

Northern Lights Appraisals

File No. 10285a

APPRAISAL OF



LOCATED AT:

XXX Cty. Rd. C (#2-6)
Washburn, WI 54891

FOR:

City of Washburn
119 Washington Ave
Washburn, WI 54891

BORROWER:

City of Washburn

AS OF:

November 12, 2010

BY:

Pamela Anttila

LAND APPRAISAL REPORT

File No. 10285a

Property Address XXX Cty. Rd. C (#2-6)		Census Tract		LENDER DISCRETIONARY USE																																																													
City Washburn County Bayfield		State WI Zip Code 54891		Sale Price \$																																																													
Legal Description See Attached Addendum				Date																																																													
Owner/Occupant City of Washburn		Map Reference		Mortgage Amount \$																																																													
Sale Price \$ N/A Date of Sale N/A		Property Rights Appraised		Mortgage Type																																																													
Loan charges/concessions to be paid by seller \$ N/A		<input checked="" type="checkbox"/> Fee Simple		Discount Points and Other Concessions																																																													
R.E. Taxes \$ N/A Tax Year HOA \$/Mo.		<input type="checkbox"/> Leashold		Paid by Seller \$																																																													
Lender/Client City of Washburn		<input type="checkbox"/> Condominium (HUDVA)		Source																																																													
119 Washington Ave, Washburn, WI 54891		<input type="checkbox"/> PUD																																																															
LOCATION <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural BUILT UP <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% GROWTH RATE <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow PROPERTY VALUES <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining DEMAND/SUPPLY <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply MARKETING TIME <input type="checkbox"/> Under 3 Mos. <input type="checkbox"/> 3-6 Mos. <input checked="" type="checkbox"/> Over 6 Mos.		NEIGHBORHOOD ANALYSIS <table border="1"> <tr> <td>Employment Stability</td> <td>Good</td> <td>Avg</td> <td>Far</td> <td>Poor</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 type="checkbox"/></td> </tr> <tr> <td>Recreation 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 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>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 Cond.</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 & 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>				Employment Stability	Good	Avg	Far	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"/>	Recreation Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Facilities	<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 Cond.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police & 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"/>
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PRESENT LAND USE % Single Family 67% Not Likely <input checked="" type="checkbox"/> 2-4 Family 2% Likely <input type="checkbox"/> Multi-Family <input type="checkbox"/> In process <input type="checkbox"/> Commercial 5% To: <input type="checkbox"/> Industrial <input type="checkbox"/> Vacant 26%		LAND USE CHANGE <input checked="" type="checkbox"/> OCCUPANCY <input type="checkbox"/> Owner <input checked="" type="checkbox"/> <input type="checkbox"/> Tenant <input type="checkbox"/> VACANT (0-5%) <input checked="" type="checkbox"/> VACANT (over 5%) <input type="checkbox"/>		SINGLE FAMILY HOUSING PRICE AGE \$(000) (yrs) 40 Low new 400+ High 100+ Predominant 100 - 50																																																													

Note: Race or the racial composition of the neighborhood are not considered reliable appraisal factors. COMMENTS See Attached

Dimensions Irregular		Topography Rolling	
Site Area 53 acres Corner Lot No		Size Typical for Area	
Zoning Classification Industrial		Shape Irregular	
HIGHEST & BEST USE: Present Use vacant land		Drainage Appears Adequate	
UTILITIES Public Other Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sanitary Sewer <input type="checkbox"/> Storm Sewer <input type="checkbox"/>		View Wooded & Distant Lake Sup Landscaping Natural Driveway None Apparent Easements Typical utility ROW FEMA Flood Hazard Yes' No X FEMA Map/Zone 5500019 0005 B 11-2-95	
SITE IMPROVEMENTS Type Public Private Street Asphalt <input checked="" type="checkbox"/> Curb/Gutter None <input type="checkbox"/> Sidewalk None <input type="checkbox"/> Street Lights None <input type="checkbox"/> Alley None <input type="checkbox"/>			

Comments (Apparent adverse easements, encroachments, special assessments, slide areas, etc.): See Attached Addendum.

