



Federal Agricultural Mortgage Corporation

Increasing the accessibility of financing for American Agriculture and rural infrastructure.

2022 Appraisal Update

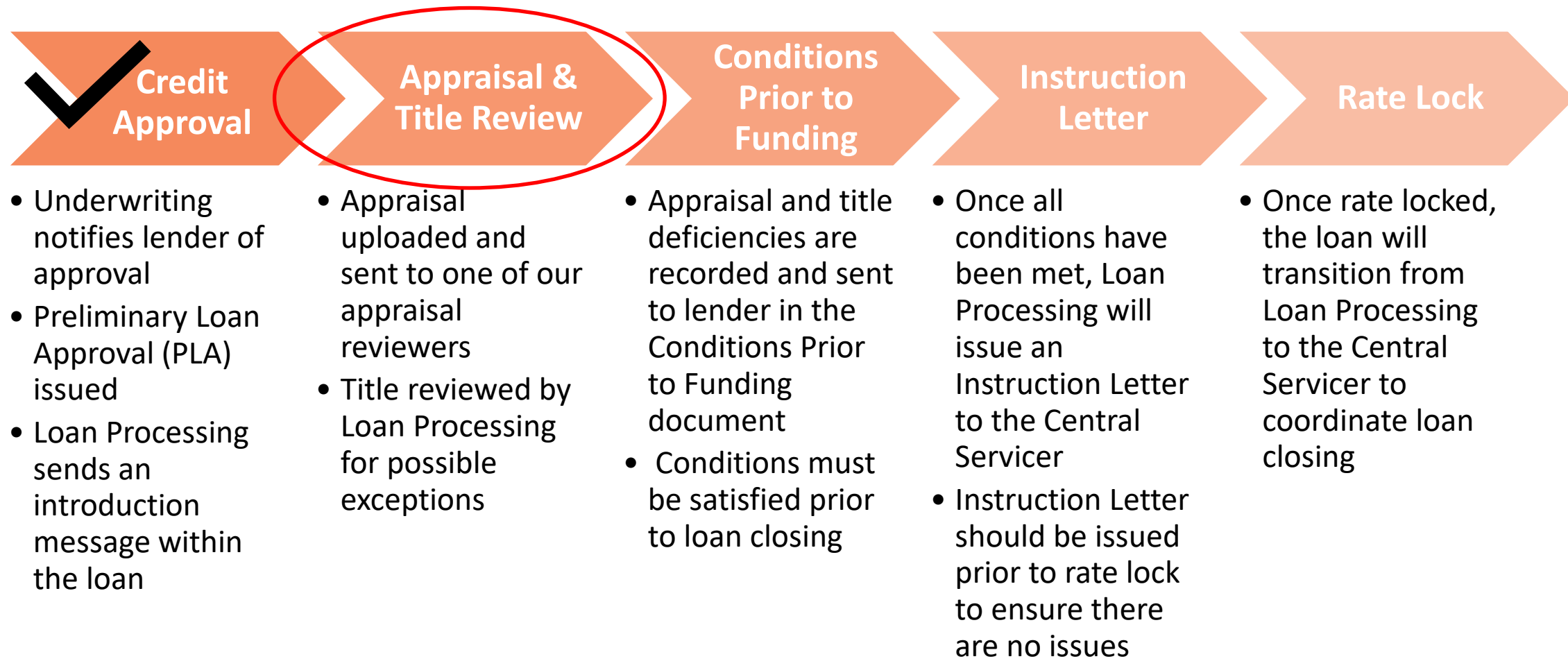


Property Eligibility

- Eligible Farm & Ranch real estate loans must be secured by a first mortgage
 - Properties
 - Parcels of land capable of producing ag commodities or products
 - May be improved by buildings, fixtures, and equipment
 - No minimum or maximum acreage requirements
 - Less than 5 acres must produce more than \$5,000 in annual ag income
- Highest and Best Use
 - Qualifying Properties – must be capable of producing ag commodities or production
 - Livestock production
 - Almond orchard with a single-family residence and support buildings
 - Irrigated field cropland with potential development to permanent plantings and farm support building improvements.
 - Improved rural homesite with livestock pasture
 - Non-qualifying Properties
 - Single family residential development
 - Rural residential development



