Agreement for Services
Instructions for Use
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NOTICE

THE REFERENCE MATERIALS ARE DESIGNED TO PROVIDE HELPFUL INFORMATION IN REGARD TO THE PREPARATION OF ENGAGEMENT CONTRACTS. THE REFERENCE MATERIALS ARE PROVIDED WITH THE UNDERSTANDING THAT THE APPRAISAL INSTITUTE IS NOT ENGAGED IN RENDERING LEGAL, ACCOUNTING OR OTHER PROFESSIONAL SERVICES. IF LEGAL ADVICE OR OTHER PROFESSIONAL ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL SHOULD BE SOUGHT.

PLEASE NOTE, THE MODEL ENGAGEMENT CONTRACTS PROVIDED HERE MAY BE USED IN THE PREPARATION OF LETTERS OF AGREEMENT OR LETTERS OF ENGAGEMENT THAT CREATE LEGALLY BINDING OBLIGATIONS ON THE PARTIES. IF A PARTY HAS ANY QUESTIONS ABOUT THE MEANING OR ENFORCEABILITY OF ANY PROVISION OF THIS MODEL CONTRACT, OR WHETHER THIS MODEL CONTRACT IS APPROPRIATE FOR ANY PARTICULAR APPRAISAL ASSIGNMENT, THE PARTY SHOULD CONSULT COMPETENT LEGAL COUNSEL. THIS MODEL CONTRACT HAS BEEN PREPARED BY THE APPRAISAL INSTITUTE AS A GUIDE FOR APPRAISERS AND THEIR CLIENTS. THE APPRAISAL INSTITUTE DOES NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR ANY APPRAISAL SERVICES PERFORMED PURSUANT TO USE OF THIS MODEL CONTRACT, NOR DOES IT MAKE ANY REPRESENTATION OR WARRANTY THAT THIS MODEL CONTRACT CONTAINS TERMS AND CONDITIONS APPROPRIATE TO ANY PARTICULAR APPRAISAL ASSIGNMENT.
Introduction

The Appraisal Institute’s Model Engagement Agreement Resource Project Team developed this Agreement for Services package with the assistance of Stephanie Coleman, MAI, SRA, Director of Ethics and Standards Counseling. The project team is as follows:

M. Lance Coyle, MAI, Chair
Veronica R. Geiger-Griffith, MAI
Anthony S. Graziano, MAI
Robert W. Moore, Jr., MAI
William King

These resources are intended to assist Appraisal Institute members in drafting their own Agreement for Services (also known as an engagement letter, service contract, service agreement, contract).

The package includes five Word/.pdf documents:

2. Agreement for Services–Short Version. Designed for use with less complex assignments or when the Appraiser and Client have an established, ongoing business relationship.
3. Agreement for Services–Long Version. Designed for use with more complex assignments or when the Appraiser and Client are working together for the first time.
4. Optional Clauses. Additional clauses that can be inserted into the Agreement for Services on an as-needed basis.
5. Payment Options. Additional clauses that can be inserted regarding payment to the appraiser.

These documents are designed to be edited or modified as needed. They are designed for appraisal assignments, but can easily be edited to accommodate appraisal review, appraisal consulting or other types of assignments.
Why Use an Agreement for Services?

An Agreement for Services is a written or electronically transmitted agreement between the Appraiser and the Client setting forth the terms and conditions of an appraisal assignment. While the Uniform Standards of Professional Appraisal Practice (USPAP) defines an assignment in terms of an agreement between an Appraiser and a Client, neither USPAP nor the Appraisal Institute’s Code of Professional Ethics require that the agreement be in writing. In fact, the agreement might not be explicitly stated at all. However, using a written agreement to set out the details of an assignment is a sound business practice for a number of reasons:

- A written agreement serves to clarify terms of the assignment.
- A written agreement provides written evidence of both the Client’s and the Appraiser’s agreement to those terms.
- Disputes that might arise about the services provided can be more easily resolved if there is a written agreement, prepared in advance, that details the Client’s and the Appraiser’s mutual understanding of the nature of the services to be provided.
- The act of drafting the written agreement and reaching a “meeting of the minds” with regard to it forces the parties to address issues that might not otherwise be addressed.

Either party—the Appraiser or the Client—can draft the Agreement for Services as long as both parties understand and agree to its entire contents. The Agreement should be drafted after the Client and the Appraiser have discussed the assignment and have orally agreed to the scope of the assignment, timing of completion by the Appraiser, fee and other parameters. The Agreement for Services then serves as an affirmation of this conversation.