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	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address	XXX Cty. Rd. C Washburn	XXX Cty. Rd. C Washburn	000 Wanabo Washburn	40A Wanabo Washburn
Proximity to Subject		0.04 miles SE	4.93 miles WSW	5.51 miles WSW
Sales Price	\$ N/A	\$ 27,000	\$ 61,200	\$ 45,000
Price/	\$	\$	\$	\$
Data Source		MLS data/cnty rcrds/DOM 860	MLS Data/Cnty rcrds/DOM 563	MLS Data/Cty rcrds/DOM 1636
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	DESCRIPTION	DESCRIPTION
Sales or Financing Concessions		None	None	None
Date of Sale/Time	N/A	8/16/2010	8/21/2010	12/16/2009
Location	Suburban	Suburban	Rural	Rural
Site/View	Wooded & Distar located between golf crs & dump	15 acres/wooded located near subject property	40 acres MFL program	40 acres MFL program
Net Adj. (total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 34,000	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0
Indicated Value of Subject		Gross: 0.0 Net: 0.0 \$ 61,000	Gross: 0.0 Net: 0.0 \$ 61,200	Gross: 0.0 Net: 0.0 \$ 45,000

Comments of Sales Comparison: Sales data would suggest a value range of \$45,000 to \$61,200 with a mean of \$55,733 (say) \$56,000. Sales data is equally weighted across the data set and would reasonably support a final opinion of value of \$56,000.

Comments and Conditions of Appraisal: See attached

Final Reconciliation: As per sales comparison approach. Cost approach not applicable to vacant land. The subject is not an income producing property therefore the income approach is not applicable.

I (WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE SUBJECT PROPERTY AS OF November 12, 2010 to be \$ 56,000

I (We) certify: that to the best of my (our) knowledge and belief, the facts and data used herein are true and correct; that I (we) personally inspected the subject property and inspected all comparable sales cited in this report; and that I (we) have no undisclosed interest, present or prospective therein.

Appraiser(s) Pam Anttila Review Appraiser (if applicable) Did Did Not Inspect Property

ADDENDUM

Borrower: City of Washburn	File No.: 10285a
Property Address: XXX Cty. Rd. C (#2-6)	Case No.:
City: Washburn	State: WI Zip: 54891
Lender: City of Washburn	

SCOPE OF WORK

The scope of this appraisal is intended to summarize the extent of the process used to collect, confirm and communicate data that is the basis of my value opinion. I personally the subject property on the effective date indicated in the appraisal. Market data on comparables was taken from the Multiple Listing service records unless otherwise indicated. In the case of this analysis the income approach to value will not be used as it is not an income producing property. The market approach to value is judged to most accurately reflect true market reactions and expectations and is, therefore, given the most weight as a value indication. I believe my analysis of the subject's value was thorough and complete, however, this appraisal is by no means an exhaustive market study of the subject property. This appraisal is intended to meet the requirements of the Uniform Standards of Professional Appraisal Practice.

Legal Description

291100204000 10 acres NE SW NW, S31-T49N-R4W, landlocked adjacent to dump
291100205000 18 acres W1/2 SW NW less par V. 566 P. 229 2426, S31-T49N-R4W, landlocked adjacent to dump
291100206000 10 acres SE SW NW, S31-T49N-R4W, landlocked overlooking golf course and lake view
291100209000 5 acres SW 1/2 NW SE NW 2430, S31-T49N-R4W, frontage on Cty. Rd. C with lake view
291100210000 10 acres SW SE NW 2431, S31-T49N-R4W, landlocked overlooking golf course

Neighborhood Comments

The subject is located in the small town of Washburn, WI located along the shores of Lake Superior, in an average residential neighborhood. Washburn is located approximately 10 miles from the city of Ashland, which is the areas commercial and employment center. Surrounding properties are average to well maintained homes that project average to good curb appeal. Employment stability, distance to shopping and schools, and overall appeal are considered average in comparison to similar residential neighborhoods. Historically homes in this neighborhood have enjoyed average to good marketability.

Site Comments

The subject site consists of a fairly typical rolling wooded site in terms of size and appeal. The site is located on the hillside with a 5 acre access to Cty. Rd. C. The subject is lies between the city dump and a newly developed public golf course and it also offers distant Lake Superior views. Views in all directions are of similar residential properties, wooded areas, or typical street scenes. The surface drainage appears adequate, as the site is slightly above grade and slopes. The landscaping is natural and there are no readily apparent adverse easements or encroachments.

Comments on Sales Comparison

The comparable sales selected were from similar rural neighborhoods, in and around the city of Washburn. Comparable #1 is a smaller acreage site located at the bottom of the golf course that is in close proximity to the subject although is zoned R4 allowing for several residential building sites. The subject is currently zoned industrial. Thus, an adjustment of \$900/acre was applied. Comparables #2 and #3 are MFL properties which cannot be used as building sites unless removed from the program with back taxes being paid. Although, there are tax saving benefits with MFL program properties. These comparables would reasonably compete with the subject dwelling if all were offered on the open market at the same time, all offering similar quality, appeal and locations.