Credit Approval to Rate Lock





Collateral Valuation Supplement

- All loans require a current appraisal report with a date of value within one year of the loan purchase
- The appraisal must be completed by a licensed Certified General Real Estate Appraiser
 - If the highest and best use of the proposed security is as a rural residential use property AND the property is improved with an existing residence with significant contributory value a Certified Residential Appraiser is acceptable.
- The appraisal must be USPAP compliant and meet the Farmer Mac Collateral Valuation requirements.





Collateral Valuation Forms

- Farmer Mac Collateral Valuation forms can be found in the Resource Library, accessible from eFarmermac.com

Libraries > View Farm & Ranch Loan Purchase Documents
Collateral Valuation Forms & Information
17 items

The screenshot displays a grid of 17 items available in the Farmer Mac Resource Library. Each item is represented by a thumbnail image showing a document or form, with a file icon (PDF, XLS, or DOC) and a title below it. The items are as follows:

- California Water Inform...
- Collateral Valuation Sup...
- Comment and Guidanc...
- Form 1010A* - Environ...
- Form 1020 - Agricultural...
- Form 1023A* - Sample ...
- Form 1027A - Appraisal ...
- Form 1027B* - Allocatio...
- Form 1034 - Permanent...
- Form 1035 - Income Ap...
- Form 1036 - Market Sal...
- Form 1037* - Assumptio...
- Form 1037B - Sample A...
- Form 1038 - Collateral I...
- Form 1047 - Collateral ...
- Preferred Appraiser List...
- Tips for Avoiding Report...



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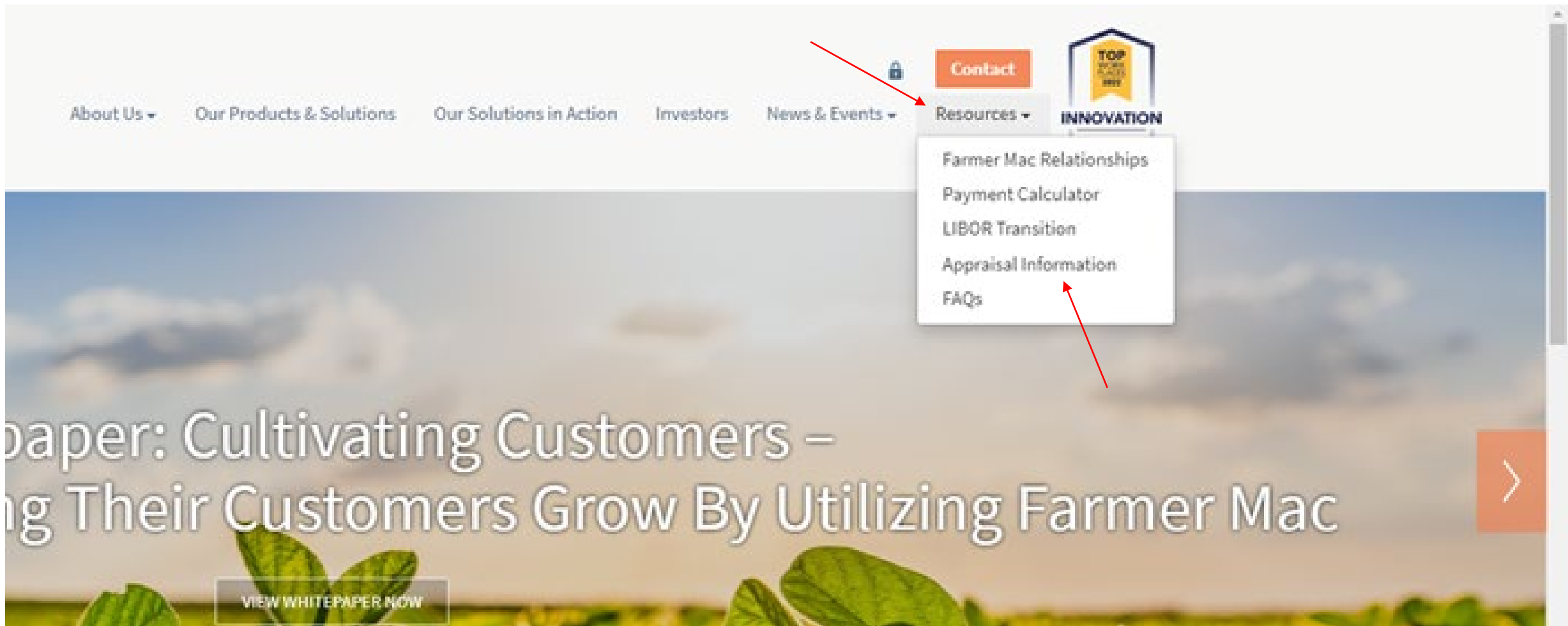
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Whitepaper: Cultivating Customers – How Ag Banks Are Helping Their Customers Grow By Utilizing Farmer Mac

