

# APPRAISAL REPORT



**OF A**  
Multi-Family Commercial Property

**LOCATED AT**  
3303 W Oakland Ave  
Austin, MN 55912

**PREPARED FOR**  
Foresight Bank  
138 West Broadway  
Plainview, MN 55964

**AS OF**  
March 4, 2025

**PREPARED BY**  
Brady M. Stevens  
Realty Plus, LLC  
PO Box 1066  
Hayfield, Minnesota, 55940

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## Summary of Salient Facts and Conclusions

Property Address	3303 W Oakland Ave Austin, MN 55912
Parcel #	34.875.0021
Legal Description	See Report
Fee Owner	Early Sunset, LLC
Taxpayer:	Early Sunset, LLC
Total Site Area:	91,912 SF/2.11 Acres
Above Grade SF:	24,837 SF
Zoning:	B-2, Community Business
Intended Use of Property:	Apartments
Property Rights Appraised:	Fee Simple
Approaches to Value:	
Sales Comparison Approach:	\$3,300,000
Cost Approach:	N/A
Income Approach:	\$3,150,000
Final Value Estimate	\$3,250,000
Effective Date of Appraisal	March 4, 2025
Inspection Date of Appraisal	March 4, 2025

**Realty Plus, LLC  
PO Box 1066  
Hayfield, Minnesota 55940  
Phone: (507) 477-3884**

March 9, 2025

Mae Schmit  
Foresight Bank  
138 West Broadway  
Plainview, MN 55964

RE: Appraisal of a Multi-Family Commercial Property  
Foresight Bank, Owner  
3303 Oakland Ave W  
Austin, MN 55912

To Whom It May Concern:

As pursuant to your request, I have inspected and appraised a multi-family commercial property with 55 rental units located at 3303 W Oakland Ave, Austin, MN as further described in this report.

The Appraisal Report contains summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation that is not provided with this report is retained in the appraiser's file. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report. This appraisal did not include an environmental survey to determine the presence of hazardous waste or materials in the land.

As a result of my analysis, it is my opinion that the property has a **Market Value of \$3,250,000** rounded as of March 4, 2025. This value is based on an extraordinary assumption as I did not view all interior units, see page 9.

**(THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS)**

Respectfully Submitted,



Brady M Stevens  
MN Trainee Appraiser  
Appraisal License #40538703



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. At the request of the client an AS IS value of the real estate as of the effective date, 3/4/2025, which is also the date of inspection. The property consists of 55 apartment units. Information has been obtained from property manager Heidi Heskett, Mower County records, MLS, appraiser work files, my interior and exterior inspection of the property. I have previously appraised the subject within 3 years of accepting this assignment. This is for bank owned real estate.

### **INTENDED USE**

The intended use of this appraisal report is for the client to evaluate the property that is the subject of this appraisal for determining market value as of March 4, 2025, the effective date of the appraisal for bank owned real estate.

### **INTENDED USER**

The intended user of this appraisal report is the client, Foresight Bank, with Mae Schmit as the contact person.

### **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. (Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C-Appraisals, 34.42 (h))

**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, if any. 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 this appraisal.
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 well be performed in a professional manner.

**APPRAISER'S CERTIFICATION:**

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

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

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

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

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

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

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

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

I have made a personal inspection of the property that is the subject of this report. No one else provided real property appraisal assistance to the person signing this certification.

I have performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Date: March 9, 2025

**Appraiser**



Brady M. Stevens  
MN Certified General Appraiser  
Appraisal License #40538703

### **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to form an opinion of the Market Value through the use of the Market, Cost and Income approaches to value unless otherwise noted as of March 4, 2025.

### **PROPERTY RIGHTS APPRAISED**

Property rights appraised are all those rights inherent in the **Fee Simple** title of the real estate.

### **FEE SIMPLE ESTATE DEFINED**

“Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (The Dictionary of Real Estate Appraisal, Seventh Edition)

### **LEASED FEE ESTATE DEFINED**

“The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.” (The Dictionary of Real Estate Appraisal, Seventh Edition)

### **TITLE INFORMATION, HISTORY OF CONVEYANCE**

PID 34.875.0021; Early Sunset, LLC

Fee title interest in the property is invested as noted above based on my research of Mower County Property records. According to county records there was one qualified sales and transfers noted in the prior 3 years from the effective date of this appraisal. Subject sold on 11/22/2022 for \$3,500,000, grantor recorded as Campus View Suites, LLC to grantee Early Sunset, LLC. This was a publicly market sale, Prosper Real Estate is offered the subject for sale for \$3,699,000, no marketing time was provided. This was considered an arm's length transaction.

### **EXPOSURE TIME**

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of this appraisal.

Estimated exposure time for the property is approximately 6 to 12 months based on other similar sales in the area. Similar multi-family real estate sales have remained steady with limited sales due to interest rates being higher thus making financing more difficult to obtain.

### **MARKETING TIME**

An opinion of the amount of time it would likely take to sell a real or personal property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal.

Estimated marketing time for the property is approximately 6 to 12 months based on other similar sales in the area. Similar multi-family real estate sales have remained

steady with limited sales due to interest rates being higher thus making financing more difficult to obtain.

**EXTRAORDINARY ASSUMPTION:**

“An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser’s opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.” (USPAP, 2020-2021 ed.)

I did not view the interior of all units, appraiser viewed units #268, #250, #253, #136 and #133. Appraiser assumes the other units are in similar condition to the units viewed. Should these assumptions change, the market value conclusions provided in this report may be subject to change.

**HIGHEST AND BEST USE**

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

**HIGHEST AND BEST USE OF LAND OR A SITE AS THOUGH VACANT**

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

**HIGHEST AND BEST USE OF PROPERTY AS IMPROVED**

The use that should be made of a property, as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

### **CONCLUSION OF HIGHEST AND BEST USE**

After considering the local market it is the opinion of the appraiser that the highest and best use of the property is apartments.

Legally Permissible: Subject is zoned to allow apartments.

Physically Possible: Land has limited other uses due to its zoning and current improvements.

Financially Feasible: The property is financially feasible as apartments due to the demand for housing.

Maximally Productive: The property is maximally productive as apartments due to the demand for housing and the current building improvements. Most land in the area is used for commercial purposes with some residential to the west.

*“B-2 Community Business District. It is the purpose of the B-2 District to permit and to encourage the establishment of commercial shopping centers which offer a wide variety of consumer goods and services. It is intended that the community business district serve a larger population and larger area than the B-1 District and, when located along major highways and thoroughfares, accommodate primarily automotive-oriented establishments.” (City of Austin)*

### **LEGAL DISCLOSURE**

The legal description is presumed to be correct. No opinion of a legal nature, such as to ownership of the property or condition of title is rendered. The appraiser assumes the title to the property is marketable; that the property is an unencumbered fee.

**VALUE CHANGE, DYNAMIC MARKET, INFLUENCES, ALTERATION OF  
MARKET VALUE OPINION AND ANALYSIS BY APPRAISER**

The market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value opinion considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The market value opinion, and the costs used, is as of the date of the opinion of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value opinion.

In cases of appraisals involving the capitalization of income benefits, the opinion of market value or investment value or value in use is reflection of such benefits and appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such opinions are as of the date of the opinion of value; they are thus subject to change as the market and value is naturally dynamic.

The appraisers reserve the right to alter statements, analysis, conclusions or any value opinion in the appraisal if there becomes known to us facts pertinent to the appraisal process, which was unknown to us, when the report was finished. Such may include, but is not limited to, physical structure, quality, condition, features, legal status, financing, and leases as well as market conditions and influences.

Appraisal report and the market value opinions are subject to change if physical or legal entity or financing different than that envisioned in this report or upon change in (or discover of certain influencing) market conditions or property condition as well.

