INVOICE

FROM:
Rachel A Creager
Clack Appraisal
110 Pleasant Ave
Park Rapids, MN 56470

Telephone Number: 218-732-0486 **Fax Number:** 218-732-1400

INVOICE NUMBER
2653

DATE
09/03/2010

TO:
Don Dearstyne
Hubbard County District Attorney
301 Court Ave
Park Rapids, MN 56470

Telephone Number: (218) 732-4133 **Fax Number:**
Alternate Number: **E-Mail:**

REFERENCE

Internal Order #:	2653
Lender Case #:	
Client File #:	
Main File # on form:	2653
Other File # on form:	
Federal Tax ID:	553-06-4570
Employer ID:	

DESCRIPTION

Lender: N/A **Client:** Hubbard County District Attorney
Purchaser/Borrower: Duane Arndt
Property Address: 23998 County 86
City: Nevis
County: Hubbard **State:** MN **Zip:** 56467
Legal Description: Gov. Lots 2 & 3, Section 28, Township 141, Range 33

FEES	AMOUNT
Appraisal fee	350.00
SUBTOTAL	350.00

PAYMENTS			AMOUNT
Check #:	**Date:**	**Description:**	
Check #:	**Date:**	**Description:**	
Check #:	**Date:**	**Description:**	
		SUBTOTAL	
		TOTAL DUE	$ 350.00

Client	Hubbard County District Attorney			File No.	2653
Property Address	23998 County 86				
City	Nevis	County	Hubbard	State MN	Zip Code 56467
Owner	Duane Arndt				

TABLE OF CONTENTS

GP Residential 1
Additional Comparables 4-6 4
Building Sketch (Page - 1) 5
Plat Map 6
Location Map 7
Aerial Photo 8
Comparable Sales Map 9
Subject Photos 10
Photograph Addendum 11
Photograph Addendum 12
Photograph Addendum 13
Comp #1 Photos 14
Comp #2 Photos 15
Comp #3 Photos 16
Comp #4 Photos 17
Comp #5 Photos 18
GP Residential Certifications Addendum 19
Appraiser's License 21
Appraiser's Resume 22

RESIDENTIAL APPRAISAL SUMMARY REPORT

File No.: 2653

SUBJECT

Property Address: 23998 County 86 City: Nevis State: MN Zip Code: 56467
County: Hubbard Legal Description: Gov. Lots 2 & 3, Section 28, Township 141, Range 33
Assessor's Parcel #: 20.28.00200
Tax Year: 2010 R.E. Taxes: $ 2,396.00 Special Assessments: $ 147.00 Borrower (if applicable): Duane Arndt
Current Owner of Record: Duane Arndt Occupant: ☒ Owner ☐ Tenant ☐ Vacant ☐ Manufactured Housing
Project Type: ☐ PUD ☐ Condominium ☐ Cooperative ☐ Other (describe) HOA: $ N/A ☐ per year ☐ per month
Market Area Name: Spider Lake and Crow Wing Lake Map Reference: 20.28.00200 Census Tract: 9703

ASSIGNMENT

The purpose of this appraisal is to develop an opinion of: ☒ Market Value (as defined), or ☐ other type of value (describe)
This report reflects the following value (if not Current, see comments): ☐ Current (the Inspection Date is the Effective Date) ☒ Retrospective ☐ Prospective
Approaches developed for this appraisal: ☒ Sales Comparison Approach ☒ Cost Approach ☐ Income Approach (See Reconciliation Comments and Scope of Work)
Property Rights Appraised: ☒ Fee Simple ☐ Leasehold ☐ Leased Fee ☐ Other (describe)
Intended Use: The appraisal will be used by the client and the County Board in evaluating the subject in a tax appeal. The appraisal may be distributed by the District Attorney only, as it pertains to this case.
Intended User(s) (by name or type): For the County District Attorney and County Assessor
Client: Hubbard County District Attorney Address: 301 Court Ave, Park Rapids, MN 56470
Appraiser: Rachel A. Creager Address: 110 Pleasant Ave, Park Rapids, MN 56470

MARKET AREA DESCRIPTION

Location:	☐ Urban	☐ Suburban	☒ Rural
Built up:	☐ Over 75%	☒ 25-75%	☐ Under 25%
Growth rate:	☐ Rapid	☒ Stable	☐ Slow
Property values:	☐ Increasing	☒ Stable	☐ Declining
Demand/supply:	☐ Shortage	☐ In Balance	☒ Over Supply
Marketing time:	☐ Under 3 Mos.	☐ 3-6 Mos.	☒ Over 6 Mos.

Predominant Occupancy: ☒ Owner ☐ Tenant ☒ Vacant (0-5%) ☐ Vacant (>5%)

One-Unit Housing	PRICE $(000)	AGE (yrs)
Low	150	New
High	625	60
Pred	250	25

Present Land Use		
One-Unit	65	%
2-4 Unit		%
Multi-Unit		%
Comm'l	3	%
Vacant	32	%

Change in Land Use: ☒ Not Likely ☐ Likely * ☐ In Process * * To:

Market Area Boundaries, Description, and Market Conditions (including support for the above characteristics and trends): Defined neighborhood includes the shoreline property of Spider Lake in Mantrap Township. There is an oversupply of improved residential property on Spider Lake (Greater Lakes MLS) and the other lakes in the greater Nevis-Park Rapids area. Seven active listings, & six closed sales in 2009 from Spider Lake. Functional residential lake properties have sold for 86% to 96% of the reduced list price. Financing concessions from sellers have not been prevalent. Property values have declined since early 2008, but actual percentage is difficult to determine due to lack of resales from "like" lake neighborhoods. Market values may have be stable over the past six months. The greatest market activity occurs May to October. Most lake property is seasonally marketed. Market time from the past years sales ranged from 61 to 173 days for functional & competitively priced lots. Market time for active listings ranges from 182 to 400 cumulative days, indicating greater market time, functional obsolescence, and/or overpricing.

SITE DESCRIPTION

Dimensions: 2,640' west line x 780' north line x 640' south line Site Area: 50.50-acres
Zoning Classification: Hubbard Co Shoreland Ordinance Description: Recreational & Natural Environment Lakes Residential Use
Zoning Compliance: ☒ Legal ☐ Legal nonconforming (grandfathered) ☐ Illegal ☐ No zoning
Are CC&Rs applicable? ☐ Yes ☒ No ☐ Unknown Have the documents been reviewed? ☐ Yes ☐ No Ground Rent (if applicable) $ /
Highest & Best Use as improved: ☒ Present use, or ☐ Other use (explain)
Actual Use as of Effective Date: Residential, Recreational Use as appraised in this report: Residential, Recreational
Summary of Highest & Best Use: Present market conditions suggest the highest and best use is as improved.

