checkbox"/> cash only, <input type="checkbox"/> (Other) _____ sale with _____ (exposure time) (required) and _____ (marketing time) (optional). “Consider value of whole versus sum of the parts”.</p>
	15. Dates	<p>_____ (Report prepared) _____ (Property inspection)</p>
	16. Signature, License	Signature(s), Include license class(es) and license number(s).

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	17. Property Inspection	All structural improvements on the subject shall be inspected. Interiors of major buildings shall be inspected. Scope of work will detail extent of inspection for both subject and sales.
	18. Certification	Signed Certification compliant with current USPAP. Clearly disclose who inspected property and who was responsible for what elements of the report if more than one Appraiser signs the report. Disclose professional services provided concerning the property.
	19. No. of Originals/Copies:	_____ Original _____ Copies (8 ½ by 11 size only)

REPORT EXHIBITS, CONTENT, ADDENDA CHECKLIST

[Appraiser is to enter page references or “N/A” in the left column, and sign in Appraiser Confirmation Section]

Report ID. _____

Page #	Information Requirement / Description
	Exhibits / Addenda / Information Elements: Data, analysis, and information in support of No. 1 - 18 above, consistent with the USPAP and the Farm Service Agency’s requirements for a “Summary” Appraisal report.
	21. Shall have a Table of Contents page. All pages shall be sequentially numbered.
	22. Shall have subject and sales color Aerial photo(s). Shall have subject and sales soil maps when applicable. Subject and sales should have Plat, Parcel, Permanent Planting maps, and / or other applicable maps as necessary to adequately describe the subject property and sales.
	23. Flood Zone Map (if applicable) with determination report (FEMA 81-93) if within a flood plain, and if improved with structures.
	24. Shall include a legible sketch of subject dwelling with room layout. Sketch should provide basis for determining structure size. May be hand drawn. Include a site sketch for numerous buildings (dairy, swine, etc.)
	25. New Construction documentation in the appraisal report shall include a copy of a blueprint, draft, and / or sketch, provided to the Appraiser along with a summary of cost estimates for the project. Blueprints, development plans, layouts, bids, plans, etc. should be part of the work file or may be included in the appraisal. Scope of work and appraisal report should clearly explain extent of the data and its adequacy. Client shall provide adequate documentation for the Appraiser to develop a credible appraisal that is not misleading.

Page # Information Requirement / Description

	26. One Subject and Comparable Sales Location Map shall easily locate Subject and Comparable Sales.
	27. Subject photos shall show dwelling and significant improvements that contribute to value. Provide bare land photos for significant topographical features and permanent plantings.
	28. Comparable sale photos shall show dwelling and significant improvements that contribute to value. Provide bare land photos for significant topographical features and permanent plantings.
	29. Summarize Purchase Agreements, Options, Marketing plans, or other similar documents.
	30. Environmental Inspection Report (addendum to FSA 1922-1 or equivalent) form is required to address issues that may have an effect on value. Note that this does meet due diligence requirements of the FSA. The Environmental Inspection Report is required for improvements and is optional for bare land only appraisals that do not have any obvious environmental issues. Briefly summarize any environmental concerns in the Appraisal report for bare land only.
	31. Discuss irrigation, drainage and related permit issues when applicable within the appraisal report.
	32. When Minerals ARE present that have market value, mineral rights and their value shall be addressed within the appraisal report. The Appraisal for Mineral Rights (FSA 1922-11) form may be used or other applicable method or technique that meets USPAP requirements.
	33. IF the report will become a “shared” appraisal with FSA relying on it directly for a subordination, partial release, participatory lending, etc., the following would apply. When Minerals are NOT present, mineral rights and their value shall be addressed within the appraisal report. The following Paragraph MUST be used to address mineral rights. Consider the paragraph below as a “Jurisdictional Exception”. "The precise value of mineral interests in existence as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals that the appraiser is aware of is unknown. This appraisal is not an exhaustive study of the actual or potential mineral production, and is based on the best information available as of the effective date of the appraisal. The final opinion of value in the appraisal report includes mineral rights of the subject property." When Minerals ARE present that have market value, mineral rights and their value shall be addressed within the appraisal report.

Appraiser Confirmation Section:

The foregoing represents my confirmation that the information required has been provided within the report, as indicated.

Appraisers Name	License Class	License Number
Signature		Date

Certification Section: If Lender engaged the appraiser, only the Lender signs below. If Originator engaged the appraiser, both Originator and Lender sign.

The undersigned certifies:

- 1. I am aware of the requirements stated in Farm Service Agency handbooks, as they applied to the appraisal assignment and report.
- 2. The appraisal report was read, with its content compared to those requirements and the appraiser's entries on this form, and
- 3. I have concluded and represent that the appraisal and the appraisal report are acceptable for use in a Farm Service Agency loan or servicing action.

Originator Representative's Name	Title
Signature	Date

Lender Representative's Name	Title
Signature	Date