

AUGUST 11, 2015

STATE BOARD OF EQUALIZATION

LOCALLY ASSESSED PROPERTY



NORTH DAKOTA

RYAN RAUSCHENBERGER
TAX COMMISSIONER

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AGENDA
STATE BOARD OF EQUALIZATION
Tuesday, August 11, 2015
Brynhild Haugland Room

9:30 Locally Assessed Property

1. Welcome and introductory remarks - Chairman of the State Board of Equalization.
2. Meeting overview and instructions - Tax Commissioner and Secretary of the State Board of Equalization.
3. Discussion of tolerance levels and other considerations - State Supervisor of Assessments.
4. Overview of 2015 property assessments - State Supervisor of Assessments:
 - a. Agricultural
 - b. Commercial
 - c. Residential
5. Appeals, public comments, and comments from County Tax Directors and City Assessors.

(This will be the time for appeals to be presented to the State Board of Equalization, any other public comment, and the opportunity for County Tax Directors and City Assessors to address any tolerance issues within their county or city. This will be conducted alphabetically by county, beginning with Kidder County.)

6. Discussion and direction to Property Tax Staff regarding appeals.
7. Other business:

TOLERANCE LEVELS

Tolerance Allowed for 2015 Assessments

- A. Minutes of December 4, 2014, State Board of Equalization meeting: “The Board discussed the tolerance to be allowed for the 2015 assessments of locally assessed property.

It was moved by Mr. Peterson and seconded by Mr. Rauschenberger that the Board continue the tolerance of 90 to 100 percent for agricultural, residential and commercial property assessments for taxable year 2015. Jurisdictions outside of tolerance would be increased to 93 percent of market value or agricultural value, or be reduced to 100 percent. The motion would still allow the Board flexibility to deal with certain circumstances where counties might need a little more time to get within tolerance.”

- B. The 2009 Legislature enacted § 57-13-04.1, which provides that the State Board of Equalization may not approve valuation and assessments in any taxing district in which the true and full value for residential and commercial property as assessed and equalized in that district exceeds the true and full value for those property classifications in that taxing district as determined by the sales ratio study.
- C. Property outside tolerance: The Property Tax Division Access program is designed to show needed changes that will move assessments as close as possible to 100 percent without exceeding 100 percent. The State Board of Equalization is required to make any needed changes in whole percentages and may not approve commercial or residential assessments that are over 100 percent of market value. For counties with agricultural, commercial, or residential assessments that are less than one half of one percent over 100 percent, no change is required.

OTHER CONSIDERATIONS

1. Commercial property and vacant lots:

- A. The 2011 Legislature amended N.D.C.C. § 57-02-27.1 to allow the township, as well as the city, governing body to establish valuations that recognize the supply of vacant lots available for sale.
- B. If improved commercial property is assessed at market value and vacant lots are assessed at something less than market value, and those combined values are compared to the sales ratio median for improved commercial property only, combined commercial property appears to be under assessed.
- C. In years prior to 2009 we used the sales ratio median for commercial property only. In 2009 we notified counties and major cities that we would use the sales ratio median for combined commercial property and vacant lots with the combined commercial property and vacant lot values shown on the assessment abstract.
- D. We ask counties and cities whose ratios do not fall within tolerance using the combined median to separate out vacant lot values. We then apply the commercial median to improved commercial property. Improved commercial property is required to be assessed at market value, but N. D.C.C. § 57-02-27.1 provides that “the governing body of the city or township may establish valuations that recognize the supply of vacant lots available for sale.”

State of North Dakota
Office of State Tax Commissioner
Indicated change necessary to reach 2015 true and full value

| County | Director/Assessor | Agricultural | Commercial | Residential |
|---------------|--------------------------|---------------------|-------------------|--------------------|
| Kidder | Jim Albrecht | 10 | 5 | 6 |
| LaMoure | Jan Meidinger | 6 | 5 | 6 |
| Logan | Trisha Laine | 4 | 9 | 13 |
| McHenry | Jennifer Stewart | 5 | 5 | 0 |
| McIntosh | Jennifer Hartze Goehring | 6 | 2 | 9 |
| McKenzie | Katie Paulson | 10 | 4 | 84 |
| McLean | Todd Schreiner | 0 | 3 | 7 |
| Mercer | Gary Emter | 7 | 2 | 3 |
| Morton | Linda Morris | 9 | 9 | 9 |
| Mandan | Shirley Shaw | --- | 5 | 6 |
| Mountrail | Lori Hanson | 6 | 6 | 6 |
| Nelson | Michelle Linstad | 9 | 0 | 10 |
| Oliver | Teri Schulte | 5 | 39 | 24 |
| Pembina | Julie Doyle | 8 | 0 | 8 |
| Pierce | Kelsey Siegler | 7 | 5 | 2 |
| Ramsey | Jerry Ratzlaff | 4 | 6 | 8 |
| Devils Lake | Gary Martinson | --- | 7 | 7 |
| Ransom | Kristie Reinke | 4 | 1 | 4 |
| Renville | Diana Krause | 5 | 7 | 5 |
| Richland | Sandy Fossum | 6 | 3 | 2 |
| Wahpeton | Carla Broadland | --- | 7 | 7 |
| Rolette | Wendy Belgarde | 9 | 6 | 8 |
| Sargent | Sandy Hanson | --- | --- | --- |
| Sheridan | Cynthia Wahl | 9 | 0 | 1 |
| Sioux | Barb Hettich | 7 | 2 | 0 |
| Slope | Joan Lorge | 8 | -1 | -8 |
| Stark | Diane Brines | 3 | 7 | 5 |
| Dickinson | Joe Hirschfeld | --- | 1 | 9 |
| Steele | Tasha Krueger | 15 | 6 | 13 |
| Stutsman | Tyler Perleberg | 7 | 0 | 4 |
| Jamestown | Darrell Wollan | --- | 9 | 8 |
| Towner | Bonnie Good | 4 | 6 | 3 |
| Traill | Barb Zerface | 8 | 12 | 1 |

| County | Director/Assessor | Agricultural | Commercial | Residential |
|------------------|--------------------------|---------------------|-------------------|--------------------|
| Walsh | Mary Wild | 7 | -1 | 6 |
| Ward | Ryan Kamrowski | 8 | 1 | 0 |
| Minot | Kevin Ternes | --- | 3 | 5 |
| Wells | Jana Schimelfenig | 6 | 1 | 10 |
| Williams | Darcy Anderson | --- | --- | --- |
| Williston | Darcy Anderson | --- | --- | --- |
| Adams | Kim Frank | 8 | 17 | 1 |
| Barnes | Betty Koslofsky | 10 | 10 | 10 |
| Valley City | Sandy Hansen | --- | 1 | 8 |
| Benson | Randy Thompson | 3 | 0 | 4 |
| Billings | Stacey Swanson | 5 | 5 | 2 |
| Bottineau | Lisa Peterson | 10 | 3 | 9 |
| Bowman | Dean Pearson | 5 | 10 | 8 |
| Burke | Janet Cron | 0 | 1 | 34 |
| Burleigh | Allan Vietmeier | 2 | 0 | 7 |
| Bismarck | Debi Goodsell | --- | 8 | 5 |
| Cass | Francis Klein | 7 | 8 | 9 |
| Fargo | Ben Hushka | --- | 6 | 6 |
| West Fargo | Nick Lee | --- | 6 | 7 |
| Cavalier | Pam Lafrenz | 16 | 0 | 45 |
| Dickey | Don Flaherty | 7 | 5 | 7 |
| Divide | Heather Kippen | 4 | 10 | 4 |
| Dunn | Tracey Dolezal | 0 | 3 | 4 |
| Eddy | Kristy O'Connor | 8 | -9 | 7 |
| Emmons | Ann Bernhardt | --- | --- | --- |
| Foster | Karen Evans | 17 | -4 | 17 |
| Golden Valley | Henry Gerving | 4 | 6 | 6 |
| Grand Forks | Amber Gudajtes | 7 | 11 | 11 |
| Grand Forks City | Paul Houdek | --- | 4 | 5 |
| Grant | Jennifer Crowley | 0 | 0 | 0 |
| Griggs | Samantha Quast | 11 | 3 | 0 |
| Hettinger | Paula Fedder | 4 | 6 | 7 |

State Board of Equalization

August 11, 2015

County or City: Kidder

County Director/City Assessor: Jim Albrecht

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

6%

10%

Appeals:

State Board of Equalization

August 11, 2015

County or City: LaMoure

County Director/City Assessor: Jan Meidinger

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

6%

6%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Logan

County Director/City Assessor: Trisha Laine

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

9%

13%

4%

Appeals:

State Board of Equalization

August 11, 2015

County or City: McHenry

County Director/City Assessor: Jennifer Stewart

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

0%

5%

Appeals:

State Board of Equalization

August 11, 2015

County or City: McIntosh **County Director/City Assessor: Jennifer Hartzel Goehring**

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

2%

9%

6%

Appeals:

State Board of Equalization

August 11, 2015

County or City: McKenzie

County Director/City Assessor: Katie Paulson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

4%

84%

10%

Appeals:

State Board of Equalization

August 11, 2015

County or City: McLean

County Director/City Assessor: Todd Schreiner

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

3%

7%

0%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Mercer

County Director/City Assessor: Gary Emter

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

2%

3%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Morton

County Director/City Assessor: Linda Morris

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

9%

9%

9%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Mandan

County Director/City Assessor: Shirley Shaw

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

6%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Mountrail

County Director/City Assessor: Lori Hanson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

6%

6%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Nelson

County Director/City Assessor: Michelle Linstad

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

10%

9%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Oliver

County Director/City Assessor: Teri Schulte

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

39%

24%

5%

Appeals:

2015-OLIV-OLIV-001

2015-OLIV-OLIV-002

State Board of Equalization

August 11, 2015

County or City: Pembina

County Director/City Assessor: Julie Doyle

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

8%

8%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Pierce

County Director/City Assessor: Kelsey Siegler

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

2%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Ramsey

County Director/City Assessor: Jerry Ratzlaff

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

8%

4%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Devils Lake

County Director/City Assessor: Gary Martinson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

7%

7%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Ransom

County Director/City Assessor: Kristie Reinke

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

1%

4%

4%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Renville

County Director/City Assessor: Diana Krause

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

7%

5%

5%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Richland

County Director/City Assessor: Sandy Fossum

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

3%

2%

6%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Wahpeton

County Director/City Assessor: Carla Broadland

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

7%

7%

---%

Appeals:

2015-RICH-WAHP-001

State Board of Equalization

August 11, 2015

County or City: Rolette

County Director/City Assessor: Wendy Belgarde

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

8%

9%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Sargent

County Director/City Assessor: Sandy Hanson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

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---%

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Appeals:

2015-SARG-SARG-001

Incomplete Abstract

State Board of Equalization

August 11, 2015

County or City: Sheridan

County Director/City Assessor: Cynthia Wahl

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

1%

9%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Sioux

County Director/City Assessor: Barb Hettich

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

2%

0%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Slope

County Director/City Assessor: Joan Lorge

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

-1%

-8%

8%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Stark

County Director/City Assessor: Diane Brines

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

7%

5%

3%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Dickinson

County Director/City Assessor: Joe Hirschfeld

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

1%

9%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Steele

County Director/City Assessor: Tasha Krueger

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

13%

15%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Stutsman

County Director/City Assessor: Tyler Perleberg

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

4%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Jamestown

County Director/City Assessor: Darrell Wollan

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

9%

8%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Towner

County Director/City Assessor: Bonnie Good

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

3%

4%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Traill

County Director/City Assessor: Barb Zerface

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

12%

1%

8%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Walsh

County Director/City Assessor: Mary Wild

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

-1%

6%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Ward

County Director/City Assessor: Ryan Kamrowski

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

1%

0%

8%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Minot

County Director/City Assessor: Kevin Ternes

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

3%

5%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Wells

County Director/City Assessor: Jana Schimelfenig

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

1%

10%

6%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Williams

County Director/City Assessor: Darcy Anderson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

---%

---%

---%

Appeals:

2015-WILL-WILL-001

2015-WILL-WILL-002

Incomplete Abstract

State Board of Equalization

August 11, 2015

County or City: Williston

County Director/City Assessor: Darcy Anderson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

---%

---%

---%

Appeals:

Incomplete Abstract

State Board of Equalization

August 11, 2015

County or City: Adams

County Director/City Assessor: Kim Frank

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

17%

1%

8%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Barnes

County Director/City Assessor: Betty Koslofsky

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

10%

10%

10%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Valley City

County Director/City Assessor: Sandy Hansen

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

1%

8%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Benson

County Director/City Assessor: Randy Thompson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

4%

3%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Billings

County Director/City Assessor: Stacey Swanson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

2%

5%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Bottineau

County Director/City Assessor: Lisa Peterson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

3%

9%

10%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Bowman

County Director/City Assessor: Dean Pearson

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

10%

8%

5%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Burke

County Director/City Assessor: Janet Cron

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

1%

34%

0%

Appeals:

2015-BURK-BURK-001

State Board of Equalization

August 11, 2015

County or City: Burleigh

County Director/City Assessor: Allan Vietmeier

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

7%

2%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Bismarck

County Director/City Assessor: Debi Goodsell

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

8%

5%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Cass

County Director/City Assessor: Francis Klein

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

8%

9%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Fargo

County Director/City Assessor: Ben Hushka

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

6%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: West Fargo

County Director/City Assessor: Nick Lee

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

7%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Cavalier

County Director/City Assessor: Pam Lafrenz

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

45%

16%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Dickey

County Director/City Assessor: Don Flaherty

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

5%

7%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Divide

County Director/City Assessor: Heather Kippen

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

10%

4%

4%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Dunn

County Director/City Assessor: Tracey Dolezal

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

3%

4%

0%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Eddy

County Director/City Assessor: Kristy O'Connor

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

-9%

7%

8%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Emmons

County Director/City Assessor: Ann Bernhardt

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

---%

---%

---%

Appeals:

Incomplete Abstract

State Board of Equalization

August 11, 2015

County or City: Foster

County Director/City Assessor: Karen Evans

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

-4%

17%

17%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Golden Valley

County Director/City Assessor: Henry Gerving

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

6%

4%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Grand Forks

County Director/City Assessor: Amber Gudajtes

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

11%

11%

7%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Grand Forks City

County Director/City Assessor: Paul Houdek

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

4%

5%

---%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Grant

County Director/City Assessor: Jennifer Crowley

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

0%

0%

0%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Griggs

County Director/City Assessor: Samantha Quast

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

3%

0%

11%

Appeals:

State Board of Equalization

August 11, 2015

County or City: Hettinger

County Director/City Assessor: Paula Fedder

Indicated change needed to reach 100%

Commercial

Residential

Agricultural

6%

7%

4%

Appeals:

State Board of Equalization

August 11, 2015

File No.: 2015-OLIV-OLIV-001

County or City: Oliver

Appellant: Oliver County

Issue: County residential property

County Tax Director: Teri Schulte

City Assessor:

Summary: Oliver County, including its only organized city, plans a complete reassessment for the 2016 tax year. Oliver County requests that minimal adjustments be made to the 2015 assessments of residential property and time to complete the assessment process.

Notes:

July 13, 2015

Governor Jack Dalrymple
State Treasurer Kelly Schmidt
State Auditor Robert Peterson
Ag Commissioner Doug Goehring
Tax Commissioner Ryan Rauschenberger

RECEIVED

JUL 16 2015

TAX COMMISSIONER

To the members of the State Board of Equalization:

Oliver County, along with its only organized city, Center chose at the equalization meetings in 2015 to not make any changes to residential/commercial properties. The main deciding factor in this decision was the fact that the City of Center is undergoing a complete reassessment that will be implemented into our taxation program for 2016. Our sales have slowed and seem to be leveling off due to the overflow oil field activity slow down (which was affecting our sales the past two years quite substantially). We have consequently had some rather 'strong' increases in our residential properties and are now hoping that the leveling of sales and the reassessment will put us back on track in the City of Center.

I have also approached my county commissioners about doing a county reassessment and have recommended we make this move as soon as possible so that we might get the entire county on track.

I appreciate your time, and would like to ask that you consider approving only a minimal increase of values this year, to give us time to bring the city into compliance, and hopefully have a set plan for the county.

Thank you,



Teri Schulte
Director of Tax Equalization
Oliver County

State Board of Equalization

August 11, 2015

File No.: 2015-OLIV-OLIV-002

County or City: Oliver

Appellant: Oliver County

Issue: County commercial property

County Tax Director: Teri Schulte

City Assessor:

Summary: Oliver County, including its only organized city, plans a complete reassessment for the 2016 tax year. Oliver County requests that minimal adjustments be made to the 2015 assessments of commercial property and time to complete the assessment process.

Notes:

July 13, 2015

Governor Jack Dalrymple
State Treasurer Kelly Schmidt
State Auditor Robert Peterson
Ag Commissioner Doug Goehring
Tax Commissioner Ryan Rauschenberger

RECEIVED

JUL 16 2015

TAX COMMISSIONER

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I appreciate your time, and would like to ask that you consider approving only a minimal increase of values this year, to give us time to bring the city into compliance, and hopefully have a set plan for the county.

Thank you,



Teri Schulte
Director of Tax Equalization
Oliver County

State Board of Equalization

August 11, 2015

File No.: 2015-RICH-WAHP-001

County or City: Wahpeton

Appellant: Tracy and Chad Swanson

Issue: Residential property assessment

County Tax Director: Sandy Fossum

City Assessor: Carla Broadland

Summary: The Swansons dispute the assessment of 1270 Linden Court, Wahpeton, ND.

Notes:

Johnson Law Office, Ltd.

*205 7th St. N.
P.O. Box 5
Wahpeton, ND 58074-0005*

Bus. (701) 642-2060

Fax. (701) 642-2061

*Samuel S. Johnson
Licensed in ND & MN*

*Jenny Anderson
Legal Administrative Assistant*

*Denise M. Johnson
Office Manager*

June 22, 2015

Linda Leadbetter
State Supervisor
600 East Boulevard Avenue
Bismarck, ND 58505-0599

Re: Tracy Swanson and Chad Swanson, 1270 Linden Court, Wahpeton, ND 58075.

Dear Ms. Leadbetter:

Please note that I've been retained by Tracy Swanson and Chad Swanson in regard to the assessment of their household from the City of Wahpeton.

Tracy and Chad Swanson recently built a house in Wahpeton, North Dakota. The construction started in the fall of 2014 and completed in the winter of 2015.

Thereafter, the Swanson's received documentation from the City evidencing that the true and full value of their house was to be \$461,200.00. The Swanson's had two appraisals completed during the construction process. One of those appraisals was done at the commencement of the construction and the other appraisal was done at the termination of the construction process. The appraisal is attached hereto, identified as Exhibit E, and incorporated herein by reference as if fully set forth.

Specifically, the household was valued by Border Appraisals at \$365,000.00. Border Appraisals based their appraisal on three separate comparables in the area. The first comparable sold for \$279,900.00. The second comparable sold for \$285,000.00. The third comparable sold for \$325,000.00. After adjusting each comparable in relation to the subject property, the first comparable had an adjusted sale price of \$362,175.00. The second comparable had an adjusted sale price of \$366,215.00. The third

comparable had an adjusted sale price of \$367,325.00.

When I was contacted by the Swansons, I requested of the City Assessor to provide me with all of the documentation that she relied upon in obtaining her value of \$461,200.00. Attached hereto, identified as Exhibit A, and incorporated herein by reference as if fully set forth is the documentation that I received from the City Assessor.

Pursuant with Exhibit A, I did not see any comparables utilized by the City Assessor. As such, on June 10, 2015, I sent the City Assessor an e-mail asking her if she had any comparables or if this was simply a multiplier calculation. Attached hereto, identified as Exhibit B, and incorporated herein by reference as if fully set forth, is a copy of that e-mail.