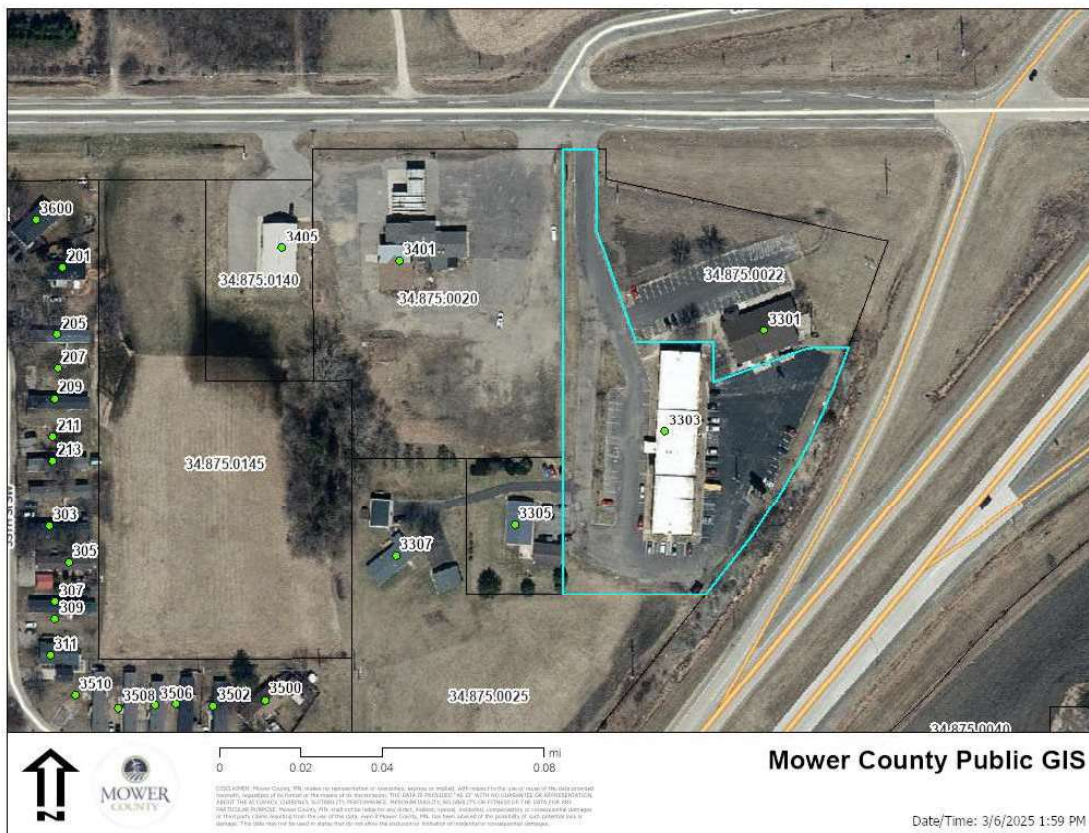
It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management; neither inefficient nor super-efficient, with adequate capital and management skills for such endeavor.



## **DESCRIPTION OF THE PROPERTY**

### **Parcel #34.875.0021 – 3303 Oakland Ave W**

The subject consists of 2.11 acres/91,912 SF according to Mower County records. The subject is located along W Oakland Ave, which runs along the northern boundary, a concrete surface. The site is irregular in shape. The property is currently improved with a 2-story building with a partial basement with asphalt off-street parking surrounding the building. City sewer and water. Other services include electricity, natural gas, internet and telephone. Normal utility easements will exist. See GIS Map obtained from Mower County property records below. The property is currently an apartment building with 55 rental units. See building description below.





Building Improvements			
Main Floor (SF)	12,513	Year Built	1977
Second Floor (SF)	12,324	Insulation	Assume to Code
Basement (SF)	1,456	Plumbing	Assume to Code
Total Bldg. (SF)	26,293	Electrical	Assume To Code
Foundation	Poured Concrete	Flooring	Vinyl/Carpet
Ext. Wall	Steel/Brick/Vinyl	Heat	FA/PTAC
Int. Wall	Sheetrock	Central Air	Central/PTAC
Ceilings	Suspended	Lighting	LED
Roof Structure	Flat	Bathrooms	57
Roof Material	PVC	Units	55

The frame constructed 2-story building was built in 1977 according to county property records. There are a total of 55 units, with 54 studio units and 1 – 1 bedroom unit. 2 ADA units. Main floor is 12,513 SF, 2<sup>nd</sup> floor is 12,324 SF with a partial basement of 1,456 SF. The remaining is crawl space with different access points. Property has been extensively remodeled in 2021 and 2022. Subject has new subfloor & some new drywall, interior electrical and plumbing in the units, new PVC roof, new flooring, new kitchen cabinets and countertops and approximately 65% new PTAC heating/cooling units. New fire sprinkler system in the building. I was not able to view the roof. New asphalt off-street parking and replaced main water line. The kitchens have a stove, refrigerator, and microwave.

The main floor consists of a lobby, common area and game room, workout room with a  $\frac{3}{4}$  bathroom, laundry and 26 units. The dryers and washing machines are not owned and provide rental income. The second floor has 29 units. The basement is used for mechanicals & there is a  $\frac{1}{2}$  bathroom in the basement. Building is 48 years actual age; effective age is 13 years with 52 years remaining life estimated. The building is in good condition.











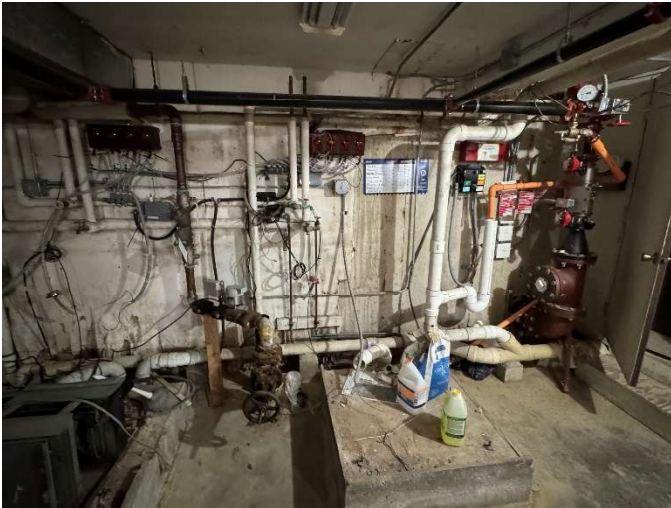














## **LEGAL DESCRIPTION**

### **Parcel 34.875.0021**

Section 5 102 18 2.11 AC NE1/4 SW1/4 NW OF I-90 EXC. W. 275' E. 1292' S. 176' N. 603'

Legal description was obtained from Mower County records and may not be a full legal description.

## **ZONING FOR THE PROPERTY**

The property according to the City of Austin is located in an area that is zoned B-2, Community Business. Appraiser assumes the property is a permitted use.

## **REAL ESTATE TAXES**

### **Parcel 34.875.0021**

According to County records taxes due and payable in 2024 are \$39,522. Estimated market value for payable 2024 is reported at \$2,429,700. Estimated market value for payable 2025 is reported at \$2,624,700 with 2025 proposed taxes of \$41,374.

## **COMMUNITY DESCRIPTION**

Subject is located within the city limits of Austin, Minnesota. Austin is a stable influence on the local economy and a major employment base for properties in this neighborhood. Austin has a good industrial base which provides good employment opportunity for the surrounding area. I-90 and State Hwy 218 run through Austin. The subject has good access to major roads and near all city amenities. See following pages for information on the City of Austin which was prepared in 2022 relating to housing and rental supply in Austin. All information obtained from [www.ci.austin.mn.us](http://www.ci.austin.mn.us).