Utilities	Public	Other	Provider/Description
Electricity	☒	☐	200,200-amp
Gas	☐	☒	Private LP
Water	☐	☒	Private sandpt well
Sanitary Sewer	☐	☐	Private possible
Storm Sewer	☐	☐	None

Off-site Improvements	Type	Public	Private
Street	Asphalt	☒	☐
Curb/Gutter	None	☐	☐
Sidewalk	None	☐	☐
Street Lights	None	☐	☐
Alley	None	☐	☐

Topography	Rolling, slope frm house to lake
Size	50.50-acre
Shape	Irregular
Drainage	Adequate
View	Trees, Lake overview

Other site elements: ☐ Inside Lot ☐ Corner Lot ☐ Cul de Sac ☒ Underground Utilities ☐ Other (describe)
FEMA Spec'l Flood Hazard Area ☐ Yes ☒ No FEMA Flood Zone N/A FEMA Map # No flood plains in County FEMA Map Date N/A
Site Comments: Subject includes 2,000' frontage on Crow Wing Lake. 1,000' frontage on north shore of Spider Lake. Frontage on Crow Wing Lk is primarily marsh, some better frontage north end. Spider Lake frontage is entirely marsh. Raised path from house to lake, ice ridge parallel with the lake (see aerial). Site improved with trail/driveway, boardwalk to Crow Wing Lk, underground electric, sandpoint well. Tree cover is mostly hardwoods. From the lake, site elevation raises west. Easements from north & south.

DESCRIPTION OF THE IMPROVEMENTS

General Description	
# of Units	1 ☐ Acc.Unit
# of Stories	Two
Type	☒ Det. ☐ Att. ☐
Design (Style)	1 1/2 Story Log
	☒ Existing ☐ Proposed ☐ Und.Cons.
Actual Age (Yrs.)	33
Effective Age (Yrs.)	24

Exterior Description	
Foundation	Concrete block
Exterior Walls	Scribed Log/Av
Roof Surface	CedarShake/F-A
Gutters & Dwnspts.	Plastic
Window Type	Casement/Ave
Storm/Screens	Yes
Shutters	Entire

Foundation	
Slab	No
Crawl Space	No
Basement	Full
Sump Pump	☐ Yes
Dampness	☒ None noted
Settlement	Assume histori
Infestation	None noted

Basement	☐ None
Area Sq. Ft.	1,330
% Finished	1%
Ceiling	Unfinish
Walls	Insulate,Gyp
Floor	Concrete
Outside Entry	Cellar door

Heating	
Type	Off Peak
	Storage units
Fuel	Electric
Cooling	
Central	None
Other	None

Interior Description	
Floors	PinePlank/Ave
Walls	Log,Knty.Pine/Ave
Trim/Finish	Pine/Ave
Bath Floor	PinePlank/Ave
Bath Wainscot	N/A
Doors	Interior: pine plank
Exterior:	Wood crossbuck

Appliances	
Refrigerator	☐
Range/Oven	☐
Disposal	☐
Dishwasher	☐
Fan/Hood	☐
Microwave	☐
Washer/Dryer	☐

Attic	☐ None
Stairs	☐
Drop Stair	☐
Scuttle	☒
Doorway	☐
Floor	☐
Heated	☐
Finished	☐

Amenities	
Fireplace(s) #	1 Woodstove(s) # 1
Patio	
Deck	At sauna
Porch	Screen,Covered
Fence	
Pool	
Other	Privy, Sauna

Car Storage	☐ None
Garage	# of cars (6 Tot.)
Attach.	
Detach.	1 Car
Blt.-In	
Carport	
Driveway	5+
Surface	Grass

Finished area **above** grade contains: 7 Rooms 3 Bedrooms .5 Bath(s) 1,859 Square Feet of Gross Living Area Above Grade
Additional features: Handcrafted, full-scribe log construction. Log screen porch, stone fireplace with insert, wood stove, cathedral ceilings. Wood cook stove, gas hot plate. Composting toilet. Log sauna with deck. Log sided privy. North end log wall exterior is covered with cedar shingle.
Describe the condition of the property (including physical, functional and external obsolescence): House built in 1977, per owner. Garage was built around 1982. Construction quality is average rustic log. Condition of the improvements are average, based on an effective age of 24 years. No septic system; greywater waste only. Basement has low headroom, non-curable, but is good usable storage/workshop area. Second level railings not code compliant. Instances of functional obsolescence are curable. No external inadequacies were observed.

Copyright© 2007 by a la mode, inc. This form may be reproduced unmodified without written permission, however, a la mode, inc. must be acknowledged and credited.

RESIDENTIAL APPRAISAL SUMMARY REPORT

File No.: 2653

TRANSFER HISTORY

My research ☐ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s): Hubbard County Record

1st Prior Subject Sale/Transfer	
Date:	N/A
Price:	N/A
Source(s):	County Record
2nd Prior Subject Sale/Transfer	
Date:	N/A
Price:	N/A
Source(s):	County Record

Analysis of sale/transfer history and/or any current agreement of sale/listing: No prior sales history to report from the past three years. No listing is found for the subject property. No known sales agreement on the subject property.

SALES COMPARISON APPROACH

SALES COMPARISON APPROACH TO VALUE (if developed) ☐ The Sales Comparison Approach was not developed for this appraisal.

