

Client	Hubbard County District Attorney			File No.	2571-B
Property Address	23998 County 86				
City	Nevis	County	Hubbard	State	MN
Owner	Duane Arndt			Zip Code	56467

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Effective 01/02/09



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RESIDENTIAL APPRAISAL SUMMARY REPORT

File No.: 2571-B

City: Nevis

State: MN

Zip Code: 56467

Property Address: 23998 County 86

Legal Description: Gov. Lots 2 & 3, Section 28, Township 141, Range 33

County: Hubbard

Assessor's Parcel #: 20.28.00200

R.E. Taxes: \$ 2,831.00

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)

H.O.A. \$ N/A

per year

per month

Market Area Name: Spider Lake and Crow Wing Lake

Map Reference: 20.28.00200

Census Tract: 9703

SUBJECT

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.

ASSIGNMENT

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.

One-Unit Housing PRICE \$ (000) AGE (yrs) Low New Multi-Unit Comm'l

Present Land Use One-Unit 65 % ☒ Not Likely ☐ Likely \* ☐ In Process \*

Change in Land Use

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 Manttrap Township. There is an oversupply of improved residential property on Spider Lake (Greater Lakes ML S) and the other lakes in the greater Nevis-Park Rapids area. Six active listings (plus several PUD), and three closed sales in 2008 from Spider Lake. Functional residential lake properties typically sell for 89-94% of the listing when competitively priced. Financing concessions from sellers have not been prevalent. Property values have been stable, but oversupply is affecting market time and market values. Market values appear to be stable on "premier" lakes, but values on smaller or environmental lakes are beginning to decline in 2008. Vacant off-water acreage is declining in value by 6% to 7%. The greatest market activity occurs May to October. Most lake property is seasonally marketed. Market time may have been 3 - 8 months for functional properties which are competitively priced.

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. When supply of vacant lots becomes in balance, the highest and best use could be to subdivide the property.

SITE DESCRIPTION

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

Street Asphalt ☒ Public Private

Curb/Gutter None ☐ Size 50.50-acre

Sidewalk None ☐ Shape Irregular

Street Lights None ☐ Drainage Adequate

Alley None ☐ 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 Stones Two

Type ☒ Det ☐ Att ☐ 1 1/2 Story Log

Design (Style) Existing ☐ Proposed ☐ Und Cons.

Actual Age (Yrs.) 32

Effective Age (Yrs.) 23

Exterior Description

Foundation Concrete block

Slab No

Basement ☐ None

Heating Off Peak

Storage units

Interior Description

Floors PinePlank/Ave

Refrigerator ☐ Stairs ☐ Fireplace(s) # 1

Woodstone(s) # 1

Walls Log,Knty, Pine/Ave

Range/Oven ☐ Drop Stair ☐ Pato

Trim/Finish Pine/Ave

Disposal ☐ Scuttle ☒ Deck

At sauna

Bath Floor PinePlank/Ave

Dishwasher ☐ Doorway ☐ Porch

Screen,Covered

Bath Wainscot N/A

Fan/Hood ☐ Floor ☐ Fence

Doors Interior: pine plank

Microwave ☐ Heated ☐ Pool

Exterior: Wood crossbuck

Washer/Dryer ☐ Finished ☐ Other

Privy, Sauna

Car Storage ☐ None

Garage # of cars ( 6 Tot.)

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. Condition of the improvements are average, based on an effective age of 23 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.



RESIDENTIAL APPRAISAL SUMMARY REPORT

File No.: 2571-B

My research <input type="checkbox"/> did <input checked="" type="checkbox"/> 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	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.
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	

