

Dorset Appraisal  
Carsten Burros  
22248 County 80  
Nevis, MN 56467

February 18, 2010

Duane Arndt  
400 South Fourth Street  
Minneapolis, MN 55415

Re: Property: No address due to no access  
Nevis, MN 56467  
Borrower: Owner: Duane Arndt  
File No.: Dorset #1106

In accordance with your request, I have appraised the above referenced property. The report of that appraisal is attached.

The purpose of this appraisal is to estimate the market value of the property described in this appraisal report, as unimproved, in unencumbered fee simple title of ownership.

This report is based on a physical analysis of the site, a locational analysis of the neighborhood and area and an economic analysis of the market for properties such as the subject. The appraisal was developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice with some deviations due to lack of comparable sale properties..

The value conclusions reported are as of the effective date stated in the body of the report and contingent upon the certification and limiting conditions attached.

It has been a pleasure to assist you. Please do not hesitate to contact me if I can be of additional service to you.

Sincerely,

Carsten Burros

<b>FROM:</b> Dorset Appraisal Carsten Burros 22248 County 80 Nevis, MN 56467  Telephone Number:                      Fax Number:		<h2 style="margin: 0;">INVOICE</h2>																
<b>TO:</b> Duane Arndt 838 W. Willard Street Stillwater, MN 55082  Telephone Number:                      Fax Number: Alternate Number:                      E-Mail:		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: left; padding: 2px;">INVOICE NUMBER</th> </tr> <tr> <td style="padding: 2px;">1107</td> </tr> <tr> <th colspan="2" style="text-align: left; padding: 2px;">DATE</th> </tr> <tr> <td style="height: 20px;"></td> </tr> <tr> <th colspan="2" style="text-align: left; padding: 2px;">REFERENCE</th> </tr> <tr> <td style="padding: 2px;">Internal Order #: 1107</td> </tr> <tr> <td style="padding: 2px;">Lender Case #:</td> </tr> <tr> <td style="padding: 2px;">Client File #:</td> </tr> <tr> <td style="padding: 2px;">Main File # on form: Dorset #1106</td> </tr> <tr> <td style="padding: 2px;">Other File # on form:</td> </tr> <tr> <td style="padding: 2px;">Federal Tax ID:</td> </tr> <tr> <td style="padding: 2px;">Employer ID:</td> </tr> </table>		INVOICE NUMBER		1107	DATE			REFERENCE		Internal Order #: 1107	Lender Case #:	Client File #:	Main File # on form: Dorset #1106	Other File # on form:	Federal Tax ID:	Employer ID:
INVOICE NUMBER																		
1107																		
DATE																		
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Client File #:																		
Main File # on form: Dorset #1106																		
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Federal Tax ID:																		
Employer ID:																		
<b>DESCRIPTION</b>																		
<table style="width: 100%;"> <tr> <td style="width: 50%;">Lender: Duane Arndt</td> <td style="width: 50%;">Client:</td> </tr> <tr> <td>Purchaser/Borrower: Owner-Duane Arndt</td> <td></td> </tr> <tr> <td>Property Address: 23998 County 86</td> <td></td> </tr> <tr> <td>City: Nevis</td> <td></td> </tr> <tr> <td>County: Hubbard</td> <td>State: MN</td> </tr> <tr> <td>Legal Description: See attached</td> <td>Zip: 56467</td> </tr> </table>				Lender: Duane Arndt	Client:	Purchaser/Borrower: Owner-Duane Arndt		Property Address: 23998 County 86		City: Nevis		County: Hubbard	State: MN	Legal Description: See attached	Zip: 56467			
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County: Hubbard	State: MN																	
Legal Description: See attached	Zip: 56467																	
<b>FEES</b>		<b>AMOUNT</b>																
Appraisal of improvements and land in Sections 21 and 28, Mantrap Township, Hubbard County		0.00																
20+ hours @\$50 per hour		800.00																
SUBTOTAL		800.00																
<b>PAYMENTS</b>		<b>AMOUNT</b>																
Check #:	Date:	Description:																
Check #:	Date:	Description:																
Check #:	Date:	Description:																
SUBTOTAL																		
<b>TOTAL DUE</b>			<b>\$ 800.00</b>															