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	23998 County 86 Nevis, MN 56467	17481 County 81 Park Rapids, MN		19431 Frost Bite Rd Akeley, MN		25116 Great Pines Dr Nevis, MN	
Proximity to Subject		7.66 miles SW		10.42 miles SE		1.06 miles E	
Sale Price	$ N/A		$ 550,000		$ 385,000		$ 215,000
Sale Price/GLA	$ 94.14 /sq.ft.	$ 215.60 /sq.ft.		$ 137.89 /sq.ft.		$ 237.83 /sq.ft.	
Data Source(s)	Inspection,Owner	Prior Inspection, MLS-189636		Ext.Inspection, MLS-185303		Ext. Inspection, MLS-186451	
Verification Source(s)	County Record	Hubbard County Record		Hubbard County Record		Hubbard County Record	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjust.	DESCRIPTION	+(-) $ Adjust.	DESCRIPTION	+(-) $ Adjust.
Sales or Financing	N/A	Contract for deed		Conventional		Cash	
Concessions	N/A	N/A		No Concessions		N/A	
Date of Sale/Time	10/28/08	11/12/2009		09/18/2009		10/13/2009	
Rights Appraised	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Location	Spider Lake	Rockwell lake		Crystal Lake		Spider Lake	
Site	3000' ftg; 50.50-acr	592' ftg; 14.91-acre	+80,000	316' ftg; 5.16-acre	+90,000	800' ftg; 3.6-acre	+100,000
View	Trees,Lake overview	Lake		Lake		Lake	
Design (Style)	1 1/2 Story Log	1 1/2 Story,WO		1 1/2 Story		1 Story	
Quality of Construction	Scribed Log	V.G.Framed	-46,475	Framed/Similar		Framed/Inferior	+18,590
Age	33	19		12		52	
Condition	Average Eff-23	Superior Eff-13	-25,000	Superior Eff-8	-37,500	Inferior Eff-30	+17,500
Above Grade Room Count (Total / Bdrms / Baths)	7 / 3 / .5	7 / 2 / 1.75	-10,000	8 / 4 / 2.5	-10,500	4 / 2 / 1	-5,000
Gross Living Area	1,859 sq.ft.	2,551 sq.ft.	-20,760	2,792 sq.ft.	-27,990	904 sq.ft.	+28,650
Basement & Finished	1330 SF 1% finish	1828 SF 88% fin	-17,610	Slab foundation		904 SF Unfinish	
Rooms Below Grade	Rms: 0-0-.5	Rms: 4-3-1	-25,740	N/A	+7,980	Rms: 0-0-0	
Functional Utility	Average	Superior	-16,000	Superior	-16,000	Superior	-8,000
Heating/Cooling	OP Strg Elec/No	FA,EI,BB EI/No		FA LP/C.Air	-3,000	Wall LP/None	+500
Energy Efficient Items	Standard	Standard		Standard		Standard	
Garage/Carport	1 Car Detach,Log	2+1 Car Det,Finish	-12,000	2 Car Attach	-2,000	None	+8,000
Porch/Patio/Deck	Scrn.Porch,CovPrc	Decks,Grnhouse		Decking		Deck,Bunkhouse	+5,600
Fireplaces, Other	Stn.FP,Wd.Stove	Stn.FP,Studio,Shd		StoneFP		Garden Shed	+4,000
Other buildings,Landscpg	Sauna&Deck,Privy	Extensive Landscp	-25,000	Asph.Drv,BoatLaun		Basic	+5,600
Net Adjustment (Total)		☐ + ☒ -	$ -118,585	☒ + ☐ -	$ 990	☒ + ☐ -	$ 175,440
Adjusted Sale Price of Comparables		Net 21.6 % Gross 50.7 %	$ 431,415	Net 0.3 % Gross 50.6 %	$ 385,990	Net 81.6 % Gross 93.7 %	$ 390,440

Summary of Sales Comparison Approach These are the most similar sales that have sold within the past 12-months from the subject's immediate market area. Comparable sales are viewed as "superior", "inferior" or "similar" to the subject and adjusted accordingly. Adjustments are market derived. Differences in condition, not actual age, are adjusted at $2,500 per effective year (age-life method of depreciation). Differences in GLA are adjusted by $30 per square foot (bedroom counts implied in this adjustment). Functional obsolescence is estimated to cover market reaction to lack of septic system and typical bathroom. Bathrooms are also adjusted by number. The subject's floor plan provides for a bathroom on the first level. Amenities are not adjusted item by item, but rather as they contribute to each sale. MLS interior photos & disclosures provide additional information of each sale when an interior inspection has not been conducted. None of the sales used are scribed log construction. No log home sales were found with similar functional utility, or with comparable site size/location.

Comp #1 consists of 14.91-acres fronting Rockwell Lake, a private lake with fishing. The site includes wetland/pond, a swimming area, extensive landscaping, rail fencing, trails, partial asphalt driveway, stone patios & walkways, and several gardens. The site value is estimated and extracted at $210,000. This line adjustment exceeds guidelines. The net and gross adjustment percentages are high due to the superior condition, finish quality, basement and amenities. This sale provides the "superior" sale from the subject's market area, with good privacy by the large lake acreage. Initial listing was over $1,000,000, recently reduced and sold. Comp #1 and #2 received larger functional utility adjustments for standard septic system, functional plumbing, and functional finishes (railings, kitchen).

Comp #2 is an oversized lot on Crystal Lake (197-acres, 40' max.depth). The shoreline is good sand, tree cover is good mature pines. House sits in the middle of the lot for privacy. Additional land is across the street. This site is estimated and extracted at $200,000. The quality of improvements are considered similar (exterior log siding, good interior finishes), but the condition is superior. This property sold in 2003 for $353,363.

Comp #3 is a small cabin with double frontage on Spider Lake. This property is much smaller in every aspect, but provides the reader with the market's reactions to an older, original cabin on a unique lot. There's approximately 458' on the north shore, with level elevation and good swimming area, and 355' natural shore across the street. Site has good varied tree cover. A $8,000 functional utility adjustment is made for working septic system/plumbing. Total days on market to closing was 120.

In reconciliation, some weight is given to Comp #1 for acreage & privacy, weight is given to the site size/appeal of Comp #2. Weight is also given to the smaller cabins with instances of functional obsolescence, Sales #3, #4, and #5. Comp #4 shows the marketability of a rustic cabin with no septic system.

Indicated Value by Sales Comparison Approach $ 408,000

GP RESIDENTIAL Copyright© 2007 by a la mode, inc. This form may be reproduced unmodified without written permission, however, a la mode, inc. must be acknowledged and credited.
Form GPRES2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE 3/2007

RESIDENTIAL APPRAISAL SUMMARY REPORT

File No.: 2653

COST APPROACH

COST APPROACH TO VALUE (if developed) ☐ The Cost Approach was not developed for this appraisal.

Provide adequate information for replication of the following cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value): Subdivision analysis and sales comparison have been performed. Individual lot sales on Brush Lake, 4th Crow Wing, Bass, Ojibway, & Mary from 2009. Lake acreage sales from 2009 have been compiled from the surrounding area. Sales include Stony Lake for $250,000, Lake Beltrami for $425,000, Potato Lake for $139,500. A private sale on Wolf Lake (Crow Wing Twp) for $475,000 of 9.6-acres, purchased to prevent development. Other older sales have been reviewed in light of a declining market. The primary older sale is from 05/07 on West Crooked Lake for $330,000. Extracted site values from sales on Spider Lake also compiled. Analysis and further data has been retained in the workfile.

ESTIMATED ☐ REPRODUCTION OR ☒ REPLACEMENT COST NEW

Source of cost data: Marshall & Swift Cost Service, Local Building Costs

Quality rating from cost service: Average Effective date of cost data: 12/2009

Comments on Cost Approach (gross living area calculations, depreciation, etc.):
Functional obsolescence is estimated at 6% of the improved cost for lack of full bathrooms, rustic nature of the cabin. Cost is estimated "as improved", from Marshall and Swift Cost Valuation.

