**Appraisal Services Agreement**

This example appraisal services agreement is intended for a standard appraisal assignment in which the appraiser is performing a single appraisal for non-litigation purposes. It’s primarily recognized for non-lending assignments, as regular lenders will generally require their own engagement agreement forms, but it is suitable for lending if your client will accept it.

The agreement is based on the sample agreement materials available in the Professional Practice Center of the Appraisal Institute’s website. The author was a member of the workgroup that created those materials.

The agreement contains two parts: (a) the main body of the letter, and (b) a standard terms and conditions document that is attached to the letter (and may also be attached to each appraisal report). For a more complete understanding of this approach, please see Chapter 8 “Engagement Agreements and Appraisal Terms and Conditions” in *Risk Management for Real Estate Appraisers and Appraisal Firms* (Appraisal Institute 2019) (available on my website for my students or in the Appraisal Institute’s bookstore).

– Peter Christensen, Christensen Law Firm [www.valuationlegal.com](http://www.valuationlegal.com/)

[Appraiser Firm Name or Letterhead]

[Appraiser Firm Address or Letterhead]

[Date]

[Client]

[Address]

Re: Appraisal Services Agreement

 [Brief description of property or assignment]

Dear [\_\_\_\_\_\_]:

*[Appraisal firm name or appraiser name, if no firm entity]* (“Appraiser”) agrees to provide an appraisal of the property identified above in accordance with the following terms. Please sign and return a copy. We look forward to being of service to you.

This letter together with the attached Terms and Conditions form our agreement for appraisal services regarding the identified property and is referred to below as the “Agreement.” When capitalized, the term “Personnel” refers to any and all employees, partners, owners, shareholders, members, officers, directors or independent contractors of the respective party.

1. Specifications of the Appraisal.

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| **Subject Property:** | *[Property address or legal description.]* |
| **Property Type:** | *[Existing / Proposed / Single family residence / Condominium / Multi family residence - xx units / Manufactured home / Office - xx SF/ Retail - xx SF/ Industrial - xx SF / Vacant land / Subdivision – xx lots/ Agricultural land / Other]* |
| **Interest to be Valued:** | *[Description. For example: fee simple/leased fee/leasehold.]* |
| **Intended Use:** | *[Examples: To assist Client and intended users in making a lending decision / To assist Client in negotiating a purchase price / To assist Client in establishing an asking price / To assist Client in establishing a value for property tax purposes / to assist Client in tax planning / To assist Client in tax reporting / To assist Client in loan monitoring]* |
| **Intended User(s):** | *[Identification of intended user(s) of the appraisal. May be just Client or the Client and/or other parties who are either identified by name or type (unless the report is a restricted report in which case additional intended users must be identified by name).]* The appraisal has been prepared solely for the use and benefit of the Client and identified intended user(s). No other users are intended or authorized, and no other parties should use or rely on the appraisal or any content in the appraisal report for any purpose. |
| **Type of Value:** | *[For example: “As is” market value under the Federal Interagency Appraisal and Evaluation Guidelines.]* The definition of the type of value will be stated in the report. |
| **Date of Value:** | *[Specific date or description of date – for example: (1) “Date of Appraiser’s inspection, specific date to be stated in the report,” (2) “Retrospective as of June 1, 2015”, or (3) “Prospective as of December 31, 2020.”* Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client’s intended use, as that determination may be a legal matter. |
| **Hypothetical conditions, Special/Extraordinary assumptions:** | Describe / None anticipated |
| **Anticipated Scope of Work:** | Appraiser’s anticipated scope of work for developing the appraisal will include: *[description of scope of work, including approaches to value, whether property to be inspected, description of level of detail of reporting, etc.]* |
| **Report Option and Format:** | *[Examples: “Narrative written report,” “Appraisal Report”, “Form 2000 Appraisal Review,” “Restricted Appraisal Report” or “Appraisal Institute Appraisal Report – Residential with Residential Green and Energy Efficient Addendum.”]*  |
| **Delivery Date:** | *[Date or XX days after acceptance of Agreement.]* Appraiser will use Appraiser’s best efforts to deliver the appraisal report no later than such date. Appraiser’s delivery of the report is contingent on Appraiser’s timely receipt of information and documentation from Client and other parties. In the event of a delay beyond that date, Appraiser will inform Client promptly as soon as reasonably practicable. |
| **Prior Services Regarding Subject Property (USPAP Disclosure):** | Appraiser has not performed any prior services regarding the subject property within the three year period immediately preceding the date of this Agreement, as an appraiser or in any other capacity.  *[Or, disclose prior services as applicable. The statement is currently needed only for appraisals subject to USPAP and need not be included for other assignments unless requested by the client.]*  |
| **Special Conditions:** | *[Identify any special conditions relating to the appraisal or unique requirements.]* |
| **Appraisal Fee:** | *$\_\_\_\_\_\_\_\_\_*  |
| **Payment Terms:** | *[Example: Client shall pay one-half of the appraisal fee upon acceptance of this Agreement. Final payment for the remaining balance will be due and payable within 30 days of Client’s receipt of the report. Appraiser will invoice Client upon completion.]* |

