

## Staff Report for 2023 State Board of Equalization

**File No.:** 2023-CASS-WEST FARGO-TEVYE, LLC

**Prepared By:** Property Tax Division

**County or City:** City of West Fargo

**Appellant:** Tevye, LLC

**Issue:** Appeal of Residential Property Valuation

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**Summary:** Tevye, LLC, represented by Tami Norgard, Vogel Law Firm, is appealing the valuation on parcel number 02-4955-00010-000, located at 4980 Sheyenne ST, within the City of West Fargo, ND.

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**Analysis:**

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**Recommendation:**

600 E. BOULEVARD AVE., DEPT 127  
BISMARCK, ND 58505-0599

WWW.ND.GOV/TAX | TAXINFO@ND.GOV



NORTH DAKOTA



## County Information – State Board of Equalization Appeal

Please complete this form in its entirety. The information provided will be taken into consideration when investigating and reaching a conclusion regarding the appeal presented. To provide ample time for investigation, all information to support the appeal (property information, pictures, income information, etc.) must be received by August 1, 2023. Please provide one questionnaire per property.

Please email or mail any supporting documentation to:

[propertytax@nd.gov](mailto:propertytax@nd.gov)

or

The Office of State Tax Commissioner, Attn: Property Tax,  
600 E Boulevard Ave., Bismarck, ND 58505-0599.

### *Information for Property Referenced in Appeal:*

Owner Name:

Address:

Township Name (if applicable):

Parcel ID:

Legal Description:

*\*This information should provide a calculated breakdown associated with the subject property.*

### *City/County Official Contact Information:*

Name:

Address:

Phone Number:

Email Address:

### *Answer the questions below that apply to the appeal:*

Was the appellant sent a notice of increase letter from the city/township? (use drop-down for all that apply)

Choose One Township/City Equalization Meeting

Choose One County Equalization Meeting

Choose One

At which meeting(s) did the Appellant present the appeal? (choose all that apply)

Township/City  County  N/A

*\*Please note NDCC § 57-13-04.3(a)(1)(2) requires appellants to appeal to the State Board of Equalization must have applied to both local and county boards.*

Minutes from all levels of equalization meetings: Choose One

Please attach or email ([propertytax@nd.gov](mailto:propertytax@nd.gov)) the following:

1. All property record cards for the subject property (*\*This information should provide a calculated breakdown associated with the subject property.\**)
2. Comparable property information and corresponding property record cards
3. Copies of the notice of increases with dates clearly noted
4. Any evidence to validate the assessment appealed
5. Minutes from all levels of equalization meetings as applicable

### **Appeal Process:**

- 1.) Appellant notifies the Property Tax Division of intent to appeal.
- 2.) Submit this form and all applicable documentation to [propertytax@nd.gov](mailto:propertytax@nd.gov) by the date specified above.
- 3.) The State Board of Equalization meets on the second Tuesday in August to examine and compare the returns of the assessment of taxable property as submitted by North Dakota counties. This is locally assessed property. The board equalizes the property so that all assessments of similar taxable property are uniform and equal throughout the state. During this meeting, tax directors or other representatives from a county will speak, along with city representatives, and individual taxpayers.
- 4.) After the State Board meeting, your case will be assigned, and staff will reach out to schedule an onsite review of the property (when deemed applicable). While an interior inspection of the property is not required, interior reviews may affect the consideration of value. If denied an interior review, we will assess from the exterior only. Staff will not be allowed to enter the property without the owner or a representative present.
- 5.) Generally, by the first Thursday of October, the property tax division staff will present their findings to the State Board of Equalization with a recommendation. The board deliberates and votes. You can attend this meeting however; public comments are not accepted.



Direct Dial: 701.356.6309  
218 NP Avenue | PO Box 1389  
Fargo, ND 58107-1389  
tnorgard@vogellaw.com

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North Dakota State Board of Equalization  
Attn: Brian Kroshus, Tax Commissioner & Secretary  
North Dakota Capitol Building  
600 E. Boulevard Ave., Dept 127  
Bismarck, ND 58505

Via email: [propertytax@nd.gov](mailto:propertytax@nd.gov)

**Re: State Board of Equalization Appeal  
4980 Sheyenne St., West Fargo, ND 58078 (Tevye, LLC)  
Dispute of 2023 Tax Assessment and Request for Correction**

To the State Board of Equalization:

Tevye, LLC (Tevye) hereby requests a reduction and correction to West Fargo's valuation and corresponding tax assessment for 4980 Sheyenne St., West Fargo, ND 58078 (Parcel ID: 02-4955-00010-000) (hereinafter "Property"). The City's assessment of the Property is a grossly erroneous calculation of the true and full value of the Property. The City currently assesses the Property at \$6,620,400, which is an **increase of \$423,800** over the 2022 valuation of \$6,225,500. You likely recall that Tevye challenged the \$6.2 million valuation assessed to this property last year. Tevye continues to dispute the 2022 assessment, but also asserts that the basis for the valuation of this property is arbitrary and capricious, failing to find support in the market. The City appears to have added a 6.8% percentage increase on the 2022 value, reaching an astounding \$6.6 million in 2023. With the complete lack of buyers in this price range in the metro area market and the fact that homes over \$1 million actually decreased between 2022 and 2023, it is difficult to understand how the City could support an increase in market value/true and full value of close to a half million dollars in one year. There must be more than a straight-line mathematical percentage increase to support this incredible assessment of value in this range and imposition of nearly \$90,000 in real estate taxes for 2023. If the City continues a straight line increase, the City's value will be over \$9 million within five years, with absolutely no market to support this value.

### **1. The City's Basis for Analysis is Flawed**

The City relies on a mass computer model result that is run for all properties city-wide, presumably applying their average 6.8% percentage increase to this and all other houses. That assumes the property buyers in this price range are, in 2023, willing to pay an additional \$423,800 over what they would have paid last year on this home if it were on the open market. Given the questionable

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basis of this extraordinary valuation, in order to obtain a defensible fair market value, the Board of Equalization should request a USPAP compliant appraisal report prepared by someone certified to do so on your staff or another qualified, Board-Certified appraiser.

In the past 18 months, we have been repeatedly told by government assessors that they need to assess based on “true and full value,” which they do not necessarily interpret as meaning “market value.” Importantly, courts and tax guidelines do equate the two concepts of “true and full value” and “market value.” “True and full value is the starting point in the assessment process for property taxation purposes.” *Property Tax Guideline: Assessment Terms and Concepts*, (5)(c), N.D. Office of State Tax Comm'r, July 2005. “**Market value is the same as true and full value for residential and commercial property.**” *Id.* at (2)(a). “For assessment of residential and commercial property, the assessor must **first** estimate the market value of property.” *Id.* at (2)(b) (emphasis added). Market value is defined as, “the most probable price expressed in terms of money that a property would bring if exposed for sale in the open market in an arms-length transaction between a willing seller and a willing buyer . . . .” *RFM-TREI Jefferson Apartments, LLC v. Stark County Bd. of Comm'rs*, 2020 ND 204, ¶ 12, 950 N.W.2d 160. From this summation of law, there is a clear framework for assessors to utilize. They must establish a market value for a residence at the outset of their assessment. West Fargo City Assessor Nick Lee stated at the June 20, 2022 Cass County Commission meeting that West Fargo uses replacement cost as the basis for his office’s assessments. See ([Cass County Commission Recording - June 20, 2022](#)) at 1:01:15. Clearly, the City’s assessment procedure does not comport with North Dakota law, and that flawed process led to Tevye’s Property being over-assessed by \$2.7+ million. That is almost double the true and full value in 2022. In 2023, there was a simple percentage increase application, without any analysis of the market value of this property.

On appeal to Cass County in 2022, the Cass County Commission upheld the City’s assessment, yet Commissioners blatantly stated that they agreed with Tevye that the \$6.2 million valuation was “arbitrary.” The County Commission encouraged Tevye to seek relief at the State Board of Equalization. County Board Chairman Steen stated (incorrectly) that the Commission’s only options were to keep the City’s assessment fully intact or fully accept Tevye’s proposed value. He said it would be arbitrary if they picked a number in the middle. See ([Cass County Commission Meeting Recording - June 20, 2022](#)) at 1:21:50. Yet, both Commissioner Steen and Paul Fracasi, Cass County Director of Equalization, admitted they knew the City’s assessment was wrong. See ([Cass County Commission Meeting Recording - June 20, 2022](#)) (at 1:06:20 for Commissioner Steen’s comments, and at 59:27 for Mr. Fracasi’s statement). The North Dakota Supreme Court says a county absolutely has the power to pick a number in the middle. *Dakota Nw. Assoc. Ltd. P’ship v. Burleigh County Bd. of County Comm’rs*, 2000 ND 164, ¶ 13, 616 N.W.2d 349 (upholding the county commission’s decision to pick a compromise assessment in between the parties’ proposals). The County is not obligated to pick the City’s number or the landowner’s number. In fact, that is precisely the County’s obligation and is the number that the County will need to defend in any tax abatement judicial proceeding.

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If this matter ends up in Court, a judge will undoubtedly look at true and full value of the home, which is defined as “market value and other evidence of value.” Cass County’s own 2022 Annual Assessment Report makes it crystal clear that the value for tax purposes is market value, stating:

North Dakota property tax is an ad valorem tax. This means, simply, a tax according to value.

**The true and full value for tax purposes must reflect the market value of the property.**

(Assessment Report at 6.) Adding a straight-line 6.8% percentage increase resulting in a mathematical computation of \$423,800 more value this year is not evidence of market value for a home in this price range, which simply has no existing market or comparable sales. As a result of the Metro Flood Diversion Project, local judges are well-versed in what constitutes the value of a residence given the many cases in court in recent years. The City’s inflated value cannot find credible legal support from its mass computer model, a value written on a building permit, or extrapolation of price per square foot from homes valued at a fraction of Tevye. I would urge you to take a hard look at the credible, unbiased appraisal report we submit, or alternatively, you could have a legitimate analysis conducted by a qualified appraiser. Since two of the County Commissioners overtly agreed that the \$6.2 million value identified by the City was “arbitrary,” it should not be a stretch to expect a judge to agree that the valuation is arbitrary and overturn the value if we need to go that far. When discussing the \$6.2 million assessed value last year, members of the County Commission commented that \$6.2 million was not the right number, but they weren’t sure what would be the correct number. I suggested they look at the detailed analysis of value submitted by Tevye’s certified local appraiser through the appraisal as well as new information submitted to the County Assessor the prior week. When the Commission asked how he viewed the new information, the County Assessor advised that he didn’t get a chance to look at it. The Commission asked him to review it after the hearing. The County ultimately did not change the City of West Fargo’s tax assessed value.

The 2023 increase of 6.8% as a flat-line increase is even more arbitrary and capricious since it has no relation to this property and particularly where there has been a DECREASE in value of high value homes in West Fargo over the past year. The record is devoid of any material evidence for a 6.8% increase in high value homes. In fact, the market reflects absolutely no increase at all. I attached the MLS Flex Summary that lists the number of active listings, pending listings, and sales in various price ranges for 2022 and 2023 (See pages 3 and 4). You should take note that there was a decrease in home sales over \$1,000,000, a decrease in active listings over \$1,000,000 and a decrease in pending home sales in that same range. There is simply no support for the City’s position that this already over-valued home somehow increased in value by \$423,000 in the last year.

In support of our objection last year before the various Boards of Equalization, Tevye obtained an independent appraisal from local, credible appraisers often used by the City, who determined that the actual full and true market value of the Property was \$3,470,000. As we moved through the County Board of Equalization and to the State Board of Equalization, I asked our appraiser to look

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more broadly at the metro area given the lack of comparables within West Fargo. The taxes within Cass County and within the State are also supposed to be “equalized” to make sure that homeowners in one area are not paying inordinately more in property taxes than their fair share as compared to other property owners in the County and State. In fact, that is precisely what Tevye’s appraisers found last year. Tevye was paying far more in real estate taxes than is equitable within the County and statewide; an astounding **\$89,348.59 for 2023**. This is three or four times higher than the amount of taxes paid by landowners of other higher end homes in the metro region and across the state. Our appraiser submitted extensive documentation comparing Tevye to other large and high value homes in Fargo and Horace, with Tevye shouldering an extraordinarily higher tax burden than other residents. One of the homes was of similar size with property boundaries that were merely a few hundred feet from the Tevye property.

After additional market research and review, the Appraisers submit a revised appraisal with an updated opinion of market value for the Tevye parcel to the State Board of Equalization in August 2022. The appraisers advise that a willing buyer would pay no more than \$3,920,000 for this parcel if it were listed on the open market by a willing seller. The appraiser went on to advise that most houses they found in the higher values were actually assessed by the taxing jurisdiction at a much lower value than the “fair market value.” For purpose of equalization and to make sure Tevye is paying an equitable amount of taxes in comparison to other higher end homes in the area, the appraisers identified that most higher end homes were assessed at a value that approximately 20% less than the actual market value. As such, for purpose of fairness and equalization with other similarly situated properties, a 20% reduction was applied to the market value, **with a recommended valuation for tax assessment purposes at \$3,136,000.**

Property taxes must be based on the actual market value for property; what a willing buyer would pay to a willing seller if the property was listed on the market. “All assessments of any taxable property in excess of the full and true value in money are subject to correction and abatement and refund. . .” N.D.C.C. § 57-23-01. The Board may abate or refund, in whole or in part, any assessment or tax upon real property when the assessment on the property is invalid, inequitable, or unjust.” *Dakota Northwestern Assoc. Ltd. Partnership v. Burleigh County Board of County Comm.*, 2000 ND 164, ¶ 9 (citing N.D.C.C. § 57-23-04(1)(h)).

To illustrate how the City Assessor has used an “ends justifying the means” approach to valuing Tevye’s property, it is important that you understand precisely what the City approved at last year’s City BOE hearing regarding Tevye. It facially appears that Tevye was successful in getting the home value reduced significantly in 2022, however the City Assessor happened to also increase the land value by an almost identical amount (in order to make the valuation of land be more similar to a neighbor who was also challenging the assessment based upon land value). The net change to Tevye reduced a mere few thousand dollars after the shell game shuffling the land and improvement values by over seven hundred thousand dollars as a result of Tevye’s City BOE appeal in 2022. The fact that there was a shift of \$715,000 in valuation of the land (up) and the house (down), yet the

overall valuation of the home happened to stay almost identical should cause you to question the basis of the initial 2022 valuation in the first instance. This is relevant to the 2023 valuation since the 2023 valuation is a set percentage increase on the erroneously inflated 2022 valuation, and since any tax abatement proceeding that Tevye may initiate against the County if no relief is afforded will include both 2022 and 2023 tax years.

When Tevye first appealed the 2022 value at the City BOE level, the City's valuation reflected \$157,200 for land and \$6,068,300 for improvements, for a total of \$6,225,500. After the City BOE process, the City approved a wide swing, increasing Tevye's land valuation by \$715,000. The original assessment and taxes in 2022 is depicted below:

Real Estate Assessment and Taxes						
Tax ID	Land	Improvements	Other	Total Assessment	Tax Rate	Taxes
02-4955-00010-000	\$157,200	\$6,068,300	\$0	\$6,225,500	309.1200	\$86,599
<b>Totals</b>	<b>\$157,200</b>	<b>\$6,068,300</b>	<b>\$0</b>	<b>\$6,225,500</b>		<b>\$86,599</b>

During the 2022 City BOE appeal, Tevye's neighbor also appealed its valuation, which jumped from \$1.9 million to \$2.6 million in 2022, based, purportedly on a dramatic increase in their land value during the reassessment (despite the City inspecting and assessing the neighbor's new home for the first time in 2021). When the neighbor first called Nick Lee, the City Assessor, to see if there was some mistake, Lee advised that he could blame his neighbor (Tevye), since Tevye's owner was alleged to have "overpaid" for other parcels adjacent to Tevye's house, which Lee suggested increased the neighbor's taxable valuation by \$670,000 in one year. Interestingly, the City had not increased Tevye's land value, but kept the land value at \$18,000 per acre for Tevye while increasing the neighbor's land value by approximately \$95,000 per acre, a \$670,000 increase for approximately 7 acres – a similarly sized parcel to Tevye with a high value home on it. This example shows that there is no basis to some of the assessments, when neighbors are inequitably and arbitrarily assessed. This was all discussed at the City Board of Equalization Hearing in April 2022.

When the City finalized its Assessments after Tevye appealed in April 2022, the City Assessor modified the valuation for Tevye, from \$6,209,100 down to \$6,196,600. In the explanation, it appears that the City Assessor simply shifted his numbers around, now showing a land value of \$872,200, from \$157,200. The Assessor dramatically increased its land calculation by over \$715,000 and decreased its improvement calculation by a similar amount, basically borrowing from one category to the other, with a slight \$12,500 reduction. I hope the State BOE members will be brave enough to question whether this wide swing of 'valuation' determined by the City Assessor's office could possibly reflect an arbitrary, results-oriented math rather than meaningful, credible evidence of value. The City's handling of this appeal underscores its "end justifying the means" approach to valuing the Tevye property. Tevye is simply asking to be treated fairly rather than be



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subject to this type of guesstimating and results oriented valuation for 2022, followed by a blanket percentage increase for 2023 without any support in the market.

Another point that should give you pause about the decision in 2022 is that the City Assessor's determination of value was obtained by estimating a value of \$400/square foot, much higher than any other arm's length transactions. A value of \$300/square foot would be far more supportable based upon open market transactions. The City Assessor took the \$400/square foot and multiplied it times the above ground finished square feet at Tevye. Yet, during the 2022 County Board of Equalization hearing, it became clear that the City's information regarding the Tevye main house reported square footage for the above-grade portions of the house were **overstated by an astounding 2,000 square feet**. City information originally reported the house to be over 12,464 square feet, yet the correct number is 10,445 square feet. When the City Assessor explained his calculations as based upon \$400/square foot times the Tevye square footage, it results in an \$800,000 mistake in the City's calculations last year simply based on their inaccurate square footage calculation. Again, this is an example of the arbitrary calculations made to reach the intended value by City Assessor's office. If the City Assessor was confident in its formula, one would assume that the discovery of this error would cause the valuation of Tevye to be reduced by \$800,000 rather than increased by another \$423,800 in 2023. I point this out to underscore why Tevye feels unfairly treated, why we believe Tevye will be successful if we seek judicial review through a tax abatement proceeding against the County, and why we strongly urge you to adopt our unbiased appraiser's valuation or ask for a qualified USPAP compliant appraisal to be conducted. Tevye has no objection to paying taxes; however, being treated fairly based upon correct information and correct math should be a fundamental expectation of every West Fargo and Cass County resident. The North Dakota elected officials should right a wrong and seek a correct answer rather than condone these errors and sweep them under the rug, allowing the City to keep the value unreasonably high.

“Every property within North Dakota, including properties at issue, must be assessed at its ‘true and full value.’ *RFM-TREI Jefferson Apartments, LLC v. Stark County Board of Comm.*, 2020 ND 204, ¶ 12. “True and full value is ‘the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed.’” *Id.* (quoting N.D.C.C. § 57-02-01(15)). In short, the true and full value is the market value of the property, what a willing buyer in the market would pay for the property if sold by a willing seller. True and full value is not the cost of construction or the replacement cost if the property was destroyed. Both were considered as part of the analysis last year. Neither is appropriate to consider as part of fair market value. If the City has anything else for the State BOE to consider as “other matters that affect the actual value” that would somehow justify a \$423,000 increase in the last year, that has not been provided as part of the record.

There are no comparable sales in this market that would support a \$6,620,400 value on Tevye. One of the City Assessors advised that they have a computer model that generates the value based upon a mass appraisal and computes a valuation based upon inputs across the City. I understand how

mass appraisals are created and would suggest that the computer program may work great for homes on 1/8 to 1/2 acre lots with 1200 square feet to 5500 square feet, but the numbers appear to have gotten skewed with larger lots and larger properties. That, or there have been some spot assessments whereby the value of this property has been intentionally elevated far in excess of what would be expected with the mass appraisal input.

While understanding that somehow the City's computer model or assessor set a \$6.6 million valuation, that does not mean there is any willing buyer in the market that would ever pay \$6.6 million for the house if it was for sale on the open market. With high value homes, individuals can choose to upgrade their features to suit their personal tastes, investing whatever amount they wish, while understanding they may not get their investment out when they sell it. The market is not reflective of how much money is invested constructing a house, it is simply a reflection of what a willing buyer would pay for it if it were for sale. There is an incredibly limited market for homes above \$1 million, with no evidence of any market for homes above \$3.3 million.

**2. Tevye's Very Credible Appraisers Identified \$3,470,000 as True and Full Value/Market Value, with a Value Set for an Equitable Tax Assessment at \$3,136,000.**

In order to obtain a realistic view of what the market would be for this Property, Tevye hired two local appraisers to conduct an appraisal in 2022. It is noteworthy that we sought out reputable local appraisers, who the City of West Fargo often relies on, to make sure we are using appraisers who know the local market and are trusted by local officials for their knowledge and valuations.

Based on the attached 2022 appraisal of the Property by GEB Appraisals & Triebwasser Appraisal Service, LLC Joint Venture (hereinafter "GEB"), the true and full value of the Property was \$3,470,000 in 2022. This Property has two houses on it, the original 2,232 square foot, three-bedroom house built in 1996, and the new high value home built on the remainder of the parcel. There are not many comparable sales with two residences on one parcel, so the appraisers essentially split the parcel in two and valued the two homes separately to capture the value. These unbiased appraisers did not deduct anything from the value in recognition that it would be hard to sell two homes on one lot in the open market, but instead valued each as if they were independent homes for sale without being attached to each other and sharing an entrance. The older home, with 3.9 acres of property attached to it was appraised at \$820,000. The High Value Home, with 4.88 acres of property attached to it was appraised at \$2,650,000. When added together, the Property value is \$3,470,000 according to these appraisers. Once the appraisers widened the search of high-end homes to find more comparable, arm's length sales in the metro area, they adjusted those figures to reflect a market value of \$3,920,000, but also adding an equalization factor in order to treat Tevye similarly to other metro area taxpayers, requiring a taxable assessed value of **\$3,136,000 in** order to equalize the tax structure of Tevye with others in the market.

The attached appraisals utilize the two commonly accepted methods for determining property value: (1) the Cost Approach and (2) the Sales Comparison Approach. Each method returned a vastly lower valuation than the City and County's assessment value.

### **I. Cost Approach**

Under the Cost Approach, the appraisal considered what a prudent, rational person would pay to construct a similar and competitive property as opposed to purchasing the Property at issue. This approach estimates: (1) the land value according to its highest and best use; (2) an estimate of the replacement cost of the building and site improvements; (3) an estimate of the physical, functional and/or external depreciation accrued to the improvements, and; (4) provides a sum of the depreciated value of the improvements with the land value to reach the Property's true and full value.

The land valuation was based on comparable sales of equivalent property and evaluated four distinct listings consisting of parcels sized at or over one acre. GEB determined the equivalent value for the subject property ranged from \$110,000 to \$160,000 per acre, with a median value of \$149,952 per acre, and in analyzing comparable property with equal weight, arrived at a reconciled per acre value of \$140,000. With the Property constituting 4.88 acres total, this results in a reconciled true and full land value of \$685,000.

The estimate of the replacement cost of the building and site improvement was based on Swift Estimator, an online subsidiary resource of Marshall Valuation Service, with the subject property valued as separate components of land and building improvements and used in connection with the Property's external or economic, functional, and physical depreciation. Based on a determination incorporating soft costs related to engineering, architectural design, permits and legal expenses, and developer's profit, the cost equivalent for replacement of structures and their true and full value on a competitive property would be **\$2,700,000**. (See pg. 97 of the GEB appraisal). Importantly, this valuation includes a level of economic depreciation, which does not appear to be included by the City in their assessments. Economic depreciation factors in that the pool of buyers is extremely limited to start with, but also since not many buyers will want or be interested in keeping up a large indoor heated pool, sports court and bowling alley. These are personalized features that others may not want to pay to operate or maintain.

### **II. Sales Comparison Approach**

GEB also analyzed the Property under a Sales Comparison approach. GEB analyzed what a rational buyer seeking to pay no more for the Property would seek in comparison to property with the same quality, utility, and perceived benefits of ownership. This approach examines the market in which the Property competes and examines comparable sales, contracts for sale and current offerings, along with analysis of the quality of transaction, the most meaningful unit of value for the Property, and comparable sales adjusted to equate with the Property.

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This Property is considered a high-value residential property with a very limited market for potential buyers, so it takes longer to attract qualified buyers. Another limiting factor is the ability for buyers to obtain financing for a high value home. The comparable sales identified in the appraisal reflect that some of the high value homes have taken well over a year on the market to sell, given the lack of buyers at this level. The 2023 supplemental review shows that homes over \$1 million are simply not moving in the market as of February 2023. As previously determined by the North Dakota Supreme Court, if a property cannot be sold for the assessed value, then the market value, synonymous with the “true and full value” of the property must be less than the assessed value. (*RFM-TREI Jefferson Apartments*, 2020 ND 204 at ¶ 14). Assessments which exceed the true and full value of a property require abatement or reduction of the property’s assessed value. *Id.* Where a Board acts contrary to that directive, its acts are considered arbitrary and unreasonable. *Id.* In short, the City cannot use a computer model generated tax assessed value or a flat-line percentage increase to a yearly increase resulting in a value that is higher than the market would justify. The attached appraisal carefully walks through the factors that lead to a value on this parcel, in far more detail and targeted specifically to this home as opposed to the limitations created by using a mass appraisal process (which is totally understandable for the City to use for the vast majority of homes in general, but produces an arbitrary result in the case of an outlier like this property).

One of the most significant errors of the City Assessor last year was identified after the City BOE process, after the City Assessor disclosed the comparables it was relying on as “comparable sales” to reach the City’s conclusion of a per square foot value calculation. There is a very fundamental and elementary principle in valuing properties that you must use arm’s length sales by buyers and sellers who are under no compulsion to purchase or sell a property. Most of the higher value homes used by the City for comparison were custom-built homes where a high-end client entered a contract with a builder to build a home, typically on a cost-plus basis. With the cost of construction materials, financing and inflation, the contractually driven costs were quite high on some of those homes due to individual homeowner preferences for high end finishes. Yet just because someone is willing to pay extra to have expensive features in a house does not mean that the market would recognize the value of those individual choices of a custom home building client. As such, the City’s use of numerous transactions as comparable sales for its sales approach to value was vastly overstated.

Since there are so few sales that would be deemed actual arm’s length comparables by both the City and Tevye’s appraisers, Tevye’s appraiser did a metro area home sale review to capture Cass County comparable sales since the taxes paid should be equalized, regardless of what City a resident lives in. The valuation should be similar, with similar amounts of taxes paid based on the values of the homes. After reviewing the metro market valuations, Tevye asked its appraisers to consider any impact to its valuation when it included comparable arm’s length home sales from adjoining jurisdictions in Fargo and Horace, as well as Grand Forks and Bismarck, since they are very similar markets. The inclusion of the values of other high-end homes in the region, and a review of the taxes paid and tax assessed value of those homes underscores the lack of equity and fairness that the City of West Fargo is applying to Tevye’s taxable valuation. GEB found that

Tevye's tax burden was far more significant, at least **triple** other high value homes in the metro, resulting in a patently inequitable tax structure, which is the very essence of the purpose behind the Board of Equalization. Some of the comparables reviewed by GEB are discussed below:

a. The Horace House. This 15,000 square foot house on 39 acres sits adjacent to and south of 52<sup>nd</sup> Avenue, west of Sheyenne Street. This is Tevye's neighbor; only a few hundred feet south of Tevye. The land is valued for tax purposes at \$10,000 per acre. Tevye was valued at \$18,000 per acre when it filed the initial 2022 City BOE appeal. After the 2022 City BOE hearing, the overall value of Tevye's parcel only went down by \$12,500, yet the land valuation was increased to \$100,000 per acre, purportedly based upon recent development land sales in West Fargo. The Board of Equalization process has a goal of equalizing inequities in tax assessed value to make sure similar parcels pay similar taxes. This is a case that underscores the significant misstep in the West Fargo assessment process. Frankly, if anything, the Horace Home acreage should be higher than Tevye. It appears the City of West Fargo is using \$100,000 per acre for vacant land sales as a benchmark against which to escalate existing home land values dramatically. They argue the excess acreage on these larger lots could be used for development. If you look at the configuration of the Tevye home, it is in the center of the lot, with beautiful landscaping all around. There is no separate excess portion of the land that is an obvious location to parcel off and sell for a row of townhomes or small single family home lots. Considering the high value of the homes in this area, it would not be realistic to assume there would be lots parceled off within the Tevye parcel.

Tevye very well may have been built for over \$2 million, but the "market value" is simply not as high as the construction costs. The second point this comparable underscores is that most jurisdictions recognize economic depreciation and functional obsolescence. West Fargo did not depreciate the Tevye home due to the fact that there are simply no buyers in the \$6.6 million range, so the house needs to factor in economic depreciation. It also needs to factor in functional depreciation since not many buyers will want or be interested in keeping up a large indoor heated pool, sports court and bowling alley. A final point: This listing demonstrates the concept of a sales ratio, which is incorporated nationwide as a matter of course as needed to equalize values and make them fairer amongst different jurisdictions. In higher valued homes, even though the true "market value" may be higher, the taxes paid and the coordinating tax assessed value are actually 60-80% of "market value". This is frequently incorporated where homes in neighboring jurisdictions have lower taxes and tax assessed values. In order to equalize the taxes a homeowner pays, the tax assessed value is reduced below the market value. That is what should happen in this case to equalize the tax payments of Tevye (currently \$89,000 per year) with other high-end homes in neighboring jurisdictions. Tevye's 8.78 acres is being used for a single family residence and a pre-existing guest house used as in-law quarters. Given the lack of development potential for this acreage, it should not be valued as if it is \$100,000 development land. \$10,000-18,000 per acre seems like a much more reasonable number. The Horace Home, to the contrary, has 39 acres and a

August 1, 2023

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large, beautiful home. In that case, there is a distinct possibility that the excess acreage could be parceled off for development, so that land would have a lot more potential to be developed than Tevye's land. It underscores the inequity in taxation that this Board needs to address to avoid the inequitable and unfair tax burden being placed on Tevye.

The purpose of determining a "market value" for property is to use that value as a basis for taxation. We could find no other personal residences in North Dakota that pay an astonishing \$85,000 per year in property taxes in 2022 or 89,000 in 2023. This is one single, very philanthropic family that does not use the public school system and has only an average single family use for roads, water, sewer, police protection, etc., yet they pay an inordinately inequitable share of the burden of maintaining the schools and City infrastructure. From an equalization and equity standpoint, it is unconscionable that one property should carry such a disproportionately heavy tax burden over other higher value homes. In North Dakota, the highest taxes we could find were between \$20,000-30,000. Just for sake of comparison, I pulled a listing for a 15,841 square foot executive home in a suburb north of Orlando, where there are significantly more buyers in the \$5 million(+) housing market. The property taxes assessed annually for a \$5.5 million home in Florida amount to \$33,000 per year. Closer to home, I pulled the taxable value for an iconic home that many will recognize: the John Barry home on Pelican Lake, south of Detroit Lakes. This beautiful, expansive mansion is valued for taxation purposes at \$4.4 million, with an annual tax bill of \$48,696 in Minnesota, which has much higher property tax rates than North Dakota. The State BOE members likely also recently read about another high profile home on Detroit Lakes, which was sold in June after being listed for \$11 million and had a 2022 annual property tax obligation of \$45,922. While that house was listed for sale at \$11 million, the actual tax assessed value listed by Becker County was \$3,219,400, resulting in taxes of \$45,922 in 2022 and \$41,590 in 2023. (See Property Tax Statement Attached to this Letter.) This – in Minnesota, where taxes are generally higher than North Dakota.

With all these examples, I hope something should resonate with the State BOE members that there is something wrong with Tevye's assessment. It is inequitable to expect Tevye to pay exponentially more than all these other properties for local property taxes. Again, Tevye's concern in this case is simply fundamental fairness and equity.

I am attaching the 2022 Appraisal that was compiled last year, as well as the supplementary analysis that the appraisers did when they looked at the metro region and the equalization of taxes paid by the West Fargo resident over Horace or Fargo. I strongly urge you to read my August 3 and August 9, 2022, letters to the State Board of Equalization. The valuation process as evidenced by the treatment of Tevye casts an unfortunate shadow over West Fargo's tax assessment process that I hope you will correct by reducing the value of Tevye to a more equitable number as identified herein in order to avoid further appeals and a tax abatement proceeding. Tevye disputes the City's assessment herein and respectfully requests a correction of the original assessment based on the attached information and requests an abatement of past taxes.

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Sincerely,

A handwritten signature in black ink that reads "Tami Norgard". The signature is written in a cursive style with a large, sweeping initial 'T'.

Tami Norgard

CC: Tevye

**EXHIBITS**  
(include PDFs emailed separately)

**Becker County Home Listed for \$11 million with Taxes of \$41,590**

Forum article regarding sale: <https://www.inforum.com/news/mcfeely-nds-richest-person-gary-tharaldson-buys-11-million-home-on-detroit-lake>

Becker County Tax Records:

<p><b>Becker County</b> Auditor-Treasurer Office 915 Lake Avenue Detroit Lakes, MN 56501 218-846-7311 www.co.becker.mn.us</p> <p><b>PIN:</b> 49.0124.634      <b>AIN:</b> <b>BILL NUMBER:</b> 322838 <b>LENDER:</b> <b>OWNER NAME:</b> BRANDT PROPRIETARY LLP</p>		<b>TAX STATEMENT</b>		<b>2023</b>
<p><b>TAXPAYER(S):</b> BRANDT PROPRIETARY LLP PO BOX 230 FARGO ND 58104</p>		<p>2022 Values for taxes payable in</p>		
<b>Step 1</b>	<p>VALUES AND CLASSIFICATION</p>			
	<p><b>Taxes Payable Year:</b></p>		<p>2022</p>	<p>2023</p>
	<p>Estimated Market Value:</p>		<p>3,219,400</p>	<p>3,277,300</p>
<p>Homestead Exclusion:</p>		<p>0</p>	<p>0</p>	
<p>Taxable Market Value:</p>		<p>3,219,400</p>	<p>3,277,300</p>	
<p>New Improvements:</p>				
<p>Property Classification:</p>		<p>Seasonal</p>	<p>Seasonal</p>	
<p><small>Sent in March 2022</small></p>				
<b>Step 2</b>	<p><b>PROPOSED TAX</b></p>			
<p><small>Sent in November 2022</small></p>				
		<p>41,590.00</p>		
<b>Step 3</b>	<p><b>PROPERTY TAX STATEMENT</b></p>			
<p>First half taxes due 05/15/2023</p>		<p>\$20,757.00</p>		
<p>Second half taxes due 10/15/2023</p>		<p>\$20,757.00</p>		
<p>Total taxes due in 2023</p>		<p>\$41,514.00</p>		

<p><b>\$\$\$</b></p> <p><b>REFUNDS?</b></p> <p><i>You may be eligible for one or even two refunds to reduce your property tax. Read the back of this statement to find out how to apply</i></p>					
<p><b>Tax Detail for Your Property:</b></p>					
		<p><b>Taxes Payable Year:</b></p>	<p>2022</p>	<p>2023</p>	
<p>1. Use this amount on Form M1PR to see if you are eligible for a property tax refund. File by August 15. If this box is checked, you owe delinquent taxes and are not eligible.</p>		<p><input type="checkbox"/></p>	<p>\$0.00</p>	<p>\$0.00</p>	
<p>2. Use these amounts on Form M1PR to see if you are eligible for a special refund.</p>		<p>\$0.00</p>			
<b>Tax and Credits</b>	<p>3. Property taxes before credits</p>		<p>\$44,779.13</p>	<p>\$41,340.38</p>	
	<p>4. Credits that reduce property taxes</p>		<p>A. Agricultural and rural land credits \$0.00 B. Other credits \$0.00</p>	<p>\$0.00 \$0.00</p>	
<p><b>5. Property taxes after credits</b></p>		<p><b>\$44,779.13</b></p>	<p><b>\$41,340.38</b></p>		
<b>Property Tax by Jurisdiction</b>	<p>6. BECKER COUNTY</p>		<p>A. County \$13,572.29</p>	<p>\$12,454.78</p>	
	<p>7. DETROIT LAKES</p>		<p>\$16,776.77</p>	<p>\$16,287.94</p>	
	<p>8. State General Tax</p>		<p>\$6,283.88</p>	<p>\$4,837.31</p>	
	<p>9. SCHOOL DISTRICT 0022</p>		<p>A. Voter approved levies \$4,128.00 B. Other local levies \$3,447.80</p>	<p>\$4,172.36 \$3,084.56</p>	
	<p>10. Special Taxing Districts</p>		<p>A. BC EDA \$73.57 B. Others \$496.82 C. TIF \$0.00</p>	<p>\$63.96 \$439.47 \$0.00</p>	
	<p>11. Non-school voter approved referenda levies</p>		<p>\$0.00</p>	<p>\$0.00</p>	
	<p>12. Total property tax before special assessments</p>		<p>\$44,779.13</p>	<p>\$41,340.38</p>	
	<p>13. Special assessments</p>		<p>\$286.87</p>	<p>\$173.62</p>	
	<p><b>14. YOUR TOTAL PROPERTY TAX AND SPECIAL ASSESSMENTS</b></p>		<p><b>\$45,066.00</b></p>	<p><b>\$41,514.00</b></p>	
			<p>Tax Amount Paid</p>	<p>\$0.00</p>	

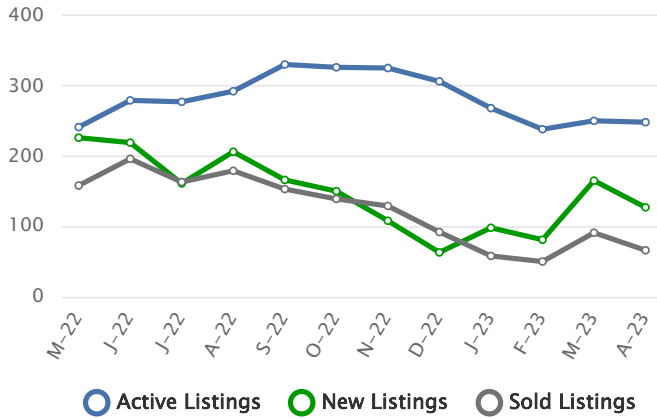
<p><b>PROPERTY ADDRESS</b></p> <p>1071 SHOREWOOD DR DETROIT LAKES, MN 56501</p>	
<p><b>DESCRIPTION</b></p> <p>Acres: 13.13 Section 10 Township 138 Range 041 SubdivisionName UNPLATTED D.L.</p>	
<p>Line 13 Detail</p> <p>S-7301/23 STOR      63.81 S-1010/15 SOLID V      60.00</p>	



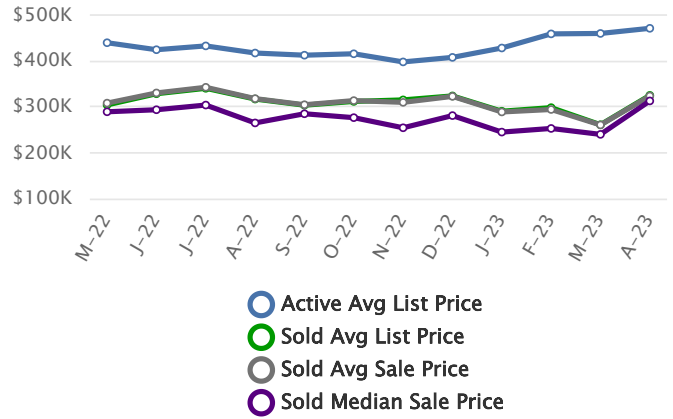
# Market Summary

Fargo Residential, April 2023

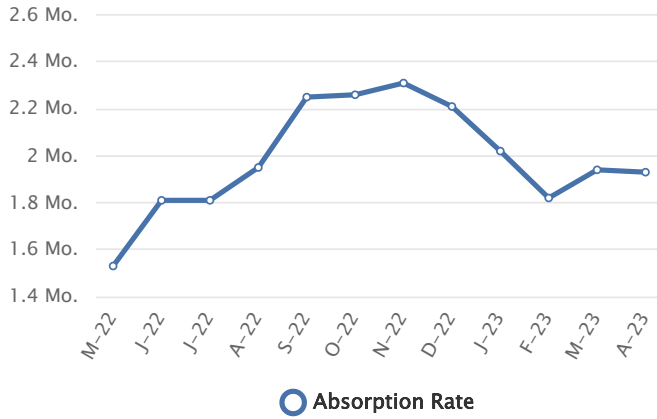
### Number of Listings



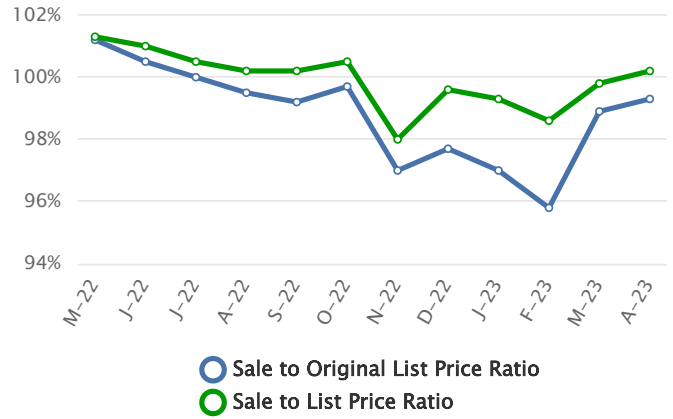
### Listing Prices



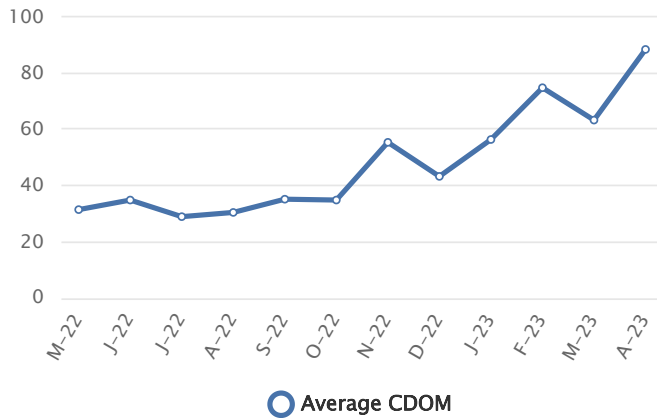
### Absorption Rate, in Months



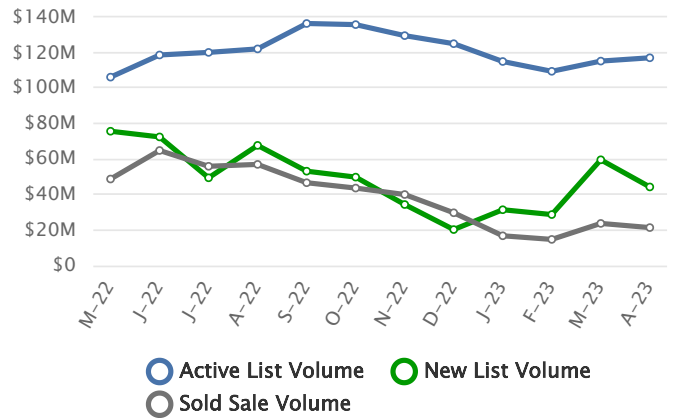
### Sold to List Ratio



### Days on Market



### Price Volume



Summary Statistics

	Apr-23	Apr-22	% Chg	2023 YTD	2022 YTD	% Chg
Absorption Rate	1.93	1.29	49.61	1.93	1.16	66.38
Average List Price	\$471,440	\$460,987	2.27	\$372,091	\$346,403	7.42
Median List Price	\$390,189	\$362,255	7.71	\$324,716	\$300,000	8.24
Average Sale Price	\$323,783	\$299,144	8.24	\$289,551	\$291,144	-0.55
Median Sale Price	\$313,000	\$271,000	15.50	\$255,500	\$265,000	-3.58
Average CDOM	88	46	91.30	64	42	52.38
Median CDOM	29	15	93.33	40	17	135.29

Sold Listings

	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-49,999	0	0	0.0	0	1	-100.0
50,000-99,999	2	4	-50.0	9	9	0.0
100,000-149,999	4	9	-55.6	13	31	-58.1
150,000-199,999	7	13	-46.2	35	46	-23.9
200,000-249,999	9	28	-67.9	70	81	-13.6
250,000-349,999	23	44	-47.7	75	121	-38.0
350,000-449,999	10	22	-54.5	39	59	-33.9
450,000-549,999	3	4	-25.0	10	18	-44.4
550,000-649,999	4	4	0.0	7	10	-30.0
650,000-749,999	0	3	-100.0	0	4	-100.0
750,000-849,999	1	1	0.0	2	3	-33.3
850,000-949,999	2	1	100.0	4	2	100.0
950,000-1,049,999	0	0	0.0	0	0	0.0
1,050,000-1,149,999	0	0	0.0	0	0	0.0
1,150,000-1,249,999	0	0	0.0	0	0	0.0
1,250,000-1,349,999	0	0	0.0	0	0	0.0
1,350,000-1,449,999	0	0	0.0	0	0	0.0
1,450,000-1,549,999	0	0	0.0	0	0	0.0
1,550,000-1,649,999	0	0	0.0	0	0	0.0
1,650,000-1,749,999	0	0	0.0	0	0	0.0

Pending Listings

	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-49,999	0	0	0.0	0	1	-100.0
50,000-99,999	1	3	-66.7	7	11	-36.4
100,000-149,999	5	10	-50.0	21	38	-44.7
150,000-199,999	15	20	-25.0	46	57	-19.3
200,000-249,999	21	35	-40.0	85	114	-25.4
250,000-349,999	35	63	-44.4	118	176	-33.0
350,000-449,999	25	33	-24.2	65	89	-27.0
450,000-549,999	6	7	-14.3	20	21	-4.8
550,000-649,999	2	3	-33.3	11	13	-15.4
650,000-749,999	0	3	-100.0	3	8	-62.5
750,000-849,999	1	0	N/A	3	8	-62.5
850,000-949,999	2	1	100.0	4	1	300.0
950,000-1,049,999	0	0	0.0	1	1	0.0
1,050,000-1,149,999	0	0	0.0	0	1	-100.0
1,150,000-1,249,999	0	0	0.0	1	0	N/A
1,250,000-1,349,999	0	0	0.0	0	0	0.0
1,350,000-1,449,999	0	0	0.0	0	0	0.0
1,450,000-1,549,999	0	0	0.0	0	0	0.0
1,550,000-1,649,999	0	0	0.0	0	0	0.0
1,650,000-1,749,999	0	0	0.0	0	0	0.0

Sold Listings

	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
1,750,000-1,849,999	0	0	0.0	0	0	0.0
1,850,000-1,949,999	0	0	0.0	0	0	0.0
1,950,000-2,049,999	0	0	0.0	0	0	0.0
2,050,000-2,149,999	0	0	0.0	0	0	0.0
2,150,000-2,249,999	0	0	0.0	0	0	0.0
2,250,000-2,349,999	0	0	0.0	0	0	0.0
2,350,000-2,449,999	0	0	0.0	0	0	0.0
2,450,000-2,549,999	0	0	0.0	0	0	0.0
2,550,000+	0	0	0.0	0	0	0.0
Totals	65	133	-51.1	264	385	-31.4

Pending Listings

	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
1,750,000-1,849,999	0	0	0.0	0	0	0.0
1,850,000-1,949,999	0	0	0.0	0	0	0.0
1,950,000-2,049,999	0	0	0.0	0	0	0.0
2,050,000-2,149,999	0	0	0.0	0	0	0.0
2,150,000-2,249,999	0	0	0.0	0	0	0.0
2,250,000-2,349,999	0	0	0.0	0	0	0.0
2,350,000-2,449,999	0	0	0.0	0	0	0.0
2,450,000-2,549,999	0	0	0.0	0	0	0.0
2,550,000+	0	0	0.0	0	0	0.0
Totals	113	178	-36.5	385	539	-28.6

Active Listings

	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-49,999	1	0	N/A	1	2	-50.0
50,000-99,999	2	3	-33.3	10	15	-33.3
100,000-149,999	7	5	40.0	29	44	-34.1
150,000-199,999	14	13	7.7	76	84	-9.5
200,000-249,999	21	16	31.3	116	137	-15.3
250,000-349,999	50	57	-12.3	193	246	-21.5
350,000-449,999	56	55	1.8	151	151	0.0
450,000-549,999	29	16	81.3	69	43	60.5
550,000-649,999	22	4	450.0	37	20	85.0
650,000-749,999	13	9	44.4	18	22	-18.2
750,000-849,999	5	4	25.0	11	12	-8.3
850,000-949,999	8	6	33.3	12	9	33.3
950,000-1,049,999	5	1	400.0	6	2	200.0
1,050,000-1,149,999	5	5	0.0	6	6	0.0
1,150,000-1,249,999	3	5	-40.0	4	5	-20.0
1,250,000-1,349,999	4	3	33.3	4	3	33.3
1,350,000-1,449,999	1	1	0.0	1	1	0.0
1,450,000-1,549,999	2	2	0.0	2	2	0.0
1,550,000-1,649,999	0	0	0.0	0	0	0.0
1,650,000-1,749,999	0	0	0.0	0	0	0.0
1,750,000-1,849,999	0	0	0.0	0	0	0.0
1,850,000-1,949,999	0	0	0.0	0	0	0.0
1,950,000-2,049,999	0	0	0.0	0	0	0.0
2,050,000-2,149,999	0	0	0.0	0	0	0.0
2,150,000-2,249,999	0	0	0.0	0	0	0.0
2,250,000-2,349,999	0	0	0.0	0	0	0.0
2,350,000-2,449,999	0	0	0.0	0	0	0.0
2,450,000-2,549,999	0	0	0.0	0	0	0.0
2,550,000+	0	1	-100.0	0	1	-100.0
Totals	248	206	20.4	746	805	-7.3

New Listings

	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-49,999	0	0	0.0	1	1	0.0
50,000-99,999	2	2	0.0	6	11	-45.5
100,000-149,999	2	6	-66.7	19	32	-40.6
150,000-199,999	9	25	-64.0	42	66	-36.4
200,000-249,999	19	35	-45.7	75	123	-39.0
250,000-349,999	43	67	-35.8	138	207	-33.3
350,000-449,999	29	42	-31.0	95	105	-9.5
450,000-549,999	14	9	55.6	45	31	45.2
550,000-649,999	5	4	25.0	25	18	38.9
650,000-749,999	0	4	-100.0	11	15	-26.7
750,000-849,999	3	1	200.0	6	7	-14.3
850,000-949,999	0	2	-100.0	5	7	-28.6
950,000-1,049,999	0	0	0.0	2	1	100.0
1,050,000-1,149,999	1	0	N/A	1	6	-83.3
1,150,000-1,249,999	0	0	0.0	0	3	-100.0
1,250,000-1,349,999	0	0	0.0	0	3	-100.0
1,350,000-1,449,999	0	0	0.0	0	0	0.0
1,450,000-1,549,999	0	0	0.0	0	2	-100.0
1,550,000-1,649,999	0	0	0.0	0	0	0.0
1,650,000-1,749,999	0	0	0.0	0	0	0.0
1,750,000-1,849,999	0	0	0.0	0	0	0.0
1,850,000-1,949,999	0	0	0.0	0	0	0.0
1,950,000-2,049,999	0	0	0.0	0	0	0.0
2,050,000-2,149,999	0	0	0.0	0	0	0.0
2,150,000-2,249,999	0	0	0.0	0	0	0.0
2,250,000-2,349,999	0	0	0.0	0	0	0.0
2,350,000-2,449,999	0	0	0.0	0	0	0.0
2,450,000-2,549,999	0	0	0.0	0	0	0.0
2,550,000+	0	0	0.0	0	1	-100.0
Totals	127	197	-35.5	471	639	-26.3

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Information is deemed to be reliable, but is not guaranteed. © 2023 [MLS](#) and [FBS](#). Prepared by Mike Gunter on Wednesday, May 03, 2023 8:51 PM.