## **NEIGHBORHOOD ANALYSIS**

The subject is located along W Oakland Ave in the western portion of Austin. Subject has good visibility and good access to I-90. Structures in the immediate area are of a mixed use for commercial and residential. The neighborhood has concrete and asphalt streets. The topography is generally level. The neighborhood is served with public utilities such as water, sewer, electrical, natural gas and telephone service. The neighborhood has good proximity to town and also is well located to major routes in and out of town. The present land use is not likely to change in the near future. It is the opinion of the appraiser that the following are rated average: employment stability, convenience to employment, shopping and schools, recreational facilities, property compatibility, general appearance of property and appeal to market. Public transportation, adequacy of utilities, police and fire protection are rated average also. It was necessary to expand the neighborhood to find meaningful comparable sales due to the very limited sales of similar building improvements.

## **FEMA FLOOD HAZARD DISCLOSURE**

Subject is not located in a FEMA designated Flood Hazard Area. FEMA Flood Map 275228-27099C0167D, which indicates FEMA Zone X and dated 09/04/2013.



## Economic and Demographic Trends – Austin

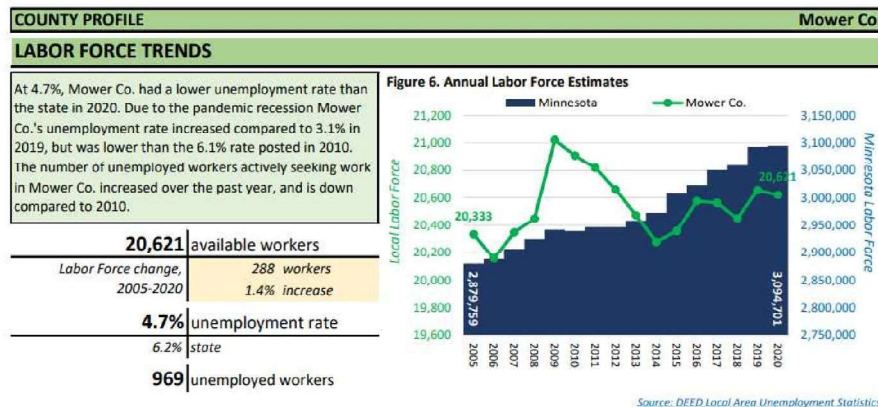
Forecasting future demographic, economic, and employment trends for Austin is challenging and dependent on a concentration of economic and commercial activity. Austin's economy is anchored by Hormel Foods, whose corporate headquarters and largest plant are within Austin city limits. When analyzing the economics of the community, this concentration makes Austin similar to Rochester, which also has one large dominant employer. Of the 25 largest private employers in Minnesota, all but two are located in the Minneapolis/St. Paul area: Hormel and the Mayo Clinic. Traditionally, most small cities with populations of 25,000 to 100,000 do not have this kind of economic concentration and are therefore more tied to regional and national growth trends. Growth in Austin and Rochester are directly tied to food production and medical services, respectively, with less influence from regional economic trends, growth rates, and adjacent economic drivers. These two large employers have national footprints and are influenced by national consumer demands and trends, which impact the local economy in Austin. Both food processing and healthcare are relatively stable sectors of the economy. Therefore, compared with most other jurisdictions in the country of similar size, the Austin and Rochester economies need to be viewed in light of national trends for food production and healthcare, as well as projections for these two specific firms: Hormel and the Mayo Clinic.

Compared with other manufacturing industries, food processing is relatively stable and much less

cyclical than durable goods manufacturing (like dishwashers) or transportation manufacturing (like airplanes). Following the great recession, Hormel's revenues grew about 6% per year between 2011 and 2014. Between 2015 and 2020, gross revenues were extremely stable, only fluctuating up or down by a few percentage points every year. With recent acquisitions, including Planters, it is expected that total company revenues will be significantly higher for 2021 and 2022.

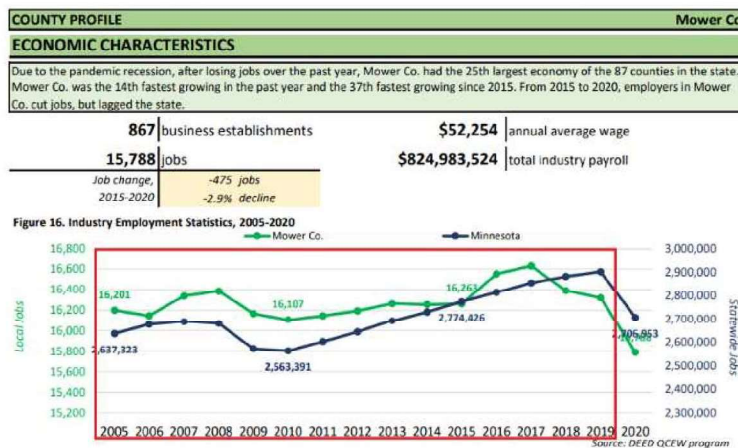
Hormel's annual reports show an expanding national and international footprint. In the past five years they have constructed five new manufacturing plants and added eight more plants through acquisitions. In the previous five years they acquired five more plants. They are expanding their sales into emerging markets, including Brazil and China. Their in-house sales and marketing team is deep, with over a thousand employees. In 2019, they initiated modernization of their information technology systems in conjunction with Oracle. Hormel HR executives indicated that with more acquisitions, greater sales, and new focus on IT and e-commerce, larger numbers of technical and marketing positions will be required. More productive processing plants will also require more engineers and technicians.

The labor force includes those employed and those without jobs who are currently seeking employment; it is a measure of the **short-term supply of labor**. Mower County saw a significant decrease in the labor force following the Great Recession. However, since 2014, the labor force has only grown half as fast as the state average.



The graph below shows the actual number of jobs, which is the **short-term demand for labor**. The large decline following 2019 represents the short-term impact of the COVID-19 global pandemic. The green line shows the number of jobs by year in Mower County between 2005 and 2019, which shows some volatility over time. The graph indicates a relatively stable number over the long-term, especially considering the size of the county

relative to the state as a whole. We would expect to see a lot of up-and-down movement year by year, solely because of the small population of Mower County, not because of the types of jobs here. Because of the small size of the Austin labor market, small changes to individual employers (up or down) impact the statistics in outsized ways.



The exhibit below describes regional employment projections from the Minnesota Department of Employment and Economic Development. The data covers the Southeast Minnesota Planning Region and on average, the largest increase in the number of jobs by industry between 2018 to 2028 is expected in healthcare, at 12.6%. The right-hand portion of the chart indicates the number of jobs by industry that will need to be filled by 2028 due to retirements. Those absolute numbers are very large, not only in healthcare (14,000), but also in sales and marketing (13,000), office and

administrative (16,000), manufacturing and production (10,000) and transportation (7,600). Attracting new staff to replace those retiring will be an important goal for the Austin community over the next decade, and possibly more important than increasing the total number of jobs.

*Attracting new staff to replace those retiring will be an important goal for the Austin community over the next decade.*

Mower Co. is a part of the Southeast planning region, which is projected to see a 4.6% increase in employment levels over the next decade. In addition to new jobs created, there will be a much larger number of exit openings (see Figure 15).