OPINION OF SITE VALUE			=$	290,000
DWELLING	1,859 Sq.Ft. @ $	89.29	=$	165,990
basement	1,330 Sq.Ft. @ $	13.50	=$	17,955
Sauna	180 Sq.Ft. @ $	42.00	=$	7,560
	Sq.Ft. @ $		=$	
	Sq.Ft. @ $		=$	
Screen Porch, Covered Porch, Deck, Fireplace			=$	33,190
Garage/Carport	440 Sq.Ft. @ $	36.37	=$	16,003
Total Estimate of Cost-New			=$	240,698

Less	Physical	Functional	External		
Depreciation	88,866	14,442		=$(	103,308)
Depreciated Cost of Improvements				=$	137,390
"As-is" Value of Site Improvements				=$	14,500
Electric, trail/driveway, well, landscaping				=$	
				=$	
INDICATED VALUE BY COST APPROACH				=$	441,890

Estimated Remaining Economic Life (if required): 41 Years

INCOME APPROACH

INCOME APPROACH TO VALUE (if developed) ☒ The Income Approach was not developed for this appraisal.

Estimated Monthly Market Rent $ X Gross Rent Multiplier = $ Indicated Value by Income Approach

Summary of Income Approach (including support for market rent and GRM):

PUD

PROJECT INFORMATION FOR PUDs (if applicable) ☐ The Subject is part of a Planned Unit Development.

Legal Name of Project:

Describe common elements and recreational facilities:

RECONCILIATION

Indicated Value by: Sales Comparison Approach $ 408,000 **Cost Approach (if developed) $** 441,890 **Income Approach (if developed) $**

Final Reconciliation Lack of comparable rental sales precluded a further analysis of the Income Approach. The Cost Approach sets the upper limits of value. The Sales Comparison Approach best reflects market value and is weighed. No personal property is included in the final market value opinion. The subject's estimated market time is 6 - 18 months.

This appraisal is made ☒ "as is", ☐ subject to completion per plans and specifications on the basis of a Hypothetical Condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a Hypothetical Condition that the repairs or alterations have been completed, ☐ subject to the following required inspection based on the Extraordinary Assumption that the condition or deficiency does not require alteration or repair:

☒ This report is also subject to other Hypothetical Conditions and/or Extraordinary Assumptions as specified in the attached addenda.

Based on the degree of inspection of the subject property, as indicated below, defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the real property that is the subject of this report is: $ 408,000 , as of: 01/02/2010 , which is the effective date of this appraisal. If indicated above, this Opinion of Value is subject to Hypothetical Conditions and/or Extraordinary Assumptions included in this report. See attached addenda.

ATTACHMENTS

A true and complete copy of this report contains 22 pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

Attached Exhibits:

☒ Scope of Work ☒ Limiting Cond./Certifications ☐ Narrative Addendum ☒ Photograph Addenda ☒ Sketch Addendum
☒ Map Addenda ☒ Additional Sales ☐ Cost Addendum ☐ Flood Addendum ☐ Manuf. House Addendum
☐ Hypothetical Conditions ☒ Extraordinary Assumptions ☐ ☐ ☐

Client Contact: Don Dearstyne Client Name: Hubbard County District Attorney
E-Mail: Address: 301 Court Ave, Park Rapids, MN 56470

SIGNATURES

APPRAISER

Rachel A Creager

Appraiser Name: Rachel A. Creager
Company: Clack Appraisal
Phone: 218-732-0486 Fax: 218-732-1400
E-Mail: ra59@unitelc.com
Date of Report (Signature): 09/03/2010
License or Certification #: 20111143 State: MN
Designation: Certified General, Certified Residential
Expiration Date of License or Certification: 8/31/2011
Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ None
Date of Inspection: 04/09/2010

SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)

Supervisory or Co-Appraiser Name:
Company:
Phone: Fax:
E-Mail:
Date of Report (Signature):
License or Certification #: State:
Designation:
Expiration Date of License or Certification:
Inspection of Subject: ☐ Interior & Exterior ☐ Exterior Only ☐ None
Date of Inspection:

GP RESIDENTIAL Copyright© 2007 by a la mode, inc. This form may be reproduced unmodified without written permission, however, a la mode, inc. must be acknowledged and credited.
Form GPRES2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE 3/2007

ADDITIONAL COMPARABLE SALES

File No.: 2653

SALES COMPARISON APPROACH

FEATURE	SUBJECT	COMPARABLE SALE # 4		COMPARABLE SALE # 5		COMPARABLE SALE # 6	
Address	23998 County 86 Nevis, MN 56467	26426 Holly Rd Park Rapids, MN		30574 Cone Cove Dr Park Rapids, MN			
Proximity to Subject		7.24 miles NW		15.57 miles W			
Sale Price	$ N/A		$ 150,500		$ 296,900		$
Sale Price/GLA	$ 94.14 /sq.ft.	$ 221.32 /sq.ft.		$ 334.35 /sq.ft.		$ /sq.ft.	
Data Source(s)	Inspection,Owner	MLS-186784		Inspection, MLS-178476			
Verification Source(s)	County Record	Hubbard County Record		Becker County Record			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) $ Adjust.	DESCRIPTION	+(-) $ Adjust.	DESCRIPTION	+(-) $ Adjust.
Sales or Financing	N/A	Cash		Conventional			
Concessions	N/A	N/A		No Concessions			
Date of Sale/Time	10/28/08	09/10/2009		04/17/2009			
Rights Appraised	Fee Simple	Fee Simple		Fee Simple			
Location	Spider Lake	Pickerel Lake		Two Inlets Lake			
Site	3000' ftg; 50.50-acr	1100' ftg; 3.5-acre	+180,000	197' ftg; 1.2-acre	+42,000		
View	Trees,Lake overview	Lake		Lake			
Design (Style)	1 1/2 Story Log	GeoDome/Inferior	+10,000	1 Story/Ave			
Quality of Construction	Scribed Log	Greatly Inferior	+27,885	Framed/Inferior	+18,590		
Age	33	44		46			
Condition	Average Eff-23	Similar		Similar Eff-23			
Above Grade Room Count (Total / Bdrms / Baths)	7 / 3 / .5	4 / 2 / 0		5 / 3 / .75	-5,000	/ /	
Gross Living Area	1,859 sq.ft.	680 sq.ft.	+35,370	888 sq.ft.	+29,130	sq.ft.	
Basement & Finished	1330 SF 1% finish	Slab foundation		Crawl Space			
Rooms Below Grade	Rms: 0-0-.5	N/A	+7,980	N/A	+7,980		
Functional Utility	Average	Similar		Superior	-8,000		
Heating/Cooling	OP Strg Elec/No	Wood Stove/No	+1,200	BB,Wall Elc/No			
Energy Efficient Items	Standard	Standard		Standard			
Garage/Carport	1 Car Detach,Log	None	+8,000	1 Car Attach			
Porch/Patio/Deck	Scrn.Porch,CovPrc	2-Sty Guest Cabin		Deck	+8,845		
Fireplaces, Other	Stn.FP,Wd.Stove	Wood Stove	+4,000	Fireplace	+4,000		
Other buildings,Landscpg	Sauna&Deck,Privy	2-Privy	+5,600	Shed,Basic	+5,600		
Net Adjustment (Total)		☒ + ☐ -	$ 280,035	☒ + ☐ -	$ 103,145	☐ + ☐ -	$
Adjusted Sale Price of Comparables		Net 186.1 % Gross 186.1 %	$ 430,535	Net 34.7 % Gross 43.5 %	$ 400,045	Net % Gross %	$

Summary of Sales Comparison Approach

Comp #4 and #5 are included for the functional utility of the improvements, and their oversized lots. Comp #1 is a long narrow parcel on the north shore of Pickerel Lake (310-acres, 26' max.depth). The site value estimate is based on site extraction. This line adjustment exceeds guidelines. Improvements consist of a rustic goedesic dome cabin, and a 2-story guest cabin. Much of the interior is unfinished, factored in the "construction quality" adjustment. No well is on site, but water is supplied by sandpoint well. Originally listed at $375,000, the asking price was reduced over time to sell in 284 cumulative days.