To be effective, the Agreement for Services must be signed and dated by both the Appraiser and the Client and both parties should retain a signed and dated copy. If it is not possible for both parties to sign and date the Agreement, the Appraiser should document its mutual acceptance.

When the terms and conditions of the assignment are set forth in a written Agreement for Services, any subsequent modifications to the original agreement should also be in writing (or transmitted in the same manner as the original Agreement). The documented modifications should be retained with the original Agreement for Services by both the Appraiser and the Client.
Completing the Cover Letter to Agreement for Services

The Cover Letter is a template for a brief transmittal letter from the Appraiser to the Client introducing the Agreement for Services that is attached. Use of the Cover Letter is entirely optional.

The document is designed to be brief. The intent is to simply introduce the Agreement for Services, which is where you’ll put all the detail.

**Items to edit:**

- Insert the “sender” information at the top – your name, title, company name, address.
- Insert the “recipient” information. The recipient is your Client – the party engaging you, the Appraiser.
- Insert the Client’s name in the salutation.
- Insert your company name in the first line of the body of the letter. Insert your phone number in the second to last line and your company name again in the last line.
- Sign your name and put your name and title in the signature line.
Completing the *Agreement for Services—Short Version*

The Short-version provides a suggested format for an Agreement for Services that is designed for use with less complex assignments or when the Appraiser and Client have an established, ongoing business relationship.

**Heading Information**

The information at the top of the first page includes the Date of Agreement and the contact information for the parties (Client and Appraiser).

**Items to edit:**

- Date of Agreement. Enter the date the Agreement is effective (usually the date it is being prepared).
- Enter Client and Appraiser contact information, as appropriate.

**Property Identification**

In this section the property to be appraised or analyzed is identified. A property address usually will suffice, but in some cases a lot number, assessor’s parcel number or other means of identification will be necessary (for example, “SWC Main and 1st Streets”). Be sure to include enough information so that there is no question about which piece of real estate is to be involved in the assignment.

**Items to edit:**

- Insert property identification information. Add county, legal description or other information as necessary.

**Property Type**

In this section the general property type is stipulated.

**Items to edit:**

- Select from the choices given, or if “Other,” describe the type of property.
Interest Valued

The subject property is not the real estate itself, but the interests in the real estate. It is critical to identify what interest(s) that will be. Keep in mind that just because a property is leased, it does not mean that the Client needs an opinion of the value of a lease interest. The interest to be valued (or analyzed, in the case of an assignment other than an appraisal) depends on the nature of the Client’s problem to be solved.

**Items to edit:**

- Select from the choices given, or if “Other,” describe the interest.

Intended Users

An intended user is a party the Appraiser intends will use the report. The Client is always an intended user, but there may be others as well. There are no “automatics” regarding intended users beyond the Client. In order for the Appraiser to fulfill the Client’s request for services, the Appraiser may need to identify other parties as intended users, but even so, it is the Appraiser – not the Client – who identifies intended users. Intended users must be identified at the time of the assignment, not after the fact. One reason why this is critical is that the Appraiser is responsible for preparing a report that contains “sufficient information to enable the intended users of the appraisal to understand the report properly” (see Standards Rule 2-1(b) in USPAP). The intended users will be the audience for the report. The comment included in italics—Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report—is important because it underscores this requirement and sets forth the Appraiser’s understanding of his or her responsibilities regarding users.

Intended users may be identified by name (for example, “John Doe at ABC Company”) or by type (for example, “federally insured depository institutions”).

**Items to edit:**

- If the Client is the only intended user, simply state “Client.” If there are intended users other than Client, identify them by name or type.

Intended Use

The intended use is the Appraiser’s intent with regard to how the report will be used. As with intended users, there are no “automatics” regarding intended use. It is the Appraiser – not the Client – who identifies the intended use, but in order for the Appraiser to fulfill the Client’s request for services, the Appraiser’s intended use will need to match up with the reason why the Client needs the service. Since intended use is a key driver in making a Scope of Work determination, it is best to be as specific as possible regarding intended use.
The comment included in italics—*Note: No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate Scope of Work for the assignment*—is important because it underscores this fact.

**Items to edit:**

- ✓ If the intended use is lending, retain the statement “To assist Client and intended users in making a lending decision.”
- ✓ If other than lending, delete this statement and specify the intended use.

**Type of Value**

The results of an assignment might be an appraisal opinion, appraisal review opinion, appraisal consulting opinion, or some other type of opinion.

In an appraisal assignment, the opinion is some type of value. The type of value is important to identify because there are many different types of “value.” These include market value, investment value and use value, but there are others as well. There are many different definitions of market value in use and it is important for the Appraiser and Client to know at the outset which ones will apply.