**Table 14. Regional Industry Employment Projections, 2018-2028**

	Estimated Employment 2018	Projected Employment 2028	Percent Change 2018-2028
<b>Southeast Planning Region</b>			
<b>Total, All Industries</b>	<b>273,458</b>	<b>285,010</b>	<b>4.2%</b>
Natural Resources & Mining	3,253	3,457	6.3%
Utilities	1,204	1,147	-4.7%
Construction	9,146	10,359	13.3%
Manufacturing	36,571	36,221	-0.9%
Wholesale Trade	7,274	7,451	2.4%
Retail Trade	26,683	26,685	0.0%
Transportation & Warehousing	7,905	8,578	8.5%
Information	3,484	3,352	-3.8%
Finance & Insurance, Real Estate	7,657	7,664	0.1%
Professional Services & Mgmt. of Companies	6,816	7,069	3.7%
Administrative & Waste Services	8,526	9,229	8.2%
Educational Services	20,851	21,190	1.6%
Health Care & Social Assistance	64,634	72,782	12.6%
Leisure & Hospitality	23,658	24,140	2.0%
Other Services, Ex. Public Admin	9,197	9,073	-1.3%
Public Administration	14,438	14,635	1.4%

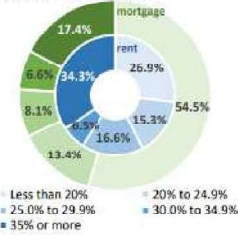
Source: DEED 2018-2028 Employment Outlook



Median monthly owner costs, owner-occupied units with a mortgage	<b>\$1,129</b>
state	\$1,580
Percentage of households with a mortgage spending 30% or more of their income on housing costs	<b>24.0%</b>
state	21.8%
Median monthly rent costs	<b>\$716</b>
state	\$977
Percentage of renters spending 30% or more of their household income on rent	<b>40.8%</b>
state	45.1%

Source: 2015-2019 American Community Survey, 5-Year Estimates

Figure 13. Housing Costs as a Percentage of Income, 2019



On an absolute basis, and as a percentage of income, housing in Mower County is relatively affordable, both for for-sale and rental units. The median monthly costs for the owner of a single-family house in Mower County is \$1,129 per month, or 28% below the statewide median. Median monthly rental costs are \$716 a month, or 27% below the state median. As a percentage of income, the fact that 40.8% of Mower County renters are spending more than 30% of household income on rent is an area for concern. However, that is 9% below the statewide average of 45.1%.

Fannie Mae and Freddie Mac record average house sales prices by county and state. Their long-term data show that house prices statewide grew 215% in the 30-year period between 1990 and 2020 and 95% in the 20-year period between 2000 and 2020. This results in an annual growth of approximately 7% per year and adjusting for inflation, results in an annual growth of approximately 4% per year. By comparison, Mower County saw growth rates about half that, at 121% between 1990 and 2020 and 39% between 2000 and 2020. Adjusting for the cost of living, Mower County effectively saw falling real house prices.

The broad discussion above provides some perspective on future economic, demographic, and housing trends in Austin and Mower County. Given Hormel's national and international corporate footprint, and their continued capital reinvestment, acquisition strategy, and projections for slow but steady growth in their historical markets and product lines, it is likely that their demand for administrative, marketing, engineering and technical staff will increase, possibly faster than in the past 20 years. Furthermore, based on state projections, there will be significant turnover in production, office, and sales jobs between now and 2028 due to retirements.

*Likely growth in both retirees and new jobs will result in more demand for Austin's relatively fixed supply of housing.*

Since Austin has relatively affordable rents and house prices, it is likely that a large percentage of employees who retire after working in Austin will stay in Austin. Second, growth anticipated in administrative, marketing, engineering, and technical jobs will increase the demand for new

multifamily and single-family housing, in both ownership and rental tenures. This likely growth in both retirees and new jobs will result in more demand for Austin's relatively fixed supply of housing, leading to increased growth in sales prices and rental rates, significantly higher than those rates experienced over the past 20 years. It should also attract production of new for-rent and for-sale housing.



## Description of the Housing Market

Our analysis of the Austin, Minnesota, housing market mainly focuses on traditional market-rate housing with limited consideration of the market for subsidized housing built with Affordable housing programs. We have not analyzed the current situation for subsidized or public housing, income restricted housing supported by Low Income Housing Tax Credits (LIHTC), or housing provided by charitable or religious organizations.

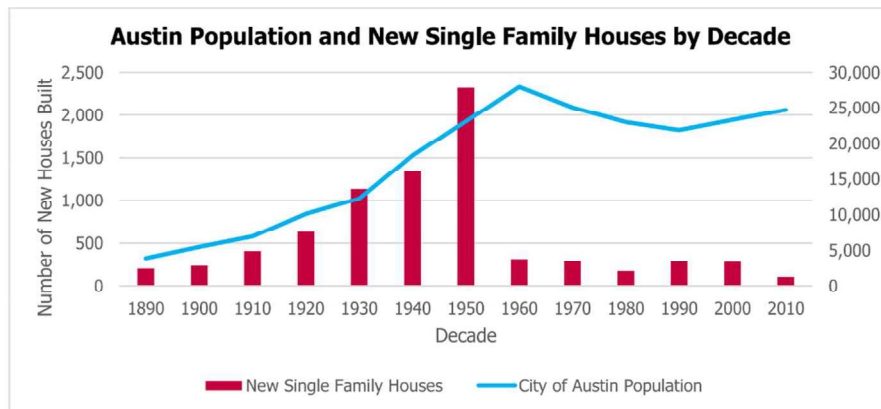
In terms of building type, 77% of all residential housing units within Austin are single-family detached houses, and the remaining units are multifamily residential, including duplexes. Recent additions to the housing stock in Austin have included a multifamily rental project of 82 apartment units completed in 2020 and another multifamily rental project of 91 apartment units which started construction in 2022. In terms of owner occupancy versus rental tenure, 64% of all residential units are owner-occupied and 36% are renter-occupied. Of all the single-family houses in Austin, approximately 80% are owner occupied, and about 20% are rented.

## Housing by Type and Tenure

Physical Type		
Single Family	7,519	77%
Attached/Multifamily	2,226	23%
<b>Total</b>	<b>9,745</b>	
Tenure		
Owner Occupied	6270	64%
Rented	3475	36%
<b>Total</b>	<b>9,745</b>	
Single Family Units Only		
Owner Occupied	6024	80%
Rented	1,506	20%
<b>Total</b>	<b>7,530</b>	

*2017 Maxfield Research*

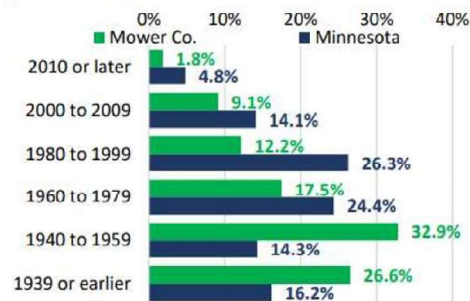
Real estate markets are unlike traditional financial markets, since buildings last much longer than one or two economic cycles. Therefore, it is important to look back in history for insights into the current supply and demand for housing. Austin saw strong population growth every decade from 1890 to 1960. Between 1960 and 1990, the population dropped by more than 20%. Since 1990, gradual growth of about 0.5% per year has brought the population to 26,000. Total employment in Austin has been very stable over the past 20 years, fluctuating between 19,000 and 20,000.



The chart above illustrates Austin's population in each of the decades since 1890 and overlays this with the number of new single-family houses constructed each decade. As population peaked in the 1960s, new single-family housing starts fell to only 300 houses that decade, down from 2,300 in the prior decade. Prior to the disruption caused by the Great Recession, new single-family starts were consistent at about 300 per decade. Following the Great Recession, there have only been about 10 new single-family houses constructed every year.

Mower County exhibits a very different pattern compared to the state as a whole. Below is a graph comparing the age of houses in Mower County relative to the state as a whole. The state as a whole saw housing construction peak in the two decades from 1980 to 1999. By comparison, Mower County saw peak development between 1940 and 1959.

**Figure 12. Year Structure Built, 2019**



## ***THE APPRAISAL PROCESS***

### **SALES COMPARISON APPROACH**

The Sales Comparison Approach is based upon the principle of substitution, when a property is placed on the market, its value tends to be set at a cost of an equally desirable property, assuming no costly delay in making the substitution. Properties are never alike thus adjustments are necessary for differences in location, quality, condition, size, market appeal and other matters. These considerations are a function of our experience and judgement.

### **COST APPROACH**

The Cost Approach considers the cost to replace the proposed improvements, less any accrued depreciation in terms of physical deterioration, functional obsolescence, and economic obsolescence, plus the market value of the land as if vacant.

### **INCOME APPROACH**

The Income Approach provides an analysis of the property in terms of its ability to produce income. The estimated net annual income is then capitalized by choosing an appropriate capitalization rate and discount rate, one that will provide both a return on the investment and a return of the investment over the life of the particular property. Net income, divided by capitalization rate, equals value.