SALES COMPARISON APPROACH TO VALUE (if developed)										<input type="checkbox"/> 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		24549 County 4 Park Rapids, MN				25899 Hazelnut Tr Nevis, MN				210 Crow Wing Lake Dr Akeley, MN													
Proximity to Subject				6.39 miles W				2.55 miles NE				6.35 miles E													
Sale Price		\$		N/A		\$		840,000		\$		217.29 /sq.ft.		\$		475,000		\$		317.84 /sq.ft.		\$		465,000	
Sale Price/GIA		\$		94.14 /sq.ft.		\$		583.33 /sq.ft.		\$		217.29 /sq.ft.		\$		475,000		\$		317.84 /sq.ft.		\$		465,000	
Data Source(s)		Inspection, Owner		Inspection, M.L.S.-177701				Ext Inspection, Office files				Ext Inspection, M.L.S.-174349													
Verification Source(s)		County Record		Hubbard County Record				M.L.S.-165196, County Record				Hubbard County Record													
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION				DESCRIPTION				DESCRIPTION													
Sales or Financing		N/A		Conventional				Conventional				Conventional													
Concessions		N/A		No Concessions				No Concessions				None noted													
Date of Sale/Time		10/28/08		10/03/08				08/29/08				09/05/08													
Rights Appraised		Fee Simple		Fee Simple				Fee Simple				Fee Simple													
Location		Spider Lake		Blue Lake				East Crooked Lk				11th Crow Wing Lk													
Site		3000' ftg. 50.50-acr		570' ftg. 39.25-ac				450' ftg. 26.77-acre				100' ftg. 0.46-acre													
View		Trees, Lake overview		Lake				Lake				Lake													
Design (Style)		1 1/2 Story Log		1 Story, WO				1 1/2 Story, WO				Split Foyer, WO													
Quality of Construction		Scribed Log		Framed/Similar				V.G. Framed				Red Pine Log/Sup													
Age		32		36				9				28													
Condition		Average Eff-22		Superior Eff-20				Superior Eff-6				Superior Eff-18													
Above Grade		Total Bdrms		Baths		Total Bdrms		Baths		Total Bdrms		Baths		Total Bdrms		Baths									
Room Count		7		3		5		6		2		1.75		-10,000		-10,000									
Gross Living Area		1,859 sq.ft.		1,440 sq.ft.				2,186 sq.ft.				1,463 sq.ft.													
Basement & Finished Rooms Below Grade		1330 SF 1% finish Rms: 0-0-.5		1440 SF 90% fin Rms: 3-2-.5				1560 SF 90% fin. Rms: 3-0-.75				1250 SF 90% fin Rms: 3-2-1													
Functional Utility		Average		Superior				Superior				Superior													
Heating/Cooling		OP Strg Elec/No		FA Oil/None				Rdnt,FA OP, Lp/No				FA Etc, Lp/C,Air													
Energy Efficient Items		Standard		Standard				Standard				Standard													
Garage/Carport		1 Car Detach, Log		Lrg 2 Car Detach				Lrg 2 Car Detach				3 Car Att, Finish													
Porch/Patio/Deck		Scrn, Porch, Cov,Pr		Deck, Scrn, Porch				Decks, Cov, Porch				Deck, Cov, Entry													
Fireplaces, Other		Stn,FP,Wd,Stove		FP,Lrg Shed				Fireplace,				2/Fireplaces													
Other buildings, Landscpg		Sauna&Deck,Privy		Pole Bldg,Lean-to				Landscaping				PoleShed, Landscpg													
Net Adjustment (Total)				-418,230				-65,500				-17,505													
Adjusted Sale Price				Net 49.8 % Gross 52.8 % \$ 421,770				Net 13.8 % Gross 37.4 % \$ 409,500				Net 3.8 % Gross 39.4 % \$ 447,495													

SALES COMPARISON APPROACH

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 GIA are adjusted by \$30 per square foot (room counts implied in this adjustment). All three sales have superior basement foundations in light of functional utility (ceiling height, finish, and walkout design). Functional obsolescence is estimated to cover market reaction to lack of septic system and typical bathroom. The subject's floor plan provides for a bathroom on the first level. Other sales considered are 9th Crow Wing Lake for \$415,000, Kabekona Lake for \$320,000, and Bog Lake for \$359,000. Comps #1 and #2 are most similar in terms of lot size/lot acreage. Comp #3 is the next best sale of log construction.