1. **Property Documentation.** Client agrees to provide Appraiser with the documentation required and requested by the Appraiser to complete the appraisal. Delays in Appraiser’s receipt of requested documentation may result in Appraiser being unable to deliver the appraisal report on the agreed-upon delivery date.
2. **Appraisal Statements and Conditions.** The appraisal performed under this Agreement will be subject to all statements, assumptions, limiting conditions and other conditions (collectively, “Appraisal Conditions”) set forth in the appraisal report. Client agrees that Client will review the Appraisal Conditions upon receipt of the report and that Client’s use of the appraisal will constitute acceptance of the Appraisal Conditions. The Appraisal Conditions shall be considered as being incorporated into and forming part of this Agreement with respect to the appraisal in which they are contained and to the services relating to that appraisal.
3. **Incorporation of Terms and Conditions for Appraisal Services and Reports.** The “Terms and Conditions for Appraisal Services and Reports” (“Terms and Conditions”) attached hereto form a material part of this Agreement and are no less important than any other part. The Terms and Conditions may also be attached to and incorporated into Appraiser’s report. As between Client and Appraiser (and only between them and no other parties), the following modifications of the Terms and Conditions will apply:

None. *[Or state any modifications negotiated with Client regarding Terms and Conditions.]*

1. **Confidentiality.** Appraiser and its Personnel will comply with all duties of confidentiality imposed by applicable law and professional standards. Client agrees that Appraiser and its Personnel may disclose the appraisal report, assignment results and other information relating to the appraisal, including information which may be considered confidential under applicable professional standards, to third parties as required by law, and as necessary for compliance with professional standards. Client consents to and authorizes Appraiser and its Personnel to disclose the appraisal report, assignment results and other information relating to the appraisal, including information which may be considered confidential under applicable professional standards, in response to threatened or actual legal or regulatory actions or for insurance coverage of such matters.
2. **When Appraiser’s Obligations Are Complete.** Appraiser’s obligations under this Agreement are complete when the appraisal report specified above has been delivered to Client.
3. **Withdrawal of Appraiser prior to Completion of Assignment.** Appraiser may withdraw without penalty or liability from the assignment(s) contemplated under this Agreement before completion or reporting of the appraisal in the event that Appraiser determines, at Appraiser’s sole discretion, that incomplete information was provided to Appraiser prior to the engagement, that Client or other parties have not or cannot provide Appraiser with documentation or information necessary to Appraiser’s analysis or reporting, that conditions of the subject property render the original scope of work inappropriate, that Appraiser becomes aware that a conflict of interest has arisen, or that Client has not complied with its payment obligations under this Agreement. Appraiser shall notify Client of such withdrawal in writing.
4. **Testimony in Court or Other Proceedings.** Unless otherwise stated in this Agreement, Client agrees that Appraiser’s engagement pursuant to this Agreement does not include Appraiser’s participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery; sworn testimony in a judicial, arbitration or administrative proceeding; or attendance at any judicial, arbitration or administrative proceeding relating to this assignment.
5. **Designation as an Expert Witness.** Unless otherwise stated in this Agreement, Client will not designate or disclose Appraiser or any of its Personnel as an expert witness in any court, arbitration or other proceeding without the prior written consent of Appraiser.
6. **Entire Agreement.** This Agreement and the Terms and Conditions set forth the entire agreement of the parties with respect to the services described herein. Other than such materials that are incorporated expressly into this Agreement, no other agreement, statement, or promise made on or before the date this Agreement became effective, oral or otherwise, will be binding on the parties.