### **SITE VALUE**

The site value is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that a site value is developed. Therefore, this appraisal does not provide valuation of the site.

### **ANALYSES APPLIED**

The **Sales Comparison Approach** was considered and developed because there is adequate data to develop a value estimate and this approach reflects market participants' behavior for similar property types.

The **Cost Approach** was considered but was not developed due to a lack of market-based data to support an estimate of accrued depreciation and due to the subject being an income producing property thus not a good indicator of value.

The **Income Approach** was considered and developed because the subject is income producing and there is adequate data to develop a value estimate. The direct capitalization technique was utilized because it is the most common technique that market participants would utilize for this type of property.

## **COMPARABLE SALES WITH BUILDING IMPROVEMENTS**

### **Comparable Sale #1**

Parcel #	34.110.0090/0040	Year Built	1966/1969
Property Name	Burr Oak	Condition	Average
Property Address	400 10 <sup>th</sup> Ave NW	Foundation	Block
City, State	Austin, MN 55912	Construction Type	Frame
Seller	Burr Oaks, LLC	Exterior	Brick/Steel/Stucco
Sale Date	6/2023	Basement SF	0
Sale Price	\$1,900,000	Off Street Parking	27
Number of Units	27	Garages	0
Stories	2	Laundry	Coin
Total (T/BR/Bath)	138/57/30	Zoning	Conforming
Total Building SF	23,770	Heat	HW/FA/Wall
Utilities Included	S/W/Trash	Lot Size SF	40,642
Assessed Value Bldg.	\$1,617,800	Appliances	Stove/Refrig.
Assessed Value Land	\$63,100	Unit S.F./Avg.	880
Sale Price/EMV Ratio	1.13	Taxes	\$26,623
Potential Gross Income	Unk.	Financing	Conventional

There are 2/2 story frame constructed buildings which were built in 1966 and 1969. The first building has 11,140 SF with 11 apartments and the second has 12,630 SF with 16 apartments. Both have brick/steel/stucco exterior walls with flat rubber roofs and sliding windows. There are a total of 27 units with 2 studios, 7 1-bedroom units, 16 2-bedroom units and 2 3-bedroom units. Site has frontage along 10<sup>th</sup> Ave NW which runs along the southern boundary with 3<sup>rd</sup> St NW running along the eastern boundary. The site is irregular in shape. Parking is available off street with an asphalt surface. Utility services include city water, city sewer, natural gas, telephone and electricity. Sale price per unit is \$70,370 and sale price per SF of \$79.93. The property has good visibility with Mayo Clinic 1 block south. The improvements are in average condition. NOI for 2023 was reported at \$134,900 which equates to a 7.10% cap rate. No other income or expenses were made available. Information was obtained from CoStar, eCRV #1540505, Mower County records and an exterior inspection. This sale was publicly promoted with the buyer assuming the sellers mortgage with an interest rate of 5.25% which is considered favorable in the current market.



**Comparable Sale #2**

Parcel #	34.609.0010/34.875.0135	Year Built	1993
Property Name	Northern Place Apts.	Condition	Good/Avg.
Property Address	201-205 31st St SW	Foundation	Concrete Block
City, State	Austin, MN 55912	Construction Type	Frame
Seller	MCB 4 Properties, LLC	Exterior	Vinyl
Sale Date	10/2024	Basement SF	0
Sale Price	\$4,200,000	Off Street Parking	72
Number of Units	72	Garages	36
Stories	3	Laundry	Coin Op
Total (T/BR/Bath)	297/153/93	Zoning	Conforming
Total Building SF	73,872	Heat	HW/Wall AC
Utilities Included	S/W/Trash	Lot Size SF	154,028
Assessed Value Bldg.	\$3,208,300	Appliances	Stove/Refrig.
Assessed Value Land	\$141,400	Unit S.F./Avg.	1,026
Sale Price/EMV Ratio	1.25	Taxes	\$37,630
Potential Gross Income	Unk.	Financing	Conventional

The sale consists of 3 3-story frame constructed building with no basements. Each floor consisted of 8,208 SF for a total building Sf of 24,624 per building. Total SF was 73,872 SF. There are a total of 12 1-bedroom units with 695 SF, 39 2-bedroom units with 877 SF and 21 3-bedroom units with 1,047 SF. Each unit has a living room, kitchen, dining room and 1 bathroom with the 18 of the 21 3-bedroom units having 2 bathrooms. There is a laundry room. Interiors have drywall, wood trim, carpet and vinyl flooring. There is a stove and refrigerator in each unit. The exterior is vinyl siding, shingled roof and sliding windows. Each unit has a wall air conditioner. The owner pays maintenance, lawn, snow, sewer, water and garbage pickup. The tenant pays for electricity. There are detached garages with 36 stalls and asphalt off street parking. The improvements are in good to average condition. Sale price per unit is \$58,333 and sale price per SF of \$56.92. The property was 90% occupied at the time of sale. Cap rate was reported at 7.35%. No other income or expenses were made available. Information was obtained from CoStar, eCRV #1706816, Mower County records and an exterior inspection.





### Comparable Sale #3

Parcel #'s	34.144.0020/34.144.0030 34.144.0040	Year Built	1963
Property Name	Fountain Lake Estates	Condition	Avg.
Property Address	1702-1708 Sunset St	Foundation	Concrete Block
City, State	Albert Lea, MN 56007	Construction Type	Frame
Seller	Fountain Lake Estates, LLC	Exterior	Vinyl/Brick
Sale Date	4/2024	Basement SF	9,504
Sale Price	\$2,412,000	Off Street Parking	Off-Street
Number of Units	36	Garages	None
Stories	3	Laundry	Coin
Total Building SF	28,512	Zoning	Conforming
Utilities Included	Heat/S/W/Garbage	Heat/Cooling	HW/Wall
Assessed Value Bldg.	\$1,833,200	Lot Size SF	71,374
Assessed Value Land	\$152,200	Appliances	Refri/Micro
Sale Price/EMV Ratio	1.21	Unit S.F./Avg.	792
Potential Gross Income	\$382,320	Taxes	\$40,646

This property is located in Albert Lea and consists of 3 apartment buildings with 12 units in each building or a total of 36 units. The apartment buildings were built in 1963. All units are reported as 2-bedroom units with 1 bath. Exterior is vinyl and brick with a flat roof. Heat is hot water baseboard with wall AC units. Asking rent per unit is \$885. reports the property was approximately 95% occupied at the time of sale. The sales price per unit is \$67,000, sale price per gross building SF is \$84.60. The properties appear to be in average condition. Information was obtained from CoStar, Mower County records and eCRV #1644236.





#### Comparable Sale #4

Parcel #	44.02.22.030183	Year Built	1982
Property Name	N/A	Condition	Average
Property Address	206 6 <sup>th</sup> St SE	Foundation	Concrete Block
City, State	Stewartville, MN 55973	Construction Type	Frame
Seller	Stewartville Properties	Exterior	VinylBrick
Sale Date	2/2023	Basement SF	0
Sale Price	\$1,300,000	Off Street Parking	30
Number of Units	25	Garages	None
Stories	2	Laundry	Coin Op
Total (BR/Bath)	33/25	Zoning	Conforming
Total Building SF	19,454	Heat	Electric
Utilities Included	Unk.	Lot Size SF	59,994
Assessed Value Bldg.	857,800	Appliances	Unk.
Assessed Value Land	134,300	Unit S.F./Avg.	778
Sale Price/EMV Ratio	1.31	Taxes	\$27,250
Potential Gross Income	Unk.	Financing	Conv.