Having heard nothing from the City Assessor, I sent her another e-mail on June 18, 2015. Attached hereto, identified as Exhibit C, and incorporated herein by reference as if fully set forth is a copy of said e-mail. Once again, I requested of the City Assessor information as to how she arrived at her assessment of \$461,200.00. I also drafted several questions for the City Assessor to answer.

On Friday, June 19, 2015, I received an e-mail from the City Assessor addressing my concerns. Attached hereto, identified as Exhibit D, and incorporated herein by reference as if fully set forth are the responses by the City Assessor. Pursuant to Exhibit D, it appears that the City of Wahpeton uses a valuation model for mass appraisal which reflects the local market.

It also appears that the City Assessor is utilizing costs per square foot, rather than actual comparables. Although the City Assessor provides that she has "taken into consideration sales and current market conditions", there were no comparables utilized by the Assessor. The City Assessor revealed that she utilized the square footage costs on a property that is currently for sale, but has not sold.

You may not know this, but the City of Wahpeton is under strict scrutiny with respect to their property valuations given the vastly inflated mill levy set by the City of Wahpeton. Specifically, the City of Wahpeton's mill levy is 118.64, compared to the average City mill levy within the State of North Dakota of 65.09.

Not only that, there seems to be an unending determination of the City to increased real estate values to quench their thirst for never ending budget increases.

In other words, it appears to me that the tail is wagging the dog. Instead of assessing real estate in the City of Wahpeton by utilizing actual comparables, they have designed this "valuation model for mass appraisal" to utilize in support of their highly escalated valuations.

In addition, Mrs. Swanson has informed me as to her contacts with the City Assessor in regard to this matter. Once Mrs. Swanson received the valuation, she contacted the City Assessor and provided her with the appraisal. The City Assessor immediately reduced

the value of the home to \$440,400.00.

Mrs. Swanson then contacted the City Assessor and asked her why there was still a \$75,000.00 difference. The City Assessor supported her possession by blaming the appraiser, claiming that the bank simply gives the appraiser a number just to determine if the loan can be approved or not.

When Mrs. Swanson approached the City Assessor, she was informed that if she wanted the number changed, she could appear before the Richland County Commissioners meeting on June 2, 2015. In the meantime, there was a City meeting to be held on April 16, 2015 which the City Assessor indicated she would continue until after the Richland County Commissioners meeting. To the contrary, it appears that the City Assessor appeared before the City Council on May 4, 2015, to get approval from the City Council as to this valuation. The Swanson's knew nothing about the meeting of May 4th.

Once Mrs. Swanson appeared before the Richland County Commission, they were told that the City had already approved the number, and as such, this would have to be appealed to the State. This is where we are at right now.

Accordingly, objection is made to the City's Assessment for a number of reasons. First, I believe it to be fundamentally unfair to utilize a "valuation model for mass appraisal", when in fact, there are comparables that can be utilized.

Second, I don't believe that a "valuation model for mass appraisals" should ever be utilized given the fact that the average real estate holder has no idea what information was imputed into the model to determine valuations. Especially, if the model is utilizing square footage costs on property that hasn't even been sold.

Third, within the City Assessor's e-mail to me dated Friday, June 19, 2015, she indicates that, "she did not know if she would attend the meeting scheduled for the 4th of May". Mrs. Swanson had no idea there was any meeting to be held on May 4th, 2015. In fact, the last conversation they had was that the meeting scheduled for April 16, 2015 would be continued until after she had an opportunity to meet with the County Commissioners.

Let's just assume, for argument sake, that all of those facts were not true, what is certain is that the City Assessor knew that Mrs. Swanson had a disagreement with the City's valuation and the City Assessor readily admits that she had a conversation with Mrs. Swanson about appearing before the County Commission.

As such, this begs the question. Why would the City Assessor jump in front of the City Council to get approval on her valuation, when she's advising Mrs. Swanson to appear before the County Commissioners to contest the valuation.

Fourth, there appears to be a never ending demand to increase the real estate valuations in the City of Wahpeton to support the budget constraints. There should be no reason why the City of Wahpeton should have a mill levy at 118.64 when the average

City in the State of North Dakota is 65.09.

In that regard, on May 11, 2015, I submitted a letter to the Mayor and all of the City Council members, addressing this very same issue. Attached hereto, identified as Exhibit F, and incorporated herein by reference as if fully set forth is a copy of that letter.

At this time, it appears that the City of Wahpeton is a runaway train, destined to support their never ending thirst for additional funds. I am seriously concerned about this issue on various levels, but I will limit my discussion specifically in relation to the Swanson's.

From the information that I have, it appears that the house should be valued at somewhere near \$365,000.00. If the City cannot produce a single comparable of a household that has sold for more than \$365,000.00, then I can't possibly see how they can support their valuation.

The City's Assessor's position is that there is a twin home that is listed on the market for \$180.96 per square foot, therefore, this automatically equates to the Swanson's house being sold at that rate. Valuations are not determined on speculation. Valuations should be determined upon comparables whereby a reasonable buyer and a reasonable seller reached an agreement as to the valuation of the household.

In that regard, I would ask that the State value this home at \$365,000.00 and instruct the City of Wahpeton to refrain from utilizing their "valuation model for mass appraisals".

I thank you for your time and consideration.

Sincerely,



Samuel S. Johnson
SSJ/jka



50-2575-15577-070

1270 Linden Court

2569 square feet of living space

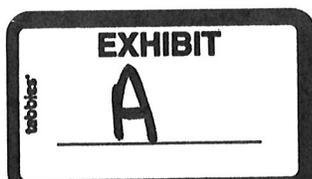
4 Bedroom 2 Bath

Full basement with 1858 square feet, framed and sheet rocked (not finished at this time) for future theater, family room, 2 bedrooms with egress windows and bathroom, also storage room and utility room.

Purchased lot for \$78,854

Building Permit (without change orders) \$347,000

2015 Value \$440,400 (\$171.43 per sq. ft.) less \$150,000 New Construction Exemption of \$150,000 for a Net Appraised Value of \$290,400.



APPRAISAL REMARKS FORM

Parcel: 50-2575-15577-070

Date: 3/4/15

Appraiser: JM

Property Address: 1270 Linden Ct

File Name: 50-2575-15577-070

| Interior Details | B | 1 | 2 | 3 | A | Plumbing | B | 1 | 2 | 3 | A | Base Extras | |
|-------------------|---|---|---|---|---|---------------|---|---|---|---|---|------------------|---|
| Kitchen/dinette | | 1 | | | | Full Bathroom | 1 | 1 | 1 | | | Dishwasher | X |
| Dining Room | | 1 | | | | 3/4 Bathroom | | | | | | Garbage Disp. | X |
| Living Room | | 1 | | | | 1/2 Bathroom | | 1 | | | | Microwave | X |
| Bedroom | 2 | 2 | 2 | | | Stall Shower | | 1 | | | | Range Hood | |
| Family Room | 1 | | | | | Jacuzzi Tub | | | | | | Garbage Compact. | |
| Den or Office | | | | | | Whirlpool/Spa | | | | | | Counter Stove | |
| Storage Room | 1 | | | | | Sauna | | | | | | Built in Oven | |
| Laundry Room | | 1 | | | | | | | | | | Central Vac. | |
| Recreational Room | | | | | | | | | | | | Sprinkler Sys. | |
| Utility Room | 1 | | | | | | | | | | | Sound | |
| Remarks | | | | | | | | | | | | | |

Main Floor

Front Entry- laminate wood floor, stairway to second level and stairwell to basement, enters into living room

Living Room- laminate wood floor, gas fireplace, recessed lights, 18 ft. 6 in. ceiling height, windows just below ceiling around room

Dining Room- laminate wood floor, sliding glass door to backyard, attached to kitchen and living room

Kitchen- laminate wood floor, hardwood cabinets with granite countertop, island with hanging lights over top, recessed lights, pantry, galley style kitchen, cut out in wall to look to living room

Garage Entry- tile floor, closet, small hallway to kitchen, laundry room and 1/2 bath

Bathroom #1- 1/2 bath, tile floor, hardwood vanity with resin top, exhaust fan

Laundry Room- tile floor, hardwood cabinets and laminate countertop, broom closet

Bedroom #1- carpet, closet,

Master Bedroom- carpet, trayed ceiling, walk-in closet, attached private bath

Master Bathroom- 3/4 bath, tile floor, hardwood vanity with 2 sinks, linen cabinets, walk-in tile shower, exhaust fan

2nd Floor

Loft- carpet, recessed lights, overlooks 1st floor living room, large landing area

Bedroom #2- carpet, closet

Bedroom #3- carpet, closet

Bathroom #2- full bath, tile floor, hardwood vanity with resin top and 2 sinks, exhaust fan

Basement

Walls framed and sheet rocked for future theater, family room, 2 bedrooms with egress windows and bathroom, also storage room and utility room

Exterior

Steel siding, asphalt shingles, gable roof, recessed lights under soffit, attached 3 stall garage, finished and heated

| | | | | |
|-------------------------------|------------------------|-----------------------|-----------|----------------|
| Dwelling: | 2,569.00 Sqr Ft @ | 140.00 | \$ | 359,660 |
| Basement Area Deduct: | 0.00 Sqr Ft @ | -12.00 | \$ | 0 |
| Basement Area Finish: | 939.00 Sqr Ft @ | 12.00 | \$ | 11,268 |
| Options: | Built-Ins:..... | | \$ | 3,600 |
| | Fireplaces:..... | | \$ | 3,000 |
| | Air Conditioning:..... | | \$ | 4,800 |
| | Bathrooms:..... | | \$ | 10,800 |
| Additional Options #1: | ..... |  | \$ | 0 |
| Additional Options #2: | ..... |  | \$ | 0 |
| Additional Options #3: | ..... |  | \$ | 0 |
| Total Deck/Porch: | ..... |  | \$ | 3,000 |
| Garage: | ..... |  | \$ | 19,200 |
| Total Extras: | ..... |  | \$ | 0 |
| Total Cost New: | ..... |  | \$ | 415,328 |
| Depreciation: | -1.00% | | \$ | -4,153 |
| Func/External Infl: | -5.00% | | \$ | -20,766 |
| Building Value: | ..... |  | \$ | 390,400 |
| Land Value: | ..... |  | \$ | 50,000 |
| Total Estimated Value: | | \$ / SF 171.43 | \$ | 440,400 |

| | | | | | |
|------------------|-------------------|-------------------|------------------|------------------|-----------|
| ParcelNo: | 50-2575-15577-070 | Baths: | 3 or more | Basement Finish: | 50 % |
| Year Built: | 2014 | Deck Code: | Open Porch/Patio | Fireplace: | Fireplace |
| Homo Area: | Very Good | Story Height: | 2 Stories | Garage: | Three |
| Main Floor Area: | 1878 | Air Conditioning: | Central | Extra Code: | None |
| Total Size: | 2569 | Grade: | Very Good | Basement Area: | Full |
| Land Value: | 50000 | Condition: | New | Built-Ins: | Average |

Sam Johnson

From: Sam Johnson [jlo@702com.net]
Sent: Wednesday, June 10, 2015 3:42 PM
To: 'Carla Broadland'
Subject: RE: Swanson Information

Carla,

So do you have an comparables or was this simply a multiplier calculation.

SAM

-----Original Message-----

From: Carla Broadland [mailto:CarlaB@wahpeton.com]
Sent: Wednesday, June 10, 2015 1:39 PM
To: 'jlo@702com.net'
Subject: Swanson Information

Per your request Sam.

Carla Broadland
Assessor
701-642-8448



Sam Johnson

From: Sam Johnson [jlo@702com.net]
Sent: Thursday, June 18, 2015 9:36 AM
To: 'Carla Broadland'
Subject: FW: Swanson Information

Carla,

I sent the email message below to you on June 10, 2015. I haven't received a direct response to my question. Let me know if your evaluation was simply a math calculation or if you have any comparables to support your number. I need for you to let me know right away as I need to get that information to the State.

Also, there are a couple of other concerns that were brought to my attention. Tracy Swanson indicated that she contacted you about the valuation and you agreed to lower the evaluation, but that if you wanted to get the number changed she had to go to the County Commissioners meeting which she did on June 2, 2015. However, in the interim, it appears that you went before the City Council on May 4 and obtained approval from the City, knowing that you had discussions with Tracy regarding an extension to allow her sufficient time to appear before the County Commission.

So, I guess that begs these questions:

First, did you have discussion with Tracy about a continuance of appearing before the City Council meeting to allow Tracy sufficient time to appear before the County Commissioners.

Second, why did you appear before the City Council on May 4, 2015, knowing that you had told Tracy that she could have an extension to allow her enough time to bring this matter before the County Commission.

Third, why would you appear before the City Council on May 4, 2015 and not disclose to them that Tracy had an issue with the valuation. Why wouldn't you provide them with the information that Tracy had provided to you regarding the valuation from Border Appraisals.

Fourth, are there any comparables that you relied upon in obtaining your evaluation.

Fifth, if there are comparables, why have you not disclosed them, to me, to Tracy, the City Council or the County Commissioners.

Sixth, if this is simply a math calculation, why have you not taken into consideration any comparables, if there are any.

Seventh, did you take into consideration Border Appraisals appraisals, which were completed both before and after the building of the home.

Carla, I really need answers to these questions by the end of the day as I need to contact the State to address these issues.

Perhaps, there is a reasonable explanation to all of these concerns, but whatever the facts are, must be disclosed and addressed so that Tracy can have an opportunity to be fully informed before the State is contacted.

Look forward to hearing from you by the end of today. If you cannot respond by the end of the day, let me know when I can expect a response.

Thanks,

Sam Johnson
Attorney at Law
Box 5,
Wahpeton, ND 58074
701-642-2060
jlo@702com.net

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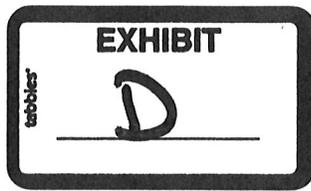
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The information I emailed you was a cost estimate, appraisal remarks, sketch and photo for the Swanson property. Our office uses a valuation model for mass appraisal which reflects our local market.

Also, there are a couple of other concerns that were brought to my attention. Tracy Swanson indicated that she contacted you about the valuation and you agreed to lower the evaluation, but that if you wanted to get the number changed she had to go to the County Commissioners meeting which she did on June 2, 2015. However, in the interim, it appears that you went before the City Council on May 4 and obtained approval from the City, knowing that you had discussions with Tracy regarding an extension to allow her sufficient time to appear before the County Commission.

I am not sure if I understand your question. I mailed Swanson's a notice of increase on March 27, 2015, with a value of \$461,200. Tracy dropped off a copy of the appraisal that was completed in September of 2014 when the foundation was being poured based on submitted plans and specs. I reviewed the appraisal. I made contact with Tracy and sent updated information that I reduced the structure value \$20,800 to a value of \$440,400. At that time she did not know if she would attend the meeting scheduled for the 4th of May. Tracy would have to do nothing further for that reduced rate of \$440,400. I believe I spoke to Tracy one more time after the May 4th date providing the date of the County Equalization Meeting and where it would be located. Since Tracy opposed her value at the local equalization meeting she had the right to proceed to the county.

So, I guess that begs these questions:

First, did you have discussion with Tracy about a continuance of appearing before the City Council meeting to allow Tracy sufficient time to appear before the County Commissioners.

Tracy was informed that the board would reconvene on May 4th following the normally scheduled council meeting the same day she brought her appraisal to the office and again when we spoke on the phone after the review of the reduced value.

Second, why did you appear before the City Council on May 4, 2015, knowing that you had told Tracy that she could have an extension to allow her enough time to bring this matter before the County Commission.

Since Tracy appeared before the local board, she had the right to appear before the county board, which then allows her to appear before the State Board.

Third, why would you appear before the City Council on May 4, 2015 and not disclose to them that Tracy had an issue with the valuation. Why wouldn't you provide them with the information that Tracy had provided to you regarding the valuation from Border Appraisals.

The local equalization board reconvened on May 4th as scheduled when they recessed April 14th.

Fourth, are there any comparables that you relied upon in obtaining your evaluation.

All sales are reviewed with units of comparison used in our mass appraisal model.

Fifth, if there are comparables, why have you not disclosed them, to me, to Tracy, the City Council or the County Commissioners.

I reviewed costs per square foot of properties sold.

Sixth, if this is simply a math calculation, why have you not taken into consideration any comparables, if there are any.

I have taken into consideration sales and current market conditions in my "opinion of value".

Seventh, did you take into consideration Border Appraisals appraisals, which were completed both before and after the building of the home.

I have not seen the appraisal that was completed following the construction – only the one dated Sept. of 2014 prior to the construction.

Carla, I really need answers to these questions by the end of the day as I need to contact the State to address these issues.

Perhaps, there is a reasonable explanation to all of these concerns, but whatever the facts are, must be disclosed and addressed so that Tracy can have an opportunity to be fully informed before the State is contacted.

Look forward to hearing from you by the end of today. If you cannot respond by the end of the day, let me know when I can expect a response.

Thanks,

Sam Johnson
Attorney at Law
Box 5,
Wahpeton, ND 58074
701-642-2060
jlo@702com.net

Uniform Residential Appraisal Report

1270L091014

File # SWANSON

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address 1270 Linden Ct City Wahpeton State ND Zip Code 58075
 Borrower TRACY & CHAD SWANSON Owner of Public Record TRACY & CHAD SWANSON County RICHLAND
 Legal Description ROSEWOOD 2ND ADDN. LOT 8 BLOCK 1
 Assessor's Parcel # 50-2575-15577.070 Tax Year 2013 P.E. Taxes \$ 0
 Neighborhood Name WAHPETON Map Reference RMLS N Census Tract 9709.00
 Occupant Owner Tenant Vacant Special Assessments \$ 0 PUD HOA \$ 0 per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction Other (describe) CONSTRUCTION LOAN
 Lender/Client BELL STATE BANK & TRUST Address 3100 13TH AVE. SOUTH, FARGO, ND 58103
 Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No
 Report data source(s) used, offering price(s), and date(s). RMLS. NO LISTING DATA AVAILABLE; NEW CONSTRUCTION.

I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price \$ Date of Contract Is the property seller the owner of public record? Yes No Data Source(s)
 Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No
 If Yes, report the total dollar amount and describe the items to be paid.

Note: Race and the racial composition of the neighborhood are not appraisal factors.

| Neighborhood Characteristics | | One-Unit Housing Trends | | One-Unit Housing | | Present Land Use % | |
|------------------------------|---|-------------------------|---|------------------|-------|--------------------|------|
| Location | <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural | Property Values | <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining | PRICE | AGE | One-Unit | 70 % |
| Built-Up | <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% | Demand/Supply | <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | \$ (000) | (Yrs) | 2-4 Unit | 5 % |
| Growth | <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow | Marketing Time | <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths | 15 | Low | Multi-Family | 5 % |
| Neighborhood Boundaries | THE ENTIRE CITY LIMITS NORTH TO SOUTH AND EAST TO WEST OF | | | 550 | High | Commercial | 10 % |
| WAHPETON, ND. | | | | 120 | Prod. | Other | 10 % |
| Neighborhood Description | See attached addenda. | | | | | | |

Market Conditions (including support for the above conclusions) See attached addenda.