# Sold Market Analysis

This Year: 1/1/2022 to 12/31/2022

Last Year: 1/1/2021 to 12/31/2021

Report Date: 4/14/2023

Search Parameters: Property type Residential; Status of 'Closed'; List Price between 1000000 and 10000000; Sub Type of 'Single Family Residence'; City of 'West Fargo'.

## Residential

Sub Type: **Single Family Residence**

City	Total Active			Active Agent Days on Market			Number Sold			Sold Volume			Average Sale Price			Percent of List			Days To Close			Sold Agent Days On Market		
	Last Year	This Year	PCT	Last Year	This Year	PCT	Last Year	This Year	PCT	Last Year	This Year	PCT	Last Year	This Year	PCT	Last Year	This Year	PCT	Last Year	This Year	PCT	Last Year	This Year	PCT
West Fargo	9	3	-66	46	78	+69	7	4	-42	11,437,415	5,060,274	-55	1,633,916	1,265,068	-22	96	99	+2	95	273	+187	59	27	-54
<b>Sub Type Totals:</b> Single Family Residence	9	3	-66	46	78	+69	7	4	-42	11,437,415	5,060,274	-55	1,633,916	1,265,068	-22	96	99	+3	95	273	+187	59	27	-54
<b>Grand Totals</b>	9	3	-67	46	78	+70	7	4	-43	11,437,415	5,060,274	-56	1,633,916	1,265,068	-23	96	99	+2	95	273	+187	59	27	-54

Information is deemed to be reliable, but is not guaranteed. © 2023 MLS and FBS. Prepared by Bill Triebwasser - DR on Friday, April 14, 2023 2:48 PM.

August 9, 2022

North Dakota State Board of Equalization  
Attn: Brian Kroshus, Tax Commissioner & Secretary  
North Dakota Capitol Building  
600 E. Boulevard Ave., Dept 127  
Bismarck, ND 58505

Via email: [propertytax@nd.gov](mailto:propertytax@nd.gov)

**Re: 4980 Sheyenne St., West Fargo, ND 58078 (Tevye, LLC)  
Dispute of Tax Assessment and Request for Correction.**

Dear State Board of Equalization:

Tevye, LLC (“Tevye”) submitted an initial letter on August 3, providing the basis for this appeal to the State Board of Equalization. In the August 3 letter, I indicated that I would be submitting a revised Appraisal for the Board’s consideration.<sup>1</sup> This letter attaches the updated Appraisal, conducted by Gerald Bock and Bill Treibwasser, both of whom are licensed appraisers practicing in the Fargo region.

After additional market research and review, the Appraisers submit a revised appraisal with an updated opinion of market value for the Tevye parcel. The appraisers advise that a willing buyer would pay no more than **\$3,920,000** for this parcel if it were listed on the open market by a willing seller. The appraiser went on to advise that most houses they found in the higher values were actually assessed by the taxing jurisdiction at a much lower value than the “fair market value.” For purpose of equalization and to make sure Tevye is paying an equitable amount of taxes in comparison to other higher end homes in the area, the appraisers identified that most higher end homes were assessed at a value that approximately 20% less than the actual market value. As such, for purpose of fairness and equalization with other similarly situated properties, a 20% reduction was applied to the market value, with a recommended valuation for tax assessment at **\$3,136,000**.

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<sup>1</sup> Note that the blueprints and interior photos have been removed from the appraiser for privacy and security of the homeowner. Both will be available to the State BOE investigator and can be made available upon request.

This letter does not reiterate the arguments in the August 3, 2022 letter submission, but focuses on the new appraisal that is being provided to the State Board of Equalization, relating solely to the Main House on the Tevye property<sup>2</sup>. The updated appraisal was created to address a few things that were discussed at the County Board of Equalization hearing.

**1. The City’s Square Footage Was Incorrect**

During the County Board of Equalization hearing, it became clear that the City’s public information regarding the Main House reported square footage for the above-grade portions of the house were overstated by an astounding 2,000 square feet. City information originally reported the to be over 12,464 square feet, yet the correct number is 10,445). When the City is using calculations of \$400/square foot, that is an \$800,000 mistake in their calculations simply based on their inaccurate square footage calculation. Since the square footage was called into question, I contacted the architect, Chris Hawley, who provided the precise above-ground square footage. The square footage to use for appraisal purposes is 10,445 square feet. An appraiser does not include garages, sports courts, pools, etc. in the gross living area of a home, pursuant to appraisal standards. In fact, given the maintenance, upkeep, moisture management, and HVAC concerns with large indoor pools, the existence of the pool should add nominal value. It is a detriment to many homebuyers, so particularly where the number of buyers is already incredibly sparse in the “above \$1 million” category, having these types of amenities are strictly luxuries and are not considered above-ground liveable space, nor are they included in a per square foot value calculation at the construction value, as the City Assessor does in his assessment. The City included as part of the value, 100% of the construction costs of building the indoor pool, bowling lane and sports court, yet licensed appraisers following appraisal standards would never include those items in an appraisal at the cost of construction without significant deduction. This information helps to explain why the City Assessor’s valuation number results in a value far in excess of actual “market value.”

**2. Due to Lack of Arm’s Length Comparables in West Fargo, the Appraisers Broadened their Search to Include Fargo and Horace Homes to Compare.**

The initial comparables by both the City and Tevye’s appraisers was limited to West Fargo properties. Both the City and Tevye agreed that there are not really many comparables for this house in West Fargo, so both had used other home sales that were not necessarily arms’ length transactions. The City used a handful of custom home builder sales to their clients, which are not market sales, but are contract sales where the buyer was contractually obligated to pay whatever the price of construction materials, plus builder profits, were spent on the home. Those contract sales are not

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<sup>2</sup> The March 14, 2022 appraisal on the older home on the Tevye parcel concluding a value of \$820,000 for that portion of the property remains as is. A copy of that appraisal is being submitted.



indicative of market value for the homes. Tevye asked its appraisers to amend its appraisal to include comparable arm's length home sales from adjoining jurisdictions in Fargo and Horace, as well as Grand Forks and Bismarck, since they are very similar markets. The inclusion of the values of other high end homes in the region, and a review of the taxes paid and tax assessed value of those homes underscores the lack of equity and fairness that the City of West Fargo is applying to Tevye's taxable valuation.

: First, that this house very well may have been built for over \$2 million, but the "market value" is simply not as high as the construction costs with newer custom homes. The second point this comparable underscores is that most jurisdictions recognize economic depreciation and functional obsolescence. West Fargo did not depreciate the Tevye home due to the fact that there are simply no buyers in the \$6 million range, so the house needs to factor in economic depreciation. It also needs to factor in functional depreciation since not many buyers will want or be interested in keeping up a large indoor heated pool, sports court and bowling alley. A final point: This listing demonstrates the concept of a sales ratio, which is incorporated nationwide as a matter of course as needed to equalize values and make them fairer amongst different jurisdictions. In higher valued homes, even though the true "market value" may be higher, the taxes paid and the coordinating tax assessed value are actually 60-80% of "market value". This is frequently incorporated where homes in neighboring jurisdictions have lower taxes and tax assessed values. In order to equalize the taxes a homeowner pays, the tax assessed value is reduced below the market value. That is what should happen in this case to equalize the tax payments of Tevye (currently \$85,000 per year) with other high end homes in neighboring jurisdictions.

- a. The Horace House. This 15,000 square foot house on 39 acres sits adjacent and south of 52<sup>nd</sup> Avenue, west of Sheyenne Street. It is a few hundred feet south of Tevye. The land is valued for tax purposes at \$10,000 per acre. Tevye was valued at \$18,000 per acre when it filed the City BOE appeal. After the City BOE hearing, the overall value of Tevye's parcel only went down by \$12,500, yet the land valuation was increased to \$100,000 per acre, based upon recent development land sales in West Fargo. This Board is charged with equalizing inequities in tax assessed value to make sure similar parcels are taxes similarly. This is a case that underscores the significant misstep in the West Fargo assessment process. Frankly, if anything, the Horace Home acreage should be higher than Tevye. It appears the City of West Fargo is using \$100,000 per acre vacant land sales as a benchmark against which to escalate neighboring parcels dramatically. They argue the excess acreage on these larger lots could be used for development. If you look at the configuration of the Tevye home, it is in the center of the lot, with beautiful landscaping all around. There is no separate excess portion of the land that is an obvious location to parcel off and sell for a row of townhomes or small single family home lots. Considering the high value of the homes in this area, it would not be realistic to assume there would be lots parceled off

from Tevye's 8.78 acres. As such, this land is being used for one single family residence and a pre-existing guest cabin. Given the lack of development potential for this acreage, it should not be valued as if it is \$100,000 development land. \$10,000-18,000 per acre seems like a much more reasonable number. The Horace Home, to the contrary, has 39 acres and a large beautiful home. There is a distinct possibility that the excess acreage could be parceled off for development, so that land would have a lot more potential to be developed than Tevye's land. It underscores the inequity that this State Board needs to address.

**3. Tevye's Land Value Was Vastly Increased By the City after the City BOE Hearing.**

In the original West Fargo assessment, the Assessor valued the land at \$157,000. Tevye's neighborhood land values are all over the map. See Exhibit A for parcel information and map of location. There are single family houses with shops on many consecutive lots running along Sheyenne Street from Horace to 40th Avenue South that show dramatically different land values for tax assessment purposes, from south to north:

7010<sup>nd</sup> Ave S, Horace      \$10,000/acre

5146 Sheyenne (Invertase)    \$36,725/acre in 2021, raised to \$183,628/acre in 2022

320 52<sup>nd</sup> Ave (Invertase)    \$47,700/acre in 2021, raised to \$190,335/acre in 2022

5102 Sheyenne (Invertase)    \$1506/acre in 2021, raised to \$86,400/acre in 2022

Tevye \$18,500/acre for 2022, which was raised to \$100,000/acre after the City BOE hearing

4812 Sheyenne (Svaleson) \$101,000/acre

4522 Sheyenne Street \$39,900/acre

The calculations of land value are arbitrary. The concept of "spear-fishing" is where one or more landowners experience increased financial impacts of an assessment or valuation either intentionally or as a result of bad data impacting the computer modeling. It is noteworthy that Tevye and Svaleson both appealed Special Assessments last fall for a large road project a mile north of these parcels. In response to their challenge and the City's revision of their Special Assessment Policy, Tevye's initial special assessment tripled to \$71,000 and Svaleson is over \$50,000, while most other large single family homes in West Fargo were assessed under \$3,000. It is as if the City thinks these two large residential properties are going to be subject to redevelopment into numerous lots around the existing houses. It is perplexing at best, targeted at worst.

This is where the Board of Equalization comes in. Tevye should not be subject to 10 times greater land valuation than the neighbors to the south of 52<sup>nd</sup> Avenue. There is no reason there should be a significant dividing line along 52<sup>nd</sup> Avenue whereby buyers on the north side will be taxed at a rate ten-fold of the rate south of the line. Equalization is needed to treat all residents of Cass County fairly and equitably.

4. **Equity in Taxes Paid**

The purpose of determining a “market value” for property is to use that value as a basis for taxation. We could find no other personal residences in North Dakota that pay an astonishing \$85,000 per year in property taxes. This is one single, philanthropic family that does not use the public school system and has only an average family use for roads, water, sewer, police protection, etc. From an equalization and equity standpoint, it is unconscionable that one property should carry such a disproportionately heavy tax burden over other higher value homes. In North Dakota, the highest taxes we could find were between \$20,000-30,000. Just for sake of comparison, I pulled a listing for a 15,841 square foot executive home in a suburb north of Orlando, where there are significantly more buyers in the \$5 million(+) housing market. The property taxes assessed annually for a \$5.5 million home in Florida amount to \$33,000 per year. Closer to home, I pulled the taxable value for an iconic home that many will recognize: the John Barry home on Pelican Lake, south of Detroit Lakes. This beautiful, expansive mansion is valued for taxation purposes at \$4.4 million, with an annual tax bill of \$48,696 in Minnesota, which has much higher property tax rates than North Dakota. (See Ex. C.) It is inequitable to expect Tevye to pay exponentially more than all these other properties for local property taxes.

To be clear, Tevye is not against paying its taxes. They simply want to pay fair and equitable taxation as compared to others, rather than pay multiple times more than anyone else. Tevye, LLC requests the Board consider the attached appraisal, find that the market value is \$3,920,000, and that the equalization factor would bring that number down to a taxable assessed value of \$3,136,000 in order to equalize the tax structure of Tevye with others. Taxes for 2021 should be abated accordingly.

Sincerely,

A handwritten signature in black ink that reads "Tami Norgard". The signature is written in a cursive, flowing style.

Tami Norgard

EXHIBIT A

Exhibit A-1; Parcels North and South of Tevye



### Exhibit A-1 4522 Sheyenne Street

Land value is 39,000 per acre for 5.65 acres

	<b>Parcel Information Report</b>
	<b>Parcel Number: 02147500020000</b>

General Information	
<b>City/Township:</b>	West Fargo City
<b>Taxpayer Name:</b>	CASEY FINES
<b>Property Address:</b>	4522 SHEYENNE ST
<b>Section:</b>	1
<b>Subdivision:</b>	Nelson's First Subdivision
<b>Extra Territorial Area:</b>	
<b>Lot:</b>	2
<b>Legal Description:</b>	NELSON'S 1ST SUB LT 2 BLK 1 **1-5-06 ANNEXED FRM 25-0710-00020-000

Property Valuation:			
	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<i>Full Certified Value:</i>	\$208,800.00	\$284,400.00	\$493,200.00
<i>Exemptions:</i>	<i>Homestead Credit:</i>	<i>Vet Credit:</i>	

Building Information:			
<i>Year Built:</i>	1996	<i>Building SF:</i>	1,273
<i>Property Type:</i>	Residential		
<i>Story Height:</i>	Split Foyer Frame		
<i>Garage SF:</i>	732	<i># Apt Units:</i>	0

Lot Size:		
<i>Front Width:</i>	<i>Depth Side 1:</i>	<i>GIS Land SF:</i> 246,200
<i>Back Width:</i>	<i>Depth Side 2:</i>	
<i>Zoning:</i>	R-R - Rural Residential District	

August 9, 2022  
Page 8

**Exhibit A-2**

**Horace Home**

39 acres at \$10,000 per acre

**Exhibit A-3**

**Svaleson 7.87 acres**  
**2022 valuation \$101,000/acre**  
**2021 valuation \$14,500/acre**

**Legal Owner:** MICHAEL A SVALESON  
**Mailing Address:** 4812 SHEYENNE ST WEST FARGO, ND 58078-0000  
**Property Address:** 4812 SHEYENNE ST  
**DBA:**  
**Legal Description:** Addition: 4958: SCHATZ RANCH  
Lot: 1 Block: 1  
**Full Legal:** LOT 1 BLK 1 SCHATZ RANCH FIRST ADDITION

**Property Valuation:**

	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<b>Full Certified Value:</b>	\$799,400.00	\$1,873,800.00	\$2,673,200.00
<b>Exemptions:</b>	<i>Homestead Credit:</i>	<i>Vet Credit:</i>	

**Building Information:**

<b>Year Built:</b> 2020	<b>Building SF:</b> 5,817
<b>Property Type:</b> Residential	
<b>Story Height:</b> 2 Story Frame	
<b>Garage SF:</b> 2,880	<b># Apt Units:</b> 0

**Lot Size:**

**Front Width:** **Depth Side 1:** **GIS Land SF:** 342,737

**Exhibit A-4**  
**Invertase – 320 52<sup>nd</sup> Avenue West**

**7.5 acres valued at \$104,000/acre**  
**City BOE appeal resulted in lowered value to**

7.58 Acres Land Value:

**Property Valuation:**

	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<i>Full Certified Value:</i>	\$782,100.00	\$0.00	\$782,100.00
<i>Exemptions:</i>	<i>Homestead Credit:</i>	<i>Vet Credit:</i>	

**Building Information:**

*Year Built:* *Building SF:*

8/4/2022 4:04:27 PM

Page 1 of 2

*Property Type:* Residential

*Story Height:*

*Garage SF:* *# Apt Units:* 0

**Lot Size:**

*Front Width:* *Depth Side 1:* *GIS Land SF:* 330,382



**Exhibit A-5**  
**Invertase - 5146 Sheyenne**

**0.85 acres with land value of \$244,117 per acre**

**General Information:**

*Legal Owner:* INVERTASE, LLC  
*Mailing Address:* 5048 SHEYENNE ST WEST FARGO, ND 58078-0000  
*Property Address:* 5146 SHEYENNE ST  
*DBA:*  
*Legal Description:* *Addition:* 3000: UNPLATTED  
*Lot:* *Block:*  
*Full Legal:* 1.13 ACS 31-139-49 UNPLATTED PT OF SE 1/4 COMM AT SE CORN OF SEC 31 THEN N ALG THE E SEC LN FOR 351.51' TO THE PT OF BEG THEN W & PARAL TO THE S SEC LN FOR 246' THEN N & PARAL TO THE E SEC LN FOR 200' THEN E & PARAL TO S SEC LN FOR 246' THEN S & PARAL TO E SEC LN FOR 200' TO PT OF BEG.

**Property Valuation:**

	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<i>Full Certified Value:</i>	\$207,500.00	\$141,300.00	\$348,800.00
<i>Exemptions:</i>	<i>Homestead Credit:</i>	<i>Vet Credit:</i>	

**Building Information:**

<i>Year Built:</i>	1917	<i>Building SF:</i>	1,924
<i>Property Type:</i>	Residential		
<i>Story Height:</i>	2 Story Frame		
<i>Garage SF:</i>		<i># Apt Units:</i>	0

**Lot Size:**

<i>Front Width:</i>	<i>Depth Side 1:</i>	<i>GIS Land SF:</i> 37,200
<i>Back Width:</i>	<i>Depth Side 2:</i>	



**Exhibit A-7**

**Invertase 5102 Sheyenne**

**7.9 acres valued at \$85,721 per acre for land**

<i>Legal Owner:</i>	INVERTASE, LLC
<i>Mailing Address:</i>	5048 SHEYENNE ST WEST FARGO, ND 58078-0000
<i>Property Address:</i>	5102 SHEYENNE ST
<i>DBA:</i>	
<i>Legal Description:</i>	<i>Addition:</i> 3000: UNPLATTED
	<i>Lot:</i> <span style="float: right;"><i>Block:</i></span>
<i>Full Legal:</i>	31-139-49 PT OF SE1/4 UNPLATTED 8.33 ACS BEG AT SE COR OF SEC 31 THN N 02DG59'44" W ALG E LN OF SD SEC 31 FOR 884.51'; THN S 87DG50'02" W FOR 568.14'; THN S 00DG46'34" E TO S LN OF SE1/4; THN E ALG S LN OF SE1/4 FOR 602.71' TO PT OF BEG LESS THE FOLL DESC PROP: COMM AT SE COR OF SEC 31 THN N ALG THE E SEC LN FOR 351.51' TO THE PT OF BEG THN W & PARA TO THE E SEC LN FOR 246' THN N & PARA TO THE E SEC LN FOR 200' THN E & PARA TO THE S SEC LN FOR 246' THN S & PARA TO E SEC LN FOR 200' TO PT OF BEG. LESS R/W TAKEN BY CASS COUNTY DOCUMENT # 1237661 ON JUNE 16 2008 CONT 1.22 ACS +/-

**Property Valuation:**

	<i>Land</i>	<i>Improvements</i>	<i>Total</i>
<i>Full Certified Value:</i>	\$677,200.00	\$440,500.00	\$1,117,700.00
<i>Exemptions:</i>	<i>Homestead Credit:</i>	<i>Vet Credit:</i>	

**Building Information:**

<i>Year Built:</i>	1996	<i>Building SF:</i>	1,866
<i>Property Type:</i>	Residential		
<i>Story Height:</i>	1 Story Frame		
<i>Garage SF:</i>	1,295	<i># Apt Units:</i>	0

**Lot Size:**

<i>Front Width:</i>	<i>Depth Side 1:</i>	<i>GIS Land SF:</i> 344,302
<i>Back Width:</i>	<i>Depth Side 2:</i>	

**Exhibit B**

**Orlando, Florida Home listed for \$5.5 million with annual taxes of \$33,000**



**\$5,500,000** 11 bd | 14 ba | 15,821 sqft

3461 Michigan St. Lake Mary, FL 32746

Est. payment: \$30,119/mo [Get pre-qualified](#)

[Request a tour](#)  
as early as today at 3:30 pm

[Contact agent](#)

[Home value](#) [Price and tax history](#) [Monthly cost](#) >

[See complete price history](#)

**Public tax history**

Year	Property Taxes	Tax Assessment
2021	\$33,907 (-0.9%)	\$2,480,024 (+1.6%)
2020	\$34,199 (-24.8%)	\$2,441,122 (-23.8%)
2019	\$45,486	\$3,203,620 (+1.5%)

[See complete tax history](#)

[Find assessor info on the county website](#)

**Monthly cost**

Estimated monthly cost  
**\$30,119**

Principal & interest	<b>\$23,599/mo</b>	<a href="#">▼</a>
Mortgage insurance	<b>\$0/mo</b>	<a href="#">▼</a>
Property taxes	<b>\$4,446/mo</b>	<a href="#">▼</a>



**Exhibit C**

**John Barry Mansion on Pelican Lake, Pelican Rapids, MN**

800 linear feet of lakeshore.  
2022 taxable value \$4,621,300 and annual taxes paid of \$48,696.

<b>Owner Information</b> <b>Primary Taxpayer/Owner</b> AZURE ESTATE LLC  2104 HASTINGS AVE STE 200 NEWPORT MN 55055-1812
<b>Legal Description</b> Sect-04 Twp-137 Range-042 PROVAN BEACH LOTS 16 THRU 22 & VAC RD ADJ & PT VAC RD ADJ LOT 23 BEING 32.26' X 5.13' X 33.51' X 17.14'  <b>Plat:</b> 01269

Real Estate and Personal Property Taxes are determined using the previous year assessment value. Mobile Home Taxes are determined using the current year assessment value.

*\*\*Additional reductions in taxable value may apply due to special tax deferrals, This Old House, Plat Laws, etc.*

**Property Classification:** SEASONAL

<b>Assessment Year</b>		<b>Payable Year</b>	
Est. Market Value - Total	\$4,621,300	Total Tax	\$48,696.00
Taxable Market Total	\$4,621,300		
		<b>Special</b>	



Land Front Foot Information				
Lot	Front	Rear	Side 1	Side 2
Main Lot	100.00	100.00	400.00	400.00

August 3, 2022

North Dakota State Board of Equalization  
Attn: Brian Kroshus, Tax Commissioner & Secretary  
North Dakota Capitol Building  
600 E. Boulevard Ave., Dept 127  
Bismarck, ND 58505

Via email: [propertytax@nd.gov](mailto:propertytax@nd.gov)

**Re: 4980 Sheyenne St., West Fargo, ND 58078 (Teveye, LLC)  
Dispute of Tax Assessment and Request for Correction.**

Dear State Board of Equalization:

Teveye, LLC (“Teveye”) hereby requests a reduction and correction to West Fargo’s valuation and corresponding tax assessment for 4980 Sheyenne St., West Fargo, ND 58078 (Parcel ID: 02-4955-00010-000) (hereinafter “Property”). In this letter, I will attempt to convey the magnitude of the inadequate process utilized by a major North Dakota city as reflected in my client’s unreasonable property tax assessment by The City of West Fargo (“City”). The City currently assesses this Property at a level that I understand from our appraisers is among the highest values ascribed to any home in North Dakota, at \$6,196,600. Teveye obtained an independent appraisal from local, credible appraisers often used by the City, who determined that the actual true and full value of the Property is \$3,470,000.

“True and full value is the starting point in the assessment process for property taxation purposes.” *Property Tax Guideline: Assessment Terms and Concepts*, (5)(c), N.D. Office of State Tax Comm’r, July 2005. “Market value is the same as true and full value for residential and commercial property.” *Id.* at (2)(a). “For assessment of residential and commercial property, the assessor must **first** estimate the market value of property.” *Id.* at (2)(b) (emphasis added). Market value is defined as, “the most probable price expressed in terms of money that a property would bring if exposed for sale in the open market in an arms-length transaction between a willing seller and a willing buyer . . . .” *RFM-TREI Jefferson Apartments, LLC v. Stark County Bd. of Comm’rs*, 2020 ND 204, ¶ 12, 950 N.W.2d 160. From this summation of law, there is a clear framework for assessors to utilize. They must establish a market value for a residence at the outset of their assessment. West Fargo City Assessor Nick Lee stated at the June 20<sup>th</sup> Cass County Commission meeting that West Fargo uses replacement cost as the basis for his office’s assessments. See ([Cass County Commission Recording - June 20, 2022](#)) at 1:01:15. Clearly, the City’s assessment procedure does not comport with North Dakota law,

and that flawed process led to Teveye's Property being over-assessed by \$2.7+ million. That isn't that far off from double the true and full value.

On appeal to Cass County, the Cass County Commission upheld the City's assessment, yet Commissioners blatantly stated that they agreed with Teveye that the \$6.2 million valuation was "arbitrary." The County Commission advised that we should seek relief at the State Board of Equalization. County Board Chairman Steen stated the Commission's only options were to keep the City's assessment fully intact or fully accept Teveye's proposed value. He said it would be arbitrary if they picked a number in the middle. See ([Cass County Commission Meeting Recording - June 20, 2022](#)) at 1:21:50. Yet, both Commissioner Steen and Paul Fracasi, Cass County Director of Equalization, admitted they knew the City's assessment was wrong. See ([Cass County Commission Meeting Recording - June 20, 2022](#)) (at 1:06:20 for Commissioner Steen's comments, and at 59:27 for Mr. Fracasi's statement). The North Dakota Supreme Court says a county absolutely has the power to pick a number in the middle. *Dakota Nw. Assoc. Ltd. P'ship v. Burleigh County Bd. of County Comm'rs*, 2000 ND 164, ¶ 13, 616 N.W.2d 349 (upholding the county commission's decision to pick a compromise assessment in between the parties' proposals). The County is not obligated to pick the City's number or the landowner's number.

### **Summary of Concerns**

1. ***Assessments not Based on Market Value*** – If property is assessed in excess of its market value, the Board of Equalization must abate the excess. By relying largely on the cost of new construction, the City is not assessing homes based on their true market value. This results in many high value homes being over assessed in West Fargo. It is particularly evident in the sales of custom home builders to their custom home buyers in the last year, where construction costs escalated by up to 30%. The costs of custom, high end homes became incredibly high to owners who had houses under contract. Yet, just because someone ends up paying 30% more than anticipated when they signed a contract with their builder, that does not create a higher market value. Market value is what a willing buyer will pay a willing seller for a property on the open market. That is vastly different from the custom home contract payment that the City uses to set values in West Fargo. The City used Teveye's building permit value and other custom home sales in West Fargo as their basis to justify the Teveye parcel at \$6.2 million. The City did not use "market value" as the basis of the valuation.
2. ***Reliance on Cost of Construction*** - Perhaps the most significant fundamental flaw in the City's calculation, the City Assessor heavily relies on costs of construction as evidence of market value. The City Assessor uses a general price per square foot of construction costs for newly constructed homes, which are not comparables. They are simply an indication of what homeowners decided to invest in their own houses. Particularly for high value homes, the



amount that high income property owners decide to invest in property does not necessarily reflect what the market value would demand. The City of West Fargo Assessor uses, as comparable sales, sales of homes from custom builders to their clients. The result is a significantly inflated market value for many homes in West Fargo, which does not adequately reflect the West Fargo/Fargo housing market values. The City of West Fargo's assessment process leads to values that far exceed the values assessed on properties in nearby Fargo. This leads to extremely inequitable taxation within the County.

3. **Reliance on Building Permits** –The City used the building permit as the primary source of building cost information. This does not create a cost estimate for valuation. Many high value homes' construction costs exceed the building permit, and Tevye should not be punished for its builder submitting a good faith, honest application. The City should correlate known cost calculators to reach its assessment valuation.
4. **Inequal Assessment** – There are numerous examples of high value homes in neighboring cities whose tax burdens are a fraction of Tevye's. Our appraisal will provide examples. One illustrative example is located at 7010 52<sup>nd</sup> Ave S, Horace, ND 58047 ("Horace Home"). The Horace Home sits only half a mile away from Tevye's property, both equidistant from 52<sup>nd</sup> Avenue South. The Horace Home is zoned residential and sits on a lot with 37.19 acres, containing 9,738 square feet of Total Living Area ("TLA"). The County assesses the Horace land at just over \$10,000 per acre compared to Tevye's \$152,000 per acre assessment, within a half mile of each other. This is illustrative of blatantly unequal assessment within a neighborhood. Your duty as the state Board of Equalization is to equalize the assessments so similar properties are taxed similarly based on their market value. N.D.C.C. § 57-13-03. Tevye should be more closely aligned with the Horace House's valuation for tax purposes. Tevye's property is not development land, it should be assessed similarly to the Horace Home. Similarly, a home located at 3253 Timber Creek Circle South in sits on a one-acre lot with almost 9,800 square feet and an indoor pool, much like the Tevye property. The City of Fargo's 2022 certified taxable valuation of \$1,570,600 for a beautiful, high end custom home with an indoor pool. This house has sat on the market for many months and remains unsold. Tevye simply seeks fairness and equity when having a City determine a valuation for tax purposes. Given the significant lack of buyers for higher end homes, there simply is no market for a \$6.2 million home in West Fargo.
5. **Sales Ratio** - Finally, market value does not necessarily reflect assessment equality within the County or the State if the sales ratio within the jurisdiction of similar properties is less than 100%. For instance, it is clear that the valuation of many homes for purposes of taxation are set at approximately 70% of the actual market value. This is common in high value homes. Our appraiser noted that after identifying "market value," you must look at what is fair and equitable to the homeowner based on what other nearby landowners are paying in

taxes. Our appraiser will identify numerous situations on similar high value homes where the taxation level is routinely set at much less than 100% of market value. This justifies a further reduction to be fair and equitable. One or two property owners should not be picked out for higher valuations and taxation simply because they are affluent or because they drew the ire of the City by challenging special assessments or valuations.

6. ***The City Swaps Out Numbers to Justify its Overall Value.*** The City’s handling of this appeal underscores its “end justifying the means” approach to valuing the Tevye property. When Tevye first appealed, the City’s valuation reflected \$157,200 for land and \$6,068,300 for improvements, for a total of \$6,225,500.

Real Estate Assessment and Taxes						
Tax ID	Land	Improvements	Other	Total Assessment	Tax Rate	Taxes
02-4955-00010-000	\$157,200	\$6,068,300	\$0	\$6,225,500	309.1200	\$86,599
<b>Totals</b>	<b>\$157,200</b>	<b>\$6,068,300</b>	<b>\$0</b>	<b>\$6,225,500</b>		<b>\$86,599</b>

At the same time, Tevye’s neighbors (“Svalesons”)<sup>1</sup> appealed their valuation, which jumped from \$1.9 million to \$2.6 million in 2022, based, purportedly on a dramatic increase in their land value during the reassessment. When the neighbor first called Nick Lee, the City Assessor, to see if there was some mistake, Lee advised that he could blame his neighbor (Tevye), since Tevye’s owner was alleged to have overpaid for other parcels adjacent to Tevye’s house, which Lee suggested increased Svaleson’s taxable valuation by \$670,000 in one year. Interestingly, the City did not increase Tevye’s land value, but kept the land value at \$18,000 per acre for Tevye and increased the neighbor’s land value by approximately \$95,000 per acre, a \$670,000 increase for approximately 7 acres. This shows that there is no basis to some of the assessments, when neighbors are inequitably and arbitrarily assessed. This was all discussed at the City Board of Equalization Hearing in April 2022.

When the City finalized its Assessments in April 2022, the City Assessor modified the valuation for Tevye, from \$6,209,100 down to \$6,196,600. In the explanation, it appears that the City Assessor simply shifted his numbers around, now showing a land value of \$872,200 (up from \$157,200) and improvements of \$489,000 and \$4,835,400. The Assessor dramatically increased its land calculation and decreased its improvement calculation, basically borrowing from one category to the other, with

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<sup>1</sup> Michael Svaleson and Deanne Schatz Svaleson are also appealing their valuation to the State Board of Equalization.

a slight \$12,500 reduction. One can assume the values were adjusted since they otherwise provided Svalesons with a great argument of disparate treatment of neighboring land values. In effect, the change was more for cover on their defense of another property's challenge, rather than reflecting a meaningful change in the "market value," which is supposed to be the basis of the analysis. This is simply arbitrary and does not provide any reflection of market value for either Tevye or Svaleson.

### Argument

#### Legal Analysis

The NDCC grants the State Board of Equalization the power to equalize excess individual assessments if the property owner appeals either by attending the annual meeting, sending a representative, or mailing the basis of their objection. N.D.C.C. § 57-13-04(3)(a). In this case, Tevye also fulfilled the procedural requirement of first appealing to both the West Fargo and the Cass County Boards of Equalization.

Property taxes must be based on the actual market value for property: what a willing buyer would pay to a willing seller if the property was listed on the market. *Jefferson Apartments*, 2020 ND 2104, ¶ 12 (explaining what "true and full value" actually means). "All assessments of any taxable property in excess of the full and true value in money are subject to correction and abatement and refund. . ." N.D.C.C. § 57-23-01. The Board may abate or refund, in whole or in part, any assessment or tax upon real property when the assessment on the property is invalid, inequitable, or unjust." *Dakota Northwestern Assoc. Ltd. Partnership v. Burleigh County Board of County Comm.*, 2000 ND 164, ¶ 9 (citing N.D.C.C. § 57-23-04(1)(h)).

The City made no change in value to the land from 2019 to 2021 (\$157,200) but increased the value of the buildings located on the Property from \$2,439,700 in 2020 to \$6,068,300 in 2021, representing an increase of \$3,628,600, well over twice the prior year's valuation. This dramatic increase in value is not accurate based on Tevye, LLC's appraisal of the Property. The 2022 true and full value must be drastically reduced and payment for 2021's assessment should be abated because the City's assessment is inequitable and unjust.

In the present case, it is clear that the City dramatically inflated the assessed value of the Property well beyond its true and full value. The City Board of Equalization focused on construction costs and used calculations involving the extremely high cost per acre for new vacant development land in West Fargo as the basis for the incredibly high value assessments. While the market for new vacant development land is certainly high in West Fargo, that does not correlate dollar per dollar with Tevye's 8 acre parcel, which is undisputedly not going to be developed as bare land. The

appropriate inquiry is, in totality, what a willing buyer would pay to a willing seller for this property on the open market.

### **Appraisal Analysis**

I asked the City to provide all documentation that supports their valuation, but received nothing until the day of the Board of Equalization hearing. There are no comparable sales in this market that would support a \$6.2 million value. One of the City Assessors advised that they have a computer model that generates the value based upon a mass appraisal and computes a valuation based upon inputs across the City. I understand how mass appraisals are created, and would suggest that the computer program may work great for homes on 1/8 to 1/2 acre lots with 1200 square feet to 5500 square feet but the numbers appear to have become grossly skewed with larger lots and larger properties. Either that, or there has been some spot assessments whereby the value of this property has been intentionally elevated far in excess of what would be expected with the mass appraisal input. In short, the mass appraisal system cannot address outlier properties with higher values, leading to an arbitrary valuation of Tevey far in excess of what the market would bring if the house was listed for sale.

Regardless of how the City's computer model or assessor set a \$6.2 million valuation on the Tevey house, that does not mean there is any willing buyer in the market that would ever pay \$6.2 million for the house if it was for sale on the open market. With high value homes, individuals can choose to upgrade their features to suit their personal tastes, investing whatever amount they wish, while understanding they may not get their investment out when they sell it. The market value is not reflective of how much money is invested when constructing a house; it is simply a reflection of what a willing buyer would pay for it if it were for sale. There is an incredibly limited market for homes above \$1 million, with no evidence of any market for homes above \$3.3 million. It is harder to identify a market value for new construction given the lack of sales price history, so appraisers identify similar properties and use sale prices with a willing buyer and willing seller to establish the market value.

In order to obtain a realistic view of what the market would be for this Property, I hired two local appraisers to conduct an appraisal. It is noteworthy that I sought out reputable appraisers, who the City of West Fargo often rely on, to make sure we are using appraisers who know the local market and are trusted for their knowledge and valuations. I specifically did not want a Minneapolis appraiser who may not receive the same level of credibility or deference by local Board of Equalization bodies. Since there are few comparables within West Fargo, I asked the appraisers to conduct a new, broader appraisal, which analyzes comparable properties from nearby jurisdictions. The appraisal is not complete yet, but will be submitted when we appear for the August 9 hearing.

Based on the appraisal of the Property by GEB Appraisals & Triebwasser Appraisal Service, LLC Joint Venture (hereinafter “GEB”), the true and full value of the Property is \$3,470,000. This Property has two houses on it, the original 2,232 square foot, three bedroom house built in 1996, and the new high value home built on the remainder of the parcel. There are not many comparable sales with two residences on one parcel, so the appraisers essentially split the parcel in two and valued the two homes separately to capture the value. The older home, with 3.9 acres of property was appraised at \$820,000. The High Value Home, with 4.88 acres of property was appraised at \$2,650,000. When added together, the Property value is \$3,470,000 according to these appraisers.

The appraisals utilize the two commonly accepted methods for determining property value: (1) the Sales Comparison Approach and (2) the Cost Approach. Each method returned a vastly valuation lower than the City’s assessment value.

**I. Sales Comparison Approach**

Under a Sales Comparison approach, GEB analyzed what a rational buyer seeking to pay no more for the Property would seek in comparison to property with the same quality, utility, and perceived benefits of ownership. This approach studies the market in which the Property competes and examines comparable sales, contracts for sale and current offerings. Additionally, the method analyzes the quality of transaction, the most meaningful unit of value for the Property, and comparable sales adjusted to equate with the Property.

Reviewing approximately fifteen (15) properties, the appraisal identified five comparable properties within the same market. As the Property is considered a high-value residential property based on market value and replacement costs, GEB made adjustments to take into account equivalent high-valued homes in the metro area. I will provide additional analysis of the comparables at the hearing, once the appraisal is finalized.

As a primary problem with West Fargo’s analysis, the City relied on sales that are not valid comparables. The assessor chose several new home sales that were sold from the custom builder to the client. In many instances, the cost per square foot is quite high for these high level custom homes based upon what a homeowner wants to include in their custom home. That is not an indication of market value or what a willing buyer would pay if the home was on the market. To exemplify market value, one high level existing home at 3838 2<sup>nd</sup> Street East sold for \$249/square foot in an arm’s length transaction. This is only one of two true arm’s length sales over \$1m in West Fargo within a two year period, which truly underscores the lack of buyers seeking homes over \$1 million on the market.

