

**JOHN L. HAEDER, MAI**  
Member Appraisal Institute  
State Certified General Appraiser

LF011602-08

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**STANDARD AGREEMENT AND AUTHORIZATION FOR SERVICES**

**JOB REFERENCE:** Rapid City Vs. Finn (File #2002-04)  
Lot 23, Wildwood S/D

**DATE:** January 8, 2002

**CLIENT NAME:** City of Rapid City

**PURPOSE:** Estimate the before- and after-taking market value of Lot 23 Wildwood Subdivision. Taking is a public right of way for future construction of a street. Summary report of a Complete Appraisal.

**ATTACHMENTS PART OF AGREEMENT:** Limiting Conditions, Assumptions, Appraiser's Certification, Appraisers Qualifications (as they will appear in the completed appraisal.)

**CLIENT TO FURNISH:** Survey, title information.

**TOTAL FEE:** Not more than \$2,500, plus applicable taxes.

ATTACHED LIMITING CONDITIONS AND ASSUMPTIONS ARE INCORPORATED HEREIN FOR ALL PURPOSES. FEE SUBJECT TO CHANGE IF THIS AGREEMENT IS NOT SIGNED AND RETURNED WITHIN 30 DAYS.

Client requests Haeder Appraisal Services (appraisers or consultants) to provide appraisal and/or other agreed services concerning above property. Completion of the report fulfills this agreement, which represents the entire agreement between parties and supersedes all prior written or oral representations or agreements, and which is binding on heirs, successors, and assigns of parties. Fee arrangement is subject to revision by Haeder upon inspection of property or change in client's request; client to be notified of such change before work proceeds. Information about findings to be reported only to client unless otherwise authorized, however, disclosure of the assignment might be made to others in the investigative process. Fee does not include post appraisal consultation for any purpose, nor court preparation, conferences, exhibits, or any other expenses for which appraiser is to be reimbursed. Consultation fee and court testimony or deposition fee is \$125/hr, \$500 minimum. Rates subject to change after six months from above date. If testimony or deposition

required due to any subpoena, client is responsible for any fees, time, and charges regardless of issuing party. If value date is changed for any reason, client will compensate appraiser for his costs, time, and work involved for research, analysis and report writing based on his then hourly rate. Payments due appraiser per this agreement to bear 12%/year interest starting 15 days after due date. If client cancels this agreement, he agrees to pay for time and costs incurred prior to receipt of written cancellation notice. If necessary to engage counsel in connection with this agreement or collection of fees it is agreed that the prevailing party's attorney fees and any suit costs to be paid by losing party. If collection agency used, all agency charges also to be paid by client. The fee for this appraisal or study is for the service rendered and not only for time spent or physical report. Additional research, analysis, and report writing requested because of a third party review may be undertaken at a later date upon client request and at added fee for time and costs of such. Evaluation and analysis pertaining hereto will be the opinion of Haeder or staff; fee or payment thereof is not contingent upon any particular conclusions.

The service is subject to the attached "Limiting Conditions and Assumptions" and as appear in the report; client acknowledges that he has read and agrees to such. It is agreed that total consultant liability to clients and/or third parties is limited to amount of fee paid Haeder (as liquidated damages). Consultants responsibility limited to client; use of appraisal or study by any third party is at the risk of client and/or third parties.

This agreement must be signed by all parties. Consultant(s) require and client agrees that if client is a corporation, an authorized officer of the corporation shall execute this agreement with individual parties who shall be individually responsible for fee in the same manner as the corporation. If any provision of this agreement is determined to be void or unenforceable by any court of proper jurisdiction, such determination shall not affect any other provisions of this agreement and all such other provisions shall remain in full force and effect.

CITY OF RAPID CITY, SO. DAK.

