

Dorset Appraisal  
22248 County 80  
Nevis, MN

February 20, 2010

Duane Arndt  
510 Grain Exchange, 400 South Fourth Street  
Minneapolis, MN 55415

Re: Property: 23988 County 86  
Nevis, MN 56467  
Borrower: Owner: Duane E. Arndt  
File No.: Dorset#1107

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.

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, Appraiser

<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:
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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																		
TOTAL DUE			\$ 800.00															

## LAND APPRAISAL REPORT

File No. Dorset#1107

IDENTIFICATION	Borrower Owner: Duane E. Arndt		Census Tract NA		Map Reference County																																																																																
	Property Address 23988 County 86																																																																																				
	City Nevis		County Hubbard		State MN Zip Code 56467																																																																																
	Legal Description Part of the South West Quarter, Section 21, Twp. 141N., Range 33W																																																																																				
	Sale Price \$ NA		Date of Sale NA		Loan Term NA yrs.																																																																																
NEIGHBORHOOD	Actual Real Estate Taxes \$ (yr)		Loan charges to be paid by seller \$ NA		Property Rights Appraised <input checked="" type="checkbox"/> Fee <input type="checkbox"/> Leasehold <input type="checkbox"/> De Minimis PUD																																																																																
	Lender/Client Duane Arndt		Address																																																																																		
	Occupant NA		Appraiser Carsten Burros, Appraiser		Instructions to Appraiser Appraise to Market Value																																																																																
	Location <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input checked="" type="checkbox"/> Rural																																																																																				
	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 20% 1 Family % 2-4 Family % Apts. % Condo % Commercial																																																																																				
SITE	Change In Present Land Use <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely (*) <input type="checkbox"/> Taking Place (*)																																																																																				
	Predominant Occupancy (*) From To																																																																																				
	Single Family Price Range \$ NA to \$		Predominant Value \$																																																																																		
	Single Family Age NA yrs. to yrs.		Predominant Age yrs.																																																																																		
	Employment Stability <input type="checkbox"/> Good <input checked="" type="checkbox"/> Avg. <input type="checkbox"/> Fair <input type="checkbox"/> Poor																																																																																				
	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 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"/>																																																																																					
Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): This is a 40 acre tract of land located 1.5 miles north of Nevis, 1.5 miles west, 1.5 miles north and 1/4 mile east of Nevis and has access from Hubbard County Road #86 on the west and via an easement from a private party on the south.																																																																																					
MARKET DATA ANALYSIS	Dimensions Varied = 40 Sq. Ft. or Acres <input checked="" type="checkbox"/> Corner Lot																																																																																				
	Zoning classification Seasonal Recreational Residential		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) Recreation acres or as a rural residence.																																																																																				
	Elec. <input type="checkbox"/> Public <input type="checkbox"/> Other (Describe) OFF SITE IMPROVEMENTS		Topo Quite level except in the north east corner																																																																																		
	Gas <input type="checkbox"/> Elec Available <input type="checkbox"/> Street Access <input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		Size 40 acres																																																																																		
	Water <input type="checkbox"/> None <input type="checkbox"/> Surface Gravel & Trail		Shape Rectangular																																																																																		
	San, Sewer <input type="checkbox"/> None <input type="checkbox"/> Maintenance <input checked="" type="checkbox"/> Public <input checked="" type="checkbox"/> Private		View Woods & Field																																																																																		
	<input type="checkbox"/> Storm Sewer <input type="checkbox"/> Curb/Gutter		Drainage Adequate																																																																																		
	<input type="checkbox"/> Sidewalk <input type="checkbox"/> Street Lights		Is the property located in a HUD identified Special Flood Hazard Area? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes																																																																																		
	Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): No apparent adverse easements or encroachments. No adverse environmental conditions were noted on the subject property or in the immediate area.																																																																																				
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.																																																																																					
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Comments on Market Data: See addendum.																																																																																					
Comments and Conditions of Appraisal: A number of unimproved sold properties and listings were examined in arriving at my appraised value.																																																																																					
RECONCILIATION	Final Reconciliation: The average adjusted sale price of the 3 properties listed above is \$79,166.67 which I rounded to \$79,000.00 as my current market value.																																																																																				
	I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF Feb. 02 & other dates, 2010 to be \$ 79,000.00																																																																																				
	Appraiser(s) <u>Carsten Burros</u> Review Appraiser (if applicable) <input type="checkbox"/> Did <input type="checkbox"/> Did Not Physically Inspect Property																																																																																				