Resale			
02-5151-00075-000			
	Address:	3838 2 ST E	
	Sale Date:	11/22/2019	\$/SF
	Sale Price:	\$ 1,932,629	\$ 299
	Year Built:	2009	
	TLA:	6,466	
	Amenities:	Unfinished Basement	
	Land ASD Amount	\$ 323,700	
	Indicated Building Cost	\$ 1,608,929	\$ 249
	Permit Amount	\$ 940,000	\$ 145

Yet, rather than focus on this sale, the City chose to rely on sales from custom home builders to their clients in the per square foot range of \$489, 581 and 395/sq feet as comparables for the valuation of the Tevye home. These are blatantly inappropriate sales and do not fit the definition of “arm’s length” transactions consistent with North Dakota’s definition of Market Value, as any credible, licensed appraiser would know. It is noteworthy that the City Assessors are not required to be licensed appraisers, which changes what they may rely on to try to determine “market value”. This is a fundamental and fatal flaw in the City’s valuation of the Tevye home. As an example of its inappropriate comparables, West Fargo used three new-home construction sales from custom builders to their clients with the price per square foot highlighted in green in the examples above and below. As you’ll notice from the box above, the price per square foot on the open market is vastly less than the cost per square foot to build these high end custom homes identified in the box below. The box below includes closing transactions from custom builders to their clients – none of which are arm’s length transactions, nor are they appropriate to rely on for valuation.



New Home Sales			
02-4912-00680-000			
	Address:	533 LIZZIE PL E	
	Sale Date:	2/14/2018	\$/SF
	Sale Price:	\$ 3,545,942	\$ 514
	Year Built:	2015	
	TLA:	6,897	
	Amenities:		
	Land Sale Amount	\$ 171,183	
Indicated Building Cost	\$ 3,374,759	\$ 489	
Permit Amount	\$ 1,565,000	\$ 227	
02-5838-00010-000			
	Address:	318 50 PL W	
	Sale Date:	2/19/2021	\$/SF
	Sale Price:	\$ 3,326,867	\$ 625
	Year Built:	2019	
	TLA:	5,323	
	Amenities:	Outdoor Pool, Gym	
	Land Sale Amount	\$ 234,960	
Indicated Building Cost	\$ 3,091,907	\$ 581	
Permit Amount	\$ 2,000,000	\$ 376	
02-1491-00010-000			
	Address:	124 BEATON DR W	
	Sale Date:	6/12/2020	\$/SF
	Sale Price:	\$ 3,097,893	\$ 456
	Year Built:	2017	
	TLA:	6,789	
	Amenities:	Indoor Pool	
	Land Sale Amount	\$ 418,966	
Indicated Building Cost	\$ 2,678,927	\$ 395	
Permit Amount	\$ 1,400,000	\$ 206	

If these new construction properties' values were adjusted using the 3838 2<sup>nd</sup> Street open market price per square foot instead of the "as constructed" value, the valuations would be dramatically less, respectively:

- \$1,717,353 instead of \$2,364,900 (2022 WF valuation)
- \$1,325,427 instead of \$2,768,700(2022 WF valuation)
- \$1,690,461 instead of \$3,008,400 (2022 WF valuation)

West Fargo attempts to justify its incredibly high valuation of the Tevye home by using the builders' final costs to their clients as comparables. In reality, this review of the City of West Fargo's assessment program should evidence that its process is fundamentally flawed, resulting in the excessive valuation of many higher end homes that use these types of sales as comparables to justify higher values on other higher end homes. This is grossly erroneous and has inappropriately skewed the entire market of higher end home valuations in West Fargo. The City has created a self-perpetuating cycle of over assessment.



Another fundamental flaw in the City of West Fargo's rebuttal report is the extreme level of "adjustments" that are applied to comparables. At some point, a comparable sale ceases to be a comparable sale when the overall value is increased by \$2.3 million to \$3.3 million over the actual sales price as an "adjustment" by the City Assessor. The incredible level of unwarranted adjustments in the highlighted columns below strain reason. For example:

PIN 02-5151-00075-000 Address 3838 2 ST E WEST FARGO  LOT 7 & 8 BLK 1 RESERVE AT OSGOOD				PIN 02-4912-00680-000 Address 533 LIZZIE PL E WEST FARGO  LOT 34 BLK 3 SHADOW CREEK 3RD			
Cd/Rec	D 021	1577769		Cd/Rec	D 013	1531683	
Analysis info	04/27/2022	/ 0.00% adj/mo		Analysis info	04/27/2022	/ 0.00% adj/mo	
Sale Date/Amt	11/22/2019		\$1,932,629	Sale Date/Amt	02/14/2018		\$3,545,942
Time Sale Adj	0 mo /Adj	\$0 per mo	\$0	Time Sale Adj	0 mo /Adj	\$0 per mo	\$0
Adj Sale Amt			\$1,932,629	Adj Sale Amt			\$3,545,942

[Segments removed in the table in an effort to summarize]

Grade/Mult.	E+50 / 5.070	\$1,643,821	\$3,770,326	Grade/Mult.	E+40 / 4.730	\$1,955,563	\$3,458,584
Phy. Depr.	8%	-\$163,817	\$98,650	Phy. Depr.	3%	-\$74,395	\$9,228
F/E/Othr	0%/5%/0%	-\$94,195	-\$1,209,041	F/E/Othr	0%/5%/0%	-\$120,272	-\$1,182,963
Bldg Extras	0	\$0	\$64,582	Bldg Extras	1	\$119,864	-\$55,282
Det. Garages	0 SF	\$0	\$0	Det. Garages	0 SF	\$0	\$0
Yard Extras	0	\$0	\$51,008	Yard Extras	0	\$0	\$51,008
Ag Buildings	0	\$0	\$0	Ag Buildings	0	\$0	\$0
Map Factor	0.950	-\$89,485	-\$270,905	Map Factor	0.950	-\$114,259	-\$246,131
Mkt Influence	0%		\$0	Mkt Influence	0%		\$0
Total (without rounding)		\$2,023,911		Total (without rounding)		\$2,457,281	
Net Adjustments			\$3,374,031	Net Adjustments			\$2,940,662
Indicated Value			\$5,306,660	Indicated Value			\$6,486,604
	Appraised	B of R	State Equalized		Appraised	B of R	State Equalized
Land	\$323,700	\$0	\$0	Land	\$194,000	\$0	\$0
Dwelling	\$1,700,200	\$0	\$0	Dwelling	\$2,170,900	\$0	\$0
Impr.	\$0	\$0	\$0	Impr.	\$0	\$0	\$0
Total	\$2,023,900	\$0	\$0	Total	\$2,364,900	\$0	\$0



PIN 02-1491-00010-000 Address 124 BEATON DR W WEST FARGO  LOT 1 BLK 1 OAKWOOD BEND 2ND			PIN 02-5838-00010-000 Address 318 50 PL W WEST FARGO  LOT 1 BLK 1 THE WILDS 14TH		
Cd/Rec	D 013	1593999	Cd/Rec	D 013	1622950
Analysis info	04/27/2022	/ 0.00% adj/mo	Analysis info	04/27/2022	/ 0.00% adj/mo
Sale Date/Amt	06/12/2020	\$3,097,893	Sale Date/Amt	02/19/2021	\$3,326,867
Time Sale Adj	0 mo /Adj \$0 per mo	\$0	Time Sale Adj	0 mo /Adj \$0 per mo	\$0
Adj Sale Amt		\$3,097,893	Adj Sale Amt		\$3,326,867

[Segments removed in the table in an effort to summarize]

Grade/Mult.	E+40 / 4.730	\$2,135,040	\$3,279,107	Grade/Mult.	E+30 / 4.390	\$2,071,638	\$3,342,509
Phy. Depr.	2%	-\$54,149	-\$11,018	Phy. Depr.	0%	\$0	-\$65,167
F/E/Othr	0%/0%/0%	\$0	-\$1,303,235	F/E/Othr	0%/0%/0%	\$0	-\$1,303,235
Bldg Extras	0	\$0	\$64,582	Bldg Extras	2	\$74,726	-\$10,144
Det. Garages	0 SF	\$0	\$0	Det. Garages	0 SF	\$0	\$0
Yard Extras	1	\$47,463	\$3,545	Yard Extras	1	\$54,593	-\$3,585
Ag Buildings	0	\$0	\$0	Ag Buildings	0	\$0	\$0
Map Factor	0.970	-\$79,599	-\$280,791	Map Factor	0.920	-\$214,619	-\$145,771
Mkt Influence	0%		\$0	Mkt Influence	0%		\$0
Total (without rounding)		\$3,009,852		Total (without rounding)		\$2,830,819	
Net Adjustments			\$2,388,090	Net Adjustments			\$2,567,124
Indicated Value			\$5,485,983	Indicated Value			\$5,893,991

The State Board of Equalization is charged with making sure the jurisdictions within each county value similar properties on the same bases to ensure the valuations are equitable. N.D.C.C. § 57-13-04. In particular, I would draw your attention to a home located at 3253 Timber Creek Circle South in Fargo (see picture below). It sits on a one-acre lot with almost 9,800 square feet and an indoor pool, much like the Tevye property. The City of Fargo's 2022 certified assessment includes \$187,800 for land, \$1,382,800 in improvements, and a total of \$1,570,600 for a beautiful, high end custom home with an indoor pool. If you compare this home to the square footage analysis above, this home is valued by the City of Fargo at \$160/sq foot for this 2015 construction. It is currently listed on the market for \$2.8 million since the homeowner likely put more money into the home in construction costs. That said, the house has not sold, and the City of Fargo understands that construction costs are not the equivalent of market valuation.



I'll note that, while an indoor pool is considered a luxury and adds significant cost to a high end home, indoor pools do not actually add much value on the open market as indicated in the appraiser's comments below. It requires a buyer who wants an indoor swimming pool and is willing to pay the significant costs associated with heating and maintaining the space, moisture management systems, as well as significant service, upkeep and operation of the indoor pool. Few buyers are interested in taking on these obligations.

## **II. Cost Approach**

Under the Cost Approach, the appraisal considered what a prudent, rational person would pay to construct a similar and competitive property as opposed to purchasing the Property at issue. This approach estimates: (1) the land value according to its highest and best use; (2) the replacement cost of the building and site improvements; (3) the physical, functional and/or external depreciation accrued to the improvements, and; (4) totals of the depreciated value of the improvements with the land value to reach the Property's true and full value.

The appraisers based the land valuation on comparable sales of equivalent property, and they evaluated four distinct listings consisting of parcels sized at one acre or more. GEB determined the equivalent value for the subject property ranged from \$110,000 to \$160,000 per acre, with a median value of \$149,952 per acre. In analyzing comparable property with equal weight, GEB arrived at a reconciled per acre value of \$140,000. With the Property constituting 4.88 acres total, this results in a reconciled true and full land value of \$685,000.

Utilizing an online subsidiary resource of Marshall Valuation Service, the appraisers used the Swift Estimator to estimate the replacement cost of the building and site improvements. They valued the subject property as separate components of land and building improvements in connection with the Property's external (economic), functional, and physical depreciation. Based on a determination

incorporating soft costs related to engineering, architectural design, permits, legal expenses, and developer's profit, the equivalent replacement cost of structures at their true and full value on a competitive property would be **\$2,700,000**. Importantly, this valuation includes a level of economic depreciation, which does not appear to be included by the City in their assessments.

I'll note that much was made of the fact that the building permit included a cost of construction in the range of \$4 million. Yet, if you review the custom home sales shown below, it is noteworthy that the building permit amount is much less than the actual sales price in many instances. In this case, the architect that submitted the building permit honestly reported what he believed to be a realistic improvement cost. That building permit value is not an indication of market value, as is evident from the comparables noted above that frequently reflect a building permit valuation that is half the actual construction cost at times. Again, the amount someone chooses to spend for features personally important to them do not carry through to market value. For the sake of illustration and not applicable to the Subject Property, if someone wants to add hand-painted silk wallpaper, wood ceilings made from fallen Old Growth California Redwood trees, and a gold-plated bathtub, a homeowner can add those luxury, expensive features. They will pay the cost without the expectation or reality they will see a return on that investment on the open market. The value is dictated by what a willing buyer is willing to pay for the same.

For that reason, there are various cost calculators that are used to determine cost valuation based upon features in a home. Our appraisers used a standard, reputable cost calculator to come up with a cost value to include in the appraisal. This information was presented to the City. The City used a much higher cost number (including over \$1.18 million more in costs) and failed to include economic depreciation in this cost analysis. My credible, licensed appraisers, who the City of West Fargo routinely relies on for projects, concludes as follows (RCN = Replacement Cost New):

**Conclusion:**

When the three section values are added together, the RCN is \$530,400.  
When added to the RCN of the Main Dwelling, the total is \$3, 599,137  
When the allocated site value of \$682,000 is added along with Engineering, Architectural, Permits, etc., the Total RCN **before** Depreciation is \$4,281,137.

This provides a major discrepancy with the City, which has concluded to a value of \$5,465,155 **before depreciation** (\$5,414,147 Building and site + Yard Improvements of \$51,008 = \$5,465,155) This is a discrepancy of \$1,184,018.

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**Depreciation**

The next step in the process is to evaluate the Depreciation. WF uses lump sum values of 16% functional, 5% Economic and 0% Other, without explanation of their derivation.

Presumably "Other" in their grid is Physical Depreciation. Normal practice would indicate that a home of this quality and construction would have an estimated useful life of 100 years. Therefore, for each year that passes (without renovations or additions) the property would decrease in value by 1% per year. If that is normally the case, then legitimately a \$50,000 per year adjustment for physical depreciation alone would be present. Given the building has had three full years of occupancy, at least \$100,000 to \$150,000 should be attributable to physical depreciation alone.

Functional Depreciation is a deficiency in a property that makes it function differently than other building of its use, size, location, access, and other relevant factors. Most obvious in this case is the fact that it has 8 (we count 7) bedrooms for 12,464footnote Square Feet of TLA, or 1,558 SF TLA/BR or 458 sf/ room. Footnote we do not come up with 28 rooms The Comparable sales indicate the following:

Property ID	Total TLA	BR	Ratio SF-TLA/BR	% Difference
02-5151-00075-000	6,466.00	5	1,293.20	28.6%
02-4912-00680-000	6,897.00	5	1,379.40	20.6%
02-1491-00010-000	6,789.00	5	1,357.80	22.5%
02-5838-00010-000	5,323.00	7	760.43	118.7%
Subject	11,644.00	7	1,663.43	

We believe that the ratio of BR to TLA is an indicator of functional utility. If there is one bedroom for every 1,663 SF that is about 3-4 times what an average home in the market possesses. Even in comparison to the other high value homes considered it is 20-30% higher than most and over 100% more than one in particular.

Even using the WF comps there should be roughly a 25% or more functional obsolescence factor rather than 16%.

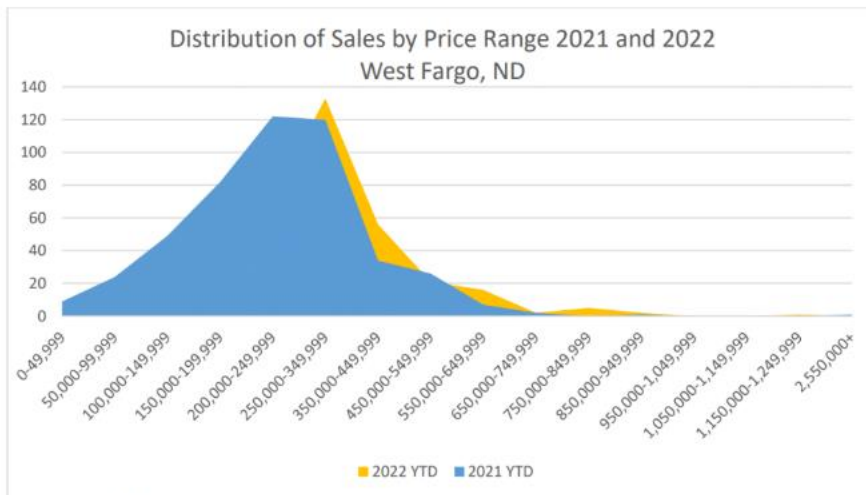
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The biggest issue in the depreciation is the fact that WF estimates a mere 5% economic depreciation without support.

In layman's terms, few buyers would pay this much per bedroom, so the value must be reduced by at least 25% of the cost calculation in order to find an appropriate fair market value. This is functional depreciation.

The concept of economic depreciation for existing homes on the market (as opposed to new construction ‘sales’ from the builders) in this real estate market is also graphically addressed by the appraiser, as follows:

As stated in our appraisal, comparative analysis tells us that only two homes above \$1 Million have sold over a 2-year period. The pool of buyers above \$700,00 is very thin indeed. Lack of buyers in any market means that supply and demand are inelastic and very subject to price swings. High demand raises prices and low demand lowers prices given an equal supply. When the supply is short to start with, it does not mean that price will go up unless more buyers are entering that segment of the market. That is clearly shown here by market evidence.



Source: FMRMLS 2021-2022 YTD

External Depreciation is proven by the difference in Replacement Cost New to Current sales price. All properties are subject to depreciation. Any year over year increases in value are due entirely to two factors.

1. The underlying value of the site goes up as development costs increase
2. The RCN of the building goes up because of increasing prices of building materials.

By analyzing current data for a recently constructed home where RCN is known or can be closely estimated, the breakdown of physical, functional, and economic depreciation can be estimated.

In the present case we estimate 3% physical depreciation using the age-life method. We estimate functional depreciation at 25%. The difference in RCN minus current sales price is an indicator of overall depreciation.

The City of West Fargo Assessor entirely misses the component of economic depreciation where large spaces with limited utility are tailored to specific homeowners, like the indoor pool and sports court, reduce the property’s value. The City includes the cost of the sports court and indoor pool space directly in the cost calculation without recognizing a devaluation due to the fact they are

unique features that few buyers actually want. As an example, Commissioner Sherling stated at the Cass County Commission meeting that she thinks an indoor pool is a negative, and she would not want one in her home. See ([Cass County Commission Recording - June 20, 2022](#)) at 1:02:00. In a forthcoming report, GEB summarizes this concept as follows:

We note that [sports court and an indoor pool] are considered a luxury and properties that have them are unique in the market. This lack of buyer response to these features is a force outside of the property that is captured as external depreciation. To the extent that a property conforms to buyer expectations in the market, features of a property will have contributory value. When features of a property greatly exceed the expectations of buyers, then the buyers typically will only pay a nominal or no additional amount for the presence of those over-improvements. We believe that the value of the property as-is and as of the date of value is based upon the dwelling with a minor contributory value for the gym and swimming pool that is reflective only of the square foot value of the dwelling plus land, plus the additional site improvements.

As such, the City erroneously included significant costs associated with the construction of these unique improvements, without factoring a significant amount of external depreciation as a result of lack of buyers seeking these features.

The appraiser conducted an analysis of one of the two valid sales of over \$1 million, then compared it to the Subject. A Summary of pertinent information and excerpts from GEB's analysis are as follows:

Resale	
02-5151-00075-000	
	Address: 3838 2 ST E
	Sale Date: 11/22/2019 \$/SF
	Sale Price: \$ 1,932,629 \$ 299
	Year Built: 2009
	TLA: 6,466
	Amenities: Unfinished Basement
	Land ASD Amount \$ 323,700
	Indicated Building Cost \$ 1,608,929 \$ 249
	Permit Amount \$ 940,000 \$ 145

**Sale Analysis of 3838 2nd Street E, West Fargo, ND**

Our analysis of that sale indicates the following.

Replacement Cost New as of the date of value, of the sale 11/22/2019, was \$1,902, 289 with a land value (developed by comparison) of \$6.00/ sf. X 58,000 sf = \$348,000 for a total estimated value of \$2,250,289. The building permit at 01/05/2010 was \$940,000. It was assessed at completion in 2011 at \$1,447,900 or \$223.92/sf. This would amount to an assessment to Value Ratio of 64.3%.

As of the date of sale the property was assessed for 2020 at \$1,844,700. It sold for \$2,490,000 or a sales ratio of 74%.

Further allocation of the sales price of \$2,566,000 with special assessments allocates to

\$2,556,000  
-\$76,000 Specials  
-\$580,000 Land Value (The increased value of the land plus site improvements since development @ \$10.00/sf)  
= \$1,900,000 Residual Building Value  
Or \$293.84/ sf

If we were to keep it simple and merely apply the \$300/ sf value of this property at the sale to the subject at WF square footage of 11,644 sf, then the assessed value for ad valorem taxation would be \$3,493,200. Adding in the estimate of the \$820,000 for the additional dwelling, metal building and site of the parcel brings us to \$4,313,200. This is still a difference of \$1,883,400 from the revised assessment of \$6,196,600. This seems to be the amount of over-assessment from a simple assessment comparison standpoint.

When considering physical functional and economic depreciation of this sale, CoreLogic-SwiftEstimator concludes to RCN less normal physical and functional depreciation of \$2,503,269. This residual is \$285.44/ SF

**Comparison to the Subject Property**

A direct application to the subject would indicate a total market value of \$3,323,663.36 without adjustment for the Gym and Swimming Pool which are not included in square footage. If the Additional Dwelling, Building, and site are added to this to arrive at the total parcel valuation, then the estimated market value increases to \$4,143, 663.

Assessments typically show little to no value applied to Swimming Pools and Gymnasiums in this market and this factor is not proven in the WF analysis.

To simply add an additional \$2,052,000 to value for these remaining items is unsupported in this analysis.

Considering that the other High Value homes are seldom assessed at market value upon sale, an additional Sales Ratio adjustment would be appropriate.

An adjustment of 85% would indicate a value of \$3,522,113 without consideration of value for the gym and swimming pool.

Our supported value for the Gym and Swimming Pool by CoreLogic-SwiftEstimator that the value is no more than \$582, 792 without consideration of the Economic Depreciation that the market experiences for these two amenities.

There is not a lot of good data available on the value of swimming pools and gyms in the market, but we believe them to receive at least a 40% discount of economic depreciation over and above the 7.15%

indicated from Swift Estimator. This would reduce the contribution of these two amenities to \$349, 675, Say \$350,00.

In conclusion the estimate of value to provide equitable assessment of the subject property should likely be

Main Dwelling, Accessory Dwelling, Metal Building and Site	= \$4,143,663
Estimated Contributory value of Gym and Pool	= \$ 350,000
Total Estimated Fair Market Value	= \$4, 493,663
Less adjustment for Sales Ratio at 85%	= (\$ 670,050)
Estimated Equitable Assessed Value of the Subject	= \$3,823,663

Rounded to \$3,825,000 of which \$1,000,000 is land and \$2,825,000 is building improvements. A value of \$328.50/ square foot.

**We respectfully request that the unsupported assessment of the subject property of \$6,196,000 be reduced by the amount of overassessment in the amount of \$2,371,000. This 38% over-assessment is unsupported by market evidence.**

### **Alternative Relief**

If you will not abate Tevye's inflated assessment based upon the credible and unbiased appraisal of two reputable appraisers, N.D.C.C. § 57-13-04(8) provides that the State Board of Equalization may order a new appraisal if the local subdivision did not assess the property according to the law. Since West Fargo did not utilize market value to reach its assessment, the State Board of Equalization should order a new appraisal. There is simply too many questions surrounding the City Assessor's



approach to valuation, including swapping numbers from improvements to land in order to be more consistent with the neighbor's challenged valuation. After the State Board of Equalization orders a new assessment, the relevant county commission appoints a special assessor. N.D.C.C. § 57-14-08(2). As I discussed earlier, my appraisers frequently perform appraisals for the City of West Fargo. Thus, my appraisers are the ones that the Cass County Commission would likely select as credible, local appraisers. Because this method creates needless expense and inefficiencies, this Board should simply adopt the GEB's appraiser's well supported valuation.

### CONCLUSION

This Property is considered a high-value residential property with a very limited market for potential buyers, so it takes longer to attract qualified buyers. As another limiting factor, most buyers lack the ability to obtain financing for such a high value home. The comparable sales identified in the appraisal reflect that some of the high value homes have taken well over a year on the market to sell, given the lack of buyers at this level. As previously determined by the North Dakota Supreme Court, if a property cannot be sold for the assessed value, then the market value (synonymous with the "true and full value") of the property must be less than the assessed value. *RFM-TREI Jefferson Apartments*, 2020 ND 204 at ¶ 14. Assessments which exceed the true and full value of a property require abatement or reduction of the property's assessed value. *Id.* Where a Board acts contrary to that directive, its acts are considered arbitrary and unreasonable. *Id.* In short, the City cannot use a computer model generated tax assessed value that is higher than the market would justify. The attached appraisal carefully walks through the factors that lead to a value on this parcel, in far more detail and targeted specifically to this home as opposed to the limitations created by using a mass appraisal process (which is totally understandable for the City to use in general).

The City's valuation does not reflect what a willing buyer would pay a willing seller for the Property, particularly in the West Fargo market. The City's valuation should not be adopted by the Board, and a downward correction is required.

While Tevey, LLC is not aware of what methodology the City used in reaching its true and full value, the City should not rely on building cost, permit values or prior sales information in reaching its determination. A builder's initial estimate on the cost of construction is not an accurate representation of the true and full value or market price of the Property upon completion. Clearly, moving hundreds of thousands of dollars from the "improvement" to the "land" category of the City's valuation without any supporting information is arbitrary and should call their process into question.

Tevey, LLC requests the Board consider the attached appraisal, find that the true and full value of the Property is \$3,470,000 for 2022, and abate the taxes for 2021 accordingly.

August 3, 2022  
Page 20

Sincerely,

A handwritten signature in black ink that reads "Tami Norgard". The signature is written in a cursive style with a large, sweeping initial 'T'.

Tami Norgard

# Residential APPRAISAL REPORT



4980 Sheyenne Street

West Fargo, ND 58078

As of:

February 9, 2022

Prepared For:

TEVYE, LLC

Prepared by

GEB Appraisals & Triebwasser Appraisal  
Service Joint Venture

William N. Triebwasser, ND-CG 2916

William Triebwasser

Certified General Real Property

Appraiser

ND-CG 2916

Gerald (Gary) E. Bock, Practicing Affiliate

Certified General Real Property Appraiser

ND CG 21242

File Number: 50-2201 242

## **PREFACE to the Hypothetical Appraisals**

August 4, 2022

Ms. Tami Norgard  
Vogel Law Firm- Fargo  
218 N.P. Avenue  
Fargo, ND 58102

RE: High-Value Residential Home Appraisal and Appraisal of an Accessory Dwelling Unit (ADU)  
with Metal Building

Owners: TEVYE, LLC  
Address: 4980 Sheyenne Street, West Fargo, ND 58078

Dear Ms. Norgard,

At your request, we have made an appraisal of the above-referenced property located at 4980 Sheyenne Street, West Fargo, ND. The property was inspected with the owners present on February 9, 2022.

The subject property was appraised as two distinct tracts, rather than as one tax parcel since the property presented itself with two residential structures that were unlike in terms of age, size, quality, condition, use, highest and best use and other considerations.

As a result, this Scope of Work is a departure from normal practice in that normally all of the land and buildings assigned to a particular tax parcel become the subject property. We believe that lumping all of them together would lead to a misleading conclusion of value and would be unethical under the Uniform Standards of Professional Appraisal Practice, (USPAP) as well as the guidelines of the International Association of Assessment Officials. (IAAO).

This appraisal assignment and tax appeal was complicated by the fact that there is more than one dwelling on the parcel. One is the primary recently constructed high-value home dwelling, the other is the Additional Dwelling Unit (ADU), a much smaller older home with a metal shop building nearby.

Highest and Best Use analysis is an important part of any appraisal assignment and that is true for this assignment as well. Considering the square footage of the main dwelling along with the older smaller dwelling (assuming square footage as the unit of comparison) would overvalue the ADU and under value the main dwelling. In addition, selection of comparable sales would become difficult since there would be no comparable parcels that would closely replicate the building improvements.

The properties that are comparable to each of these types of dwellings are vastly different. Part of our charge as appraisers under the Uniform Standards of Professional Appraisal Practice (USPAP) is to strive to not render appraisal opinions in a misleading manner.<sup>1</sup>

We strongly believe that considering smaller older homes along with new high value luxury homes can be confusing to the reader and users of the appraisal. For that reason, the decision was made with the concurrence of the client that the subject property should be considered under two hypothetical circumstances that allowed for the appraisal of each separately as they might be situated in their own market. Those two hypothetical appraisals prepared for this assignment consistent of two valuation assignments for consideration of equitable taxation.

1. Appraisal of the ADU with metal building and site area sufficient to provide proper and legal access, site area and site improvements. This site area proposed is a hypothetical site that is rectangular in nature with the hypothetical property line placed a sufficient distance north of the metal building and running in a west-east direction to its intersection with the east property line of the subject property. This hypothetical site contains 3.9 acres, a dwelling of 2,232 square feet built in 1996 of above-average quality construction and condition and a metal building of 2,560 square feet that has been recently remodeled and improved. It is also of above-average condition and quality.
2. Appraisal of a high-value home of excellent quality on the remainder of the site with an estimated 4.88 acres. The home has 10,445 square feet of above-grade living area (GBA) along with a nearly fully finished basement. This property also includes accessory structures attached to the main dwelling consisting of a 5-stall attached garage, an enclosed swimming pool (referred to in the cost approach as a natatorium), a sports court/gymnasium, and a bowling alley and numerous other amenities. It is likely one of the most valuable homes to be found within the jurisdiction of West Fargo, ND and Cass County as well as the State of ND. Comparable sales of other high-valued homes in the jurisdiction were evaluated in terms of their comparability. Comparability is determined to be in terms of a verified sale at market value<sup>2</sup> Homes that the assessment department used as “comparables” were not arm’s length market

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<sup>1</sup> The IAAO, which is also a member organization of the Appraisal Foundation; along with the Appraisal Institute, the International Right of Way Association, the American Society of Farm Managers and Rural Appraisers, the American Society of Appraisers, and others, support the standards and qualifications for Appraisal Practice in the United States.

<sup>2</sup> the North Dakota Supreme Court broached the question on fair market value for tax assessment purposes on some hotels and apartments. The court cited the North Dakota assessor’s guidebook (which adopts the International Association of Assessing Officers’ definition). The court quoted the guidebook to say, “[market value is] the most probable price expressed in terms of money that a property would bring if exposed for sale in the open market in an arms-length transaction between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which it is adapted and for which it is capable of being used.” *RFM-TREI Jefferson Apartments, LLC v. Stark County Bd. of Comm’rs*, 2020 ND 204, ¶ 12, 950 N.W.2d 160.

transactions<sup>3</sup> as defined both by appraisal practice and ND Statute but were merely transfers from custom home builders to their clients or original owners without exposure to the open market or competition. The purchase price of those homes are based in contract between the builder and its client and does not reflect value on the open market.

The goal in both of these appraisals is to determine the estimated fair market value of the property. The market value for purposes of valuation in North Dakota is based upon the Definition as found in state statute.

In **North Dakota**, market value is **defined as:**

*“The highest price for which property can be sold in the open market by a willing seller to a willing purchaser, neither acting under compulsion and both exercising reasonable judgment.”*

This definition is found in the North Dakota Century Code. N.D. C. C. § 24-01-01.1 (27). This definition is also found in the banking section of the Code as well. N.D.C.C. §6-01-02. It has been applied to eminent domain proceedings for DOT projects and non-DOT projects alike. It has also been used in property tax disputes brought to the Supreme Court.

With this concept in mind, the properties were then appraised separately with the goal of obtaining what might be a meaningful assessment of value for tax purposes.

As a result of the preparation of these two hypothetical appraisals, the following market value estimates were determined.

The estimated valuation of the property including all land and buildings on Lot 1, Block 1 of Tevey Addition to the City of West Fargo is concluded to be:

The date of inspection and the date of value for the subject property is February 9, 2022.

This report contains the property description, photo addenda, analysis, and supportive data for the conclusions and final estimate of value. The Definition of Market Value, Certification, and Statement of Limiting Conditions and supplementary limiting conditions can also be found within the report that follows.

We certify that we have personally inspected the subject parcel on February 9, 2022, along with the owner’s representatives. Subsequent inspection of the property were also made. We also inspected

---

<sup>3</sup> An arm’s length transaction is defined in the Dictionary of Real Estate Appraisal as well as by Conclusions of Fact and Law in various court cases. The North Dakota Administrative Code defines “arm’s length” as a contract executed by a willing buyer and a willing seller with neither being affiliated. N.D.A.C. § 81-09-02-09.

the neighborhoods and comparable sales relied upon. We have no role in the negotiations or authority to reach settlements regarding the property. All statements herein are true and correct to the best of our knowledge and belief.

The intended use of the Appraisal is for tax assessment analysis and appeal to the ND State Board of Equalization.

The intended user(s) are the property owners, their legal representatives, accountants and others as they may designate. Any other use of the report by any person or organization outside of those stated above, or for any purpose other than this project shall render the opinions null and void.

Respectfully submitted,

**G E BOCK REAL ESTATE. LLC dba GEB Appraisals and Triebwasser Appraisal Service, LLC as a Joint Venture**

Gerald (Gary) E. Bock, AI- Practicing Affiliate  
 Certified General Real Property Appraiser  
 ND-CG 21242  
 Expires: December 31, 2022

William N. Triebwasser  
 Certified General Real Property Appraiser  
 ND CG 2916  
 December 31, 2022

As Is Value Indications	
As Is Market Value	Current 02/09/2022
Interest Appraised	Fee Simple
Land Analysis Value	\$685,000
<b>Cost Approach</b>	
Cost Approach Value	\$2,815,000
<b>Sales Comparison Approach</b>	
Sales Approach Value	\$3,400,000
<b>Hypothetical ADU Parcel</b>	
ADU and Metal Building Tract Value	\$820,000
Market Value Conclusion	<b>\$3,920,000</b>
Equalization Factor	0.800
<b>Recommended Assessed Value</b>	<b>\$3,136,000</b>

## LETTER OF TRANSMITTAL

August 1, 2022

Ms. Tami Norgard  
Vogel Law Firm- Fargo  
218 N.P. Avenue  
Fargo, ND 58102

RE: High-Value Residential Home Appraisal with Accessory Structures

Owners: TEVYE, LLC  
Address: 4980 Sheyenne Street, West Fargo, ND 58078

Dear Ms. Norgard,

At your request, we have made a subsequent appraisal of the above-referenced property located at 4980 Sheyenne Street, West Fargo, ND. This new appraisal included several important changes from the original appraisal report.

- The city data mis-stated the square footage of the property. Subsequent review by the architect confirmed the proper and more accurate square footage for appraisal purposes.
- The original information available from the City included the enclosed swimming pool and/or the gymnasium as part of the Gross Living Area. Those areas should not be included in Gross Living Area under standard appraisal protocols. We were able to more accurately determine those square footages from Architectural drawings obtained from the architect.
- The original appraisal considered other high value homes that were valued on the basis of construction costs. We find this method to be contrary to proper appraisal practice since it provides a misleading indication of value when these properties were not actually exposed to the market.
- By using only market driven transactions, (not building permits) comparison to other high value homes in nearby Fargo, as well as in other ND metro markets of Grand Forks and Bismarck, a better picture of market demand in this segment of the market can be found.



- Large variations in equalization of properties is also observed and tabulated within this report. The goal of equalization of property is governed by the principle of fairness, and we believe that the data provided in this report will highlight large discrepancies in the level of assessment and the consequential tax payments required of property owners within the city of West Fargo and Cass County. We understand the fundamental purpose of the State BOE is to make sure properties are treated fairly and equally wherever they are located. This comparison with other jurisdictions should be a big focus of review at the State BOE.

The subject property was subsequently evaluated using public records available to the appraiser, including public data available from Cass County, ND. The information used included GIS interactive maps, tax and assessment records, property ownership and transfer records, tax records, and the like.

Comparable sales information was analyzed and reviewed similarly and also used FlexMLS records. Additional confirmation of sales was obtained from the Cass County Recorder, ND verified through the NDRIN site to confirm property transfers.

Confirmation of these sales was also made with agents, buyers, sellers, and others involved in the sales as needed.

The date of inspection and the date of value for the subject property is February 9, 2022.

This report contains the property description, photo addenda, analysis, and supportive data for the conclusions and final estimate of value. The Definition of Market Value, Certification, and Statement of Limiting Conditions and supplementary limiting conditions can also be found within the report that follows.

We certify that we have personally inspected the subject parcel on February 9, 2022, along with the owners. There were subsequent inspections of the properties after this date.

We also inspected the neighborhoods and comparable sales relied upon. We have no role in the negotiations or authority to reach settlements regarding the property. All statements herein are true and correct to the best of our knowledge and belief

The intended use of the Appraisal is for tax assessment analysis and appeal to the ND State Board of Equalization

The intended user(s) are the property owners, their legal representatives, accountants and others as they may designate. Any other use of the report by any person or organization outside of those stated above, or for any purpose other than this project shall render the opinions null and void.

**Hypothetical Conditions:**

- The property is appraised under the Hypothetical condition that the secondary dwelling and machine shed (Accessory Dwelling Unit) would be situated on a separate parcel for purposes of valuation.

**Extraordinary Assumptions:**

- The right of ingress and egress from the driveway is an assumed property right.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions, and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current As-Is Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of February 9, 2022, is

**\$3,920,000**

**Three Million Nine Hundred Twenty Thousand Dollars**

If you have any questions concerning the appraisal report, please feel free to contact us at 701-356 7300 or 701-238-5245.

Respectfully submitted,

**G E BOCK REAL ESTATE. LLC dba GEB Appraisals and Triebwasser Appraisal Service, LLC Joint Venture**



Gerald (Gary) E. Bock, AI- Practicing Affiliate  
Certified General Real Property Appraiser  
ND-CG 21242  
Expires: December 31, 2022



William N. Triebwasser  
Certified General Real Property Appraiser  
ND CG 2916  
December 31, 2022

# PART I INTRODUCTION

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## Summary of Important Facts and Conclusions

### GENERAL

**Subject:** TEVYE, LLC  
4980 Sheyenne Street, West Fargo,  
Cass County, ND, 58078

A high value home of excellent quality and condition located adjacent to Sheyenne Street and in otherwise primarily single-family residential neighborhood. The site is exceptionally large, although well developed and has paved access from the street along with a professionally landscaped site.

**Owner:** TEVYE, LLC

**Legal Description:** Lot 1, Block1, Tevey Addition to the City of West Fargo, ND

**Date of Report:** August 1, 2022

**Intended Use:** The intended use is for tax assessment analysis and appeal to the ND State Board of Equalization.

**Intended User(s):** The property owners, their legal representatives, accountants and others as they may designate.

#### Assessment: History:

<b>Parcel #:</b>	02-4955-00010-000	<b>Mail To:</b>	TEVYE LLC 218 NP AVE N FARGO ND 58102-4834	<b>2021</b> Statement #210147463
<b>Owner:</b>	TEVYE LLC			Mill Levy Rate: 309.12
<b>Address:</b>	4980 SHEYENNE ST WEST FARGO ND 58078			Consolidated: \$86,599.36
<b>Jurisdiction:</b>	West Fargo City			Specials: \$2,576.98
<b>Mortgage Company:</b>				Drains: \$256.62
				Other: \$0.00
				Discounts: \$4,329.97
				Pen/Int: \$0.00
				1st Due: \$0.00
				2nd Due: \$0.00
				Amount Due: \$0.00
				Grand Total Due: \$0.00

[Map View](#) - [Legal Description](#) - [Property details](#)

#### Statements

Year	Statement #	Type	Tax	Penalty	Interest	Discount *	Paid	Balance	Add to Cart
2021	<a href="#">210147463</a>	Real Estate	\$89,432.96	\$0.00	\$0.00	\$4,329.97	<u>\$85,102.99</u>	\$0.00	Paid
2020	<a href="#">200147189</a>	Real Estate	\$38,489.78	\$0.00	\$0.00	\$1,752.39	<u>\$36,737.39</u>	\$0.00	Paid
2019	<a href="#">190146796</a>	Real Estate	\$14,318.46	\$0.00	\$0.00	\$536.32	<u>\$13,782.14</u>	\$0.00	Paid

#### Assessments

Year	Agricultural	Residential		Commercial		Total	Taxable Value Before Credits	Credits	Net Taxable Value
	Land	Land	Building	Land	Building				
2021	\$0.00	\$157,200.00	\$6,068,300.00	\$0.00	\$0.00	\$6,225,500.00	\$280,148.00	<u>\$0.00</u>	\$280,148.00
2020	\$0.00	\$157,200.00	\$2,439,700.00	\$0.00	\$0.00	\$2,596,900.00	\$116,861.00	<u>\$0.00</u>	\$116,861.00
2019	\$0.00	\$157,600.00	\$636,700.00	\$0.00	\$0.00	\$794,300.00	\$35,744.00	<u>\$0.00</u>	\$35,744.00



Current Year Tax Estimate:

Property Tax Estimate	
\$6,196,600.00	Full And True Value <input type="button" value="Recalc"/>
\$3,098,300.00	Assessed Value
* 9.00000%	Residential Classification
\$278,847.00	Taxable Value
* 309.12	2021 Mill Levy
\$86,197.18	Adjusted Annual Tax

**NOTICE: This is an estimate only and subject to change depending on tax year levies and credit amounts. Tax levys, exemption amounts, and rollbacks are all based on the current tax year and are updated periodically.**

**Sale History:** The subject has not sold in the last three years, according to public records.

**Current Listing/Contract(s):** The subject is not currently listed for sale, or under contract.

Land:

Land Summary				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
02-4955-00010-000	4.88	212,485	Level	Rectangular

Improvements:

Building Summary					
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Land to Building Ratio
Teyce, LLC prir	2018	Excellent	2.0	10,445	20.34

Zoning: R-1A

Highest and Best Use of the Site: Single Family /Estate

Highest and Best Use as Improved: Single Family/Estate

Type of Value: Market Value, as defined on page 24.

As Is Value Indications	
<b>As Is Market Value</b>	<b>Current 02/09/2022</b>
Interest Appraised	Fee Simple
Land Analysis Value	\$685,000
<b>Cost Approach</b>	
Cost Approach Value	\$2,815,000
<b>Sales Comparison Approach</b>	
Sales Approach Value	\$3,400,000
<b>Hypothetical ADU Parcel</b>	
ADU and Metal Building Tract Value	\$820,000
Market Value Conclusion	<b>\$3,920,000</b>
Equalization Factor	0.800
<b>Recommended Assessed Value</b>	<b>\$3,136,000</b>

## **CERTIFICATION**

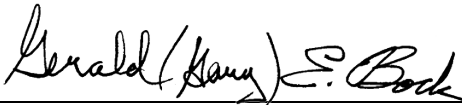
**We hereby certify.**

- That to the best of our knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct; subject to the limiting conditions herein set forth.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraisers.
- We 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.
- The Appraisers' have not performed any prior services regarding the subject within the previous three years of the appraisal date. The property was appraised for tax appeal purposes for both the City of West Fargo and Cass County. The date of that appraisal was February 9, 2022.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is also 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.
- That we have personally inspected the property herein appraised and that we have also made a personal field inspection of the comparable sales relied upon in making said appraisal. The property owners or their designated agent was present for the property inspection.
- That we have not revealed the findings and results of such appraisal to anyone other than the proper officials and we will not do so until so authorized, or until we are required to do so by due process of law, or until

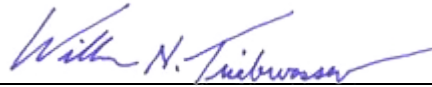
we are released from this obligation by having publicly testified as to such findings.

- That no one provided significant professional assistance to the appraiser. The assistance of other professionals involved with the appraisal is routine, and isolated to their scope of expertise, and not directly contributory to this appraisal assignment.
- This appraisal includes materials an information gained from a previous appraisal of the property for tax appeals to both the City of West Fargo and Cass County, ND.

**G E BOCK REAL ESTATE. LLC dba GEB Appraisals and Triebwasser Appraisal Service, LLC as a Joint Venture**



Gerald (Gary) E. Bock, AI- Practicing Affiliate  
 Certified General Real Property Appraiser  
 ND-CG 21242  
 Expires: December 31, 2022



William N. Triebwasser  
 Certified General Real Property Appraiser  
 ND CG 2916  
 December 31, 2022

As Is Value Indications	
As Is Market Value	Current 02/09/2022
Interest Appraised	Fee Simple
Land Analysis Value	\$685,000
<b>Cost Approach</b>	
Cost Approach Value	\$2,815,000
<b>Sales Comparison Approach</b>	
Sales Approach Value	\$3,400,000
<b>Hypothetical ADU Parcel</b>	
ADU and Metal Building Tract Value	\$820,000
Market Value Conclusion	<b>\$3,920,000</b>
Equalization Factor	0.800
<b>Recommended Assessed Value</b>	<b>\$3,136,000</b>

## ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraisers appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraisers in the Report:

1. As agreed, with the client before the preparation of this appraisal, this is an “Appraisal Report” as defined under the *Uniform Standards of Professional Appraisal Practice*, as defined in the most recent edition.
2. This report is intended to comply with the reporting requirements set forth under This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The Appraisers are not responsible for unauthorized use of the report.
3. The Appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the Appraisers render any opinion as to the title, which is assumed to be good and marketable.
4. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. If so indicated, the Appraisers have examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and have noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the Appraisers are not surveyors, they make no guarantees, express or implied, regarding this determination.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is

assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. The Appraisers may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Measurements are based upon exterior dimensions rounded to the nearest 6 inches. Unless otherwise indicated, a Land Survey was not performed. The sketch provided is from the West Fargo Assessor's office.
12. The Appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the Appraisers' that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials; such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in any part of the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental condition or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the results of the routine observations made during the appraisal process. The intended users of this report should rely upon the Environmental Site Assessment conducted for the project for information regarding possible contamination.
13. Any site improvements are assumed to be completed in a good and workmanlike manner in accordance with the submitted plans and specifications. Private wells and

septic systems, if present, are assumed to be in working order and to be compliant with existing regulations regarding inspection as if for sale.