The appraiser was unable to find comparable sales in the past 24 months that were zoned industrial. It is assumed the variances would be granted to allow for development of the subject property if necessary.

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 judgment.

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.

APPRAISERS 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 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: XXX Cty. Rd. C (#2-6), Washburn, WI, 54891

APPRAISER:

SUPERVISORY APPRAISER (only if required)

Signature: *Pam Anttila*
 Name: Pamela Anttila
 Date Signed: 12/03/2010
 State Certification #: 1439-009
 or State License #: _____
 State: WI
 Expiration Date of Certification or License: 12/14/2011

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

Did Did Not Inspect Property

SUBJECT PROPERTY PHOTO ADDENDUM

Borrower: City of Washburn	File No.: 10285a	
Property Address: XXX Cty. Rd. C (#2-6)	Case No.:	
City: Washburn	State: WI	Zip: 54891
Lender: City of Washburn		



FRONT VIEW OF
SUBJECT PROPERTY

Appraised Date: November 12, 2010
Appraised Value: \$ 58,000



REAR VIEW OF
SUBJECT PROPERTY



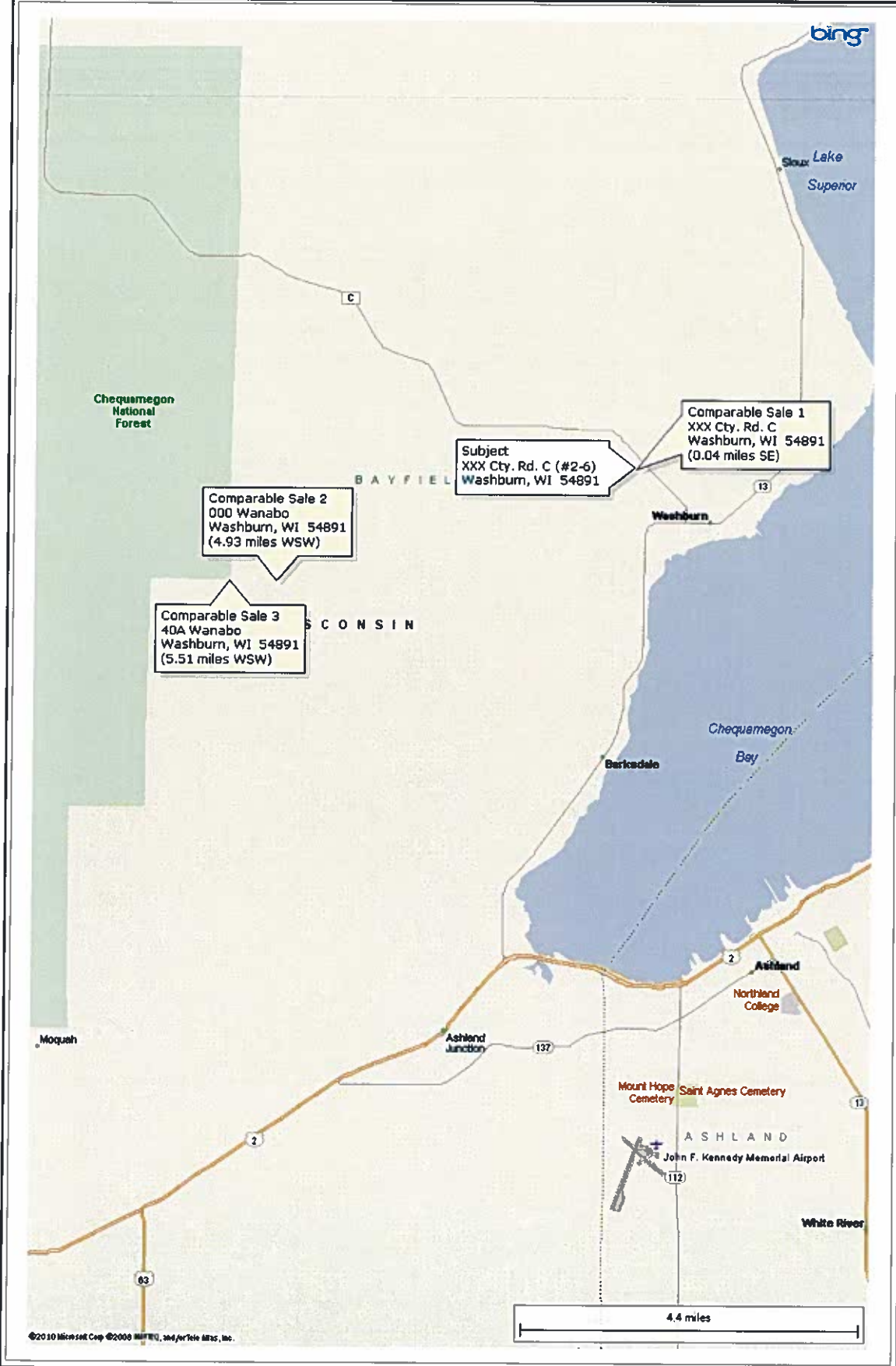
STREET SCENE

Borrower: City of Washburn	File No.: 10285a
Property Address: XXX Cty. Rd. C (#2-6)	Case No.:
City: Washburn	State: WI
Lender: City of Washburn	Zip: 54891



LOCATION MAP

Borrower: City of Washburn	File No.: 10285a
Property Address: XXX Cty. Rd. C (#2-6)	Case No.:
City: Washburn	State: WI
Lender: City of Washburn	Zip: 54891



**MULTI-PURPOSE SUPPLEMENTAL ADDENDUM
FOR FEDERALLY RELATED TRANSACTIONS**

10285a

Borrower/Client <u>City of Washburn</u>			
Property Address <u>XXX Cty. Rd. C (#2-6)</u>			
City <u>Washburn</u>	County <u>Bayfield</u>	State <u>WI</u>	Zip Code <u>54891</u>
Lender <u>City of Washburn</u>			

This Multi-Purpose Supplemental Addendum for Federally Related Transactions was designed to provide the appraiser with a convenient way to comply with the current appraisal standards and requirements of the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of Currency (OCC), The Office of Thrift Supervision (OTS), the Resolution Trust Corporation (RTC) and the Federal Reserve.

This Multi-Purpose Supplemental Addendum is for use with any appraisal. Only those statements which have been checked by the appraiser apply to the property being appraised.

PURPOSE & FUNCTION OF APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property as defined herein. The function of the appraisal is to assist the above-named Lender in evaluating the subject property for lending purposes. This is a federally related transaction.

EXTENT OF APPRAISAL PROCESS

- The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales within the subject market area. The original source of the comparables is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.