**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:** 23988 County 86, Nevis, MN 56467

**APPRAISER:**

Signature: [Signature]  
 Name: Carter, Bonnie Appraiser  
 Date Signed: February 24, 2010  
 State Certification #: 4002665  
 or State License #: \_\_\_\_\_  
 State: MN  
 Expiration Date of Certification or License: August 31, 2011

**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

## Additional Listings

File # Dorset#1107

FEATURE	SUBJECT	LISTING # 1	LISTING # 2	LISTING # 3
Address 23988 County 86	Nevis	TH 71 & County 89	County 110	MN State 34
Proximity to Subject		Park Rapids	Nevis	Osage
List Price	\$ NA	11.8 miles west	9 miles southeast	21.9 miles west
List Price/Gross Liv. Area	\$ sq.ft.	\$ 2326/acre sq.ft.	\$ 2625/acre sq.ft.	\$ sq.ft.
Last Price Revision Date	NA	Listed April 09, 2009	Listed June 2008	Listed 7-23-07
Data Source(s)		Broker-Coldwell	Broker-Coldwell	Broker-Coldwell
Verification Source(s)		Exterior Inspection	Exterior Inspection	Exterior Inspection
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or Financing		NA	NA	NA
Concessions		NA	NA	NA
Days on Market		300+ -15% time adj	660+15% time adj	750 -15% time adj
Location	Average	Average	Average	Average-
Leasehold/Fee Simple	Fee	Fee	Fee	Fee
Site	40 acres	40 acres	64.73 acres	100 acres
View	Woods	Woods & T.H. 71	Wds1/3new-2/3mat	Wds
Design (Style)	NA	NA	NA	NA
Quality of Construction	NA	NA	NA	NA
Actual Age	NA	NA	NA	NA
Condition	NA	NA	NA	NA
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths
Room Count	NA	NA	NA	NA
Gross Living Area	sq.ft.	sq.ft.	sq.ft.	sq.ft.
Basement & Finished Rooms Below Grade	NA	NA	NA	NA
Functional Utility	NA	NA	NA	NA
Heating/Cooling	NA	NA	NA	NA
Energy Efficient Items	NA	NA	NA	NA
Garage/Carport	NA	NA	NA	NA
Porch/Patio/Deck	NA	NA	NA	NA
Trees	Pine & Deciduous	Decid&some Pine	Mostly Red Pine	Pine & Deciduous
Access	Ave.-Grav. on west	Bit on west-grav-so	Gravel on west	Bit. on south
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 14,700	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 86,800	<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 91,500
Adjusted List Price of Comparables		Net 15.6 % Gross 19.8 % \$ 79,800	Net 51.1 % Gross 51.1 % \$ 83,100	Net 50.9 % Gross 57.5 % \$ 88,400
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).				
ITEM	SUBJECT	LISTING # 1	LISTING # 2	LISTING # 3
Date of Prior Sale/Transfer	None	None	None	None
Price of Prior Sale/Transfer				
Data Source(s)				
Effective Date of Data Source(s)				
Comments: The listings have been on the market for a considerable time and the sellers are still looking for offers which indicates a decreasing price for the general area. A 15% adjustment for time was allotted for these sales due to the time on the market and the usual bargaining that takes place during negotiations. This may not be enough of an adjustment in todays market. Adjustments are higher than normal but I feel they reflect the current market.				