14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than to the intended user(s) to whom it is addressed without the written consent of the Appraisers', and in any event, only with properly written qualification and only in its entirety.
15. Neither all, nor any part of the contents of this report, or a copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser, the intended users or as otherwise directed by a court of law.
16. The Appraisers' will not give testimony or appear in court because they made an appraisal of the property in question unless specific arrangements to do so have been made beforehand.
17. If the cost approach is included in this appraisal, the Appraisers' have estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach to value is not an insurance value and should not be used as such.
18. The Appraisers' obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that they consider to be reliable and believed to be true and correct. The Appraisers' do not assume responsibility for the accuracy of such items that were furnished by other parties.
19. An Appraisers' client is the party (or parties) who engage Appraisers' in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.
20. An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the Appraisers' perform a non-invasive visual

inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

21. The property under the following hypothetical condition(s) and extraordinary assumptions:

- The property is appraised under the Hypothetical condition that the secondary dwelling and machine shed (Accessory Dwelling Unit) would be situated on a separate parcel for purposes of valuation.
- The property is appraised under the extraordinary assumption that:

The right of ingress and egress from the driveway is an assumed property right.



**Americans with Disabilities Act (ADA) of 1990**

A civil rights act passed by Congress guarantees individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. G E BOCK REAL ESTATE. LLC dba GEB Appraisals have not made a determination regarding the subject's ADA compliance or non-compliance. Non-compliance could have a negative impact on value; however, this has not been considered or analyzed in this appraisal.

**Comment:** Normally a home of this size and amenities would have an elevator between floors. This is not an ADA requirement for this property, although it might be considered a deficiency by some buyers in this segment of the market.

## **PURPOSE, INTENDED USE, and INTENDED USERS OF THE APPRAISAL**

The purpose of this appraisal is to estimate the current 'As Is' market value for tax appeal purposes at the state level. This appraisal is to be used to determine the equitable valuation and thus taxation under ND Laws and Statutes. The appraisal will determine the market value for the hypothetical site and high value home as of the date of inspection, which is February 9, 2022. This new appraisal corrects information from the original appraisal of the same date to reflect updated information, particularly relative to comparable sales.

The purpose of this appraisal is to present a market value that expands the search for comparable sales to the nearby jurisdiction of Fargo, Grand Forks and Bismarck. These areas are comparable in that they all have high-value homes. By doing so, a better indication of market value for this very narrow segment of the market can be more effectively analyzed.

The Accessory Dwelling Unit and Metal Building have been appraised under a separate valuation assignment. This market value estimate, as defined below, is intended to provide the owners with a current market value for the property rights appraised. The report will be used by the intended user(s); the property owners, their legal representatives, accountants and others as they may designate.

### **Definition of Market Value**

The appraisal addresses the estimate of market value. The concept of market value is frequently reviewed from both legal and economic perspectives within private industry and at virtually all levels of government.

In North Dakota, market value is defined as:

*“The highest price for which property can be sold in the open market by a willing seller to a willing purchaser, neither acting under compulsion and both exercising reasonable judgment.”*

This definition is found in the North Dakota Century Code. N.D. C. C. § 24-01-01.1 (27). This definition is also found in the banking section of the Code as well. N.D.C.C. §6-01-02. It has been applied to eminent domain proceedings for DOT project and non-DOT projects alike. It has also been used in property tax disputes brought to the Supreme Court.

The ND Supreme Court has also stated “[market value is] the most probable price expressed in terms of money that a property would bring if exposed for sale in the open market in an arms-length transaction between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which it is adapted and for which it is capable of being used.” RFM-TREI Jefferson Apartments, LLC v. Stark County Bd. of Comm’ners, 2020 ND 204, ¶ 12, 950 N.W.2d 160.

## SCOPE OF WORK

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s), and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraisers', is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The Appraisers, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider: This role applies to both state licensed real estate appraisers who provide appraisal analysis and reporting under Standards 1 and 2 of USPAP as well as assessors who provide appraisals under Standards 5 and 6 of the Uniform Standards of Appraisal Practice (USPAP). Appraisers serving in both roles have a duty to serve the best interests of the public in a manner that provides a work product that is unbiased and not misleading.

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Ms. Tami Norgard of the Vogel Law Firm- Fargo. The problem to be solved is to estimate the current 'As Is' market value for tax appeal purposes at the state level. The intended use is for tax assessment analysis and appeal to the ND State Board of Equalization. This appraisal is intended for the use of the property owners, their legal representatives, accountants and others as they may designate.

### SCOPE OF WORK

<b>Report Type:</b>	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses. The appraisal is presented in a narrative format.
<b>Property Identification:</b>	The subject has been identified by the legal description and the assessors' parcel number.
<b>Inspection:</b>	A complete interior and exterior inspection of the subject property has been made, and photographs taken.

**Market Area and Analysis of Market Conditions:**

A complete analysis of market conditions has been made. The Appraisers maintain and have access to comprehensive databases for this market area and have reviewed the market for sales and listings relevant to this analysis.

**Highest and Best Use Analysis:**

A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered. The maximally productive use was concluded.

**Type of Value:**

Market Value as previously defined on page 23.

**Valuation Analyses**

**Cost Approach:**

A cost approach was applied as there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

**Sales Comparison Approach:**

A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

**Income Approach:**

An income approach was not applied as the subject is not an income producing property and this approach does not reflect market behavior for this property type.

**Hypothetical Conditions:**

The property is appraised under the Hypothetical condition that the secondary dwelling and machine shed (Accessory Dwelling Unit) would be situated on a separate parcel for purposes of valuation.

**Extraordinary Assumptions:**

The right of ingress and egress from the driveway is an assumed property right.

The scope of work in an appraisal report is intended to be a complete valuation analysis that is matched to the level of detail required in the appraisal assignment. The analysis considers the current market value of properties located within the subject neighborhood or market area and analyzes those sales to determine the direction or parameters of market value for the subject property. In this appraisal the market value of the fee simple interest is estimated using the North Dakota Definition of Market Value. As a result, the sales comparison approach is relied upon to estimate the value of the subject's vacant land. Vacant lots are seldom if ever rented to produce income to the property owner, and they are typically held for future use for building construction purposes. As a result, the methods that the Appraisers' will rely upon in this appraisal are the sales comparison approach and the cost approach.

A part of the scope of work includes an examination of the public records for data relating to the subject property. Detailed information concerning the subject parcel was obtained, including the sales history of the tract and its current ownership as shown by public records. Investigation was completed using the Cass County records, GIS data and information, the North Dakota Recorder's Information Network (NDRIN) and other information. Comparable Sales were confirmed by cross referencing documents from the Register of Deeds Office and tax parcel data, as well as interviews with buyers, sellers, real estate agents, or other parties knowledgeable of the transaction when required.

Systematic research and analysis of sales of similar properties in the neighborhood was conducted, and considered the impact of governmental, social, economic, and physical forces affecting the property.

Market value as defined in this report is based upon the North Dakota Definition of Market Value as further defined later in this report. It is based upon the date of the inspection. Please be aware that market value is a dynamic force and the market's reaction to buyers and sellers can be active or it can be stagnant, and changes can occur over time.

Inspection of the comparable sales properties as referenced in the report is limited to visual inspection from the street. Additionally, aerial photographs from other sources that have been taken during the summer months are used to give a bird's eye view of the property without interference of snow or cloud cover.

Using the information obtained from research of the subject and the comparable properties, the Appraisers' must make certain assumptions regarding the valuation of the property. Those assumptions and limiting conditions are stated in a following section of the report.

It is often necessary to include adjustments for property type, location, elevation, access, time, parcel size, and other pertinent features.

As a result of this process, an appraisal report was developed that is intended to communicate the results of the investigation. This information has been arranged in a manner and in a format that is deemed to be the most appropriate considering the details of the assignment and its intended use, as well as considering who the intended users of the report might be.

This appraisal has also been developed as an *Appraisal Report* as defined under the Uniform Standards of Professional Appraisal Practice (USPAP).

**Statement on Appraiser Independence:**

We have knowledge and experience in appraising this type of property in this market area.

We are aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records, and other such data sources for the area in which the property is located.

## **Market Area Analysis**

### **REGIONAL DATA**

#### **Cass County Area Analysis**

The subject is located in Cass County, which is located in the eastern most portion of the state of North Dakota, in the Red River Valley of the North. This is one of the most productive agricultural regions in the United States.

Because of its productivity, virtually all of the available agricultural acres (those not zoned for other uses) in this area are utilized for cash crop agriculture. Cass County ranks among the leaders in a wide range of crops in the state of North Dakota. The county ranking chart may be found in the North Dakota Agricultural Statistics bulletin published annually by the North Dakota Agricultural Statistics Service. The state ranks second among all states for overall wheat and navy bean production. North Dakota ranks third in sugar beet production which generates substantial revenues on the eastern most portion of the Red River Valley area, including Cass County. The western portion of the county consists of the more undulating loam and sandy loam soils which are still conducive to virtually all types of crop production and includes more acreage of corn, some potatoes and a lesser amount of sugar beets.

Agriculture is critical to the economic base of Cass County as many jobs and industries are agriculturally related. The rural based economy depends heavily on the well-being of the agricultural producers in the area, although to a lesser extent than in previous years. Technology, manufacturing, medicine, law and research also provide significant impact to the local economy. While the number of agricultural producers continues to decline, employment in these other sectors of the economy continue to grow. Please note the chart of economic sectors on Page 36.

This diversification has brought numerous new jobs and residents into the metropolitan area as well as the county. Economic growth is expected to continue well into the future.

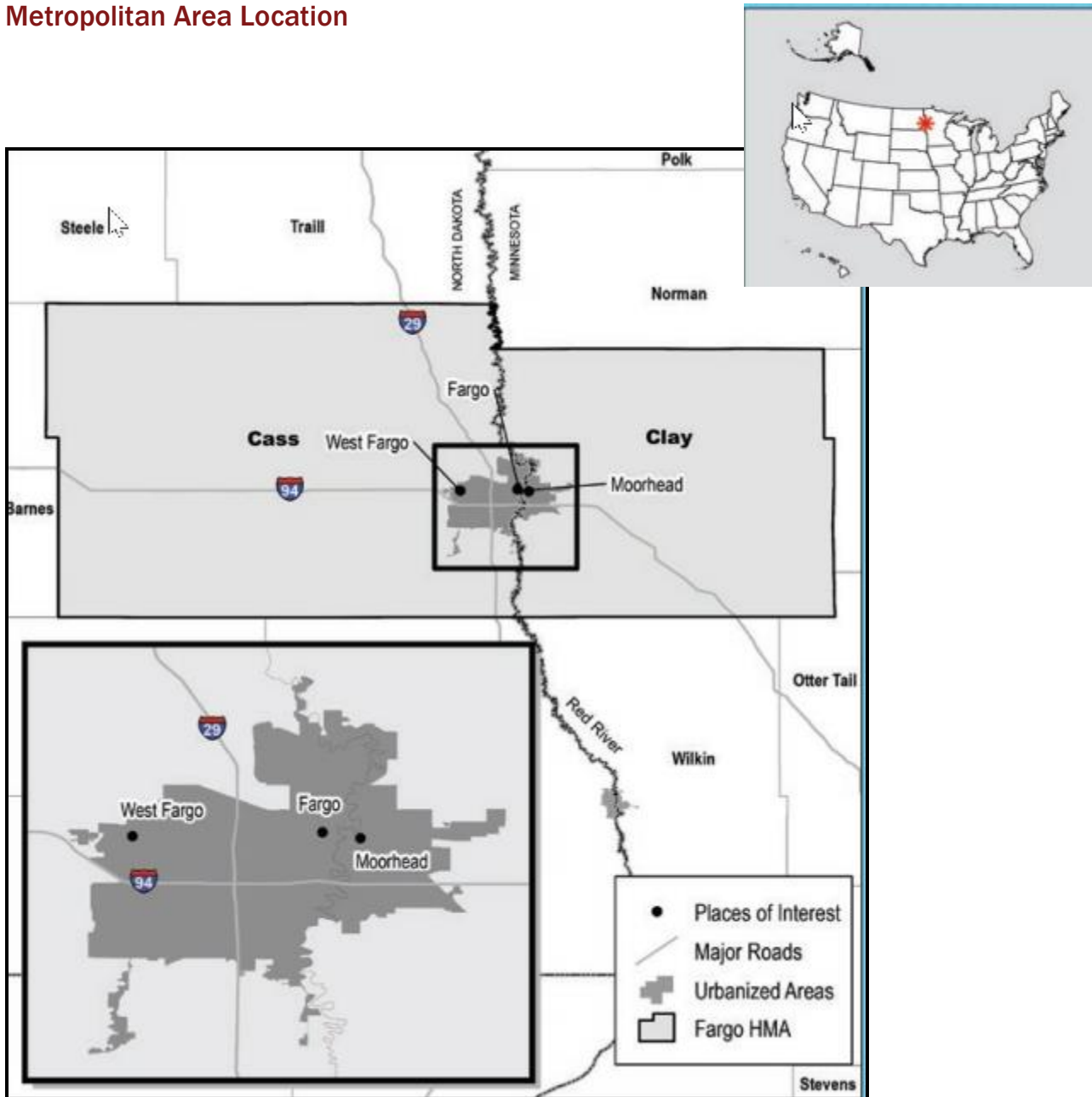
The county has an above average network of hard surfaced state and county roads. The remaining roads are generally good all-weather gravel roads and are connected with the county and state paved roads. Interstate Highway 29, which runs in a north/south direction through the eastern edge of North Dakota, is located on the eastern most portion of the county. Interstate Highway 94 enters the state at Fargo and runs east to west through the county.

The City of West Fargo includes the major corridors of I-94, business corridor of US Highway 10, CR 17/ Sheyenne Street, 9<sup>th</sup> Street/Veteran's Boulevard and others minor corridors.



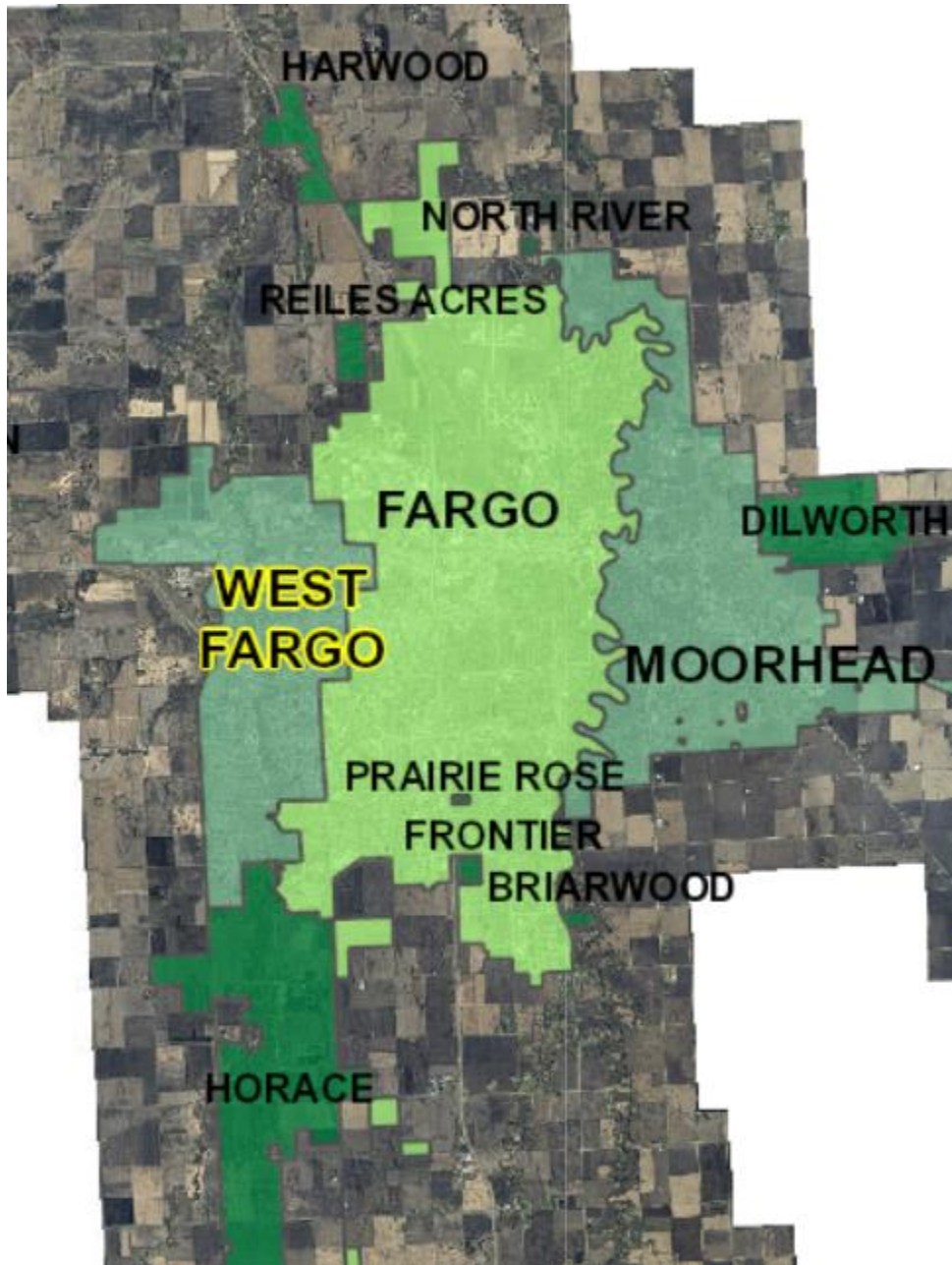
## Metropolitan Area

### Metropolitan Area Location



The Metropolitan Statistical Area is formally referred to as the Fargo-Moorhead Metropolitan Statistical Area and includes all of the cities and towns included within the boundaries of Cass County, ND and Clay County, MN. The general location map of the area is depicted above.

## City of West Fargo Location Map



The City of West Fargo is one of the fastest growing cities in the State of North Dakota, and now ranks 5<sup>th</sup> in terms of population statewide with an estimated population of more than 38,626 as of April 1, 2020. 2021 population estimates are not available as of the date of this report.<sup>4</sup>

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<sup>4</sup> US Census

<https://www.census.gov/quickfacts/fact/table/westfargocitynorthdakota,casscountynorthdakota/AGE135219>

## Housing Market Area Description<sup>5</sup>

The Fargo-Moorhead-West Fargo Housing Market Area (HMA) is bisected by the Red River; includes Cass County, North Dakota and Clay County, Minnesota; and is coterminous with the Fargo ND-MN Metropolitan Statistical Area (MSA).

The HMA includes the City of West Fargo as well as Moorhead, Minnesota. The current population of the HMA is estimated at 256,900, representing annual growth of 1.4 percent, annually since 2015, which represents a slight slowdown due to net in-migration associated with moderating job gains,<sup>6</sup> The City of West Fargo represents a population estimated at 37,058 as of July 1, 2019, according to the most recent U.S. Census Data.<sup>7</sup>

## Market Qualifiers according to HUD

### Economic Conditions

The unemployment rate averaged 1.9 percent, down from 3.3 percent a year earlier and only slightly higher than the 1.7-percent rate during the same period of 2019, when the labor market was extremely tight. Strong gains in resident employment outpaced growth in the labor force, contributing to the declining unemployment rate.

### Sales Market Conditions

During 2021 -

- Existing home sales totaled 5,100 homes, a 3-percent increase from 2020, and the average sales price of an existing home increased 10 percent, to \$264,200, during the same period.
- New home sales decreased 39 percent from 850 homes during 2020 to only 520 homes sold in 2021. Significant price increases contributed to lower sales, with prices rising 29 percent to an average sale price of \$422,500.
- The percentage of home loans in Fargo that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into real estate owned (REO) status was 1.0 percent in December 2021, down from 2.8 percent in December 2020 but above the 0.9-percent rate December 2019 (CoreLogic, Inc.). The rise in the rate partly reflects an

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<sup>5</sup> U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis Fargo, North Dakota-Minnesota July 2019

<sup>6</sup> HUD Property Demand and Housing Market Profiles for Fargo, ND-Minnesota Metro 2022

<sup>7</sup> United States Census Bureau, Quick Facts

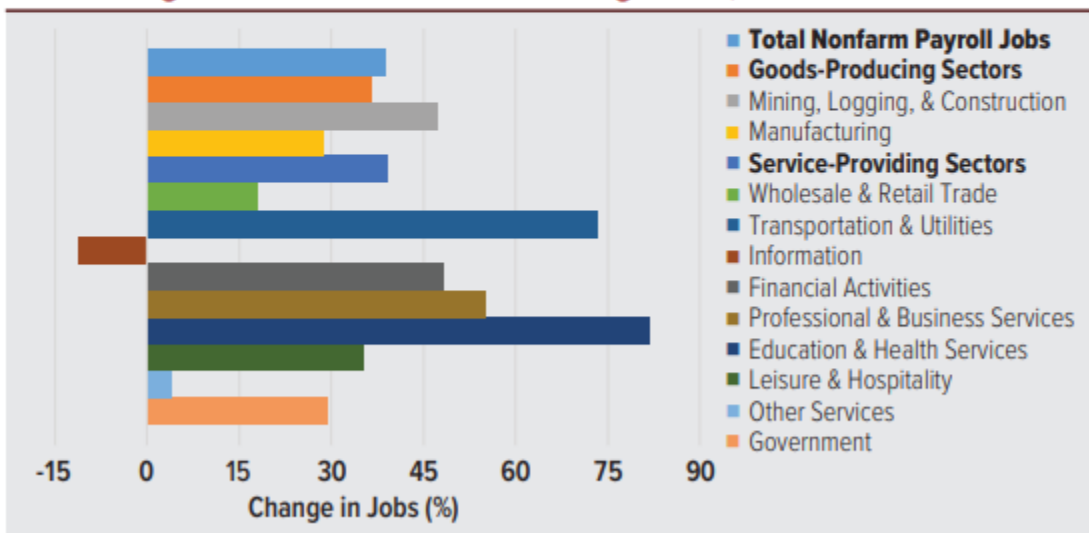
<https://www.census.gov/quickfacts/fact/table/westfargocitynorthdakota,claycountyminnesota,moorheadcityminnesota,casscountynorthdakota,fargocitynorthdakota/PST045219>

increase in the number of loans in forbearance, as the economic contraction during the COVID-19 pandemic made it more difficult for some homeowners to stay current on their mortgage payments. The current rate for the metropolitan area is above the 1.1 percent rate for North Dakota and below the 2.0 percent rate for the nation.

## Largest sector: Education and Health Services

The education and health services sector has been the fastest growing nonfarm payroll sector in the HMA since 2001 (Figure 1), partly because it was the only sector that added jobs every year.

**Figure 1. Sector Growth in the Fargo HMA, 2001 to Current**



Note: The current date is July 1, 2019.  
Source: U.S. Bureau of Labor Statistics

## City Data

The City of West Fargo has experienced steady growth over the last 15 years, and although the growth in nearby Fargo and Moorhead has been exceptional, West Fargo has seen steady property development and population growth. This is evidenced not only by the number and value of building permits, but also has translated into a booming K-12 population which has driven the demand for new school construction.

Vacant land available for development has been almost entirely transitioning from unimproved agricultural land to development. Depending upon the Long-Range Plan of the City and County, this land typically is developed in a manner consistent with those plans. West Fargo has a significant amount of vacant agricultural land area available both north and south of the central core to add development. The redevelopment occurring in the community is centered in the original downtown area and is progressing along the corridors of County Road 17 and 19th Avenue North.

This future development will depend upon the final approval and construction of the FM Diversion, which will remove much of the flood risk in that area. It will also require a significant investment for infrastructure, so it is expected that those high anticipated costs will drive in-fill development first.

Given the prominence of West Fargo within the larger metropolitan market, recent MLS Data indicates the following level of residential sales activity year over year. The Covid-19 Pandemic has not seemed to slow sales activity, and supply and demand at present appear to be at record levels.

Flex MLS Data	# Sold	# Sold	Percent	Sold Volume	
	2019	2020	Change	2019	2020
<b>E1- West Fargo</b>	58	56	-3	\$13,589,625	\$13,472,004
<b>E2- West Fargo</b>	94	90	-4	\$18,569,190	\$18,912,625
<b>E3- West Fargo</b>	63	64	+1	\$20,875,707	\$22,730,690
<b>E4- West Fargo</b>	348	447	+28	\$114,126,152	\$156,175,207
<b>E5- West Fargo</b>	16	13	-18	\$3,928,203	\$3,380,036
<b>E6- West Fargo</b>	7	6	-14	\$1,923,300	\$235,237,482
<b>Grand Totals</b>	<b>645</b>	<b>786</b>	<b>+22</b>	<b>\$182,483,982</b>	<b>\$235,237,482</b>

#### Median Home Value and Household Income Summary

Median Home Value	\$241,800
Median Household Income	\$87,674
Median Tax Burden	\$3,363

Source: [US Census, Cass County Tax estimator](#)

It should be noted that the subject property is estimated by the City to be worth 25.6 times the median home value in this market, and the current tax burden is almost equal to median household income. The tax burden is likewise 25.75 times as high as the median West Fargo single family home.

## Area Description & Boundaries

**Neighborhood:** The Wilds

**Location:** Suburban

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### Neighborhood Boundaries

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**North:** Interstate Highway 94

**South:** Cass County Highway

**East:** Red River of the North

**West:** Sheyenne Diversion

The neighborhood boundaries extend from Interstate Highway 94 to Cass County Highway on a north south axis and from Red River of the North to Sheyenne Diversion on an east west axis.

Other high value homes outside of the neighborhood were also considered due the unique nature of the subject being considered a high value home.

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The subject neighborhood consists of mainly single-family homes of average to very good quality of construction in average to new condition. There are apartment buildings, twin homes, condominiums, schools, and parks within the neighborhood as well as commercial areas along Main Avenue, 9<sup>th</sup> Street E, 32<sup>nd</sup> Ave S, and Sheyenne Street. Single family housing values have been steadily increasing since the beginning of the COVID-19 pandemic. Financing is typically with conventional or FHA financing. The typical marketing time for a property in the area is 90-180 days, however, marketing times have been shorter due to strong demand and low inventory.

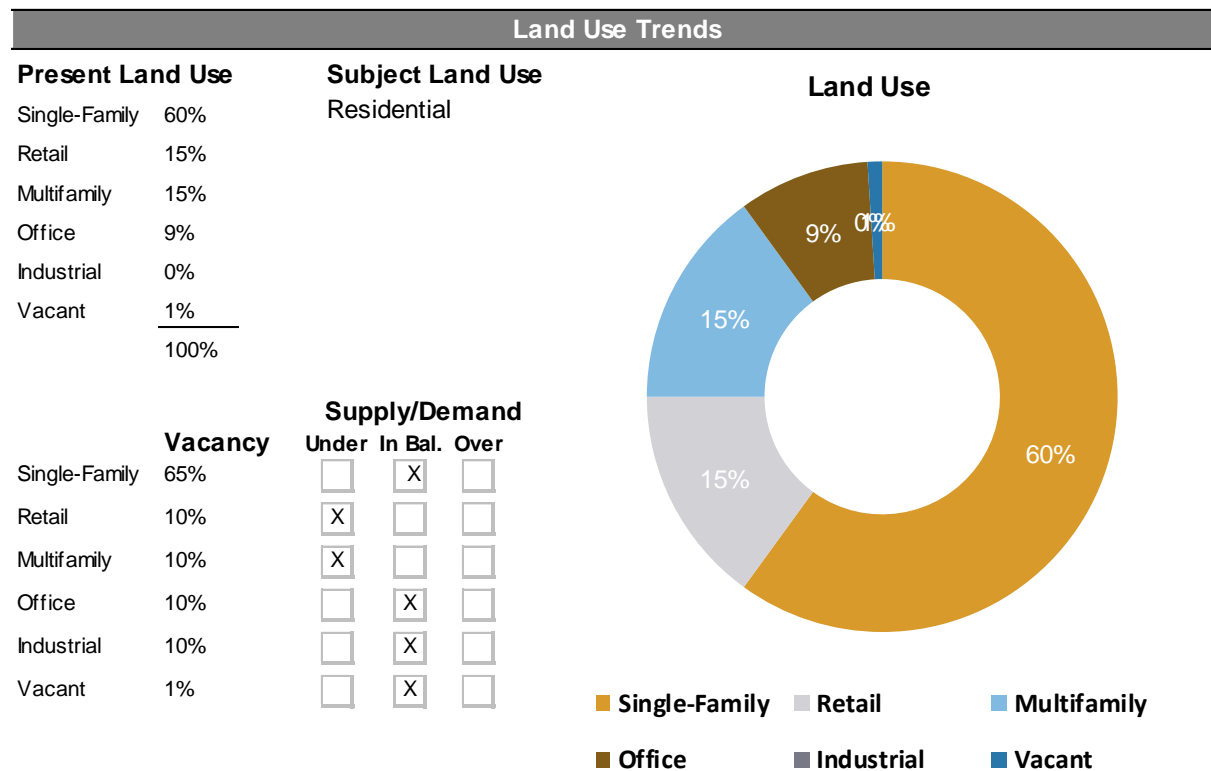
The reader should be cautioned that the subject property is not representative property of the market herein described.

In terms of the narrow market segment represented by the subject, very few homes are available on the market in the price range above \$1,000,000. The Assessed Value of the subject which West Fargo estimates to be worth \$6,190,000 is an extreme outlier in this market. It is improbable that there are any buyers ready, willing and able to purchase a single-family residential property at this price at this time under current market conditions. It is also unlikely that the owners would be able to consummate a sale at this price level should an interested buyer be found.

## Market Area Analysis

Area & Property Use Characteristics							
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Population Trend	Up <input checked="" type="checkbox"/>	Stbl <input type="checkbox"/>	Dn <input type="checkbox"/>
Built Up	<input type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Employment Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Development Pace	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	<input type="checkbox"/> Slow	Personal Income Level	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Retail Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	New Construction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vacancy Trend	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining	Vacancy Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input type="checkbox"/> Taking Place	Rental Demand	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is subject in Opportunity Zone? No



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### Market Area Comparison

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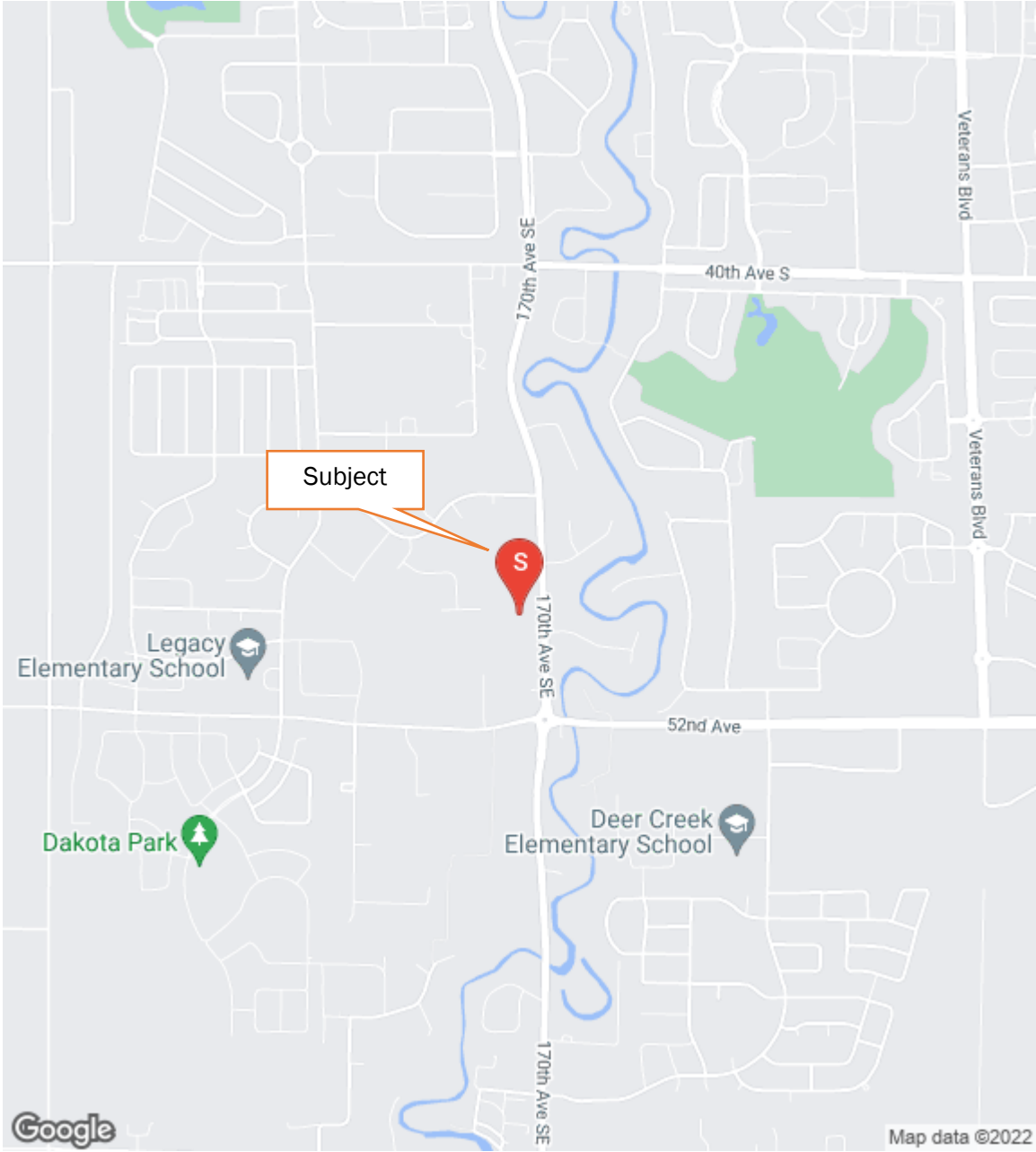
Arterial (Highway) Access	Above Average
Public Transit	Below Average
Governmental Services	Average
New Construction	Above Average
Gentrification	Below Average
Market Sentiment	Above Average
Employment Trends	Above Average
Demand Generation	Above Average

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# PART II SUBJECT PROPERTY INFORMATION

## Location Map



## Property Description

A high value home of excellent quality and condition located adjacent to Sheyenne Street and in otherwise primarily single-family residential neighborhood. The site is exceptionally large, although well developed and has paved access from the street along with a professionally landscaped site.

Land Summary				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
02-4955-00010-000	4.88	212,485	Level	Rectangular

Land Summary				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
02-4955-00010-000	4.88	212,485	Level	Rectangular

## SITE

<b>Location:</b>	Adjacent to Sheyenne Street between 47th Ave and 52nd Ave S
<b>Current Use of the Property:</b>	Single Family Residential
<b>Site Size:</b>	Usable: 4.8780 acres; 212,485 square feet
<b>Shape:</b>	Rectangular
<b>Frontage/Access:</b>	<p>The subject property has Good/Paved access with frontage as follows:</p> <ul style="list-style-type: none"> <li>• Sheyenne Street: 801 feet</li> </ul> <p>The site has an average depth of 500 feet. It is not a corner lot. It is a complete platted subdivision site.</p>
<b>Visibility:</b>	Private
<b>Topography:</b>	Level
<b>Soil Conditions:</b>	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
<b>Utilities:</b>	<p>Electricity: The site is served by public electricity.</p> <p>Sewer: City sewer</p> <p>Water: City water</p>

Natural Gas: Xcel Energy

Underground Utilities: The site is serviced by underground utilities.

Adequacy: The subject's utilities are typical and adequate for the market area.

**Site Improvements:**

Site Visibility: Private

Access: Good/Paved

Driveway: Paved Asphalt

Surface Parking: Concrete with base

Outdoor Lighting: Private

**Flood Zone:**

The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 38017C0767G

FEMA Map Date: January 16, 2015

The subject is protected by the Sheyenne Diversion.

**Environmental Issues:**

Low elevations in this area are protected by the Sheyenne Diversion

**Encumbrance /  
Easements:**

Typical ROW and utility

**Site:**

The subject property is superior to other residential properties located throughout the market area and neighborhood. It is unique in that it is on a larger than normal site in an individually platted residential subdivision. The soil conditions observed at the subject appear to be typical of the region and adequate to support development. The site is contained entirely within Tevye 1<sup>st</sup> Addition. It is Rectangular in shape. The hypothetical site in this appraisal excludes that part of the property that includes the metal building and the Additional Dwelling Unit (a single-family home).

The site was previously at risk of flooding prior to the construction of the Sheyenne Diversion. The adjacent lands have been flooded by the Sheyenne River and the Red River of the North.

The site has professionally developed landscaping and is well maintained. Access to the property is from Sheyenne Street that leads to the circular concrete driveway at the front of the property. The access is considered adequate and very private. The view from the property is open space/wooded with open views in all directions.

## Site Plan/Tax Map/Survey



## PART II SUBJECT INFORMATION PROPERTY

### Legal Description:

The most recent sale reflects the value of the site before platting and construction., a Warranty Deed dated May 26, 2017 states:

Lot 1, Block 1, Tevye Addition to the City of West Fargo, ND.

### IMPROVEMENTS DESCRIPTION

**Development/Property Name:** TEVYE, LLC

**Property Type:** Luxury

**Overview:** A high value home of excellent quality and condition located adjacent to Sheyenne Street and in otherwise primarily single-family residential neighborhood. The site is exceptionally large, although well developed and has paved access from the street along with a professionally landscaped site.

#### Building Summary

Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Land to Building Ratio
Tevye, LLC prir	2018	Excellent	2.0	10,445	20.34

#### Building Summary

Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Land to Building Ratio
Tevye, LLC prir	2018	New	2.0	12,464	17.05

### GENERAL - TEVYE, LLC PRIMARY RESIDENCE

**Building Identification:** Tevye, LLC primary residence

**Building Description:** Dwelling with attached garage

**Building Class:** Class A

**Construction:** Excellent

**Construction Quality:** Excellent

**Year Built:** 2018

**Renovations:** none needed  
**Effective Age:** 4 years  
**Remaining Useful Life:** 96  
**Condition:** Excellent  
**Appeal/Appearance:** Excellent  
**Areas, Ratios & Numbers:** Number of Stories: 2.00  
 Gross Building Area: 10,445

**FOUNDATION, FRAME & EXTERIOR - TEVYE, LLC PRIMARY RESIDENCE**

**Foundation:** Poured Concrete  
**Basement/Sublevels:** 8,159 square feet  
**Basement Use:** Finished, except utilities and storage- 6,765 sf finished  
**Exterior:** Wood/Stucco/Brick  
**Windows:** Casement & Fixed Casement  
**Roof/Cover:** Hip / Asphalt Shingles  
**Other:** The basement is 10 feet deep.

**INTERIOR - TEVYE, LLC PRIMARY RESIDENCE**

**Interior Layout:** Excellent  
**Floor Cover:** Hardwood, Tile  
**Walls:** Painted drywall  
**Ceilings & Ceiling Height:** Drywall/ / 10  
**Lighting:** A mix of LED, fluorescent and incandescent lighting  
**Other:** Ceiling Detail, Custom Casework, and Cabinetry

**MECHANICAL SYSTEMS - TEVYE, LLC PRIMARY RESIDENCE**

**Heating:** Gas Forced Air, GHW Floor heat  
**Cooling:** Central  
**Electrical:** 1,000 amp electrical service with backup generator  
**Plumbing Condition:** Excellent

**Elevators/Escalators:** -- / --

**Security:** Security system with multiple cameras and on-site monitoring

**Other:** The building has multiple HVAC systems throughout, serving the various areas of the dwelling. There is also an interconnected diesel back-up generator that can power all buildings on the property in the event of a power outage.

**Comments:** The property has a backup generator in the event of a power outage.

#### PARKING

**Parking Type and Number of Spaces:** Type: Paved open surface parking  
Spaces: 15  
Condition: Excellent

**Other:** There is a 5 Stall Attached Garage with interior parking spaces available. Ample parking spaces are available in front of both the attached garage and for outside parking if needed.

#### PROPERTY ANALYSIS

**Design & Functional Utility:** An architecturally designed and constructed 2 story home of excellent quality with a 5 stall attached garage, 8 bedrooms, 10 baths, enclosed swimming pool, half-court basketball court and other high-end amenities

**Deferred Maintenance:** None

**Capital Improvements:** None planned or needed

**Comments:** An excellent quality high-value home with amenities not otherwise found in the neighborhood or market area. It is perhaps them most valuable single family dwelling within the West Fargo, ND jurisdiction. The property appears to be super adequate for the market.

#### **Americans With Disabilities Act**

Please reference the Limiting Conditions and Assumptions section of this report on page 22.

#### **Hazardous Substances**

Please reference the Limiting Conditions and Assumptions and Certification.





## Zoning

Zoning Summary	
<b>Zoning Authority</b>	City of West Fargo
<b>Zoning District</b>	R-1A Single Family Dwelling District
<b>Zoning Code</b>	R-1A
<b>Zoning Type/Description</b>	Single Family Residential
<b>Actual Density of Use</b>	N/A
<b>Current Use Legally Conforming</b>	The subject is a legal and conforming use.
<b>Zoning Change Requested</b>	N/A
<b>Zoning Change Description</b>	N/A
<b>Zoning Change Likely</b>	N/A
<b>Zoning Density/FAR</b>	Low to very low density
<b>Zoning Density/FAR (Metric)</b>	N/A
<b>Likely Zoning</b>	N/A
<b>Zoning Intent/Summary</b>	The provisions of the R-1A District are intended to apply to neighborhoods with low density, wherein certain educational, religious, recreational and other activities compatible with residential development are permitted.
<b>Permitted Uses</b>	<p>Single-family detached dwellings.</p> <ol style="list-style-type: none"> <li>2. Publicly owned and operated parks, playgrounds, and recreational facilities.</li> <li>3. Schools, churches, religious institutions and places of worship.</li> <li>4. Essential services and public buildings.</li> <li>5. State-licensed group homes serving six or fewer developmentally disabled persons.</li> <li>6. Accessory buildings, provided that they shall be located as required in Section 4-442 of this Ordinance.</li> <li>7. Home occupations, provided that they shall be operated as required in Section 4-448 of this Ordinance.</li> <li>8. Family Child Care Home.</li> </ol>
<b>Maximum Site Coverage</b>	30%
<b>Minimum Lot Area</b>	6,000
<b>Front Set Back Distance</b>	25
<b>Side Yard Distance</b>	60 feet
<b>Back Yard Distance</b>	60 feet
<b>Maximum Building Height</b>	30 feet
<b>Zoning Parking Requirements</b>	N/A
<b>Zoning Data Source</b>	Title IV, City of West Fargo Zoning Ordinance Section 4-422
<b>Zoning Comments</b>	The provisions of the R-1A District are intended to apply to neighborhoods with low density, wherein certain educational, religious, recreational and other activities compatible with residential development are permitted.

## SUMMARY OF THE APPRAISAL PROBLEM

The client has requested a valuation of the property to determine the fair market value for tax assessment analysis and appeal to the ND State Board of Equalization purposes. The assignment seeks to determine the "Fair Market Value" of the property according to the definition as provided herein. Because the ND Definition of Market Value is used, no market exposure or marketing time estimate is made.

### Definitions

For purposes of this assignment:

"True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.<sup>8</sup>

"Assessed valuation" means fifty percent of the true and full value of property.<sup>9</sup>

*As defined by NDCC Chapter 57-02 (12) "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located.*

*57-02-53. Assessment increase notice to property owner. 1. a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the assessor shall deliver written notice of the amount of increase and the amount of the previous year's assessment to the property owner at the expense of the assessment district for which the assessor is employed. Delivery of written notice to a property owner under this subdivision must be completed at least fifteen days before the meeting of the local board of equalization.*

*57-02-27 (1) All residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.*

A review of assessment records of the City of West Fargo indicate that the subject property is likely one of the highest valued single-family homes within the jurisdiction.

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<sup>8</sup> NDCC Chapter 57-02(15)

<sup>9</sup> NDCC Chapter 57-02 (3)

## Property Type Distribution for Cass County

Sales Ratio Study for the year 2020												
County 09 CASS COUNTY												
	COUNT	SALES PRICE	ASSESS-MENT	AVG ACRE	ARITH MEAN	AGG MEAN	MEDIAN	PRD	AVG DEV	COEFF OF DIS	RANGE HIGH	LOW
<b>PROPERTY TYPE DISTRIBUTION FOR ALL TOWNSHIPS</b>												
AG 80-160	24	13,821,635	3,691,600	638	28.8	26.7	26.2	1.08	4.9	18.70	23580000.0	0.0
AG 161-320	7	9,983,923	3,101,800	1,565	32.6	31.1	29.1	1.05	4.9	16.84	23490000.0	12.6
AG 321-640	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
AG 641&OVR	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Commercial	2	412,000	294,600	0	73.8	71.5	73.9	1.03	3.6	4.87	26710000.0	0.0
Vacant Lots	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Total Comm & VL	2	412,000	294,600	0	73.8	71.5	73.9	1.03	3.6	4.87	26710000.0	0.0
Residential	30	8,834,010	7,791,800	0	89.0	88.2	89.4	1.01	9.3	10.40	49030000.0	0.0
Lakeshore	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Total Res & LS	30	8,834,010	7,791,800	0	89.0	88.2	89.4	1.01	9.3	10.40	49030000.0	0.0
Mobile Home	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
<b>GRAND TOTAL</b>	<b>63</b>	<b>33,051,568</b>	<b>14,879,800</b>	<b>0</b>	<b>59.3</b>	<b>45.0</b>	<b>62.9</b>	<b>1.32</b>	<b>29.4</b>	<b>46.74</b>	<b>49030000.0</b>	<b>0.0</b>
<b>PROPERTY TYPE DISTRIBUTION FOR ALL CITIES IN CASS COUNTY</b>												
Commercial	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Vacant Lots	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Total Comm & VL	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Residential	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Lakeshore	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Total Res & LS	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Mobile Home	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
<b>GRAND TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>PROPERTY TYPE DISTRIBUTION FOR CASS COUNTY</b>												
Agricultural	31	23,805,558	6,793,400	755	29.6	28.5	26.8	1.04	5.2	19.40	30460000.0	0.0
Commercial	32	7,994,706	6,728,400	0	87.5	84.2	90.8	1.04	9.9	10.91	90890000.0	0.0
Vacant Lots	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Total Comm & VL	32	7,994,706	6,728,400	0	87.5	84.2	90.8	1.04	9.9	10.91	90890000.0	0.0
Residential	180	54,654,154	49,816,300	0	90.9	91.1	90.4	1.00	7.3	8.08	209120000.0	0.0
Lakeshore	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
Total Res & LS	180	54,654,154	49,816,300	0	90.9	91.1	90.4	1.00	7.3	8.08	209120000.0	0.0
Mobile Home	15	336,400	268,682	0	119.0	79.9	93.3	1.49	52.2	55.95	261.7	47.8
<b>GRAND TOTAL</b>	<b>258</b>	<b>86,790,818</b>	<b>63,606,782</b>	<b>2,646</b>	<b>84.7</b>	<b>73.3</b>	<b>89.6</b>	<b>1.16</b>	<b>16.6</b>	<b>18.54</b>	<b>209120000.0</b>	<b>0.0</b>

11-Jan-2022

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As can be seen from the table above, the mean sales price of residential properties of the 180 sales is \$303,634. The mean and the median are within acceptable levels for assessment accuracy as is the Coefficient of Dispersion. This indicates that generally speaking the sales analysis and reporting for Cass County is very accurate. Using West Fargo City statistics, the median home value is \$241,800.