Dimensions IRREGULAR Area 22673 sf Shape IRREGULAR View N;Res;greenspace
 Specific Zoning Classification R-3 Zoning Description SINGLE/TWO-FAMILY/MULTI - ALL USES PERMITTED
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
 Electricity 200A C/B Water Sanitary Sewer Street ASPHALT
 Gas Alley NONE
 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 38077C0586D FEMA Map Date 12/18/2009
 Are the utilities and off-site improvements typical for the market area? Yes No If No, describe
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe
 NO APPARENT ADVERSE ENCROACHMENTS OR EASEMENTS NOTED. **YEARLY TAX INSTALLMENTS HAVE YET TO BE ASSESSED.
 NEW CONSTRUCTION** CURRENT UNCERTIFIED SPECIALS BALANCE OF \$0.00.

| General Description | | Foundation | | Exterior Description - materials/condition | | Interior - materials/condition | |
|--|--|---|--|--|--|--------------------------------|--|
| Units | <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit | Concrete Slab | <input type="checkbox"/> Crawl Space | Foundation Walls | P.CONC GD | Floors | CFT/LAM GD |
| # of Stories | 2 | <input checked="" type="checkbox"/> Full Basement | <input type="checkbox"/> Partial Basement | Exterior Walls | STEEL/STONE GD | Walls | DRYWALL GD |
| Type | <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Alt. <input type="checkbox"/> S-Det./End Unit | Basement Area | 1,714 sq.ft. | Roof Surface | ASPH SHNGL GD | Floor Finish | OAK STND GD |
| <input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Under Const. | | Basement Finish | 0 % | Gutters & Downspouts | METAL S/F GD | Bath Floor | dura c.tile GD |
| Design (Style) | 2 STORY | <input type="checkbox"/> Outside Entry/Exit | <input checked="" type="checkbox"/> Sump Pump | Window Type | CASEMENT GD | Bath Whainscot | TILE/FBRGLS GD |
| Year Built | 2014 | Evidence of <input type="checkbox"/> Infestation | | Storm Sash/Insulated | INTERNAL GD | Car Storage | <input type="checkbox"/> None |
| Effective Age (Yrs) | 0 | <input type="checkbox"/> Dampness <input type="checkbox"/> Settlement | | Screens | YES GD | Driveway | # of Cars 3 |
| Attic | <input type="checkbox"/> None | Heating | <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant | Amenities | <input type="checkbox"/> Woodstove(s) # 0 | Driveway Surface | CONCRETE |
| <input type="checkbox"/> Drop Stair | <input type="checkbox"/> Stairs <input type="checkbox"/> Other | Fuel GAS | <input checked="" type="checkbox"/> Fireplace(s) # 1 | Fence | NONE | Garage | # of Cars 3 |
| <input type="checkbox"/> Floor | <input checked="" type="checkbox"/> Scuttle | Cooling | <input checked="" type="checkbox"/> Central Air Conditioning | Patio/Deck | NONE | Carport | # of Cars 0 |
| <input type="checkbox"/> Finished | <input checked="" type="checkbox"/> Heated <input type="checkbox"/> Individual <input type="checkbox"/> Other | Pod | NONE | Other | NONE | Alt. | Det. <input type="checkbox"/> Built-in |
| Appliances | <input type="checkbox"/> Refrigerator <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave <input type="checkbox"/> Washer/Dryer <input type="checkbox"/> Other (describe) | | | | | | |
| Finished area above grade contains: | 7 Rooms | 3 Bedrooms | 2.1 Bath(s) | 2,534 | Square Feet of Gross Living Area Above Grade | | |
| Additional features (special energy efficient items, etc.). | See attached addenda. | | | | | | |

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). C1:No updates in the prior 15 years-See attached addenda. The subject property is a proposed new construction 2 story design of good quality. The owner's already own the subject site, and are contracting Zach Construction, Inc. to build the improvements on the subject site. The subject property's basement was in the process of being poured at the time of inspection. This appraisal is being made subject to the full completion of the subject property per submitted plans and specs.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe



Uniform Residential Appraisal Report

1270L091014 File# SWANSON

Table with columns for Feature, Subject, and Comparable Sale #1, #2, #3. Rows include Address, Proximity to Subject, Sale Price, Data Source(s), Verification Source(s), Value Adjustments, Location, Leasehold/Fee Simple, Site, View, Deskart (Style), Quality of Construction, Actual Age, Condition, Above Grade, Room Count, Gross Living Area, Basement & Finished, Rooms Below Grade, Functional Utility, Heating/Cooling, Energy Efficient Items, Garage/Carport, Porch/Patio/Deck, F/P, FENCE, ETC, Uncertified Specials Balance, LANDSCAPE, Net Adjustment (Total), Adjusted Sale Price of Comparables.

1 [X] did [] not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research [X] did [] not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal. Data Source(s) RMLS; CTY RECORDS; SEE ATTACHED ADDENDUM. My research [] did [X] not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale. Data Source(s) RMLS

Table with columns: ITEM, SUBJECT, COMPARABLE SALE #1, COMPARABLE SALE #2, COMPARABLE SALE #3. Rows: Date of Prior Sale/Transfer, Price of Prior Sale/Transfer, Data Source(s), Effective Date of Data Source(s).

Analysis of prior sale or transfer history of the subject property and comparable sales ALL KNOWN SALES FOR THE SUBJECT WITHIN THE LAST THREE YEARS ARE LISTED IN THE ATTACHED ADDENDUM. NO KNOWN PRIOR SALES FOR COMPARABLES IN THE LAST YEAR. PRIOR SUBJECT SALES HISTORY APPEARS TO BE LAND-ONLY TRANSACTIONS AND REASONABLE FOR THE TIME.

Summary of Sales Comparison Approach See attached addenda.

Indicated Value by Sales Comparison Approach \$ 365,000 Indicated Value by: Sales Comparison Approach \$ 365,000 Cost Approach (if developed) \$ 397,602 Income Approach (if developed) \$

THE SALES COMPARISON APPROACH IS OUR BEST INDICATOR OF VALUE AS IT BEST REFLECTS THE ACTIONS OF BUYERS AND SELLERS IN THE MARKET. THE COST APPROACH SUPPORTS THE SALES COMPARISON APPROACH. THE INCOME APPROACH WAS CONSIDERED AND DEEMED NOT APPLICABLE TO THE APPRAISAL.

This appraisal is made [] "as is", [X] subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, [] subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or [] subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. Subject to completion of the subject dwelling per submitted plans and specs made available to the appraiser. Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 365,000, as of 09/10/2014, which is the date of inspection and the effective date of this appraisal.

Uniform Residential Appraisal Report

1270L091014
File # SWANSON

THIS REPORT HAS A PASSWORD PROTECTED DIGITAL SIGNATURE.

THE VISUAL INSPECTION OF THE SUBJECT PROPERTY DID NOT INCLUDE THE FOLLOWING:

OBSERVATION OF THE ATTIC, OBSERVATION OF ANY CRAWLSPACE, ACTIVATION AND/OR TESTING OF MECHANICAL SYSTEMS (INCLUDING ANY WELL OR SEPTIC SYSTEM, IF APPLICABLE), ANYTHING THAT IS NOT READILY OBSERVABLE, MOLD ASSESSMENT OR RADON ASSESSMENT, ROOF CONDITION REPORT BEYOND AN OBSERVATION BASED ON A VISUAL FROM THE GROUND.

THIS PROPERTY WAS NOT IMPACTED BY ANY RECENT FLOOD RELATED EVENTS.

THE SCOPE OF WORK HAS BEEN TO COLLECT, CONFIRM, AND REPORT DATA. OTHER GENERAL MARKET DATA AND CONDITIONS HAVE BEEN CONSIDERED. CONSIDERATION HAS BEEN GIVEN TO THE PROPERTY'S ZONING AND SURROUNDING IMPROVEMENTS AND NEIGHBORHOOD. THE WORK FOR THIS ASSIGNMENT INCLUDED:

AN INSPECTION OF THE PROPERTY BEING APPRAISED AS WELL AS THE NEIGHBORHOOD IN WHICH IT IS LOCATED. DURING THE INSPECTION, AN INVENTORY OF PROPERTY ATTRIBUTES WAS COLLECTED BASED ON VISUAL OBSERVATIONS.

INSPECTED PUBLIC RECORDS FOR PROPERTY'S ZONING, FLOOD HAZARD AREA CLASSIFICATION, PROPERTY TAX ASSESSOR'S RECORDS, FOR ATTRIBUTES OF THE PROPERTY.

CONSIDERATION OF HIGHEST AND BEST USE OF THE LAND AND PROPERTY, AS VACANT AND IMPROVED.

COLLECTION AND ANALYSIS OF COMPARABLE LAND SALES IN ORDER TO FORM AN OPINION OF THE VALUE OF THE UNDERLYING LAND.

CONSULTED APPROPRIATE COST REPLACEMENT FIGURES FROM NATIONAL COST DATA SERVICES, AS WELL AS COMPARISONS WITH LOCAL BUILDER ESTIMATES, WHICH WOULD LEAD TO COMPLETION OF THE COST TO VALUE APPROACH.

INVESTIGATED COMPARABLE SALES OF SIMILAR IMPROVED PROPERTIES, MADE A COMPARATIVE ANALYSIS WHICH WOULD LEAD TO THE COMPLETION OF THE SALES COMPARISON APPROACH TO VALUE.

RECONCILING THE VALUE INDICATION FROM THE APPROPRIATE APPROACHES TO VALUE INTO A FINAL OPINION FROM THE SUBJECT PROPERTY; ALL AS OF THE EFFECTIVE DATE OF THIS REPORT.

THE APPRAISER HAS NOT PROVIDED ANY SERVICES OF ANY TYPE ASSOCIATED WITH THE SUBJECT PROPERTY IN THE LAST THREE YEARS.

ADDITIONAL COMMENTS

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.
Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) ANALYSIS OF SIMILAR COMPARABLE SALES AND LISTINGS, AS WELL AS APPLICATION OF THE THE EXTRACTION METHOD OF SITE VALUATION IN THE GENERAL AREA OF THE SUBJECT. THE SUBJECT'S OPINION OF SITE VALUE INCLUDES SPECIALS BALANCE PAID IN FULL.

COST APPROACH

| | | | |
|---|---------------------------------------|----------------------------------|---------------|
| ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW | OPINION OF SITE VALUE | = \$ | 78,854 |
| Source of cost data M&S ADJ. LOCAL COND. | DWELLING 2,534 Sq.Ft @ \$ 101.10 | = \$ | 256,187 |
| Quality rating from cost service GOOD Effective date of cost data 09/2014 | BASEMENT 1,714 Sq.Ft @ \$ 21.50 | = \$ | 36,851 |
| Comments on Cost Approach (gross living area calculations, depreciation, etc.) | Garage/Carport 1,114 Sq.Ft @ \$ 26.80 | = \$ | 29,855 |
| See attached addenda. | Total Estimate of Cost-Now | = \$ | 322,893 |
| | Less Physical Functional External | | |
| | Depreciation | 15,145 | = \$(16,145) |
| | Depreciated Cost of Improvements | = \$ | 306,748 |
| | *As-is Value of Site Improvements | = \$ | 12,000 |
| Estimated Remaining Economic Life (HUD and VA only) | 100 Years | INDICATED VALUE BY COST APPROACH | = \$ 397,602 |

INCOME

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$ X Gross Rent Multiplier = \$ Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)

PUD INFORMATION

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached
 Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.
 Legal Name of Project _____
 Total number of phases _____ Total number of units _____ Total number of units sold _____
 Total number of units rented _____ Total number of units for sale _____ Data source(s) _____
 Was the project created by the conversion of existing building(s) into a PUD? Yes No If Yes, date of conversion, _____
 Does the project contain any multi-dwelling units? Yes No Data Source _____
 Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion. _____
 Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options. _____
 Describe common elements and recreational facilities. _____

Uniform Residential Appraisal Report

1270L091014
File # SWANSON

This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit, including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

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 or she considers his or her 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 ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting 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, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader 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 this appraisal report whether any portion of 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, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, 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 research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. 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, this appraisal report must not be considered as an environmental assessment of the property.
6. 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 the completion, repairs, or alterations of the subject property will be performed in a professional manner.

Uniform Residential Appraisal Report

1270LD91014
File # SWANSON

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

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of 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 at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of 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 opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, 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 or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in 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 this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

Uniform Residential Appraisal Report

1270L091014
File # SWANSON

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

- I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
- The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
- This appraisal report complies 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 at the time this appraisal report was prepared.
- If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER LAURA J. HJELSETH

Signature *Laura J. Hjelseth*
 Name LAURA J. HJELSETH
 Company Name BORDER APPRAISALS
 Company Address P.O. BOX 9252
FARGO, ND 58106
 Telephone Number (701) 280-9000
 Email Address INBOX@BORDERAPPRAISALS.COM
 Date of Signature and Report 09/16/2014
 Effective Date of Appraisal 09/10/2014
 State Certification # CR-21042
 or State License # _____
 or Other (describe) _____ State # _____
 State ND
 Expiration Date of Certification or License 12/31/2014

ADDRESS OF PROPERTY APPRAISED

1270 Linden Ct
Wahpeton, ND 58075
 APPRAISED VALUE OF SUBJECT PROPERTY \$ 365,000
 LENDER/CLIENT
 Name No AMC
 Company Name BELL STATE BANK & TRUST
 Company Address 3100 13TH AVE. SOUTH, FARGO, ND 58103
 Email Address _____

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

Uniform Residential Appraisal Report

1270L091014
File # SWANSON

| FEATURE | SUBJECT | COMPARABLE SALE #4 | | COMPARABLE SALE #5 | | COMPARABLE SALE #6 | |
|---|--------------------------------------|--|--------------------|--|--------------------|---|--------------------|
| Address | 1270 Linden Ct Wahpeton, ND 58075 | 1961 Woodland Dr Wahpeton, ND 58075 | | 1964 Woodland Dr Wahpeton, ND 58075 | | 1439 Mendenhall Ave Breckenridge, MN 56520 | |
| Proximity to Subject | | 0.32 miles S | | 0.32 miles S | | 2.66 miles SE | |
| Sale Price | \$ | \$ 360,815 | | \$ 376,076 | | \$ 289,900 | |
| Sale Price/Gross Liv. Area | \$ sq.ft. | \$ 192.43 sq.ft. | | \$ 203.06 sq.ft. | | \$ 129.04 sq.ft. | |
| Data Source(s) | | no listing data;DOM 0 | | no listing data;DOM 0 | | MLS #14-143;DOM 22 | |
| Verification Source(s) | | CITY & COUNTY RECORDS | | CITY & COUNTY RECORDS | | CITY & COUNTY RECORDS | |
| VALUE ADJUSTMENTS | DESCRIPTION | DESCRIPTION | +(+) \$ Adjustment | DESCRIPTION | +(+) \$ Adjustment | DESCRIPTION | +(+) \$ Adjustment |
| Sales or Financing Concessions | | ArmLth unknown;0 | | ArmLth unknown;0 | | Listing | -8,997 |
| Date of Sale/Time | | s03/13;Unk | | s04/13;Unk | | c08/14 | |
| Location | N;Res;cul-de-sa | N;Res; | +2,000 | N;Res; | +2,000 | N;Res;Brecken | +14,995 |
| Leaschold/Fee Simple | Fee Simple | Fee Simple | | Fee Simple | | Fee Simple | |
| Site | 22673 sf | 14796 sf | +11,500 | 11308 sf | +17,000 | 13221 sf | +14,000 |
| View | N;Res;greenspa | N;Res;CivStr | +2,000 | N;Res;CivStr | +2,000 | N;Res;CivStr | +2,000 |
| Design (Style) | DT2;2 STORY | DT1;RAMBLER | | DT1;RAMBLER | | DT3;3 LEVEL | 0 |
| Quality of Construction | Q3 | Q3 | -20,000 | Q3 | -20,000 | Q3 | +10,000 |
| Actual Age | 0 | 2 | | 0 | 1 | 14 | +35,000 |
| Condition | C1 | C1 | | C1 | | C3 | 0 |
| Above Grade | Total Bdrms. Baths | Total Bdrms. Baths | | Total Bdrms. Baths | | Total Bdrms. Baths | |
| Room Count | 7 3 2.1 | 6 3 2.0 | +4,000 | 6 3 2.0 | +4,000 | 8 4 3.0 | -4,000 |
| Gross Living Area | 2,534 sq.ft. | 1,875 sq.ft. | +23,065 | 1,852 sq.ft. | +23,870 | 2,324 sq.ft. | +7,350 |
| Basement & Finished Rooms Below Grade | 1714sf0sfin | 1875sf0sfin | 0 | 1852sf1759sfin 1nr2brt_0ba0e | -25,000 | 0sf | +15,000 |
| Functional Utility | AVERAGE | AVERAGE | | AVERAGE | | AVERAGE | |
| Heating/Cooling | GFA/CAC | GFA/CAC | | GFA/CAC | | GFA/CAC | |
| Energy Efficient Items | TYPICAL INSL | TYPICAL INSL | | TYPICAL INSL | | TYPICAL INSL | |
| Garage/Carport | 3qa3dw | 3qa3dw | | 3qa3dw | | 3qa3dw | |
| Porch/Patio/Deck | entry porch | lrg.porch | -5,000 | entry porch | | PATIO,SPKLRs | 0 |
| F/P, FENCE, ETC | 1 F/P | 1 F/P | | 1 F/P | | 20'X29'In Shop | -10,000 |
| Uncertified Specials Balance | \$0 | \$8,720.48 | +8,700 | \$8,377.14 | +8,300 | \$0 | |
| LANDSCAPE | Rough Grade | Rough Grade | | Rough Grade | | Fully Landscpc. | -10,000 |
| Net Adjustment (Total) | | | \$ 26,265 | | \$ 12,170 | | \$ 65,348 |
| Adjusted Sale Price of Comparables | | Net Adj. 7.3 % Gross Adj. 21.1 % | \$ 387,080 | Net Adj. 3.2 % Gross Adj. 27.2 % | \$ 388,246 | Net Adj. 21.8 % Gross Adj. 43.8 % | \$ 365,248 |
| 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 9). | | | | | | | |
| ITEM | SUBJECT | COMPARABLE SALE #4 | COMPARABLE SALE #5 | COMPARABLE SALE #6 | | | |
| Date of Prior Sale/Transfer | 08/20/2014 | | | | | | |
| Price of Prior Sale/Transfer | \$78,854 | | | | | | |
| Data Source(s) | RMLS; CTY RECORDS | RMLS; CTY RECORDS | RMLS; CTY RECORDS | RMLS; CTY RECORDS | | | |
| Effective Date of Data Source(s) | 09/01/2014 | 09/01/2014 | 09/01/2014 | 09/01/2014 | | | |
| Analysis of prior sale or transfer history of the subject property and comparable sales NO KNOWN PRIOR SALES OF COMPARABLES 4-6 WITHIN THE PAST YEAR PRIOR TO THE SALES DATE OF THE COMPARABLE SALES. BOTH COMPS 5 & 6 ARE NEW CONSTRUCTION 3 LEVEL SPLIT DESIGN PENDING SALES, BEING BUILT BY THE SAME BUILDER, AND LOCATED ON THE SAME STREET AS THE SUBJECT. | | | | | | | |
| Analysis/Comments | | | | | | | |

Supplemental Addendum

File No. SWANSON

| | | | | |
|------------------|-------------------------|--------|----------|-------------------------|
| Borrower/Client | TRACY & CHAD SWANSON | | | |
| Property Address | 1270 Linden Ct | | | |
| City | Wahpeton | County | RICHLAND | State ND Zip Code 58075 |
| Lender | BELL STATE BANK & TRUST | | | |

• **URAR : Subject Date/Price/Source for prior sales (1)**

| DATE: | BUYER: | SELLER: | PRICE: | DOC: |
|------------|------------------------|----------------------------|----------|----------|
| 08/20/2014 | SWANSON | ZACH CONSTRUCTION, INC | \$78,854 | WARRANTY |
| 08/18/2014 | ZACH CONSTRUCTION, INC | LAND RESOURCES CORPORATION | \$78,854 | WARRANTY |

UAD COMPLIANT REPORT:

AT THE REQUEST OF THE CLIENT, THIS APPRAISAL REPORT HAS BEEN PREPARED IN COMPLIANCE WITH THE UNIFORM APPRAISAL DATASET (UAD) FROM FANNIE MAE AND FREDDIE MAC.