Comp #1 is located on the east side of Blue Lake. This parcel has 39.25-acres of land which could be developed, as is bound by two streets. The shoreline is mostly hard bottom, and elevation from the house is good, gradual. The estimated and extracted site value at the time of sale was \$659,000. This line adjustment for site value exceeds line guidelines. This sale represents the upper range of value for a recreational lake in the subject's market area. Adjustments were necessary for condition, less GIA, finished walkout basement, and superior amenities. This property sold for 97% of the list price, and closed in 72 days.

Comp #2 also sold with additional acres on East Crooked Lake. The lake lot is 2.9-acre with 450' good solid bottom lake frontage. The estimated and extracted site value, at the time of sale, is \$225,000. This line adjustment for site value exceeds line guidelines. The back lot is 23.85-acres of mature woods and slough. The buyer is an adjoining property owner, who split off some of this lake lot/acreage, combined with adjoining land to develop and sell. Adjustments are made for superior construction quality and condition. The gross adjustment percentage is high due to dissimilar condition, site value, and quality. Market time for this property 791 days, originally listed at \$777,000.

Comp #3 is located on 11th Crow Wing Lake. This is a single lake lot, with very good elevation and hard sand shoreline. This lot is estimated and extracted at the shoreline elevation ranges from 5' to about 20'. Shoreline quality is average for the lake. The estimated and extracted site value is \$225,000 at the time of sale. This line adjustment exceeds line guidelines. Construction of the house & attached garage are Red Pine Log Home, a good quality milled log. This sale is not weighed due to the nature of the site.

In reconciliation, weight is given to Comp #1 for development potential, and to Comp #2 for more similar lake location.

Indicated Value by Sales Comparison Approach \$ 416,000



## RESIDENTIAL APPRAISAL SUMMARY REPORT

File No.: 2571-B

**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

were applied in estimating the subject's site value in a prior appraisal, for an effective date of 01/02/2008. Sales data from 2008 has also been researched; no comparable sales found. A 6% decrease in value is applied to the value estimate of \$315,000 from 01/02/2008. See prior appraisal for sales data.

## COST APPROACH

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE		
Source of cost data: Marshall & Swift Cost Service, Local Building Costs	DWELLING	1,859 Sq.Ft. @ \$	87.82 = \$ 296,000
Quality rating from cost service: Average Effective date of cost data: 12/2006	basement	1,330 Sq.Ft. @ \$	13.50 = \$ 163,257
Comments on Cost Approach (gross living area calculations, depreciation, etc.):	Sauna	180 Sq.Ft. @ \$	42.00 = \$ 17,955
Replacement cost from Marshall & Swift Cost Valuation, pages effective January 2009.		Sq.Ft. @ \$	= \$ 7,560
		Sq.Ft. @ \$	= \$
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.	Screen Porch, Covered Porch, Deck, Fireplace		= \$ 32,190
	Garage/Carport	440 Sq.Ft. @ \$	36.35 = \$ 15,994
	Total Estimate of Cost-New		= \$ 236,956
	Less Physical	Functional	External
	Depreciation	83,835	14,217 = \$( 98,052)
	Depreciated Cost of Improvements		= \$ 138,904
	"As-is" Value of Site Improvements		= \$ 11,500
	Electric, trail/driveway, well, landscaping		= \$
Estimated Remaining Economic Life (if required):	42 Years	INDICATED VALUE BY COST APPROACH	= \$ 446,404
<b>INCOME APPROACH TO VALUE (if developed)</b> <input checked="" type="checkbox"/> 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):			

## INCOME APPROACH

**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:

## PUD

**Indicated Value by: Sales Comparison Approach \$ 416,000 Cost Approach (if developed) \$ 446,404 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.

## RECONCILIATION

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: \$ 416,000, as of: 01/02/2009, 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.