## LAND APPRAISAL REPORT

File No. Dorset #1106

IDENTIFICATION	Borrower Owner: <u>Duane Arndt</u>		Census Tract <u>NA</u>	Map Reference <u>County</u>																																																																	
	Property Address <u>No address due to no access</u>																																																																				
	City <u>Nevis</u>	County <u>Hubbard</u>	State <u>MN</u>	Zip Code <u>56467</u>																																																																	
	Legal Description <u>Government Lot 1, Section 21, Township 141N., Range 33W.</u>																																																																				
NEIGHBORHOOD	Sale Price \$ <u>NA</u>	Date of Sale <u>NA</u>	Loan Term <u>NA</u> yrs.	Property Rights Appraised <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Leasehold <input type="checkbox"/> De Minimis PUD																																																																	
	Actual Real Estate Taxes \$ <u>850.00</u> (yr)	Loan charges to be paid by seller \$ <u>NA</u> Other sales concessions																																																																			
	Lender/Client <u>Duane Arndt</u>	Address																																																																			
	Occupant <u>Not improved</u>	Appraiser <u>Carsten Burros</u>	Instructions to Appraiser <u>Appraise to Market Value</u>																																																																		
	Location	<input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td>Good</td> <td>Avg.</td> <td>Fair</td> <td>Poor</td> </tr> <tr><td>Employment Stability</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Convenience to Employment</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Convenience to Shopping</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Convenience to Schools</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Adequacy of Public Transportation</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td></tr> <tr><td>Recreational Facilities</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Adequacy of Utilities</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Property Compatibility</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Protection from Detrimental Conditions</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Police and Fire Protection</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>General Appearance of Properties</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> <tr><td>Appeal to Market</td><td><input type="checkbox"/></td><td><input checked="" type="checkbox"/></td><td><input type="checkbox"/></td><td><input type="checkbox"/></td></tr> </table>			Good	Avg.	Fair	Poor	Employment Stability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Good			Avg.	Fair	Poor																																																														
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Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																																	
Built Up	<input type="checkbox"/> Over 75% <input type="checkbox"/> 25% to 75% <input checked="" type="checkbox"/> Under 25%																																																																				
Growth Rate	<input type="checkbox"/> Fully Dev. <input type="checkbox"/> Rapid <input type="checkbox"/> Steady <input checked="" type="checkbox"/> Slow																																																																				
Property Values	<input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input checked="" type="checkbox"/> Declining																																																																				
Demand/Supply	<input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input checked="" type="checkbox"/> Oversupply																																																																				
Marketing Time	<input type="checkbox"/> Under 3 Mos. <input type="checkbox"/> 4-6 Mos. <input checked="" type="checkbox"/> Over 6 Mos.																																																																				
Present Land Use	<input type="checkbox"/> 1 Family <input type="checkbox"/> 2-4 Family <input type="checkbox"/> Apts. <input type="checkbox"/> Condo <input type="checkbox"/> Commercial																																																																				
	<input type="checkbox"/> Industrial <input type="checkbox"/> Vacant <input type="checkbox"/> Woods																																																																				
Change in Present Land Use	<input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely (*) <input type="checkbox"/> Taking Place (*)																																																																				
Predominant Occupancy	(*) From <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant																																																																				
Single Family Price Range	\$ <u>NA</u> to \$ <u>NA</u> Predominant Value \$ <u>NA</u>																																																																				
Single Family Age	<u>NA</u> yrs. to <u>NA</u> yrs. Predominant Age <u>NA</u> yrs.																																																																				
Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): <u>Close to a number of fishable lakes in this township and nearby townships</u>																																																																					
SITE	Dimensions <u>Varied</u>	=	<u>27.75</u> Sq. Ft. or Acres	<input type="checkbox"/> Corner Lot																																																																	
	Zoning classification <u>Natural Environment Lake</u>	Present Improvements <input type="checkbox"/> do <input type="checkbox"/> do not conform to zoning regulations																																																																			
	Highest and best use <input type="checkbox"/> Present use <input checked="" type="checkbox"/> Other (specify) Possibly as a cabin if access and Electricity is provided to the building area.																																																																				
	Elec. <input type="checkbox"/> Public <input type="checkbox"/> Other (Describe) <u>None</u>	OFF SITE IMPROVEMENTS																																																																			
	Gas <input type="checkbox"/> <u>None</u>	Street Access <input type="checkbox"/> Public <input type="checkbox"/> Private																																																																			
	Water <input type="checkbox"/> <u>None</u>	Surface <input type="checkbox"/> No access road																																																																			
	San. Sewer <input type="checkbox"/> <u>None</u>	Maintenance <input type="checkbox"/> Public <input type="checkbox"/> Private																																																																			
	<input type="checkbox"/> Underground Elect. & Tel.	<input type="checkbox"/> Storm Sewer <input type="checkbox"/> Curb/Gutter																																																																			
		<input type="checkbox"/> Sidewalk <input type="checkbox"/> Street Lights																																																																			
	Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): <u>No access via any road as this property is surrounded by private land. No public access to this small shallow lake.</u>																																																																				
MARKET DATA ANALYSIS	The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.																																																																				
	ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3																																																														
	Address	<u>No address due to no access</u>																																																																			
		<u>Nevis would be the post office</u>																																																																			
	Proximity to Subject																																																																				
	Sales Price	\$ <u>NA</u>	\$	\$	\$	\$	\$	\$																																																													
	Price	\$	\$	\$	\$	\$	\$	\$																																																													
	Data Source	<u>Owner-Inspection</u>																																																																			
	Date of Sale and Time Adjustment	<u>NA</u>	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust																																																													
	Location																																																																				
	Site/View	<u>27.75ac-Lake&amp;Wds</u>																																																																			
	Trees	<u>Decid-some Conifers</u>																																																																			
	Access	<u>None</u>																																																																			
	Electricity	<u>None</u>																																																																			
	Sales or Financing Concessions																																																																				
Net Adj. (Total)		<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$	<input type="checkbox"/> + <input type="checkbox"/> - \$																																																														
Indicated Value of Subject		Net % \$	Net % \$	Net % \$	Net % \$	Net % \$	Net % \$																																																														
Comments on Market Data: <u>See addendum.</u>																																																																					
Comments and Conditions of Appraisal: <u>See addendum.</u>																																																																					
RECONCILIATION	Final Reconciliation: <u>With only one listing to project the market value this appraisal is subject to some question, but the one listing is an excellent comparison and has many similarities to the subject.</u>																																																																				
	I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF <u>February 05, 2010</u> to be \$ <u>48,800.00</u>																																																																				
	Appraiser(s) <u>Carsten Burros</u> <input checked="" type="checkbox"/> Did <input type="checkbox"/> Did Not Physically Inspect Property Review Appraiser (if applicable) _____																																																																				