In other types of assignments, “type of value” may be replaced with “type of opinion” in the Agreement.

In an appraisal review assignment, the type of opinion is an opinion about the quality of the work under review.

In an appraisal consulting assignment, the type of opinion may be one of a broad variety of analyses, recommendations or conclusions. While the objective in an appraisal consulting assignment is never value, arriving at the assignment results always involves value.

**Items to edit:**

- ✓ Edit the type of value as appropriate.
- ✓ If the assignment is not an appraisal opinion, change “type of value” to “type of opinion” and state the type of opinion.

**Date of Value**

The effective date of value is important because the Appraiser’s conclusions are reflected as of that date and that date alone. The effective date of value may be a current date, a prospective (future) date or a retrospective (historical) date.

If the date of value is a current date, it is generally based to coincide with the date of inspection (if any).
**Agreement for Services—Short Version**

**Items to edit:**

- Indicate the effective date of value.
- If the assignment is not an appraisal, change “date of value” to “date of opinion” and indicate the date.

**Hypothetical Conditions, Extraordinary Assumptions**

If it is anticipated at the time of assignment that Hypothetical Conditions or Extraordinary Assumptions will be used, they should be explained as fully as possible in the Agreement for Services. Often, however, their use cannot be anticipated, and their need may not be discovered until the assignment is being completed. When this is the case, an amendment to the Agreement for Services may be necessary.

**Items to edit:**

- Describe any anticipated Hypothetical Conditions or Extraordinary Assumptions. If none are anticipated, state “None anticipated.”

**Applicable Requirements other than the Uniform Standards of Professional Appraisal Practice (USPAP)**

All appraisal practice assignments will be subject to USPAP, but other requirements might apply to the assignment as well. The fact that the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute will apply for members of the Appraisal Institute must be stated in the Agreement for Services.

If the Client is a government agency or government sponsored enterprise, or the assignment must meet the requirements of such a body, additional requirements may apply. Examples of additional requirements include guidelines or requirements of Fannie Mae, Freddie Mac, FHA, VA, or the appraisal requirements pursuant to FIRREA.

**Items to edit:**

- State any requirements or standards in addition to USPAP that will apply to the assignment.
- Appraisal Institute members MUST indicate that the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute will apply.

**Anticipated Scope of Work**

This section allows the Appraiser and Client to agree on some aspects of the Appraiser’s anticipated Scope of Work for the assignment, namely, the degree to which the property will be inspected and the valuation approaches to be used. Note that the Scope of Work actually performed may vary once the assignment has begun. The statement—“Note: Appraiser shall use all approaches necessary to develop a credible opinion of value”—is important, because the Scope of Work Rule in USPAP places this firm requirement on the Appraiser.
Items to edit:

- Indicate the anticipated degree of site visit (property inspection), if any.
- Indicate the anticipated valuation approaches to be used.
- Add other anticipated Scope of Work elements as needed.

Appraisal Report
In this section the type of appraisal report (Self-Contained, Summary, Restricted Use or Oral) is specified, along with the form or format. If a form is used, the form identification (e.g., Fannie Mae 1004; AI Reports™) should be specified.

Items to edit:

- Specify the appraisal report option (Self-Contained, Summary, Restricted-Use or Oral)
- If not an appraisal report, edit the report type accordingly.
- Specify the report form, if applicable, or format.

Contact for Property Access, if applicable
This section allows the parties to indicate the name and phone number of the party who will provide access to the subject property, if applicable.

Items to edit:

- Indicate the name and phone number(s) of the person who will provide the Appraiser with access.

Delivery Date
Use this section to state the delivery date (due date) for the work product.

Items to edit:

- Indicate the delivery date.

Delivery Method
Use this section to specify the means of delivery.

Items to edit:

- Edit the delivery method. If “other,” explain.
Number of Copies
Use this section to indicate the number of copies of the Appraisal Report to be delivered to the Client that are included in the Appraiser’s fee.

Items to edit:

√ Indicate the number of copies.

Payment to Appraiser
Use this section to state the fee due the Appraiser for providing the service.

Items to edit:

√ Indicate the dollar amount of the fee due to the Appraiser for providing the service.

Proposed improvements
This clause states that if the property appraised consists of proposed improvements, Client will provide the Appraiser with plans, specifications or other documentation sufficient to identify the extent and character of the proposed improvements.

Items to edit:

√ Delete this clause if the assignment does not involve proposed improvements.