A true and complete copy of this report contains 17 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 Dearstynne Client Name: Hubbard County District Attorney  
E-Mail: Address: 301 Court Ave, Park Rapids, MN 56470

## APPRAISER

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

## SIGNATURES


Supervisory or  
Co-Appraiser Name:Appraiser Name: Rachel A. Creager  
Company: Clack Appraisal

Phone: 218-732-0486

Fax: 218-732-1400

E-Mail: ra69@unitec.com

Date of Report (Signature): 04/19/2010 State: MN

License or Certification #: 20111143

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

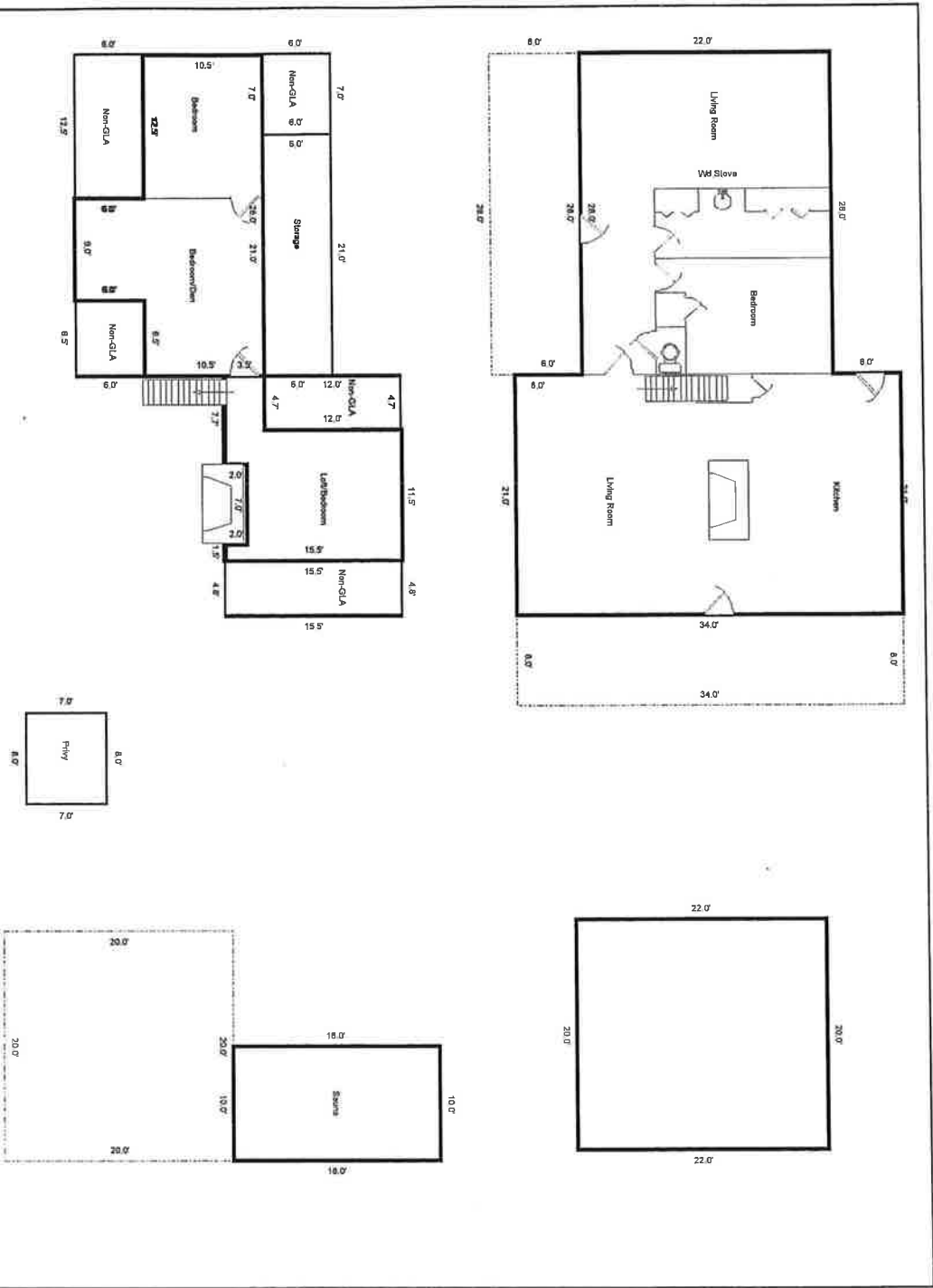
Inspection of Subject: ☐ Interior & Exterior ☐ Exterior Only ☐ None  
Date of Inspection:

GP RESIDENTIAL

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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 VM

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

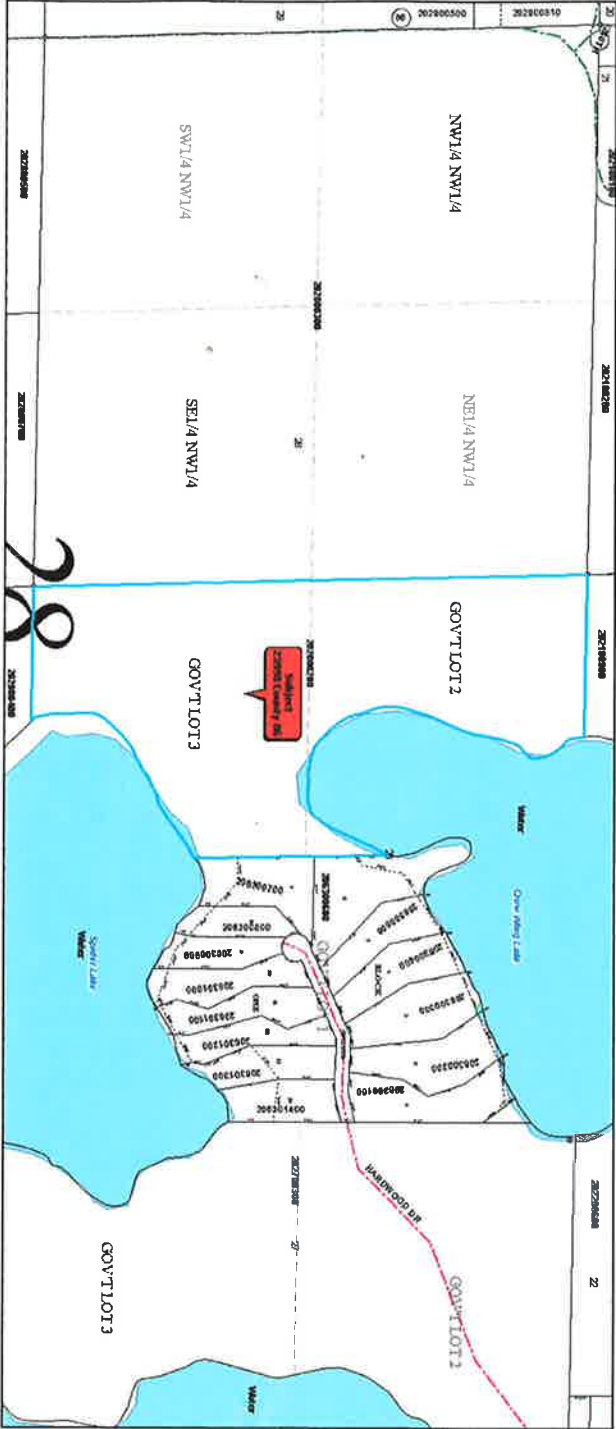


*See Page 30*



Location Map

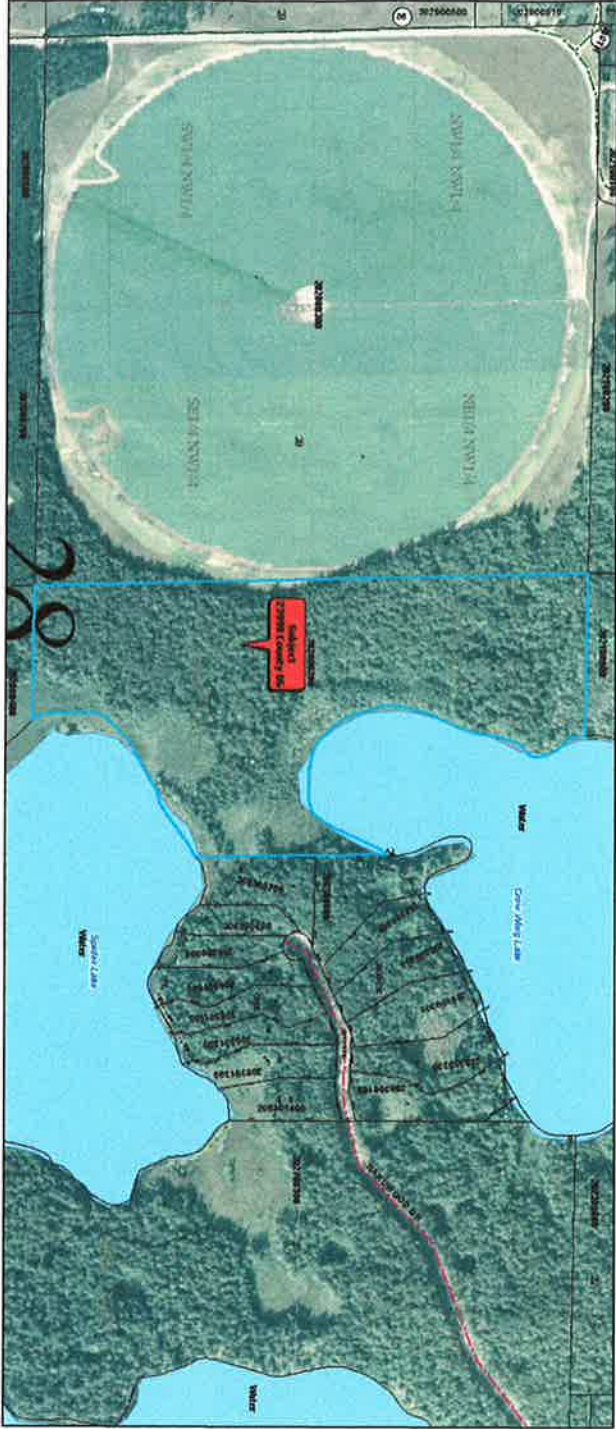
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Aerial Photo

