



SUMMARY APPRAISAL REPORT

OF THE REAL PROPERTY LOCATED AT

Corner of East Bayfield St. and 2nd Ave. East
Washburn, WI 54891

for

City of Washburn
119 Washington Ave
Washburn, WI
54891

as of

April 28, 2006

by

Pam Anttila
11936 E. Autio Road
Maple, WI 54854

Northern Lights Appraisals

Complete Appraisal Analysis - Summary Appraisal Report

LAND APPRAISAL REPORT

File No. 06089c

IDENTIFICATION

Borrower City of Washburn Census Tract 9603 Map Reference _____
 Property Address Corner of East Bayfield St. and 2nd Ave. East
 City Washburn County Bayfield State WI Zip Code 54891
 Legal Description Lots 1 & 2, Blk. 68, Original Townsite of Washburn
 Sale Price \$N/A Date of Sale N/A Loan Term _____ yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$N/A (yr.) Loan charges to be paid by seller \$ _____ Other sales concessions _____
 Lender/Client City of Washburn Address 119 Washington Ave, Washburn, WI, 54891
 Occupant Vacant land Appraiser Pam Anttila Instructions to Appraiser _____

NEIGHBORHOOD

Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Employment Stability	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Avg.	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	Adequacy of Public Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Present Land Use	<u>68</u> % 1 Family <u>1</u> % 2-4 Fam	<u>2</u> % Apts. <u>1</u> % Condo <u>1</u> % Commercial		Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<u>28</u> % Industrial <u>28</u> % Vacant			Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change in Present Land Use	<input type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input type="checkbox"/> Taking Place (*)	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From _____ To _____			Police and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	<input type="checkbox"/> % Vacant	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	<u>\$ 40</u> to <u>\$ 400+</u>	Predominant Value <u>\$ 100</u>		Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	<u>new</u> yrs. to <u>100+</u> yrs.	Predominant Age <u>50</u> yrs.						

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, noise) See attached

SITE

Dimensions 50' X 140' = 7,000 SF Corner Lot
 Zoning Classification R4-Residential Present improvements do do not conform to zoning regulations
 Highest and best use: Present use Other (specify) Building site
 Elec. Public Other (Describe) _____ OFF SITE IMPROVEMENTS
 Gas _____ Street Access: Public Private
 Water _____ Surface Paved
 San. Sewer _____ Maintenance: Public Private
 Storm Sewer Curb/Gutter
 Sidewalk Street Lights
 Topo Basically level
 Size Average for area
 Shape Rectangular
 View Nothing adverse
 Drainage Appears adequate
 Is the property located in a HUD Identified Special Flood Hazard Area? No Yes
 Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions) See Attached

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	Corner of East Bayfield St. and 2nd Ave. East Washburn	0012th Ave. East Washburn	Lot 6 Cty. Rd. C Washburn	00 Big Rock Rd. Washburn
Proximity to Subj.		.5 miles	1 mile	2 miles
Sales Price	\$ N/A	\$ 23,500	\$ 19,500	\$ 18,000
Price	\$	\$ 2	\$	\$ 1
Data Source	Inspection/Cty. recds.	MLS data	MLS data	MLS data
Date of Sale and Time Adjustment	N/A	DESCRIPTION 8-30-2005	DESCRIPTION 9-1-2005	DESCRIPTION 3-8-2006
Location	Suburban	Similar	Similar	Similar
Site/View	Typical	Similar	Similar	Similar
Site Area	7,000 SF	15,000 SF -2,000	39,100 SF -8,000	15,000 SF -2,000
	electric	electric	driveway	electric
	water	water		water
	sewer	sewer	+6,000	sewer
Sales or Financing Concessions				
Net Adj. (Total)		<input type="checkbox"/> Plus <input checked="" type="checkbox"/> Minus \$ -2,000	<input type="checkbox"/> Plus <input checked="" type="checkbox"/> Minus \$ -2,000	<input type="checkbox"/> Plus <input checked="" type="checkbox"/> Minus \$ -2,000
Indicated Value of Subject		Gross 8.5% Net -8.5% \$ 21,500	Gross 71.8% Net -10.3% \$ 17,500	Gross 11.1% Net -11.1% \$ 16,000

RECONCILIATION

Comments on Market Data: Sales data would suggest a value range of \$16,000 to \$21,500 with a mean of \$18,333 (say) \$18,000. Sales data is equally weighted across the data set and would reasonably support a final value estimate of \$18,000.