Properties under Contract for Sale
This clause states that if the property is currently under contract for sale, the Client will provide the Appraiser with a copy of the sales contract including all addenda.

Confidentiality
The Appraiser must protect the Client’s confidential information, as required by the Confidentiality Section of the Ethics Rule of USPAP.

Changes to Agreement
Any changes to the assignment as outlined in the Agreement will require a new Agreement. This clause also states that the Client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.
Cancellation
This clause says that the Client may cancel the assignment any time prior to the Appraiser’s delivery of the Appraisal Report, but the cancellation must be in writing. It also says that the Client will pay the Appraiser for work completed up to the point of cancellation, unless the parties agree otherwise.

Items to edit:

✓ If the assignment is not an appraisal, edit “Appraisal Report” accordingly.

No Third Party Beneficiaries
This is a relatively standard clause that stipulates there will be no third parties who benefit from the Agreement and that the Agreement does not create any contractual relationships between the Appraiser and any third party, or between the Client and any third party.

Use of Employees or Independent Contractors
This clause says that the Appraiser may use others to help complete the assignment, unless otherwise agreed upon by the parties. If the Appraiser is assisted by others, the clause states that the Appraiser will sign the written report and take full responsibility for the service.

Items to edit:

✓ If the Client and Appraiser DO NOT agree that others may assist, edit accordingly.
✓ If the assignment is not an appraisal, edit “Appraisal Report” accordingly.

Testimony at Court or Other Proceedings
This clause specifies that the assignment will not include the Appraiser’s giving testimony in, or attending, a judicial, arbitration or administrative proceeding relating to the assignment, either voluntarily or as the result of a subpoena.

This clause is not saying the Appraiser would not take on such additional work, merely that such work would be outside the scope of this Agreement. A separate Agreement would be needed if the Appraiser were to accept such additional work.

Appraiser Independence
This clause reiterates USPAP’s firm requirement that the Appraiser must remain independent, impartial and objective and cannot agree to provide a predetermined conclusion. It puts the Client on notice regarding the fact that there cannot be any guarantees regarding the outcome of the assignment.
Expiration of Agreement
The Agreement must be signed by both parties in order to be valid. Not only that, it must be signed within a stated number of days from the Date of Agreement stated on the first page. Signature lines are provided for both parties.

**Items to edit:**

- Insert the number of days that the Appraiser and Client have to sign the Agreement.
- Both parties include their printed names and sign.

Governing Law and Jurisdiction
This type of clause is fairly standard in many agreements or contracts. It specifies that the assignment will be governed by the law of the state in which the Appraiser is located. It also stipulates that if there is any legal proceeding that results pursuant to the assignment, such proceedings will be in the state or federal court having jurisdiction where the Appraiser’s office is located.
Completing the *Agreement for Services—Long Version*

The Long-Version document provides a suggested format for an Agreement for Services that is designed for use with more complex assignments or when the Appraiser and Client are working together for the first time.

The Long Version contains the same clauses as the Short Version, as well as some additional clauses not found in the Short Version. These additional clauses are marked by an asterisk (*) in these instructions.

**Heading Information**

The information at the top of the first page includes the Date of Agreement and the contact information for the parties (Client and Appraiser).

**Items to edit:**

- ✓ Date of Agreement. Enter the date the Agreement is effective (usually the date it is being prepared).
- ✓ Enter Client and Appraiser contact information, as appropriate.

**Property Identification**

In this section the property to be appraised or analyzed is identified. A property address usually will suffice, but in some cases a lot number, assessor’s parcel number or other means of identification will be necessary (for example, “SWC Main and 1st Streets”). Be sure to include enough information so that there is no question about which piece of real estate is to be involved in the assignment.

**Items to edit:**

- ✓ Insert property identification information. Add county, legal description or other information as necessary.

**Property Type**

In this section the general property type is stipulated.

**Items to edit:**

- ✓ Select from the choices given, or if “Other,” describe the type of property.
Interest Valued
The subject property is not the real estate itself, but the interests in the real estate. It is critical to identify what interest(s) that will be. Keep in mind that just because a property is leased, it does not mean that the Client needs an opinion of the value of a lease interest. The interest to be valued (or analyzed, in the case of an assignment other than an appraisal) depends on the nature of the Client’s problem to be solved.

Enter your choice:

√ Select from the choices given, or if “Other,” describe the interest.