[Y2K]

Dorset Appraisal

**DEFINITION OF MARKET VALUE:** 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, 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 each acting in what he considers his own best interest; (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.

\* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgement.

## STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

**CONTINGENT AND LIMITING CONDITIONS:** The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. 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.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. 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.
4. 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.
5. 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.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, 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 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.
7. 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.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower; the mortgagee or its successors and assigns; the mortgage insurer; consultants; professional appraisal organizations; any state or federally approved financial institution; or any department, agency, or instrumentality of the United States or any state or the District of Columbia; except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

**APPRAISER'S CERTIFICATION:** The Appraiser certifies and agrees that:

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market 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.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

**SUPERVISORY APPRAISER'S CERTIFICATION:** If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that: I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

**ADDRESS OF PROPERTY APPRAISED:** No address due to no access, Nevis, MN 56467

**APPRAISER:**

Signature: \_\_\_\_\_  
 Name: Carsten Burros  
 Date Signed: February 20, 2010  
 State Certification #: 4002665  
 or State License #: \_\_\_\_\_  
 State: MN  
 Expiration Date of Certification or License: August 31, 2111

**SUPERVISORY APPRAISER (only if required):**

Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Date Signed: \_\_\_\_\_  
 State Certification #: \_\_\_\_\_  
 or State License #: \_\_\_\_\_  
 State: \_\_\_\_\_  
 Expiration Date of Certification or License: \_\_\_\_\_