March 2005

# SUPPLEMENTAL ADDENDUM

File No. Dorset#1107 Page #7

File No. Dorset#1107

Borrower/Client	Owner: Duane E. Arndt		
Property Address	23988 County 86		
City	Nevis	County	Hubbard
		State	MN
		Zip Code	56467
Lender	Duane Arndt		

**SUBJECT DESCRIPTION:** The subject is a wooded parcel with a couple of grass openings located north and west of Nevis (pop 340+-). Access is from the west via Hubbard County Road #86 and from the south via a grass trail. The property is quite level on the westerly side and a bit steeper in the north east corner. A small wet area is located on the north line just west of the center of the property. This wooded area has some nice mature conifers with a majority of deciduous trees. This property probably has a highest and best use as a rural residence with a secondary use as a recreational acreage for hunting, hiking, bird watching or other out door activities.

**COMPARABLE SALES ANALYSIS:** Comparable No 1 is located west and north of Park Rapids. This 40 acres has about 30 acres wooded and 10 acres of open pasture or tillable land. It appears to have been cut over about 20+- years ago as the dominant species is aspen re-growth with some mature oak and a few conifers. This was purchased for a home site and a new home has been constructed on the site. The subject is superior in having more mature conifers of red and white pine and oak. The subject is also given a slight advantage in having a more desirable location closer to more lakes. This was listed for \$69,500 and sold for \$55,000 which is slightly more than 20% reduction in listing price.

Comparable No 2 is located 3.5 miles south of Nevis on County Road 13 and just east on a gravel road. This has some nice mature conifers of red and white pine, some deciduous and some open grassy areas. This is more rolling than the subject but is considered to be equal to the subject in quality. This was listed for \$139,900 and sold for \$130,000 which is about a 7% reduction from the listed price.

Comparable No. 3 is located south west of the subject and is all wooded with conifers and deciduous trees. This is quite level and compares to the subject. This was purchased by a buyer that plans on building a home on this site as soon as their house in Park Rapids sells. This buyer had been looking for a tract in this location and when it came up for sale decided to buy even before selling their current home. Probably paid above the current market for this location for the desire to be in this location. Purchased on a 3 year CFD, probably assuming, their current home will sell in the next three years and even tho the interest rate is higher than what was available from banks they probably saved money from not having closing costs, appraisal etc. The new buyer will have to construct a road across mostly open land which adds to their cost. This property was listed at \$115,000 and sold for \$104,500 which is about a 9% reduction from the listing price.

**COMPARABLE LISTING ANALYSIS:** I have included three properties that are currently listed for sale.

Listing No. 1 is a 40 acre tract located north of Park Rapids and has access via State Highway 71 on the west and County Rd 89 on the south. The subject is considered to have more appeal with the mature pines while this listing has some pines on the north side. Both have small wet areas. Access may be a slight plus for this listing but the subject has more privacy with less traffic noise. This listing has been on the market for about 300 days.

Listing No. 2 is located south of Nevis and has some nice white and red pine along with some new plantings of red pine.

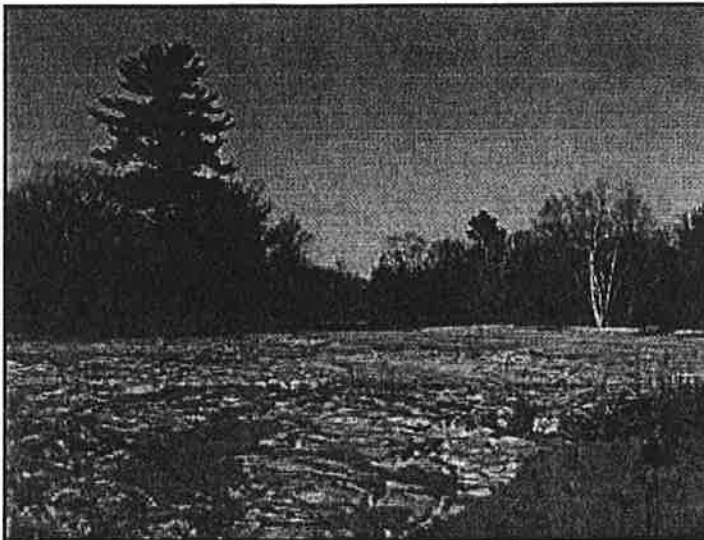
An adjustment was made for the the extra 24.73 acres at the per acre list price.