- The Reproduction Cost is based on _____ supplemented by the appraiser's knowledge of the local market.
- Physical depreciation is based on the estimated effective age of the subject property. Functional and/or external depreciation, if present, is specifically addressed in the appraisal report or other addenda. In estimating the site value, the appraiser has relied on personal knowledge of the local market. This knowledge is based on prior and/or current analysis of site sales and/or abstraction of site values from sales of improved properties.
- The subject property is located in an area of primarily owner-occupied single family residences and the Income Approach is not considered to be meaningful. For this reason, the Income Approach was not used.
- The Estimated Market Rent and Gross Rent Multiplier utilized in the Income Approach are based on the appraiser's knowledge of the subject market area. The rental knowledge is based on prior and/or current rental rate surveys of residential properties. The Gross Rent Multiplier is based on prior and/or current analysis of prices and market rates for residential properties.
- For income producing properties, actual rents, vacancies and expenses have been reported and analyzed. They have been used to project future rents, vacancies and expenses.

SUBJECT PROPERTY OFFERING INFORMATION

- According to MLS data _____ the subject property:
- has not been offered for sale in the past: 30 days 1 year 3 years Other _____
 - is currently offered for sale for \$ _____
 - was offered for sale within the past: 30 days 1 year 3 years Other _____ for \$ _____
 - Offering information was considered in the final reconciliation of value.
 - Offering information was not considered in the final reconciliation of value.
 - Offering information was not available. The reasons for unavailability and the steps taken by the appraiser are explained later in this addendum.

SALES HISTORY OF SUBJECT PROPERTY

- According to MLS data and public records _____ the subject property:
- has not transferred in the past 1 year 3 years Other _____
 - has transferred in the past 1 year 3 years Other _____
 - All prior sales which have occurred in the past _____ months or _____ years are listed below and reconciled to the appraised value, either in the body of the report or in the addenda.

Date	Sales Price	Document #	Seller	Buyer

FEMA FLOOD HAZARD DATA

- Subject property is not located in a FEMA Special Flood Hazard Area.
 - Subject property is located in a FEMA Special Flood Hazard Area.
- | Zone | FEMA Map/Panel# | Map Date | Name of Community |
|------|-----------------|----------|-------------------|
| X | 5500019 0005 B | 11/2/95 | City of Washburn |
- The community does not participate in the National Flood Insurance Program.
 - The community does participate in the National Flood Insurance Program.
 - It is covered by a regular program.
 - It is covered by an emergency program.