Comp #5 consists of two lots on Two Inlets Lake (578-acres, max.depth of 60'). The improved lot has good mature pines, minimal elevation, and sandy shoreline. The adjacent lot has inferior topography, cattail frontage, and inferior tree cover. The unimproved lot provides additional privacy. The cabin has had additions, some newer windows, newer kitchen. Unfinished walls (studs) & floors in two bedrooms is factored in the functional utility. The quality is considered is considered inferior to the subject's scribed log construction, adjusted by $10 per square foot.

GP RESIDENTIAL

Copyright© 2007 by a la mode, Inc. This form may be reproduced unmodified without written permission, however, a la mode, inc. must be acknowledged and credited.

Building Sketch

Client	Hubbard County District Attorney				
Property Address	23998 County 86				
City	Nevis	County	Hubbard	State MN	Zip Code 56467
Owner	Duane Arndt				

Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY

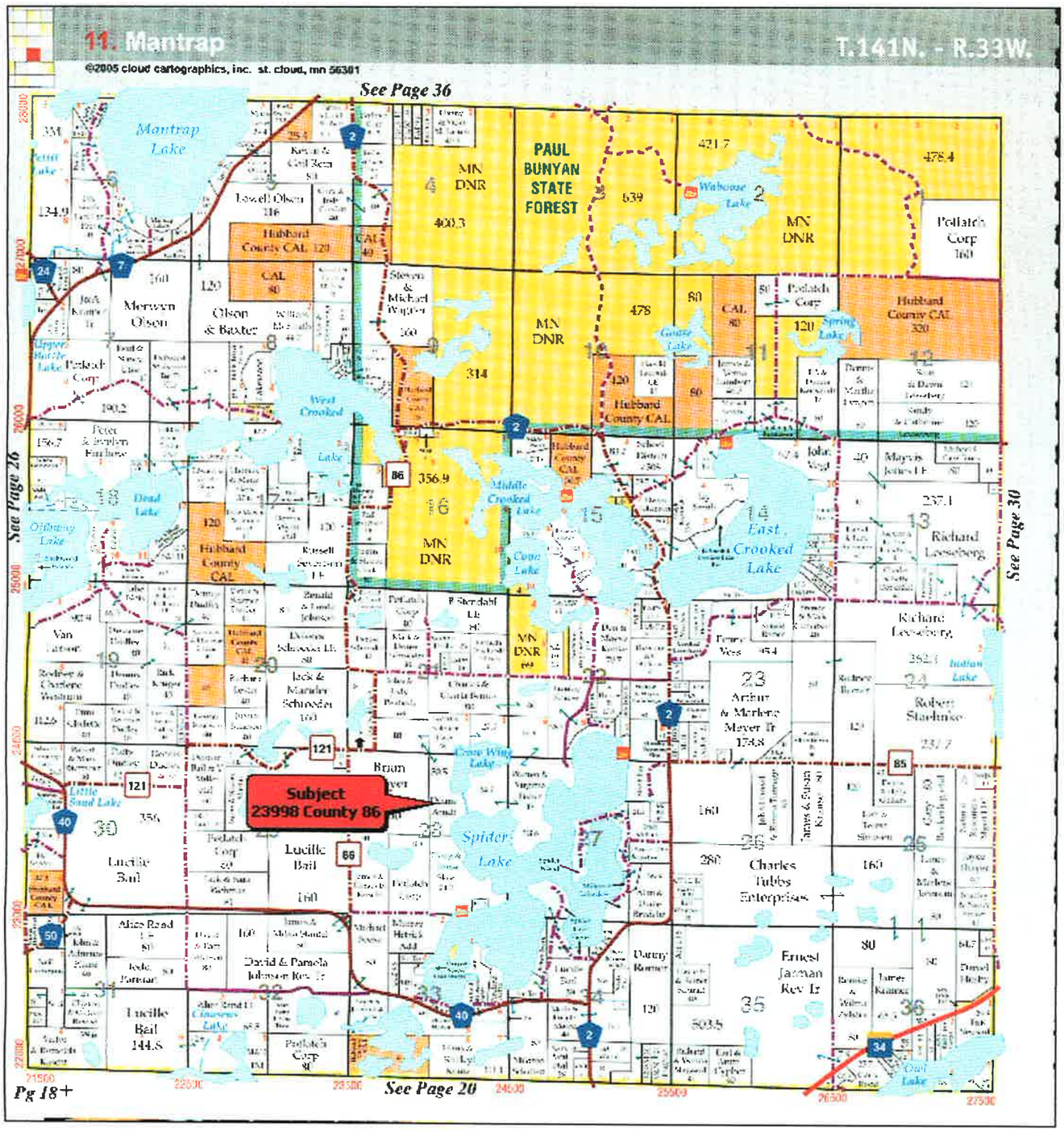
Code	Description	Size	Net Totals
GLA1	First Floor	1330.00	1330.00
GLA2	Second Floor	348.00	
	Second Floor	180.70	528.70
P/P	Screen Porch	224.00	
	Covered Porch	272.00	
	Deck	400.00	896.00
GAR	Garage	440.00	440.00
OTH	Non-GLA	56.40	
	Non-GLA	74.40	
	Non-GLA	39.00	
	Non-GLA	75.00	
	Non-GLA	42.00	
	Attic Storage	126.00	
	Sauna	180.00	
	Privy	56.00	648.80
TOTAL LIVABLE	(rounded)		1859

LIVING AREA BREAKDOWN

Breakdown			Subtotals
First Floor			
21.0	x	34.0	714.00
22.0	x	28.0	616.00
Second Floor			
6.0	x	9.0	54.00
10.5	x	28.0	294.00
11.5	x	13.5	155.25
1.5	x	2.0	3.00
2.0	x	3.0	6.00
3.5	x	4.7	16.45
8 Calculations Total (rounded)			1859