Listing No. 3 is located west of Osage in Becker County. This property has been on the market for a little over 2 years. This property has 100 acres and has good access from MN T.H. 34 on the south. This parcel has a number of mature pine trees and has some open grass land and a small marsh. This property is more rolling than the subject which might make for a little better deer hunting. This listing was also adjusted for the extra acres.

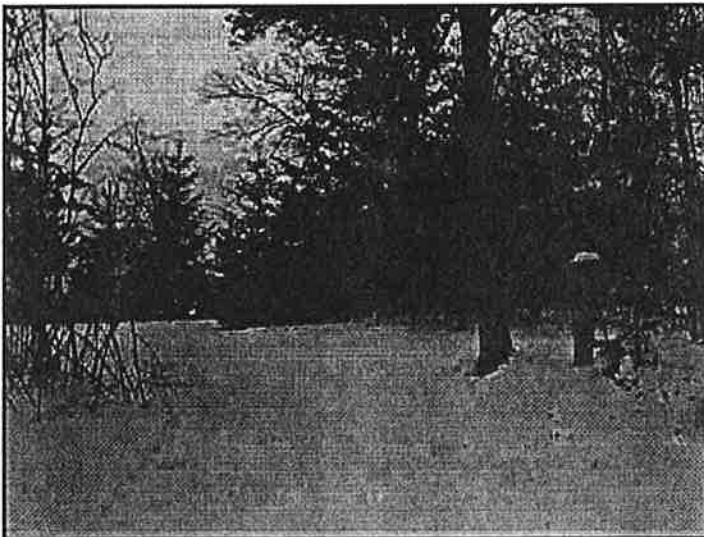
All three properties were adjusted for a decrease in value that has been in the 10 to 20% range for similar properties that have been on the market for a considerable time, many which are just waiting for an offer. The subject and the three listings all have considerable public land for hunting in there respective townships.

**Subject Photo Page**

Borrower/Client Owner: Duane E. Arndt			
Property Address 23988 Coounty 86			
City Nevis	County Hubbard	State MN	Zip Code 56467
Lender Duane Arndt			

**Subject**

23988 County 86  
 Sales Price NA  
 Gross Living Area  
 Total Rooms NA  
 Total Bedrooms  
 Total Bathrooms  
 Location Average  
 View Woods  
 Site 40 acres  
 Quality NA  
 Age NA  
 Looking north north east  
 from access trail on the  
 south