☒ Did ☐ Did Not Inspect Property

# SUPPLEMENTAL ADDENDUM

File No. Dorset #1106 Page #6

File No. Dorset #1106

Borrower/Client	Owner: Duane Arndt		
Property Address	No address due to no access		
City	Nevis	County	Hubbard
		State	MN
		Zip Code	56467
Lender	Duane Arndt		

**SUBJECT DESCRIPTION:** The subject is a 27.75 acre tract located on the north side of a small shallow lake in Mantrap Township of Hubbard County. According to the Minnesota DEpartment of Natural Resources this water area consists of 43 acres and has a maximum depth of 17 feet. The only survey of the lake I could find was one date August 18, 1962. At that time fish species trapped were yellow bullheads, pumpkinseed sunfish, bluegill sunfish and shiner minnows. The average weight of fish caught was .24 pounds. Hardly a size that would cause a large demand for fishing the lake. It is very probable that due to the shallow depth of the lake and the small size that most game fish (except maybe bullheads) would freeze out in the more severe winters. Replacements would probably come in thru Spider Lake which is just to the south and during most years probably has water flowing between the lakes even tho there are numerous emergent vegetation in the narrow channel. It appears there would be the possibility of developing 2 or three lots on the south side of the subject property adjacent to the lake. The easterly end is quite marshy as is part of the westerly end. The north part has good high ground and has a number of deciduous trees of varying ages. Most of these are oak, aspen and basswood with some birch and a few conifers.

**ACCESS POSSIBILITIES:** Access would probably have to come from the north via a township gravel road. An application would have to be made to the Mantrap Township Board and they would determine the process to provide a vehicle for an easement or a purchase of land to provide such access. It appears the closest route would be to come from the north for a quarter of a mile across the section line between Section 21 and Section 22. The owner to the north has 120 acres and this would cause the property in Section 21 of 80 acres and 40 acres in Section 22 to be split. This should not be an inconvenience if an easement were granted to the subject owner. The cost of such an easement is unknown. I had two verbal estimates of the cost of building a road to the subject's corner and these range from \$15,000 +- to \$40,000+-. In order to develop the property a road would have to be constructed to the area to be developed and electricity should be installed to make a desirable cabin or home. The cost of providing electricity is \$4.50 per lineal foot according to Itasca Mantrap Electric Company if they do not have to do any clearing of trees. It is very difficult to estimate the cost of a road in the winter since rocks and low areas are not visible with this much snow on the ground.

**COST OF ACCESS:** If access could be obtained from the north (this would be the least expensive depending on rocks and terrain) there would be 1320 lineal feet to the property corner, double if the owner to the north does not want to split his property. Using estimates it would be cost \$20,000+- to install a road to the subject's north east corner. Cost of electricity would \$5940.00 plus application cost of \$25.00 for application fee and \$600.00 fee for a new service fee, some of which could be refunded. To reach a potential building lot another 1175 feet +- of road an power would have to be added. The estimated cost for such construction would be \$26,000.00 plus or minus.

## COMPARABLE PROPERTIES:

I could not find any sales of similar type property in Hubbard County the past 2 years. I did find a listing of a similar type property in north central Hubbard County. This property is located on Lower Mud Lake in Arago Township just north east of of Island Lake. This lake is about 15 feet in depth which is similar in depth to the subject. This has been used for hunting since 1947, mainly ducks and deer, and has some floating bog near the shore line and a nice ridge of high ground on the east side of the lake of conifers and deciduous trees. A Tamarack swamp is located to the south east of this ridge. There is no road or electricity to this site. Access is via a trail from the property owner to the south. Some fish probably enter from Island Lake, but again probably freeze out in many winters. Some wild rice is found in this water. This property is listed for sale at \$250,000.00 or \$2083.34 per acre and has been listed for about  
Assuming a 15% reduction in sale price from the listing price the property would sell for \$212,500 or \$1770.84 per acre. This would give the subject a current value of \$48,786.65 rounded to \$48,800.00. The subject does have a superior shore line for a small area but access is only across the water in the summer or across the ice in the winter.