THE UAD REQUIRES THE APPRAISER TO USE STANDARDIZED RESPONSES THAT INCLUDE SPECIFIC FORMATS, DEFINITIONS, ABBREVIATIONS, AND ACRONYMS.

THE APPRAISER ATTEMPTED TO OBTAIN AN ADEQUATE AMOUNT OF INFORMATION IN THE NORMAL COURSE OF BUSINESS REGARDING THE SUBJECT AND COMPARABLE PROPERTIES.

SOME OF THE STANDARDIZED RESPONSES REQUIRED BY THE UAD, ESPECIALLY THOSE IN WHICH THE APPRAISER HAS NOT HAD THE OPPORTUNITY TO VERIFY PERSONALLY OR MEASURE, COULD MISTAKENLY IMPLY GREATER PRECISION AND RELIABILITY IN THE DATA THAN IS FACTUALLY CORRECT OR TYPICAL IN THE NORMAL COURSE OF BUSINESS.

EXAMPLES INCLUDE CONDITION AND QUALITY RATINGS AS WELL AS COMPARABLE SALES AND LISTING DATA.

NOT EVERY ELEMENT OF THE SUBJECT PROPERTY WAS VIEWABLE AND COMPARABLE PROPERTY DATA WAS GENERALLY OBTAINED FROM THIRD-PARTY SOURCES SUCH AS FMAAR MLS.

CONSEQUENTLY, THIS INFORMATION SHOULD BE CONSIDERED AN "ESTIMATE" UNLESS OTHERWISE NOTED BY THE APPRAISER.

THE INTENDED USER OF THIS APPRAISAL REPORT IS THE LENDER/CLIENT. NO ADDITIONAL INTENDED USERS ARE IDENTIFIED BY THE APPRAISER. THIS REPORT CONTAINS SUFFICIENT INFORMATION TO ENABLE THE CLIENT TO UNDERSTAND THE REPORT. ANY OTHER PARTY RECEIVING A COPY OF THIS REPORT FOR ANY REASON IS NOT AN INTENDED USER; NOR DOES IT RESULT IN AN APPRAISER-CLIENT RELATIONSHIP. USE OF THIS REPORT BY ANY OTHER PARTY(IES) IS NOT INTENDED BY THE APPRAISER.

• **URAR : Neighborhood - Market Conditions**

LIMITED RMLS STATISTICS INDICATE THAT THE AVERAGE TIME ON THE MARKET IN THE GENERAL AREA IS 84 DAYS WITH SELLERS RECEIVING 97% OF LIST PRICE AS FINAL SALES PRICE. UNEMPLOYMENT IN THE AREA IS AT OR NEAR 4%. THE OVERALL MARKET AREA APPEARS TO BE IN BALANCE. THE EXPOSURE TIME AND MARKETING TIME FOR THE SUBJECT PROPERTY ARE ESTIMATED AT 2-6 MONTHS.

• **URAR : Neighborhood - Description**

THE SUBJECT AREA IS ONE OF A VARIETY OF HOMES OF MODERATE TO LARGER SIZE AND AVERAGE TO VERY GOOD QUALITY. CONVENIENT TO ALL SERVICES AND SCHOOLS. DEMAND APPEARS IN BALANCE WITH SUPPLY. HOMES ARE WELL MAINTAINED. THERE ARE NO SUBSTANTIAL NEGATIVE FACTORS PRESENT IN THE NEIGHBORHOOD. WAHPETON, ND IS THE RICHLAND COUNTY SEAT AND THE LOCAL CENTER OF COMMERCE. THE SUBJECT PROPERTY IS LOCATED IN A NEWER CONSTRUCTION DEVELOPMENT, IN A CUL-DE-SAC THAT BACKS TO A GREENSPACE AREA.

PRESENT LAND USE DESCRIPTION OF "OTHER" DESCRIBES INSTITUTIONAL, GREENSPACE AND PARK AREAS.

• **URAR : Improvements - Additional Features**

THE SUBJECT PROPERTY IS FUNCTIONAL NEW CONSTRUCTION 2 STORY DESIGN OF GOOD QUALITY AND IN GOOD/NEW CONDITION. THE SUBJECT'S BASEMENT LEVEL WILL BE UNFINISHED WITH TWO EGRESS WINDOWS.

THE MAIN FLOOR FEATURES AN OPEN KITCHEN TO DINING ROOM, AND OPEN DINING ROOM TO LIVING ROOM. GAS FIREPLACE IN THE LIVING ROOM WHICH IS OPEN TO ABOVE. MAIN FLOOR OFFICE. MAIN FLOOR LAUNDRY ROOM WITH BUILT IN CABINETS AND COUNTERTOPS, AND A POWDER ROOM. BUILT IN DROP ZONE IN THE MUDROOM. LARGE MASTER BEDROOM WITH TRAYED CEILING, WALK IN CLOSET AND PRIVATE 3/4 BATHROOM WITH A CUSTOM WALK IN TILED SHOWER STALL. OAK INTERIOR WOODWORK AND SIX PANEL INTERIOR DOORS. OAK CABINERY AND QUARTZ KITCHEN COUNTERTOPS.

THE SECOND FLOOR FEATURES AN OPEN LOFT AREA THAT OVERLOOKS THE LIVING ROOM BELOW, TWO BEDROOMS, AND A FULL BATHROOM.

THE UPPER LEVEL FEATURES A LARGE MASTER BEDROOM WITH CURVED WALL AND LIGHTED WOOD WALL FEATURE SURROUNDING THE HEADBOARD AREA, WALK IN CLOSET, AND PRIVATE FULL MASTER BATHROOM. THREE OTHER UPPER BEDROOMS AND ANOTHER FULL BATHROOM.

THE EXTERIOR FEATURES INCLUDE A LARGE 3/STALL ATTACHED GARAGE WITH TWO FLOOR DRAINS, FINISH AND ELECTRIC HEATER. THERE IS ALSO A COVERED FRONT ENTRY PORCH. YARD IS TO BE ROUGH GRADE.

• **URAR : Sales Comparison Analysis - Summary of Sales Comparison Approach**

THE COMPARABLES SELECTED ARE THE MOST PROXIMATE, MOST SIMILAR SALES TO THE SUBJECT PROPERTY. ANY CONDITION AND/OR EFFECTIVE AGE ADJUSTMENTS ARE BASED UPON RMLS INFORMATION AND A RMLS INTERIOR PHOTO TOUR, AS WELL AS A DRIVE-BY INSPECTION. OTHER ADJUSTMENTS CONSIDER ANY SELLER PAID CONCESSIONS, LOCATION, SITE SIZE, VIEW, QUALITY, DESIGN APPEAL, GLA, BATHS, BASEMENT AREA AND FINISH, HEATING/COOLING SYSTEMS, GARAGE SIZE/AMENITIES, AND VARIOUS OTHER AMENITIES OR THE LACK

Supplemental Addendum

File No. SWANSON

| | | | | | |
|------------------|-------------------------|--------|----------|----------|-------|
| Borrower/Client | TRACY & CHAD SWANSON | | | | |
| Property Address | 1270 Linden Ct | | | | |
| City | Wahpeton | County | RICHLAND | State | ND |
| | | | | Zip Code | 58075 |
| Lender | BELL STATE BANK & TRUST | | | | |

THEREOF. THE EFFECTIVE AGE ADJUSTMENTS ARE MARKET EXTRACTED BASED ON BOTH NEW CONSTRUCTION SALES AND RESALES, AND GIVEN A \$2,500 ADJUSTMENT PER YEAR OF DIFFERENCE.

THE COMPARABLES SELECTED REPRESENT REASONABLE ALTERNATIVES TO THE SUBJECT PROPERTY. DUE TO A LACK OF COMPARABLE SALES OF SIMILAR DESIGN, QUALITY, SIZE AND LOCATION, COMP OF A DIFFERENT DESIGN, COMPS OF A GREATER DISTANCE AND COMPS OLDER THAN 6 MONTHS WERE USED. COMPARABLES 1-3 HAVE BEEN GIVEN THE MOST WEIGHT IN THIS APPRAISAL REPORT.

COMPARABLE 1 IS A RAMBLER RESALE LOCATED ON A SMALLER SITE THAT LACKS THE SUBJECT'S CUL-DE-SAC LOCATION AND REAR GREENSPACE VIEW. COMP 1 HAS AN AVERAGE RAMBLER DESIGN APPEAL AND LACKS THE UPGRADED QUARTZ COUNTERTOPS, BATHROOM FLOORING, BUILT IN FEATURES, AND CUSTOM MASTER WALK IN TILED SHOWER. COMP 1 HAS A SMALLER GLA THAT LACKS THE ADDITIONAL HALF BATHROOM OF THE SUBJECT. COMP 1 HAS A FINISHED BASEMENT BEDROOM AND BATHROOM.

COMPARABLE 2 IS A 4 LEVEL SPLIT DESIGN RESALE, LOCATED ON A SMALLER SITE THAT LACKS THE SUBJECT'S CUL-DE-SAC LOCATION AND REAR GREENSPACE VIEW. COMP 2 HAS AN AVERAGE SPLIT LEVEL DESIGN APPEAL. COMP 2 HAS A SLIGHTLY SMALLER GLA THAT LACKS THE SUBJECT'S ADDITIONAL HALF BATHROOM, AND HAS A SMALLER BASEMENT AREA WITH A FINISHED BEDROOM.

COMPARABLE 3 IS A WELL DESIGN NEW CONSTRUCTION RAMBLER SALE THAT WAS LISTED ON THE MARKET, AND IS LOCATED IN THE SUBJECT'S DEVELOPMENT ON A SMALLER SITE THAT LACKS THE SUBJECT'S CUL-DE-SAC LOCATION AND REAR GREENSPACE VIEW. COMP 3 HAS A SMALLER GLA THAT LACKS THE SUBJECT'S ADDITIONAL HALF BATHROOM.

COMPARABLES 4 AND 5 ARE SALES OF OVER A YEAR OLD OF WELL DESIGNED NEW CONSTRUCTION RAMBLER DESIGNS, BUILT BY THE SAME BUILDER. THE SALES WITH DIRECT BUILDER PRE-SALES, AND ARE SUPPORTIVE, BUT BEING GIVEN THE LEAST AMOUNT OF WEIGHT, SINCE THEY WERE NOT MARKET TESTED SALES. BOTH COMPS HAVE SMALLER SITES THAT LACKS THE SUBJECT'S CUL-DE-SAC LOCATION AND REAR GREENSPACE VIEW. BOTH COMPS HAVE SMALLER GLAS THAT LACK THE ADDITIONAL HALF BATHROOM OF THE SUBJECT. COMP 4 HAS NO BASEMENT FINISH AND COMP 5 HAS A FULLY FINISHED BASEMENT AREA.

COMPARABLE 6 IS A CURRENT PENDING SALE LOCATED IN BRECKENRIDGE, MN. COMP 6 HAS BEEN GIVEN A 5% POSITIVE ADJUSTMENT FOR THE DIFFERENCE IN MARKET VALUES BETWEEN BRECKERIDGE AND WAHPETON, AND A 3% NEGATIVE ADJUSTMENT FOR THE LIST TO SALES PRICE RATIOS IN THE AREA. COMP 6 IS A ZACH CONSTRUCTION BUILT 3 LEVEL SPLIT DESIGN RESALE LOCATED ON A LARGER SITE THAT LACKS THE SUBJECT'S REAR GREENSPACE VIEW. COMP 6 HAS SIMILAR DESIGN APPEAL BUT LACKS THE UPGRADED LAMINATE FLOORING AND QUARTZ COUNTERTOPS OF THE SUBJECT. COMP 6 HAS A SLIGHTLY SMALLER GLA, AND THREE FULL BATHROOMS. COMP 6'S FOUNDATION IS A CRAWL SPACE. COMP 6 ALSO HAS A LARGE ADDITIONAL FINISHED AND HEATED SHOP ROOM ADDED ONTO TO ITS ATTACHED GARAGE. COMP 6 IS SUPPORTIVE OF THE SUBJECT'S FINAL INDICATED MARKET VALUE.

ANY BUYER ASSUMED SPECIAL ASSESSMENTS HAVE NOT BEEN ADDED TO THE COMPARABLE'S SALES PRICE. THE SUBJECT'S FINAL VALUE DOES NOT INCLUDE ANY CURRENT OUTSTANDING SPECIAL ASSESSMENTS.

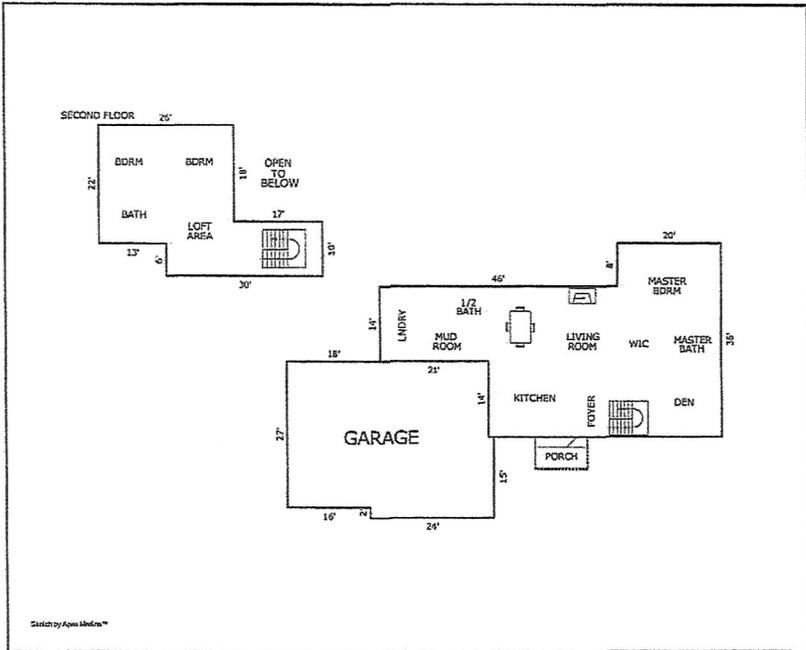
TO ACCURATELY ADJUST FOR DIFFERENCES BETWEEN THE SUBJECT AND THE COMPARABLE SALES, IT WAS NECESSARY TO EXCEED ADJUSTMENT PERCENTAGE GUIDELINES TO MOST OF THE COMPARABLE SALES.

• **URAR : Cost Approach Comments**

THE COST FIGURES USED WERE DEVELOPED FROM MARSHALL & SWIFT'S RESIDENTIAL COST HANDBOOK, ADJUSTED FOR LOCAL COSTS AND CONDITIONS. PHYSICAL DEPRECIATION IS BASED ON THE AGE/LIFE METHOD. THE COST OF EXTRA FEATURES ARE INCLUDED IN THE BASE COST PER SQUARE FOOT. THE "AS IS" SITE VALUE INCLUDES DRIVEWAY, WALKS LANDSCAPE, AND ENTRY PORCH. THE EXTERNAL DEPRECIATION IS FOR THE MARKET AREA'S INABILITY TO FULLY COMPENSATE FOR THE COSTS OF NEW CONSTRUCTION.

Building Sketch

| | | | | |
|------------------|-------------------------|--------|----------|-------------------------|
| Borrower/Client | TRACY & CHAD SWANSON | | | |
| Property Address | 1270 Linden Ct | | | |
| City | Wahpeton | County | RICHLAND | State ND Zip Code 58075 |
| Lender | BELL STATE BANK & TRUST | | | |

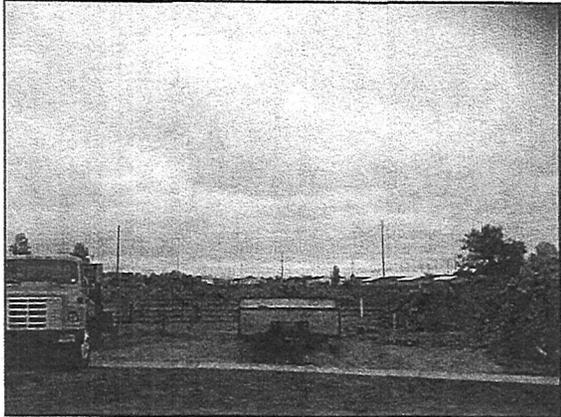


Comments:

| AREA CALCULATIONS SUMMARY | | | | LIVING AREA BREAKDOWN | | |
|---------------------------|------------------|-----------|------------|-----------------------|-----------|-----------|
| Code | Description | Net Size | Net Totals | Breakdown | | Subtotals |
| GLA1 | First Floor | 1714.0 | 1714.0 | First Floor | | |
| GLA2 | Second Floor | 820.0 | 820.0 | 66.0 x 14.0 | | 924.0 |
| BSMT | Basement | 1714.0 | 1714.0 | 8.0 x 20.0 | | 160.0 |
| GAR | Garage | 1114.0 | 1114.0 | 14.0 x 45.0 | | 630.0 |
| P/P | Porch | 60.0 | 60.0 | Second Floor | | |
| | | | | 4.0 x 43.0 | | 172.0 |
| | | | | 18.0 x 26.0 | | 468.0 |
| | | | | 6.0 x 30.0 | | 180.0 |
| | Net LIVABLE Area | (rounded) | 2534 | 6 Items | (rounded) | 2534 |

Subject Photo Page

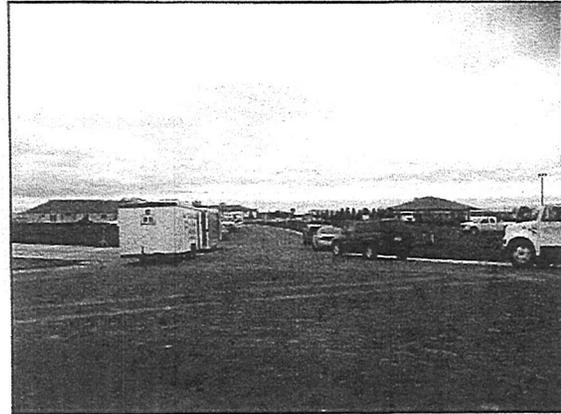
| | | | |
|------------------|-------------------------|--------|----------------|
| Borrower/Client | TRACY & CHAD SWANSON | | |
| Property Address | 1270 Linden Ct | | |
| City | Wahpeton | County | RICHLAND |
| Lender | BELL STATE BANK & TRUST | | |
| | State | ND | Zip Code 58075 |



Subject Front
 1270 Linden Ct
 Sales Price
 GLA 2,534
 Total Rooms 7
 Total Bedrms 3
 Total Bathrms 2.1
 Location N;Res;cul-de-sac
 View N;Res;greenspace
 Site 22673 sf
 Quality Q3
 Age 0



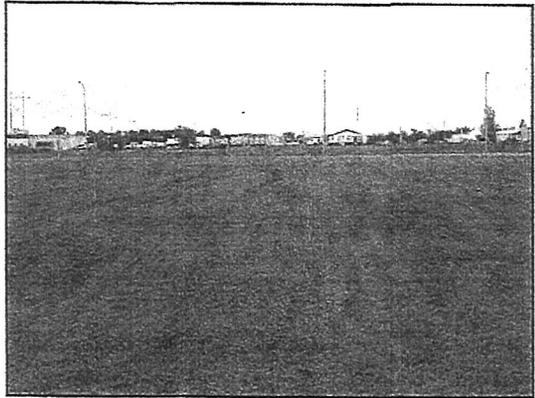
Subject Rear



Subject Street

Photograph Addendum

| | | | |
|------------------|-------------------------|--------|----------------|
| Borrower/Client | TRACY & CHAD SWANSON | | |
| Property Address | 1270 Linden Ct | | |
| City | Wahpeton | County | RICHLAND |
| Lender | BELL STATE BANK & TRUST | | |
| | State | ND | Zip Code 58075 |



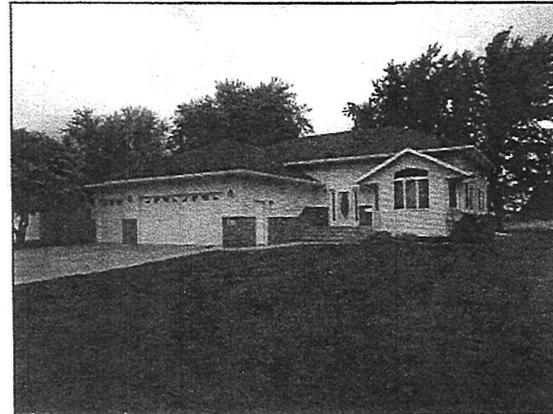
SUBJECT'S REAR GREENSPACE VIEW.