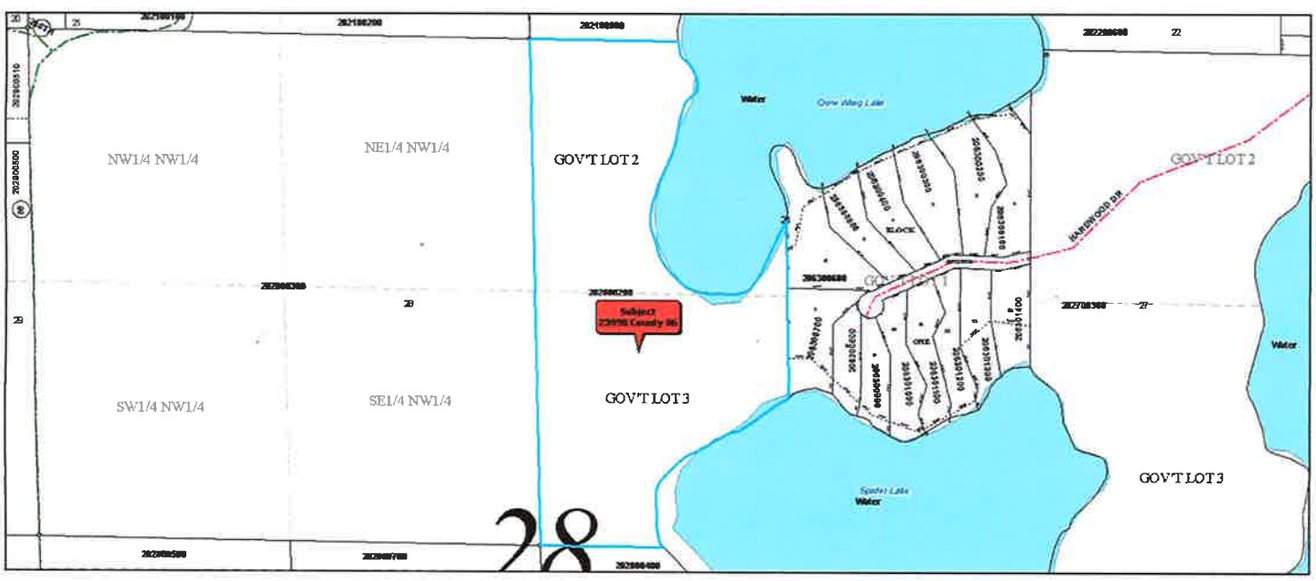
Plat Map

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						



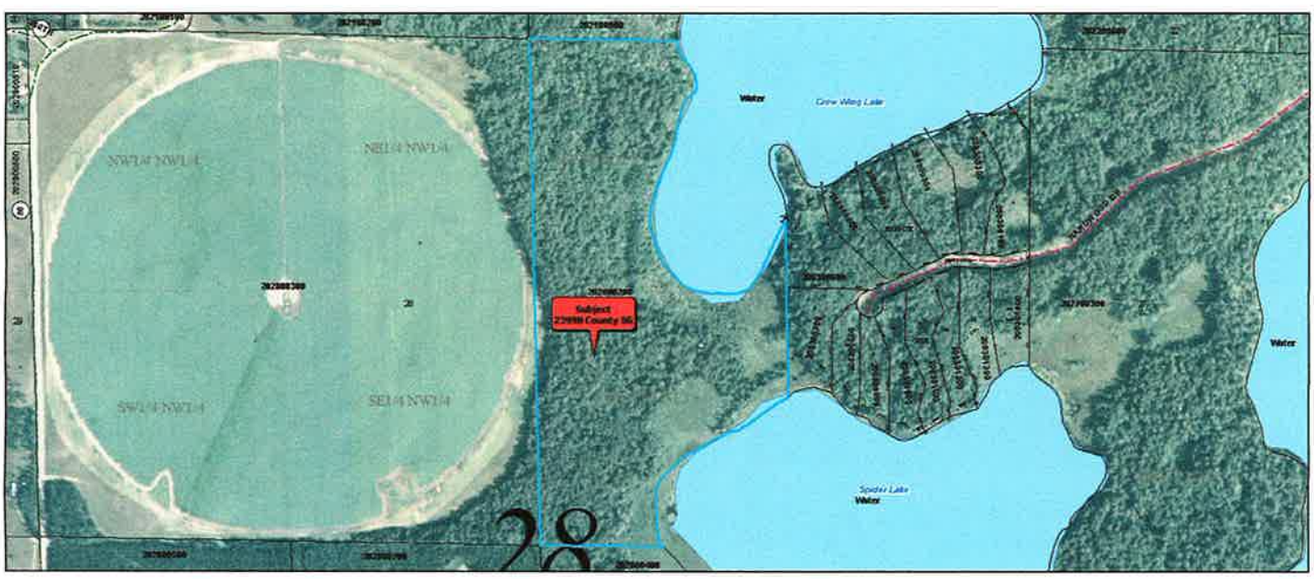
Location Map

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						



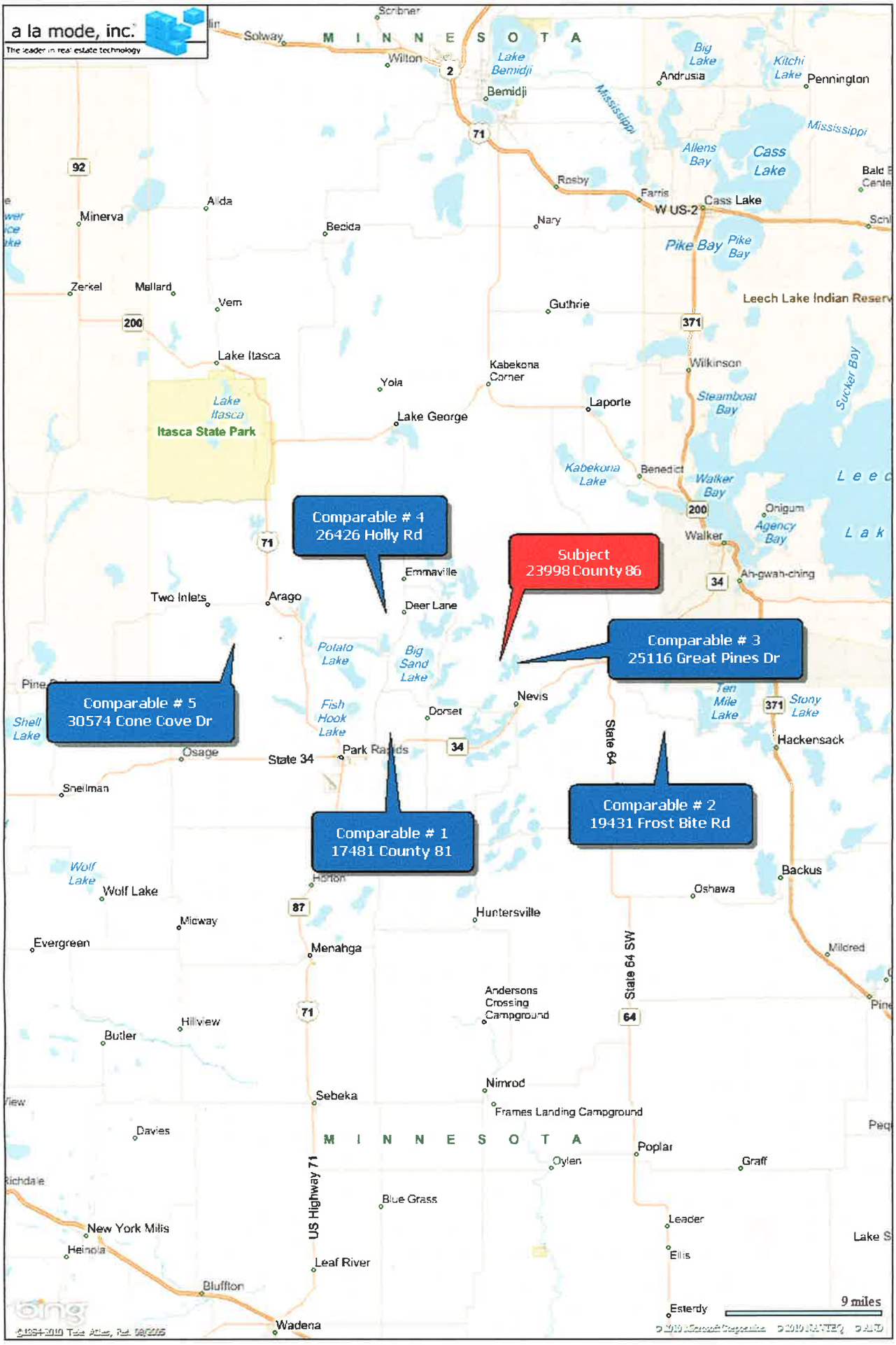
Aerial Photo

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						



Comparable Sales Map

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						



Subject Photo Page

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						

Subject Front-Entry

23998 County 86

Sales Price	N/A
Gross Living Area	1,859
Total Rooms	7
Total Bedrooms	3
Total Bathrooms	.5
Location	Spider Lake
View	Trees,Lake overview
Site	3000' ftg; 50.50-acr
Quality	Scribed Log
Age	33

Subject Rear

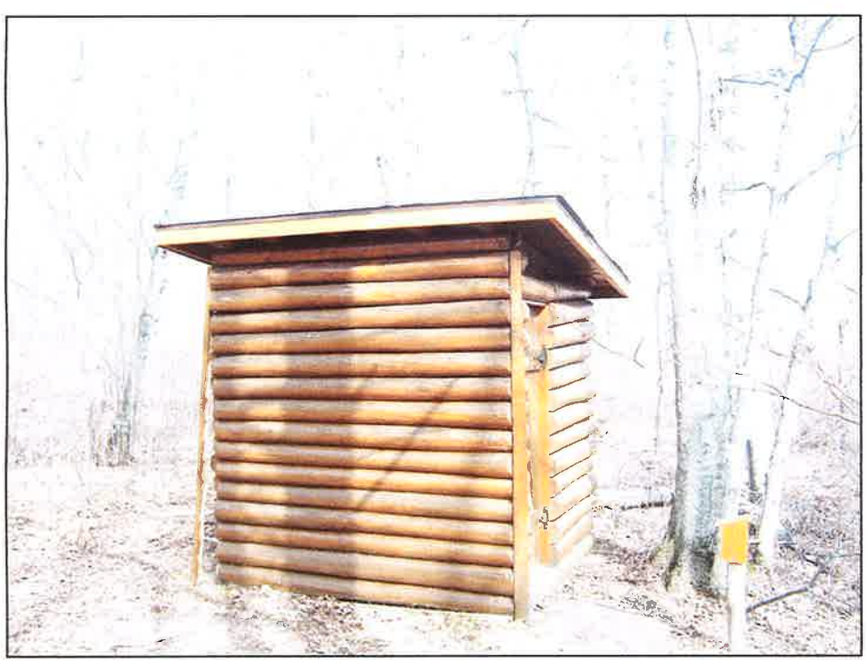
Subject Street

Photograph Addendum

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						

Sauna & Deck

Detached Garage



Privy

Photograph Addendum

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						

Spider Lake Shoreline along Ice Ridge

Spider Lake Shoreline SW of Dock