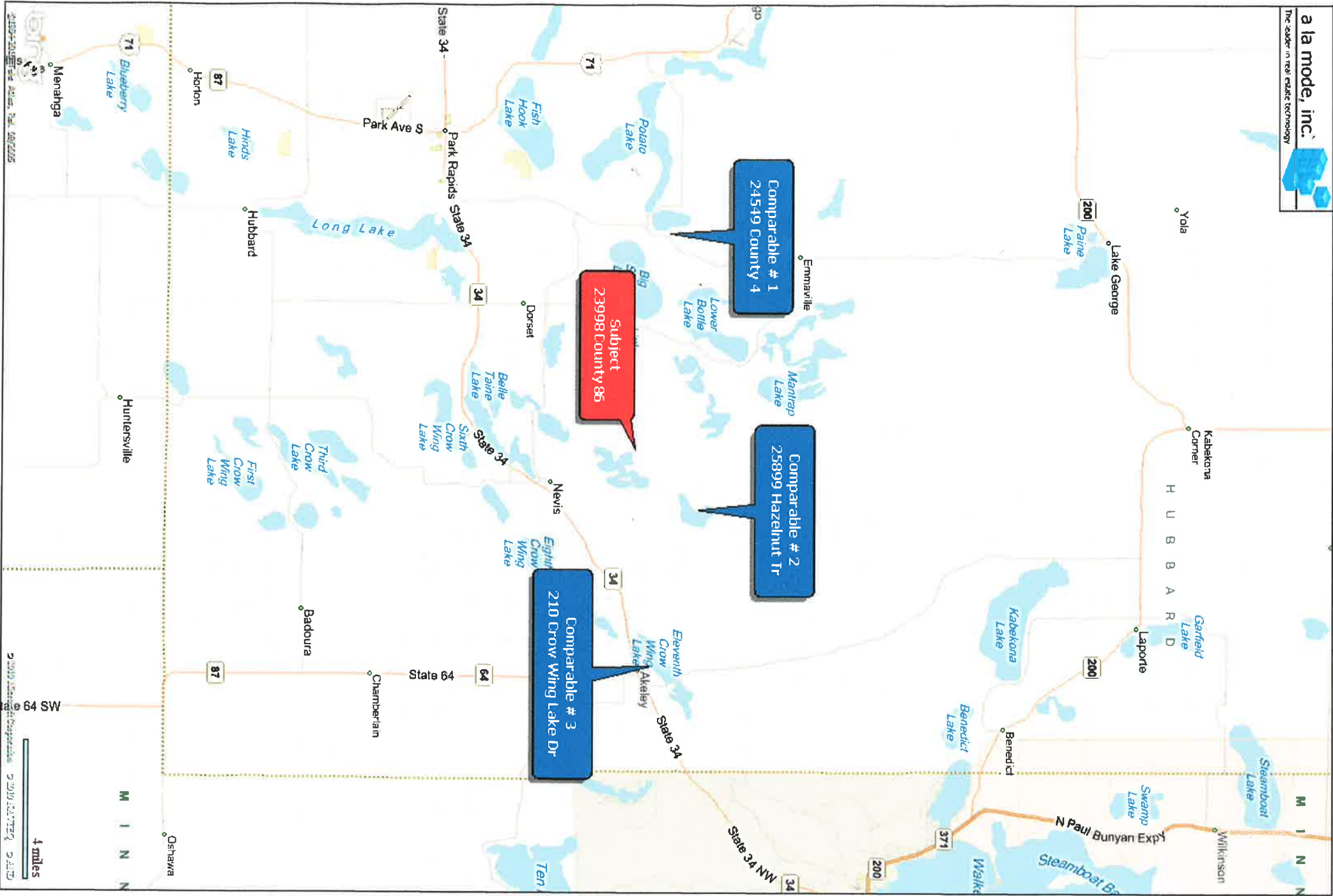
Client	Hubbard County District Attorney				
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Comparable Sales Map

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



Subject Photo Page

Client	Hubbard County District Attorney		
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City	Nevis	County	Hubbard