**Subject**

Looking east at subject  
 from County 86

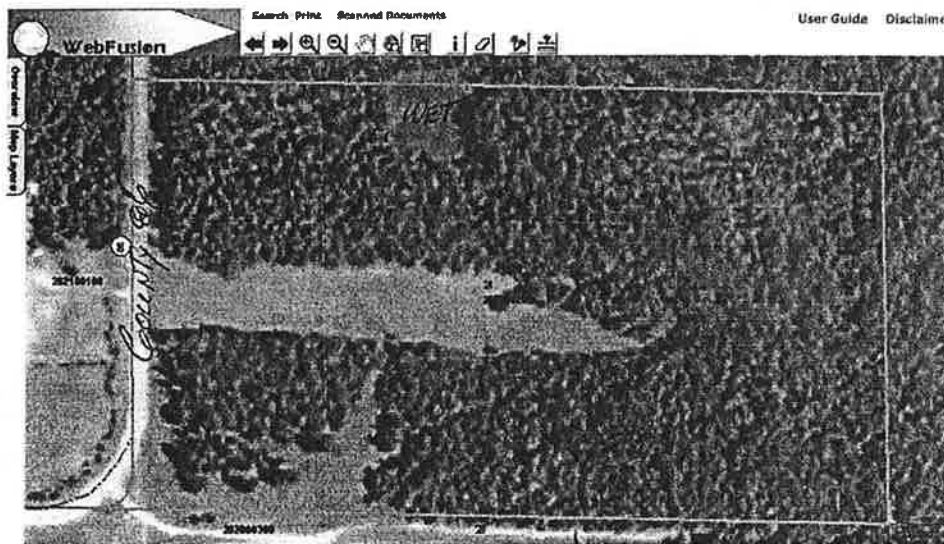
**Subject Street**

Looking north at County  
 Road 86  
 Subject is at right



Interactive Map

Page 1 of 2



PRIVATE TRAIL

AIR PHOTO of subject

Scale

Scale 1:2551

PARCELS: Records 1 to 1 (of 1 records selected)

No tool active

[http://www.co.hubbard.mn.us/vf2\\_hubbardpublic/Default.aspx](http://www.co.hubbard.mn.us/vf2_hubbardpublic/Default.aspx)

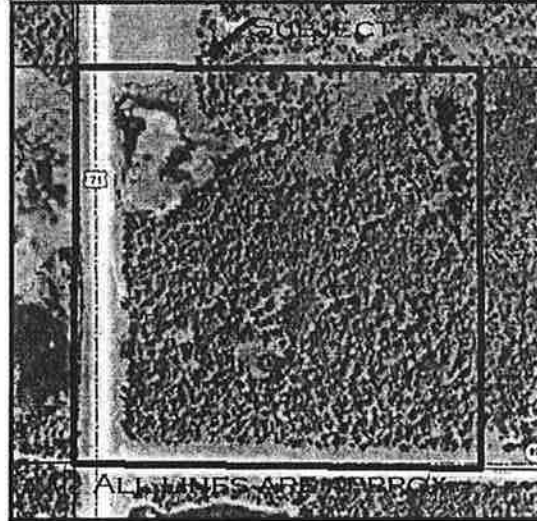
1/20/2010

DC/EW

37.7 ACRES NORTH OF PARK RAPIDS

A1037

some em ~~fers~~  
oak, ~~oak~~ birch  
and in NW  
corner with  
corners to the east  
about 1/2



mainly aspens  
close to  
ITasca trail

\$94,500

71-2655 / 188723

Page 1 of 2



<http://www.hubbardspublic.com>

Air Photo  
Compacable No 2

Records 1 to 1 (of 1 records selected)