HAEDER APPRAISAL SERVICE

by: \_\_\_\_\_

by \_\_\_\_\_

Jerry Munson, Mayor

John L. Haeder, MAI

ATTEST

Date \_\_\_\_\_

\_\_\_\_\_  
James F. Preston, Finance Officer

Date \_\_\_\_\_

## APPRAISER'S CERTIFICATION

(To be used in the appraisal)

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions and conclusions.
3. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
4. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute,
5. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Practice.
6. Present and future employment and compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
7. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

8. The use of this report is subject to the requirement of the Appraisal Institute relating to review by its duly authorized representatives.
9. I have made a personal inspection of the property that is the subject of this report, including the vacant site, and I reviewed plans and specifications for the proposed improvements.
10. No one provided significant professional assistance to the person signing this report, except as acknowledged within the body of the report. All analyses were accomplished by the person signing this report.
11. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

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Date

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John L. Haeder, MAI

## **LIMITING CONDITIONS AND ASSUMPTIONS**

(As will appear in the appraisal)

1. **LIMIT OF LIABILITY:** The liability of the Haeder Appraisal Service, its owners, employees and contractors is limited to the client and to the fee collected. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially and legally.

2. **COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT:** Possession of this report or a ny copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

The Bylaws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Realtors require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of appraiser. ( See last item in following list for client agreement/consent).

3. **CONFIDENTIALITY:** This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis are set forth in the report were prepared by the Appraiser (s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the Appraiser and/or officer of the firm. The appraiser and firm shall have no responsibility if any such unauthorized change is made.

The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the American Institute of Real Estate Appraisers as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

4. **TRADE SECRETS:** This appraisal was obtained from HAEDER APPRAISAL SERVICES or related companies and consists of "trade secrets and commercial or financial information " which is privileged and confidential and exempted from disclosure under 5 U.S. C. 552 (b). Notify the appraiser(s) signing the report or an officer of HAEDER APPRAISAL SERVICES of any request to reproduce this appraisal in whole or part.

5. INFORMATION USED: No responsibility is assumed for accuracy of information furnished by work of others, the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with HAEDER APPRAISAL SERVICES and possible signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable: all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds for subject property.

6. TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICES: The contract for appraisal, consultation or analytical service are fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at an additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

7. EXHIBITS: The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown from separate surveyor.

8. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL NATURE HIDDEN COMPONENTS, SOIL: No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report.

9. LEGALITY OF USE: The appraisal is based on the premise that, there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

10. COMPONENT VALUES: The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

11. **AUXILIARY AND RELATED STUDIES:** No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report.

12. **DOLLAR VALUES, PURCHASING POWER:** The market value estimated and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

13. **INCLUSIONS:** Furnishings and equipment or personal property or business operations except as specifically indicated and typically considered as part of real estate, have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types, business and real estate interests and values are combined.

14. **PROPOSED IMPROVEMENTS, CONDITIONED VALUE:** Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

15. **VALUE CHANGE, DYNAMIC MARKET, INFLUENCES, ALTERATION OF ESTIMATE BY APPRAISER:** The estimated 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 estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser.

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy, nor soils and potential for settlement, drainage, and such (seek assistance from qualified architect and/or engineer) nor matters concerning liens, title status, and legal marketability (seek legal assistance), and such. The lender and owner should inspect the property before any disbursement of funds; further it is likely that the lender or the owner may wish to require mechanical or structural inspections by qualified and licensed contractor, civil or structural engineer, architect, or other expert.

The appraiser has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural, or other components. We have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm, however subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements or equipment which is assumed standard for subject age and type.

If the appraiser has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

The appraiser assumes no responsibility for any costs or consequences arising due to the need, or the lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a 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 estimates are as of the date of the estimate of value; they are thus subject to change as the market and value is naturally dynamic.

The Estimate of Market Value in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

16. **CHANGES:** Appraisal report and value estimate subject to change if physical or legal entity or financing different than that envisioned in this report.

17. **MANAGEMENT OF THE PROPERTY:** 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.

18. **FEE:** The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

19. **INSULATION AND TOXIC MATERIALS:** Unless otherwise stated in this report, the appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials and/or urea-formaldehyde foam insulation in existing improvements; if such is present the value of the property may be adversely affected and re-appraisal at additional cost necessary to estimate the effects of such.

20. **AMERICANS WITH DISABILITIES ACT (ADA):** The ADA became effective January 26, 1992. We have not made a specific compliance survey or analysis of this property to determine if it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue,



we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. If the property is found to be in non-compliance, the appraiser(s) reserve the right to amend the appraisal to reflect any resulting change in value.

21. REVIEW: Unless otherwise noted herein, review appraiser has reviewed the report only as to general appropriateness of technique and format, and has not necessarily inspected the subject or market comparable properties.