Spider Lake - View From Building Site

Photograph Addendum

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt						

Crow WIng Lake - Shoreline Looking West of Dock

Crow Wing Lake - Shoreline Looking East From Dock

Trail Thru Woods to South Line Easement

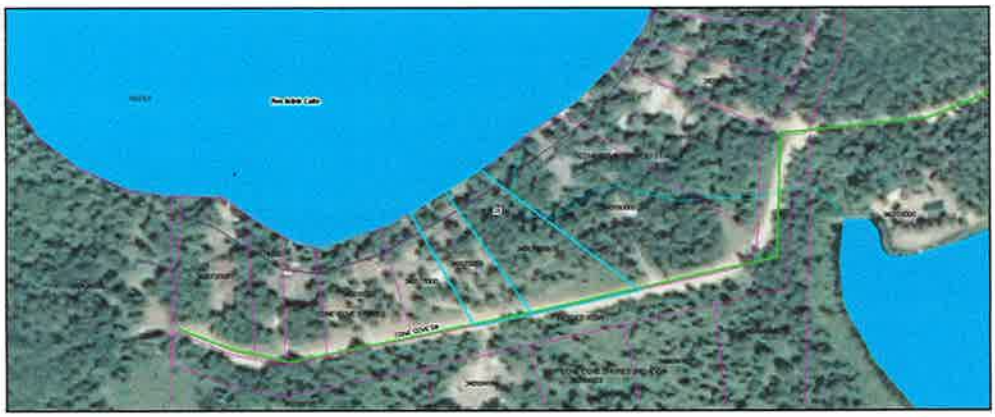
Comp #1 - Aerial photo shows low swampland & shoreline

Comp #2 - Additional acreage across the street
House placement in center of lot

Comp #3 - Approximately 3.6-acres includes roadway easement
Shoreline fronts Spider Lake on both sides of the road

Comp #4 - Limited potential for development due to configuration, topography, shallow depth.

Comp #5 - Aerial Photo shows two platted lots



Assumptions, Limiting Conditions & Scope of Work

File No.: 2653

Property Address: 23998 County 86	City: Nevis	State: MN	Zip Code: 56467
Client: Hubbard County District Attorney	Address: 301 Court Ave, Park Rapids, MN 56470		
Appraiser: Rachel A. Creager	Address: 110 Pleasant Ave, Park Rapids, MN 56470		

STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

— The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.