Intended Users
An intended user is a party the Appraiser intends will use the report. The Client is always an intended user, but there may be others as well. There are no “automatics” regarding intended users beyond the Client. In order for the Appraiser to fulfill the Client’s request for services, the Appraiser may need to identify other parties as intended users, but even so, it is the Appraiser – not the Client – who identifies intended users. Intended users must be identified at the time of the assignment, not after the fact. One reason why this is critical is that the Appraiser is responsible for preparing a report that contains “sufficient information to enable the intended users of the appraisal to understand the report properly” (see Standards Rule 2-1(b) in USPAP). The intended users will be the audience for the report. The comment included in italics—Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report—is important because it underscores this requirement and sets forth the Appraiser’s understanding of his or her responsibilities regarding users.

Intended users may be identified by name (for example, “John Doe at ABC Company”) or by type (for example, “federally insured depository institutions”).

Enter your choice:

√ If the Client is the only intended user, simply state “Client.” If there are intended users other than Client, identify them by name or type.

Intended Use
The intended use is the Appraiser’s intent with regard to how the report will be used. As with intended users, there are no “automatics” regarding intended use. It is the Appraiser – not the Client – who identifies the intended use, but in order for the Appraiser to fulfill the Client’s request for services, the Appraiser’s intended use will need to match up with the reason why the Client needs the service. Since intended use is a key driver in making a Scope of Work determination, it is best to be as specific as possible regarding intended use.
The comment included in italics—Note: No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate Scope of Work for the assignment—is important because it underscores this fact.

**Items to edit:**

- If the intended use is lending, retain the statement “To assist the Client and intended users in making a lending decision.”
- If other than lending, delete this statement and specify the intended use.

**Type of Value**

The results of an assignment might be an appraisal opinion, appraisal review opinion, appraisal consulting opinion, or some other type of opinion.

In an appraisal assignment, the opinion is some type of value. The type of value is important to identify because there are many different types of “value.” These include market value, investment value and use value, but there are others as well. There are many different definitions of market value in use and it is important for the Appraiser and Client to know at the outset which ones will apply.

In other types of assignments, “type of value” may be replaced with “type of opinion” in the Agreement.

In an appraisal review assignment, the type of opinion is an opinion about the quality of the work under review.

In an appraisal consulting assignment, the type of opinion may be one of a broad variety of analyses, recommendations or conclusions. While the objective in an appraisal consulting assignment is never value, arriving at the assignment results always involves value.

**Items to edit:**

- Edit the type of value as appropriate.
- If the assignment is not an appraisal opinion, change “type of value” to “type of opinion” and state the type of opinion.

**Date of Value**

The effective date of value is important because the Appraiser’s conclusions are reflected as of that date and that date alone. The effective date of value may be a current date, a prospective (future) date or a retrospective (historical) date.

If the date of value is a current date, it is generally based to coincide with the date of inspection (if any).
Agreement for Services—Long Version

Items to edit:

√ Indicate the effective date of value.
√ If the assignment is not an appraisal, change “date of value” to “date of opinion” and indicate the date.

*Additional Property to be Valued
If the property to be appraised or analyzed includes items other than real property, use this section to identify those items.

Items to edit:

√ Indicate additional property to be valued.  Choose “none” if none.  If “other,” describe.

Hypothetical Conditions, Extraordinary Assumptions
If it is anticipated at the time of assignment that Hypothetical Conditions or Extraordinary Assumptions will be used, they should be explained as fully as possible in the Agreement for Services. Often, however, their use cannot be anticipated and their need may not be discovered until the assignment is being completed. When this is the case, an amendment to the Agreement for Services may be necessary.

Items to edit:

√ Describe any anticipated Hypothetical Conditions or Extraordinary Assumptions. If none are anticipated, state “None anticipated.”

Applicable Requirements other than the Uniform Standards of Professional Appraisal Practice (USPAP)
All appraisal practice assignments will be subject to USPAP, but other requirements might apply to the assignment as well. The fact that the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute will apply for members of the Appraisal Institute must be stated in the Agreement for Services.

If the Client is a government agency or government sponsored enterprise, or the assignment must meet the requirements of such a body, additional requirements may apply. Examples of additional requirements include guidelines or requirements of Fannie Mae, Freddie Mac, FHA, VA, or the appraisal requirements pursuant to FIRREA.

Items to edit:

√ State any requirements or standards in addition to USPAP that will apply to the assignment.
Agreement for Services—Long Version

√ Appraisal Institute members MUST indicate that the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute will apply.

Anticipated Scope of Work
This section allows the Appraiser and Client to agree on some aspects of the Appraiser’s anticipated Scope of Work for the assignment, namely, the degree to which the property will be inspected and the valuation approaches to be used. Note that the Scope of Work actually performed may vary once the assignment has begun. The statement—“Note: Appraiser shall use all approaches necessary to develop a credible opinion of value”—is important, because the Scope of Work Rule in USPAP places this firm requirement on the Appraiser.