22. CHANGES, MODIFICATIONS: The appraisers and/or owner of HAEDER APPRAISAL SERVICES reserve the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there becomes known to us facts pertinent to the appraisal process which were unknown to us when the report was finished.

23. REPORT COMPLIANCE: The appraiser certifies that this report is in compliance with the Uniform Standards for Professional Appraisal Practice, and is in compliance with the standards of professional practice of the Appraisal Institute.

24. FEDERAL TRANSACTION: This report is not being prepared for use in a federal transaction as defined under Title XI of the FIRREA.

25. ACCEPTANCE OF AND/OR USE OF, THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

**QUALIFICATIONS OF APPRAISER  
JOHN L. HAEDER, MAI**

**EDUCATION**

South Dakota School of Mines and Technology  
 Bachelor of Science in Mech. Engr., 1964  
 Who's Who in American Colleges & Univ.  
 Senior Class President, Scabbard & Blade Society

American Institute of Real Estate Appraisers Courses

Real Estate Appraisal Principles	1-A	1978	40	hrs
Real Estate Appraisal Procedures	1-B	1979	40	hrs
Capitalization Theory and Techniques	A & B	1980	80	hrs
Case Studies in Real Estate Valuation		1984	40	hrs
Valuation Analysis and Report Writing		1984	40	hrs
Litigation Valuation		1985	40	hrs
Capitalization Theory and Techniques	A & B	1988	80	hrs
Standards of Professional Practice		1988, 1991, 1995, 1998	112	hrs
Highest and Best Use and Market Analysis		1997	40	hrs
Comprehensive Exam.		1989	8	hrs

Amer. Soc. of Farm Mgrs. and Rural Appraisers -

Advanced Ranch Appraisal	1979	40	hrs
Uniform Agriculture Appraisal Report	1997	16	hrs

Seminars Attended

Hotel Motel Appraisal	Accrued Depreciation
Six Functions of \$1	Ranch Appraisal
Residential Valuation	Conservation Easements
Commercial Construction	Subdivision Analysis
Highest and Best Use	Standards (SPP) - Instructor
Highest & Best Use - Instructor	Discounted Cash Flow Analysis
Applied Sales Comparison	Marshall Swift Cost - Res
Residential Construction	Marshall Swift Cost - Coml.
Rates Ratios Reasonableness	Others

## WORK EXPERIENCE

Real Estate Appraisal work since 1978

14 years in Management with Northwestern Bell Telephone Company

US Army            1st Lt. Reconnaissance Officer - Corps. of Engineers  
                         18th Airborne Corps - Parachute Qualified  
                         517th Engineer Detachment, Vietnam 1966-7  
                         Awarded Bronze Star and Air Medal

## SOME APPRAISAL CLIENTS

1st Western Federal Savings Bank	Black Hills Eye Institute
Norwest Bank Black Hills, N.A	Ray Hillenbrand
Michigan National Bank	State of South Dakota
1st Federal Savings & Loan	Dept. of Game Fish & Parks
First Bank of South Dakota	Dept. of Transportation
United Bank of Denver	Insurance Commission
Seattle First Bank	Custer State Park
1st Western Bank, Spearfish	United States
Pioneer Bank & Trust	Postal Service
Rushmore Bank and Trust	Veterans Administration
American State Bank	Internal Revenue Svce.
1st Western Bank	Fish & Wildlife
1st National Bank	Forest Service
Sundance State Bank	Fed. Natl. Mort. Assn.
Citicorp Bank	Fed. Home Loan Mtg. Corp.
Dacotah Bank	Federal Housing Admin.
City of Rapid City	Marshall's Service
Pennington County	Resolution Trust Corp. (RTC)
Aurora County	General Services Admin.
United Parcel Service	FDIC
Native American Heritage Assn.	Credit Unions
Black Hills Power & Light	Black Hills Federal
Montana Dakota Utilities	Rapid City Telco Federal
U.S. West (NW Bell)	Dacotah Federal
A.T. & T.	Rapid City Federal
Rapid City Regional Hospital	Sentinel Federal
Rapid City Regional Eye Institute	United Building Trades
Knutson Mortgage	Minister's Life Insurance
Norwest Mortgage	Coldwell Banker Relocation
Security Mortgage	Wharf Resources - Mining
American General Finance	Crazy Horse Monument
Household Finance	Price Waterhouse
Associates Finance	Mormon Church
University of Minnesota	United Parcel Service
Evangelical Lutheran Church of Am.	Pete Lien & Sons
Rapid City YMCA	So. Dak. Forest Products
Moyle Petroleum	MetroPlains Development

