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**STANDARD AGREEMENT AND AUTHORIZATION FOR SERVICES**  
**Simpson & Associates, Inc., Real Estate Appraisers**

PROPERTY REFERENCE: Wally Byam Land located east of Elk Vale Rd and along East Highway 44, Rapid City, SD, containing 6946153.78 sf

DATE: November 27, 2006

CLIENT'S NAME: City of Rapid City

PURPOSE: Market value of land, including separate value opinions of smaller parcels within the tract.

ATTACHMENTS INCLUDED IN THIS AGREEMENT: None

CLIENT TO FURNISH: Data as available, preliminary plats, property description

APPRAISAL REPORT REQUESTED: USPAP Standards with specific client requested information

APPRAISAL DELIVERY DATE: Final report to follow within 40 days from date of signed engagement receipt and notice to proceed

TOTAL PROFESSIONAL FEE: **\$3750**

Client request Simpson & Associates, Inc., (appraisers or consultants) to provide appraisal or other services concerning above property. Completion of the report fulfills this engagement, which represents the entire agreement between parties and supersedes all prior written or oral representations or agreements and that is binding on heirs, successors, and assigns of parties. The professional fee is subject to revision if client changes request.

Our fee for the appraisal report and consultant services is **\$3750**. This fee **includes** the cost of certain expenses that may be incurred in the preparation of the report. A retainer in the amount of **\$00** must be paid to our office before we can commence the preparation of the report. A bill for the balance of **\$3750** will be due upon final report delivery.

Information about findings to be reported only to client unless otherwise authorized, however, disclosure of the existence of the appraisal assignment might be made to others in the investigative process. The professional fee does not include post appraisal consultation, court preparation, conferences, exhibits, or any other expenses for which the appraiser is to be reimbursed. Consultation fee and court or deposition testimony is \$175.00/hr. There is a \$500 minimum for required testimony. Rates subject to change after six months from above date.

The appraisal will be prepared in accordance with the 2006 guidelines of the Uniform Standards of Professional Appraisal Practice. Included with this letter is a copy of our standard Statement of Limiting Conditions and Appraiser's Certification that are attached to all appraisals prepared by this office. Please review and initial each attached page and return the executed copy to us indicating your acceptance and approval of our Limiting Conditions and Appraiser's Certification.

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Client may cancel this agreement at any time by written notice and agrees to pay Simpson & Associates, Inc. only for the time and costs incurred to the time of the receipt of written cancellation notice. Client agrees to pay all costs that may be required to enforce collection of payment for services rendered.

The fee for this appraisal or other service is for the service rendered and not solely for the physical time spent or report format. Additional research, analysis, and report writing requested by 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 the appraiser(s); fee or payment thereof is not contingent upon any particular conclusions.

It is agreed that total consultant liability to clients and/or third parties is limited to amount of fee paid to Simpson & Associates, Inc. as liquidated damages. Consultant's liability is limited to client; use of appraisal or other service rendered by third party is at risk of client and/or third parties.

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 other provisions shall remain in full force and effect.



SIMPSON & ASSOCIATES, INC.  
BY: Ken E. Simpson, SRA, President  
STATE CERTIFIED GENERAL APPRAISER #104-2007  
Date: November 27, 2006

Engagement Letter Accepted:

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Date:

**CERTIFICATION**

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, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have made a personal site visit of the property that is the subject of this report.
9. No one provided significant professional assistance to the person signing this report.
10. As of the date of this report, K.E. Simpson, SRA, has completed the requirements of the continuing education program of the Appraisal Institute and the Department of Revenue and Regulation of the State of South Dakota.

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11. I have the knowledge and the experience to complete this appraisal, also I have appraised this property type before.
12. Neither I, nor my employer, if any, have been sued by a regulatory agency or financial institution for fraud or negligence involving an appraisal report.
13. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, a range of values, or the approval of a loan.
14. I certify that I currently hold a State Certified General Appraiser license by the South Dakota Department of Commerce and Regulation. The current certification, license #104-2007GC, expires September 30, 2007. The certification is renewed annually and is not a temporary permit.

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K.E. Simpson, SRA

**GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

This is to certify that the appraiser, in submitting this stated opinion of value of the subject property, acted in accordance with and are bound by the following principals, limiting conditions and assumptions.

1. The legal description and site area have been based on information furnished to the appraiser and are assumed to be correct.
2. Maps, drawings, sketches, if any, are provided to assist the reader in visualization and orientation of the property being appraised and other comparable sales and are deemed to be correct and for this sole purpose only.
3. No formal survey of the property was made and no responsibility in connection with such matters is assumed.

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4. No responsibility is assumed for matters legal in nature, nor is any opinion rendered as to the merchantability of the title of the property herein appraised.
5. All existing liens and encumbrances, if any, have been disregarded, and the property appraised as if free and clear, unless otherwise stated.
6. Merchantable title of the entire fee simple estate and responsible management are assumed, unless otherwise stated.
7. Your appraiser made a personal inspection of the subject property and exterior inspection of comparable sales of properties used in the appraisal report, unless specifically stated otherwise.
8. The appraisal was made for the objective and function as stated herein and should not be used for any other purpose.
9. Loss, removal, or modification of any portion of the report renders the entire appraisal null and void. Also, use of the appraisal is reserved solely to the named client, and principal lender, if any, and use of it or any portions excerpted, reproduced or transmitted to any other individuals from the complete report for public, quasi-public or private knowledge is prohibited, except with the prior written consent of the appraiser. Retention of this report does not carry the right of publication. No permission is given for any third parties to rely on any of this report without the specific prior written consent of the appraiser.
10. Compensation for preparation of this appraisal report has no relation to the final values reported.
11. It is agreed and understood that attendance at and testimony at legal proceedings in connection with this appraisal of the subject property may be required. Should any legal proceedings develop, the recipient of this report agrees, as evidenced by acceptance, retention and payment of the fee for same, to be obligated for and shall further compensate the appraiser for any additional appraisal services that may be required of him at his standard professional rate. If testimony or deposition is required because of subpoena the client shall be responsible for all costs to the appraiser for additional time, fees, and charges regardless of issuing party.

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12. Information, estimates and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the appraiser. Only known facts, factors and circumstances in existence, unless otherwise stated, have been given consideration.

13. Any distribution of evaluation in the report, between land and improvement, if any, applies only under the existing program of utilization. Separate valuations of land and building, if any, must not be used in conjunction with any other appraisal and are invalid if so used.

14. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

15. Original signatures of the appraiser are placed upon all original reports and authorized copies. Any reports that do not contain original signatures are null and void and should not be considered valid or with merit.

16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, underground fuel tank leakage or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

17. Mechanical systems, if any, including, but not limited to heating, cooling, plumbing and the like, are assumed to be in good working condition, unless specifically stated otherwise in this report. I have not critically inspected mechanical components within the improvements and no

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representations are made herein as to these matters unless specifically stated and considered in the report.

18. The appraiser reserves the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there become known to us facts pertinent to the appraisal process which were unknown to us at the time of the report preparation.

19. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, a range of values, or the approval of a loan.

20. Opinions and estimates expressed herein represent our best judgement but should not be construed as advice of recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgement, and the decision process should consider many factors other than just the value estimate and the information given in this report.

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