Comments and Conditions of Appraisal: No apparent adverse environmental conditions are noted. The value estimate in this appraisal is based on the assumption that the property is not negatively affected by the presence of any non-apparent environmental hazards.

Final Reconciliation: Value indication as per comparison approach. Not considered an income producing property, therefore the income approach is considered invalid. Cost approach is not valid for vacant properties.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF April 28, 2006 to be \$18,000
 Appraiser(s) Pam Anttila Review Appraiser (if applicable) Did Did Not Physically Inspect Property
 Signature _____ Signature _____
 Name Pam Anttila Date 05/04/2006 Name _____ Date _____
 State WI License Certification # 1439-009 State _____ License Certification # _____

ADDITIONAL COMMENTS

Borrower or Owner	City of Washburn		
Property Address	Corner of East Bayfield St. and 2nd Ave. East		
City	Washburn	County	Bayfield
		State	WI
Lender or Client	City of Washburn		
		Zip Code	54891

Scope of the Appraisal

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 estimate. I personally inspected the subject property on the effective date indicated in the appraisal. Market data on comparable sales was taken from the Multiple Listing Service and county records, unless otherwise indicated. The overall scope of this appraisal is restricted to a limited appraisal/summary report of the subject property. This is based upon the request of the contracting client, and is primarily limited to the most applicable approaches to value. In the case of this analysis the income approach to value will not be used as it is not an income producing property. The cost approach is not applicable to vacant land. 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 indicator. 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.

Market Conditions in the Neighborhood

Conventional financing is readily available at rates most purchasers consider attractive, and sellers need not negotiated a sale on financing related concessions. The number of listings in the local MLS system has remained steady. The local brokers are referring to the current situation as a "seller's market," with relatively short market times for all but the most difficult to market properties. The local market has seen steady increases in values over the past 60 months. While the local market conditions presently constitute a healthy supply and demand relationship, it is dependent upon continued stable interest rates and a stable local economy. Average market times in the neighborhood have been under 3-6 months.

Neighborhood Marketability

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

Site

The subject site consists of a fairly typical residential site in terms of size and appeal. Views in all directions are of similar residential sites, commercial sites, and typical street scenes. There are no readily apparent adverse easements or encroachment. In summary, a pleasant site that provided a suitable setting for any future improvements.

Comments on Market Data

The comparable sales selected were from similar neighborhoods and were in the closest proximity known to the appraiser. Each of the comparables were larger sites and were adjusted accordingly. All comparables would reasonably compete with the subject property if marketed at the same time.

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

Borrower/Client	City of Washburn		
Property Address	Corner of East Bayfield St. and 2nd Ave. East		
City	Washburn	County	Bayfield
Lender	City of Washburn	State	WJ
		Zip Code	54891

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 Local MLS _____ the subject property:

- has **not been offered** for sale in the past 30 days.
- is **currently offered** for sale for \$ _____.
- was **offered** for sale within the past 30 days 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 Public records _____ the subject property:

- has **not transferred** in the past thirty-six months.
- has **transferred** in the past thirty-six months.
- All prior sales which have occurred in the past thirty-six months 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
				City of Washburn

FEMA FLOOD HAZARD DATA

- The subject property is **not located** in a FEMA Special Flood Hazard Area.
- The 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	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.

CURRENT SALES CONTRACT

- The subject property is **currently not under contract**.
- The contract and/or escrow instructions **were not available for review**. The unavailability of the contract is explained later in the addenda section.
- The contract and/or escrow instructions **were reviewed**. The following summarizes the contract:

Contract Date	Amendment Date	Contract Price	Seller
			City of Washburn

- The contract indicated that personal property **was not included** in the sale.
- The contract indicated that personal property **was included**. It consisted of _____ Estimated contributory value is \$ _____.
- Personal property **was not included** in the final value estimate.
- Personal property **was included** in the final value estimate.
- The contract indicated **no financing concessions** or other incentives.
- The contract indicated **the following concessions** or incentives: _____
- If concessions or incentives exist, the comparables were checked for similar concessions and appropriate adjustments were made, if applicable, so that the final value conclusion is in compliance with the Market Value defined herein.

 MARKET OVERVIEW **Include an explanation of current market conditions and trends.**

_____ 3-6 _____ months is considered a reasonable marketing period for the subject property based on Local MLS data _____.