Owner	Duane Amdt	State	MN
		Zip Code	56467



<b>Subject Front-Entry</b>	
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	32



Subject Rear



Subject Street



Photograph Addendum

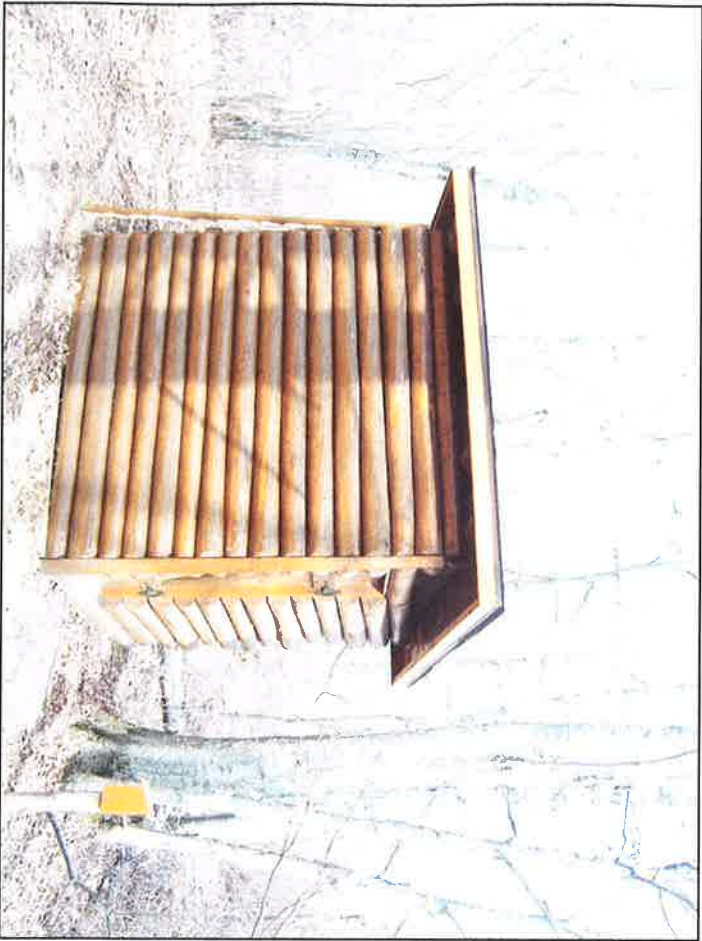
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				Zip Code
				56467