[VIEW WHITEPAPER NOW](#)



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Farm & Ranch Loan Purchase Appraisal Information

Once a Farm & Ranch loan is approved, the appraisal process begins.
Here's a quick summary of this process.





Determine the Required Forms for Your Loan Appraisal:

Answer Three Quick Questions:

Question 1:

Does the property include irrigation or drainage conditions?

Yes

No

Question 2:

Does the property include permanent plantings?

Yes

No

Question 3:

Does the property include structural improvements?

Yes

No

Forms:*

Form 1010A

Environmental Disclosure

Lender must provide this form to the borrower to fill out and execute, and Lender must subsequently submit the fully-executed form to the Appraiser, prior to engaging the Appraiser. Required for all reports.

Form 1020

Agricultural Water Questionnaire

Lender must provide this form to the borrower to fill out and execute, and Lender must subsequently submit the fully-executed form to the Appraiser, prior to engaging the Appraiser. Only required when the property includes irrigation or drainage conditions.

Form 1027B

Value Allocation Table

Only required when the property includes permanent planting and/or structural improvements.

Form 1037

Assumptions and Limiting Conditions

Form 1037B

Assumptions and Limiting Conditions Agreement



Determine the Required Forms for Your Loan Appraisal:

Answer Three Quick Questions:

Question 1:

Does the property include irrigation or drainage conditions?

Yes

No

Question 2:

Does the property include permanent plantings?

Yes

No

Question 3:

Does the property include structural improvements?

Yes

No

Reset Form

Forms for Your Appraisal:*

✓ Form 1010A Environmental Disclosure

Lender must provide this form to the borrower to fill out and execute, and Lender must subsequently submit the fully-executed form to the Appraiser, prior to engaging the Appraiser. Required for all reports.

✗ Form 1020 Agricultural Water Questionnaire

Lender must provide this form to the borrower to fill out and execute, and Lender must subsequently submit the fully-executed form to the Appraiser, prior to engaging the Appraiser. Only required when the property includes irrigation or drainage conditions.

✓ Form 1027B Value Allocation Table

Only required when the property includes permanent planting and/or structural improvements.

✓ Form 1037 Assumptions and Limiting Conditions

? Form 1037B Assumptions and Limiting Conditions Agreement

Only required when the report will include additional assumptions and limiting conditions in addition to Form 1037. Must be signed by both the Appraiser and the Lender and included in the appraisal report.



Step-by-Step Guide for Completing an Appraisal Report

Lenders and Appraisers are encouraged to follow this guide for instructions and documents required for every stage of the appraisal process. Be sure to check the Important Reminders and Helpful Documents sections at the end of the page, too!