This property is located in southeast Stewartville. The building consists of 2 floors above grade with 9,727 SF on each floor according to county records with no basement. The buyer states there are 8 2-bedroom units and 17 1-bedroom units. Heat is electric baseboard. Each unit has wall AC units. There are no garages. Annual operating expenses were not available, but the buyer states rents were low. No marketing time was made available. Buyer was reported as Jesse L & Katie S Hansen. The actual age is 41 years, estimated effective age is 30 with 30 years estimated remaining life.

The sales price per unit is \$52,000, sale price per Gross Building SF is \$66.82 with an average Unit SF of GBA of 778 SF. Information was obtained from eCRV #1512315, Olmsted County records and my exterior inspection of the property.



### Comparable Sale #5

Parcel #	32.455.1200	Year Built	2010
Property Name	N/A	Condition	Good
Property Address	50 W 11 <sup>th</sup> St	Foundation	Concrete
City, State	Winona, MN 55987	Construction Type	Frame
Seller	Bluff City Properties 7, LLC	Exterior	Hardiboard
Sale Date	2/2022	Basement SF	2,457
Sale Price	\$979,000	Off Street Parking	Street
Number of Units	20	Garages	None
Stories	2	Laundry	Coin
Total Building SF	8,563	Zoning	Conforming
Utilities Included	Heat/S/W/Trash	Heat/Cooling	Baseboard/Wall
Assessed Value Bldg.	\$1,161,200	Lot Size SF	4,182
Assessed Value Land	\$44,100	Appliances	Refri/Micro
Sale Price/EMV Ratio	0.81	Unit S.F./Avg.	428
Potential Gross Income	\$120,204	Taxes	\$16,762

This property is located in downtown Winona near Winona State University. The apartment building was built in 2010. There are a total of 20 studio units. 2-story building with a full basement. 14 units above grade with 6 rooms below grade and a laundry room. Exterior is hardiboard siding with a monoslope steel roof. Heat is electric baseboard with wall AC units. Building has a fire sprinkler system. A majority of the units have the utilities included with 3 units having the utilities paid for by the tenant. Rents range from \$475-\$550/unit, rent roll was available. Property was listed on the MLS #6127449, original list price of \$929,000, DOM of 24. Actual age is 12 years, estimated effective age is 12 years with 53 years estimated remaining life. Land value is estimated at \$50,000.

The sales price per unit is \$48,950, sale price per gross building SF is \$114.33. Potential Gross Income was reported at \$120,204/year by the listing agent. Real estate taxes are \$16,762 with insurance estimated at \$10,000. Utilities and management fee estimated at 15% of EGI which is comparable to other sales. PGI less 5% vacancy equals \$114,194 EGI, less taxes, estimated insurance and 15% operating expenses equals \$70,303 in net income. Cap rate of 7.18% with a GRM of 97.73. Information was obtained from the MLS, county records and my exterior inspection of the property.



## COMPARABLE SALES ADJUSTMENT GRID

3303 Oakland Ave W	Subject	Comparable #1		Comparable #2		Comparable #3		Comparable #4		Comparable #5	
Sale Price/Units	N/A		\$ 70,370.00		\$ 58,333.00		\$ 67,000.00		\$ 52,000.00		\$48,950.00
<b>Transactional Adjustments</b>											
Property Rights Conveyed			0%		0%		0%		0%		0%
Financing Terms			-3%		0%		0%		0%		0%
Conditions of Sale			0%		0%		0%		0%		0%
Expenditures After Purchase			0%		0%		0%		0%		0%
Market Conditions			0%		0%		0%		0%		0%
Preliminary Price/SF			\$ 68,258.90		\$ 58,333.00		\$ 67,000.00		\$ 52,000.00		\$ 48,950.00
<b>Property Adjustments</b>											
Location	Avg.	Avg.	0%	Above Avg.	0%	Avg.	0%	Avg.	0%	Avg.	0%
Total Building SF	26,293 SF	23,770 SF	0%	73,782 SF	0%	28,512 SF	0%	19,454 SF	0%	8,563 SF	0%
Units	55	27	-15%	72	5%	36	-15%	25	-15%	20	-15%
Year Built	1977	1966-1969	0%	1993	0%	1963	0%	1982	0%	2010	0%
Condition	Good	Avg.	10%	Good	0%	Avg.	10%	Avg.	10%	Good	0%
Quality	Good/Avg.	Good/Avg.	0%	Good/Avg.	0%	Good/Avg.	0%	Avg.	5%	Good/Avg.	0%
Garages	None	None	0%	36 Stalls	-5%	None	0%	None	0%	None	0%
Net Adjustments			-5%		0%		-5%		0%		-15%
Indicated Value/SF			\$ 64,845.96		\$ 58,333.00		\$ 63,650.00		\$ 52,000.00		\$ 41,607.50

**Comment on Sales Comparison:** Sales chosen are compatible with the subject and are in competing locations to the subject's market area. Best comparable sales available have been selected. Adjustments have been extracted from the comparable sales considered and the local market as seen by the appraiser.

Transactional adjustments were considered for property rights conveyed, financing terms, conditions of sale, expenditures after purchase and market conditions. Multi-family buildings have seen a steady increase over the last 5 years, interest rates have risen and multi-family buildings have remained steady. No adjustments were deemed necessary. Sale 5 is the oldest sale but has similar unit makeup to the subject thus it was utilized in this report.

Location adjustments were considered for all sales as seen by the appraiser in the local market. Location was adjusted based on overall market appeal. All sales were considered similar in terms of overall market appeal.

A building area SF was adjusted for the subject but no adjustment was made as most similar properties sell based on units. Units were adjusted based on the fact that the more units usually means the lower sale price per unit. Sale 1 has less units thus adjusted downward, Sale 2 has more units thus adjusted upward, Sales 3-5 have less units thus adjusted downward.

No adjustment made for age as this is reflected in the Condition and Quality of Construction. Condition was considered for overall finishes, Sale 1 has older finishes thus considered inferior, Sale 2 is considered similar, Sale 3 has older finishes thus considered inferior, Sale 4 has older finishes thus considered inferior and Sale 5 is considered similar. Quality of construction was considered with Sales 1, 2, 3 & 5 considered similar with Sale 4 considered slightly inferior.

A garage adjustment was considered with Sale 2 having 36 garage stalls thus considered superior, the other sales do not have any garages similar to the subject.

Adjustments were made as seen by the appraiser in the local market and the extraction method of the comparable sales. No other adjustments were deemed necessary based on my research of the local market. Adjusted Sale prices per Unit ranged from \$41,607 to \$64,856 with an average adjusted sales price of \$56,087/Unit. Median adjusted sales price is \$58,333/Unit. I put more weight on Sales 1-3 as they are more recent and Sales 1 and 2 are in Austin thus a similar appeal to investors. Based on the sales considered it is my opinion that the subject has a market value of **\$60,000/Unit rounded.**

**CORRELATION TO VALUE BY SALES COMPARISON APPROACH**

Subject	Size/Units	Sale Price/Unit	Total Value
3303 W Oakland Ave	55	\$60,000	\$3,300,000.00
			\$ 0.00
<b>TOTAL VALUE</b>			<b>\$3,300,000.00</b>

Based on the above Sales Comparison Approach analysis it is my opinion that the subject has a market value of **\$3,300,000/rounded.**



**COST APPROACH TO VALUE**

**Comment:** Due to limited information available on estimating the physical & functional depreciation on the subject and the subject being income producing, the cost approach was deemed inconclusive thus was not developed for the purpose of this appraisal.