**ADDITIONAL SALES INFORMATION:** A property owner on the south east corner platted 6 lots in 2007 in the south east corner of Crow Wing Lake and 8 lots to the south on Spider Lake. A new road has been constructed for access to these lots. Original prices ranged from \$57,500 to \$125,000 per lot. One lot on Crow Wing Lake was sold for \$32,000 to date. No electricity is currently available. The current prices have dropped about 40% from the original price on a number of lots.. According to a local realtor there were 110 lakes lots listed for sale as of February 2, 2010 in Hubbard County. If the economy stays as it is, I do not see any large number of sales in the near future and it may take a number of years to sell the existing inventory in the county down to 25 or so listings.  
In my opinion Crow Wing Lake is not large enough to support very many cabins.

**Subject Photo Page**

Borrower/Client	Owner: Duane Arndt		
Property Address	No address due to no access		
City	Nevis	County	Hubbard
		State	MN
		Zip Code	56467
Lender	Duane Arndt		

**Subject Front**

No address due to no access

Sales Price NA

Gross Living Area

Total Rooms

Total Bedrooms

Total Bathrooms

Location

View 27.75ac-Lake&amp;Wds

Site

Quality

Age

Looking north at about  
300 feet of developable  
shoreline on Crow Wing  
Lake

**Subject Rear****Subject**

Looking north east at the  
southeast corner of the  
subject. Marshy for  
about 38% of the shore  
line.



**Subject Photo Page**

Borrower/Client	Owner: Duane Arndt		
Property Address	No address due to no access		
City	Nevis	County	Hubbard
		State	MN
		Zip Code	56467
Lender	Duane Arndt		

**Subject**

No address due to no access

Sales Price NA

Gross Living Area

Total Rooms

Total Bedrooms

Total Bathrooms

Location

View 27.75ac-Lake&amp;Wds

Site

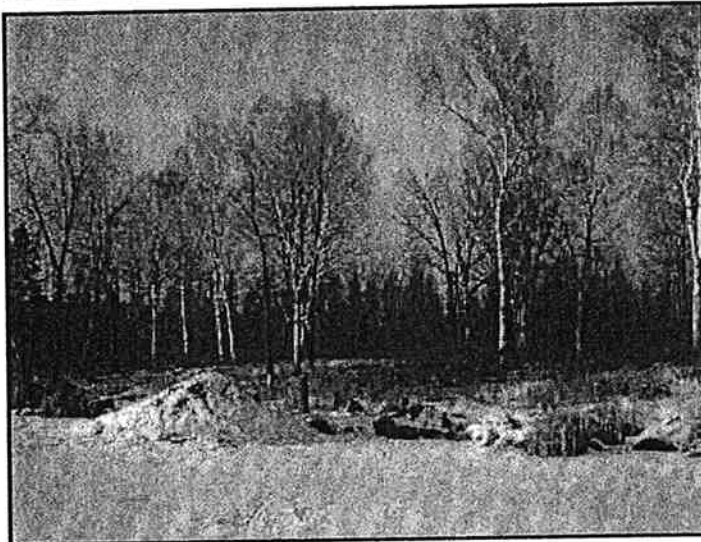
Quality

Age

Deciduous trees on high  
ground north of shore  
line.

**Subject**

Westerly edge. Beaver  
lodge at left is close to  
the west line of subject.

**Subject**

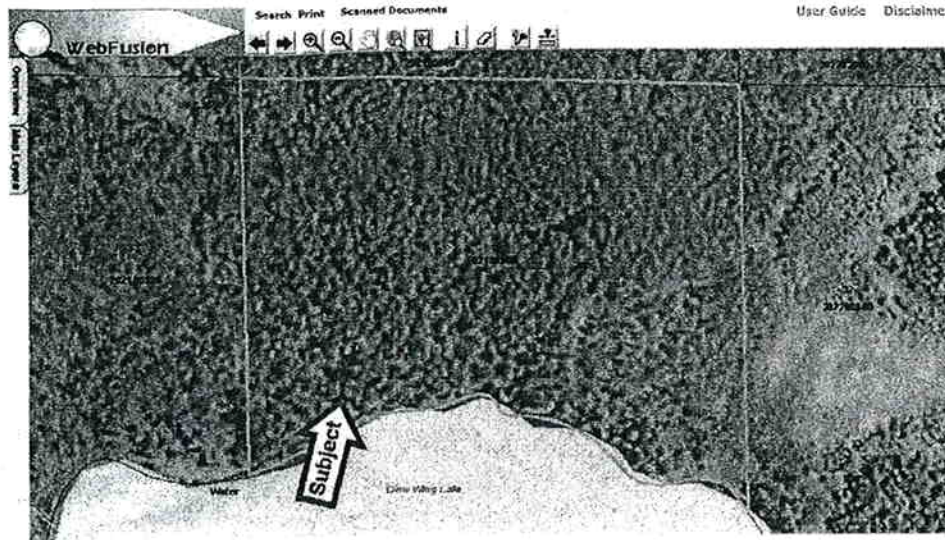
Low ground in south  
east corner.