However, the average residential property in Cass County is only equivalent to 4.9% of the value of the subject property which is assessed at \$6,225,200<sup>10</sup>. It would take the average value of 25.6 other homes to equal the value of the subject.

<sup>10</sup> According to the online tax statement. The City of West Fargo had previously agreed to lower the assessed value to \$6,196,600 in their letter dated 4/11/2022. The tax statement only reflects the 2021 taxes.

The tax revenue of approximately \$86,600 represented by the subject property and these 25.7 other homes would be equal to the following measurements.

No. of occupants 2.55 occupants/ household x 25.6 homes = 65.28 rounded down to 65 people.

Using Census data, it would appear that 19% of the population is school age (5 years old to 18 years old)

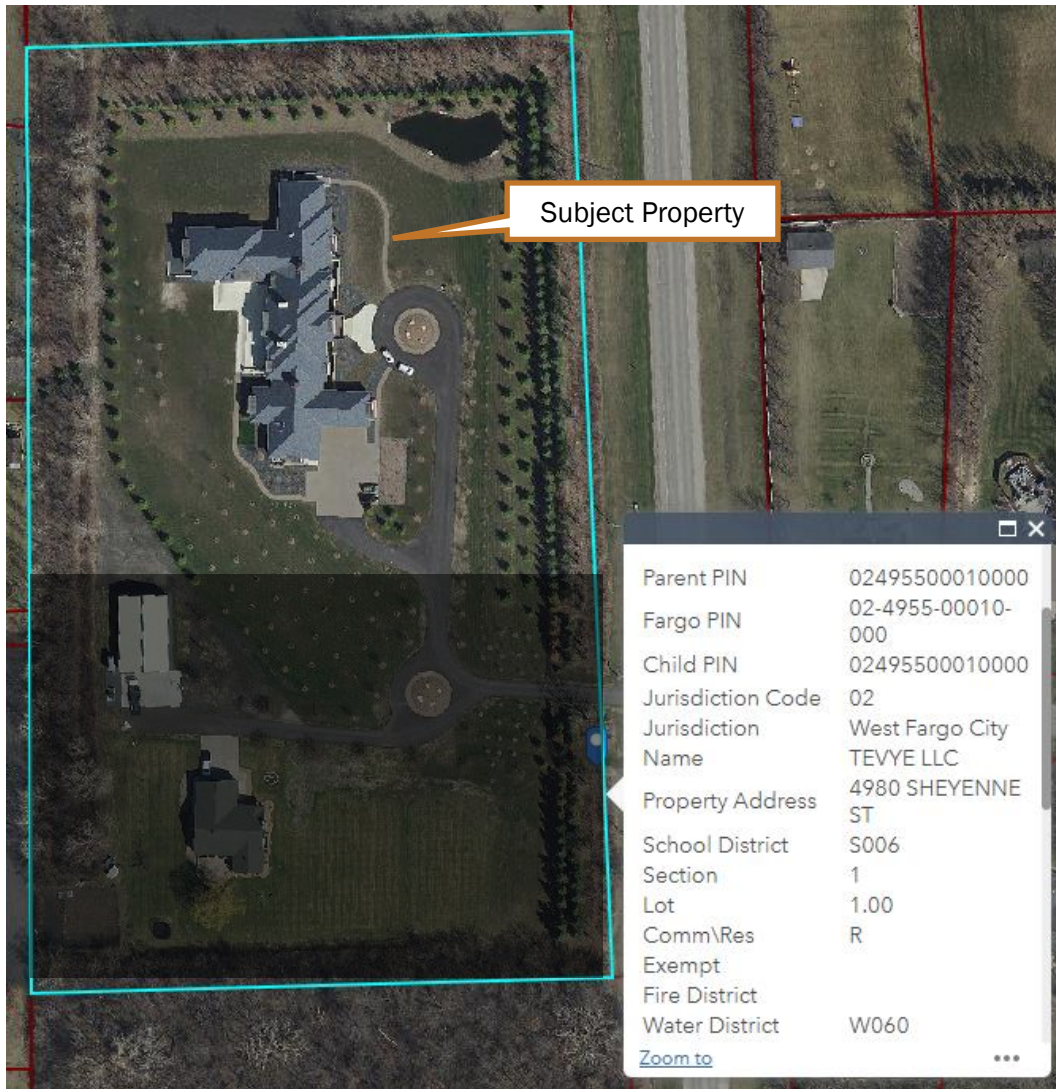
This population of 26 homes would be responsible for the payment of taxes of 13 children.

Of the 309.12 mills levied for taxes in total, 137.17 mills or roughly 44% of the taxes are used for education.

The analysis will focus on the statistics of the valuation in terms of

1. What is the fair market value of the property under current market conditions?
2. Does the fair market value of the property as assessed represent equitable taxation to the owner considering the classification, use and occupancy of the property?

Valuation issues addressed will include a discussion of the market area (neighborhood) sales, recent comparable sales relied upon, components of value and aspects of highest and best use including a determination of what is legally permissible, physically possible, financially feasible and that would result in a credible result if the property were exposed to the open market, subject to the hypothetical conditions and extraordinary assumptions otherwise stated herein.



**Improvements:** Property is improved with the Tevye, LLC primary residence as well as a 5 stall attached garage. The dwelling is approximately 10,445 square feet of above grade living area according to the assessment record. It was built in 2018 and has an effective age estimated at 4 years. The building is of Class D- (wood) construction and of excellent quality with stucco and stone veneer. It has several gas forced air sourced heat systems that provides both heating and cooling. The above grade room count is that of a 18.0 rooms, 2.0 bedroom, 8.0 bath home. It has a poured concrete almost completely finished basement.

The subject improvements also include an enclosed pool with pool equipment, athletic area along with a bowling alley, theatre room pool and a large outdoor patio. The exterior finishes of the structures include a combination of EIFS, stone and metal trim detail. There are panoramic views from the large custom-made windows throughout the dwelling, with many large windows providing ample light.

At the main entrance to the dwelling, there are custom made French doors made from solid wood. Inside the main doors is a large foyer with two story height vaulted ceilings. There is ceiling detail and a large chandelier leading to the main living areas. There is a large custom staircase. The interior doors and millwork are custom made. The flooring is a combination of travertine and high-quality carpeting. There are custom built-ins throughout the interior of the dwelling.

The main floor has a large living room, private master suite, guest suite, gourmet chefs' kitchen, butler's pantry, dining area and family room. At the location of the garage entry to the dwelling there is a drop zone and built-in locker area. There is a larger indoor pool room with a wet bar area.

In the basement there is a large family room with wet bar and recreation areas, theater room, two bedrooms, two bathrooms, a bowling alley, private gym and sports court.

On the second floor there is a larger central family room, four bedrooms all with on suites and a work room.

The interior of the garage is finished. There is a high-end epoxy type finish on the floor, in floor heat and a separate workshop type area with a sink.

**Use History:** The property has been used as a residential property since its construction in 2018.

**Sales History:** The property has been owned by the present owners since 2017. The most recent recording occurred on May 26, 2017. A search of the Cass County Register of Deeds indicates The most recent sale reflects the value of the site before platting and construction., a Deed from Patricia Nischke, grantors, to themselves, TEVYE, LLC. The sales price for Lot 1, Block 1, Tevye Addition to the City of West Fargo, ND. was \$1,350,000. The price paid included the ADU and metal shop building as well as the larger parcel site.

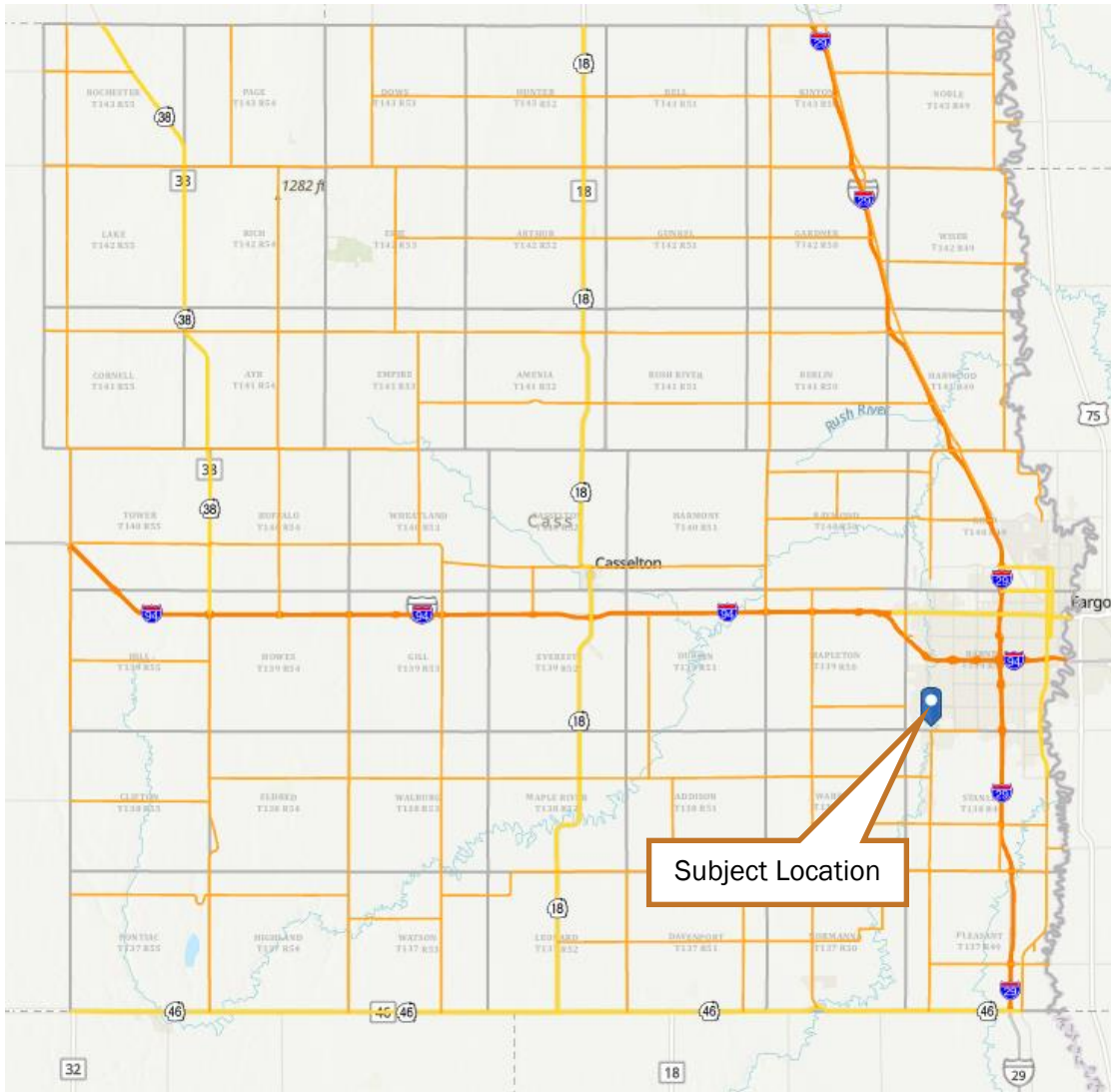
**Analysis of Prior Sale of the Subject Property:** There were no prior sales of the improved property within the previous 10 years. The subject was redeveloped and replatted by the current owners.

**Rental History:** The property has no rental history.

***Zoning and Land Use Regulation:***

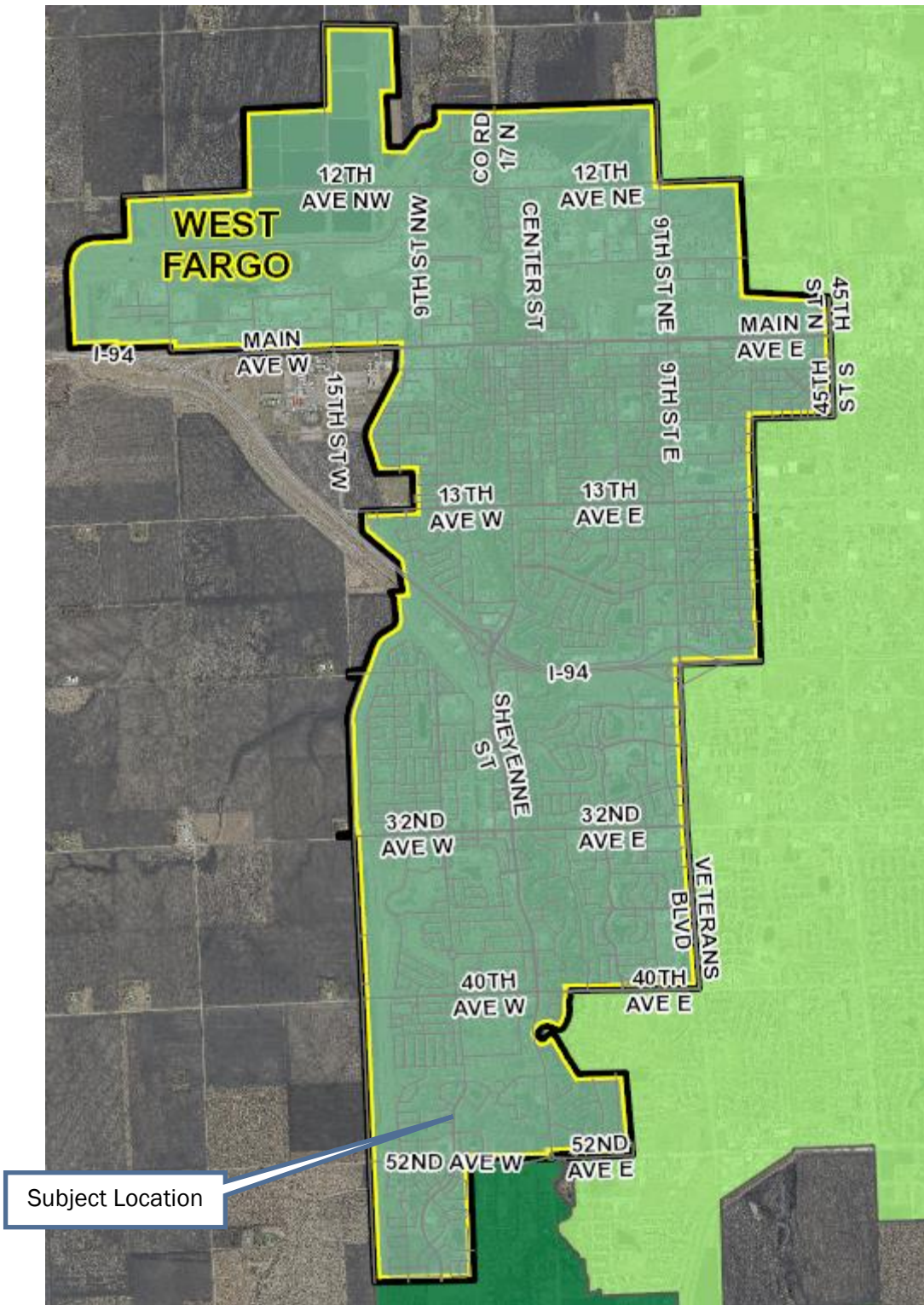
The property is zoned R-1A, Single Family Residential, according to the City of West Fargo zoning code. This zoning is typical for single family housing in this part of the city. The subject is a legal and conforming use.

## Cass County Location Map





**Subject Property City Location Map**



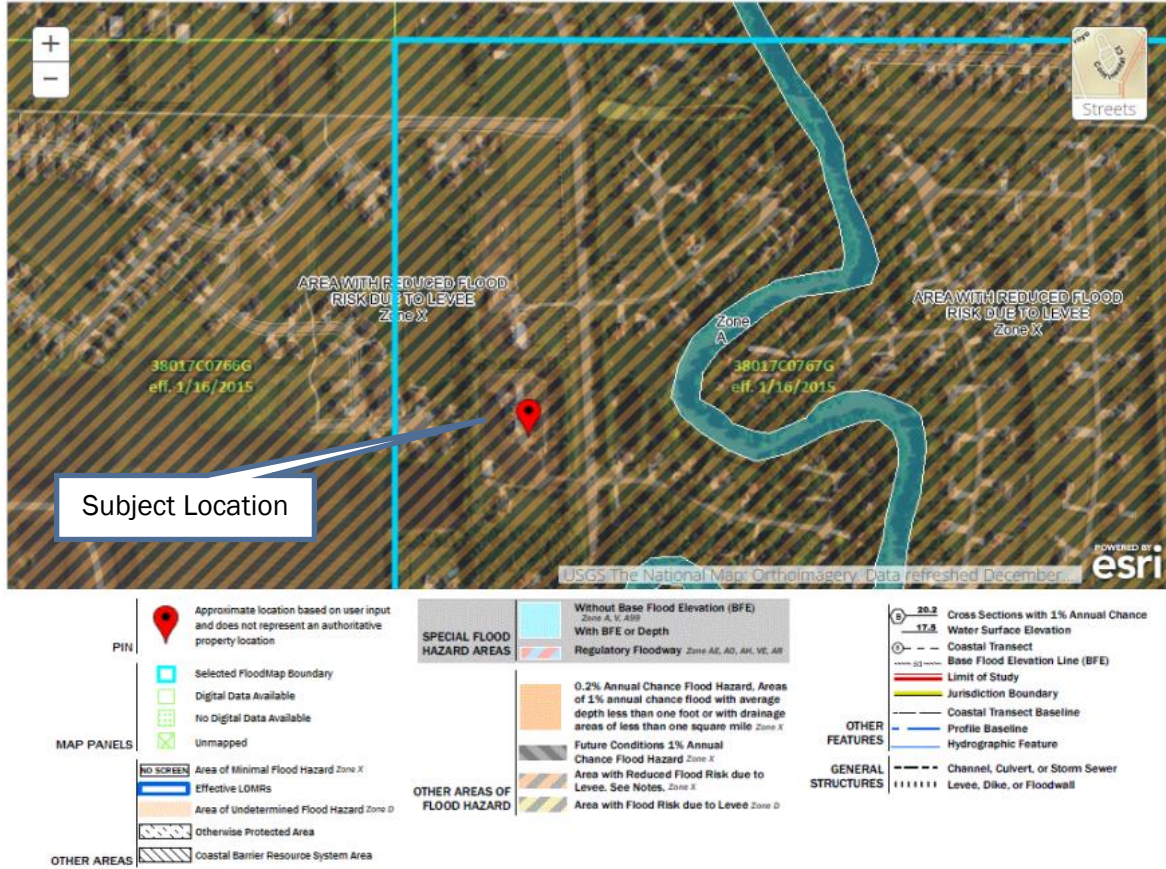
**Subject Property Location Map**





# FEMA Flood Plain Map

FEMA Map number 38017C0767G dated January 16, 2015.



Other Floodway Areas in Zone X (outside the 0.2% chance of flood).

## **PART III DATA ANALYSIS AND CONCLUSIONS**

### **HIGHEST AND BEST USE**

The highest and best use analysis is a procedure that is used to identify the most profitable and probable competitive use to which a property can be placed. These are key determinants of market value. Physically possible and legally permissible uses are analyzed ahead of financial feasibility and maximally productive uses. It does little good to implement maximally productive and financially feasible uses that are not legal or are physically impossible on the site. Highest and best use is defined as:

That reasonable, 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 as of the effective date of the appraisal.

To estimate highest and best use, four elements are considered:

1. Possible use. What uses of the site in question are physically possible?
2. Permissible legal use. What uses of the site are legally permitted by zoning and deed restrictions?
3. Financially feasible use. Which possible and permissible uses will produce a net return to the owner of the site?
4. Maximally productive. Among the feasible uses, which use will produce the highest net return or the highest present worth?

A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered. The maximally productive use was concluded.

#### **Highest and Best Use of the Larger Parcel as though Vacant:**

##### **Legally Permissible:**

The Highest and Best Use as vacant would consider all of the uses as enumerated in the City of West Fargo Zoning Code. Other land uses would not likely be available without a variance being granted. Other uses would require the proposed

development to be presented to the City of West Fargo for presentation to the Planning Commission.

**Elevation:**

Flood Insurance Rate Maps or FIRMs are typically available from a jurisdiction to review to determine a property's relation to the adopted floodplain. The newest flood map, 38017C0767G went into effect on January 16, 2015. Typically, a mortgage company would inform an owner if they were required to purchase flood insurance and insurance agents are trained to provide you with information you need to know about flood insurance coverage.

If it is determined that a property is indeed in a Special Flood Hazard Area (SFHA) the owner will likely be required to obtain an Elevation Certificate to build. The Elevation Certificate is prepared by a registered engineer, land surveyor, or architect and may be kept on file by the local floodplain administrator. The subject property appears to be in a flood hazard area protected by levee or Zone X. It is not likely that flood insurance would be required but should be verified with a licensed insurance agent.

The critical building elevation for building construction is 844 feet, according to County GIS and the FIRM map.

It is possible to build upon the parcel and it is not precluded by soil, or elevation/flood conditions, and is therefore physically possible.

**Zoning**

A complete analysis of zoning and applicable land use controls, including a review of potential deed restrictions has been made. The parcel in the project area is zoned R-1A, according to the current zoning map. This zoning limits its use to single-family homes with accessory buildings permitted. In this case, the parcel to be appraised is the same as the tax parcel identified in the Summary of the Appraisal Problem. There are no extenuating circumstances that the Appraisers are aware of that would change this conclusion. Single Family Residential uses are allowed and are legally permissible at the site.

**Access**

The subject property has access from Sheyenne Street a hard-surfaced all-weather road with a concrete curb and gutter. This access is considered typical for residential properties within West Fargo. Accessibility is a physically possible attribute.

**Size:**

The site size for the subject parcel is atypical, being of a size of 4.8780 acres. The physical possibility of new construction on the subject lot is determined by whether or not a building permit can be issued. Authority for issuing the building permit is vested with West Fargo. The building permit guidelines, although similar to the County zoning code, are independent, although aligned with the county zoning.

**Utilities**

According to the owners and public records, the property is serviced with electricity, city water and sewer, and other typical utility services.

**Lot Requirements:**

The lot size is a minimum of 8,400 square feet, and the subject greatly exceeds this requirement.

**Site Improvements:**

The site has an asphalt and concrete surfaced driveway. The driveway is elevated above the surrounding site. Turfgrass, as well as evergreen and deciduous trees, foundation plantings, and perimeter landscaping, were also observed upon inspection. Sites are typically graded to drain properly, and this feature is not considered to drive value strongly except where there is past evidence of water problems affecting building improvements. Given the sloping nature of the property, drainage has been properly accommodated on the site.

**Financially Feasible:**

All uses that can be expected to yield a positive return are financially feasible. The financial feasibility of the subject for residential use would be determined by whether or not the property could be built upon and resold in the current market, given the current market conditions. Financial feasibility is the third test of highest and best use. It would do little good to construct building improvements on a site even if physically possible and legally permissible if there is no future market for the completed property.

**Maximally Productive:**

Of all of the financially feasible uses, the one that produces the highest residual land value consistent with the preceding tests determines the highest and best use. The maximally productive use of the property as vacant and available for use must be consistent with the zoning code for the City as well as the requirements imposed by the County. The goal in developing any property should be to maximize the value of the property in the after condition taking into consideration factors previously discussed.

It is concluded that the Highest and Best Use of the property as vacant is for single-family residential use with accessory buildings permitted.

## **Conclusion of Highest and Best Use of the Property as Improved**

### **Legally permissible:**

The subject parcel is currently improved as part of a platted subdivision, and its current use is consistent with other nearby properties. It has proper access and is serviced with typical utilities. The site has sufficient elevation of the foundation for the structure as observed. All of these conditions indicate compliance with zoning and the flood overlay district.

**Physically Possible:** The subject property has sufficient site elevation for building improvements. The property is accessible from Sheyenne Street. There are no limiting soil or elevation conditions that preclude physical development, and a building permit was issued for the construction of the improvements.

**Financially Feasible:** The financial feasibility of the property is proven by the fact that it has been built upon, has been improved since platting, and there are also other nearby properties that have been exchanged in the local market.

### **Maximally Productive:**

Of all of the financially feasible uses, the one that produces the highest residual land value consistent with the preceding tests determines the highest and best use. The maximally productive use of the property as vacant and available for use must be consistent with the Zoning Code for the City as well as the requirements imposed by the County Board. The goal in developing any property should be to maximize the value of the property in the after condition taking into consideration factors previously discussed.

In light of all of the conditions that might affect the property, the following considerations are primary in the consideration of the Highest and Best use as if vacant and available for development.

1. There have been recent sales of vacant lots or building sites that are vacant and available within the market area.
2. There has been development (building construction) upon lots purchased for development within the time period evaluated within this appraisal.

The Highest and Best Use as improved is concluded to be its current use. Although additional development would put additional invested capital at risk, the highest and best use as improved and including the adjacent lot, is for residential development consistent with the requirements of the R-1 zone.



## Zoning Summary

<b>Zoning Authority</b>	City of West Fargo
<b>Zoning District</b>	R-1A Single Family Dwelling District
<b>Zoning Code</b>	R-1A
<b>Zoning Type/Description</b>	Single Family Residential
<b>Actual Density of Use</b>	N/A
<b>Current Use Legally Conforming</b>	The subject is a legal and conforming use.
<b>Zoning Change Requested</b>	N/A
<b>Zoning Change Description</b>	N/A
<b>Zoning Change Likely</b>	N/A
<b>Zoning Density/FAR</b>	Low to very low density
<b>Zoning Density/FAR (Metric)</b>	N/A
<b>Likely Zoning</b>	N/A
<b>Zoning Intent/Summary</b>	The provisions of the R-1A District are intended to apply to neighborhoods with low density, wherein certain educational, religious, recreational and other activities compatible with residential development are permitted.
<b>Permitted Uses</b>	<p>Single-family detached dwellings.</p> <ol style="list-style-type: none"> <li>2. Publicly owned and operated parks, playgrounds, and recreational facilities.</li> <li>3. Schools, churches, religious institutions and places of worship.</li> <li>4. Essential services and public buildings.</li> <li>5. State-licensed group homes serving six or fewer developmentally disabled persons.</li> <li>6. Accessory buildings, provided that they shall be located as required in Section 4-442 of this Ordinance.</li> <li>7. Home occupations, provided that they shall be operated as required in Section 4-448 of this Ordinance.</li> <li>8. Family Child Care Home.</li> </ol>
<b>Maximum Site Coverage</b>	30%
<b>Minimum Lot Area</b>	6,000
<b>Front Set Back Distance</b>	25
<b>Side Yard Distance</b>	60 feet
<b>Back Yard Distance</b>	60 feet
<b>Maximum Building Height</b>	30 feet
<b>Zoning Parking Requirements</b>	N/A
<b>Zoning Data Source</b>	Title IV, City of West Fargo Zoning Ordinance Section 4-422
<b>Zoning Comments</b>	The provisions of the R-1A District are intended to apply to neighborhoods with low density, wherein certain educational, religious, recreational and other activities compatible with residential development are permitted.

## VALUATION APPROACHES:

### Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

### Cost Approach

The Cost Approach is summarized as follows:

Calculate the Replacement or Reproduction Cost New  
  
- Depreciation  
  
+ Land Value  
  
= Value

### Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

### Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of values for the subject. By process of correlation and analysis, a final indicated value is derived.

### Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

### Analyses Applied

A **cost analysis** was considered and was developed because there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because the subject is not an income producing property and this approach does not reflect market behavior for this property type.

## **Cost Approach**

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. We have used the Sales Comparison Approach; the process is as follows:
  - Comparable sales, contracts for sale and current offerings are researched and documented.
  - Each comparable is analyzed and adjusted to equate with the subject property.
  - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

## **Land Value**

The subject's land value has been developed via the sales comparison approach.

## **Sales Comparison Approach – Land Valuation**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

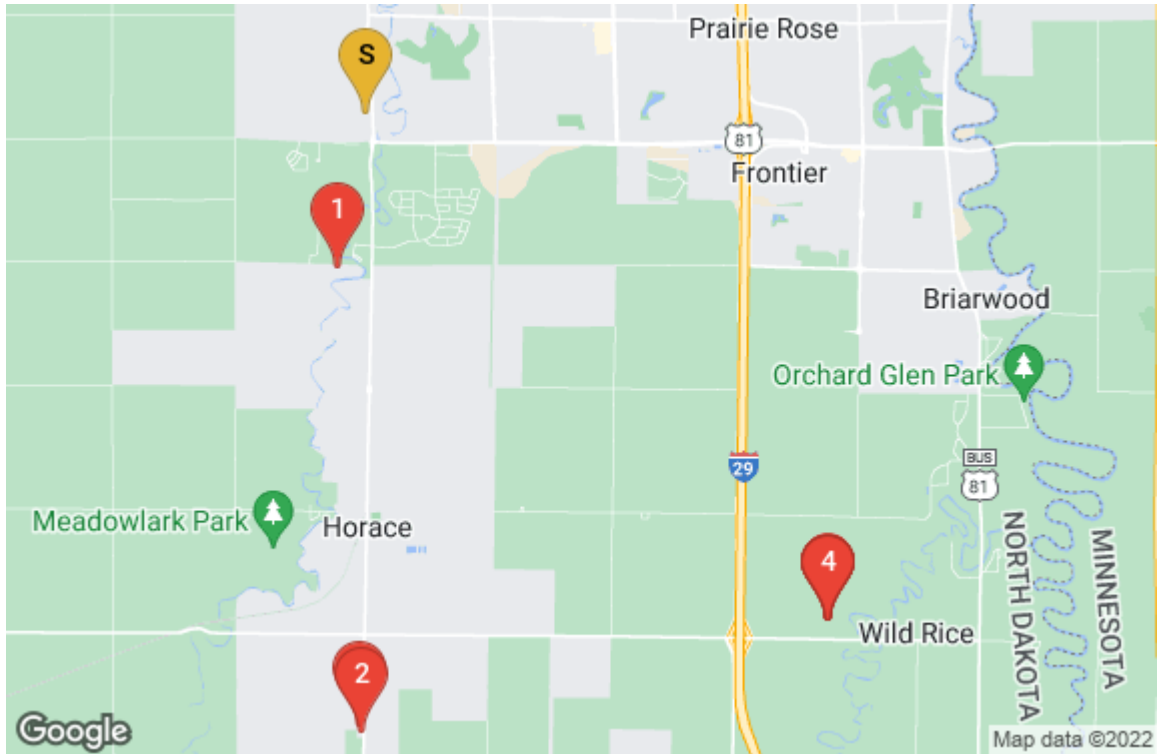
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

## Land Comparables

We have researched approximately 12 site sales and have selected four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address City	Date Price	Acres Price Per Acre	Land SF Price Per Land SF
<b>Subject</b>	4980 Sheyenne Street West Fargo	5/26/2017 --	4.88 --	212,485 --
1	64th Ave S Horace	7/30/2021 \$150,000	1.00 \$150,000	43,560 \$3.44
2	10713 CR 17 S Horace	7/11/2019 \$90,000	1.10 \$81,818	47,916 \$1.88
3	10721 CR 17 S Horace	3/6/2019 \$80,000	1.10 \$74,204	47,946 \$1.70
4	2815 100th Ave S Horace	7/26/2021 \$557,400	27.87 \$20,000	1,214,017 \$0.46

### Land Comparables Map







### Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4	
									
Address	4980 Sheyenne	64th Ave S	10713 CR 17 S	10721 CR 17 S	10721 CR 17 S	2815 100th Ave S			
City	West Fargo	Horace	Horace	Horace	Horace	Horace			
State	ND	ND	ND	ND	ND	ND			
Date	2/9/2022	7/30/2021	7/11/2019	3/6/2019	3/6/2019	7/26/2021			
Price	--	\$150,000	\$90,000	\$80,000	\$80,000	\$557,400			
Acres	4.88	1.00	1.10	1.10	1.10	27.87			
Acre Unit Price		\$150,000	\$81,818	\$72,681	\$72,681	\$20,000			
<b>Transaction Adjustments</b>									
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	0	0.0%	0	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale	Cash	0	0.0%	Cash	0.0%	Arm's Length	0.0%	Arm's Length	0.0%
Expend. After Sale		\$0		\$70,000		\$70,000		\$0	
<b>Adjusted Acre Unit Price</b>		<b>\$150,000</b>		<b>\$145,455</b>		<b>\$136,277</b>		<b>\$20,000</b>	
Market Trends Through	2/9/2022	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Adjusted Acre Unit Price</b>		<b>\$150,000</b>		<b>\$145,455</b>		<b>\$136,277</b>		<b>\$20,000</b>	
<b>Characteristics Adjustments</b>									
Location		=		=		=		Inferior	
% Adjustment		0%		0%		0%		0%	
Qualitative		Similar		Similar		Similar		Similar	
\$ Adjustment		\$0		\$0		\$0		\$0	
Acres	4.88	1.00		1.10		1.10		27.87	
% Adjustment		0%		0%		0%		100%	
Qualitative		Similar		Similar		Similar		Inferior	
\$ Adjustment		\$0		\$0		\$0		\$20,000	
Topography	Level	Level		Level		Level		Level	
% Adjustment		0%		0%		0%		0%	
Qualitative		Similar		Similar		Similar		Similar	
\$ Adjustment		\$0		\$0		\$0		\$0	
Shape	Rectangular	Rectangular		Rectangular		Rectangular		Irregular	
% Adjustment		0%		0%		0%		0%	
Qualitative		Similar		Similar		Similar		Similar	
\$ Adjustment		\$0		\$0		\$0		\$0	
Utilities	The site is served by public electricity., City water, City sewer, Xcel Energy	Adjacent		Rural Water/Septic		Rural water, gas, no septic		Adjacent	
% Adjustment		0%		10%		10%		50%	
Qualitative		Similar		Inferior		Inferior		Inferior	
\$ Adjustment		\$0		\$14,545		\$13,628		\$10,000	
Zoning	R-1A	Single Family		Residential Estate		R		Agricultural	
% Adjustment		0%		0%		0%		0%	
Qualitative		Similar		Similar		Similar		Similar	
\$ Adjustment		\$0		\$0		\$0		\$0	
Other Costs	0	0		0		0		0	
% Adjustment		0%		0%		0%		300%	
Qualitative		Similar		Similar		Similar		Inferior	
\$ Adjustment		\$0		\$0		\$0		\$60,000	
<b>Adjusted Acre Unit Price</b>		<b>\$150,000</b>		<b>\$160,000</b>		<b>\$149,905</b>		<b>\$110,000</b>	
Net Adjustments		0.0%		10.0%		10.0%		450.0%	
Gross Adjustments		0.0%		10.0%		10.0%		450.0%	

## **Comparable Land Sale Adjustments**

### ***Time and Market Conditions:***

Land values for vacant land tend to remain fairly stable over time. Since value is added primarily with the investment in streets and utilities just prior to development, large costs are not necessarily carried by the developer until the time of sale. An overall rate of increase of 1% per year is applied to all of the sales.

### **Property Rights**

All of the sales were sold for cash in Fee Simple estate, subject to restrictions of record, such as easements and were considered equal.

### **Financing**

Financing was cash to the seller with normal buyer financing when required.

### **Conditions of Sale**

All of the sales were considered arm's length.

### **Economic Trends**

Site sale prices appear to be stable to slightly increasing over time. Development costs after purchase are increasing.

### **Location:**

Sales comparable to the subject were found in the market area described as Fargo-Moorhead Metro area. The Comparable sales were located in what is considered the common neighborhood of Horace and West Fargo.

### **Size and Use Allocation: (Land SF)**

The subject hypothetical property was replatted into its own subdivision shortly after its purchase. The subject is much larger than the typical lot in a typical subdivision. The hypothetical subject lot in this subdivision is much larger than what is found in the market. The hypothetical site was configured to accommodate the dwelling with attached garage and other site improvements. Sale 4 is provided as a raw land undeveloped site. It is considered inferior to the subject because costs of development such as platting, the developer's agreement and plan have not been implemented. The adjustment reflects only the size adjustment. Other adjustments for sale 4 are included below.

### ***Topography***

None of the sites provide unusual barriers to construction.

### ***Shape***

The sites were typically square or rectangular, with no areas of excess or surplus land.

### **Utilities**

Utility access varied from "in the street" to already present on the lot. Because the subject has the utilities included and connected. Sales 2 and 3 are slightly inferior because the utilities are in the street and need to be extended to the site buildings.

**Zoning:**

A complete analysis of zoning and applicable land use controls, including a review of potential deed restrictions has been made. The zoning of the subject is confirmed to be R-1A. The comparables were considered equivalent. Sale 4 is zoned AG but is in transition to platting for Residential. No adjustment is required for the zoning.

**Other Costs**

Significant costs are expended as sites move from raw ag land to platted and ready to build. Sale 4 requires additional adjustment to reflect the approximate investment in the site to make it comparable to the subject. These costs after platting and before development usually run \$2.00 to \$3.00/ square foot because of the cost of streets and road, curb and gutter, utility construction and a factor for street dedication, park dedication and storm water retention set-aside.

**Other Factors Considered but not needing adjustment****Access:**

Access to all of the properties is by a hard surfaced all-weather road and are considered equal.

**Specials Assessments:**

Special assessments are a liability to a property that typically involves the financing of public improvements such as water service, sewer lines, paving, lighting, drains, etc. The specials varied from insignificant to 2% for sale 3.

**Environmental (Flood Risk):**

The review of flood maps and the FEMA web site gives an indication of the relative risk that the subject and comparable sales are exposed to as far as flood risk. Metro wide flood protection is in place for all of the properties and no adjustments were required.

**Sales Comparison Approach Conclusion – Land Valuation**

The analysis in the tables above for the subject provides evidence of sales that can be used to determine a market value for the subject property. Although they vary in location, they are the best evidence of value. These sales have validity because of their site characteristics.

The subject neighborhood has seen steady to increasing demand for residential sites, as evidenced by the new subdivisions being developed in various locations that appear to have low future flood risk. Small subdivisions experiencing flood risk have experienced buyouts and demolitions. The subject property is considered superior to other small residential properties within the Fargo-Moorhead metro area. The building site sales in Horace provide evidence of newly developed properties in a residential setting. Although the sites vary in size from the subject, they all provide an indication of usable site size.

Following adjustments, the comparables indicated prices per acre of \$110,000 to \$160,000, with a median value of \$149,952.



Comparable	\$/Acre	Comparability
2	\$160,000	
1	\$150,000	
3	\$149,905	
<b>Subject</b>	\$140,000	
4	\$110,000	

All of the value indications have been considered, and in the final analysis, all the comparables have been given equal weight in arriving at our final reconciled per acre value of \$140,000.

Land Value Ranges & As Is Reconciled Value				
Number of Comparables:	4	Unadjusted	Adjusted	% Δ
Low:		\$20,000	\$110,000	450%
High:		\$150,000	\$160,000	7%
Average:		\$81,125	\$142,476	76%
Median:		\$77,250	\$149,952	94%
Reconciled Value/Unit Value:			\$140,000	acre
Subject Size:			4.88	
Indicated Value:			\$682,918	
Reconciled Final As Is Value:			<b>\$685,000</b>	
<b>Six Hundred Eighty Five Thousand Dollars</b>				

In conclusion, it appears that the adjusted value of the subject property is in a range of from \$110,000 to \$160,000 for building sites, when various factors influencing value are considered as part of the value. As a result, the conclusion of land value for the subject property is:

**\$685,000**

***Six Hundred Eighty Five Thousand Dollars***

## **Cost Approach to Value**

### **Cost Analysis**

The next step in the Cost Approach is to estimate the replacement cost of the buildings and site improvements. The replacement cost of the subject site and building improvements are based on Swift Estimator an online subsidiary resource of SwiftEstimator by CoreLogic , a nationally recognized cost service.

In the Cost Approach, the subject property is valued as separate components of land and building improvements. The land value estimate was developed in the preceding section of the report. Depreciation is broken into three types for real property appraisal; External (Economic), Functional and Physical.

### **Depreciation Analysis**

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

### **Physical Deterioration**

This results from deterioration from aging and use. This type of depreciation may be curable or incurable. Physical Depreciation is the most easily identified, since it is a direct result of physical wear and tear of the elements through the passage of time. Some physical deterioration is curable, while other forms of depreciation are incurable. Curable physical depreciation is also referred to as Deferred Maintenance and includes things that are readily repaired, such as broken windows, worn flooring, damaged drywall, faded and peeling paint, etc.

Incurable physical depreciation is the deterioration over time of items that typically have a longer life before replacement is needed. Some items include roof materials, which may still be serviceable, but have the expectation of replacement at some time before the building is completely deteriorated.

The subject dwelling is of high quality with durable finishes superior to most homes and is exhibiting little to no physical wear and tear.

### **Functional Obsolescence**

This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable. Functional Depreciation occurs when a building improvement becomes obsolete due to the passing of time. Examples would be a change in building construction methods and materials. Such obsolescence might include that of mechanical systems such as electrical, plumbing and heating.

Incurable depreciation is typically of long lived items such as the wall system, foundation, electricalsystem, etc. They include items that are difficult, extremely expensive or not economic to repair.

Flood damaged foundations are one example of this type of depreciation. Properties that are overbuilt for their location or neighborhood are another example. (super adequacy).

Enclosed swimming pools are found in the greater market but are very rare. Within the bulk of the market very little value is attributed to the presence of a pool, largely due to the harsh winter climate at this location, which causes the pool to have less functional utility as a result. Enclosed pools are also found in the market, but also do not show significant contributory value due to their higher initial cost of the structure to enclose them, the mechanical systems required to heat the space, filter and treat the water, control humidity, insurance and other fixed costs. They provide value to the owner, but it appears to be offset by the additional costs required for maintenance and insurance. They are also not a feature that all home buyers are looking for or willing to manage, so the potential buyers will be limited.

Likewise, athletic facilities for basketball, tennis and other team sports are not prevalent in the market. Higher value homes sometimes include these sports courts which include significant wall height similar to a gymnasium, commercial type HVAC systems and the fact that they are intended for that specific use. They do not serve as typical living quarters as found in a typical dwelling, and therefore also exhibit functional deficiency as a result.

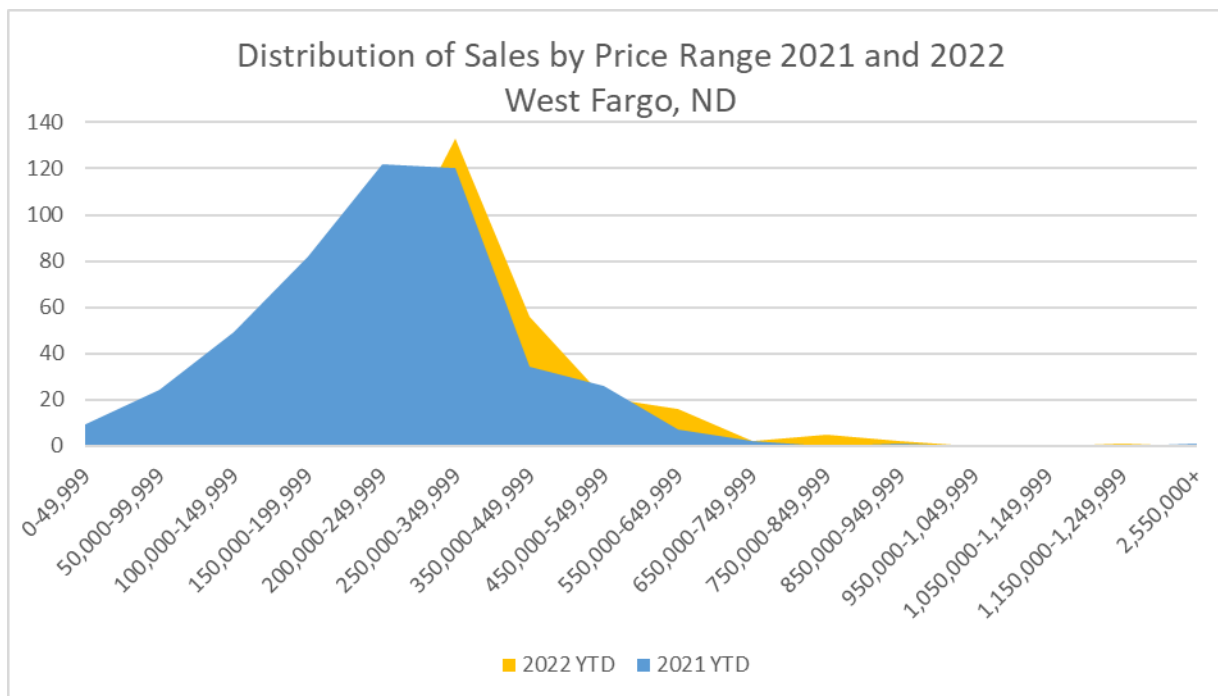
### **External Obsolescence**

External depreciation is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable.