No tool active

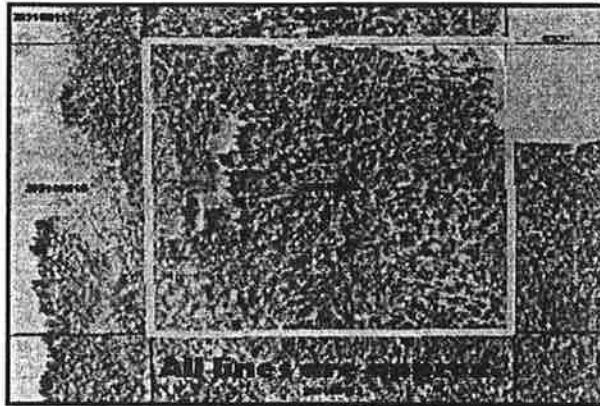
\\fs02-hubbardspublic\Default.aspx

2/20/2010

LL

40 ACRES - HEAVILY WOODED

A995



21547  
21549

0115.000  
COMPARABLE NO 3

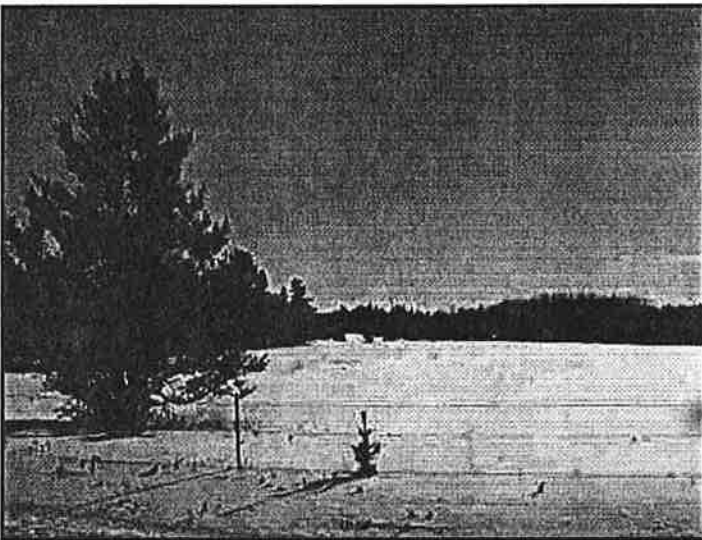


**Comparable Photo Page**

Borrower/Client	Owner: Duane E. Arndt			
Property Address	23988 Coounty 86			
City	Nevis	County	Hubbard	State MN Zip Code 56467
Lender	Duane Arndt			

**Comparable 1**

Frazier Street  
 Prox. to Subject  
 Sale Price 55,000  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location Average  
 View 40 acres woods  
 Site  
 Quality  
 Age

**Comparable 2**

174th Street  
 Prox. to Subject  
 Sale Price 130,000  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location Average  
 View 80 ac. wds&open  
 Site  
 Quality  
 Age

**Comparable 3**

County 50  
 Prox. to Subject  
 Sale Price 104,500  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location Average  
 View 40 acres woods  
 Site  
 Quality  
 Age

## Listing Photo Page

Borrower	Owner: Duane E. Arndt			
Property Address	23988 Coounty 86			
City	Nevis	County	Hubbard	State MN Zip Code 56467
Lender	Duane Arndt			



## Listing 1

TH 71 & County 89  
 Proximity to Subject  
 List Price 94,500  
 Days on Market 300+ -15% time adj  
 Gross Living Area  
 Total Rooms NA  
 Total Bedrooms  
 Total Bathrooms  
 Age/Year Built NA



## Listing 2

County 110  
 Proximity to Subject  
 List Price 169,900  
 Days on Market 660+15% time adj  
 Gross Living Area  
 Total Rooms NA  
 Total Bedrooms  
 Total Bathrooms  
 Age/Year Built NA