Step 1: Lender Provides Borrower with Necessary Forms and Obtains Signatures

Step 2: Lender Secures an Appraiser and Provides Signed Forms

Step 3: Lender and Appraiser Review the Appraisal Process

Step 4: Appraiser Completes Required Forms (If Applicable)

Step 5: Appraiser Creates an Appraisal Report and Sends to Lender

Step 6: Lender Reviews and Uploads the Appraisal Report to Farmer Mac's loan system (AgPower or AgXpress) on eFarmerMac.com

Step 1: Lender Provides Borrower with Necessary Forms and Obtains Signatures

LENDER

- **Form 1010A** (Environmental Disclosure) is **always** required.
- **Form 1020** (Agricultural Water Questionnaire) is only required if property includes irrigation or drainage conditions.
- Form(s) **must** be completed and executed by the Borrower before the Lender engages an Appraiser.





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Important Reminders

Helpful Documents

Step 2: Lender Secures an Appraiser and Provides Signed Forms

LENDER

APPRAISER

- **Lender** engages an Appraiser to create an Appraisal Report.
 - The Appraiser must be a State Certified General Appraiser.
 - *(A State Certified Residential Appraiser is acceptable if the highest and best use of the proposed security is a rural residential use property AND the property is improved with an existing residence with significant contributory value).*
 - Farmer Mac offers a **Preferred Appraiser List**, but a Lender may select any eligible Appraiser.
- If Lender does not already have an established Appraisal Engagement Letter, refer to **1023A**, Sample Engagement Letter, for a template.
- **Lender** provides complete and fully-executed **Form 1010A** and (if applicable) **Form 1020** to Appraiser.





Sample Engagement Letter

- Sample Engagement Letter

SAMPLE FEE APPRAISER ENGAGEMENT LETTER (Farm & Ranch, and Specialized Agricultural Facility Property)

<*Date*>

<*Business Address*>

Subject: <*Appraisal service request (reference name & number)*>

Dear <*Appraiser*>:

This confirms our request and, with your acceptance, is the contract for your professional appraisal services. Upon your acceptance of this assignment we expect you to provide us with an appraisal developed in compliance with Farmer Mac's Collateral Valuation Supplement* (CV) Chapter 101 and documented in an Appraisal Report with content as described in the Appraisal Report Content Summary Requirements (Form 1027A*), using:

- ☐ A narrative style or format
- ☐ The Uniform Agricultural Appraisal Report (UAAR)
- ☐ A form set other than the UAAR

If, in your opinion, the report option indicated above is not appropriate for documenting the appraisal, please contact us immediately to resolve the matter.

Certification: 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.

Your Appraisal Report must include your personally signed and dated certification. Your signature must include your state licensing and certification information as well as any professional accreditation, and 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."



Step 1: Lender Provides Borrower with Necessary Forms and Obtains Signatures

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Important Reminders

Helpful Documents

Step 3: Lender and Appraiser Review the Appraisal Process

LENDER

APPRAISER

- The **Collateral Valuation Supplement** provides details on Farmer Mac's appraisal standards, process, and guidelines.
 - **Lender** is responsible for ensuring that the appraisal is conducted in accordance with Farmer Mac requirements.
 - The Collateral Valuation Supplement can be found in the Training Kit located within the Resource Library of Farmer Mac's customer portal, eFarmerMac.com.
- Farmer Mac's **Checklist** provides a quick way for all parties to check that an Appraisal Report includes all necessary documents and certification statements.
- The **Appraisal Report Content Requirements (1027A)** defines the scope of work and expectations for the appraisal report content.
 - The 1027A is not required in the final report but is useful for document preparation.





Step 1: Lender Provides Borrower with Necessary Forms and Obtains Signatures

Step 2: Lender Secures an Appraiser and Provides Signed Forms

Step 3: Lender and Appraiser Review the Appraisal Process

Step 4: Appraiser Completes Required Forms (If Applicable)

Step 5: Appraiser Creates an Appraisal Report and Sends to Lender

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Important Reminders

Helpful Documents

Step 4: Appraiser Completes Required Forms (If Applicable)

APPRAISER

- **Appraiser** completes the following forms for inclusion in the Appraisal Report:
 - **Form 1027B** – Value Allocation Table (required if the property includes permanent plantings and/or structural improvements).
 - **Form 1037** – Assumptions and Limiting Conditions.
- **Form 1037B** – Assumptions and Limiting Conditions Agreement (required if the report includes Assumptions and Limiting Conditions in addition to Form 1037).