Sauna & Deck



Detached Garage



Privy



Photograph Addendum

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Spider Lake Shoreline along Ice Ridge



Spider Lake Shoreline SW of Dock



Spider Lake - View From Building Site



Photograph Addendum

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Crow Wing Lake - Shoreline Looking  
West of Dock



Crow Wing Lake - Shoreline Looking  
East From Dock



Trail Thru Woods to South Line  
Easement



Comparable Photo Page

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City	Nevis	County	Hubbard
Owner	Duane Arndt		
	State	MN	Zip Code 56467



**Comparable 1**  
24549 County 4  
Prox. to Subject 6.39 miles W  
Sales Price 840,000  
Gross Living Area 1,440  
Total Rooms 6  
Total Bedrooms 2  
Total Bathrooms 1.5  
Location Blue Lake  
View Lake  
Site 570' ftg; 39.25-ac  
Quality Framed/Similar  
Age 36



**Comparable 2**  
25899 Hazelnut Tr  
Prox. to Subject 2.55 miles NE  
Sales Price 475,000  
Gross Living Area 2,186  
Total Rooms 6  
Total Bedrooms 2  
Total Bathrooms 1.75  
Location East Crooked Lk  
View Lake  
Site 450' ftg; 26.77-acre  
Quality V.G. Framed  
Age 9



**Comparable 3**  
210 Crow Wing Lake Dr  
Prox. to Subject 6.35 miles E  
Sales Price 465,000  
Gross Living Area 1,463  
Total Rooms 6  
Total Bedrooms 2  
Total Bathrooms 1.75  
Location 11th Crow Wing Lk  
View Lake  
Site 100' ftg; 0.46-acre  
Quality Red Pine Log/Sup  
Age 28



# Assumptions, Limiting Conditions & Scope of Work

File No.: 2571-B

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 thereof, 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 April 5, 2010. Appraisal was ordered with an effective date of January 2, 2009 for owner's tax appeal.

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.

# Certifications

File No.: 2571-B

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. Creeger

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.

<b>SIGNATURES</b> Appraiser Name: <u>Rachel A. Creeger</u> Company: <u>Clack Appraisal</u> Phone: <u>218-732-0486</u> Fax: <u>218-732-1400</u> E-Mail: <u>ra59@uniteic.com</u> Date Report Signed: <u>04/19/2010</u> License or Certification #: <u>20111143</u> State: <u>MN</u> Designation: <u>Certified General, Certified Residential</u> Expiration Date of License or Certification: <u>8/31/2011</u> Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: <u>04/09/2010</u>		Client Name: <u>Hubbard County District Attorney</u> Client Contact: <u>Don Dearslyne</u> E-Mail: _____ Address: <u>301 Court Ave, Park Rapids, MN 56470</u> 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: <input type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: _____	
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3/2007



## Appraiser's License

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

## 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.

## 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](mailto:licensing.commerce@state.mn.us)

Website: [commerce.state.mn.us](http://commerce.state.mn.us)

## Continuing Education:

<u>CE Requirement Type</u>	<u>CE Required Hours</u>
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](http://commerce.state.mn.us).

## Appraiser's Resume

Client	Hubbard County District Attorney						
Property Address	23998 County 86						
City	Nevis	County	Hubbard	State	MIN	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 Clark, 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