Interactive Map

Page 1 of 2



*Subject Air Photo*

Table

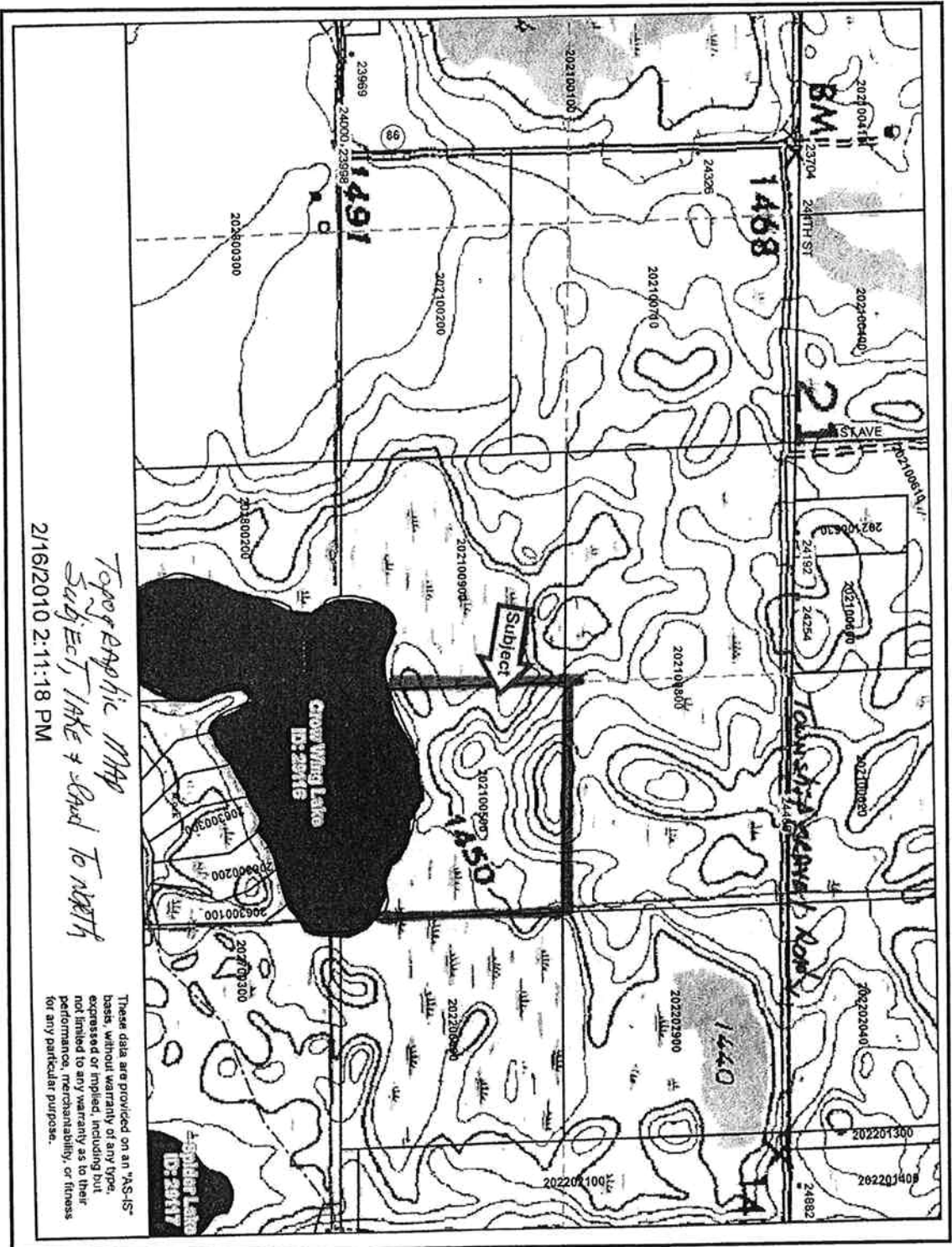
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Route 100, 1000 ft. x 1 ft. (1000 ft. x 1 ft. = 1000 ft. x 1 ft.)