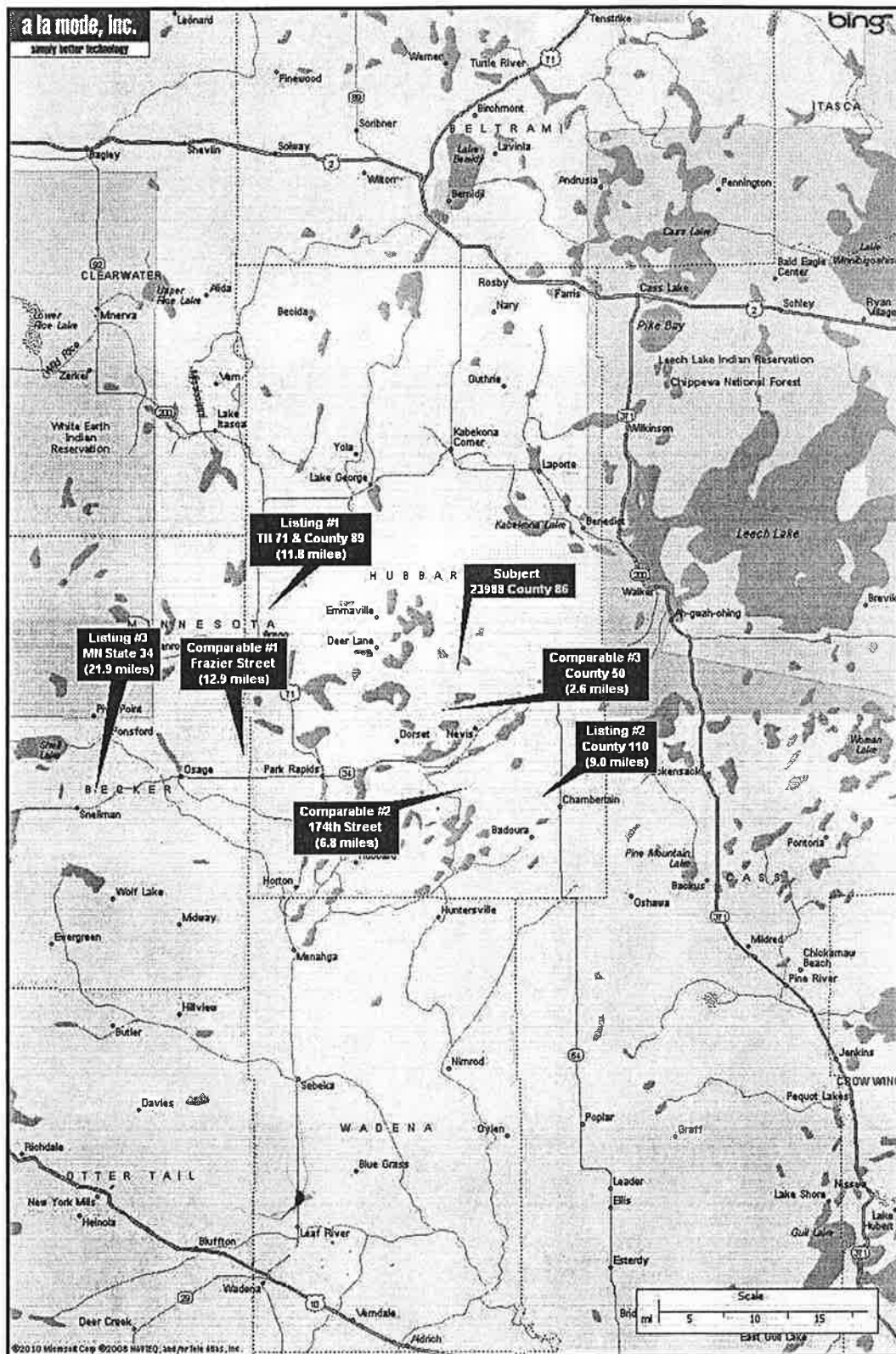


## Listing 3

MN State 34  
 Proximity to Subject  
 List Price 179,900  
 Days on Market 750 -15% time adj  
 Gross Living Area  
 Total Rooms NA  
 Total Bedrooms  
 Total Bathrooms  
 Age/Year Built NA

## Location Map

Borrower/Client	Owner: Duane E. Arndt		
Property Address	23988 County 86		
City	Nevis	County	Hubbard
		State	MN
		Zip Code	56467
Lender	Duane Arndt		



## STATE OF MINNESOTA



## Department of Commerce

BURROS, CARSTEN A  
22248 COUNTY 80  
NEVIS, MN 56467

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

22248 COUNTY 80  
NEVIS, MN 56467

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: 4002665**

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

85 7th Place East, Suite 500

St. Paul, MN 55101-3165

Telephone: (651) 295-3319

Email: licensing.commerce@state.mn.us

Website: 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.





# DORSET APPRAISAL



ROUTE 2, BOX 84 22248 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 1968 to 1971, Luyems, 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, Luyems, 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