External Depreciation occurs when forces outside of a property cause a loss in value. It is usually beyond the ability of the owners to control and is directly related to macro-economic forces. Some examples would be environmental impact, isolation, physical deterioration of nearby properties, zoning changes, criminal activity, etc.

The subject suffers from external depreciation primarily because there is a lack of buyers that are ready, willing and able to afford these properties. As can be seen by the chart below, the distribution of sales is negligible at higher values, with only one to two transactions per year year over \$1 million. With that limited of a buyer pool at a \$1 million price point, there is nearly no potential to have ready and willing buyers willing to purchase a property at \$6.2 million, As such, the external depreciation cause the market value of this home to be far less than the cost to construct it. This is not an unusual phenomenon with high end, unique homes. Homes at this level are not necessarily built as an appreciating asset or investment.

As a result, when these properties are sold, they exhibit a discount from the Replacement Cost New. This lack of contribution as compared to cost is expressed as economic or external depreciation.



Source: FMRMLS 2021-2022 YTD

As depicted in the chart above, there were only 13 sales of 226 reported above \$550,00 in 2021, of which only one sale was reported above \$2,550,000. YTD 2022 indicates 10 sales above \$550,000 with one sale between \$1,150,000 and \$1,250,000. Some of the sales reported in MLS were sales from custom home builders to custom home buyers, which are not “market value sales, but are really custom home contracts.

Although price levels have moved higher because of increasing construction costs, buyers for high end homes has remained stagnant.

This section of the report will detail the value of the depreciated building improvement, which, when added to the land value, will determine the value by the Cost Approach. Since the subject property is relatively new actual age of the subject is used.

Replacement Cost New estimates are based upon local cost data provided by Swift Estimator, an online service that is a subsidiary of CoreLogic-Marshall and Swift, a well-known cost service. Additional information has been researched to apply a value to the sports court and swimming pool areas of the home. Builders of new homes researched have been characteristically silent when contacted for information on a specific property.

The Marshall and Swift Valuation Service estimate is entered on the following pages. The computerized report is included in the addenda. It should be noted that the calculations in this section will not correlate exactly with the printout in the Exhibits due to application of the location and local cost multipliers being applied in each step, as well as rounding.

**Soft Costs**

Where appropriate, we have included the following soft costs:

### **Engineering**

Engineering has been applied at 4.5% of building and site costs.

### **Architectural**

Architectural has been applied at 9.5% of building cost.

### **Permits and Legal**

Permitting and legal costs have been applied at \$20,000.

### **Developer's Profit**

This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. Current valuation theory states that the four components that create value are land, labor, capital, and coordination. Developer's profit as used in the Cost Approach reflects the coordination component of value. Typically, developer's profit runs 10% to 20%: we have computed developer's profit at 5.0% of construction costs.

### **Analysis**

The hypothetical property is the primary dwelling and site. For purposes of this appraisal, it is a high value single family home with attached 5 Stall Attached garage, a full finished basement, a sports court and enclosed swimming pool in one building.

Depreciation is estimated using a straight-line method and typical site depreciation as it applies to the site improvements is also applied. The property functions as well as any other property in the market and neighborhood and no functional building issues were observed upon inspection. Likewise, the hypothetical property is influenced negatively by external factors, namely a limited number of buyers in this segment of the market at this price level.

When properly applied the Cost Approach can be a useful and reliable method to correlate information found in the Sales Comparison Approach. This is especially true for properties that have unique features and could not be adequately or accurately appraised otherwise.

The subject is unique in that it sits on a larger than average site from other homes comparable to it, requiring a large adjustment for site value. The Additional Dwelling Unit and metal building have been appraised on their own hypothetical site to distinguish between the subject's high quality of construction and amenities. The subject property provides a source of value not found in typical properties in the market.

Cost Tables -SwiftEstimator by CoreLogic					
<b>Cost Source:</b> SwiftEstimator by CoreLogic					
<b>No. of Stories Multiplier:</b> 1.000			<b>Local Multiplier:</b> 0.970		
<b>Height/Story Multiplier:</b> 1.000			<b>Current Cost Multiplier:</b> 1.000		
<b>Perimeter Multiplier:</b> 1.000			<b>Combined Multipliers:</b> 0.970		
Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
Basic Structure Cost- 2 Story Dwelling	Sq. Ft.	\$205.40	10,445	0.970	\$2,081,041
Basement Area	Sq. Ft.	\$28.90	6,909	0.970	\$193,680
Partition Finish Area of Basement	Sq. Ft.	\$70.71	9,121	0.970	\$625,598
Minimal Finish Are of Basement	Sq. Ft.	\$15.70	1,907	0.970	\$29,042
Attached 5- stall Garage	Sq. Ft.	\$54.94	2,070	0.970	\$110,314
Open Slab Porch	Sq. Ft.	\$13.05	243	0.970	\$3,076
Bowling Alley	Sq. Ft.	\$72.70	1,208	0.970	\$85,187
Sports Court	Sq. Ft.	\$239.10	2,754	1.000	\$658,481
Enclosed Swimming Pool	Sq. Ft.	\$147.46	3,896	1.000	\$574,504
<b>Total Building Improvement Costs</b>					<b>\$4,360,923</b>
Price per SF Gross Building Area					\$417.51
Site Improvements					
Item	Unit Type	Cost	Quantity		Total
Site Preparation & Improvements	Lump Sum	\$5	20,000		\$100,000
Asphalt Paving with Base	Sq. Ft.	\$6.68	12,000		\$80,160
Concrete Paving with Base	Sq. Ft.	\$10.38	5,000		\$51,900
Professional Landscaping	Lump Sum	\$50,000.00	1		\$50,000
<b>Total Site Improvement Costs</b>					<b>\$282,060</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$4,642,983</b>
Price per SF Gross Building Area					\$444.52
Soft Costs					
Item			Percent Type		Total
Engineering .....	4.5%		% Bld. & Site Cost		\$208,934
Architectural .....	9.5%		% of Building Cost		\$414,288
Permits & Legal .....					\$20,000
<b>Total Soft Costs</b>					<b>\$643,222</b>
Total Costs					
Subtotal: Building, Site & Soft Costs					\$5,286,205
Developer's Profit 5.0%					\$264,310
<b>Total Cost</b>					<b>\$5,550,515</b>
Price per SF Gross Building Area					\$531.40
Depreciation: Section 1 of 1					
Component	Eff. Age	Life	Percent		Amount
Physical Depreciation: Building	4	100	4%		\$210,174
Physical Depreciation: Site	2	50	4%		\$11,847
Functional Obsolescence Building .....			25%		\$1,313,588
External Obsolescence Building .....			35%		\$1,839,023
<b>Total Depreciation</b>					<b>\$3,374,632</b>
<b>Depreciated Value of Improvements</b>					<b>\$2,175,883</b>
Cost Per Square Foot Gross Building Area					\$208.32
Land Value					
Land Value .....					\$682,000
Other .....					\$0
<b>Cost Approach Value Indication</b>					<b>\$2,857,883</b>
<b>Rounded</b>					<b>\$2,815,000</b>
Price per SF Gross Building Area					\$269.51

### **Cost Approach Conclusion**

Based on the analysis detailed on the preceding page, as of February 9, 2022 we have reconciled to a cost approach value of:

**\$2,815,000**

**Two Million Eight Hundred Fifteen Thousand Dollars**

## **Sales Comparison Approach-Market Value Comparison**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution, and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

## **Improved Comparable Properties Analysis**

We have researched approximately 15 comparables and have included five comparables located within the Cass County jurisdiction (Fargo-West Fargo) for this analysis; these are documented on the following pages followed by a location map and analysis grid. All comparables have been researched through numerous sources, externally inspected, and verified by the public record. We note the following significant differences in the subject in comparison to the comparables.

- The site is larger than most of the comparable sales.
- The site has a desirable viewshed amenity
- The GBA of the subject is much larger than most comparables sold or even present in the current market.
- The comparables reflect a reasonable range of value for the square footage of the dwelling. As a result, square footage of above grade living area (GBA) is used as the unit of comparison.
- Additional features such as garages, site improvements, swimming pools, gymnasiums and other accessory structures can add value to a sale, can be neutral, or in some cases be negative (an over improvement or superadequacy)
- The assessment level of the sold comparables is less than 95%.

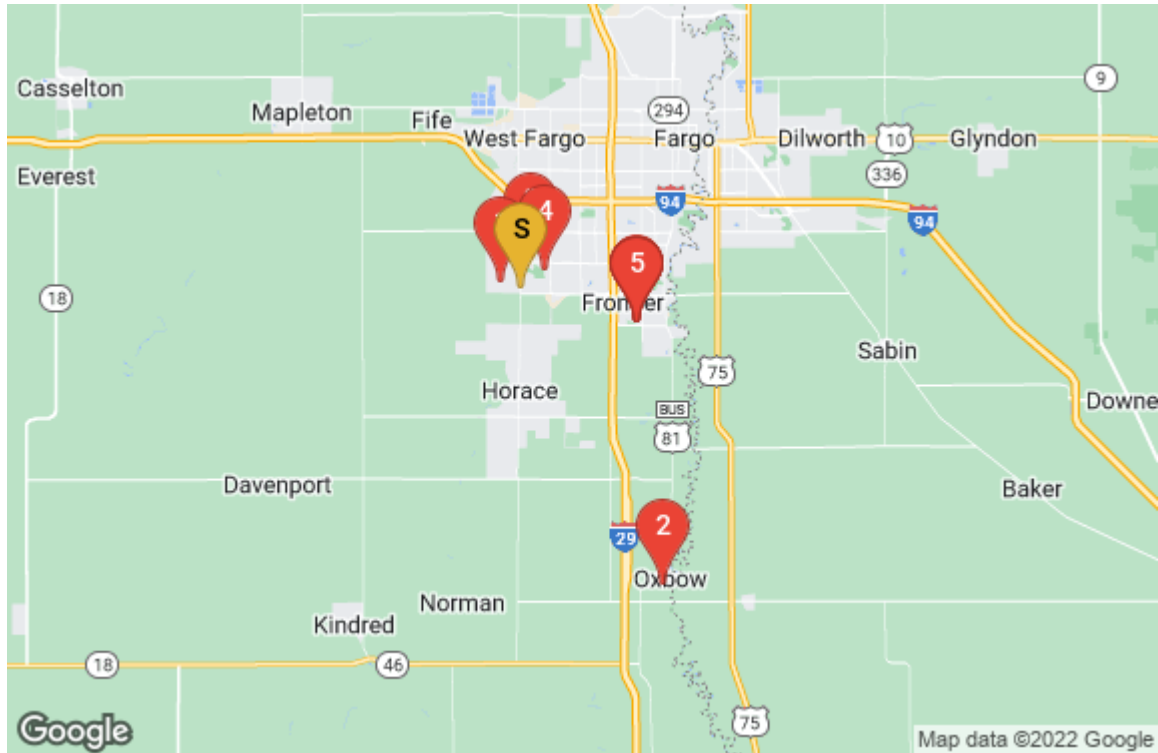
Comparable sales information can be found on the following pages of the report.



## Comparable Summary Table

Comp	Address City	Grantor Grantee	Price Date	Price Per SF GBA	Year Built Construction	Taxes Equalization Ratio
<b>Subject</b>	4980 Sheyenne Street	Patricia Nischke	--	--	2018	\$89,432.96
<b>Subject</b>	West Fargo	TEVYE, LLC	5/26/2017	10,445	D-Wood	
1	992 Mulberry Lane West Fargo	Robert Leslie, TR Brady Nash	\$1,900,000 5/3/2022	\$287.44 6,610	2016 D-Wood	\$21,908.71 68%
2	737 Riverbend Road Oxbow	Christopher Holland Sandra Young	\$1,350,000 3/30/2022	\$174.06 7,756	1999 D-Wood-Brick	\$17,678.24 139%
3	3838 2nd St E West Fargo	Paul von Ebbers, etux Kirk Stevens, etux	\$1,800,000 1/22/2019	\$278.38 6,466	2009 D- Wood/Stone	\$34,961.00 100%
4	4288 Clubhouse Drive S Fargo	Todd & Tricia Reil Codi Guck, etux	\$1,529,630 7/1/2022	\$472.25 3,239	2015 D-Wood	\$15,277.61 59%
5	2770 Samuel Drive S Fargo	Orson, Gregory etux Erin Larsgaard, etux	\$1,418,641 6/13/2022	\$238.75 5,942	2015 D-Wood	\$17,707.74 72%

## Improved Comparables Map



Legend	Address	City	Distance
Subject	4980 Sheyenne Street	West Fargo	Miles
Comp 1	992 Mulberry Lane	West Fargo	0.67
Comp 2	737 Riverbend Road	Oxbow	10.75
Comp 3	3838 2nd St E	West Fargo	1.01
Comp 4	4288 Clubhouse Drive S	Fargo	0.98
Comp 5	2770 Samuel Drive S	Fargo	3.94 miles

### Analysis

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

**Comparable 1**



**Transaction**

<b>ID</b>	1628	<b>Date</b>	5/3/2022
<b>Address</b>	992 Mulberry Lane	<b>Price</b>	\$1,900,000
<b>City</b>	West Fargo	<b>Price Per SF</b>	\$287.44
<b>State</b>	ND	<b>Quality</b>	Excellent
<b>Tax ID</b>	02-5826-00640-000	<b>Market</b>	Fargo-Moorhead
<b>Grantor</b>	Robert Leslie, TR	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Brady Nash	<b>Base Taxes</b>	\$17,919
<b>Legal Description</b>	Lot 21, Block 5, The Wilds 2nd Additon	<b>Special Assessments</b>	\$3,888.54
<b>Book/Page or Reference</b>	WD 1664566	<b>Days on Market</b>	1
<b>Sale Supporting Files</b>	MLS 22-3103	<b>Financing</b>	Cash

**Site**

<b>Acres</b>	0.7	<b>Topography</b>	Level
<b>Land SF</b>	29,642	<b>Zoning</b>	R1-A
<b>Road Frontage</b>	70	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Water, Electricity, sewer,	<b>Environmental Issues</b>	Protected by Levee

**Site Improvement Costs**

**Improvements & Financial Data**

<b>GBA</b>	6,610	<b>Garage</b>	4-Attached
<b>Basement Size</b>	2,760	<b>Basement Use and Finish</b>	Full
<b>Building Description</b>	One Story Dwelling	<b>Taxes</b>	\$21,909
<b>Year Built</b>	2016	<b>Taxes/SF GBA</b>	\$3.31
<b>Ancillary Buildings</b>	Gazebo-Outdoor FP/Pool	<b>Total Assessment</b>	\$1,288,200
<b>Condition</b>	Excellent	<b>Equalization Ratio</b>	67.80%

**Sale Comments**

This is an arms-length transaction. Rob Leslie (Designer Homes) had trouble selling it for years so he moved into the house with his family. The recent buyer and current owner is Brady Nash who is the owner of BNG here in West Fargo. He is the guy that was going to build the \$10m house over by Chris Thomsen's house in south Fargo.

**Comparable 2**



**Transaction**

<b>ID</b>	1632	<b>Date</b>	3/30/2022
<b>Address</b>	737 Riverbend Road	<b>Price</b>	\$1,350,000
<b>City</b>	Oxbow	<b>Price Per SF</b>	\$174.06
<b>State</b>	ND	<b>Quality</b>	Excellent
<b>Tax ID</b>	78-0010-01050-050	<b>Market</b>	Fargo-Moorhead
<b>Grantor</b>	Christopher Holland	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Sandra Young	<b>Base Taxes</b>	\$17,416
<b>Legal Description</b>	Lot: 105 Block: 0 OXBOW	<b>Special Assessments</b>	\$261.87
<b>Book/Page or Reference</b>	WD 1661838	<b>Days on Market</b>	24
<b>Sale Supporting Files</b>	7.8001E+13	<b>Financing</b>	Cash

**Site**

<b>Acres</b>	1.0	<b>Topography</b>	Level
<b>Land SF</b>	43,875	<b>Zoning</b>	Residential
<b>Road Frontage</b>	315	<b>Flood Zone</b>	N
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Water, Electricity, sewer,	<b>Environmental Issues</b>	Protected by Levee

**Site Improvement Costs**

**Improvements & Financial Data**

<b>GBA</b>	7,756	<b>Garage</b>	10-Attached
<b>Basement Size</b>	2,834	<b>Basement Use and Finish</b>	2, 700 sf Fin-FR, 2 BR,
<b>Building Description</b>	Two Story Dwelling	<b>Taxes</b>	\$17,678
<b>Year Built</b>	1999	<b>Taxes/SF GBA</b>	\$2.28
<b>Ancillary Buildings</b>	Sports Court	<b>Total Assessment</b>	\$1,881,700
<b>Condition</b>	V. Good	<b>Equalization Ratio</b>	139.00%

**Sale Comments**

Spacious rooms with large windows, custom cabinetry, detailed woodwork & upgrades galore are just some of the features of this impressive property. There are additional spaces to entertain including the large walk-out patio with hurricane TV & grilling area, two family rooms on the lower level with multiple TV's & wet bar. The master suite features a balcony, separate walk-in closets, full laundry room with built-in fridge, immaculate bath with tiled shower & inviting tub. There is a gym with 1/2 basketball court through the huge garage with additional space for golf cart storage. Remodeled in 2012.

**Comparable 3**



**Transaction**

<b>ID</b>	1592	<b>Date</b>	1/22/2019
<b>Address</b>	3838 2nd St E	<b>Price</b>	\$1,800,000
<b>City</b>	West Fargo	<b>Price Per SF</b>	\$278.38
<b>State</b>	ND	<b>Quality</b>	Excellent
<b>Tax ID</b>	02-5151-00075-000	<b>Market</b>	Fargo-Moorhead
<b>Grantor</b>	Paul von Ebbers, etux	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Kirk Stevens, etux	<b>Base Taxes</b>	\$26,819
<b>Legal Description</b>	Lots 7 & 8 Block 1 , Reserve	<b>Special Assessments</b>	\$7,963.84
<b>Book/Page or Reference</b>	WD 1577769	<b>Days on Market</b>	387
<b>Sale Supporting Files</b>	MLS	<b>Financing</b>	Conventional

**Site**

<b>Acres</b>	1.3	<b>Topography</b>	Level to sloping
<b>Land SF</b>	58,000	<b>Zoning</b>	Single Family
<b>Road Frontage</b>	256	<b>Flood Zone</b>	X
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Typical	<b>Environmental Issues</b>	Protected by Levee
<b>Site Improvement Costs</b>			

**Improvements & Financial Data**

<b>GBA</b>	6,466	<b>Garage</b>	3-Attached
<b>Basement Size</b>	3,402	<b>Basement Use and Finish</b>	Unfinished
<b>Building Description</b>	2-story	<b>Taxes</b>	\$34,961
<b>Year Built</b>	2009	<b>Taxes/SF GBA</b>	\$5.41
<b>Ancillary Buildings</b>	None	<b>Total Assessment</b>	\$1,936,591
<b>Condition</b>	Excellent	<b>Equalization Ratio</b>	100.00%

**Sale Comments**

Excellent quality home with Connecticut stone exterior. Located on a 1.25 acre river lot, this home blends the warmth of wood finishing with the beauty of exquisite custom woodwork. The gourmet kitchen includes granite counters and the finest custom cabinetry. Enjoy casual dining with a view of the beautiful backyard or host family and friends on the spacious patio retreat. On special occasions, dine in the elegance of the formal dining room or gather in the sitting room, both located off the front foyer. The private executive office, located off the back hallway, has custom cherry built-ins. The spacious master suite includes his and hers baths and walk-in closets as well as a Carrara marble walk-in tile

**Comparable 4**



**Transaction**

<b>ID</b>	1630	<b>Date</b>	7/1/2022
<b>Address</b>	4288 Clubhouse Drive S	<b>Price</b>	\$1,529,630
<b>City</b>	Fargo	<b>Price Per SF</b>	\$472.25
<b>State</b>	ND	<b>Quality</b>	Excellent
<b>Tax ID</b>	01-8401-00050-000	<b>Market</b>	Fargo-Moorhead
<b>Grantor</b>	Todd & Tricia Reil	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Codi Guck, etux	<b>Base Taxes</b>	\$11,300.74
<b>Legal Description</b>	LTS 1, 2 & 4 BLK 1	<b>Special Assessments</b>	\$3,976.87
<b>Book/Page or Reference</b>	WD 1669658	<b>Days on Market</b>	23
<b>Sale Supporting Files</b>	MLS 22-2051	<b>Financing</b>	Conventional

**Site**

<b>Acres</b>	0.6	<b>Topography</b>	Level
<b>Land SF</b>	25,093	<b>Zoning</b>	SR-3
<b>Road Frontage</b>	155	<b>Flood Zone</b>	N
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Water, Electricity, sewer,	<b>Environmental Issues</b>	None known
<b>Site Improvement Costs</b>			

**Improvements & Financial Data**

<b>GBA</b>	3,239	<b>Garage</b>	3- Attached
<b>Basement Size</b>	2,194	<b>Basement Use and Finish</b>	2100 FR, BR, Thtre,
<b>Building Description</b>	Two Story Dwelling	<b>Taxes</b>	\$15,278
<b>Year Built</b>	2015	<b>Taxes/SF GBA</b>	\$4.72
<b>Ancillary Buildings</b>		<b>Total Assessment</b>	\$881,800
<b>Condition</b>	Excellent	<b>Equalization Ratio</b>	58.78%

**Sale Comments**

**Comparable 5**



**Transaction**

<b>ID</b>	1631	<b>Date</b>	6/13/2022
<b>Address</b>	2770 Samuel Drive S	<b>Price</b>	\$1,418,641
<b>City</b>	Fargo	<b>Price Per SF</b>	\$238.75
<b>State</b>	ND	<b>Quality</b>	Excellent
<b>Tax ID</b>	01-8470-00040-000	<b>Market</b>	Fargo-Moorhead
<b>Grantor</b>	Orson, Gregory etux	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Erin Larsgaard, etux	<b>Base Taxes</b>	13250
<b>Legal Description</b>	Lot: 4 Block: 1 SILVERLEAF	<b>Special Assessments</b>	3946.54
<b>Book/Page or Reference</b>	WD 1667895	<b>Days on Market</b>	181
<b>Sale Supporting Files</b>	21-5916	<b>Financing</b>	Conventional

**Site**

<b>Acres</b>	0.5	<b>Topography</b>	Level
<b>Land SF</b>	21,759	<b>Zoning</b>	SR-2
<b>Road Frontage</b>	110	<b>Flood Zone</b>	N
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Water, Electricity, sewer,	<b>Environmental Issues</b>	None known
<b>Site Improvement Costs</b>			

**Improvements & Financial Data**

<b>GBA</b>	5,942	<b>Garage</b>	4-Attached
<b>Basement Size</b>	2,971	<b>Basement Use and Finish</b>	FR, 2 BR, Utility
<b>Building Description</b>	Two Story Dwelling	<b>Taxes</b>	1770774.00%
<b>Year Built</b>	2015	<b>Taxes/SF GBA</b>	\$2.98
<b>Ancillary Buildings</b>		<b>Total Assessment</b>	\$994,700.00
<b>Condition</b>	Excellent	<b>Equalization Ratio</b>	72.34%

**Sale Comments**

A meticulously custom-built, four-bedroom four-bathroom home. This property shows architectural detail throughout. The gourmet kitchen has top-of-the-line appliances, custom cabinetry, dual islands, a large pantry, and an open floor plan that allows for views of the vaulted wood accented ceilings, as well as enormous windows in the dining room and living room. The master bedroom and bathroom are an oasis with luxury finishes including a wet bar, mini-fridge, his & her closets, soaking tub, tiled shower, heated floors, and so much more. Enjoy the four-car garage with heated floors, epoxy flooring, floor drains, a walkout basement, and easy access to the beautifully landscaped yard with a deck, patio,

## **Comparable Sales**

Recent sales data available since the most recent appeal at the county level indicates several sales that are high value, but do not approach the overall size of the subject.

What is evident is that the sales appear to hit an upper limit of \$290.00/sf of GBA at the highest square footages of other comparable quality homes. Smaller homes may sell for more per square foot, but they are one-third the size of the subject and really aren't comparable.

When additional features such as garages stalls, pools, gyms, gazebos and large patios are added, the overall price received does not reflect replacement cost new upon sale.

Sale 2 is a good example, in that it has a large garage and a ½ court gym similar to the subject and the sales price when analyzed on a per square foot basis decreases. This is a high-quality home that is in remodeled condition next to a golf course and one would expect it to capture the top of the market.

The conclusion is that no matter how many extra amenities one might have the market does not appear to be willing to pay the same price for those additional amenities as what they might cost to build. The utility of the property and its comparables set the upper limit of value from a Sales Comparison standpoint.

As a result, it appears that the best estimate of value based upon the Sales Comparison approach is slightly above the \$300/ square foot of GBA mark at \$325.00 or \$3,400,000.

### ***Conclusion of Value by the Sales Comparison Approach***

***\$3,400,000***

## **Equalization Analysis**

Since this is a tax assessment comparison, additional data has been obtained by comparison of the level of tax assessment of other high-valued homes in the West Fargo and Cass County jurisdiction.



West Fargo		Cass									
Comparable											
Sales	Address	Date of Sale	Sales Price	Style	Year Built	Square Footage	Price/ SF	Current Yr AV	Taxes	Taxes/ SF	Sales Ratio
1628	Mulberry Lane-W Fgo	5/30/2022	\$1,900,000	1 Story Fram	2016	6,610	\$287.44	\$1,288,200.00	\$21,908.71	\$3.31	67.8
1632	737 Riverbend Rd	3/30/2022	\$1,350,000	2 Story	1999	7,756	\$174.06	\$1,881,700.00	\$17,416.37	\$2.25	139
1592	3838 2nd St E	11/22/2019	\$1,800,000	2-story	2009	6,466	\$278.38	\$1,933,200.00	\$34,961.00	\$5.41	100
1630	4288 Clubhouse Drive	7/21/2022	\$1,529,630	2-story	2015	3,239	\$472.25	\$881,800.00	\$15,277.61	\$4.72	58.78
1631	2770 Samuel Drive	6/13/2022	\$1,418,641	1-story	2015	2,971	\$477.50	\$994,700.00	\$17,707.74	\$5.96	72.34
							\$ 337.93		Mean	\$4.33	87.584
									Median	\$4.72	72.34

From the previous section one can observe that high value properties are seldom if ever assessed at 100% of market value. Sale 3 occurred in 2019 and was at \$2,123,900 at the time or over assessed by \$323,900 at that time.

The Assessed Value range of the comparables ranges from \$994,700 to \$1,933,200.

The mean Assessment Ratio of the comparables is 87.54 and the Median Ratio is 72.34%.







These ratios are to be expected in high value homes since there are few buyers in this price range. It should also be noted that these are a small sample of "arm's length" sales.

## Assessment Level of Comparable Properties (Assessed-Not Sold)

The goal of Equalization is to provide equitable treatment of all properties within a class. In this case we look at other properties that are similar in site size, GBA size located within Cass County.

### Listings:

Current listings are available and provide market evidence of expected sales price even though they may not have closed. List price is typically developed between a property owner (seller) and a knowledgeable real estate professional who may or may not provide a Broker's Price Opinion.

	Price   Status   MLS #	Total SqFt.	
	<b>\$2,850,000</b> 3253 TIMBER CREEK Circle S Fargo, ND 58104 Active / 22-327	9,778	\$291.47/ sf
	<b>\$2,375,000</b> 2352 RIVER'S BEND Drive E West Fargo, ND 58078 Active / 22-242	7,423	\$319.95/ sf
	<b>\$2,200,000</b> 3334 SOUTH 69TH Street Grand Forks, ND 58201 Active / 22-3408	9,448	\$232.85/sf
	<b>\$1,495,000</b> 6010 SILVERLEAF Drive S Fargo, ND 58104 Active / 22-871	8,000	\$186.87 / sf
	<b>\$1,495,000</b> 7014 MAPLE Lane Horace, ND 58047 Active / 22-3009	5,340	\$279.96/ sf
	<b>\$1,299,000</b> 7008 MAPLE Lane Horace, ND 58047 Active / 22-3415	7,300	\$177.94/ sf



**Address:**  
 3253 TIMBER CREEK Circle S, Fargo, ND 58104  
**Price:** 2,850,000  
**Property Type:** Residential  
**Total Bedrooms:** 6  
**Total Bathrooms:** 7  
**Total SqFt:** 9778  
**Garage Type:** Attached  
 MLS #22-327

When you think of your dream home, look no further than this marvel showcasing Timeless Luxury! Top notch finishes throughout paired with effortless design make this home a dream come true. The backyard exudes privacy, class and amenities featuring an expansive patio, grilling station, basketball court and a private pet area fully fenced. Moving inside, the pool hall is fit to compete with any high end hotel! Featuring a full wet bar, gas fireplace, motion sensor entrance door and automatic pool cover. Custom kitchen with Butlers pantry, formal dining and an exquisite master suite round out the main floor. Basement is perfect for all your entertaining needs with a theater room, full wet bar and much more. Come see this exquisite home today before it's SOLD!

**Contract Information**

Status	Active	Sub Type	Single Family Residence
Realtor.com Type	Residential - Single Family	Auction	No
Geo Lat	46.807667	Geo Lon	-96.826841
Subdivision	TIMBER CREEK	County	Cass
Buyer Agent	2	Buyer Agent Type	%
VarComm	No		

**General Property Description**

Year Built	2015	Lot Size SqFt	42,891
Gen Tax	19,018.94	Specials Inst	9,619.70
Specials Unpd	120,394	Drain	152.69
High School	Fargo Davies	Square Ft. Source	Estimated
Above Grade Finished Area	6,897	Below Grade Finished Area	2,881
Above Grade Unfinished Area	0	Below Grade Unfinished Area	0
Style	2 Story	Primary Bedroom on Ground Level	Yes
Max Bdms - Same Flr	3	Total Full Baths	3
Total 3/4 Baths	1	Total Half Baths	3
Laundry Location	Main	Garage Stalls	3
Lake	None		

**Details**

<b>Miscellaneous:</b>	New Construction: No	<b>Other Amenities:</b>	Ceiling/Paddle Fans; Fitness Room; Sports Court
<b>Primary Bedroom/Bath:</b>	Private Bath; Hollywood Bath; Double Sinks; Walk-in Closet	<b>Other Rooms:</b>	Foyer; Breakfast Nook; Formal Dining; Sun Room; Storage; Study/Den; Utility Room; Loft/Attic; Family Room
<b>Bedrooms Per Level:</b>	Bedrooms - Main: 2; Bedrooms - Upper: 3; Bedrooms - Second: 0; Bedrooms - Third: 0; Bedrooms - Lower: 0; Bedrooms - Basement: 2	<b>Fireplace:</b>	Electric
<b>Garage:</b>	# Stalls Attached: 3; # Door Openers: 2; Finished; Heated; Floor Drain	<b>Heat System:</b>	Floor; GFA -gas forced air; Multi-Zones
<b>Exterior:</b>	Metal Siding; Stone	<b>Air Conditioning:</b>	Central
<b>Roof:</b>	Architectural Shingle	<b>Water Heater:</b>	Electric
<b>Foundation:</b>	Poured	<b>Utilities:</b>	City Water; City Sewer
<b>Interior Amenities:</b>	Vault/Cathedral Clg; Wet Bar; Pantry; Kitchen Island; Hardwood Floors; Tile Floors	<b>Room Types:</b>	Bathroom; Bathroom Level: Main; Bedroom; Bedroom Level: Main; Dining Room; Dining Room Level: Main; Family Room; Family Room Level: Basement; Kitchen; Kitchen Level: Main; Laundry; Laundry Level: Main; Living Room; Living Room Level: Main; Other; Other Level: Main; Patio/Deck; Patio/Deck Level: Main; Utility Room; Utility Room Level: Basement
<b>Inclusions:</b>	Garage Opener; Wdw Coverings-Some; Dishwasher; Disposal; Gas Range; Microwave; Double Oven; Refrigerator; Dryer; Washer		
<b>Exterior Amenities:</b>	Maint. Free Deck; Patio; Sprinkler System; Spa/Hot Tub; Pool		

Room Name	Level	Length	Width	Remarks	Room Features	Room Name	Level	Length	Width	Remarks	Room Features
Living Room	Main					Laundry	Upper				
Kitchen	Main			With Butler Pantry		Family Room	Basement			Wet bar with adjacent theater room	
Dining Room	Main			Formal Dining Room		Other	Basement			Theater area	
Bedroom	Main			Office		Laundry	Basement				
						Utility Room	Basement				

Bedroom	Main	Master Suite - Washer and Dryer in Master Closet	Bedroom	Basement	
Bathroom	Main	1/2 Bath	Bathroom	Basement	1/2 Bath
Other	Main	Pool Area with fireplace, wet bar, and hot tub	Bathroom	Main	Master Bath
Bathroom	Main	3/4 bath in Pool Area	Bathroom	Upper	Hollywood Bath
Bedroom	Upper		Patio/Deck	Main	Stamped Patio with gas fire pit
Bedroom	Upper		Other	Main	Sitting room off of the pool area
Bedroom	Upper	Hollywood Bath			
Bathroom	Upper	Jack & Jill Bath			

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The most comparable listing to the subject is Listing 1, shown above which has an enclosed swimming pool and is 6,897 sf above grade. Taxes on this home are \$19,018.94 and it is assessed at \$1,442,600 or a ratio of list to assessed value of 50.6. Based upon an interview with the listing agent, several offers have been received. The best qualified offer of \$2,400,000 was rejected by the seller.

### Comparable Assessed Property

Although these properties are listings and not sales, they are an indication of prices that a willing buyer would expect to receive under current market conditions.

Another notable example of inequitable assessment is a property located at 7010 52<sup>nd</sup> Ave S, Fargo, ND.



*Front view of dwelling from County data*



*Aerial view of property Cass County GIS*

This property is 9,738 square feet and is assessed at \$2,244,700 and includes a Barn, 3 brick patios, a flagstone patio, 4 pole barns, 4 lean-to structure and 37 acres of land. Interestingly, the 37.19 acres of land is assessed at \$376,500 or a little over \$10,000 per acre

At this level of assessment this property is taxed \$28,615.68 for 2021 and is at a level of 1/3 of the tax liability compared to the subject.

## Conclusion

No sales occurred within the City of West Fargo that are directly comparable to the subject property. The most comparable sales that have occurred in the last three years are equal in quality, close in age and effective age, considered equal in location and represent a value range with a mean value of \$337.93/ SF.

If this value is used for the subject, the value would be estimated at **\$3,529,678**.

The equalization analysis shows wide discrepancies between properties in the jurisdiction. Most properties appear to be assessed at levels below market value, which is expected for high value homes in any assessment model.

As to taxes, there are no homes found that even closely approach a level of taxation of the subject property. At this writing the current Cass County tax statement indicates that the consolidated taxes for this property are \$86,599.36, without special assessments, drains or discounts.

The highest price sale in this analysis has a tax level of \$26,819.00

The most comparable listing at \$2,850,000, indicating \$19,018.94 without special assessments. If compared directly to the subject 10,445 square feet of GBA, the indicated value would be **\$3,044,404**.

A comparable property as to large site, comparable dwelling in GBA, lots of accessory structures is nearby the subject and is assessed at \$2,244,700. Using the GBA as the unit of comparison, this property is valued for assessment purposes at \$230.50/ square foot.

If this is truly a comparably assessed property, then the subject would be valued at **\$2,407,572**

## **Final Reconciliation**

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

The values are reconciled to \$3,100,000 with additional value attributed to the ADU & Metal Building subparcel of \$820,000, for a total estimated value of \$3,920,000.00

## **Cost Approach**

The Cost Approach can be a reliable predictor of market value when properly applied. It is especially useful when market conditions exhibit strong price increases due to materials costs. Since closed sales are retrospective of the date of value, they may not always reflect current market value when price levels are increasing rapidly or there are marked changes in supply and demand. Careful analysis of closed sales can be used to derive rates of depreciation from the market. By using a process of allocation, a closed sale can assign values to the underlying site value by use of sales of comparable sites and adjusting for site improvements after construction. Or alternatively, site improvements can be tabulated separately with appropriate age-life values applied to estimate the value of the site improvements contribution.

After the site value and site improvements are allocated to the sale, the residual is the building value contribution. By dividing the residual improvement value by the replacement cost new of the improvements and overall rate of depreciation can be estimated. If the comparable sales are recent, and equivalent in many features, they likely will not be suffering from functional depreciation or external depreciation.

When comparable sales represent the median of the market and there is active participation by buyers and sellers, there is seldom any external or economic depreciation. As the price level of a segment of the market increases, there are fewer and fewer potential buyers for a property. This lack of buyers results in downward pressure on prices and will soften the effect of the otherwise increasing values within the market.

As a result, economic depreciation is at play in the value of excellent quality high value homes and analysis indicates that there is likely a 20-35% discount applied to the Replacement Cost New, in addition to any physical or functional depreciation.

When these values are applied, they closely mirror the values found in the Sales Comparison Approach.

## **Sales Comparison Approach**

This market and the other nearby Fargo-Moorhead metropolitan market have few available sales that reflect the size, quality, location and other amenities of the subject. The few comparable sales found still fall short of the subject in many respects. However, the various elements of

comparison can be useful to consider the value of the subject property. Use of other high value, excellent quality homes eliminates the variability that would otherwise occur if using lesser quality homes that would also lack the same contributing elements as found in the subject.

As would be expected, high value homes that have been built and resold in the comparable markets on similar sites experience large discounts upon resale. Again, this is due in part to the fact that; 1) there are fewer qualified buyers, 2) It takes a longer exposure time to attract qualified buyers and 3) Financing for high value homes is decidedly more difficult for buyers.

All of these factors combine to cause a discounting to those properties that have been recently built and then sold by the original buyer within a relatively short time span.

Because of these factors, the Sales Comparison has validity, although to a lesser extent than it would have in the larger market where there is active demand and an abundance of properties for sale as well as a pool of qualified buyers.

### **Income Approach -Not Applicable**

The Income Approach is one of the three methods typically evaluated to estimate the value of the real estate and is important for income producing property where the leasehold is the major determinant of value. It is especially important in retail properties such as office buildings, apartments, restaurants, and other retail stores. The Income Approach considers the income and expenses and the net operating income (NOI) of the property. When NOI is compared to a known sales price, a capitalization rate can be extracted. Cap Rates can be applied when the income and expenses for both the subject property and the comparable sales are known. In the alternative, the income approach to value can be estimated using other market measurements that may be available. The Income Approach is not typically used for single family residential properties. For that reason, the Income Approach was considered, but not utilized in this appraisal.

### **Equalization Analysis**

Because of the lack of truly comparable sales that may be used to analyze the subject property, the Sales Comparison Approach using a mean value of 337.93/ square foot would likely overstate the subject value. Likewise, listed for sale properties, although they have not closed are not determinate of value, since they may sell for less than list price.

Other comparable properties that are assessed but have not sold are an indicator of equalized assessed value. As a result, the APPRAISED VALUE should be distinguished in this appraisal from what the ASSESSED VALUE indication would be. As shown earlier in the assessment analysis of the comparable sold properties, the Mean of 87.584 and Median of 72.34 were shown. It appears appropriate to then apply an adjustment to the conclusion of Appraised Value to provide a recommended Assessed Value. A conclusion of 0.800, a value correlated between the mean and the median assessment level as a final adjustment to the property.

### **Value Conclusion**

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), considering both the cost approach, sales comparison approach and

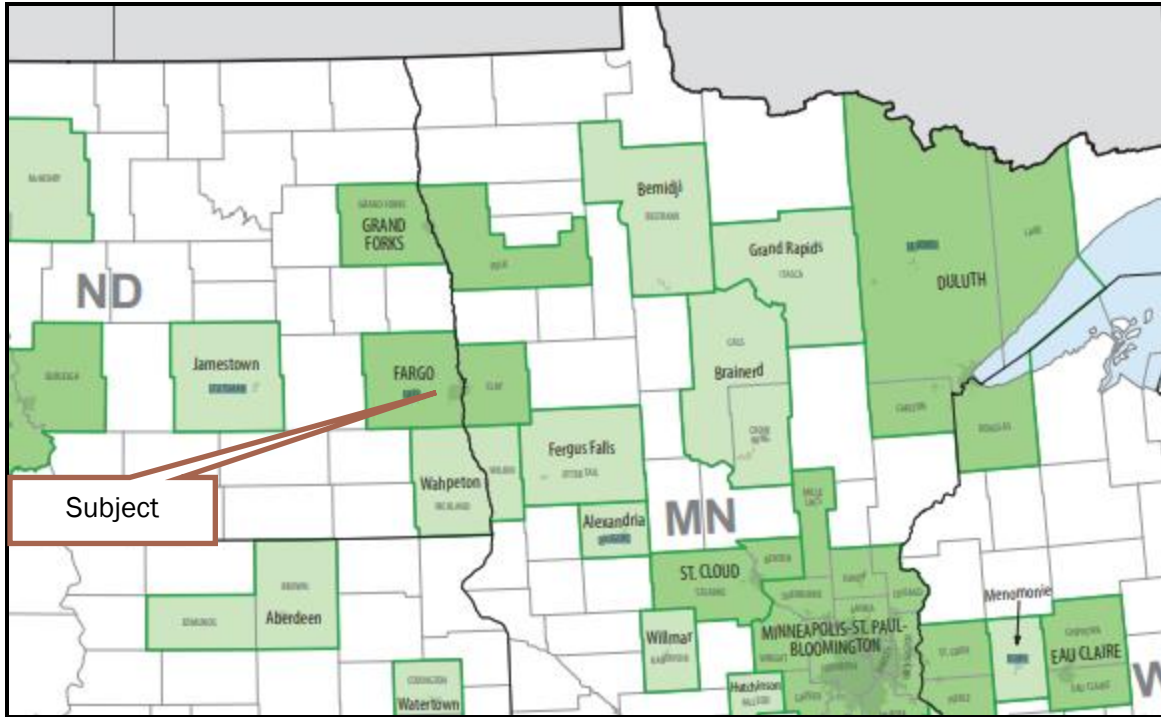


equalization analysis, we conclude to the final reconciled value of the property. subject to the Limiting Conditions and Assumptions of this appraisal.