 ADDITIONAL CERTIFICATION

The Appraiser certifies and agrees that:

- (1) The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USPAP"), except that the Departure Provision of the USPAP does not apply.
- (2) Their compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- (3) This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

 ADDITIONAL (ENVIRONMENTAL) LIMITING CONDITIONS

The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

 ADDITIONAL COMMENTS

Personal property not included in the final estimate. All comparable sales used were closed sales.

 APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION

Appraiser's Signature Pam Anttila Effective Date April 28, 2006 Date Prepared May 4, 2006
 Appraiser's Name (print) Pam Anttila Phone # (715) 363-2780
 State WI License Certification # 1439-009 Tax ID # _____

 CO-SIGNING APPRAISER'S CERTIFICATION

- The co-signing appraiser **has personally inspected** the subject property, both inside and out, and has made an exterior inspection of all comparable sales listed in the report. The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser.
- The co-signing appraiser **has not personally inspected** the interior of the subject property and:
 has not inspected the exterior of the subject property and all comparable sales listed in the report.
 has inspected the exterior of the subject property and all comparable sales listed in the report.
- The report was prepared by the appraiser under direct supervision of the co-signing appraiser. The co-signing appraiser accepts responsibility for the contents of the report, including the value conclusions and the limiting conditions, and confirms that the certifications apply fully to the co-signing appraiser with the exception of the certification regarding physical inspections. The above describes the level of inspection performed by the co-signing appraiser.
- The co-signing appraiser's level of inspection, involvement in the appraisal process and certification are covered elsewhere in the addenda section of this appraisal.

 CO-SIGNING APPRAISER'S SIGNATURE & LICENSE/CERTIFICATION

Co-Signing Appraiser's Signature _____ Effective Date _____ Date Prepared _____
 Co-Signing Appraiser's Name (print) _____ Phone # (_____) _____
 State _____ License Certification # _____ Tax ID # _____

ENVIRONMENTAL ADDENDUM File No. 06089c

APPARENT* HAZARDOUS SUBSTANCES AND/OR DETRIMENTAL ENVIRONMENTAL CONDITIONS

Borrower/Client City of Washburn
 Address Corner of East Bayfield St. and 2nd Ave. East
 City Washburn County Bayfield State WI Zip Code 54891
 Lender City of Washburn

*** Apparent is defined as that which is visible, obvious, evident or manifest to the appraiser.**

This universal Environmental Addendum is for use with any real estate appraisal. Only the statements which have been checked by the appraiser apply to the property being appraised.

This addendum reports the results of the appraiser's routine inspection of and inquires about the subject property and its surrounding area. It also states what assumptions were made about the existence (or nonexistence) of any hazardous substances and/or detrimental environmental conditions. **The appraiser is not an expert environmental inspector** and therefore might be unaware of existing hazardous substances and/or detrimental environmental conditions which may have negative effect on the safety and value of the property. It is possible that tests and inspections made by a qualified environmental inspector would reveal the existence of hazardous materials and/or detrimental conditions on or around the property that would negatively affect its safety and value.

DRINKING WATER

- Drinking Water is supplied to the subject from a municipal water supply which is considered safe. However the only way to be absolutely certain that the water meets published standards is to have it tested at all discharge points.
- Drinking Water is supplied by a well or other non-municipal source. It is recommended that tests be made to be certain that the property is supplied with adequate pure water.
- Lead can get into drinking water from its source, the pipes, at all discharge points, plumbing fixtures and/or appliances. The only way to be certain that water does not contain an unacceptable lead level is to have it tested at all discharge points.
- The value estimated in this appraisal is based on the assumption that there is an adequate supply of safe, lead-free Drinking Water.

Comments _____

SANITARY WASTE DISPOSAL

- Sanitary Waste is removed from the property by a municipal sewer system.
- Sanitary Waste is disposed of by a septic system or other sanitary on site waste disposal system. The only way to determine that the disposal system is adequate and in good working condition is to have it inspected by a qualified inspector.
- The value estimated in this appraisal is based on the assumption that the Sanitary Waste is disposed of by a municipal sewer or an adequate properly permitted alternate treatment system in good condition.

Comments _____

SOIL CONTAMINANTS

- There are no apparent signs of Soil Contaminants on or near the subject property (except as reported in Comments below). It is possible that research, inspection and testing by a qualified environmental inspector would reveal existing and/or potential hazardous substances and/or detrimental environmental conditions on or around the property that would negatively affect its safety and value.
- The value estimated in this appraisal is based on the assumption that the subject property is free of Soil Contaminants.