Comparable Photo Page

| | | | | |
|------------------|-------------------------|--------|----------|-------------------------|
| Borrower/Client | TRACY & CHAD SWANSON | | | |
| Property Address | 1270 Linden Ct | | | |
| City | Wahpeton | County | RICHLAND | State ND Zip Code 58075 |
| Lender | BELL STATE BANK & TRUST | | | |

**Comparable 1**

1494 Spruce Dr
 Proximity 0.27 miles S
 Sale Price 279,900
 GLA 1,669
 Total Rooms 6
 Total Bedrms 3
 Total Bathrms 2.0
 Location N;Res;
 View N;Res;CityStr
 Site 19426 sf
 Quality Q4
 Age 9

**Comparable 2**

1220 Westmore Ave
 Proximity 1.08 miles S
 Sale Price 285,000
 GLA 2,385
 Total Rooms 8
 Total Bedrms 5
 Total Bathrms 2.0
 Location N;Res;
 View N;Res;CityStr
 Site 10625 sf
 Quality Q3
 Age 14

**Comparable 3**

1834 Woodland Dr
 Proximity 0.25 miles S
 Sale Price 325,000
 GLA 1,779
 Total Rooms 6
 Total Bedrms 3
 Total Bathrms 2.0
 Location N;Res;
 View N;Res;CityStr
 Site 19622 sf
 Quality Q3
 Age 0

Comparable Photo Page

| | | | | |
|------------------|-------------------------|--------|----------|-------------------------|
| Borrower/Client | TRACY & CHAD SWANSON | | | |
| Property Address | 1270 Linden Ct | | | |
| City | Wahpeton | County | RICHLAND | State ND Zip Code 58076 |
| Lender | BELL STATE BANK & TRUST | | | |



Comparable 4

1961 Woodland Dr
 Prox. to Subject 0.32 miles S
 Sales Price 360,815
 Gross Living Area 1,875
 Total Rooms 6
 Total Bedrooms 3
 Total Bathrooms 2.0
 Location N;Res;
 View N;Res;CityStr
 Site 14796 sf
 Quality Q3
 Age 2



Comparable 5

1964 Woodland Dr
 Prox. to Subject 0.32 miles S
 Sales Price 376,076
 Gross Living Area 1,852
 Total Rooms 6
 Total Bedrooms 3
 Total Bathrooms 2.0
 Location N;Res;
 View N;Res;CityStr
 Site 11308 sf
 Quality Q3
 Age 1



Comparable 6

1439 Meridenhall Ave
 Prox. to Subject 2.66 miles SE
 Sales Price 299,900
 Gross Living Area 2,324
 Total Rooms 8
 Total Bedrooms 4
 Total Bathrooms 3.0
 Location N;Res;Breckenridge
 View N;Res;CityStr
 Site 13221 sf
 Quality Q3
 Age 14

Market Conditions Addendum to the Appraisal Report

1270L091014

File No. SWANSON

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address 1270 Lindan Ct City Wahpeton State ND ZIP Code 58075

Borrower TRACY & CHAD SWANSON

Instructions: The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

| Inventor Analysis | Prior 7-12 Months | Prior 4-6 Months | Current -3 Months | Overall Trend | | |
|--|---|------------------|-------------------|-------------------------------------|--|-------------------------------------|
| Total # of Comparable Sales (Settled) | 2 | 0 | 2 | <input type="checkbox"/> Increasing | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Absorption Rate (Total Sales/Months) | 0.33 | 0.00 | 0.67 | <input type="checkbox"/> Increasing | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Total # of Comparable Active Listings | 2 | 2 | 2 | <input type="checkbox"/> Declining | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Increasing |
| Months of Housing Supply (Total Listings/Ab.Rate) | 6.1 | 0 | 3.0 | <input type="checkbox"/> Declining | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Increasing |
| Median Sale & List Price, DOM, Sale/List % | Prior 7-12 Months | Prior 4-6 Months | Current -3 Months | Overall Trend | | |
| Median Comparable Sale Price | 267,450 | - | 305,000 | <input type="checkbox"/> Increasing | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Median Comparable Sales Days on Market | 9 | - | 92 | <input type="checkbox"/> Declining | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Increasing |
| Median Comparable List Price | 302,500 | 327,950 | 324,900 | <input type="checkbox"/> Increasing | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Median Comparable Listings Days on Market | 114.5 | 128 | 86 | <input type="checkbox"/> Declining | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Increasing |
| Median Sale Price as % of List Price | 97 | - | 1.00 | <input type="checkbox"/> Increasing | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Seller (developer, builder, etc.) paid financial assistance prevalent? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | <input type="checkbox"/> Declining | <input checked="" type="checkbox"/> Stable | <input type="checkbox"/> Increasing |

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.). THERE ARE TYPICALLY NO SELLER CONCESSIONS PAID IN THE PRICE RANGE AND AREA.

Are foreclosure sales (REO sales) a factor in the market? Yes No If yes, explain (including the trends in listings and sales of foreclosed properties).

THERE ARE A LIMITED NUMBER OF FORECLOSURE AND REO PROPERTIES IDENTIFIED IN THIS MARKET. THEY DO NOT HAVE A SIGNIFICANT MARKET IMPACT.

Cite data sources for above information. RMLS & COUNTY RECORDS, CITED RMLS SINGLE FAMILY RESIDENTIAL DATA FROM ALL WAHPETON, ND AND BRECKENRIDGE, MN; REALTOR MULTIPLE LISTING DISTRICTS IN THE PRICE RANGE OF \$250,000 TO \$550,000.

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

MARKET CONDITIONS ANALYSIS SUPPORTS NEIGHBORHOOD TRENDS DATA. SUPPLEMENTAL ANALYSIS OF CURRENT COMPARABLE LISTINGS EMPLOYED. THE FIGURE REPRESENTED IN THE MARKET CONDITIONS DATA IS MERELY THE MIDDLE SALES PRICE NUMBER IN A GROUP COMPARABLE SALES FOR A CERTAIN TIME PERIOD. A RANGE IN MEDIAN SALES PRICE OF 0-10% IS ACCEPTABLE WHEN DECLARING A STABLE MARKET. THE MARKET AREA ANALYZED HAS BEEN EXPANDED DUE TO THE LACK OF SIMILAR SALES IN THE PRICE RANGE AND AREA, AND DUE TO THE COMPETING NATURE OF SURROUNDING WAHPETON AND BRECKENRIDGE RESIDENTIAL LOCATIONS.

If the subject is a unit in a condominium or cooperative project, complete the following: Project Name:

| Subject Project Data | Prior 7-12 Months | Prior 4-6 Months | Current -3 Months | Overall Trend | | |
|--|-------------------|------------------|-------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Total # of Comparable Sales (Settled) | | | | <input type="checkbox"/> Increasing | <input type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Absorption Rate (Total Sales/Months) | | | | <input type="checkbox"/> Increasing | <input type="checkbox"/> Stable | <input type="checkbox"/> Declining |
| Total # of Active Comparable Listings | | | | <input type="checkbox"/> Declining | <input type="checkbox"/> Stable | <input type="checkbox"/> Increasing |
| Months of Unit Supply (Total Listings/Ab.Rate) | | | | <input type="checkbox"/> Declining | <input type="checkbox"/> Stable | <input type="checkbox"/> Increasing |

Are foreclosure sales (REO sales) a factor in the project? Yes No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

| | |
|---|-------------------------------------|
| Signature <i>Laura J. Hjelseth</i> | Signature |
| Appraiser Name LAURA J. HJELSETH | Supervisory Appraiser Name |
| Company Name BORDER APPRAISALS | Company Name |
| Company Address P.O. BOX 9252, FARGO, ND 58106 | Company Address |
| State License/Certification # CR-21042 State ND | State License/Certification # State |
| Email Address INBOX@BORDERAPPRAISALS.COM | Email Address |

North Dakota
Real Estate Appraiser
Qualification and Ethics Board



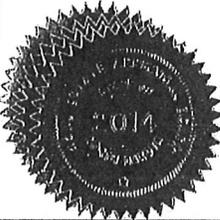
THIS IS TO CERTIFY THAT
Laura J. Hjelseth
IS FULLY QUALIFIED IN THE STATE OF NORTH DAKOTA AS A :
CERTIFIED RESIDENTIAL APPRAISER

PERMIT NO. CR-21042

FROM THE DATE HEREOF UNLESS TERMINATED BY THE APPRAISAL BOARD

IN WITNESS WHEREOF, The Appraisal Board has caused these
presents to be signed and the official seal to be hereunto affixed this

15th day of December, 2010



North Dakota Real Estate Appraiser Qualifications and Ethics Board

[Signature]
Executive Secretary

North Dakota Real Estate
Appraiser Qualifications and Ethics Board

This is to certify that: **Laura J. Hjelseth**
is fully qualified in the State of North Dakota as a:
Certified Residential Appraiser

Permit Number: CR-21042
Date of Issuance: 01/03/14
Expiration Date: 12/31/14

Unless sooner suspended or revoked, as provided by law,
Laura J. Hjelseth
Appraiser Signature

UNIFORM APPRAISAL DATASET (UAD) DEFINITIONS ADDENDUM

(Source: Fannie Mae UAD Appendix D: UAD Field-Specific Standardization Requirements)

Condition Ratings and Definitions

C1

The improvements have been recently constructed and have not been previously occupied. The entire structure and all components are new and the dwelling features no physical depreciation.

Note: Newly constructed improvements that feature recycled or previously used materials and/or components can be considered new dwellings provided that the dwelling is placed on a 100 percent new foundation and the recycled materials and the recycled components have been rehabilitated/remanufactured in/to like-new condition. Improvements that have not been previously occupied are not considered "new" if they have any significant physical depreciation (that is, newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).

C2

The improvements feature no deferred maintenance, little or no physical depreciation, and require no repairs. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. All outdated components and finishes have been updated and/or replaced with components that meet current standards. Dwellings in this category are either almost new or have been recently completely renovated and are similar in condition to new construction.

Note: The improvements represent a relatively new property that is well maintained with no deferred maintenance and little or no physical depreciation, or an older property that has been recently completely renovated.

C3

The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained.

Note: The improvement is in its first-cycle of replacing short-lived building components (appliances, floor coverings, HVAC, etc.) and is being well maintained. Its estimated effective age is less than its actual age. It also may reflect a property in which the majority of short-lived building components have been replaced but not to the level of a complete renovation.

C4

The improvements feature some minor deferred maintenance and physical deterioration due to normal wear and tear. The dwelling has been adequately maintained and requires only minimal repairs to building components/mechanical systems and cosmetic repairs. All major building components have been adequately maintained and are functionally adequate.

Note: The estimated effective age may be close to or equal to its actual age. It reflects a property in which some of the short-lived building components have been replaced, and some short-lived building components are at or near the end of their physical life expectancy; however, they still function adequately. Most minor repairs have been addressed on an ongoing basis resulting in an adequately maintained property.

C5

The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

Note: Some significant repairs are needed to the improvements due to the lack of adequate maintenance. It reflects a property in which many of its short-lived building components are at the end of or have exceeded their physical life expectancy but remain functional.

C6

The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components.

Note: Substantial repairs are needed to the improvements due to the lack of adequate maintenance or property damage. It reflects a property with conditions severe enough to affect the safety, soundness, or structural integrity of the improvements.

Quality Ratings and Definitions

Q1

Dwellings with this quality rating are usually unique structures that are individually designed by an architect for a specified user. Such residences typically are constructed from detailed architectural plans and specifications and feature an exceptionally high level of workmanship and exceptionally high-grade materials throughout the interior and exterior of the structure. The design features exceptionally high-quality exterior refinements and ornamentation, and exceptionally high-quality interior refinements. The workmanship, materials, and finishes throughout the dwelling are of exceptionally high quality.

Q2

Dwellings with this quality rating are often custom designed for construction on an individual property owner's site. However, dwellings in this quality grade are also found in high-quality tract developments featuring residence constructed from individual plans or from highly modified or upgraded plans. The design features detailed, high quality exterior ornamentation, high-quality interior refinements, and detail. The workmanship, materials, and finishes throughout the dwelling are generally of high or very high quality.

UNIFORM APPRAISAL DATASET (UAD) DEFINITIONS ADDENDUM

(Source: Fannie Mae UAD Appendix D: UAD Field-Specific Standardization Requirements)

Quality Ratings and Definitions (continued)

Q3

Dwellings with this quality rating are residences of higher quality built from individual or readily available designer plans in above-standard residential tract developments or on an individual property owner's site. The design includes significant exterior ornamentation and interiors that are well finished. The workmanship exceeds acceptable standards and many materials and finishes throughout the dwelling have been upgraded from "stock" standards.

Q4

Dwellings with this quality rating meet or exceed the requirements of applicable building codes. Standard or modified standard building plans are utilized and the design includes adequate fenestration and some exterior ornamentation and interior refinements. Materials, workmanship, finish, and equipment are of stock or builder grade and may feature some upgrades.

Q5

Dwellings with this quality rating feature economy of construction and basic functionality as main considerations. Such dwellings feature a plain design using readily available or basic floor plans featuring minimal fenestration and basic finishes with minimal exterior ornamentation and limited interior detail. These dwellings meet minimum building codes and are constructed with inexpensive, stock materials with limited refinements and upgrades.

Q6

Dwellings with this quality rating are of basic quality and lower cost; some may not be suitable for year-round occupancy. Such dwellings are often built with simple plans or without plans, often utilizing the lowest quality building materials. Such dwellings are often built or expanded by persons who are professionally unskilled or possess only minimal construction skills. Electrical, plumbing, and other mechanical systems and equipment may be minimal or non-existent. Older dwellings may feature one or more substandard or non-conforming additions to the original structure.

Definitions of Not Updated, Updated, and Remodeled

Not Updated

Little or no updating or modernization. This description includes, but is not limited to, new homes.

Residential properties of fifteen years of age or less often reflect an original condition with no updating, if no major components have been replaced or updated. Those over fifteen years of age are also considered not updated if the appliances, fixtures, and finishes are predominantly dated. An area that is 'Not Updated' may still be well maintained and fully functional, and this rating does not necessarily imply deferred maintenance or physical/functional deterioration.

Updated

The area of the home has been modified to meet current market expectations. These modifications are limited in terms of both scope and cost.

An updated area of the home should have an improved look and feel, or functional utility. Changes that constitute updates include refurbishment and/or replacing components to meet existing market expectations. Updates do not include significant alterations to the existing structure.

Remodeled

Significant finish and/or structural changes have been made that increase utility and appeal through complete replacement and/or expansion.

A remodeled area reflects fundamental changes that include multiple alterations. These alterations may include some or all of the following: replacement of a major component (cabinet(s), bathtub, or bathroom tile), relocation of plumbing/gas fixtures/appliances, significant structural alterations (relocating walls, and/or the addition of square footage). This would include a complete gutting and rebuild.

Explanation of Bathroom Count

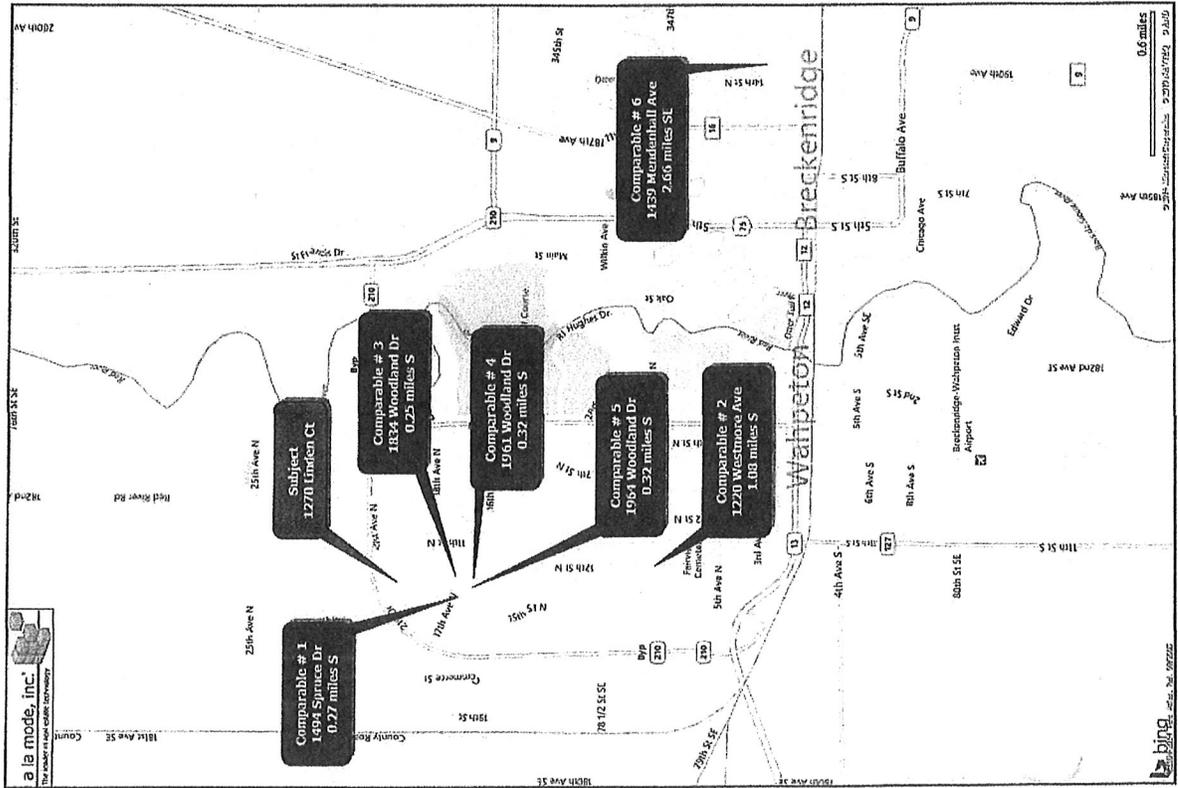
Three-quarter baths are counted as a full bath in all cases. Quarter baths (baths that feature only a toilet) are not included in the bathroom count. The number of full and half baths is reported by separating the two values using a period, where the full bath count is represented to the left of the period and the half bath count is represented to the right of the period.

Example:

3.2 indicates three full baths and two half baths.

Location Map

| | |
|------------------|-------------------------|
| Borrower/Client | TRACY & CHAD SWANSON |
| Property Address | 1270 Linden Ct |
| City | Wahpeton |
| State | ND |
| Zip Code | 58075 |
| Lender | BELL STATE BANK & TRUST |



Johnson Law Office, Ltd.