7. **Modifications.** This Agreement may only be modified by a subsequent agreement of the parties in writing signed by all the parties.
8. **Severability.** If any provision of this Agreement is held, in whole or part, to be void, unenforceable or invalid for any reason, the remainder of that provision and the remainder of the entire Agreement shall be severable and remain in full force and effect.
9. **Governing Law and Jurisdiction.** This Agreement and any dispute between Client and Appraiser shall be governed by the law of the state in which Appraiser’s office as specified in this Agreement is located, exclusive of that state’s choice of law rules. Client and Appraiser agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of Appraiser’s office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction or venue of said court.
10. **Notices.** Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; (b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or (c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement, or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party for delivery to the receiving party, whether or not the receiving party signs for or accepts delivery of such notice.
11. **Signature and Copies.** A signature on a copy of this Agreement received by facsimile, by email or in digital form is binding upon the parties as an original. The parties shall treat a photocopy of such facsimile or printout of the emailed or digital form as a duplicate original.

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| **Client**By: Name: Title: Dated:  | **Appraiser/Appraisal Firm**By: Name: Title: Dated:  |

**Acceptance and Applicability.** These Terms and Conditions for Appraisal Services and Reports (“Terms and Conditions”) shall apply to any appraisal reports, contracts or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of these Terms and Conditions as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. An Appraisal Services Agreement may contain different provisions than stated in this document but such different provisions shall apply only between Client and Appraiser/Firm, unless the Appraisal Services Agreement expressly states otherwise.

**Definitions.** In these Terms and Conditions:

“Appraisal Services Agreement” means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically or through a web portal;

“Client” means a party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report;

“Appraiser” means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report, and

“Firm” means any business entity employing the Appraiser or of which the Appraiser is a partner, owner, shareholder, member, officer, director or independent contractor, and includes the other employees, partners, owners, shareholders, members, officers, directors or independent contractors of any such entity.

**Intended Users.** Appraiser will identify one or more “intended users” of the appraisal in the report, either by name or type of user. No other users are intended or authorized by Appraiser, and no other parties should use or rely on the appraisal or any content in the report for any purpose. Neither Appraiser nor Firm is responsible to parties who are not identified as intended users or for uses not identified as intended uses.

**Appraiser Independence.** As required by law and professional standards, Appraiser’s performance of the appraisal is independent, impartial and objective. Accordingly, Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount and cannot ensure that the opinion of value will serve to facilitate any specific objective of Client or others or advance any particular cause.

**Unauthorized Use or Publication.** No part of the appraisal report or the Appraiser’s opinions or conclusions may be published or used in any advertising materials, property listings, investment offerings or prospectuses, or securities filings or statements without Appraiser’s prior written authorization. Any party who publishes or uses the report or Appraiser’s work product without such authorization or who provides the report or Appraiser’s work product for such unauthorized use or publication agrees to indemnify and hold Appraiser and Firm harmless from and against all damages, liabilities, losses, causes of actions, expenses, claims and costs, including attorneys' fees, incurred in the investigation and/or defense of any claim arising from or in any way connected to the unauthorized use or publication.

