

FORM 1027A: APPRAISAL REPORT CONTENT REQUIREMENTS

Level of Information Detail

The information in the report must be specific to agricultural or rural setting property and mortgage financing. The report must be descriptive where necessary to ensure the user/reader of the Appraisal Report understands the subject's legal, physical, and economic characteristics, its market, and the appraiser's reasoning, logic, and analyses in support of the value opinion and other assignment results.

The report must include statements or summaries to identify:

- 1. Client:** The client's identity must be stated. It cannot be anonymous and cannot be the borrower, property owner, or their agent. Do not show Farmer Mac as the client unless the appraiser is directly engaged by Farmer Mac.
- 2. Intended Users:** Must include "Farmer Mac and its agents or assigns".
- 3. Intended Use:** Must include "agricultural property secured lending".
- 4. Scope of Work:** Must include a summary of the extent of research, verification, and analyses completed by the appraiser.
- 5. Purpose of the Appraisal:** Must state "Market Value".
- 6. Date of Value:** Must be a current date. See CV 101.4 if a Permanent Planting Development Project is involved.
- 7. Defined Value:** Must state "Market Value" as defined in Chapter CV101.1.
- 8. Report Type:** Appraisal Report
- 9. Ownership Interest:** Must be "Fee Simple" or "Leased Fee".
- 10. Ownership and Marketing History:** Must state the current ownership of the property and any recent (within 3 years) or pending transactions involving the subject property.
- 11. Assumptions Etc.:** Must reference and attach Form 1037 or, with client's prior agreement, an equivalent set.

PROPERTY DATA:

- 1. Location**
The property address, including the GPS reference.
- 2. Legal Description**
State the ownership interest appraised and provide the physical legal description and confirmation that the appraised acreage matches the title report acres.
- 3. Personal Property**
Provide a description. Call Farmer Mac for guidance.
- 4. Legal Limitations**
Those that affect the property utility must be stated.
- 5. Physical Character**
Based on an on-site inspection. See detail for exceptions.
- 6. Irrigation Information**
State the source(s) and summarize the location, capacity, quality, supply, and cost.
- 7. Drainage Information**
Summarize the location, performance, and cost.
- 8. Property Use/Econ.**
Summarize historical uses and economic productivity.
- 9. R.E. Tax/Assessments**
Provide detail of assessments and tax amounts.

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MARKET ANALYSIS:

1. Market Characteristics

Geographic, demographic, and economic information sufficient for the reader to understand market conditions, market trends, supply/demand balance and competition, and the subject's location strengths and weaknesses.

2. Highest and Best Use

Include income-producing capacity if any. If not income producing, say so and why.

3. Market Sales Data

See chapter CV 101.4-D (2) for criteria; include sales location map with each sale with GPS references (when available).

4. Approaches to Value

Each approach must consider the subject property as a unit. See limitations on use of built-up or value-by-summation method, and CV 101.5 if a permanent planting development project is involved.

Sales Comparison: Required on all appraisals if an Income Approach is not completed.

Income Approach: Required when the market's response to the property is most consistent on the basis of its income producing capacity.

Cost Approach: Required when structures and/or permanent planting improvements contribute significantly to value. A Cost Approach does not apply to a land-only property.

5. Reconciliation

Include statement of final value conclusion.

6. Time Periods

Exposure time and marketing period differences reconciled.

7. Report Certification

Signed and dated with content in compliance with USPAP, plus the two following statements:

"I am aware of the requirements stated in the Farmer Mac Seller/Service Guide and have completed this assignment in accordance with those requirements as they applied in this assignment."

"My analyses, opinions, and conclusions were developed, and the appraisal and this report has been prepared for use in a lending transaction that may include Farmer Mac as an intended user."

i If others assisted in completing steps in the Appraisal Process, whether as employees or as independent contractors, include in the report certification a statement detailing and disclosing which valuation-related activities the individual/s completed and include a complete statement of qualifications (e.g., resume) in the Addenda for each such individual.

8. Report Certification Signatures

Include appraiser's state or territory real estate appraisal license or certification number and license expiration date.

ADDENDA:

1. Maps (in color)

Plat: Annotated with legal and physical access, etc., and adjacent land uses.

Soils: With soil quality information stated or summarized.

Hazard Area: Identifying environmental and flood hazard areas as applicable.

Permanent Plantings: Identifying blocks with detailed information in a table, as applicable.

Topography Map: Identifying the elevation and terrain.

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ADDENDA (CONTINUED):

- 2. Sketches***
When applicable, showing all dwellings with significant contributory value.

- 3. Photos* (in color)**
Showing access, land use areas, improvements, and permanent plantings.

- 4. Market Sales Location Map (in color)**
Showing all sales and the subject on one overview map.

- 5. Appraiser's Qualifications**
A complete statement of qualifications (e.g., resume).

- 6. Environmental Supplement**
Form 1010A** or equivalent, completed and signed by the applicant or the applicant's representative. Farmer Mac does not require an appraiser to sign the Form 1010A, but a client may require the appraiser to do so as part of the client's criteria.

- 7. Agricultural Water Supply Questionnaire**
If applicable, Form 1020** or its equivalent.

- 8. Marketing Documents**
Copies of the purchase agreements, options, or similar property marketing documents, if the property is being purchased or is currently on the market.

- 9. Value Allocation* Form 1027B**
The Form 1027B or its equivalent is required in an appraisal report when the 'subject property' includes improvements with a combination of residential use and non-residential use building improvements, and permanent plantings.

- 10. Engagement Document**
Form 1023A Engagement Letter or an equivalent fully signed document (i.e., client and appraiser signed).

* Applies to Improved Property Appraisal Reports only.

** The Form 1010A and Form 1020 are to be completed by the borrower or borrower's representative (not the appraiser) and given to the appraiser with the engagement document.

Note: The sequence of information elements in this list is not necessarily the sequence an appraiser might use in an Appraisal Report.