205 7th St. N.
P.O. Box 5
Wahpeton, ND 58074-0005
Jlo@702com.net

Bus. (701) 642-2060

Fax. (701) 642-2061

Samuel S. Johnson
Licensed in ND & MN

Jenny Anderson
Legal Administrative Assistant

Denise M. Johnson
Office Manager

May 11, 2015

Meryl Hansey
512 2nd Street North
Wahpeton, ND 58075

Renelle Bertsch
524 7th Street North
Wahpeton, ND 58075

Chris DeVries
Parkway Drive
Wahpeton, ND 58075

Alisa Mitskog
1504 Oakwood Avenue
Wahpeton, ND 58075

Brett Lambrecht
1614 7th Street North
Wahpeton, ND 58075

Martin Schmidt
314 9th Avenue South
Wahpeton, ND 58075

Steve Dale
907 5th Street South
Wahpeton, ND 58075

Don Bajumpaa
1322 14 1/2 Avenue North
Wahpeton, ND 58075

Lane Wateland
610 2nd Street North
Wahpeton, ND 58075

Re:

Dear Mayor Hansey and City Counsel Members:

I am writing this letter to all of you in regard to my concern about the ever increasing real estate taxes and real estate valuations regarding the City of Wahpeton.

I'm not going to address any specifics within this letter, but I need for all of you to know just how concerned I am about the City of Wahpeton's tax valuations and tax levies.

On a statistical note, the average city levy within the State of North Dakota is 65.09. The City of Wahpeton is 118.64. The average mill levy for State/County, School, City and Park for cities throughout the State of North Dakota is 253.85. Wahpeton is 405.91.

In addition, our school levy is absolutely atrocious. For Wahpeton it is 136.73 and the average State wide school levy is 83.67.

In almost every single individual category, the City of Wahpeton has one of the highest mill levies out of all of the Cities in the State of North Dakota. The City of Wahpeton should not be known for this fact.



The State of North Dakota shouldn't have to put together a special task force, almost exclusively for the purposes of addressing how high the taxes are in the Cities of Wahpeton and Grafton, North Dakota.

It is my opinion that we need to look outside the box. We need to start being proactive, instead of reactive.

We need to look at making some decisions which may not be popular, but may be necessary.

Every single piece of property that I own has been hammered with special assessments and/or increases in property valuation. As a result, we've had to raise rents nearly 25% over the last couple of years. As a result, between 5 and 10% of our renters are receiving electricity shut off notices each and every month. It would be my estimate that nearly 30% of our renters cannot even afford their electricity.

Because of the increase in taxes, we are unable to make the infrastructure improvements that are necessary. As such, our renters are actually receiving depreciated property at a higher cost.

The money that we are forced to pay in real estate taxes needs to be paid to redo our roofs, parking lots, windows, carpets, etc. Unfortunately, because our taxes have become so high, and as a result of our rents having to be dramatically increased, our vacancy rate has increased to an all time high. In June of 2015, our vacancy rate will be nearly 25%.

Because rents are so high, more and more students have to live together to be able to afford the rent, thereby causing more vacancies.

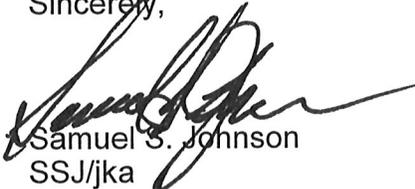
Because rents are so high, students cannot afford to pay for an apartment throughout the summer like they used to. Now, they simply give up the apartment and get another one when they come back in the fall. This creates even more vacancies.

We just need to begin a dialog on to how to begin this journey together to enable us to be able to reduce our mill levy in the future. I have some ideas which I would like to discuss.

In that regard, would you please consider the contents of this letter, and if any one of you should choose to discuss these matters with me, please feel free to contact me at any time.

Thank you for your time and consideration.

Sincerely,



Samuel S. Johnson
SSJ/jka

To whom it may concern,

We recently built a house in Wahpeton, ND. The construction was started in the fall of 2014 and completed in the winter of 2015. The reason I am writing is that I received a letter in the mail from our city of Wahpeton Assessment Department. It had stated that the True Full Value of our house was to be \$461, 200. After looking at this, I found that amount to be very high. The appraisal I received from Border Appraisals stated our house was valued at \$365,000.

I contacted Carla, Wahpeton's City Assessor, about this, and she asked me to bring in my appraisal. After giving Carla the appraisal she said she would ask for an extension at our city council meeting to review it. I received a new email from her stating she would drop our value to \$440,400. I called her to ask her about this and why we still had a \$75,000 difference. She stated that usually the appraiser for the bank just puts a number in so the bank can know if they can give us a loan or not. She told me she was not changing her number, and if I wanted to change it that I could come to the Richland County Commissioners meeting on June 2. She also told me I had a very nice house and that she feels like that is a fair number. I proceeded to ask her when she had been in there, and she stated that she came over when my contractor was letting the City Inspector go through the house. I had approved the inspector coming in, but had never been told she was coming or gave her permission to come in. I find that this is a violation of conduct when the property owner does not give permission for them to be in their house.

I had talked to Sandy, the Richland County director of Tax Equalization ahead of time. She told me that if I could get the commissioners to see that I had a strong case, which she admitted that \$75,000 difference was quite a bit, that they could pass it on to her where she could take a second look at it. Carla and I did not have any contact until June 2nd when I attended the meeting. I presented my case to the County Commissioners. They asked what their options were. Sandy now stated that since the value was approved at a City Council meeting, it had to get sent off to the state before she could look at it. I stated to Carla that I thought she asked for an extension. She then mumbled that it was passed at the May 4th meeting. She never informed me about this meeting, only the June 2nd one. I was never given a chance to go to the City Council meeting to fight this. I also talked to some people that were at this meeting, and they said that my residence was passed off as not being an issue with me, and all they had to do was pass it through.

I feel like \$75,000 difference from a certified appraisal company in Fargo and our city assessor is quite a bit of difference. I also feel like there were many things that were not done right in this process as well. I have included the appraisal from Border Appraisals, a letter that they wrote afterwards stating that they indeed do not "just put down a number" for the bank, and also the documents that I received from the City of Wahpeton Assessment Department. I am asking for this to get a second look as there is quite a difference between the two. Thank you for your time.

Sincerely,

Tracy Swanson

RECEIVED
JUN 22 2015
TAX COMMISSIONER
RECEIVED
JUN 22 2015
OWNER

CITY OF WAHPETON ASSESSMENT DEPARTMENT

SWANSON, CHAD R & TRACY A

1270 LINDEN CT
WAHPETON ND 58075

Date 3/27/2015

NOTICE OF INCREASE IN REAL ESTATE ASSESSMENT AND BOARD OF EQUALIZATION MEETINGS

Parcel Number: 50-2575-15577-070 Property Location: 1270 LINDEN CT

NOTICE OF INCREASE IN REAL ESTATE ASSESSMENT AND BOARD OF EQUALIZATION MEETINGS

You are hereby notified, in accordance with NDCC Section 57-12-09 or 57-14-08(4) that the local assessor has made a change in the real estate assessment. The true and full valuation has been increased by three thousand dollars or more and ten percent or more than the amount of the last assessment on property you own described as follows:

Real Estate Description:

LOT ROSEWOOD 2ND ADDITION L8 B1 BLOCK 1 ADDITIONAL INFO:
ROSEWOOD 2ND ADDITION L8 B1

Rosewood 2nd Addition

| | ** True Full Value ** | ** Assessed Value ** |
|--------------------------|------------------------------|-----------------------------|
| Current Year Assessment: | 461,200 | 155,600 |
| Last Year Assessment: | 0 | 0 |
| Change In Assessment: | 461,200 | 155,600 |

Hearing Schedule:

A property owner may appeal the current year assessment by contacting the local assessor at (701) 642-8448, the City Board of Equalization, and the County Board of Equalization. Hearings are scheduled as follows:

Wahpeton City Board of Equalization to be held at City Hall, 1900 N 4th St, Wahpeton, ND 58075 on Tuesday, April 14, 2015, at 5:00 p.m.

Richland County Board of Equalization to be held in the Richland County Courthouse Commissioners' Chambers, 418 2nd Ave N, Wahpeton, ND 58075, on Tuesday, June 2, 2015 at 11:00 a.m.

An increase in assessment does not mean property taxes on the parcel will increase. The taxing district must base its tax rate on the number of dollars raised from property taxes in the previous taxable year by the taxing district. Notice of public hearing will be mailed to the property owner if a greater property tax levy is being proposed by the taxing district.

Due to time constraints, please contact the assessing office with specific issues if you plan to attend the equalization meeting, or if you have any questions regarding your new assessment.

Carla Broadland
Wahpeton City Assessor - 1900 4th Street North - Wahpeton, ND 58075 - 701.642.8448

* As provided for in NDCC Sections 57-02-27.1 and 57-02-27.2

** Assessed Value means "fifty percent of true and full value of property". NDCC 57-02-01(3)

| | | | |
|------------------------|--------------------------|----------------|------------|
| Dwelling: | 2,569.00 Sqr Ft @ 140.00 | \$ | 359,660 |
| Basement Area Deduct: | 0.00 Sqr Ft @ -12.00 | \$ | 0 |
| Basement Area Finish: | 939.00 Sqr Ft @ 12.00 | \$ | 11,268 |
| Options: | Built-Ins:..... | \$ | 3,600 |
| | Fireplaces:..... | \$ | 3,000 |
| | Air Conditioning:..... | \$ | 4,800 |
| | Bathrooms:..... | \$ | 10,800 |
| Additional Options #1: | ..... | \$ | 0 |
| Additional Options #2: | ..... | \$ | 0 |
| Additional Options #3: | ..... | \$ | 0 |
| Total Deck/Porch: | ..... | \$ | 3,000 |
| Garage: | ..... | \$ | 19,200 |
| Total Extras: | ..... | \$ | 0 |
| Total Cost New: | ..... | \$ | 415,328 |
| Depreciation: | -1.00% | \$ | -4,153 |
| Func/External Infl: | -5.00% | \$ | -20,766 |
| Building Value: | ..... | \$ | 390,400 |
| Land Value: | ..... | \$ | 50,000 |
| Total Estimated Value: | | \$ / SF 171.43 | \$ 440,400 |

| | | | | | |
|------------------|-------------------|-------------------|------------------|------------------|-----------|
| ParcelNo: | 50-2575-15577-070 | Baths: | 3 or more | Basement Finish: | 50 % |
| Year Built: | 2014 | Deck Code: | Open Porch/Patio | Fireplace: | Fireplace |
| Homo Area: | Very Good | Story Height: | 2 Stories | Garage: | Three |
| Main Floor Area: | 1878 | Air Conditioning: | Central | Extra Code: | None |
| Total Size: | 2569 | Grade: | Very Good | Basement Area: | Full |
| Land Value: | 50000 | Condition: | New | Built-Ins: | Average |



701.280.9000 Office
701.261.6042 Cell
701.364.2716 Fax
laurah@borderappraisals.com
inbox@borderappraisals.com

Laura J. Hjelseth
Certified Appraiser,
Residential
ND: CR-21042
MN: 20229646

PO Box 9252 | Fargo ND 58106

To Whom It May Concern:

Regarding the Property located at: 1270 Linden Ct, Wahpeton, ND 58075

The residential appraiser appraised the subject property as new construction for the borrower's Lender last September 2014. Due to confidentiality agreement with the Lender, who was the Client, I cannot be specific to the report itself.

However, the appraiser can state that when appraising any new construction property, both the site value and cost of all the improvements are all included in the final estimated market value.

The appraiser at the time, reviewed all MLS sales, listings and pendings within the year prior to the effective date of the report, along with gathering similar sales through the City Assessor's office.

The appraisal was completed in a manner that was independent, impartial and objective, and in a manner that conformed to USPAP standards and ethics, and Fannie Mae regulations.

Sincerely,

Laura Hjelseth

Certified Residential Appraiser

Border Appraisals

Contact Information
Chad and Tracy Swanson
Phone - 701-640-4497
Email - tamiller2322@gmail.com

State Board of Equalization

August 11, 2015

File No.: 2015-SARG-SARG-001

County or City: Sargent

Appellant: Paul E. White

Jerry Waswick, designated personal representative

Issue: Status of exemption for farm residence and structures

County Tax Director: Sandra Hanson

City Assessor:

Summary: The owners of property in the SW1/4 of Section 22, Township 132, Range 57 of Sargent County contest taxable status of buildings located at this location.

Notes:

7-21-2015

N.D. State Board of Equalization,

I am contesting the property tax on a farm residential home that I own on the SW Qtr. of section 22 132-57 in Sargent County. I do not live in the house, I rent it to a farmer/rancher. I own the entire quarter of land which the house sits on, but I rent the land to another farmer.

I first applied to the Township for an exemption along with my ag buildings. They denied both the house and ag buildings as they "believed" it was not used for AG production (attachment A). I believe they aren't familiar with Century Code and the term "primary use". One of the board members even stated that they have too many people living in the country that don't farm and don't pay a fair share towards keeping up the roads. This house doesn't even border to a Township road!

I do own just over six quarters of land, some of which has CRP I have to mow and maintain, the rest I cash rent. I ranch with another rancher and own fifteen head of cattle myself. I DO NOT meet the criteria for a farmer as I also work for Bobcat company and make over 40K off farm income. I also have a trucking business but my trucks aren't serviced or kept at my farm.

I then attended COUNTY equalization, they granted the Ag building exemption but didn't grant the house/residential exemption. They requested a copy of the contract with the farmer and also cited my off farm income and jobs (refer to attachment B from the tax director). I contest this citing CENTURY CODE 57-02-08 section 15 b (see attachment C) which clearly refers to a residence situated on a farm which is OCCUPIED by a person who is a farmer. (It refers to the occupant, NOT the owner). Furthermore, I would point out that the Guideline-Property Tax Exemption of Farm Buildings and other Improvements, N.D.C.C. 57-02-08(15), July 2009, Page 2, FARM RESIDENCE EXEMPTION, #13 clearly states "It need NOT be owned by the farmer" (attachment D). So if this publication is correct, why did they base it on my status as a non-farmer?

The County later cited I didn't provide the requested contract in a timely manner. I did enclose a copy of my contract for you, but I don't feel it should've even been asked for when it was obvious they were going to deny the residence since I'm not a farmer (again, applying the criteria to me, not the occupant). Furthermore, the County violated the equalization process as per Century Code 57-12-01 (attachment E) which requires continuous day to day meeting until all duties

are complete. Instead they recessed for two weeks when I had to be out of town for my off farm job!

The farmer who occupies the house farms over ten contiguous acres although not contiguous with the house. The statute doesn't say it has to be contiguous with the house, but rather must farm ten contiguous acres. I would guess its this way so someone gardening 8 acres doesn't try to get farm status!

Sincerely

A handwritten signature in black ink, appearing to read "P. E. White", written in a cursive style.

Paul E. White

Jerry Waswick, designated personal representative and brother in law.

Please contact Jerry Waswick during these proceedings for questions at 1-701-678-2431 or cell # 1-701-308-0275

**PROCEEDINGS
OF
Township Board of Equalization
For Vivian Township**

The Board met at the office of the Township Clerk 6:00 PM, April 13, 2015.

There were present: Chris Mathias (arrived at 6:30 PM due to a prior meeting), Roger Schreiner, Ronald Greenmyer, Marsha Mathias, Roger Bopp, and Scott Bopp.

Marsha Mathias
Township Clerk

Paul White: Parcel No: 21-6273000 21-002-03-00-00-00
Sect-22 Twp-132 Rang-057
SW¼ 22-132-57
5 acres residential

Paul White submitted a letter to the Vivian Township board concerning this property. He is contesting the assessment value placed on the above mentioned property. He is also contesting the addition of the steel building to the taxes due to it being used for ag production.

Board Recommendation: The Vivian Township board believes that this property is not used for ag production and should be taxed as is.

Scott Bopp: Parcel No: 21-6329000 21-002-03-00-00-00
Sect-34 Twp-132 Rang-057
.32 acre parcel 100' x 140' in NE¼ 34-132-57

Roger Bopp and Scott Bopp are questioning why the value of this property is so high. It was at \$300 and has now jumped to \$3200. They state that is land is being farmed and should be taxed as farm land.

Board Recommendation: The Vivian Township board recommends that the land at the above location be taxed as farm land.

Dan Bauer: Parcel No: 21-6380000 21-002-03-00-00-00
Lot-9 Block-004
Randall's Addition
Lots 7-8-9-10 Block 4

Parcel No: 21-6381000 21-002-03-00-00-00
Lot-12 Block-004
Randall's Addition
Lots 11-12 Block 4

Board Recommendation: The Vivian Township board is asking that these lots be checked by the county. Dan moved in a house and the board would like this reevaluated.

Attachment B, see next page

SARGENT COUNTY

Sandra Hanson,
Property Tax & Assessment Director

355 Main ST S Ste 3
Forman ND 58032-4149
701)724-6241 x113 office
Sandra.hanson@co.sargent.nd.us
www.sargentnd.com

July 8, 2015

Mr. Mrs. Paul & Jennifer White
PO Box 82
Gwinner ND 58040

RE: The Letter of Appeal to Vivian Township

Dear Paul & Jennifer,

This letter is in regards to Your Letter of Appeal presented to Vivian Township at the Township Equalization meeting held on April 13th, 2015 and your presence at the Sargent County Equalization meeting held on June 2nd at the Sargent County Courthouse.

In June of 2012, as the Vivian Twp Assessor I was doing some assessment work in Vivian Township and noticed that some shingle work was being done on an empty residential dwelling located on Parcel 21-6273000. I took a couple pictures, made a note in my workbook of the work and took the information back to the office with me. I did another drive by in the fall of 2012 and saw no change in use of property at that time. I placed the parcel in the things to look at file for 2013.

In July of 2013, myself as the Assessor for Vivian Township received a building permit for a storage/workshop to be constructed on parcel 21-6273000. That Fall I visited the property and made a decision that the construction was not progressed to a point of valuation (cement pad only). I then placed a copy of the building permit in the things to assess file for 2014. At that time I did measure and record all structures on the property. The information was added to a property card, to be added to the assessment list during the 2014 equalization process.

In 2014 Notice of Increases were mailed out to include one for the parcel in question because of the increase/change in valuation on the parcel. A copy of the NOI is on file and it states that the reason for the increase in value is: "Revalue 5 acres residential property (\$10,500), Assess residence (\$27,100), Assess outbuildings (\$3,400). The increase was listed at \$41,000.00. As an error this change/increase was not included on the assessment list for change in classification. So the structures on the property were not included in the 2014 equalization process.

In 2015 the Notice of Increase was mailed again to be included in the equalization process. On our office copy in handwritten notes on the NOI it lists the following: "Land \$15500 5 acres residential; Dwlg \$17800 (which includes a detached garage) and outBldgs \$3100".

In a handwritten note on the office copy it states "Does not include stl Bldg will be added 2016"

April 2015 a letter from you was provided to the Vivian Twp Board of Equalization. It states in part-

"I am requesting this letter be read and recorded in the minutes that I contest the assessment value placed on the below property" you then list 5 acres residential SW1/4 22-132-57.

Statement in part "I also contest the addition of the steel building to the taxes due to this being a facility used for ag production."

April 2015 Vivian Twp Equalization proceedings acknowledge receiving your letter, acknowledge your contesting of the 5 acres residential and the addition of the steel building to the taxes. The proceedings also state "Board Recommendation: The Vivian Township board believes that this property is not used for ag production and should be taxed as is."