Map 1000 ft. x 1 ft.

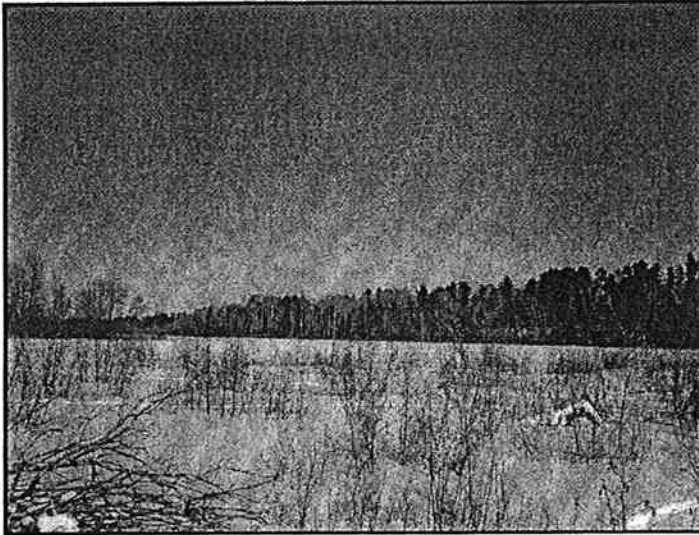
[http://www.co.hubbard.mn.us/wf2\\_hubbardpublic/Default.aspx](http://www.co.hubbard.mn.us/wf2_hubbardpublic/Default.aspx)

1/18/2010



## Listing Photo Page

Borrower Owner: Duane Arndt			
Property Address No address due to no access			
City Nevis	County Hubbard	State MN	Zip Code 56467
Lender Duane Arndt			



## Listing 1

Proximity to Subject  
List Price  
Days on Market  
Gross Living Area  
Total Rooms  
Total Bedrooms  
Total Bathrooms  
Age/Year Built

Looking north at Lower  
Mud Lake with the  
listing property at the  
rear right

## Listing 2

Proximity to Subject  
List Price  
Days on Market  
Gross Living Area  
Total Rooms  
Total Bedrooms  
Total Bathrooms  
Age/Year Built

## Listing 3

Proximity to Subject  
List Price  
Days on Market  
Gross Living Area  
Total Rooms  
Total Bedrooms  
Total Bathrooms  
Age/Year Built

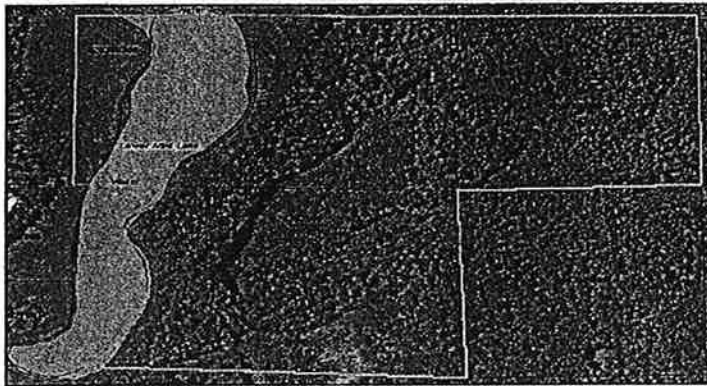
Original

**Prudential****Park Rapids  
Real Estate**

MLS 178869

JG 08-411

Hwy 34 East, Park Rapids, Mn. 56470  
 (218) 732-8416 Office  
 (218) 732-8439 Fax  
 info@prudentialparkrapids.com e-mail  
 www.prudentialparkrapids.com

**120 Acres Hunting Land****\$250,000**

Subject property  
within lines.