Items to edit:

√ Indicate the anticipated degree of site visit (property inspection), if any.
√ Indicate the anticipated valuation approaches to be used.
√ Add other anticipated Scope of Work elements as needed.

Appraisal Report
In this section the type of appraisal report (Self-Contained, Summary, Restricted-Use or Oral) is specified, along with the form or format. If a form is used, the form identification (e.g., Fannie Mae 1004; AI Reports™) should be specified.

Items to edit:

√ Specify the appraisal report option (Self-Contained, Summary, Restricted-Use or Oral)
√ If not an appraisal report, edit the report type accordingly.
√ Specify the report form, if applicable, or format.

Contact for Property Access, if applicable
This section allows the parties to indicate the name and phone number of the party who will provide access to the subject property, if applicable.

Items to edit:

√ Indicate the name and phone number(s) of the person who will provide the Appraiser with access.

Proposed improvements
This clause states that if the property appraised consists of proposed improvements, Client will provide their Appraiser with plans, specifications or other documentation sufficient to identify the extent and character of the proposed improvements.
Items to edit:

√ Delete this clause if the assignment does not involve proposed improvements.

Properties under Contract for Sale
This clause states that if the property is currently under contract for sale, the Client will provide the Appraiser with a copy of the sales contract including all addenda.

*Additional Documentation
This clause states that the Client will provide the Appraiser with additional documentation by a stated date. Such additional documentation might include leases, operating statements, etc. The information is to be itemized in an appendix to the Agreement.

Items to edit:

√ Insert the date by which the Client is to provide the information to the Appraiser.
√ Include an Appendix A to the Agreement that itemizes the additional information.
√ Delete this clause if no additional information is needed by the Appraiser to complete the assignment.

Delivery Date
Use this section to state the delivery date (due date) for the work product.

Items to edit:

√ Indicate the delivery date.

Delivery Method
Use this section to specify the means of delivery.

Items to edit:

√ Edit the delivery method. If “other,” explain.

Number of Copies
Use this section to indicate the number of copies of the Appraisal Report to be delivered to the Client that are included in the Appraiser’s fee.
Items to edit:

✓ Indicate the number of copies.

Payment to Appraiser
Use this section to state the fee due the Appraiser for providing the service.

Items to edit:

✓ Indicate the dollar amount of the fee due to the Appraiser for providing the service.

*Payment Due Date
This clause states that the Appraiser will invoice the Client for the fees specified in the Appraiser’s Fee section. The invoices are due upon receipt and will be considered delinquent if not paid within the stated number of days.

Items to edit:

✓ Replace the XX with the desired number of days before the invoice is considered delinquent.

*When Appraiser’s Obligations are Complete
This clause stipulates that the Appraiser’s obligations are complete when the Appraisal Report is delivered to the Client.

Items to edit:

✓ If the assignment is not an appraisal, change Appraisal Report to the applicable type of report or work product.

Confidentiality
The Appraiser must protect the Client’s confidential information, as required by the Confidentiality Section of the Ethics Rule of USPAP.

Use of Employees or Independent Contractors
This clause says that the Appraiser may use others to help complete the assignment, unless otherwise agreed upon by the parties. If the Appraiser is assisted by others, the clause states that the Appraiser will sign the written report and take full responsibility for the service.

Items to edit:

✓ If the Client and Appraiser DO NOT agree that others may assist, edit accordingly.
*Services Not Provided*
This clause says that the only services to be provided by the Appraiser are the services outlined in this Agreement. The Appraiser may accept additional services (including meeting with the Client’s attorneys, etc.) but that will necessitate a new, amended or separate Agreement.

Testimony at Court or Other Proceedings
This clause specifies that the assignment will not include the Appraiser’s giving testimony in, or attending, a judicial, arbitration or administrative proceeding relating to the assignment, either voluntarily or as the result of a subpoena.

This clause is not saying the Appraiser would not take on such additional work, merely that such work would be outside the scope of this Agreement. A separate Agreement would be needed if the Appraiser were to accept such additional work.

Changes to Agreement
Any changes to the assignment as outlined in the Agreement will require a new Agreement. This clause also states that the Client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

Cancellation
This clause says that the Client may cancel the assignment any time prior to the Appraiser’s delivery of the Appraisal Report, but the cancellation must be in writing. It also says that the Client will pay the Appraiser for work completed up to the point of cancellation, unless the parties agree otherwise.