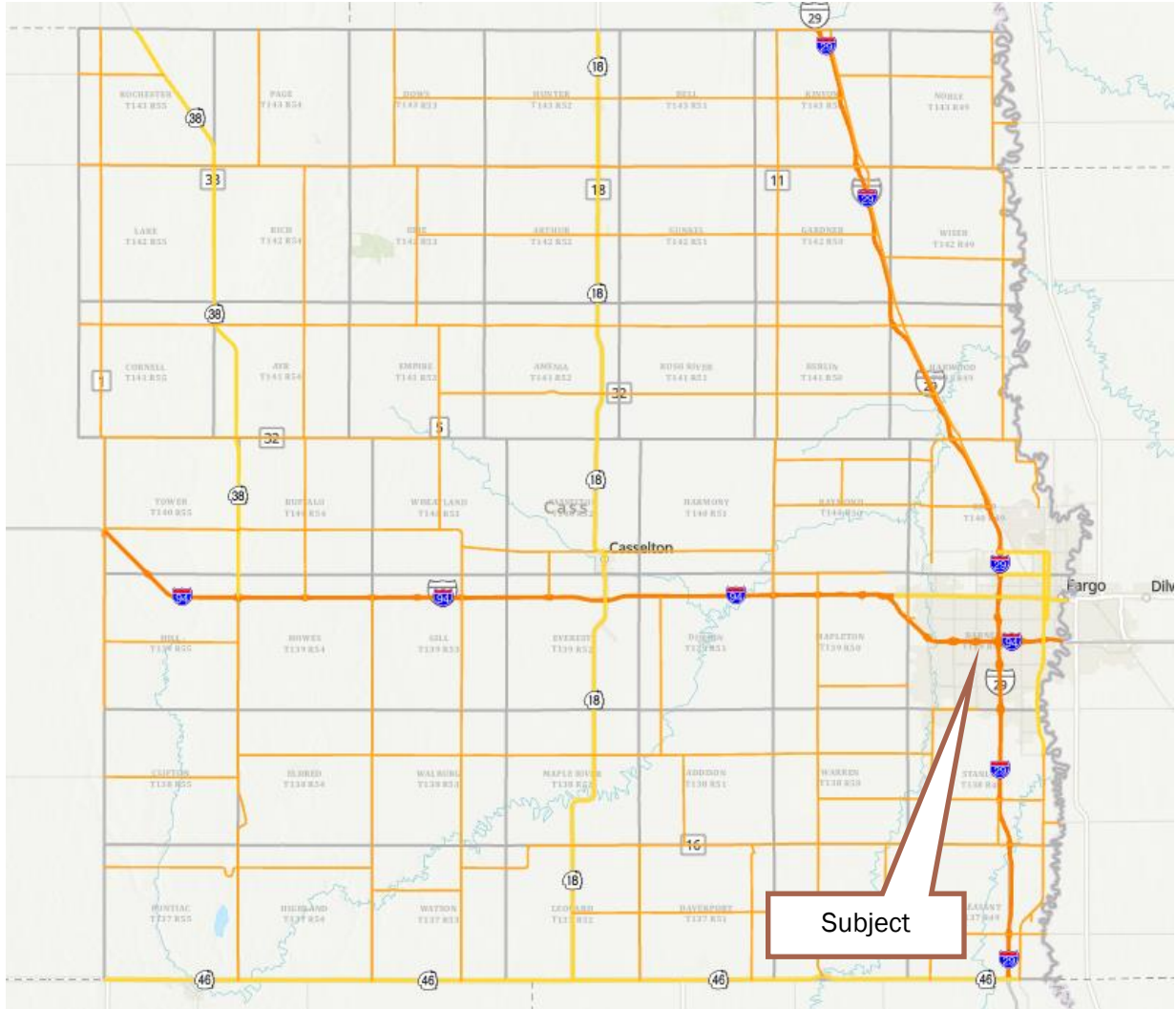
<b>As Is Value Indications</b>	
<b>As Is Market Value</b>	<b>Current 02/09/2022</b>
Interest Appraised	Fee Simple
Land Analysis Value	\$685,000
<b>Cost Approach</b>	
Cost Approach Value	\$2,815,000
<b>Sales Comparison Approach</b>	
Sales Approach Value	\$3,400,000
<b>Hypothetical ADU Parcel</b>	
ADU and Metal Building Tract Value	\$820,000
Market Value Conclusion	<b>\$3,920,000</b>
Equalization Factor	0.800
<b>Recommended Assessed Value</b>	<b>\$3,136,000</b>

## PART IV EXHIBITS AND ADDENDA

### Regional Location Map



## Cass County Location Map





# Cass County Property Tax Information

<b>Parcel #:</b>	02-4955-00010-000	<b>Mail To:</b>	TEVYE LLC 218 NP AVE N FARGO ND 58102-4834	<b>2021 Statement #210147463</b>	
<b>Owner:</b>	TEVYE LLC			Mill Levy Rate:	309.12
<b>Address:</b>	4980 SHEYENNE ST WEST FARGO ND 58078			Consolidated:	\$86,599.36
<b>Jurisdiction:</b>	West Fargo City			Specials:	\$2,576.98
<b>Mortgage Company:</b>				Drains:	\$256.62
				Other:	\$0.00
				Discounts:	\$4,329.97
				Pen/Int:	\$0.00
				1st Due:	\$0.00
				2nd Due:	\$0.00
				Amount Due:	<b>\$0.00</b>
				Grand Total Due:	<b>\$0.00</b>

[Map View](#) - [Legal Description](#) - [Property details](#)

## Statements

Year	Statement #	Type	Tax	Penalty	Interest	Discount *	Paid	Balance	Add to Cart
2021	<a href="#">210147463</a>	Real Estate	\$89,432.96	\$0.00	\$0.00	\$4,329.97	<u>\$85,102.99</u>	\$0.00	Paid
2020	<a href="#">200147189</a>	Real Estate	\$38,489.78	\$0.00	\$0.00	\$1,752.39	<u>\$36,737.39</u>	\$0.00	Paid
2019	<a href="#">190146796</a>	Real Estate	\$14,318.46	\$0.00	\$0.00	\$536.32	<u>\$13,782.14</u>	\$0.00	Paid

## Assessments

Year	Agricultural		Residential		Commercial		Total	Taxable Value Before Credits	Credits	Net Taxable Value
	Land	Land	Building	Land	Building					
<a href="#">2021</a>	\$0.00	\$157,200.00	\$6,068,300.00	\$0.00	\$0.00	\$6,225,500.00	\$280,148.00	<u>\$0.00</u>	\$280,148.00	
<a href="#">2020</a>	\$0.00	\$157,200.00	\$2,439,700.00	\$0.00	\$0.00	\$2,596,900.00	\$116,861.00	<u>\$0.00</u>	\$116,861.00	
<a href="#">2019</a>	\$0.00	\$157,600.00	\$636,700.00	\$0.00	\$0.00	\$794,300.00	\$35,744.00	<u>\$0.00</u>	\$35,744.00	

## SPECIAL ASSESSMENTS

If any special assessment districts are listed below they are for debt service type districts where improvements are financed and a yearly installment of principal and interest is attached to your tax billing. The "Principal Remaining" is the principal balance of the assessment that has not been billed on the tax statement. The "2022 Installment" is the proposed billing of principal and interest for the next tax year. The "Paid Specials" is a listing of the principal and interest payments made each year.

This does not include any special assessments levied by the City of West Fargo. Contact the [City of West Fargo Finance](#) office or review their [website](#) for more information.

### Special Assessment Information

Project Number	Description	Interest Rate	2022 Projected Interest	2022 Projected Principal	2022 Projected Total	Current Principal	Accrued Interest	Payoff Total	Pending Specials Estimate
05-4060	Storm Sewer Lift Station SM 72	4.53	1,560.62	1,016.37	2,576.99	34,450.68	256.54	34,707.22	0.00
02-2250	SHEYENNE ST - BEATON TO 40TH AVE	3.25	0.00	0.00	0.00	0.00	0.00	0.00	26,287.01
Total:			1,560.62	1,016.37	2,576.99	34,450.68	256.54	34,707.22	26,287.01

### Special Assessment Installments

Tax Year	Certified Principal	Certified Interest	Certified Total
2021	972.32	1,604.66	2,576.98
2020	1,610.14	1,677.60	3,287.74
2019	1,610.14	1,750.54	3,360.68

“2022 Projected Total” is the current projected installment which is payable to Cass County as part of your 2022 tax statement, it is an estimate only and is subject to change due to any pending special assessments that may become approved over the course of the year. “Current Principal” is the balance of special assessments after the previous year installment was certified to Cass County. “Pending Specials” are estimates of special assessments that are awaiting confirmation from the West Fargo City Commission. If you intend to prepay your specials please call the West Fargo Finance office at 701-515-5010 to confirm the proper payoff amount. Special assessment prepayments are not accepted between Oct. 20 and November 1 to allow for completion of the certification of special assessment installments to Cass County.

# Warranty Deed

Cass County - 1510931

<b>Document Type</b> WARRANTY DEED	<b>Recording Date</b> 05/26/2017 02:03:00 PM	<b>Document Date</b> 05/26/2017 12:00:00 AM
<b>Instrument Number</b> 1510931	<b>Book Page</b> <b>Book</b>	<b>Number of Pages</b> 3
<b>Grantor 1</b> NITSCHKE, PATRICIA A	<b>Page</b>	<b>Grantee 1</b> TEVYE LLC
<b>Legal</b>		
<b>Legal Description</b>		
Subdivision BARNES TOWNSHIP T139 R49 S23-26 Parcel: Quarter: SE Section: 31 Township: 139 Range: 49 Parcel: Sixteenth: NE Quarter: SE Section: 31 Township: 139 Range: 49 Parcel: Sixteenth: SE Quarter: SE Section: 31 Township: 139 Range: 49 Parcel:		
<b>Notes</b>		
1 Consideration: \$1,350,000.00		
<b>Return Address</b> THE TITLE COMPANY-COMMERCIAL	<b>Related Information</b>	
.	<b>Document # 1</b>	<b>Book Page 1</b>
		<b>Book</b>

## Elevation Map





## Cost Approach Data

### Cost Information

An estimated replacement cost reflects those costs that the contractor incurs during the period of construction of the residence. Land and the cost of development are not included in any residence cost. Subdivision and Yard Improvement costs can be obtained from Section C of the *Residential Cost Handbook*. The following is a more specific listing of what the residence costs do and do not include:

#### Included in the Costs:

1. The actual costs used are final costs to the owner and will include average architect's fees and engineer's fees. These in turn include plans, plan check and building permits, and survey to establish building lines and grades.
2. Normal interest on only the actual building funds during the period of construction, and processing fee or service charge. Typically, this will average half of the going rate over the time period plus the service fee.
3. Appropriate local, state and federal sales taxes or GST, etc. on material and/or labor costs.
4. Normal site preparation including finish, grading and excavation for foundation and backfill for the structures only.
5. Utilities from structure to lot line figured for typical setback.
6. Contractors' overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc., are included.

#### Not Included in the Costs:

1. Costs of buying or assembling land, such as escrow fees, legal fees, property taxes, right of way, demolition, storm drains or rough grading, are considered costs of doing business or land improvement costs.
2. Pilings or hillside foundations are priced separately and are considered improvements to the land. This also refers to soil compaction and vibration, terracing, etc.
3. Costs of land planning or preliminary concept and layout for large developments inclusive of entrepreneurial incentives or developers' overhead and profit are not included, nor are interest or taxes on the land, feasibility studies, certificate of need, environmental impact reports, hazardous material testing, appraisal or consulting fees, etc.
4. Discounts or bonuses paid for financing are considered a cost of doing business, as are funds for operating start up, project bond issues, permanent financing, developmental overhead or fixture and equipment purchases, etc.
5. Yard improvements including signs, landscaping, paving, walls, yard lighting, pools or other recreational facilities, etc., which can be priced separately.
6. Off-site costs including roads, utilities, park fees, jurisdictional hookup, tap-in, impact or entitlement fees or assessments, etc.

7. Furnishings and fixtures, usually not found in the general contract, that are peculiar to a definite tenant, such as seating or kitchen equipment, etc.
8. Marketing costs to create the first occupancy including model or advertising expenses, leasing or brokers' commissions, or temporary operation of property owners' associations.

## Residence Type

### Single-Family Residence

These structures are detached, single-family residences designed for one-family ownership or occupancy. They are built in many architectural styles or mixtures of styles and are called by various names depending on the region where the home is constructed (e.g., cape cod, colonial, ranch, contemporary, modern, rustic, etc.).

### Style

#### Two Story-High Value Home



(Illustration is from the owner's Elevation Drawing)

A two-story residence has finished living area on two floors. The area of each floor is approximately the same. The roof structure has a medium slope, with limited attic space that is not intended for living area. This style is available for all residence types.

### Total Floor Area

The total floor area is the finished area on all floors based on the exterior dimensions of the building. It does not include any of the following areas: unfinished attics, finished or unfinished basements, porches, balconies, decks, patios or garages. You can include each of these areas in the cost of the residence using components or additions.

### Quality

Quality indicates the quality of the materials and workmanship in the residence, and determines the cost level in the report. Select one of the following main qualities:

- 1 Low (available for single-family residences only)
- 2 Fair
- 3 Average
- 4 Good
- 5 Very Good
- 6 Excellent

## Single-Family Residence Excellent Quality

Residences of Excellent Quality are usually individually designed and are characterized by the high quality of workmanship, finishes and appointments and the considerable attention to detail. Although residences at this quality level are inclusive of high-quality material and workmanship, and are somewhat unique in their design, these costs do not represent the highest cost in residential construction.

**The Excellent Quality does not include the extremely expensive homes, but is a very gracious residence, usually designed individually, with good detail and workmanship.** Special attention is given to both the quality and the quantity of exterior and interior ornamentation. Better quality floor and wall coverings may be found

### Residence

**Foundation:** A continuous, reinforced concrete perimeter and interior bearing wall foundation.

**Floor Structure:** Wood or steel floor joists and subfloor or concrete slab on grade for ground level, all upper floors are wood or steel floor joists and subfloor.

**Floor Insulation:** Not included in the basic residence cost, add where needed. Three levels of floor insulation are available, for mild, moderate and extreme climates.

**Floor Cover:** High-quality carpet or hardwood (parquet or plank), terrazzo, and vinyl, ceramic or quarry tile. Floor cover is not included in the basic residence cost. The Floor Cover Allowance is a weighting of those floor coverings typically found at this quality and can be used if floor cover is not itemized.

**Exterior Wall:** Fenestration is well designed with high-quality sash. Custom ornamentation and trim, select brick, cut stone, high-quality siding, etc., are used. Framing can be either wood or steel studs.

**Roof:** Heavy wood or steel rafters and sheathing with many hips and valleys.

**Interior Finish:** Interior walls are taped and painted drywall with high-grade paper or vinyl wall covering, hardwood paneling or ceramic tile. Built-in book shelving and ample cabinets, which may include such specialty cabinetry items as a cooking island, bar, desk, etc. High-quality pullman or vanity cabinets in bathrooms and dressing areas. Ceramic tile, marble or highest quality laminated plastic countertops and splash. Ceilings are mostly painted drywall with molding and coving details and other ornamentation with some degree of intricacy in their design and/or finish. Vaulted or cathedral ceilings will usually be found in master bedrooms, dining, great or family rooms, as well as entries. Raised panel hardwood veneer or enameled doors with good-quality hardware. Base, casings and moldings have tight mitered corners. Spacious walk-in closets or wardrobes with many built-in features. Large linen storage closets and pantry are fully shelved.

**Note:** Base interior wall height is 10' for Excellent Quality only. For each foot of variation, the program will add to or deduct from the base cost only, 3% for all masonry exterior walls including masonry veneers and 2% for frame exterior walls.

**Electrical:** Many well-positioned outlets and high-quality fixtures throughout. Large luminous fixtures in kitchen, bath and dressing areas.

**Plumbing:** The default at this quality is seventeen high-quality white or colored plumbing fixtures with one plumbing rough-in are included in the basic residence cost. The fixtures can include any of the following: water heater, laundry tray, tiled shower stall, toilet, bidet, lavatory, tub, tub with shower over, kitchen sink, wet bar or hydrotherapy tub (Jacuzzi). Adjustments should be used for any deviation from seventeen fixtures and a rough-in.

**Built-in Appliances:** None are included in the basic residence cost. The Built-in Appliance Allowance is a weighting of those typically found at this quality level and can be used when appliances are not itemized.

**Fireplaces:** None are included in the basic residence cost. Add as needed.

## Basements

**Unfinished:** Using the Group Section costs are provided for two common basement wall types: poured concrete and concrete block. Four wall thicknesses are available to choose from: 6 inches, 8 inches, 10 inches or 12 inches. The costs also include a concrete slab floor, floor drain, wood or steel pipe columns to support the living area above, a minimum number of electrical outlets, windows, and an open-riser, softwood stairway. The cost for a basement is not included in the basic residence cost.

**Finished:** Two types of finish are provided, both of which are additive costs to be used in conjunction with the unfinished basement cost and should be applied only to that portion which is finished.

**Minimal Finish:** The minimal basement finish includes asphalt or vinyl composition tile floor covering, fiberboard ceiling, painted walls, minimum electrical lighting, and incidental heating. The minimal-finish basement cost should be used in conjunction with an unfinished basement cost.

**Partitioned Finish:** The partitioned basement finish is somewhat similar in both quality of materials and workmanship to that of the basic residence. It is fully partitioned for recreation room, bedroom, laundry room, bathrooms, etc. The costs include ceiling, wall and floor finishes and electrical lighting, as well as heating (allowance for additional ducts and room registers). The cost should be used in conjunction with an unfinished basement cost.

## Porches and Breezeways

Porches and breezeways are similar in quality of both material and workmanship to the residence and are to be priced per square foot of floor area. Costs are provided for three types of floor structures, three types of wall enclosures, a roof and ceiling finish. Floor cover is not included and can be priced from the residence floor cover costs.

## Garages and Carports

**Garage:** Garage costs include a light concrete slab floor and an overhead door, which conform to the basic residence in both quality and construction. For garages with asphalt floors, use the asphalt (this will be a deduction) adjustment.

Detached garages are freestanding, and costs do not include any interior finish. Attached garages share a common wall with the residence, and costs include interior finish for only that wall which is common. Built-in garages have living area both adjacent to and above, and costs include finish for all common surfaces. The Add for Finish costs includes the necessary wall and/or ceiling finish to finish all interior surfaces. All costs are based on square footage of floor area. Basement garage costs are Lump-sum Adjustments and are to be used in conjunction with unfinished basement costs. Both the ceiling and the common wall are finished.

## Sports Court and Swimming Pool Criteria

[Home](#) > 358 Gymnasium (Elementary and Secondary School)

### 358 Gymnasium (Elementary and Secondary School)

These buildings are usually designed with the basketball court as the focal point. There is usually an entry area or lobby, and there may be a storefront and large openings in the entry area. The building itself is subdivided and includes locker/shower room facilities, some small administrative offices and miscellaneous rooms for storage and/or meetings. They can also serve as a number of teaching stations utilizing the spectator seating in the basketball court area.

Marshall Valuation Service sections: 18 and 48.

#### Typical Lives:

Quality	Class				
	A	B	C	D	S
Low	40	40	35	30	30
Average	45	45	40	35	35
Good	45	45	40	35	35
Excellent	50	50	45	40	40

#### Class D (Wood or Steel Framed Exterior Walls):

Quality	Exterior Walls	Interior Finish	Mechanicals	HVAC
Low	Light frame, stucco or siding, very plain	Concrete floor, some vinyl composition, minimal finish	Minimum gym lighting, plumbing and shower facilities	Space heaters
Average	Heavy frame, trusses or girders, good stucco or siding, little trim	Plaster or drywall, basketball floor, asphalt tile, few partitions	Adequate lighting & plumbing, shower rooms	Package A.C.
Good	Steel or glulam frame, trusses and girders, brick veneer, best stucco	Plaster or drywall, basketball floor, vinyl, good detail	Good lighting and outlets, tiled showers and restrooms	Heat pump system
Excellent	Heavy frame, masonry veneer walls, good entrance and lobby	Basketball floor, high-cost finishes, many extra facilities	Good lighting and outlets, good plumbing, extra features	Heat pump system

[Home](#) > 485 Natatorium

### 485 Natatorium

These structures are designed as specialized gymnasium-type structures for aquatic sports. Swimming pools and viewing facilities commensurate with the quality are included.

The number of amenities and support facilities (locker room, sauna, snack bars, etc.) varies with the quality level. Equipment and trade fixtures associated with these amenities are not included.

Marshall Valuation Service sections: 18 and 48.

#### Typical Lives:

Quality	Class				
	A	B	C	D	S
Low	40	40	35	30	30
Average	45	45	40	35	35
Good	45	45	40	35	35
Excellent	50	50	45	40	40

**Class D (Wood or Steel Framed Exterior Walls):**

<b>Quality</b>	<b>Exterior Walls</b>	<b>Interior Finish</b>	<b>Mechanicals</b>	<b>HVAC</b>
<b>Low</b>	Light frame, siding or stucco, very plain	Concrete floor, some tile, single pool, minimal finish	Minimum sports lighting & plumbing	Forced air
<b>Average</b>	Heavy frame, trusses or girders, good stucco or siding, little trim	Plaster or drywall, tile wainscot, Olympic or good municipal pools	Adequate lighting & plumbing, shower rooms	Package A.C.
<b>Good</b>	Steel or glulam frame, trusses and girders, brick veneer, best stucco	Good tile surfaces and detail, competition pools, viewing facilities	Good lighting and outlets, tiled showers and restrooms	Heat pump system

# APPRAISERS' QUALIFICATIONS

## GERALD (GARY) BOCK

110 37<sup>th</sup> Avenue South, Moorhead, MN 56560 · (701) 238-5245

[gebappraisals@gmail.com](mailto:gebappraisals@gmail.com)

State Certified General Real Property Appraiser,

ND #21242 Expires 12/31/2022

MN #4002816 Expires 8/31/2022

---

Analytical, organized and detail-oriented real estate appraiser with broad experience in many aspects of the real estate appraisal profession. Expertise was gained from a background on a single-family farm and ranch, teaching, financial consulting as an expert for numerous law firms and farmer-rancher clients. Additional specialized experience related to performing appraisals under the Uniform Appraisal Standards for Federal Land Acquisitions (49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs) in addition to meeting the continuing education requirements of the Uniform Standards for Professional Appraisal Practice. Providing Mentorship to other Certified General Appraisers in the areas of the Uniform Act Requirements.

### Recent Appraisal Experience Related to the client's request

#### SE Judicial District-ND

- Referee for Partition of Industrial Property
- Expert witness in Eminent Domain Trial
- Deponent in two pipeline easement cases-expert witness presentation is pending

#### NW Judicial District -ND

- Expert Witness as Review Appraiser in a powerline condemnation case

Powerline Appraisals for MDU Resources Group -Minot

Oil Pipeline Appraisals for the Three Affiliated Tribes- Ft. Berthold Reservation- ND

## EXPERIENCE

2013-2021

### CERTIFIED GENERAL REAL PROPERTY APPRAISER

GE BOCK REAL ESTATE, LLC

Principal in a small business real estate appraisal and valuation practice to provide professional real estate appraisal and litigation consulting services for individuals and business clients. Provide full range of services, including Right of Way, Government LPA Appraisal projects, Flood Mitigation, estate, divorce, and other specialized appraisal services.

#### Success Examples:

Lead Appraiser for Agricultural, Rural Residential, Partial Acquisition and Residential vacant lot appraisals for the Cass County Joint Water Resource District. Condemnation action in SE District Court upheld the opinion of value. The case was appealed to the ND Supreme Court where the SE District Court case ruling was upheld.

Numerous residential appraisals performed for the City of Moorhead, MN for Flood Mitigation purposes after record flooding in 2009, 2011 and 2012 affected hundreds of residential appraisals adjacent to the Red River of the North.

Provided replacement cost new and current assessment analysis for a tax court case for the City of Moorhead. The case covered eight years of valuation and involved cost estimates exceeding \$100 Million.

**2011-1999**

**CERTIFIED GENERAL REAL PROPERTY APPRAISER-ASSISTANT CITY ASSESSOR-  
REAL ESTATE DEVELOPMENT SPECIALIST**

CITY OF MOORHEAD, MOORHEAD, MN 56560

Provided Mass Appraisal for Residential, Commercial, Industrial and Apartment properties for the City of Moorhead. Oversaw the transition from a paper filing system to a computerized system that emphasized Geographic Information System Integration. Provided Litigation support to the County Attorney's office in regard to several high profile MN Tax Court Appeals.

**1992-1999**

**LICENSED TRANSITIONAL APPRAISER, CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

GE BOCK & CO. -A SOLE PROPRIETORSHIP

Principal Appraiser-Real Estate Broker

Engaged in all types of real estate appraisal assignments focusing primarily on agricultural and residential properties. Represented real estate buyers as a buyer's agent. Listed and sold residential and agricultural land type properties. Provided financial consulting to farm owner-operators in assisting with debt restructuring.

**1991-1999**

**LICENSED TRANSITIONAL APPRAISER, CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

BRATTEN AND QUALEY LAND CO. 1991-1993

AND

GE BOCK & CO. -A SOLE PROPRIETORSHIP 1993-1999

Staff Appraiser and Sales Associate

Engaged in all types of real estate appraisal assignments focusing primarily on agricultural and residential properties. Represented real estate buyers as a buyer's agent. Listed and sold residential and agricultural land type properties. Provided financial consulting to farm owner-operators in assisting with debt restructuring.

**1985-1991**

**LICENSED REAL ESTATE AGENT, LICENSED TRANSITIONAL APPRAISER**



ASSOCIATE REALTY AND INVESTMENTS, INC.  
Real Estate Sales Associate,  
Transitionally Licensed Staff Appraiser  
Ag Mediation Counselor for ND Department of Agriculture.

**1972-1985**

**SECONDARY AND ADULT FARM MANGEMENT INSTRUCTOR**

BEACH PUBLIC SCHOOL, NEW ENGLAND PUBLIC SCHOOL, DICKINSON PUBLIC SCHOOL

Secondary Vocational Agriculture Instructor  
Veterans' Agriculture and Adult Farm Management Instructor

**EDUCATION**

**MAY 1972**

**BACHELOR OF SCIENCE IN AGRICULTURE**

**THE NORTH DAKOTA STATE UNIVERSITY OF AGRICULTURE AND APPLIED SCIENCE**

Degree with emphasis on Education, Science, and Economics  
Relevant Coursework: Biological Sciences, Agricultural Economics and Secondary Education,  
leading to a Secondary Vocational Agricultural Education Position  
GPA: 3.53/4.0

**PROFESSIONAL EDUCATION-REAL ESTATE APPRAISAL**

**1987-2020**

**APPRAISAL INSTITUTE**

Principles of Real Estate Appraisal Course 1A-1.-1989  
Procedures in Real Estate Appraisal Course 201-1983  
Appraising the Single-Family Residence-1991  
Uniform Residential Appraisal Report- 1993  
Understanding Limited Appraisals-General 1994  
Land Valuation -Adjustment Procedures 2004  
Land Valuation Assignments 2004  
Highest and Best Use and Market Analysis 2006  
Ignorance Isn't Bliss: Understanding an Investigation by a State Appraiser Regulatory Board or Agency 2018  
The Cost Approach: Unnecessary or Vital to A Healthy Practice? 2018  
Supervisory Appraiser/Trainee Appraiser Course 2018

**AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS**

Uniform Appraisal Standards for Federal Land Acquisitions 2006  
Appraisal Review 2007  
Uniform Standards of Professional Practice & Code of Ethics 2000  
Fractional Interests Seminar - 2000

Eminent Domain, - 1999  
Environmental Liabilities and Risk Management in Real Estate-1994  
Principles and Procedures of Rural Appraisal Course A-20-1993  
Sales Comparisons: Market Data Approach -1990  
Mathematics of Finance and Appraising Special Purpose Properties 1992

## **INTERNATIONAL RIGHT OF WAY ASSOCIATION**

Integrating Appraisal Standards -2021  
Eminent Domain Law Basics for the Right of Way Professional -2015  
Oil and Gas Law Basics and related surface rights issues -2014  
Standards of Professional Appraisal Practice-1991  
Relocation Assistance-Residential -2001  
Relocation Assistance for Businesses -2001  
Valuation of Contaminated Properties -2003  
Computing Replacement Housing Payments -2003  
Advanced Relocation Assistance (Residential) -2003  
Ethics and the Right-of-Way Profession -2003  
Uniform Relocation Act Seminar -2005  
Mobile Home Relocation -10/2008

### **Educational Provider- McKissock**

The Basics of Expert Witness for Commercial Appraisers- 2021  
The Fundamentals of Appraising Luxury Homes -2021  
New Construction Essentials: Luxury Homes-2021  
USPAP 2022-2023 7 Hour National USPAP Update Course -2021  
The Thermal Shell-2014  
Appraisal of Owner-Occupied Commercial Properties-2020  
Risky Business: Ways to Minimize Your Liability-2014  
Essential Elements of Disclosures and Disclaimers-2014  
Land and Site Valuation-2014  
Introduction to Legal Descriptions-2014

### **Educational Provider-Ted Whitmer**

Attacking and Defending and Appraisal in Litigation-2018

### **Minnesota Association of Assessment Officials**

Course A- Assessment Laws, History and Procedures -2001  
Course H- Fundamentals of Mass Appraisal -2001  
Course J- Income Approach to Valuation -2001  
Course K- Tax Policy and Assessment Administration -2000  
IAAO Course 102 Income Approach to Valuation -2000  
Narrative Report Writing -2001

## **MEMBERSHIPS AND ORGANIZATIONS**

- Appraisal Institute-Practicing Affiliate
- North Dakota Appraisers Association (NDAA)
- International Right of Way Association (IRWA)
- Former Member-American Society of Farm Managers and Rural Appraisers
- Former affiliation with the ND Association of Realtors & National Association of Realtors (NDREA & NAR)

# WILLIAM TRIEBWASSER

Federal Tax ID #26-3076130 | Triebwasser Appraisal Service, LLC  
bill@triebwasserappraisalservice.com | www.triebwasserappraisalservice.com

## Licenses:

Minnesota Certified General Appraiser, License# 20400274 – Expires: 08/31/2022  
North Dakota Certified General Appraiser, License# CG-2916- Expires: 12/31/2022  
**FHA & VA Approved in North Dakota and Minnesota**  
North Dakota Real Estate Sales Professional, License# 8087- Expires: 12/31/2022

## EDUCATION

### MCKISSOCK EDUCATION

- National USPAP Update Course-2019
- Rural Area Appraisals: Freddie Mac Guidelines and Property Eligibility Requirements- 2019
- Right of Way Professionals Workshop MNDOT- 2019
- The Nuts & Bolts of Building Green- 2016
- Avoiding Mortgage Fraud for Appraisers - 2016
- Managing Appraiser Liability - 2016
- The FHA Handbook 4000.1- 2016, 2021
- Appraising FHA Today -2012, 2014
- Even Odder-More Odd Ball Appraisal – 2012, 2014
- Appraising Manufactured Homes – 2012, 2014, 2021
- Introduction to Legal Descriptions – 2012, 2014
- Introduction to Expert Witness Testimony – 2010, 2018
- How to Analyze & Value Income Properties – 2010
- REO & Foreclosures – 2010
- USPAP 7 Hour Update –2007, 2009, 2010, 2012, 2014, 2016, 2018, 2021
- The Art of Addenda – 2010
- That's a Violation- 2018
- Divorce and Estate Appraisals- 2018
- Complex Properties: The Odd Side of Appraisal- 2018
- Evaluations, Desktops, and Other Limited Scope Appraisals- 2018, 2021
- Essential Elements of Disclosures & Disclaimers-2021

### ARCANUM GROUP

- 30- & 15-Hour Real Estate Pre-License Course - 2008

### APPRAISAL INSTITUTE COURSES

- General Appraiser Income Approach - 2007
- Basic Appraisal Procedures - 2007
- Residential Report Writing & Case Studies - 2006
- 310 Basic Income Capitalization, Chicago, IL - 2006
- USPAP 7 Hour Update - 2005
- 320 General Applications, Chicago, IL – 2004

### NORTH DAKOTA REAL ESTATE QUALIFICATIONS AND ETHICS BOARD COURSES

- The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac "What You Need to Know Now" - 2011
- Analyzing Market Conditions - 2009
- Residential Appraisal Report Writing – 2007
- Small Residential Income Property Appraisal- 2007

### PRESOURCE EDUCATIONAL SERVICES, PLYMOUTH, MN COURSE

- Appraisal 101, 102; Introduction to Appraisal Principles I and II - 2003
- Appraisal 103, 104; Introduction to Appraisal Practices I and II - 2003
- Appraisal 105; Introduction to Appraisal Standards and Ethics - 2003

- Uniform Standards of Professional Appraisal Practice - 2003

#### **UNIVERSITIES**

- University of Mary, Bismarck, ND-  
Bachelor of Science Degree, Major in Business/Management: 2003
- University of North Dakota, Grand Forks, ND: 2001-2003
- Minnesota State University, Moorhead, MN: 1997-1998

### **BACKGROUND AND EXPERIENCE**

#### **TRIEBWASSER APPRAISAL SERVICE- WEST FARGO, ND**

- Owner/Residential & Commercial Real Property Appraiser: 2008 - Present

#### **GOOSE RIVER REALTY – HILLSBORO, ND**

- Commercial Sales Associate: 2017 - Present

#### **NETA PROPERTY MANAGEMENT- FARGO, ND**

- President: 2009 - Present

#### **NEWMARK GRUBB KNIGHT FRANK- FARGO, ND**

- Commercial Sales Associate: 2009 - 2016

#### **CORWIN APPRAISAL- FARGO, ND**

- Staff Appraiser, Residential Real Property Appraiser: 2006 – 2008

#### **NETA PROPERTY MANAGEMENT- FARGO, ND**

- Consultant: 2005 - 2009

#### **NATWICK ASSOCIATES APPRAISAL SERVICES- FARGO, ND**

- Staff Appraiser, Commercial, Industrial, Agricultural and Residential Real Property Appraiser  
2003 – 2006

#### **CORWIN APPRAISAL- FARGO, ND**

- Office Staff: 2003

### **APPRAISAL EXPERIENCE**

#### **TRIEBWASSER APPRAISAL SERVICE: WEST FARGO, ND**

- Residential & Commercial Real Property Appraisals in Cass County, ND and Clay County, MN

#### **CORWIN APPRAISAL**

- Residential Real Property Appraisals in Cass County, ND and Clay County, MN

#### **NATWICK APPRAISAL**

- Commercial, Industrial, Farmland, Residential
- Experience in Ethanol Plant, Cemetery, Feed Mill, Meat Packaging, Office Buildings, School Buildings, Farmland, Warehouse, Residential and Other Special Use Property Appraisals.
- Market Analysis for Commercial and Industrial Real Estate

### **REAL ESTATE MANAGEMENT EXPERIENCE**

#### **NETA PROPERTY MANAGEMENT: FARGO, ND**

- President of NETA Property Management, a real estate management firm
- Manages 750 rental housing units located in 14 cities and several commercial office/retail buildings

# Residential APPRAISAL REPORT



4980 Sheyenne Street  
West Fargo, ND 58078

As of:

February 9, 2022

Prepared For

TEVYE, LLC  
Prepared by

**GEB Appraisals & Triebwasser Appraisal  
Service Joint Venture**

William N. Triebwasser, ND-CG 2916

William Triebwasser

Certified General Real Property

Appraiser

ND-CG 2916

Gerald (Gary) E. Bock, Practicing Affiliate  
Certified General Real Property Appraiser  
ND CG 21242

**File Number:** 50-2201 242

## **PREFACE**

March 14, 2022

Ms. Tami Norgard  
Vogel Law Firm- Fargo  
218 N.P. Avenue  
Fargo, ND 58102

RE: High-Value Residential Home Appraisal

Owners: TEVYE, LLC Split parcel  
Address: 4980 Sheyenne Street, West Fargo, ND 58078

Dear Ms. Norgard,

At your request, we have made an appraisal of the above-referenced property located at 4980 Sheyenne Street, West Fargo, ND. The property was inspected with the owners present on February 9, 2022.

The subject property was appraised as two distinct tracts, rather than as one tax parcel.

This Scope of Work is a departure from normal practice in that normally all of the land and buildings assigned to a particular tax parcel become the subject property.

This appraisal was complicated by the fact that there is more than one dwelling on the parcel. One is the primary dwelling; the other is the Additional Dwelling Unit (ADU) with a metal shop building.

Highest and Best Use analysis is an important part of any appraisal assignment and that is true for this assignment as well. The primary dwelling is a newly constructed high value home, whereas the ADU is not.

The properties that are comparable to each of these types of dwellings are vastly different. Part of our charge as appraisers under the Uniform Standards of Professional Appraisal Practice (USPAP) is to strive to not render appraisal opinions in a misleading manner.

We strongly believe that considering smaller older homes along with new high value luxury homes can be confusing to the reader and users of the appraisal.

For that reason, the decision was made with the concurrence of the client that the subject property should be considered under two hypothetical circumstances that allowed for the appraisal of each separately as they might be situated in their own market.

Those two hypothetical appraisals prepared for this assignment consistent of two valuation assignments for consideration of equitable taxation.

1. Appraisal of the ADU with metal building and site area sufficient to provide proper and legal access, site area and site improvements. This site area proposed is a hypothetical site that is rectangular in nature with the hypothetical property line placed a sufficient distance north of the metal building and running in a west-east direction to its intersection with the east property line of the subject property. This hypothetical site contains 3.9 acres, a dwelling of 2,232 square feet built in 1996 of above average quality construction and condition and a metal building of 2,560 square feet that has been recently remodeled and improved. It is also of above-average condition and quality.
2. Appraisal of a high value home of excellent quality on the remainder of the site 4.88 acres. The home has 12,464 square feet of above living area along with a nearly fully finished basement, an enclosed swimming pool, a sports court, and numerous other amenities. It is likely one of the most valuable homes to be found within the jurisdiction of West Fargo, ND. As a result, other high valued homes in the jurisdiction were evaluated in terms of their comparability in terms of assessed value, square footage, value at transfer or sale.

The goal in both of these appraisals is to determine the estimated fair market value of the property. The market value for purposes of valuation in North Dakota is based upon the Definition as found in state statute.

In **North Dakota**, market value is **defined as:**

*“The highest price for which property can be sold in the open market by a willing seller to a willing purchaser, neither acting under compulsion and both exercising reasonable judgment.”*

This definition is found in the North Dakota Century Code. N.D. C. C. § 24-01-01.1 (27). This definition is also found in the banking section of the Code as well. N.D.C.C. §6-01-02. It has been applied to eminent domain proceedings for DOT projects and non-DOT projects alike. It has also been used in property tax disputes brought to the Supreme Court.

With this concept in mind, the properties were then appraised separately with the goal of obtaining what might be a meaningful assessment of value for tax purposes.

As a result of the preparation of these two hypothetical appraisals, the following market value estimates were determined.



**Appraisal of the ADU with Metal Building.**

**\$820,000.00**

---

**Appraisal of the High Value Home**

**\$2,650,000**

---

The estimated valuation of the property including all land and buildings on Lot 1, Block 1 of Teyve Addition to the City of West Fargo is concluded to be:

**Conclusion of Value**

**\$3,470,000**

---

The date of inspection and the date of value for the subject property is February 9, 2022.

This report contains the property description, photo addenda, analysis, and supportive data for the conclusions and final estimate of value. The Definition of Market Value, Certification, and Statement of Limiting Conditions and supplementary limiting conditions can also be found within the report that follows.


We certify that we have personally inspected the subject parcel on February 9, 2022, along with the owners’ representatives. We also inspected the neighborhoods and comparable sales relied upon; that we have no role in the negotiations or authority to reach settlements regarding the property; and that all statements herein are true and correct to the best of our knowledge and belief.

The intended use of the Appraisal is for tax assessment analysis.

The intended user(s) are the client and property owner. Any other use of the report by any person or organization outside of those stated above, or for any purpose other than this project shall render the opinions null and void.

Respectfully submitted,

**GEB Appraisals and Triebwasser Appraisal Service Joint Venture**



Gerald (Gary) E. Bock, Practicing Affiliate  
Certified General Real Property Appraiser  
ND-CG 21242  
Expires: December 31, 2022



William N. Triebwasser  
Certified General Real Property Appraiser  
ND CG 2916  
December 31, 2022

## LETTER OF TRANSMITTAL

March 14, 2022

Ms. Tami Norgard  
Vogel Law Firm- Fargo  
218 N.P. Avenue  
Fargo, ND 58102

RE: Additional Dwelling Unit Residential Home Appraisal

Owners: TEVYE, LLC Split parcel  
Address: 4980 Sheyenne Street, West Fargo, ND 58078

Dear Ms.. Norgard,

At your request, we have made an appraisal of the above-referenced property located at 4980 Sheyenne Street, West Fargo, ND. The property was inspected with the owners present on February 9, 2022.

The subject property was subsequently evaluated using public records available to the appraiser, including public data available from Cass County, ND. The information used included GIS interactive maps, tax and assessment records, property ownership and transfer records, tax records, and the like

Comparable sales information was analyzed and reviewed similarly and also used FlexMLS records. Additional confirmation of sales was obtained from the Cass County Recorder, nd verified through the NDRIN site to confirm property transfers.

Confirmation of these sales was also made with agents, buyers, sellers, and others involved in the sales as needed

The date of inspection and the date of value for the subject property is February 9, 2022.

This report contains the property description, photo addenda, analysis, and supportive data for the conclusions and final estimate of value. The Definition of Market Value, Certification, and Statement of Limiting Conditions and supplementary limiting conditions can also be found within the report that follows.

We certify that we have personally inspected the subject parcel on February 9, 2022, along with the owners. We also inspected the neighborhoods and comparable sales relied upon; that we have no role in the negotiations or authority to reach settlements regarding the property; and that all statements herein are true and correct to the best of our knowledge and belief.

The intended use of the Appraisal is for tax assessment analysis.

The intended user(s) are the client and property owner. Any other use of the report by any person or organization outside of those stated above, or for any purpose other than this project shall render the opinions null and void.

**Hypothetical Conditions:**

- The property is appraised under the hypothetical condition that the 2,232 square foot dwelling with attached garage, site improvements and machine shed would be split from the parcel and valued separately for purposes of tax analysis. This split would include an appropriate site area to support its Highest and Best Use as improved.

**Extraordinary Assumptions:**

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions, and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current As-Is Market Value:

The "As Is" market value of the Fee Simple estate of the property, as of February 9, 2022, is

**\$820,000**

**Eight Hundred Twenty Thousand Dollars**

If you have any questions concerning the appraisal report, please feel free to contact us at 701-238-5245.

Respectfully submitted,

**GEB Appraisals and Triebwasser Appraisal Service Joint Venture**



---

Gerald (Gary) E. Bock, Practicing Affiliate  
Certified General Real Property Appraiser  
ND-CG 21242  
Expires: December 31, 2022



---

William N. Triebwasser  
Certified General Real Property Appraiser  
ND CG 2916  
December 31, 2022

# PART I INTRODUCTION

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## CERTIFICATION

### We hereby certify;

- That to the best of our knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct; subject to the limiting conditions herein set forth.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraisers.
- We 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.
- The appraisers have not performed any prior services regarding the subject within the previous three years of the appraisal date.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is also 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.
- Disregarding those portions of USPAP (such as SR 1-4(1)) that are inconsistent with public policy or law is permitted through USPAP's Jurisdictional Exception Rule. The Jurisdictional Exception applies only to that portion of USPAP that is inconsistent with public policy or law. If any Jurisdictional Exceptions are required, the balance of USPAP has been maintained intact in the preparation and reporting of this appraisal.
- That we have personally inspected the property herein appraised and that we have also made a personal field inspection of the comparable sales relied upon in making said appraisal. The property owners or their designated agent was present for the property inspection.

- That we have not revealed the findings and results of such appraisal to anyone other than the proper officials and we will not do so until so authorized, or until we are required to do so by due process of law, or until we are released from this obligation by having publicly testified as to such findings.
- That no one provided significant professional assistance to the appraiser. The assistance of other professionals involved with the appraisal is routine, and isolated to their scope of expertise, and not directly contributory to this appraisal assignment.

**GEB Appraisals and Triebwasser Appraisal Service Joint Venture**



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Gerald (Gary) E. Bock, Practicing Affiliate  
Certified General Real Property Appraiser  
ND CG 21242  
Expires: December 31, 2022



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William N. Triebwasser  
Certified General Real Property Appraiser  
ND CG 2916  
Expires: December 31, 2022

## Summary of Important Facts and Conclusions

GENERAL	
<b>Subject:</b>	TEVYE, LLC 1594 ADU Split 4980 Sheyenne Street, West Fargo, Cass County, ND, 58078
	An approximately 3 acres site with a one-story dwelling, attached garage, and metal shop building. Site improvements include concrete parking aprons and an asphalt paved driveway.
<b>Owner:</b>	TEVYE, LLC Split parcel
<b>Legal Description:</b>	Lot 1, Block 1, Tevey Addition-
<b>Date of Report:</b>	March 14, 2022
<b>Intended Use:</b>	The intended use is for tax assessment analysis.
<b>Intended User(s):</b>	The client and property owner.

### Assessment:

Real Estate Assessment and Taxes						
Tax ID	Land Improvements	Other	Total Assessment	Tax Rate	Taxes	
02-4955-00010-000	\$157,200	\$6,068,300	\$0	\$6,225,500	309.1200	\$96,221
<b>Totals</b>	<b>\$157,200</b>	<b>\$6,068,300</b>	<b>\$0</b>	<b>\$6,225,500</b>		<b>\$96,221</b>

**Sale History:** The subject property has sold in the last three years, according to public records.

**Current Listing/Contract(s):** The subject is not currently listed for sale, or under contract.

### Land:

Land Summary				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
02-4955-00010-000	3.90	169,884	Level	Rectangular

**Improvements:**

<b>Building Summary</b>				
<b>Building Name/ID</b>	<b>Year Built</b>	<b>Condition</b>	<b>Number of Stories</b>	<b>Gross Building Area</b>
Accessory Dwelling Unit	1996	Above Average	1.0	2,232

**Zoning:** R- 1A

**Highest and Best Use of the Site:** Single Family w/ outbuildings

**Highest and Best Use as Improved:** Single Family w/ outbuildings

**Type of Value:** Market Value

<b>VALUE INDICATIONS</b>	
<b>Land Value:</b>	\$350,000
<b>Cost Approach:</b>	\$815,000
<b>Sales Comparison Approach:</b>	\$825,000
<b>Reconciled Value(s):</b>	As Is
<b>Value Conclusion(s)</b>	\$820,000
<b>Effective Date (s)</b>	February 9, 2022

## ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the Report:

1. As agreed, with the client before the preparation of this appraisal, this is an “Appraisal Report” as defined under the *Uniform Standards of Professional Appraisal Practice*, as defined in the most recent edition.
2. This report is intended to comply with the reporting requirements set forth under This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of the report.
3. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable.
4. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property. If so indicated, the appraisers have examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and have noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraisers are not surveyors, they make no guarantees, express or implied, regarding this determination.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. The appraisers may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Measurements are based upon exterior dimensions rounded to the nearest 6 inches. Unless otherwise indicated, a Land Survey was not performed.
12. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials; such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in any part of the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental condition or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the results of the routine observations made during the appraisal process. The intended users of this report should rely upon the Environmental Site Assessment conducted for the project for information regarding possible contamination.
13. Any site improvements are assumed to be completed in a good and workmanlike manner in accordance with the submitted plans and specifications. Private wells and septic systems, if present, are assumed to be in working order and to be compliant with existing regulations regarding inspection as if for sale.

14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than to the intended user(s) to whom it is addressed without the written consent of the appraisers, and in any event, only with properly written qualification and only in its entirety.
15. Neither all, nor any part of the contents of this report, or a copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser, the intended users or as otherwise directed by a court of law.
16. The appraisers will not give testimony or appear in court because they made an appraisal of the property in question unless specific arrangements to do so have been made beforehand.
17. If the cost approach is included in this appraisal, the appraisers have estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach to value is not an insurance value, and should not be used as such.
18. The appraisers' obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that they consider to be reliable and believed to be true and correct. The appraisers do not assume responsibility for the accuracy of such items that were furnished by other parties.
19. An appraisers' client is the party (or parties) who engage appraisers in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.
20. An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the appraisers perform a

non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

21. The property under the hypothetical condition that:

- a. The property is appraised under the hypothetical condition that the 2,232 square foot dwelling with attached garage, site improvements and machine shed would be split from the parcel and valued separately for purposes of tax analysis. This split would include an appropriate site area to support its Highest and Best Use as improved.