— The appraiser may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Unless otherwise indicated, a Land Survey was not performed.

— If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

— The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.

— If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.

— The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

— The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.

— The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.

— If this appraisal is indicated as subject to satisfactory completion, repairs, or alterations, the appraiser has based his or her appraisal report and valuation conclusion on the assumption that completion of the improvements will be performed in a workmanlike manner.

— An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.

— The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database.

— An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

-Possession of this report, or a copy therof, does not carry with it the right of publication.

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

Don Dearstyne order this appraisal on August 19, 2010. Appraisal was ordered with an effective date of January 2, 2010 for owner's tax appeal. Prior appraisals have been completed on this property, utilizing the same actual site inspection date. Those files have been referenced for this new assignment.

Additional Comments (Scope of Work, Extraordinary Assumptions, Hypothetical Conditions, etc.):
An Extraordinary Assumption is made that the condition of the improvements, from the effective date, are very similar to the condition as viewed on April 9, 2010, the date of inspection.

Copyright© 2007 by a la mode, inc. This form may be reproduced unmodified without written permission, however, a la mode, inc. must be acknowledged and credited.

Certifications

File No.: 2653

Property Address: 23998 County 86 City: Nevis State: MN Zip Code: 56467
Client: Hubbard County District Attorney Address: 301 Court Ave, Park Rapids, MN 56470
Appraiser: Rachel A. Creager Address: 110 Pleasant Ave, Park Rapids, MN 56470

APPRAISER'S CERTIFICATION

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

— The statements of fact contained in this report are true and correct.
— The credibility of this report, for the stated use by the stated user(s), of the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
— 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.
— I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
— My engagement in this assignment was not contingent upon developing or reporting predetermined results.
— 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.
— My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
— I did not base, either partially or completely, my analysis and/or the opinion of value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property.
— Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
— Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification.

Additional Certifications:

DEFINITION OF MARKET VALUE *:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

SIGNATURES

Client Contact: Don Dearstyne Client Name: Hubbard County District Attorney
E-Mail: Address: 301 Court Ave, Park Rapids, MN 56470

APPRAISER

Rachel A Creager

Appraiser Name: Rachel A. Creager
Company: Clack Appraisal
Phone: 218-732-0486 Fax: 218-732-1400
E-Mail: ra59@unitelc.com
Date Report Signed: 09/03/2010
License or Certification #: 20111143 State: MN
Designation: Certified General, Certified Residential
Expiration Date of License or Certification: 8/31/2011
Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ None
Date of Inspection: 04/09/2010

SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)

Supervisory or Co-Appraiser Name:
Company:
Phone: Fax:
E-Mail:
Date Report Signed:
License or Certification #: State:
Designation:
Expiration Date of License or Certification:
Inspection of Subject: ☐ Interior & Exterior ☐ Exterior Only ☐ None
Date of Inspection:

GP RESIDENTIAL Copyright© 2007 by a la mode, inc. This form may be reproduced unmodified without written permission, however, a la mode, inc. must be acknowledged and credited.
Form GPRES2AD — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE 3/2007

Appraiser's License

Client	Hubbard County District Attorney				
Property Address	23998 County 86				
City	Nevis	County	Hubbard	State MN	Zip Code 56467
Owner	Duane Arndt				

STATE OF MINNESOTA

RACHEL ANN ELIZABETH CREAGER
19486 STATE 34
PARK RAPIDS, MN 56470

Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that

RACHEL ANN ELIZABETH CREAGER

19486 STATE 34
PARK RAPIDS, MN 56470

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Certified General

License Number: 20111143

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2011.

IN TESTIMONY WHEREOF, I have hereunto set my hand this August 08, 2009.

Glenn Wilson

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce
Licensing Division
85 7th Place East, Suite 500
St. Paul, MN 55101-3165
Telephone: (651) 296-6319
Email: licensing.commerce@state.mn.us
Website: commerce.state.mn.us

Continuing Education:

CE Requirement Type	CE Required Hours
Total - Appraiser	30
USPAP	7

Notes:

- **Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. **Trainees do not qualify.** For further details, please visit our website at commerce.state.mn.us.

Appraiser's Resume

Client	Hubbard County District Attorney				
Property Address	23998 County 86				
City	Nevis	County	Hubbard	State	MN	Zip Code	56467
Owner	Duane Arndt				

Rachel A. Creager
110 Pleasant Avenue
Park Rapids, MN 56470
Office Phone: 218-732-0486

EDUCATION

2009 15.0 hr Residential Building Analysis: Inspection & Valuation
2009 7.5 hr HVCC and 1004MC Form – Kaplan Professional Schools
2008 7.5 hr USPAP – Kaplan Professional Schools
2007 16 hr Apartment Appraisal – Appraisal Institute
2007 40 hr General Applications – Appraisal Institute
2006 7.5 hr Advanced URAR and Fannie Mae Guidelines Update - Kaplan
2006 7.5 hr USPAP Update - Kaplan
2005 15 hr How to Perform FHA Appraisals Within New HUD Guidelines – ProSource
2004 7 hr Foreclosure – National Association of Independent Fee Appraisers -
2004 7.5 hr USPAP - Prosource
2003 39 hr Basic Income Capitalization – Appraisal Institute
2002 8 hr USPAP – McKissock, Inc.
2001 16 hr Conservation Easements Seminar – American Society of Farm Managers & Rural Appraisers
2001 7.5 hr When Good Houses Go Bad – Real Estate Essentials
2000 4 hr USPAP Update - ProSource
1999 15 hr Appraisal 203: Investment & Financial Analysis – ProSource
1999 15 hr Appraisal 202: Investment Property Appraisal – ProSource
1998 4 hr USPAP Update – National Association of Independent Fee Appraisers
1997 90 hr Pre-appraisal courses through ProSource
1995 General coursework in PC software – Palomar Junior College, San Marcos, CA

EMPLOYMENT

1997 – Real estate appraiser. Primarily residential and commercial assignments. Commercial training under supervision of David J. Johnson and Dolores Clack, Certified General Real Property Appraisers.

1996-1997 Cashier – J&B Foods; Park Rapids, MN
1987-1996 General Contractor & Project Manager; San Diego, CA
Light commercial and extensive residential remodeling; repair and maintenance.
Approximately 50% of the projects were on historical residences or apartment building.
1985-1987 General Contractor; Fairbanks, AK
Light commercial and residential remodeling and repair. Some new construction projects.
Remodeling work for the State of Alaska and HUD.
1982-1987 Draftsman and Residential Design; Fairbanks, AK
Design & drafting of residential remodeling and new construction projects.
Some new design work for the State of Alaska Farmers Home Administration.

COUNTIES SERVED

Hubbard, Wadena, Eastern Becker, Beltrami, Cass