Items to edit:

\[\checkmark\] If the assignment is not an appraisal, edit “Appraisal Report” accordingly.

Governing Law and Jurisdiction
This type of clause is fairly standard in many agreements or contracts. It specifies that the assignment will be governed by the law of the state in which the Appraiser is located. It also stipulates that if there is any legal proceeding that results pursuant to the assignment, such proceedings will be in the state or federal court having jurisdiction where the Appraiser’s office is located.
Appraiser Independence
This clause reiterates USPAP’s firm requirement that the Appraiser must remain independent, impartial and objective and cannot agree to provide predetermined conclusion. It puts the Client on notice regarding the fact that there cannot be any guarantees regarding the outcome of the assignment.

*Notices
This clause outlines how notices regarding the assignment will be delivered, as well as when such notices become effective. This is a relatively standard clause included in many types of service agreements.

No Third-Party Beneficiaries
This is a relatively standard clause that stipulates there will be no third parties who benefit from the Agreement and that the Agreement does not create any contractual relationships between the Appraiser and any third party, or between the Client and any third party.

Ownership of Work Product
This clause allows the parties to agree on how the work product may be disseminated. Note that while the Appraiser’s report will specify the Appraiser’s intended use and intended user(s), these statements in themselves do not restrict the Client or another party from using the report in some other manner, or restrict another party from using the report. The only effective way to control how the report will be distributed is to include a clause such as this one in an Agreement for Services.

The first sentence stipulates that the Client or other party in possession of the report does not automatically have the right to publish or redistribute the report. The next sentence says that the Appraiser retains the rights to the data in and content of, the report (except for data provided by the Client). The next sentence goes on to say that the Client can share the report with their professional advisors (attorneys, accountants, etc.) relative to the property that is the subject of the assignment, but only if those advisors are notified in writing of the Appraiser’s rights under the Agreement.

Items to edit:
✓ If the report is something other than an “appraisal report” (say, a review report or consulting report), edit accordingly.

*Mediation and Arbitration
This is another relatively standard clause that states that if there is a dispute between the Appraiser and the Client, the parties will attempt to resolve the issue through mediation and if mediation fails, through arbitration. The clause also states that the arbitration will take place in the city where the Appraiser’s office is located; that the parties will share in any costs of mediation; and addresses how costs of arbitration and arbitration awards will be handled.
*Special or Consequential Damages*

Another clause commonly found in service agreements, this clause says that neither the Appraiser nor the Client will be responsible for damages to one another that arise. Further, it states that the Appraiser will not be liable to the Client for any amounts exceeding the fees and costs paid by the Client to the Appraiser.

*Assignment*

This clause says that neither party can assign their interest in the Agreement without the written consent of the other party. If consent is given to assign, the party to whom the Agreement is assigned will be bound by all the terms of the Agreement.

*Severability*

This clause says that if a court decides that a portion of the Agreement is void or unenforceable, only that portion will be void and the rest of the Agreement will remain valid.

*Client’s Duty to Indemnify Appraiser*

If a third party believes the Client violated the law, or Client breached its obligations (e.g., contractual obligations) and the Appraiser is somehow named in such a claim, the Client agrees to “defend and indemnify” the Appraiser and hold the Appraiser “harmless.” In order to trigger the Client’s duty to indemnify, the Appraiser is required to adhere to the various terms in this paragraph, including, but not limited to, notifying and cooperating with Client.

*Client’s Representations and Warranties*

In this clause, the Client is stating that (1) the Client has the ability (“right, power and authority”) to enter into such an Agreement; (2) the Client’s obligations under this Agreement don’t conflict with obligations under other agreements the Client may have with other parties; and (3) the Client is not engaging the Appraiser for illegal purposes.

*Extent of Agreement*

This clause stipulates that this Agreement constitutes the entire agreement between the Appraiser and Client regarding the service. This Agreement supersedes any other agreement (written or oral) that may have taken place. It also states that it can be amended in writing and such written documentation must be signed by both the Appraiser and Client. It allows for Appendices to the Agreement to be specified.

**Items to edit:**

- Edit the list of Appendices.
- Be sure to include the Appendices identified as attachments to the Agreement.
Expiration of Agreement

The Agreement must be signed by both parties in order to be valid. Not only that, it must be signed within a stated number of days from the Date of Agreement stated on the first page. Signature lines are provided for both parties.

**Items to edit:**

- Insert the number of days that the Appraiser and Client have to sign the Agreement.
- Both parties include their printed names and signatures.
Using the Optional Clauses

The Optional Clauses document contains additional clauses that can be inserted into either the long or short versions of the Agreement for Services on an as-needed basis. This can be done easily using the Copy and Paste functions in Word.