**No Third Party Beneficiaries of the Appraisal Services Agreement.** Unless identified expressly in such agreement, there are no third party beneficiaries of any Appraisal Services Agreement pertaining to the appraisal, and no other person or entity shall have any right, benefit or interest under such agreement. The identification of a party as an intended user of the appraisal does not mean that the party is a third party beneficiary of the Appraisal Services Agreement.

**Appraiser Not Responsible for Certain Conditions.** Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, unless otherwise stated in the report, Appraiser shall have no responsibility for investigating and shall have no responsibility or liability for matters pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property’s compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations and hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise.

**Maximum Time Period for Legal Actions.** Unless the time period is shorter under applicable law, any legal action or claim relating to the appraisal (or any Appraisal Services Agreement) shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type, except for intentional fraud or intentionally wrongful conduct.

**Limitations of Liability.** Professional standards for the performance of real estate appraisals require that appraisers perform their services independently, impartially and objectively. Clients and other users of appraisals often have separate legal or regulatory obligations imposed on them in relation to the appraisal process. The provisions of this section are designed to assure that an appraiser can render appraisal services in compliance with professional standards for reasonable compensation and to assure that clients and users can comply freely with their own professional and legal obligations. If any conditions are not appropriate for a particular assignment, they may be negotiated, but the modification must be in writing and signed by the parties subject to the modification.

1. **Limitations of Liability.** To the fullest extent permitted by applicable law, the maximum monetary liability of Appraiser, Firm or Client to one another or to any third party (regardless of whether such party’s claimed use or reliance on the appraisal was authorized by Appraiser) for any and all claims or causes of action relating to the appraisal or Appraisal Services Agreement shall be limited to the total compensation actually received by Appraiser for the appraisal or other services that are the subject of the claim(s) or cause(s) of action.

This limitation of liability extends to all types of claims and causes of action, whether in contract or tort, but excludes: (i) claims/causes of action for intentionally fraudulent or criminal conduct, intentionally caused injury, or unauthorized use or publication of the appraisal or Appraiser’s work product or (ii) claims/causes of action by Appraiser or Firm for the collection of unpaid compensation for the appraisal or other services (for which the maximum recovery shall be the total amount unpaid and owing to Appraiser, plus applicable interest and late charges).

1. **No Special or Consequential Damages.** No Appraiser, Firm or Client shall be liable to one another or to any third party for special or consequential damages relating to the appraisal or Appraisal Services Agreement, including, without limitation, loss of profits, prospective business opportunities, or damages caused by loss of use of any property, regardless of whether arising from negligence or breach of the Appraisal Services Agreement or otherwise, and regardless of whether a party was advised or knew of the possibility of such damages.

**No Assignment of Claims.** Legal claims or causes of action relating to the appraisal or Appraisal Services Agreement are not assignable, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

**Subpoenas and Testimony.** In the event that Appraiser or Firm is compelled by subpoena or other legal or administrative process to provide testimony or produce documents relating to the appraisal or Appraiser’s services, whether in court, deposition, arbitration or any other proceeding, the party seeking such testimony or documents agrees to compensate Appraiser or Firm, as applicable, for the reasonable time incurred in connection with preparation for and provision of such testimony and/or documents at Appraiser’s rates in effect at that time and reimburse reasonable actual expenses.

**Severability.** If any provision of these Terms and Conditions is held, in whole or part, to be unenforceable or invalid for any reason, the remainder of that provision and the remainder of the entire Terms and Conditions will be severable and remain in effect.

**Conflict with Appraisal Services Agreement.** If any of these Terms and Conditions conflict with an Appraisal Services Agreement, the terms and conditions of the Appraisal Services Agreement shall control but only as between Client and Appraiser/Firm, unless the Appraisal Services Agreement expressly states otherwise.