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Department of  
Agriculture

Farm Service  
Agency

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February 13, 2004

Sharon Lowman  
Chair, Missouri Real Estate Appraisers Commission  
P.O. Box 1382  
Sedalia, MO 65302

Dear Ms. Lowman

It has recently come to our attention that the American Society of Farm Managers and Rural Appraisers (ASFMRA) is teaching a course entitled, "Identifying Intangible Assets". From our discussions with appraisers who attended this course it appears that ASFMRA is advocating a major change in the way that real estate appraisals have historically been completed for contract livestock facilities.

ASFMRA bases their approach on an interpretation of USPAP Standard Rule 1-4 (g):

*An appraiser must analyze the effect on value of any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal.*

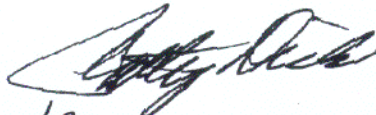
The course basically teaches that the value of the contract in a livestock facility is an "intangible asset" and needs to be valued separately from the real estate. As an end user, the Farm Service Agency (FSA) asks only for a market value opinion, taking into consideration the length and the terms of the contract. We realize that much- of the-value of a contract livestock facility is in the contract. This is nothing new to us.

We are concerned that this new approach will drive up the cost of appraisals and delay the completion of an appraisal. An appraiser would basically have to complete two appraisals, one with the contract and one without. Since FSA contracts for many of its' appraisals, we are also concerned with our review function. We want to be fair to all of our contract appraisers but need to know what is acceptable.

Is the Commission aware of this situation? Does the Commission agree with ASFMRA's interpretation of the Standard Rule?

Thank you in advance for your attention to this situation. If you have any questions you can contact Dan Gieseke, Farm Loan Chief at (573) 876-0980.

Sincerely,



TIM KELLEY  
State Executive Director

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