As the assessor for Vivian Twp and based on certain items in the Farm Exempt guidelines, I made a determination that the site was residential as follows: 1) knowledge that the owners of this property have full time employment off the farm. 2) knowledge that other types of off farm business is done by owner. 3) the property is occupied and the owner is receiving some type of payments/rent from the occupant. 4) the term farmer means an individual who normally devotes the major portion of the individuals time to the activities of producing unmanufactured products of the soil, poultry, livestock or dairy products. 5) if the farmer and spouse had non-farm income exceeding \$40,000.00 in each of the three preceding calendar years. 6) net income from farming activities does not include income from cash rent; mineral leases or royalties; wages or salaries; interest income from a contract for deed payment; interest; principal of which may have been derived from farm income; or any other income not specifically defined as farm income for income tax purposes.

County Equalization meeting June 2nd.

1)As per the minutes, you did verbally request the House & Shop on the site to be farm exempt. You stated that you have a renter living in the house whose income is farm based. You also stated the shop is used for farm activities, also houses farm equipment. As per the commission meeting you were asked to do the following-taken from minutes in part: "the State's Attorney's opinion was that if Mr. White provides a rental agreement for his renter for 10 acres where the buildings are located, that the buildings could qualify for the farm exemption as they are used for agricultural purposes. This should be brought to the township first, and could be considered at the next commission meeting, June 16th."

June 16th County Equalization Board meeting- Paul White was not present at the equalization meeting and nor was the agreement between Paul and his renter as part of the request. The county board of Equalization resumed its equalization business and adjourned the meeting thus ending the 2015 equalization process.

June 25th Jennifer dropped off a rental agreement made between Paul White and Ryan Lindvall signed with a date of 6/15/15. I then forwarded a copy of the rental agreement to the commission, the state's attorney and the auditor to include in the commission information for the July 7th meeting.

July 7th meeting of the commission taken from my interpretation as no minutes of the meeting have been approved at this time. Paul White's rental agreement was present and acknowledged at the meeting. You were not able to attend. It was determined by the commission that since the equalization board has adjourned for 2015, there are two options that you could take regarding this appeal.

#1- You have the right to request an appearance before the ND State Board of Equalization in Bismarck on August 9th at 9:00 am at the ND State Capitol Building. The NDSBOE information is also available to you on your NOI at the bottom as well as the procedures of increases to property on the back of your NOI.

#2- By Law you have the right to file for an abatement of taxes through the township and county on this parcel once the valuations and mill levies are set for the year 2015. At that time we would be available to assist you with that process if you so choose to do so.

Additional comments:

> In the letter from you, You are contesting the addition of the steel building to the taxes. My opinion is that at this point it is irrelevant because that structure was not included in the Notice of increase valuation and it was noted that it would be added in 2016. The upcoming 2016 Notice of increase would reflect that valuation if determined to be other than ag use.

>the structure values being added in the 2015 equalization process and listed on the NOI are the dwelling (\$17,800 and the grainary with a lean \$3,100 as a yard building and is being used because of the addition of a metal roof and some facelift work on exterior and electricity added to structure.

> no mention of the dwelling and grainary are in the letter to the township and were therefore not addressed by the township, but the dwelling was verbally mentioned in the June 2nd County Equalization meeting minutes.

>Are we discussing your status as a farmer or your renter's status as a farmer or both of you due to whom is using and occupying what buildings? That decision would determine who's information should be presented for consideration of farm exemption-The occupants or the owners?

Based on the notice of increase valuation for taxes process and using the 2014 mill levy-

The $\$36,400.00 \times 50\% = 18,200.00 \times 9\% = 1638.00 \times .20261 = \331.88 roughly estimated dollars in taxes.

The ag value of the 154.29 acres as is equals approximately $\$161756 \times 50\% = 80,878 \times 10\% = 8088 \times .20261 = \1639.00 roughly estimated taxes.

154.29 acres – 5 acres residential = 149.29 ag acres $\times \$1048$ per acre = 156,456.00 estimated true & full for the adjusted ag value in the parcel. $156456 \times 50\% = 78228 \times 10\% = 7823.00 \times .20261 = 1585.00$ estimated taxes. 1585 (ag acre value) + 332 (residential portion value) = $\$ 1917.00$ estimated total on parcel for taxes if it is part ag and part residential.

Estimated taxes if all remains ag is $\$1639.00$ which is approximately $\$278.00$ difference. These numbers are all estimates at this time.

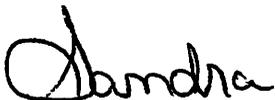
I also understand that this appeal may not be all about the taxes, as much as it is about the interpretation of the guidelines to qualify for this exemption and equality and fairness to you as a taxpayer.

One additional point for FYI

The farm exempt application is a process that is requested to be completed each third year by this office and it is the taxpayers responsibility to complete the application and return it to the twp assessor (this office) as well as provide any documentation requested to support the application of consideration for the exemption.

Well with all that said, I think I will close for now and please get in touch with any questions you may have or information that you may want and that we are able to provide. Thank you Paul for taking the time to review all this, and following the proper channels to solve this question.

Sincerely,



Sandra Hanson,
Vivian Township Assessor,
Sargent County Tax Director

Cc: 5 SC Commission
SC Auditor

SC States Attorney

Jerry Waswick, Your representation for this appeal

Vivian Township Board

under this subsection:

- (a) Whether the farmer grows or purchases feed for animals raised on the farm.
 - (b) Whether animals being raised on the farm are owned by the farmer.
 - (c) Whether the farm's replacement animals are produced on the farm.
 - (d) Whether the farmer is engaged in contract feeding of animals on the farm.
- b. It is the intent of the legislative assembly that this exemption as applied to a residence must be strictly construed and interpreted to exempt only a residence that is situated on a farm and which is occupied or used by a person who is a farmer and that the exemption may not be applied to property which is occupied or used by a person who is not a farmer. For purposes of this subdivision:
- (1) "Farm" means a single tract or contiguous tracts of agricultural land containing a minimum of ten acres [4.05 hectares] and for which the farmer, actually farming the land or engaged in the raising of livestock or other similar operations normally associated with farming and ranching, has received annual net income from farming activities which is fifty percent or more of annual net income, including net income of a spouse if married, during any of the three preceding calendar years.
 - (2) "Farmer" means an individual who normally devotes the major portion of time to the activities of producing products of the soil, poultry, livestock, or dairy farming in such products' unmanufactured state and has received annual net income from farming activities which is fifty percent or more of annual net income, including net income of a spouse if married, during any of the three preceding calendar years. For purposes of this paragraph, "farmer" includes a:
 - (a) "Beginning farmer", which means an individual who has begun occupancy and operation of a farm within the three preceding calendar years; who normally devotes the major portion of time to the activities of producing products of the soil, poultry, livestock, or dairy farming in such products' unmanufactured state; and who does not have a history of farm income from farm operation for each of the three preceding calendar years.
 - (b) "Retired farmer", which means an individual who is retired because of illness or age and who at the time of retirement owned and occupied as a farmer the residence in which the person lives and for which the exemption is claimed.
 - (c) "Surviving spouse of a farmer", which means the surviving spouse of an individual who is deceased, who at the time of death owned and occupied as a farmer the residence in which the surviving spouse lives and for which the exemption is claimed. The exemption under this subparagraph expires at the end of the fifth taxable year after the taxable year of death of an individual who at the time of death was an active farmer. The exemption under this subparagraph applies for as long as the residence is continuously occupied by the surviving spouse of an individual who at the time of death was a retired farmer.
 - (3) "Net income from farming activities" means taxable income from those activities as computed for income tax purposes pursuant to chapter 57-38 adjusted to include the following:
 - (a) The difference between gross sales price less expenses of sale and the amount reported for sales of agricultural products for which the farmer reported a capital gain.
 - (b) Interest expenses from farming activities which have been deducted in computing taxable income.



Attachment D, see Page 2
Guideline

**Property Tax
Exemption of Farm Buildings
and Other Improvements**

North Dakota Century Code § 57-02-08(15)

Cory Fong
Tax Commissioner

July 2009

General Provisions

1. Farm buildings and improvements located on agricultural lands are exempt from taxation provided they are used as part of a farm plant.

The land must be used for raising agricultural crops or grazing farm animals and used as part of a farm plant. A farm plant is the entire farm enterprise operated as an economic unit. If the unit contains less than 10 acres of land, the taxing authority, in determining whether the unit is a farm, must consider such things as the present use, the adaptability to use, and how similar type properties in the immediate area are classified for tax purposes.

Agricultural property includes land on which a greenhouse or other building is located if the land is used for a nursery or other purpose associated with the operation of a greenhouse.

2. A residence or other building located on agricultural land is exempt if used both in a farming and in a nonfarming activity, provided the primary or dominant use of it is in farming.
3. Buildings and other improvements located on agricultural land in unplatted areas within the boundaries of an incorporated city are exempt, provided the buildings are used for agricultural purposes and are part of a farm plant.
4. A residence or other building located on platted land within the boundaries of an incorporated city or upon railroad operating property is not exempt as a farm building. An outlot (a lot included within the boundaries of an original or subdivision plat) is platted land.
5. Any building located on a farm and occupied or used by someone not engaged in farming is not exempt. (See number 8)
6. A reasonable amount of land on which a non-exempt building is located must be assessed in the same classification as the building, either residential or commercial.
7. A vacant farm residence or building located on agricultural land is exempt, provided it was exempt as part of a farm plant or as a farm residence when it was last used. A vacant farm residence or building which was taxable because of a non-qualifying use should remain taxable until its active use has changed.
8. Buildings located on agricultural land used by a farmer to provide housing for that farmer's workers are exempt, provided they are used as part of a farm plant. (See number 5)
9. Buildings and other improvements primarily used to feed chickens, turkeys or other poultry, cattle, pigs or other livestock are exempt if the enterprise is located on agricultural land.

24876

G-9

"Livestock" includes "nontraditional livestock", that is, any wildlife held in a cage, fence, enclosure, or other manmade means of confinement that limits its movement within definite boundaries, or an animal that is physically altered to limit movement and facilitate capture. [N.D.C.C. § 36-01-00.1].

10. Beekeeping is an agricultural pursuit. It includes extraction and storing of honey in containers. Buildings and improvements used in connection with a beekeeping operation are exempt. [N.D.C.C. § 4-12.2-25].

Processing honey is a commercial operation. Buildings and improvements used in connection with commercial honey operations are not exempt. Processing honey is any procedure, including filtering or clarifying, which changes the natural state of honey. Morel v. Thompson, 225 NW 2d 584 (N.D. 1975).

11. "Farm buildings and improvements" includes a greenhouse or other building used primarily for the growing of horticultural or nursery products from seed, cuttings, or roots, if not used on more than an occasional basis for a showroom for the retail sale of horticultural or nursery products. A greenhouse or building used primarily for display of grown horticultural or nursery products is not a farm building or improvement.

A commercial nursery is a farming operation; buildings and improvements used in the operation of a commercial nursery are exempt. Boehm v. Burleigh County, 130 NW 2d 170 (N.D. 1964).

12. The exemption is not limited to a single set of farm buildings. If a farmer has more than one set of farm buildings, all are exempt if the buildings are used as part of the farm plant.

Farm Residence Exemption

- 
13. A residence is exempt if it is situated on a farm and is occupied or used by an individual who is a farmer. It need not be owned by the farmer.

The term **farm** means a single tract or contiguous tracts of agricultural land containing a minimum of 10 acres which are normally used for farming or ranching.

The term **farmer** means an individual who normally devotes the major portion of the individual's time to the activities of producing unmanufactured products of the soil, poultry, livestock or dairy products. The farmer and spouse, if married, must have received more than fifty percent of their combined annual net income from farming activities in any one year of the three preceding calendar years, whether one or both are farmers. The term also includes an individual who is a retired farmer or beginning farmer.

14. A retired farmer is an individual who quit farming because of illness or age and has not merely changed occupations. The local assessment officials have the responsibility to determine whether a farmer retired because of illness or age.
15. A beginning farmer is an individual who: 1) began occupancy and operation of a farm within the three preceding calendar years; 2) normally devotes the major portion of time to farming activities and; 3) had no farm income or loss in at least one of the prior three years.
16. A residence occupied by the surviving spouse of a farmer who owned and occupied the residence as an active farmer at the time of death is exempt through the end of the fifth taxable year after the year of the farmer's death.

CHAPTER 57-12
COUNTY BOARD OF EQUALIZATION

57-12-01. Membership of board - Meeting - Required attendance of certain officials.

The board of county commissioners shall meet within the first ten days of June of each year and shall constitute a board of equalization of the assessments made within the county. The chairman of the board shall preside. The county board of equalization shall conduct a continuous day-to-day meeting, not to include Saturdays, Sundays, or legal holidays, until it has completed all duties prescribed by this chapter. The first order of business must be the equalization of assessments of property assessed by city boards of equalization. The second order of business must be the equalization of assessments of property assessed by township boards of equalization. The chairman of each city board of equalization, or the chairman's appointed representative, and each city assessor must be present at such meeting during the first order of business. The chairman of each township board of equalization, or the chairman's appointed representative, and each township assessor must be present at such meeting during the second order of business. Each person required by this section to attend the meeting of the county board of equalization must be compensated at a rate not to exceed ten dollars per day for each day actually and necessarily spent in attendance at such meeting plus the same mileage and expenses as are authorized for subdivision employees and officials. Such per diem and expenses must be paid by the city or township in the same manner as other city or township expenses are paid.

57-12-01.1. Spot checks of real property.

Prior to the annual meeting of the county board of equalization, the board of county commissioners of each county within this state shall provide for spot checks upon property within each county to properly verify the accuracy of the real property listings and valuations. The spot checks must be reviewed by the county boards of equalization at their annual meeting in June and such boards shall make the necessary corrections in the property assessment listings and valuations. Such changes in the assessments must be made in accordance with the provisions of this chapter.

In case any person whose duty it is to list property with the assessor refuses to list such property or intentionally omits a portion of such property in the person's listing as indicated by the spot check, the county boards of equalization, as a penalty for such refusal or omission, may make an added assessment on such property of twenty-five percent in excess of its true valuation.

The board of county commissioners may select such persons or agencies as may be necessary to carry out the provisions of this section and provide for their compensation.

57-12-02. Duties of board as to assessments in unorganized territory.

The members of the board of county commissioners also shall meet as a board of equalization as respects all assessments made in assessment districts not embraced in a city or organized township, and shall perform the duties prescribed for a township board of equalization as respects unorganized territory, and such board must be regarded as the local board of equalization for such territory.

57-12-03. Duties of county auditor.

The county auditor shall act as clerk of the county board of equalization and shall keep an accurate journal or record of the proceedings and orders of said board, showing the facts and evidence upon which its action is based. Such record must be published as other proceedings of the board of county commissioners are published, and a copy of such published proceedings must be transmitted to the state tax commissioner with the abstract of assessment required by law.

County Equalization
minutes
Taken in Part

Forman, North Dakota
June 2, 2015

The Sargent County Board of Commissioners met at 1:30 p.m. with the following members present: Mike Walstead, Bill Anderson, Sherry Hosford, and Jerry Waswick. Absent: Dave Jacobson. Also present were County Auditor Pam Maloney; Lyle Bopp, States Attorney; and Paige Cary, the Sargent County Teller.

Sandy Hanson, Tax Director arrived at the meeting. Also present were Trent Nelson & Paul White, Sargent County taxpayers. The Board of Review and Equalization proceeded to organize for 2015. The tax director recommended no changes to the commercial values at this time, as there are not enough comparable sales upon which any change in valuation could be based, and the County will be doing a complete re-valuation starting in the fall of 2016, to be in place for the 2017 equalization. Motion to approve the recommendation of no changes to commercial properties within the cities and townships, pursuant to the recommendation of the Tax Director. (Waswick/Anderson) Roll call vote: Yes – Waswick, Anderson, Hosford, & Walstead. Absent: Dave Jacobson.

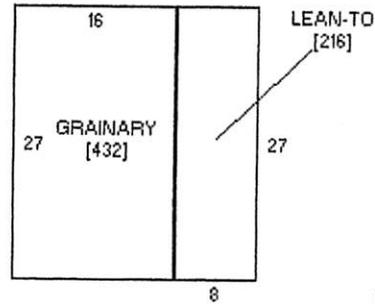
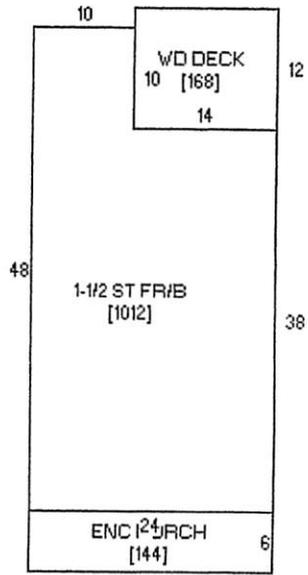
Sandy next presented 2015 county average value per all cropland/agricultural acreage as set by the ND State Tax Commissioners Office. The State Board of Equalization has made the decision to allow a 10% tolerance on agricultural lands from the 100% value as set by the State Tax Commissioner. According to Ms. Hanson's computation the county average for Sargent County would require a 9% increase across the board for all agricultural lands which would equal an average of \$889.62 per acre or 95.3% of the 2015 value as determined by the State of North Dakota. Motion to approve the recommendation of a 9% increase on all agricultural lands in Sargent County. (Waswick/Anderson) Roll call vote: Yes – Waswick, Anderson, Hosford, & Walstead. Absent: Dave Jacobson.

Trent Nelson of Forman appealed the valuation assigned to some vacant lots that he owns in the City of Forman that had been approved by the Forman City Council. The lots are overvalued in his opinion. The Tax Director explained that there are many factors included in the valuation of vacant lots, including: front footage; lot depth; map factor; etc. Vacant lots also have a 50% vacancy factor included in the valuation formula. Motion to change the vacancy factor for all vacant lots to 60% instead of 50%. (Hosford/Anderson, unanimous)

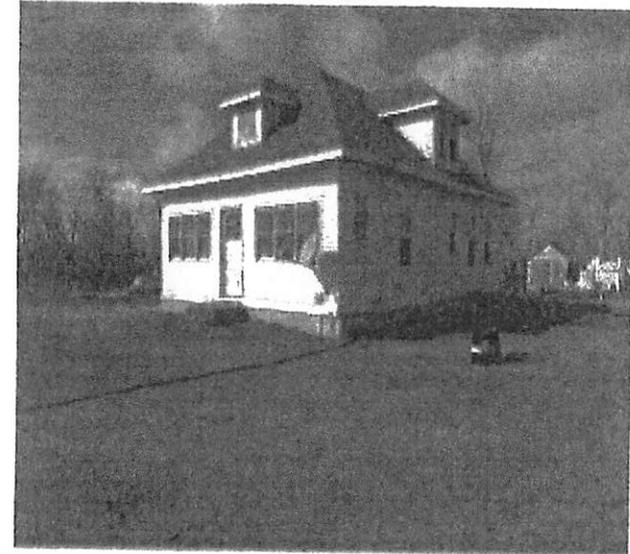
Paul White requested that a house & shop on his farmsite should be farm exempt. He does have a renter living in the house whose income is farm based. The shop building is used for farm activities, also, as it houses farm equipment, according to Mr. White. The state's attorney's opinion was that if Mr. White provides a rental agreement for his renter for 10 acres where the buildings are located, that the buildings could qualify for the farm exemption as they are used for agricultural purposes. This should be brought to the Township, first, and could be considered at the next Commission meeting, June 16.