Property has  
been owned by  
the same family  
since 1947.

*15*  
**Acreage** *255-1207* 120 *Wild Rice Lake, hunting, some fish*  
**Tree Cover** Mixed **Classification** Land  
**Location** North Hubbard Cty **Taxes** \$1,032 (2008)  
**School District** Park Rapids **Township** Arago

**Remarks:** 120 acres with over 2000 ft of lakeshore on Lower Mud Lake. This property has it all! Excellent big deer are plus your own private lake. Great opportunity to own a very private piece of property for recreation or hunting. Mixture of high, level and some low ground.

**Directions:** From Park Rapids North on Hwy 71 to county road 89. Right on 89 to river. Property is directly North of the river. Listing agent must be present to view property.

(While the information & figures above are believed to be reliable, the providing broker cannot guarantee their accuracy.)

*11 Tim - 732-841 Mac*

## STATE OF MINNESOTA



## Department of Commerce

BURROS, CARSTEN A  
22248 COUNTY 30  
NEVIS MN 55467

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

22248 COUNTY 30  
NEVIS MN 55467

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

Resident Appraiser : Certified Residential

License Number: 4002655

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 September 08, 2009.

## COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division

88, Tin Place East, Suite 500

St. Paul, MN 55101-3155

Telephone: (651) 296-6519

E-mail: [licensing.commerce@state.mn.us](mailto:licensing.commerce@state.mn.us)

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

## Continuing Education:

CE Requirement Type	CE Required Hours
Total - Appraiser	60
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 appraiser in good standing 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).



# DORSET APPRAISAL

ROUTE 2, BOX 84 22298 CTY 80  
NEVIS, MN 56467



(218) 652-3254 - Phone & Fax 218-652-3255

Carsten Burros: MN Certified Appraiser- #4002665

## QUALIFICATIONS OF APPRAISER

CARSTEN A. BURROS

### EDUCATION:

1. Graduated from the University of Minnesota, Bachelor of Science, 1965
2. Completed appraisal course given by the U.S. Department of Interior Appraisers
3. Completed American Society of Farm Managers and Rural Appraisers Farm Management School
4. Attended numerous appraisal seminars
5. Completed the required appraisal classes for licensing since inception. Most of these were taken at Pro Source

### EXPERIENCE:

1. Worked for 4.5 years for the Minnesota Department of Natural Resources from the Marshall office. Appraised and purchased Wildlife Management areas and managed over 17,000 acres of land during this time in Lyon, Lincoln, Yellow Medicine and Lac Qui Parle Counties.
2. Worked for Jensen Management Services 1969 to 1971, Luverne, Minnesota
3. Partner in Wilson-O'Brien Real Estate 1971-1997, Marshall, Minnesota
4. Started Dorset Appraisal Company 1997, Nevis, Minnesota

### APPRAISAL EXPERIENCE:

1. Numerous appraisals completed for the Minnesota Department of Conservation and the Department of Natural Resources
2. Optioned several thousand acres of land for the Mn. Department of Conservation
3. Numerous individual appraisals completed for residential, farm and commercial properties in Southwest Minnesota and North Central Minnesota

### CLIENTS REPRESENTED:

1. Minnesota Department of Natural Resources
2. Assisted with appraisals for Administration Estate Tax purposes for the Internal Revenue Service
3. Assisted with Minnesota Department of Highway Appraisals in Minnesota and Iowa for Jensen Management Service, Luverne, Minnesota
4. Minnesota Department of Administration
5. Veterans Administration
6. City of Marshall, Minnesota
7. Nature Conservancy
8. Two Inlets Township, Becker County, White Oak Township, Hubbard County
9. Various attorneys, banks, mortgage bankers, individuals and businesses

### ADDITIONAL CREDENTIALS:

1. Court Appointed Viewer
2. Testimony as Expert Witness; 5th Judicial District Court
3. Testimony in Hubbard County Court with two different land dispute cases