**CORRELATION TO VALUE BT COST APPROACH**

Subject	Size/Units	Sale Price/Unit	Total Value
3303 W Oakland Ave	55	N/A	\$ 0.00
			\$ 0.00
<b>TOTAL VALUE</b>			<b>\$ 0.00</b>

## INCOME APPROACH TO VALUE

Income Approach					
Income	Units	Monthly Rent		Monthly Income	Yearly Income
Studio Units	54	\$ 700		\$ 37,800	\$ 453,600
1 Bedroom Units	1	\$ 800		\$ 800	\$ 9,600
Laundry - Estimated					\$ 3,300
<b>Total</b>					\$ 466,500
Vacancy/Collection Loss	12.50%				\$58,313
<b>Effective Gross Income</b>					\$408,188
<b>Expenses</b>					
Taxes				\$41,374	
Insurance				\$21,600	
Utilities/Estimated				\$58,000	
Management Fee	7.50%			\$30,614	
Maintenance	5%			\$20,409	
<b>Total Expenses</b>					\$171,997
<b>Net Income</b>					\$236,190
Capitlization Rate					7.50%
<b>Estimated Value by Income Approach</b>					<b>\$3,149,201</b>

**Comments:** Subject property currently has 35 units leased or 63.63% full as of the effective date. Property manager states the property was not managed well prior to the current management team taking over in June 2024. Income is based on current market rents with some the units being at market rent with others being below market rent. I have estimated the rent at \$700/month for the studio units and \$800 for the 1-bedroom unit. Total income of \$463,200/year for the apartments and laundry. Owner is responsible for taxes, insurance, utilities estimated at \$58,000/year which includes electricity, water, sewer & garbage and management fee of 7.50% of EGI which is similar to comparable properties. Owner is responsible for building repairs. Vacancy was estimated at 12.50% based on the local market and previous rental history of the subject. Other income and expenses are common in multi-family properties, appraiser used similar expenses for the comparable properties to arrive at capitalization rates. The capitalization rate was based on the local market and comparable sales considered, which ranged from 7-10%. Capitalization rates vary based on building improvements, building use, location, tenant, and occupancy. A capitalization rate of 7.50% appears to be reasonable in the current market for multi-family real estate like subject considering the condition and recent updates to the subject with minimal repairs needed. This is deemed reasonable in the local market. Based on the above analysis it is my opinion that the subject has a market value of **\$57,258/Unit**.

## CORRELATION OF VALUE BY INCOME APPROACH

Subject	Size/Units	Sale Price/Unit	Total Value
3303 W Oakland Ave	55	\$57,258	\$3,149,190.00
			\$ 0.00
<b>TOTAL VALUE</b>			<b>\$3,149,190.00</b>

Based on the above Income Approach analysis it is my opinion that the subject property has a market value of **\$3,150,000/rounded**.

### **CORRELATION OF VALUE**

I have carefully considered all three approaches to value with the most weight being placed on the Sales Comparison Approach to Value. The Cost Approach does not include any income produced by the property thus it was not developed. Some weight has been placed on the Income Approach with the property being currently operated above market vacancy with turnover thus income and expenses are more so projected. All values have been rounded.

<b>VALUE BY SALES COMPARISON APPROACH</b>	<b>\$3,300,000</b>
<b>VALUE BY COST APPROACH</b>	<b>N/A</b>
<b>VALUE BY INCOME APPROACH</b>	<b>\$3,150,000</b>

As a result of my analysis, it is my opinion that the property has a **Market Value of \$3,250,000** rounded as of March 4, 2025. This value is based on an extraordinary assumption as I did not view all interior units, see page 9.

**(THREE MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS)**

Respectfully Submitted,



Brady M Stevens  
MN Trainee Appraiser  
Appraisal License #40538703

## **QUALIFICATIONS OF BRADY M STEVENS**

### **Education:**

1. Bachelor of Science, Minnesota State University, Mankato
2. Appraisal Education Classes
  - 15-Hour National Uniform Standards of Professional Appraisal Practice
  - Basic Appraisal Principles
  - Basic Appraisal Procedures
  - Real Estate Finance, Statistics, and Valuation Modeling
  - General Appraiser Market Analysis and Highest & Best Use
  - General Appraiser Income Approach/Part 1
  - General Appraiser Income Approach/Part 2
  - General Appraiser Report Writing and Case Studies
  - General Appraiser Sales Comparison Approach
  - General Appraisal Cost Approach & Site Valuation
  - Commercial Appraisal Review – Subject Matter Elective
  - Expert Witness for Commercial Appraisers – Subject Matter Elective
3. Real Estate Education Classes
  - 30-Hour Salesperson Course 1 – Pre-License
  - 30-Hour Salesperson Course 2 – Pre-License
  - 30-Hour Salesperson Course 3 – Pre-License
  - 30-Hour Broker Course

### **Licenses:**

- Resident Appraiser: Certified General – License #40538703
- Resident Real Estate Broker – License #40824538

### **BIBLIOGRAPHY**

- Uniform Standards of Professional appraisal Practice and Advisory Opinions 2020-2021 Edition.
- The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, Appraisal Institute, Chicago, Illinois

## APPRAISER'S LICENSE

### STATE OF MINNESOTA



BRADY STEVENS  
PO BOX 1066  
HAYFIELD, MN 55940

Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that  
Brady Stevens

PO BOX 1066  
HAYFIELD, MN 55940

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of  
Resident Appraiser : Certified General

**License Number: 40538703**

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect  
until August 31, 2026.

IN TESTIMONY WHEREOF, I have hereunto set my hand this August 15, 2024.

A handwritten signature in cursive script, appearing to read "Grace Arnold".

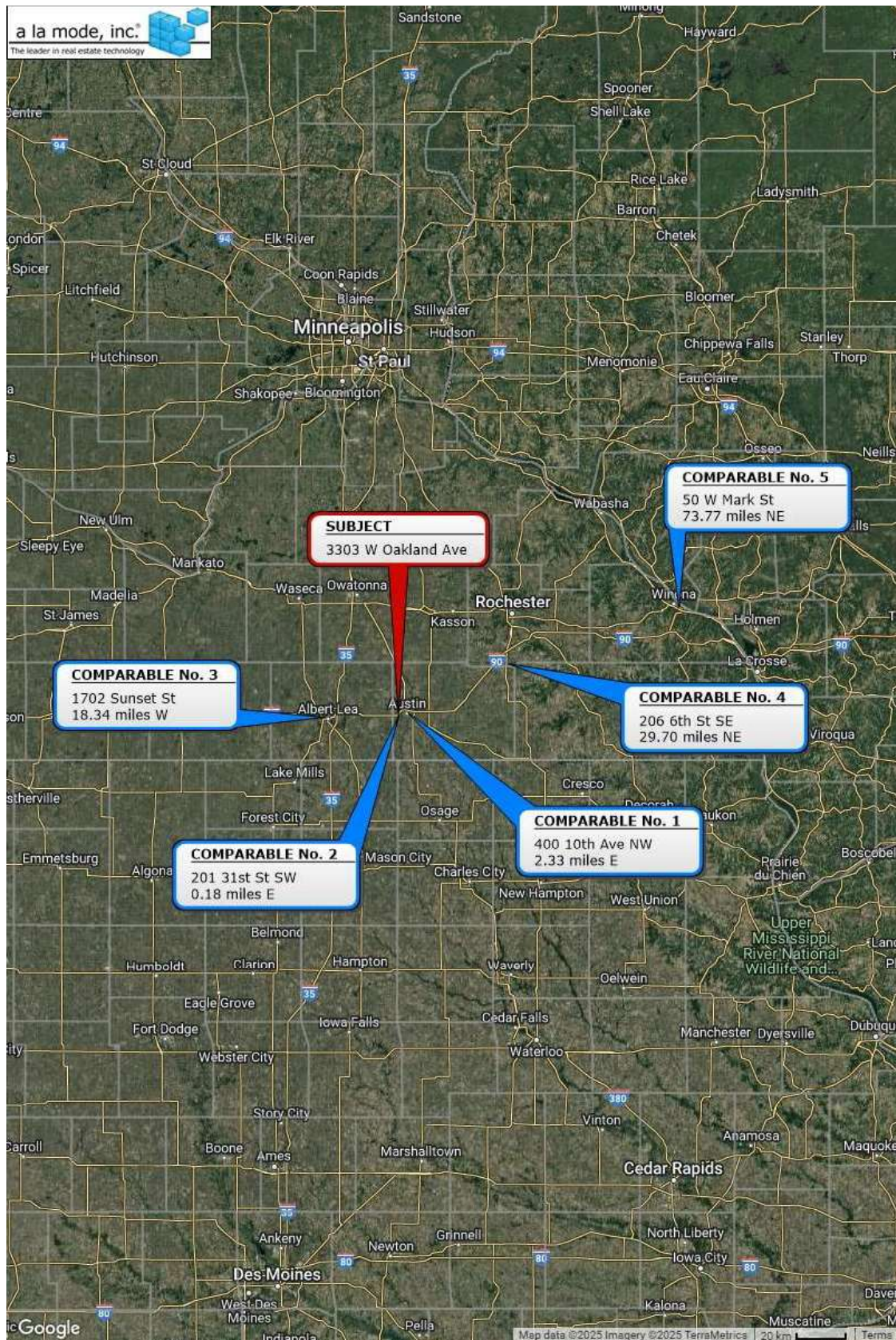
COMMISSIONER OF COMMERCE  
Minnesota Department of Commerce  
Licensing Division  
85 7th Place East, Suite 500  
St. Paul, MN 55101-3165  
Telephone: (651) 539-1599  
Email: [licensing.commerce@state.mn.us](mailto:licensing.commerce@state.mn.us)  
Website: [commerce.state.mn.us](http://commerce.state.mn.us)