Step 1: Lender Provides Borrower with Necessary Forms and Obtains Signatures

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Step 3: Lender and Appraiser Review the Appraisal Process

Step 4: Appraiser Completes Required Forms (If Applicable)

Step 5: Appraiser Creates an Appraisal Report and Sends to Lender

Step 6: Lender Reviews and Uploads the Appraisal Report to Farmer Mac's loan system (AgPower or AgXpress) on eFarmerMac.com

Important Reminders

Helpful Documents

Step 5: Appraiser Creates an Appraisal Report and Sends to Lender

APPRAISER

- **Appraiser** creates an Appraisal Report, which should include all required forms and required statements. Please reference the [Checklist](#).





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Important Reminders

Helpful Documents

Step 6: Lender Reviews and Uploads the Appraisal Report to Farmer Mac's loan system (AgPower or AgXpress) on eFarmerMac.com

LENDER

- **Lender** should review the Appraisal Report to ensure its accuracy and completion and that all forms are included, and the report is complete. See [Checklist](#).
- The report date of value must be 365 days prior to the loan purchase date.
- Once the **Lender** uploads and submits the complete Appraisal Report with all necessary forms and requirements to Farmer Mac (via AgPower or AgXpress), it will be assigned for review by a Farmer Mac team member. Forms should not be submitted separately.





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Important Reminders

Helpful Documents

Important Reminders

– If an **Income Approach** is not completed in an appraisal, the property's income-producing capacity must be addressed in either the highest and best use or a separate section of the report.

– **The Certification page of the Appraisal Report must include the following statements:**

- I am aware of the requirements stated in the Farmer Mac Seller/Servicer 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.

– Lenders are encouraged to forward the **Preliminary Title Report** to the Appraiser as soon as the document is available during the appraisal process. Appraisers are asked to review the document for the vesting, any exceptions that may impact value, and to confirm and include the legal description from the Preliminary Title Report in the Appraisal Report. Verification of the legal description, vesting, and a review of the exceptions by the appraiser go a long way to shortening the time required in loan processing.

Income Estimate

NOTE: The income approach is not considered to be a reliable estimate of value and has not been completed in this appraisal. The income and expense data shown below is **not** a function of the value opinion derived through the analysis presented in this report and should not be considered to be any part of the appraisal process presented herein.

Estimated Gross Income

Source	Quantity	Unit	\$/Unit	Total
Livestock Pasture	100	Acres	\$45	\$4,500
House Rent	12	Months	\$1,200	\$14,400
Total Estimated Gross Income				\$18,900

Estimated Expenses

Property Taxes	\$3,500
Insurance	\$1,300
Maintenance	\$500
Total Expenses	\$5,300

Estimated Net Income

\$13,600



Income Estimate

The Income Approach was not deemed a credible approach in this report; however, per client request, an estimate of the potential net income for the subject property is provided. The income and expense information provided below is not a function of the opinion of value.

Gross Income

Crop	Acres	Tons/Acre	Price/Ton	Grand Total
Alfalfa Hay	30.00	4.50	\$350	\$47,250

Estimated Expenses

	Total Units	Cost/Unit		
Cultural Cost (/Acre)	30.00	\$550	\$16,500	
Harvest Cost (/Ton)	135.00	\$65	\$8,775	
Overhead (/Acre)	30.00	\$100	\$3,000	\$28,275
Estimated Net Income				\$18,975



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Important Reminders

Helpful Documents

Helpful Documents

1027A (Appraisal Report Content Requirements) – for Appraisers.

This document defines the scope of work and expectations for the appraisal report content. It is not required in the report but serves as a perfect tool for report preparation.

Checklist – for Lenders and Appraisers.

Before submitting an Appraisal Report (and forms) to Farmer Mac, be sure to review this checklist to ensure all required materials are included.

