

THE OPINION OF THE COLLEGE ON

Contractual Conditions

**Initiation, Chair responsibility,
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The relationship between client and appraiser involves general fiduciary care as well as contractual specificity.

The contract conditions outlined below are relevant to achievement of an agreement between a client and an appraiser. Such an agreement should precede commencement of the appraisal assignment and should serve as the basis for employment to undertake the assignment.

The appraiser, after carefully reviewing the suggested conditions, should select and use those contract conditions required by the circumstances of the proposed assignment.

Itemization by number of the following contract conditions does not imply an order of importance, e.g., the condition numbered 17 regarding dispute settlement is as significant to the contracting parties as is the condition numbered 1 regarding warranty of professional performance.

1. Appraiser warrants that services will be performed in a professional manner in accordance with established appraisal industry standards. Appraiser makes no further warranty of any kind, express or implied.
2. Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraiser is affiliated.
3. Appraiser will preserve the confidential nature of information received from client or developed during this engagement, in accordance with established professional standards. Client agrees to preserve the confidential format and content of the appraisal report. The report and appraiser's identity are not to be used in whole or part outside client's organization without prior written approval, except for review by auditors and legal counsel and by representatives of taxing authorities.
4. The persons authorizing this engagement on behalf of client and appraiser are empowered to do so.

5. Client agrees that appraiser does not, either by entering into this contract or by performing the services rendered, assume, abridge, abrogate or undertake to discharge any duty of client to any other entity.
6. Any use by the client of the appraisal report is conditioned upon payment of all fees in accordance with the agreed terms.
7. Fees are in no way contingent upon values concluded by appraiser.
8. In consideration for performing the services rendered at the fee charged, appraiser expressly limits his or her liability to five times the amount of the fee paid or \$25,000, whichever is less.
9. Appraiser expressly disclaims liability as an insurer or guarantor. Any persons seeking greater protection from loss or damage than is provided for herein should obtain appropriate insurance.
10. Delivery schedules quoted assume (unless otherwise stated) that:
 - (a) Written authorization and/or retainer requested will be received by a specified date or in a timely manner;
 - (b) All supporting information to be provided by the client will be readily available;
 - (c) Appraiser will be afforded ready access to the property to be appraised.
11. Fees quoted in appraisal engagement letters are due and payable regardless of whether or not conclusions reached coincide with client's expectations.
12. No opinion is intended to be expressed for matters that require legal or other specialized expertise, investigation or knowledge beyond that customarily employed by appraisers in the evaluation of properties.
13. Unless specifically brought to appraiser's attention, appraiser will assume there are no hidden or unexpected conditions of the property that would adversely affect value.
14. Hazardous substances, if present within a property, can introduce an actual or potential liability that will adversely affect the marketability and value of the property. Such liability may be in the form of immediate recognition of existing hazardous conditions or future liability that could stem from the release of currently nonhazardous contaminants.

In the development of the opinion of value, no consideration will be given to such liability or its impact on value unless appraiser is specifically retained to perform or prepare an environmental or toxic contamination report. Unless such a report is prepared by appraiser, client releases appraiser from any and all future environmental liability.
15. If, in the future, appraiser is requested or compelled to produce documents or testify with regard to work performed for client, client shall reimburse appraiser for all costs, including those for attorney fees, preparation and travel time, court or deposition time, and expenses incurred.
16. The client shall indemnify and hold harmless appraiser and his or her employees, agents, or subcontractors against all claims made by any third party and any judgment for loss, damage or expenses of whatsoever nature and

howsoever arising relating to the performance or nonperformance of any services by appraiser.

17. In the event of a dispute involving interpretation or application of this agreement, the dispute shall be referred to a neutral third-party mediation service. The cost of such mediation shall be borne equally by the parties. In the event mediation is not successful, the parties agree to submit the dispute to binding arbitration under the laws of the state of _____.