Assignment Delivery Date
Use this clause to specify delivery date (due date) and terms. This clause says that the Appraiser will deliver the completed work as of the stated date, or according to the stated schedule, provided the Client has fulfilled its obligations as described elsewhere in the Agreement (for example, providing property access or information) within the stated time frame. This clause also says that if the Client causes delay (for example, if the Client does not provide property access or information as agreed), then the due date will be adjusted accordingly. It states further that the Appraiser does not guarantee delivery by the stated date, only that the Appraiser will make all reasonable efforts to deliver the work by that date. If the Appraiser is unable to complete the assignment by the due date, the Appraiser will give the Client reasonable notice of the anticipated delay and the parties will then adjust the due date.

**Items to edit:**
- Enter the number of days from date of the Agreement for Services that Client has to perform Client’s obligations.
- Enter the Date of Delivery, or schedule.

Payment Due Date
Use this clause to set forth additional payment terms. The first sentence says that the Appraiser will invoice the Client for the amount agreed upon in the Agreement for Services. The second sentence says that the invoice is due upon receipt by the Client and will be considered delinquent if not paid within the stated number of days. The third sentence says the Client will be charged a late charge of a set amount per month if payment is delinquent. The fourth sentence says there will be additional late charges for every month, or part of a month, that payment is delinquent. The final sentence says that if the Appraiser incurs costs to collect (for example, pays fees to a collection agency, or hires legal counsel), the Client will pay those costs also.

**Items to edit:**
- Replace the XX with the desired number of days before the invoice is delinquent.
- Insert delinquent payment amount.

Additional Copies
The basic Agreement for Services, both Long and Short versions, contains a clause stipulating the number of copies of reports included with the appraisal fee. This optional clause specifies charges for additional copies of reports. The second sentence allows the insertion of the Client’s preferred
delivery method and delivery address. This second sentence also stipulates that requests for additional copies will be in writing.

**Items to edit:**

- Insert dollar amount per copy for additional copies.
- If the report is something other than an “appraisal report” (say, a review report or consulting report), edit accordingly.

**Ownership of Work Product**

This clause allows the parties to agree on how the work product may be disseminated. Note that while the Appraiser’s report will specify the Appraiser’s intended use and intended user(s), these statements in themselves do not restrict the Client or another party from using the report in some other manner, or restrict another party from using the report. The only effective way to control how the report will be distributed is to include a clause such as this one in an Agreement for Services.

The first sentence stipulates that the Client or other party in possession of the report does not automatically have the right to publish or redistribute the report. The next sentence says that the Appraiser retains the rights to the data in, and content of, the report (except for data provided by the Client). The next sentence says that the Client can share the report with its professional advisors (attorneys, accountants, etc.) relative to the property that is the subject of the assignment, but only if those advisors are notified in writing of the Appraiser’s rights under the Agreement.

**Items to edit:**

- If the report is something other than an “appraisal report” (e.g., a review report or consulting report), edit accordingly.

**Property Access**

This clause permits the parties to agree that Appraiser can request access to the subject property from the Client upon giving a certain amount of notice. That notice can be by phone, fax, or e-mail. For example, if the parties agree that the notice time will be 24 hours, the Appraiser could request (via phone, fax or e-mail) that the Client provide access to the subject property within 24 hours. Such a clause may be important when the timeliness of access is critical to the completion of the assignment.

**Items to edit:**

- Insert the “notice time” in hours or days, as agreed upon.

**Confidentiality**

This clause serves to put the Client on notice that the Appraiser must comply with the confidentiality requirements set forth in USPAP. (See the Confidentiality section of USPAP’s Ethics Rule and the definition of “confidential information” in USPAP’s Definitions section). The clause says in the first sentence that the standard of care regarding maintaining confidentiality will be the same standard of
care that the Appraiser applies to his or her own confidential information. The next sentence clarifies what constitutes “confidential information.” This sentence essentially repeats what USPAP says, but expands upon it to provide more detail.

**Payment in the Event of Cancellation**

This clause allows the parties to stipulate what happens in the event of cancellation. The first sentence says the Client has the right to cancel the assignment any time before the delivery of the appraisal report, but that notice of cancellation must be in writing and must be delivered to the Appraiser’s place of business. The second sentence says that, unless the parties have agreed otherwise, the Client will pay the Appraiser for all work completed and all expenses incurred, up to the date of cancellation.

Items to edit:

- If the report is something other than an “appraisal report” (e.g., a review report or consulting report), edit accordingly.