**Notes:**

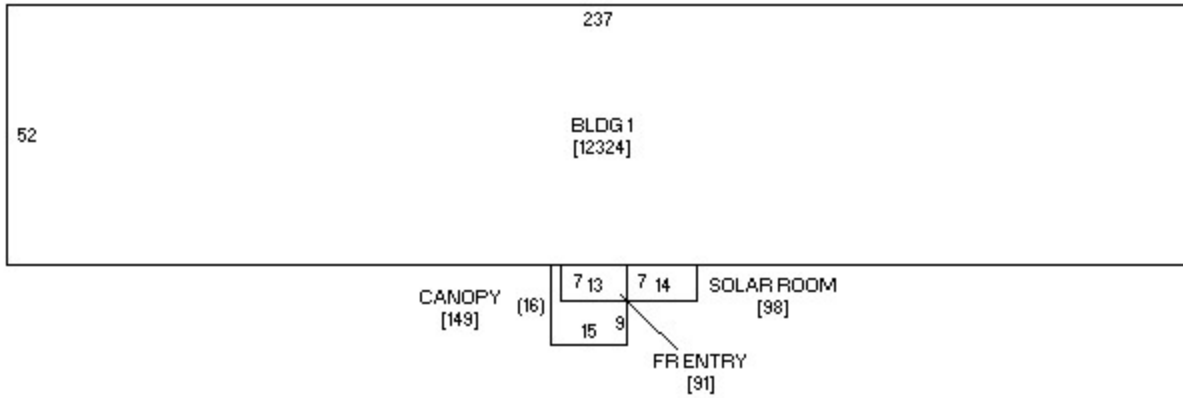
- **Individual Licensees Only - Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. Trainees do not qualify. For further details, please visit our website at [commerce.state.mn.us](http://commerce.state.mn.us).



## LOCATION MAP



## BUILDING SKETCH



The building sketch was obtained from Mower County property records and verified by my personal inspection.

## APPRAISAL REQUEST

Docusign Envelope ID: 8C1B3400-4A93-468A-B0F4-437F56A46695



1/30/2025

Brady Stevens  
Realty Plus, LLC  
105 2<sup>nd</sup> St NE  
Hayfield, MN 55940

### Appraisal Engagement Letter

#### -Introduction

This letter is for professional appraisal services and represents your authorization to prepare an independent appraisal report for FORESIGHT BANK. Foresight Bank is the client for this report. In addition, you shall perform this report as an independent contractor and not as an employee/partner, principal, nor agent of this bank. Please sign this letter and return it to Foresight Bank within seven (7) days from receipt.

#### -Fee

The fee for appraisal services rendered shall not exceed \$2,500.00 per appraisal. The date of completion shall be no later than March 7, 2025.

#### -Required Contents

The appraisal report shall be prepared with the following minimum guidelines:



- A. Written - This appraisal report is to be in writing and in narrative format or on a form approved by this institution and the appropriate federal banking regulatory agency. Regardless of the format chosen, the report shall conform to the minimum reporting requirements of the appropriate federal financial institution regulatory agencies.
- B. Conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) - This appraisal report is to conform to the USPAP and shall not rely on nor recognize the departure provision in the USPAP.
- C. Disclosure of Competency - This appraisal report shall make an affirmative statement that the appraiser is competent to complete this report in accordance with the competency provision in the USPAP. In the absence of an affirmative statement, the appraiser must disclose any lack of knowledge and/or experience for this assignment and any necessary steps taken to comply with the competency provision in the USPAP.
- D. Defined Value - the type of value estimate desired in this report is market value. If the value to be estimated is market value, the appraiser shall use the definition of market value as it appears in the definitions section of the USPAP. No alternative definitions are acceptable to this institution.
- E. Prior Sales - Analyze and report in reasonable detail any prior sales of the property being appraised that occurs within the following time periods:
  - a. For one-to-four family residential property, one year
  - b. For all other property, three years
- F. Current Revenues and Expenses - Analyze and report data on current revenues, expenses, and vacancies for the property if it is and will continue to be income-producing. Current revenues are based on those currently being earned on competing properties.
- G. Marketing Period - Analyze and report a reasonable marketing period for the subject property, including the disclosure of the assumptions used. Discounted cash flow is required.
- H. Trends - Analyze and report on current market conditions and trends that will affect projected income or the absorption period, to the extent they affect the value of the subject property.

- I. Deductions and Discounts - Analyze and report appropriate deductions and discounts for any proposed construction or any completed properties that are partially leased or leased at other than the market rents as of the date of the appraisal, or any tract developments with unsold units.
- J. Appraiser Independence - Include in the certification required by the USPAP an additional statement that the appraiser has acted in an independent capacity and that the appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- K. Self-Contained - Include sufficient supporting documentation, with all pertinent information reported so that the appraiser's logic, reasoning, judgment, and analysis in arriving at a conclusion indicate to the reader the reasonableness of the market value reported. The appraisal shall be sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate and shall provide detail and depth of analysis, reflecting the complexity of the real estate appraised.
- L. Legal Description - Include a legal description of the real estate being appraised, in addition to the description required by the USPAP.
- M. Personal Property, Fixtures, and Intangibles - Identify and separately value any personal property, fixtures, or intangible items that are not real property but are included in the appraisal and discuss the impact of their inclusion or exclusion on the estimate of market value.
- N. Address Cost, Sales Comparison, and Income Approaches - Follow a reasonable valuation method that addresses the direct sales comparison, income, and cost approaches to market value; reconciles those approaches; and explains the elimination of each approach not used. Real estate development appraisals must contain a discounted cash flow approach.

#### -Client

The Foresight Bank is the client for this report. The appraisal shall be ordered/requested from an employee of this institution and payment shall be made directly from the bank to the appraiser. All documents furnished to the appraiser from this bank are to be considered confidential information to the appraiser.



**All appraisal reports must include a copy of this letter.**

**PROPERTY DESCRIPTION:**

Parcel IDs – 34.875.0021

Property Address – 3303 Oakland Ave W, Austin, MN 55912

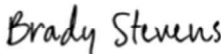
**Contact:** Heidi Heskett, Dwell Management – 507-437-3727, 218-270-4886

**SIGNATURES**

I/We agree to the terms of this engagement letter:

Foresight Bank (Client in this Assignment)

DocuSigned by:  
  
B8C3FDFB723941B... January 30, 2025 | 2:08 PM CST  
Mae Schmit, Loan Processor [Date]

DocuSigned by:  
  
D2A2B17CE2FA4B4... January 30, 2025 | 12:09 PM PST  
Brady Stevens, Realty Plus, LLC [Date]