## SAMPLE OF APPRAISAL and CONSULTING PROJECTS

Millstone Restaurant  
109 Unit Condo Project  
Fairway Hills Apartments  
Numerous 4,6,& 8 Plex apts.  
I.T. Fitness Center  
J.B. General Store  
Piedmont Baptist Church  
Ramada Inn  
Mammoth Best Western Motel  
Brodie Square office building  
Parkside Professional Bldg.  
Buell Building  
Davies Construction  
Perkins Restaurant  
S.D. Distributing  
Weston Heights Subdivision  
Dodgetown Motors  
Thomas Oldsmobile-Cadillac  
Black Hills Novelty  
Queen City Racquet Club  
Wolff properties--Gillette  
Boyd's Supermarket  
Coleman-Frizzell Gold  
Universal Transport  
Seattle First Bank building  
Little Big Men's Pizza  
Keystone Motel  
Great Western Tire Co.  
Common Sense Conven. Stores  
Pahl Mini Warehouse  
Bridgewood Apartments  
So. Dak. Forest Products  
Horizons Office Building  
R. M. Rangel Construction  
Deadwood Gulch Resort  
1st National Bank Building  
Dahl Towers  
Star Village  
Many Gaming Properties  
Many Ranchs  
Fort Meade Rental Survey  
Many Tax Appeals

Hainesway Apartments  
Warren Lamb Lumber Co.  
Orthopedic Surgery Specialists  
Civic Plaza Apartments  
Dakota Drive Apartments  
Firehouse Restaurant  
Super 8 Motels  
KOA Campground  
Tip Top Motel  
Realty World Office Building  
Western Hills Prof. Building  
Parkview Condo Office Bldg.  
Boulevard Office Park  
Cimarron Retail Plaza  
Scenic Valley Subdivision  
Clarkson Subdivision  
Liberty Motors  
Peterbuilt Truck Co.  
Whisler Bearing  
Newberg Lumber Co.  
Frontier Glass building  
Whittaker Mattson  
Roush Moving & Storage  
Various ranch properties  
Michigan National Bank  
Black Forest Inn  
Heritage Center--Spearfish  
North Rapid Shopping Center  
Kwik Lube  
Seeney Hardware Building  
Meier Warehouses  
Property Tax Appeals  
Midland Shopping Center  
National College  
Chic's Anaconda Gambling  
General Electric (ASI) Building  
Shopping Centers  
Assisted Living Properties  
Clinic Buildings  
Arrowhead County Club  
Annie Creek Gold Mine  
Many other projects

Expert witness in South Dakota, Arizona and federal courts

Appraisal Projects in -

Wyoming  
Texas  
North Dakota

Montana  
California

South Dakota  
Oregon

Nebraska  
Utah

## **PROFESSIONAL MEMBERSHIPS & COMMUNITY ACTIVITIES**

National Board of Realtors  
South Dakota Board of Realtors  
Black Hills Board of Realtors  
Rapid City Multiple Listing Service

Member - Appraisal Institute - MAI Certificate #8184  
Member - Ethics and Counseling Panel - Appraisal Institute  
Member - Wyoming Chapter of App. Inst. (Includes Western SD)  
Continuing Education Certification 1989-Present

South Dakota State Certified General Appraisal - Certificate #103CG98  
Wyoming Certified Real Estate Appraiser Board - Certificate #695

Rapid City Chamber of Commerce  
    New Business Attraction Committee  
    Economic Development Committee (Former member)

Former Member - Mayors Advisory Comm. on Economic Development  
Former Member - Appraisal Advisory Comm. - SD Secy of Commerce  
Former Member - Advisory Committee to Pennington County Comm.

YMCA - Former Board Member, President, Capital Campaign Comm. Chair,  
    Construction Chair., and others.

Western South Dakota Catholic Foundation  
    Board Member  
    Executive Board Member  
    Chairman Development Committee