Sandy requested that the residential equalization be recessed until June 16, 2015, as she had just received Milnor City's assessment book that morning so was unable to have final figures for a recommendation. Motion for the Board of Review and Equalization to recess until 11:00 a.m., June 16. (Anderson/Hosford, unanimous)

Three Applications for Abatement or Refund of Taxes which had been filed were addressed. The first two abatement applications were filed by James & Ione Lunneborg, on the S1/2 of NW1/4 & SW1/4; and NE1/4 of Section 31, Shuman Township, requesting an inundated lands adjustment for 2014. The other abatement application was filed by Randy Pearson, on the NW1/4 in Section 10, also in Shuman Township, requesting an inundated lands adjustment for 2014. Shuman Township approved the



PDF+PIN: 028+21-6273000



Sketch 1 of 1

Notes for parcel: 21-6273000

Assess 5 Acres as residential property. 03/18/2014

SH inspected property.

No interior inspection-no one home

RESIDENTIAL

EXTERIOR

New shingles.

Wood siding.

Cement foundation.

Basement - assume dirt.

OUTBUILDINGS:

10 x 16 garage .

No value for shed

GRAINARY:

Metal roof.

Wood siding.

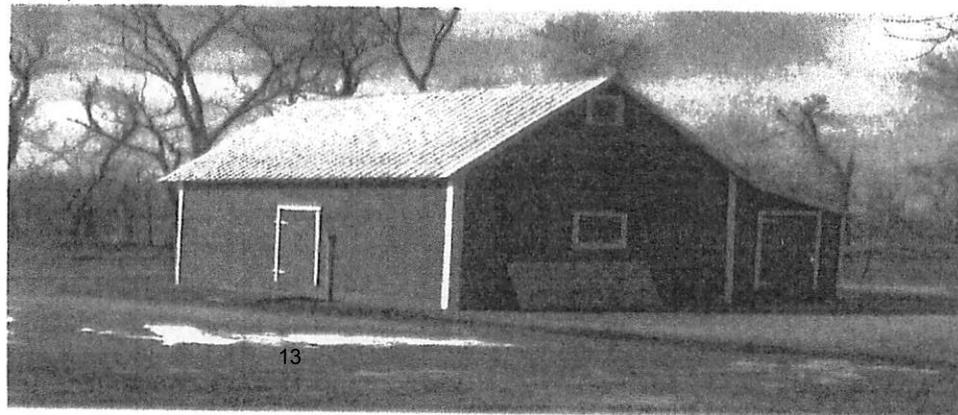
Wood floor.

Image printed on 7/8/2015 at 11:08 AM

Parcel: 21-6273000, Photo 3 of 6

Taken: 03/12/2014, Last edit: 03/20/2014

Notes: GRAINARY



Rental Agreement

This agreement is made between Paul White (Landlord) and Ryan Lindvall (Tennant/Farmer) for the House/Farm located at 12311 HWY 13 Stirum ND, 58069

The following clauses are part of the agreement:

1) *Rental rate is dependent on cost of utilities and may be negotiated as often as needed. This rent may also be paid by exchanged labor or other duties, equipment, or supplies deemed valuable to the property.*

2) *Rent may be paid bi annually, depending on when the price of propane is economically purchased. This to be equally decided by the tenant and the landlord*

3) *Tennant to occupy 10.1 contiguous acres as seen fit by the Landlord to fulfill duties needed to maintain and benefit the property. Tennant to occupy only and not to receive any benefits or incur any additional expenses resulting from this clause*

This agreement starts 6-1-2015 and ends with a 5 day notice of termination by either party. The electric bill will be the responsibility of the Landlord to pay on a timely basis. The amount of the electric expense will be disclosed to the Tennant when rent is negotiated.

Paul White 6-15-15

Paul I White

Date

Ryan Lindvall 6-15-15

Ryan Lindvall

Date

Brought to office by Jennifer White
RECEIVED
6-25-15
SH

State Board of Equalization

August 11, 2015

File No.: 2015-WILL-WILL-001

County or City: Williams

Appellant: Hodenfield Living Trust

Issue: Champion Township property assessment

County Tax Director: Darcy Anderson

City Assessor:

Summary: The Hodenfield Living Trust disputes the assessments of parcels 24-157-97-00-07-015, 24-157-97-00-07-010, and 24-157-97-00-33-040.

Notes:

Box 525
Ray, North Dakota 58849-0525
April 3, 2015

RECEIVED

APR - 8 2015

TAX COMMISSIONER

Dear Champion Township Board of Equalization, Williams
County Assessor, Williams County Board of Equalization,
& State Board of Equalization,

This my written appeal to the assessment I received last
week. The latest assessment of my township real estate is
totally out of hand. Parcel 24-157-97-00-07-015 jumped
\$8284 in one year's time. Parcel 24-157-97-00-07-010
jumped \$8332 from 2014 to 2015 and Parcel 24-157-97-00-
33-040 jumped \$15240. Just where do you come up with
your figures? It appears the sky is the limit.

Sincerely,

Hodenfield Living Trust, Carla Kay



State Board of Equalization

August 11, 2015

File No.: 2015-WILL-WILL-002

County or City: Williams

Appellant: Hodenfield Living Trust

Issue: City of Ray property assessment

County Tax Director: Darcy Anderson

City Assessor:

Summary: The Hodenfield Living Trust disputes the assessment of parcel 02-000-00-35-05-005.

Notes:

Box 525
Ray, North Dakota 58849-0525
April 12, 2015

POSTMARK
APR 13 2015

Dear City of Ray Board of Equalization, Williams County Assessor, Williams County Board of Equalization, & State Board of Equalization,

This is my written appeal to the assessment I received this week. The latest assessment of my city real estate is totally out of hand. Parcel 02-000-00-35-05-005 jumped \$12,200 in one year's time. Just where do you come up with your figures? It appears the sky is the limit.

Sincerely,

Carla Kay Hodenfield
Hodenfield Living Trust, Carla Kay

State Board of Equalization

August 11, 2015

File No.: 2015-BURK-BURK-001

County or City: Burke

Appellant: Burke County

Issue: County residential property

County Tax Director: Janet Cron

City Assessor:

Summary: Following a review of all residential properties within the cities of Bowbells, Columbus, Flaxton, Lignite, Portal, and Powers Lake for the 2015 assessment, residential property within Burke County is not within the tolerance level. Burke County requests the 2015 assessment be accepted to allow 2015 sales to be considered for the 2106 assessment year.

Notes:

Burke County Director of Tax Equalization

June 30, 2015

North Dakota State Board of Equalization

Linda Leadbetter, State Supervisor of Assessment

Bismarck ND 58505

Dear members of the Board of Equalization:

The numbers for Burke County are an "indicator" of the work to be done in Burke County.

The fact of the matter is that in 2015 every parcel was addressed in all of the town/cities within the county. The city boards were convinced by reviewing sales from their individual town/city, that a reassessment was required in order to equalize the assessments.

The county office reviewed every residential parcel in Bowbells, Columbus, Flaxton, Lignite, Portal and Powers Lake. The sales indicated within each city the correct value per sq ft. and those numbers were applied within that city. There is a very distinct per sq. ft. value difference within each city

The county office sent out notices of increase to every parcel holder that increased \$3000 and 10 % as required and held the necessary hearings for each city/town.

Because of the wide range in grade, age, and quality, we handled each parcel on an individual basis. The result was a 34% increase overall in value to have equitable assessment for the parcels in each town. The increases were actually in a range from -8% to an increase of 2.38%. I have attached copies of the increase spreadsheets for your review.

After this local equalization was complete, the numbers for the county indicate a 31 % increase is still needed. However, the median is a measuring tool and does not reflect the work completed for Burke County.

I am requesting that the board consider the work down at the individual parcel level and allow the assessment to remain as submitted for the 2015 assessment year. Sales in 2015 will give a better measuring tool and any further adjustments can be made for the 2016 assessment year.

Respectfully submitted,

Janet Cron, Burke County Director of Tax Equalization

NORTH DAKOTA STATE TAX COMMISSIONER
PROPERTY TAX DIVISION
CERTIFICATION OF SUPPLEMENTARY ABSTRACT

2015____

THIS PAGE MUST BE MAILED BY JUNE 30
ENTER THE TOTALS FROM SUPPLEMENTARY ABSTRACT

| | LAND | | BUILDING | | TOTAL | |
|--------------|----------|----------|------------|-----------|------------|-----------|
| | INCREASE | DECREASE | INCREASE | DECREASE | INCREASE | DECREASE |
| AGRICULTURAL | 11515.00 | 71100.00 | | | 11515 | 71100 |
| RESIDENTIAL | 84000.00 | 12600.00 | 2344400.00 | 168200.00 | 2428400.00 | 180800.00 |
| COMMERCIAL | 98500.00 | 51200.00 | 1900200.00 | 74600.00 | 1998700.00 | 125800.00 |

TO COUNTY AUDITOR

The County Auditor shall calculate the changes of the assessment lists as finally equalized by the County Board or as otherwise provided by law, and make corrections accordingly. Immediately thereafter the auditor shall make two copies of this abstract, returning one to the Tax Commissioner and filing one in the auditor's office.

The correctness of the proceedings of the State Board of Equalization depends entirely upon the correctness of your abstract; consequently all figures must be correctly set down, accurately footed and proved.

Tax Commissioner

COUNTY AUDITOR CERTIFICATE

STATE OF NORTH DAKOTA
COUNTY OF _____ Burke _____ } ss.

I, Janet M Cron certify that this is a correct supplementary abstract of the assessment of real property for the year 2015____, as equalized by the county or special board of equalization.

Certified this 30 day of June 2015__

County Auditor or Director of Tax Equalization
Janet M Cron, Director of Tax Equalization

Directors of Tax Equalization and Assessors

27-Jul-15

| | | | | | |
|------------------|--------------------------|-----------------------|----------------------------|---------------|----------|
| 1 ADAMS | KIM FRANK | PO BOX 589 | HETTINGER ND 58639-0589 | 567-2990 | 567-2910 |
| 2 BARNES | BETTY KOSLOFSKY | 230 4TH ST NW Rm 201 | VALLEY CITY ND 58072-2974 | 845-8515 | 845-8538 |
| 3 BENSON | RANDY THOMPSON | PO BOX 288 | MINNEWAUKAN ND 58351-0288 | 473-5524 | 473-5571 |
| 4 BILLINGS | STACEY SWANSON | PO BOX 247 | MEDORA ND 58645-0247 | 623-4810 | 623-4761 |
| 5 BOTTINEAU | LISA PETERSON | 314 W 5TH ST STE 10A | BOTTINEAU ND 58318-1204 | 228-2901 | 228-3658 |
| 6 BOWMAN | DEAN PEARSON | 104 1ST ST NW STE 4 | BOWMAN ND 58623-4335 | 523-3129 | 523-5443 |
| 7 BURKE | JANET CRON | PO BOX 174 | BOWBELLS ND 58721-0174 | 377-2661 | 377-2020 |
| 8 BURLEIGH | ALLAN VIETMEIER | PO BOX 5518 | BISMARCK ND 58506-5518 | 222-6691 | 222-7528 |
| 9 CASS | FRANCIS KLEIN | PO BOX 2806 | FARGO ND 58108-2806 | 241-5616 | 241-5728 |
| 10 CAVALIER | PAM LAFRENZ | 901 3RD ST SUITE 6 | LANGDON ND 58249-2457 | 256-2289 | 256-2546 |
| 11 DICKEY | DON FLAHERTY | PO BOX 393 | ELLENDALE ND 58436-0393 | 349-3249-7 | 349-4639 |
| 12 DIVIDE | HEATHER KIPPEN | PO BOX 49 | CROSBY ND 58730-0049 | 965-6530 | 965-6943 |
| 13 DUNN | BONNIE BELL | 205 Owens St | MANNING ND 58642-9513 | 573-4445 | 573-4444 |
| 14 EDDY | KRISTY O'CONNOR | 524 CENTRAL AVE | NEW ROCKFORD ND 58356-1698 | 947-2434-2015 | 947-2279 |
| 15 EMMONS | ANN BERNHARDT | PO BOX 776 | LINTON ND 58552-0776 | 254-4417 | 254-4012 |
| 16 FOSTER | KAREN EVANS | PO BOX 257 | CARRINGTON ND 58421-0257 | 652-3060 | 652-2173 |
| 17 GOLDEN VALLEY | HENRY GERVING | PO BOX 67 | BEACH ND 58621-0067 | 872-4673 | 872-4383 |
| 18 GRAND FORKS | AMBER GUDAJTES | PO BOX 5294 | GRAND FORKS ND 58206-5294 | 780-8258 | 780-8212 |
| 19 GRANT | JENNIFER WERNER | PO BOX 263 | CARSON ND 58529-0263 | 622-3311 | 622-3005 |
| 20 GRIGGS | SAMANTHA QUAST | PO BOX 533 | COOPERSTOWN ND 58425-0533 | 797-3211 | 797-3587 |
| 21 HETTINGER | PAULA FEDDER | PO BOX 157 | MOTT ND 58646-0157 | 824-2515 | 824-2717 |
| 22 KIDDER | JIM ALBRECHT | PO BOX 125 | STEELE ND 58482-0125 | 475-2632-6 | 475-2202 |
| 23 LAMOURE | JAN MEIDINGER | PO BOX 128 | LAMOURE ND 58458-0128 | 883-6021 | 883-4514 |
| 24 LOGAN | TRISHA LAINE | 301 BROADWAY | NAPOLEON ND 58561-7010 | 754-2239 | 754-2270 |
| 25 MCHENRY | JENNIFER STEWART | 407 MAIN ST S RM 204 | TOWNER ND 58788-4029 | 537-5359 | 537-5969 |
| 26 MCINTOSH | JENNIFER HARTZE GOEHRING | PO BOX 12 | ASHLEY ND 58413-0012 | 288-3353 | 288-3671 |
| 27 MCKENZIE | KATIE PAULSON | 201 5TH ST NW # 797 | WATFORD CITY ND 58854-7118 | 444-6852 | 444-4113 |
| 28 MCLEAN | TODD SCHREINER | PO BOX 1108 | WASHBURN ND 58577-1108 | 462-8541-204 | 462-3542 |
| 29 MERCER | GARY EMTER | PO BOX 39 | STANTON ND 58571-0039 | 745-3294 | 745-3364 |
| 30 MORTON | LINDA MORRIS | 210 2ND AVE NW | MANDAN ND 58554-3124 | 667-3326 | 667-3380 |
| 31 MOUNTRAIL | LORI HANSON | PO BOX 69 | STANLEY ND 58784-0069 | 628-2425 | 628-2276 |
| 32 NELSON | MICHELLE LINSTAD | 210 B AVE W STE 303 | LAKOTA ND 58344-7410 | 247-2840 | 247-2943 |
| 33 OLIVER | TERI SCHULTE | PO BOX 188 | CENTER ND 58530-0188 | 794-3129 | 794-3476 |
| 34 PEMBINA | JULIE DOYLE | 301 Dakota ST W #4 | CAVALIER ND 58220-4100 | 265-4697 | 265-4876 |
| 35 PIERCE | KELSEY SIEGLER | 240 SE 2ND ST Ste. 9 | RUGBY ND 58368-1830 | 776-5868-3 | 776-5707 |
| 36 RAMSEY | JERRY RATZLAFF | 524 4TH AVE UNIT 7 | DEVILS LAKE ND 58301-2490 | 662-7012 | 662-7098 |
| 37 RANSOM | KRISTIE REINKE | 205 5TH AVE W | LISBON ND 58054-0830 | 683-6111 | 683-5827 |
| 38 RENVILLE | DIANA KRAUSE | PO BOX 68 | MOHALL ND 58761-0068 | 756-6304 | 756-7158 |
| 39 RICHLAND | SANDY FOSSUM | 418 2ND AVE N | WAHPETON ND 58075-4400 | 642-7805 | 642-7820 |
| 40 ROLETTE | WENDY BELGARDE | PO BOX 939 | ROLLA ND 58367-0939 | 477-5665 | 477-6339 |
| 41 SARGENT | SANDY HANSON | 355 MAIN ST STE 9 | FORMAN ND 58032-4149 | 724-6241-2 | 724-6244 |
| 42 SHERIDAN | CYNTHIA WAHL | PO BOX 439 | MCCLUSKY ND 58463-0439 | 363-2201 | 363-2953 |
| 43 SIOUX | BARB HETTICH | PO BOX L | FORT YATES ND 58538-0529 | 854-3481-11 | 854-3854 |
| 44 SLOPE | JOAN LORGE | PO BOX NN | AMIDON ND 58620-0449 | 879-6370 | 879-6278 |
| 45 STARK | DIANE BRINES | PO BOX 130 | DICKINSON ND 58602-0130 | 456-7671 | 456-7634 |
| 46 STEELE | TASHA KRUEGER | PO BOX 275 | FINLEY ND 58230-0275 | 524-2519 | 524-1715 |
| 47 STUTSMAN | TYLER PERLEBERG | 511 2ND AVE SE #102 | JAMESTOWN ND 58401-4210 | 252-9032 | 251-6325 |
| 48 TOWNER | BONNIE GOOD | PO BOX 603 | CANDO ND 58324-0603 | 968-4352-7 | 968-4344 |
| 49 TRAILL | KAYLA KNUDSON | PO BOX 745 | HILLSBORO ND 58045-0745 | 636-5950 | 636-5418 |
| 50 WALSH | MARY WILD | 600 COOPER AVE | GRAFTON ND 58237-1535 | 352-1077 | 352-3340 |
| 51 WARD | RYAN KAMROWSKI | PO BOX 5005 | MINOT ND 58702-5005 | 857-6430 | 857-6424 |
| 52 WELLS | JANA SCHIMELFENIG | 700 RAILWAY ST N #361 | FESSENDEN ND 58438-7419 | 547-3220 | 547-3719 |
| 53 WILLIAMS | DARCY ANDERSON | PO BOX 2047 | WILLISTON ND 58802-2047 | 577-4555 | 577-4559 |

Directors of Tax Equalization and Assessors

27-Jul-15

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|----------------|-----------------|---------------------|---------------------------|----------|----------|
| 54 VALLEY CITY | SANDY HANSEN | PO BOX 390 | VALLEY CITY ND 58072-0390 | 845-8123 | 845-4588 |
| 55 BISMARCK | DEBI GOODSSELL | PO BOX 5503 | BISMARCK ND 58506-5503 | 355-1630 | 222-6606 |
| 56 FARGO | BEN HUSHKA | 404 4TH AVE N | FARGO ND 58102-4844 | 241-1340 | 241-1339 |
| 57 WEST FARGO | NICK LEE | 800 4TH AVE E Ste 1 | WEST FARGO ND 58078-2060 | 433-5340 | 433-5319 |
| 58 GRAND FORKS | PAUL HOUDEK | PO BOX 5200 | GRAND FORKS ND 58206-5200 | 746-2611 | 746-0136 |
| 59 MANDAN | SHIRLEY SHAW | 205 2ND AVE NW | MANDAN ND 58554-3125 | 667-3230 | 667-3481 |
| 60 DEVILS LAKE | GARY MARTINSON | PO BOX 1048 | DEVILS LAKE ND 58301-1048 | 662-7607 | 662-7612 |
| 61 WAHPETON | CARLA BROADLAND | PO BOX 490 | WAHPETON ND 58074-0490 | 642-8449 | 642-1428 |
| 62 DICKINSON | JOE HIRSCHFELD | 99 2ND ST E | DICKINSON ND 58601-5222 | 456-7734 | 456-7723 |
| 63 JAMESTOWN | DARRELL WOLLAN | 102 3RD AVE SE | JAMESTOWN ND 58401-4103 | 252-5903 | 252-5903 |
| 65 MINOT | KEVIN TERNES | PO BOX 434 | MINOT ND 58702-0434 | 857-4160 | 857-4130 |
| 66 WILLISTON | DARCY ANDERSON | PO BOX 2047 | WILLISTON ND 58802-2047 | 577-4555 | 577-4559 |