Comments _____

ASBESTOS

- All or part of the improvements were constructed before 1979 when Asbestos was a common building material. The only way to be certain that the property is free of friable and non-friable Asbestos is to have it inspected and tested by a qualified asbestos inspector.
- The improvements were constructed after 1979. No apparent friable Asbestos was observed (except as reported in Comments below).
- The value estimated in this appraisal is based on the assumption that there is no uncontained friable Asbestos or other hazardous Asbestos material on the property.

Comments _____

PCBs (POLYCHLORINATED BIPHENYLS)

- There were no apparent leaking fluorescent light ballasts, capacitors or transformers anywhere on or nearby the property (except as reported in Comments below).
- There was no apparent visible or documented evidence known to the appraiser of soil or groundwater contamination from PCBs anywhere on the property (except as reported in Comments below).
- The value estimated in this appraisal is based on the assumption that there are no uncontained PCBs on or nearby the property.

Comments _____

RADON

- The appraiser is not aware of any Radon tests made on the subject property within the past 12 months (except as reported in Comments below).
- The appraiser is not aware of any indication that the local water supplies have been found to have elevated levels of Radon or Radium.
- The appraiser is not aware of any nearby properties (except as reported in Comments below) that were or currently are used for uranium, thorium or radium extraction or phosphate processing.
- The value estimated in this appraisal is based on the assumption that the Radon level is at or below EPA recommended levels.

Comments _____

ENVIRONMENTAL ADDENDUM (cont.) File No. 06089c
USTs (UNDERGROUND STORAGE TANKS)

- There is no apparent visible or documented evidence known to the appraiser of any USTs on the property nor any known historical use of the property that would likely have had USTs.
- There are no apparent petroleum storage and/or delivery facilities (including gasoline stations or chemical manufacturing plants) located on adjacent properties (except as reported in Comments below).
- There are apparent signs of USTs existing now or in the past on the subject property. It is recommended that an inspection by a qualified UST inspector be obtained to determine the location of any USTs together with their condition and proper registration if they are active; and if they are inactive, to determine whether they were deactivated in accordance with sound industry practices.
- The value estimated in this appraisal is based on the assumption that any functioning USTs are not leaking and are properly registered and that any abandoned USTs are free from contamination and were properly drained, filled and sealed.

Comments _____

NEARBY HAZARDOUS WASTE SITES

- There are no apparent Hazardous Waste Sites on the subject property or nearby the subject property (except as reported in Comments below). Hazardous Waste Site search by a trained environmental engineer may determine that there is one or more Hazardous Waste Sites on or in the area of the subject property.
- The value estimated in this appraisal is based on the assumption that there are no Hazardous Waste Sites on or nearby the subject property that negatively affect the value or safety of the property.

Comments _____

UREA FORMALDEHYDE (UFFI) INSULATION

- All or part of the improvements were constructed before 1982 when UREA foam insulation was a common building material. The only way to be certain that the property is free of UREA formaldehyde is to have it inspected by a qualified UREA formaldehyde inspector.
- The improvements were constructed after 1982. No apparent UREA formaldehyde materials were observed (except as reported in Comments below).
- The value estimated in this appraisal is based on the assumption that there is no significant UFFI insulation or other UREA formaldehyde material on the property.

Comments _____

LEAD PAINT

- All or part of the improvements were constructed before 1980 when Lead Paint was a common building material. There is no apparent visible or known documented evidence of peeling or flaking Lead Paint on the floors, walls or ceilings (except as reported in Comments below). The only way to be certain that the property is free of surface or subsurface Lead Paint is to have it inspected by a qualified inspector.
- The improvements were constructed after 1980. No apparent Lead Paint was observed (except as reported in Comments below).
- The value estimated in this appraisal is based on the assumption that there is no flaking or peeling Lead Paint on the property.

Comments _____

AIR POLLUTION

- There are no apparent signs of Air Pollution at the time of the inspection nor were any reported (except as reported in Comments below). The only way to be certain that the air is free of pollution is to have it tested.
- The value estimated in this appraisal is based on the assumption that the property is free of Air Pollution.

Comments _____

WETLANDS/FLOOD PLAINS

- The site does not contain any apparent Wetlands/Flood Plains (except as reported in Comments below). The only way to be certain that the site is free of Wetlands/Flood Plains is to have it inspected by a qualified environmental professional.
- The value estimated in this appraisal is based on the assumption that there are no Wetlands/Flood Plains on the property (except as reported in Comments below).