Collateral Valuation Supplement – for Lenders.

This helpful supplement provides details on Farmer Mac appraisal standards and guidelines. The Lender (Appraiser's Client) is responsible for ensuring that the appraisal is conducted in accordance with Farmer Mac requirements. This document is available for Lenders in the Resource Library at eFarmerMac.com.

Tips for Avoiding Report Revisions – for Appraisers.

This document outlines the most common report deficiencies that require revisions and solutions on how to avoid them.

1023A (Sample Engagement Letter) – for Lenders.

This template can be used by lenders looking to create an Engagement Letter for securing an Appraiser.



Appraisal Report Checklist

<i>Appraisal Report Screening</i>				
Seller/Client of Report				
Appraiser				
Application/Loan Number				
Required Forms	Yes	No	N/A	
Signed 1010A - Environmental				Required
Signed 1020 - Irrigation Summary				Required if irrigated
1027B - Value Allocation				Required if improved
1037 - Assumptions & LC				Required
Signed Engagement Letter				Required
Signed Certification				Required
FAMC Statements in Certification				Required
Contact Seller and request a revised appraisal report for all missing required items				

Certification 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.”



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ADDENDA

Engagement Letter

Farmer Mac Form 1010

Farmer Mac Form 1020

Farmer Mac Form 1027B

Appraisal Certification Language

CERTIFICATION OF APPRAISAL

I, the undersigned appraiser, certify that, to the best of my knowledge and belief:

I, the undersigned appraiser, certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has/have been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, the Code of Ethics set forth by the American Society of Farm Managers and Rural Appraisers; (FIRREA) Title XI of the Financial Institution Reform, Recovery, and Enforcement Act of 1989 (amended 1994); and regulations adopted by the Office of Controller of the Currency; This appraisal is intended to comply with the OCC's amended Appraisal Rule, effective June 7, 1994, as published in the Federal Register, Volume 59, No. 108, and with the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.;
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, the *Code of Ethics* set forth by the *American Society of Farm Managers and Rural Appraisers*.
9. I have made a personal inspection of the property that is the subject of this report.
10. No others provided significant real property appraisal assistance to the person signing this certification.
11. In compliance with the Conduct section of the Ethics Rule of USPAP: I hereby disclose that, Unless otherwise disclosed in this report, I have provided no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year (36-months) period immediately preceding acceptance of the assignment that results in this report.
12. I am aware of the requirements stated in the Farmer Mac Seller/Servicer Guide and have completed this assignment in accordance with those requirements as they applied to the assignment.
13. 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.



Common Loan Processing Delays & Solutions

Delay: Legal description from Title Report doesn't match or is not included in the appraisal

❖ **Solution:** Provide Title Report to the appraiser upon engagement so they can confirm it's the same property and include the description within the appraisal report.

Delay: Revised appraisal, title, or other document uploaded with no explanation

❖ **Solution:** If you upload an appraisal or other document (especially after the Instruction Letter is issued), please send a message detailing the changes or updates. It can be very time consuming to examine and compare the documents to figure out what has changed.

Delay: Title vested in an individual, trust, or entity that is not a borrower

❖ **Solution:** Be sure to review title and talk with your borrowers to determine how title will be vested at closing so we don't have to go back and revise the loan or Instruction Letter.



Loan Processing Reminders

- Current turnaround time for appraisal reviews is 5-7 business days
 - If a revised appraisal is required, the clock starts over
- Title will not be reviewed until the appraisal has been received and reviewed
- The Loan Processing team tries to respond to all conditions/messages within 24 hours of receipt
- Anytime the appraised value comes in for less than how the loan was submitted, we are required to send the loan back to underwriting for revision
- If there are any changes to borrowers, terms, loan amount, etc., a revision will need to be completed and the loan will have to go back to underwriting
- The best way to reach us is by using the Communications tab in AgPower or the Chatter function in AgXpress
 - Remember to @ the person you are sending the message to when using AgXpress
- The more complete the package is when submitted, the faster the turn time

Questions





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Thank you