Comments _____

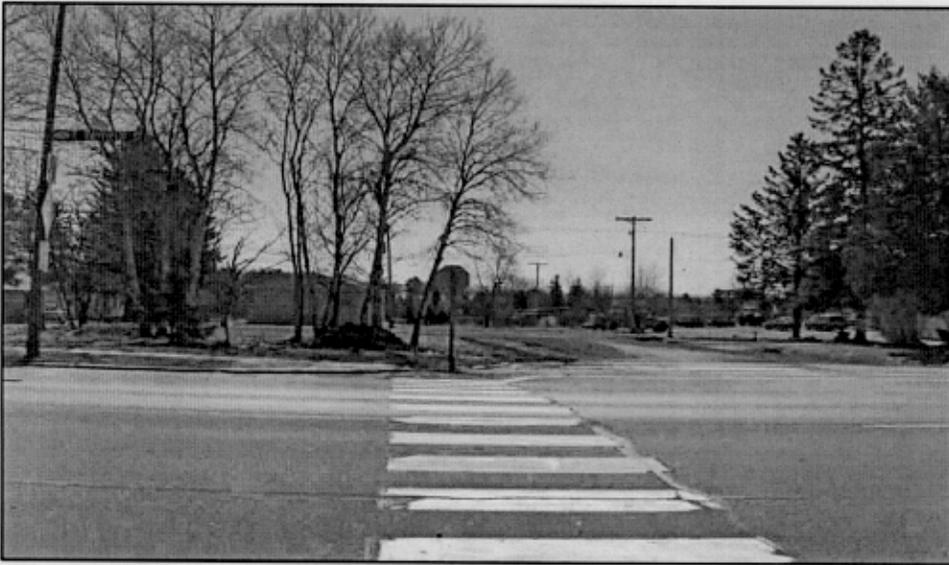
MISCELLANEOUS ENVIRONMENTAL HAZARDS

- There are no other apparent miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site except as indicated below:
 - Excess Noise _____
 - Radiation + Electromagnetic Radiation _____
 - Light Pollution _____
 - Waste Heat _____
 - Acid Mine Drainage _____
 - Agricultural Pollution _____
 - Geological Hazards _____
 - Nearby Hazardous Property _____
 - Infectious Medical Wastes _____
 - Pesticides _____
 - Others (Chemical Storage + Storage Drums, Pipelines, etc.) _____
- The value estimated in this appraisal is based on the assumption that there are no Miscellaneous environmental Hazards (except those reported above) that would negatively affect the value of the property.

When any of the environmental assumptions made in this addendum are not correct, the estimated value in this appraisal may not be valid.

PHOTOGRAPH ADDENDUM

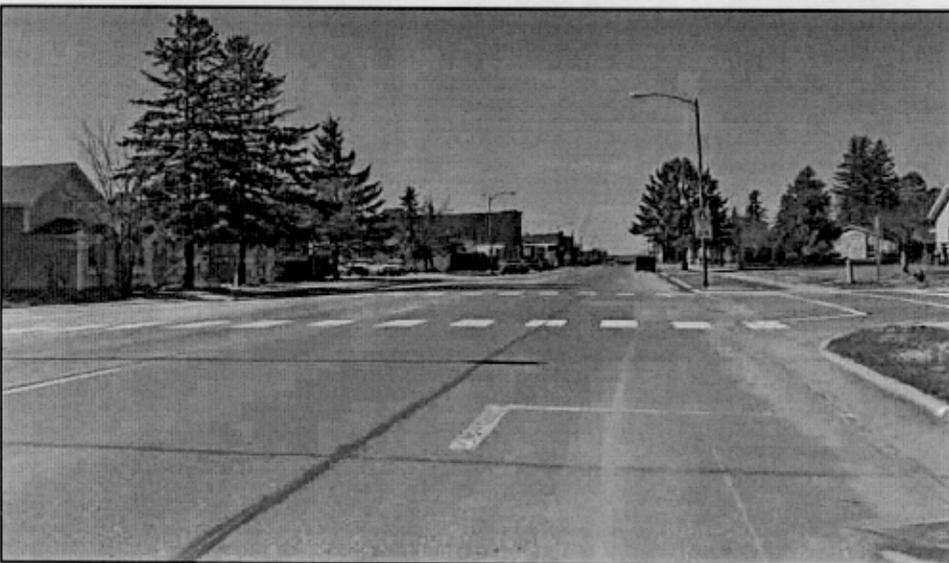
Borrower or Owner City of Washburn
Property Address Corner of East Bayfield St. and 2nd Ave. East
City Washburn County Bayfield State WI Zip Code 54891
Lender or Client City of Washburn



**FRONT VIEW OF
SUBJECT PROPERTY**



**REAR VIEW OF
SUBJECT PROPERTY**



**STREET SCENE OF
SUBJECT PROPERTY**

2005 USPAP COMPLIANCE ADDENDUM

Borrower or Owner	City of Washburn				
Property Address	Corner of East Bayfield St. and 2nd Ave. East				
City	Washburn	County	Bayfield	State	WI
Lender or Client	City of Washburn				
				Zip Code	54891

APPRAISER'S CERTIFICATION:

The following Certification statements are in addition to and may supercede the signed Appraiser's Certification attached to this appraisal report. This Appraiser's Certification is compliant with the current edition of the Uniform Standards of Professional Appraisal Practice.

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

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)

No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

TYPE OF VALUE (PURPOSE OF THE APPRAISAL) AND DEFINITION OF VALUE:

The purpose of this appraisal is to provide an opinion of the market value of the subject property, as defined in this report, as of the effective date of this report.

INTENDED USE, AND INTENDED USER OF THE APPRAISAL:

The intended use of the appraisal is to assist the client and any other intended users in the underwriting, approval, and funding of the mortgage loan. The intended users of this report are the stated client and any other institutions involved in the underwriting, approval, and funding of the mortgage loan. No one else, including the purchaser and seller, should rely on the opinion of value or any other conclusions contained in this appraisal report.

ANALYSIS AND REPORT FORM:

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, listings, and/or rentals within the subject market area.

The original source of the comparable data described in the Data Source section of the market grid along with the source of confirmation is provided, where 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 or used as a basis for the value conclusion. The extent of the analysis to this assignment is stated in the Appraiser's Certification included above and attached to this report.

2005 USPAP COMPLIANCE ADDENDUM

Borrower or Owner	City of Washburn		
Property Address	Corner of East Bayfield St. and 2nd Ave. East		
City	Washburn	County	Bayfield
		State	WI
		Zip Code	54891
Lender or Client	City of Washburn		

DEFINITION OF INSPECTION:

The term "Inspection", as used in this report, is not the same level of inspection that is required for a "Professional Home Inspection". The appraiser does not fully inspect the electrical system, plumbing system, mechanical systems, foundation system, floor structure, or subfloor. The appraiser is not an expert in construction materials and the purpose of the appraisal is to make an economic evaluation of the subject property. If the client needs a more detailed inspection of the property, a home inspection, by a Professional Home Inspector, is suggested.

DIGITAL SIGNATURES:

The signature(s) affixed to this report, and certification, were applied by the original appraiser(s) or supervisory appraiser and represent their acknowledgements of the facts, opinions and conclusions found in the report. Each appraiser(s) applied his or her signature electronically using a password encrypted method. Hence these signatures have more safeguards and carry the same validity as the individual's hand applied signature. If the report has a hand-applied signature, this comment does not apply.

OPINION OF MARKET VALUE VS ESTIMATE OF MARKET VALUE:

The current Uniform Standards of Professional Practice defines the market value conclusion as an opinion of market value and not an estimate of market value.

THREE YEAR SALES HISTORY FOR THE SUBJECT PROPERTY:

The appraiser has complied with Standards Rule 1-5b and 2-2b(ix) requiring the appraiser to analyze and report all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal. If this information was available to the appraiser(s), it is reported in the Subject column of Sales Comparison Analysis section of the appraisal report.

EXPOSURE PERIOD

By studying the sales of similar comparable residential properties with value ranges as identified in the Neighborhood section of this report and discussions with individuals knowledgeable of current neighborhood trends in the subject area, the appraiser feels that the exposure time for the subject property is equal to the indicated Marketing Time identified in the Neighborhood section of this appraisal report.

APPRAISER:

Signature: *Pam Anttila*
 Name: Pam Anttila
 Date Signed: May 4, 2006
 State Certification #: 1439-009
 or State License #: _____
 State: WI
 Expiration Date of Certification or License: 12-14-2007

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