22. The property is appraised under the extraordinary assumption that:

- a. There are no Extraordinary Assumptions for this appraisal.

**Americans with Disabilities Act (ADA) of 1990**

A civil rights act passed by Congress guarantees individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. GEB Appraisals and Triebwasser Appraisal Service Joint Venture have not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however, this has not been considered or analyzed in this appraisal.**



## **PURPOSE, INTENDED USE, and INTENDED USERS OF THE APPRAISAL**

The purpose of this appraisal is to estimate the current 'As Is' market value for asset management purposes. This appraisal is to be used for the proposed acquisition of the entire larger parcel for flood mitigation purposes. The appraisal will determine the market value for the proposed acquisition as of the date of inspection, which is February 9, 2022. This market value estimate, as defined below, is intended to provide the owners with a current market value for the property rights appraised. The report will be used by the intended user(s); the client and property owner.

### **Definition of Market Value**

The appraisal addresses the estimate of market value. The concept of market value is frequently reviewed from both legal and economic perspectives within private industry and at virtually all levels of government.

In North Dakota, market value is defined as:

*“The highest price for which property can be sold in the open market by a willing seller to a willing purchaser, neither acting under compulsion and both exercising reasonable judgment.”*

This definition is found in the North Dakota Century Code. N.D. C. C. § 24-01-01.1 (27). This definition is also found in the banking section of the Code as well. N.D.C.C. §6-01-02. It has been applied to eminent domain proceedings for DOT project and non-DOT projects alike. It has also been used in property tax disputes brought to the Supreme Court.

## SCOPE OF WORK

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s), and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Ms. Vogel Law Firm- Fargo. The problem to be solved is to estimate the current 'As Is' market value for asset management purposes. The intended use is for tax assessment analysis. This appraisal is intended for the use of the client and property owner.

### SCOPE OF WORK

<b>Report Type:</b>	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses. It is presented in a narrative format.
<b>Property Identification:</b>	The subject has been identified by the legal description and the assessors' parcel number.
<b>Inspection:</b>	A complete interior and exterior inspection of the subject property has been made, and photographs taken.
<b>Market Area and Analysis of Market Conditions:</b>	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has

reviewed the market for sales and listings relevant to this analysis.

**Highest and Best Use Analysis:** A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

**Type of Value:** Market Value

**Valuation Analyses**

**Cost Approach:** A cost approach was applied as there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

**Sales Comparison Approach:** A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

**Income Approach:** An income approach was not applied as the subject is not an income producing property and this approach does not reflect market behavior for this property type.

**Hypothetical Conditions:**

- The property is appraised under the hypothetical condition that the 2,232 square foot dwelling with attached garage, site improvements and machine shed would be split from the parcel and valued separately for purposes of tax analysis. This split would include an appropriate site area to support its Highest and Best Use as improved.

**Extraordinary Assumptions:**

- There are no Extraordinary Assumptions for this appraisal.

The scope of work in an appraisal report is intended to be a complete valuation analysis that is matched to the level of detail required in the appraisal assignment. The analysis considers the current market value of properties located within the subject neighborhood or market area and analyzes those sales to determine the direction or parameters of market value for the subject property. In this appraisal the market value of the fee simple interest is estimated using the North Dakota Definition of Market Value. As a result, the sales comparison approach is relied upon to estimate the value of the subject's vacant land. Vacant lots are seldom if ever rented to produce income to the property owner, and they are typically held for future use for building construction purposes. As a result, the methods that the appraisers will rely upon in this appraisal are the sales comparison approach and the cost approach.

A part of the scope of work includes an examination of the public records for data relating to the subject property. Detailed information concerning the subject parcel was obtained, including the sales history of the tract and its current ownership as shown by public records. Investigation was completed using the Cass County records, GIS data and information, the North Dakota Recorder's Information Network (NDRIN) and other information. Comparable Sales were confirmed by cross referencing documents from the Register of Deeds Office and tax parcel data, as well as interviews with buyers, seller's, real estate agents, or other parties knowledgeable of the transaction when required.

Systematic research and analysis of sales of similar properties in the neighborhood was conducted, and considered the impact of governmental, social, economic and physical forces affecting the property.

Market value is defined in this report is based upon the North Dakota Definition of Market Value as further defined later in this report. It is based upon the date of the inspection. Please be aware that market value is a dynamic force and the market's reaction to buyers and sellers can be active or it can be stagnant, and changes can occur over time.

Inspection of the comparable sales properties as referenced in the report is limited to visual inspection from the street. Additionally, aerial photographs from other sources that have been taken during the summer months are used to give a bird's eye view of the property without interference of snow or cloud cover.

Using the information obtained from research of the subject and the comparable properties, the appraisers must make certain assumptions regarding the valuation of the property. Those assumptions and limiting conditions are stated in a following section of the report.

It is often necessary to include adjustments for property type, location, elevation, access, time, parcel size, and other pertinent features.

As a result of this process, an appraisal report was developed that is intended to communicate the results of the investigation. This information has been arranged in a manner and in a format that is deemed to be the most appropriate considering the details of the assignment and its intended use, as well as considering who the intended users of the report might be.

This appraisal has also been developed as an *Appraisal Report* as defined under the Uniform Standards of Professional Appraisal Practice (USPAP).

**Statement on Appraiser Independence:**

We have knowledge and experience in appraising this type of property in this market area.

We are aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records, and other such data sources for the area in which the property is located.

## Market Area Analysis

### Regional Data

The subject is located in Cass County, which is located in the eastern most portion of the state of North Dakota, in the Red River Valley of the North. This is one of the most productive agricultural regions in the United States.

Because of its productivity, virtually all of the available agricultural acres (those not zoned for other uses) in this area are utilized for cash crop agriculture. Cass County ranks among the leaders in a wide range of crops in the state of North Dakota. The county ranking chart may be found in the North Dakota Agricultural Statistics bulletin published annually by the North Dakota Agricultural Statistics Service. The state ranks second among all states for overall wheat and navy bean production. North Dakota ranks third in sugar beet production which generates substantial revenues on the eastern most portion of the Red River Valley area, including Cass County. The western portion of the county consists of the more undulating loam and sandy loam soils which are still conducive to virtually all types of crop production and includes more acreage of corn, some potatoes and a lesser amount of sugar beets.

Agriculture is critical to the economic base of Cass County as many jobs and industries are agriculturally related. The rural based economy depends heavily on the well-being of the agricultural producers in the area, although to a lesser extent than in previous years. Technology, manufacturing, medicine, law and research also provide significant impact to the local economy. While the number of agricultural producers continues to decline, employment in these other sectors of the economy continue to grow. Please note the chart of economic sectors on Page 27.

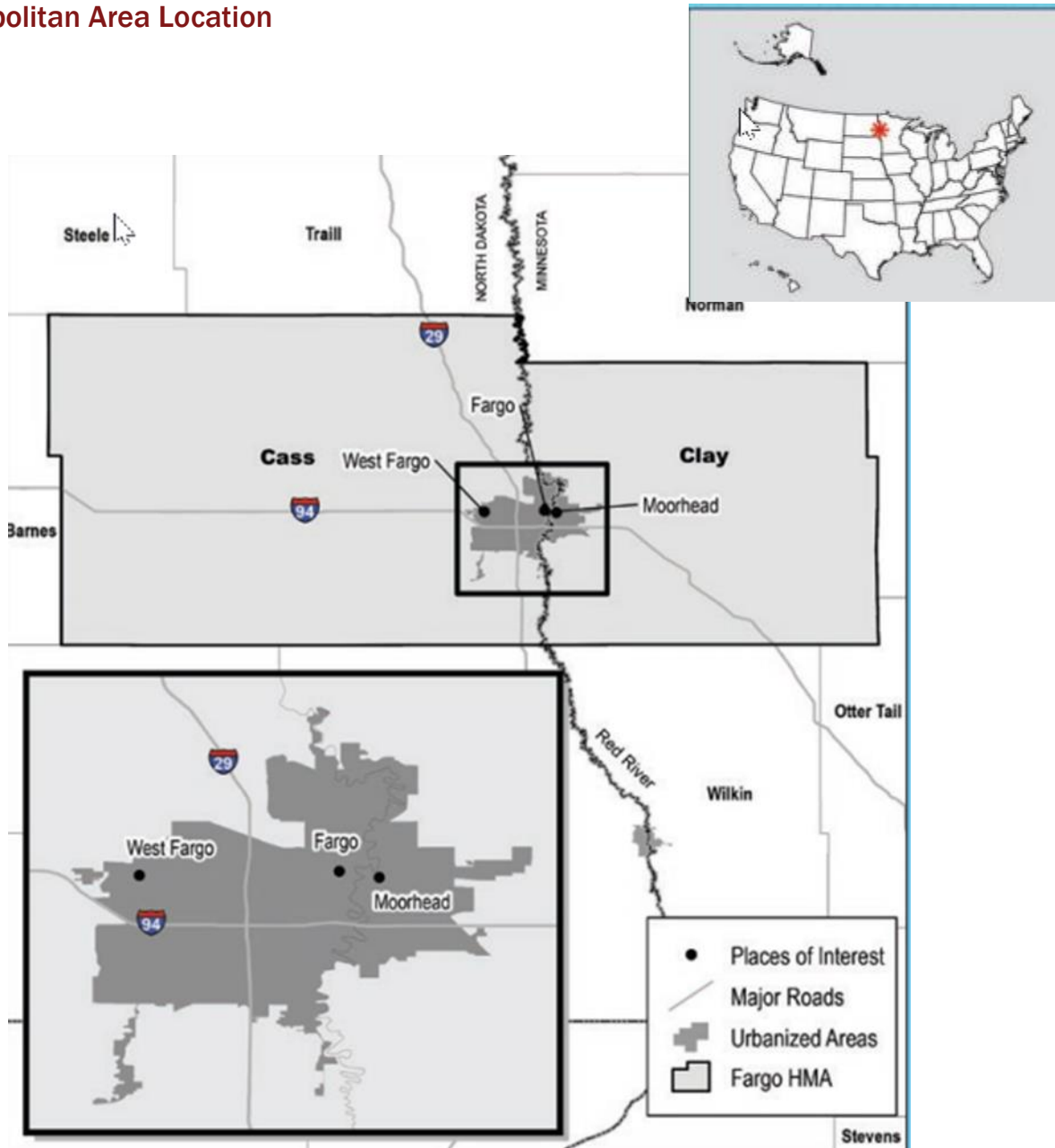
This diversification has brought numerous new jobs and residents into the metropolitan area as well as the county. Economic growth is expected to continue well into the future.

The county has an above average network of hard surfaced state and county roads. The remaining roads are generally good all-weather gravel roads and are connected with the county and state paved roads. Interstate Highway 29, which runs in a north/south direction through the eastern edge of North Dakota, is located on the eastern most portion of the county. Interstate Highway 94 enters the state at Fargo and runs east to west through the county.

The City of West Fargo includes the major corridors of I-94, business corridor of US Highway 10, CR 17/ Sheyenne Street, 9<sup>th</sup> Street/Veteran's Boulevard and other minor corridors.

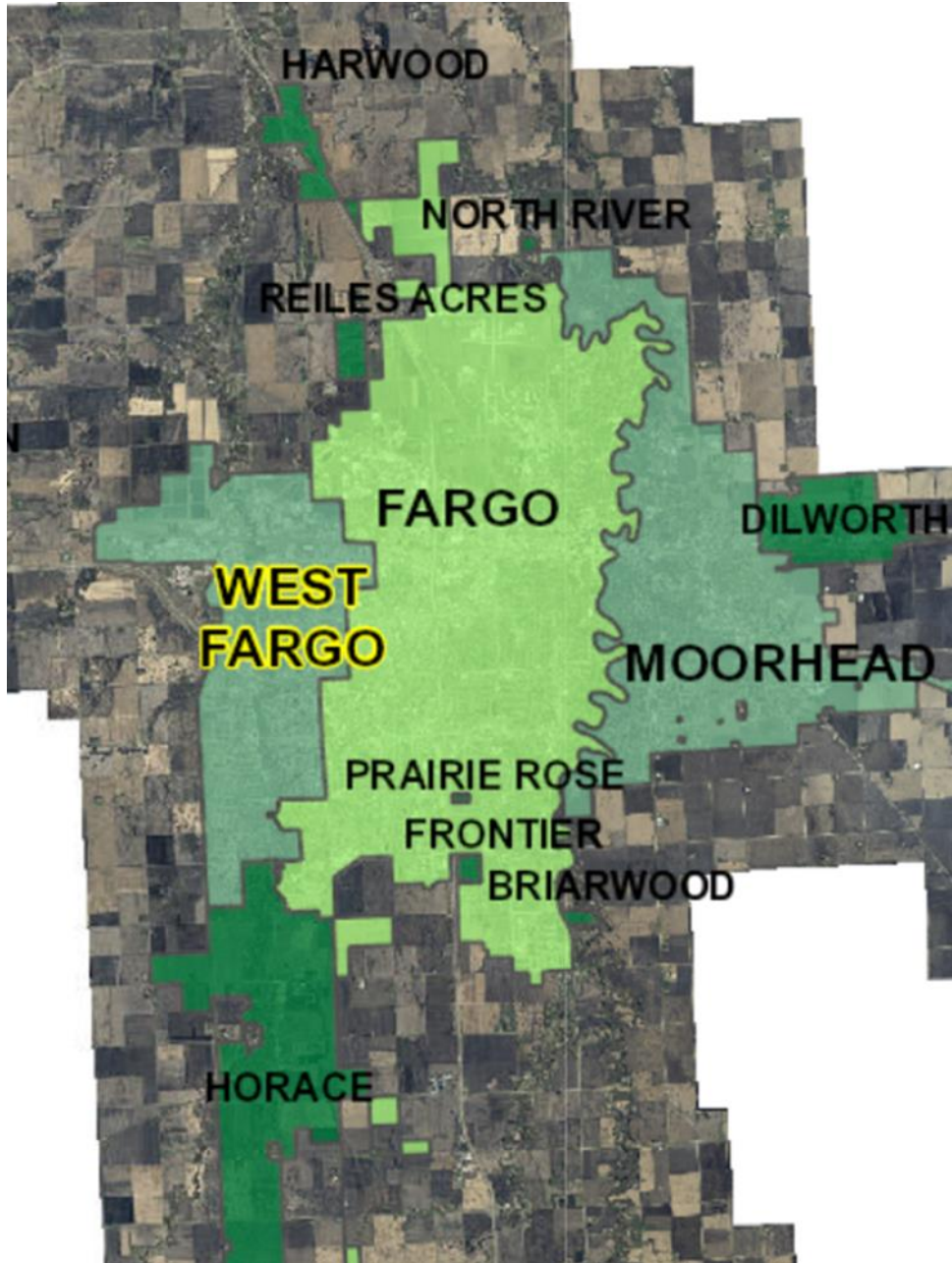
## Metropolitan Area

### Metropolitan Area Location



The Metropolitan Statistical Area is formally referred to as the Fargo-Moorhead Metropolitan Statistical Area and includes all of the cities and towns included within the boundaries of Cass County, ND and Clay County, MN. The general location map of the area is depicted above.

## City of West Fargo Location Map



The City of West Fargo is one of the fastest growing cities in the State of North Dakota, and now ranks 5<sup>th</sup> in terms of population statewide with an estimated population of more than 38,626 as of April 1, 2020. 2021 population estimates are not available as of the date of this report.<sup>1</sup>

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<sup>1</sup> US Census  
<https://www.census.gov/quickfacts/fact/table/westfargocitynorthdakota,casscountynorthdakota/AGE135219>



## Housing Market Area Description<sup>2</sup>

The Fargo-Moorhead-West Fargo Housing Market Area (HMA) is bisected by the Red River; includes Cass County, North Dakota and Clay County, Minnesota; and is coterminous with the Fargo ND-MN Metropolitan Statistical Area (MSA).

The HMA includes the City of West Fargo as well as Moorhead, Minnesota. The current population of the HMA is estimated at 248,700. The City of West Fargo represents a population estimated at 37,058 as of July 1, 2019, according to the most recent U.S. Census Data.<sup>3</sup>

## Market Qualifiers according to HUD

### Economy



**Stable:** Jobs increased 0.2 percent during the 12 months ending June 2019, compared with 0.3 percent during the same 12-month period 1 year earlier.

Although job growth was likely affected by the recent COVID-19, pandemic, the true effect on the economy has not been definitively established at this writing, but appears to be recovering to pre-pandemic levels.

### Sales Market



**Balanced:** New and existing home sales decreased 6 percent during the 12 months ending June 2019.

Recent MLS data indicates a very strong market driven by short supply and above average demand. Sales have increased

<sup>2</sup> U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis Fargo, North Dakota-Minnesota July 2019

<sup>3</sup> United States Census Bureau, Quick Facts

<https://www.census.gov/quickfacts/fact/table/westfargocitynorthdakota,claycountyminnesota,moorheadcityminnesota,casscountynorthdakota,fargocitynorthdakota/PST045219>

## Economic Conditions

### Major Employers

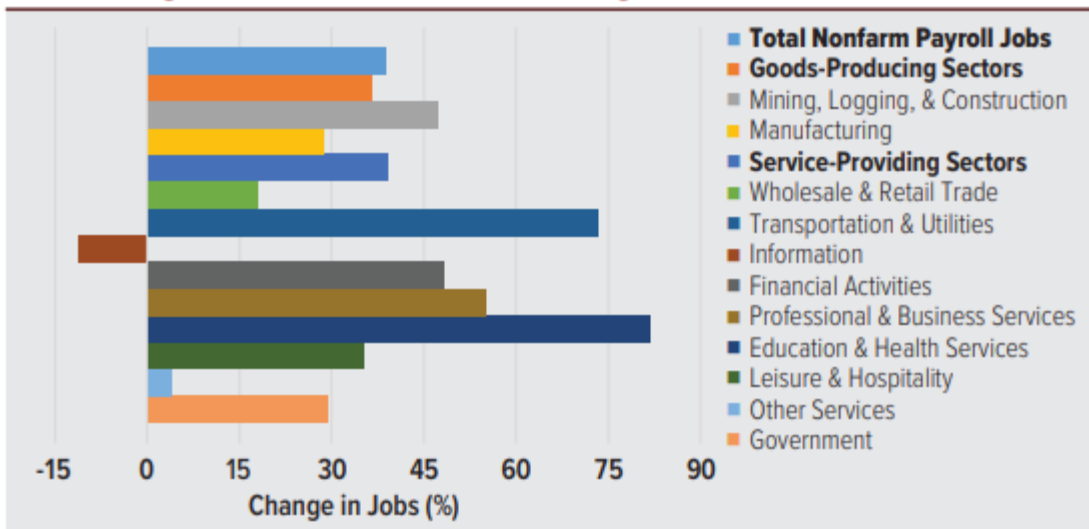
1. Sanford Health
2. NDSU
3. Essentia Health
4. Fargo Public Schools
5. West Fargo Public Schools

Source:

### Largest sector: Education and Health Services

The education and health services sector has been the fastest growing nonfarm payroll sector in the HMA since 2001 (Figure 1), partly because it was the only sector that added jobs every year.

**Figure 1. Sector Growth in the Fargo HMA, 2001 to Current**



Note: The current date is July 1, 2019.  
Source: U.S. Bureau of Labor Statistics

### City Data

The City of West Fargo has experienced steady growth over the last 15 years, and although the growth in nearby Fargo and Moorhead has been exceptional, West Fargo has seen steady property development and population growth. This is evidenced not only by the number and value of building permits, but also has translated into a booming K-12 population which has driven the demand for new school construction.

Vacant land available for development has been almost entirely movement from unimproved agricultural land to development. Depending upon the Long-Range Plan of the City and County, this land typically is developed in a manner consistent with those plans. West Fargo has a significant

amount of vacant agricultural land area available both north and south of the central core to add development. The redevelopment occurring in the community is centered in the original downtown area and is progressing along the corridors of County Road 17 and 19th Avenue North.

This future development will depend upon the final approval and construction of the FM Diversion, which will remove much of the flood risk in that area. It will also require re a significant investment for infrastructure, so it is expected that those high anticipated costs will drive in-fill development first.

Given the prominence of West Fargo within the larger metropolitan market, Recent MLS Data indicates the following level of residential sales activity year on year. The Covid-19 Pandemic has not seemed to slow sales activity, and supply and demand at present appear to be at record levels.

<b>Flex MLS Data</b>	<b># Sold</b>	<b># Sold</b>	<b>Percent</b>	<b>Sold Volume</b>	
	<b>2019</b>	<b>2020</b>	<b>Change</b>	<b>2019</b>	<b>2020</b>
<b>E1- West Fargo</b>	58	56	-3	\$13,589,625	\$13,472,004
<b>E2- West Fargo</b>	94	90	-4	\$18,569,190	\$18,912,625
<b>E3- West Fargo</b>	63	64	+1	\$20,875,707	\$22,730,690
<b>E4- West Fargo</b>	348	447	+28	\$114,126,152	\$156,175,207
<b>E5- West Fargo</b>	16	13	-18	\$3,928,203	\$3,380,036
<b>E6- West Fargo</b>	7	6	-14	\$1,923,300	\$235,237,482
<b>Grand Totals</b>	<b>645</b>	<b>786</b>	<b>+22</b>	<b>\$182,483,982</b>	<b>\$235,237,482</b>

#### Median Home Value and Household Income Summary

Median Home Value     \$241,000  
 Median Household Income     \$85,120

Source:     [US Census](#)

**Area Description & Boundaries**

**Neighborhood:** The Wilds

**Location:** Suburban

**Neighborhood Boundaries**

**North:** Interstate Highway 94

**South:** Cass County Highway 14

**East:** Red River of the North

**West:** Sheyenne Diversion

The neighborhood boundaries extend from Interstate Highway 94 to Cass County Highway 14 on a north south axis and from Red River of the North to Sheyenne Diversion on an east west axis.

**Area & Property Use Characteristics**

				Up	Stbl	Dn		
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Population Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Built Up	<input type="checkbox"/> Fully Developed	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Employment Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Pace	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	<input type="checkbox"/> Slow	Personal Income Level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Property Values	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining	Retail Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	New Construction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Vacancy Trend	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining	Vacancy Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input type="checkbox"/> Taking Place	Rental Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Is subject in Opportunity Zone?

The subject neighborhood consists of mainly single-family homes of average to very good quality of construction in average to new condition. There are apartment buildings, twin homes, condominiums, schools, and parks within the neighborhood as well as commercial areas along Main Avenue, 9<sup>th</sup> Street E, 32<sup>nd</sup> Ave S, and Sheyenne Street. Single family housing values have been steadily increasing since the beginning of the COVID-19 pandemic. Financing is typically with conventional or FHA financing. The typical marketing time for a property in the area is 90-180 days, however, marketing times have been shorter due to strong demand and low inventory.

**Land Use Trends**

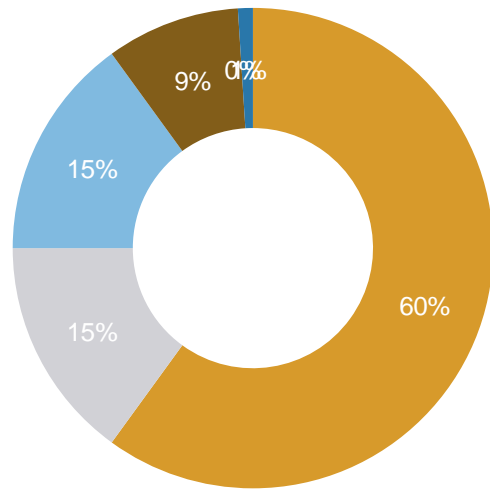
**Present Land Use**

Single-Family	60%
Retail	15%
Multifamily	15%
Office	9%
Industrial	0%
Vacant	1%
<hr/>	
	100%

**Subject Land Use**

Residential

**Land Use**



		<b>Supply/Demand</b>		
<b>Vacancy</b>		Under	In Bal.	Over
Single-Family	65%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retail	10%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Multifamily	10%	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Office	10%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Industrial	10%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vacant	1%	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

■ Single-Family   
 ■ Retail   
 ■ Multifamily  
■ Office   
 ■ Industrial   
 ■ Vacant

**Change in Land Use**    Taking Place

Land uses in the neighborhood consist of Single Family Homes, Apartments, Retail, Office and Light Industrial

Age Range for Residential	2000	to	2022
Rent Range for Residential	N/A	to	N/A / square foot

**Market Area Comparison**

Arterial (Highway) Access	Above Average
Public Transit	Below Average
Governmental Services	Average
New Construction	Above Average
Gentrification	Below Average
Market Sentiment	Above Average
Employment Trends	Above Average
Demand Generation	Above Average

**PART II SUBJECT PROPERTY INFORMATION**

**Location Map**



## Property Description

An approximately 3 acres site with a one-story dwelling, attached garage, and metal shop building. Site improvements include concrete parking aprons and an asphalt paved driveway.

Land Summary				
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape
02-4955-00010-000	3.90	169,884	Level	Rectangular

## SITE

<b>Location:</b>	Adjacent to Sheyenne Street between 47th Ave and 52nd Ave
<b>Current Use of the Property:</b>	Single Family Residential
<b>Shape:</b>	Rectangular
<b>Frontage/Access:</b>	<p>The subject property has Good/Paved Asphalt &amp; Concrete access with frontage as follows:</p> <ul style="list-style-type: none"><li>• Sheyenne Street: 340 feet</li></ul> <p>The site has an average depth of 500 feet. It is not a corner lot.</p>
<b>Visibility:</b>	Private
<b>Topography:</b>	Level
<b>Soil Conditions:</b>	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
<b>Utilities:</b>	<p>Electricity: The site is served by public electricity.</p> <p>Sewer: City sewer</p> <p>Water: City water</p> <p>Natural Gas: Xcel Energy</p> <p>Underground Utilities: The site is serviced by underground utilities.</p>

Adequacy: The subject's utilities are typical and adequate for the market area.

**Site Improvements:**

Site Visibility: Private

Access: Good/Paved

Driveway: Paved Asphalt

Surface Parking: Concrete with base

Outdoor Lighting: Private

**Flood Zone:**

The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.

FEMA Map Number: 38017C0767G

FEMA Map Date: January 16, 2015

**Environmental Issues:**

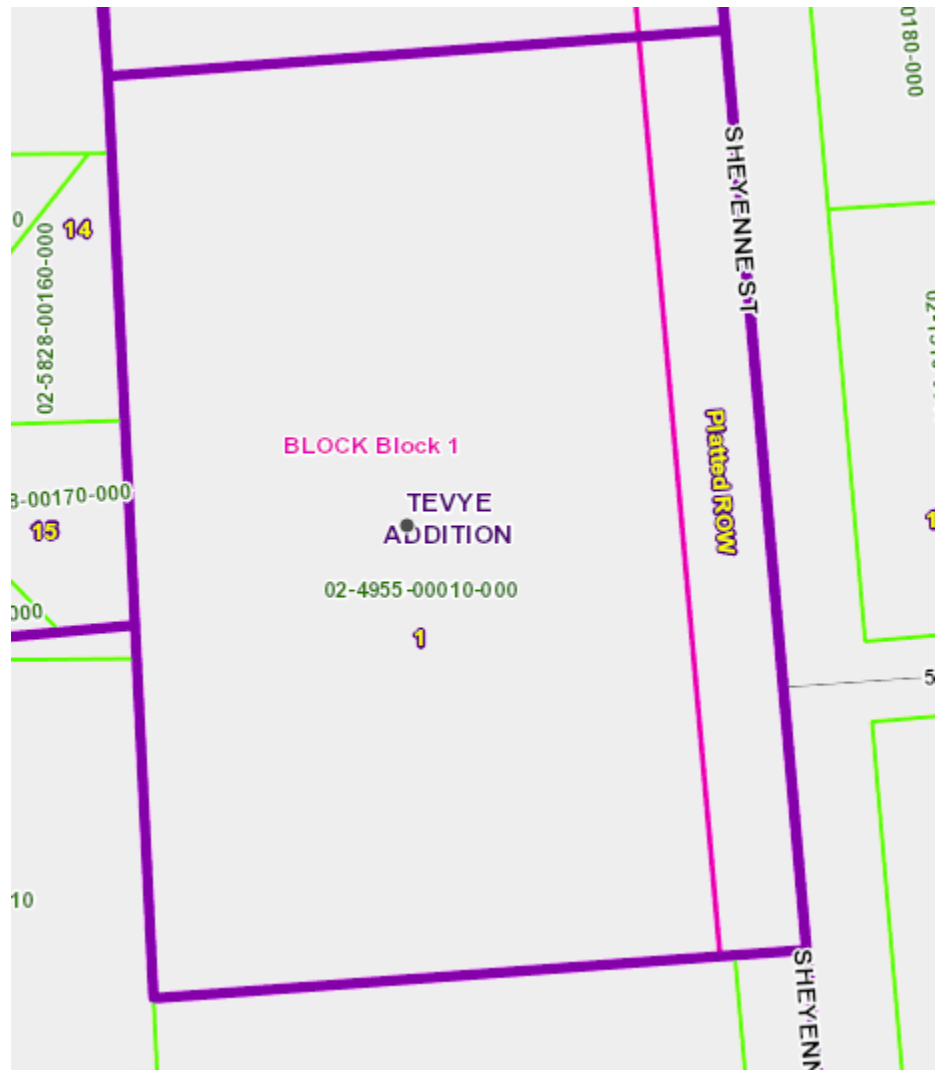
Protected by Levee

**Encumbrance /  
Easements:**

Typical ROW and utility



## Site Plan/Tax Map/Survey



**Site:**

The subject property is superior to other residential properties located throughout the market area and neighborhood. It is unique in that it is on a larger than normal site in an individually platted residential subdivision. The soil conditions observed at the subject appear to be typical of the region and adequate to support development. The site is contained entirely within Tevye 1<sup>st</sup> Addition. It is Rectangular in shape. The hypothetical site in this appraisal excludes that part of the property that includes the metal building and the Additional Dwelling Unit (a single family home). The site was previously at risk of flooding prior to the construction of the Sheyenne Diversion. The adjacent lands have been flooded by the Sheyenne River and the Red River of the North. The site has professionally developed landscaping and is well maintained. Access to the property is from Sheyenne Street that leads to the concrete driveway at the front of the property. The access is considered adequate and very private. The view from the property is open space/wooded with open views in all directions.

## PART II SUBJECT INFORMATION PROPERTY

### Legal Description:

The most recent sale reflects the value of the site before platting and construction., a Warranty Deed dated May 26, 2017 states:

Lot 1, Block 1, Tevye Addition to the City of West Fargo, ND.

IMPROVEMENTS DESCRIPTION	
<b>Development/Property Name:</b>	TEVYE, LLC 1594 ADU Split
<b>Property Type:</b>	Rural Residential
<b>Overview:</b>	An approximately 3 acres site with a one-story dwelling, attached garage, and metal shop building. Site improvements include concrete parking aprons and an asphalt paved driveway.

Building Summary				
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area
Accessory Dwelling Unit	1996	Above Average	1.0	2,232

GENERAL - ACCESSORY DWELLING UNIT	
<b>Building Identification:</b>	Accessory Dwelling Unit
<b>Building Description:</b>	Dwelling with attached garage and Metal Building
<b>Building Class:</b>	Very Good
<b>Construction:</b>	D-Wood/Metal
<b>Construction Quality:</b>	Above Average
<b>Year Built:</b>	1996
<b>Renovations:</b>	The metal building was recently updated.
<b>Effective Age:</b>	24 years
<b>Remaining Useful Life:</b>	51
<b>Condition:</b>	Above Average

**Appeal/Appearance:** Very Good

**Areas, Ratios & Numbers:** Number of Stories: 1.00

Gross Building Area: 2,232

**FOUNDATION, FRAME & EXTERIOR - ACCESSORY DWELLING UNIT**

**Foundation:** Poured Concrete

**Basement/Sublevels:** 1,750 square feet

**Basement Use:** Partially Finished--

**Exterior:** Wood/Metal Siding

**Windows:** Casement & Fixed Casement

**Roof/Cover:** Hip / Asphalt Shingles

**Other:**

**INTERIOR - ACCESSORY DWELLING UNIT**

**Interior Layout:** Good

**Floor Cover:** Hardwood, Tile

**Walls:** Painted drywall

**Ceilings & Ceiling Height:** Drywall / 8 and vault

**Lighting:** A mix of fluorescent and incandescent lighting.

**Other:** Hardwood casework and cabinetry.

**MECHANICAL SYSTEMS - ACCESSORY DWELLING UNIT**

**Heating:** Gas Forced Air

**Cooling:** Central

**Electrical:** 200 amp

**Plumbing Condition:** Good

**Other:** \$36,000 Site Improvements value

**Comments:** The backup generator is on this parcel but is valued with the main parcel since it serves the main dwelling.

## PARKING

<b>Parking Type and Number of Spaces:</b>	Type: Paved open surface parking Spaces: 11 Condition: Very Good
<b>Other:</b>	There are 3 interior parking spaces available. Ample parking spaces are available in front of both the attached garage and the metal building for outside parking if needed.

## PROPERTY ANALYSIS

<b>Design &amp; Functional Utility:</b>	One Story rambler with attached garage that is in very good condition with modern function and utility.
<b>Deferred Maintenance:</b>	None
<b>Capital Improvements:</b>	None planned
<b>Comments:</b>	A well- maintained property built in 1996 that has some updated improvements. The property has good curb appeal in a desirable setting with good access from Sheyenne Street.

### **Americans With Disabilities Act**

Please reference the Limiting Conditions and Assumptions section of this report on page 17.

### **Hazardous Substances**

Please reference the Limiting Conditions and Assumptions section of this report on page 14.



## Zoning

Zoning Summary	
<b>Zoning Authority</b>	City of West Fargo
<b>Zoning District</b>	R-1A Single Family Dwelling District
<b>Zoning Code</b>	R-1A
<b>Zoning Type/Description</b>	Single Family Residential
<b>Zoning Density/FAR</b>	Low to very low density
<b>Zoning Intent/Summary</b>	The provisions of the R-1A District are intended to apply to neighborhoods with low density, wherein certain educational, religious, recreational and other activities compatible with residential development are permitted.
<b>Permitted Uses</b>	Single-family detached dwellings. 2. Publicly owned and operated parks, playgrounds, and recreational facilities. 3. Schools, churches, religious institutions and places of worship. 4. Essential services and public buildings. 5. State-licensed group homes serving six or fewer developmentally disabled persons. 6. Accessory buildings, provided that they shall be located as required in Section 4-442 of this Ordinance. 7. Home occupations, provided that they shall be operated as required in Section 4-448 of this Ordinance. 8. Family Child Care Home.
<b>Maximum Site Coverage</b>	0.3
<b>Minimum Lot Area</b>	6000
<b>Front Set Back Distance</b>	25
<b>Side Yard Distance</b>	60 feet
<b>Back Yard Distance</b>	60 feet
<b>Maximum Building Height</b>	30 feet

## SUMMARY OF THE APPRAISAL PROBLEM

The client has requested a valuation of the property to determine the fair market value for tax assessment analysis purposes. The assignment seeks to determine the "Fair Market Value" of the property according to the definition as provided herein. Because the ND Definition of Market Value is used, no market exposure or marketing time estimate is made.

Valuation issues addressed will include a discussion of the market area (neighborhood) sales, recent comparable sales relied upon, components of value and aspects of highest and best use including a determination of what is legally permissible, physically possible, financially feasible and that would result in a credible result if the property were exposed to the open market, subject to the hypothetical conditions and extraordinary assumptions otherwise stated herein.

### Definitions

For purposes of this assignment:

"True and full value" means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed. This shall include, for purposes of arriving at the true and full value of property used for agricultural purposes, farm rentals, soil capability, soil productivity, and soils analysis.<sup>4</sup>

"Assessed valuation" means fifty percent of the true and full value of property<sup>5</sup>

*As defined by NDCC Chapter 57-02 (12) "Residential property" means all property, or portions of property, used by an individual or group of individuals as a dwelling, including property upon which a mobile home is located but not including hotel and motel accommodations required to be licensed under chapter 23-09 nor structures providing living accommodations for four or more separate family units nor any tract of land upon which four or more mobile homes are located.*

*57-02-53. Assessment increase notice to property owner. 1. a. When any assessor has increased the true and full valuation of any lot or tract of land and improvements to an amount that is an increase of three thousand dollars or more and ten percent or more from the amount of the previous year's assessment, the assessor shall deliver written notice of the amount of increase and the amount of the previous year's assessment to the property owner at the expense of the assessment district for which the assessor is employed. Delivery of written notice to a property owner under this subdivision must be completed at least fifteen days before the meeting of the local board of equalization.*

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<sup>4</sup> NDCC Chapter 57-02(15)

<sup>5</sup> NDCC Chapter 57-02 (3)



57-02-27 (1) All residential property to be valued at nine percent of assessed value. If any property is used for both residential and nonresidential purposes, the valuation must be prorated accordingly.

A review of assessment records of the City of West Fargo indicate that the subject property is likely one of the highest valued single-family homes within the jurisdiction.

### Property Type Distribution for Cass County

Sales Ratio Study for the year 2020												
County 09 CASS COUNTY												
	COUNT	SALES PRICE	ASSESSMENT	AVG ACRE	ARITH MEAN	AGG MEAN	MEDIAN	PRD	AVG DEV	COEFF OF DIS	RANGE HIGH	LOW
<b>PROPERTY TYPE DISTRIBUTION FOR CASS COUNTY</b>												
<b>Agricultural</b>	31	23,805,558	6,793,400	755	29.6	28.5	26.8	1.04	5.2	19.40	30460000.0	0.0
<b>Commercial</b>	32	7,994,706	6,728,400	0	87.5	84.2	90.8	1.04	9.9	10.91	90890000.0	0.0
<b>Vacant Lots</b>	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
<b>Total Comm &amp; VL</b>	32	7,994,706	6,728,400	0	87.5	84.2	90.8	1.04	9.9	10.91	90890000.0	0.0
<b>Residential</b>	180	54,654,154	49,816,300	0	90.9	91.1	90.4	1.00	7.3	8.08	209120000.0	0.0
<b>Lakeshore</b>	0	0	0	0	0.0	0.0	0.0	0.00	0.0	0.00	0.0	0.0
<b>Total Res &amp; LS</b>	180	54,654,154	49,816,300	0	90.9	91.1	90.4	1.00	7.3	8.08	209120000.0	0.0
<b>Mobile Home</b>	15	336,400	268,682	0	119.0	79.9	93.3	1.49	52.2	55.95	261.7	47.8
<b>GRAND TOTAL</b>	258	86,790,818	63,606,782	2,646	84.7	73.3	89.6	1.16	16.6	18.54	209120000.0	0.0

As can be seen from the table above, the mean sales price of residential properties of the 180 sales is \$303,634. The mean and the median are within acceptable levels for assessment accuracy as is the Coefficient of Dispersion. This indicates that generally speaking the sales analysis and reporting for Cass County is very accurate. Using West Fargo City statistics, the median home value is \$241,000.

However, the average residential property in Cass County is only equivalent to 4.9% of the value of the subject property which is assessed at \$6,225,000. It would take the average value of 25.82 other homes to equal the value of the subject.

The tax revenue of \$86,600 represented by the subject property and these 25.82 other homes would be equal to the following measurements.

No. of occupants 2.55 occupants/ household x 25.82 homes = 65.86 rounded up to 66 people.

Using Census data, it would appear that 19% of the population is school age (5 years old to 18 years old)

This population of 26 homes would be responsible for the payment of taxes of 13 children.

Of the 309.12 mills levied for taxes in total, 137.17 mills or roughly 44% of the taxes are used for education.

\$86,600 in taxes would yield \$38,428 or \$2,950.00 per child.

The analysis will focus on the statistics of the valuation in terms of

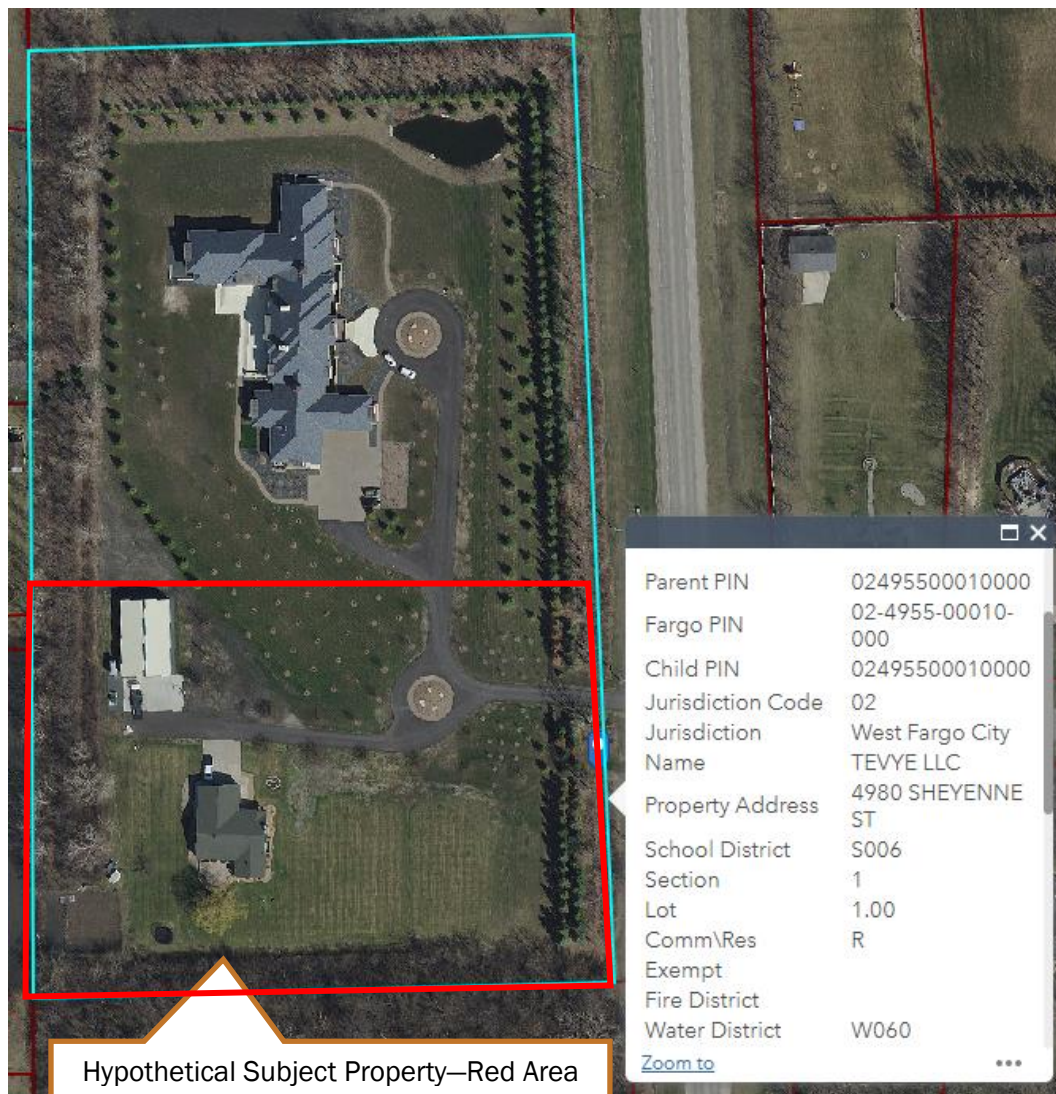
1. What is the fair market value of the property under current market conditions?

2. Does the fair market value of the property as assessed represent equitable taxation to the owner considering the classification, use and occupancy of the property?

Valuation issues addressed will include a discussion of the market area (neighborhood) sales, recent comparable sales relied upon, components of value and aspects of highest and best use including a determination of what is legally permissible, physically possible, financially feasible and that would result in a credible result if the property were exposed to the open market, subject to the hypothetical conditions and extraordinary assumptions otherwise stated herein.

## PROPERTY DATA

**Site:** The subject property is superior to other residential properties located throughout the market area and neighborhood. It is unique in that it is on a larger than normal site in a residential subdivision. The soil conditions observed at the subject appear to be typical of the region and adequate to support development. It is Rectangular in shape. The site was previously impacted by past flood events and a large levee has been built to elevate the subject and other nearby properties above the flood plain, even though the adjacent lands have been flooded by the Red River of the North. The site has professionally developed landscaping and is well maintained. Access to the property is from Sheyenne Street that leads to the circular concrete driveway at the front of the property. The access is considered very private. The view from the property is a Open space/wooded with open views in all directions. The property pool area is fenced.



**Improvements:** property is improved with Accessory Dwelling Unit as a single-family home with attached garage as well as a 3 stall detached garage. The dwelling is approximately 2,232square feet of above grade living area. It was built in 1996 and has an effective age estimated at 24 years. The building is of Class – D-Wood/Metal construction of above average quality with brick veneer. It has a gas forced air source heat system that provides both heating and cooling. The above grade room count is that of a 6.0 rooms, 2.0 bedroom, 3.0 bath home. It has a poured concrete partially finished basement.

The subject improvements include an excellent quality, contemporary-designed and built style one-story dwelling with a full basement, an oversized three-stall attached garage, and a metal building. The exterior finishes of the structures include a combination of metal siding and brick trim detail.

Building Summary	
Building Name/ID	Accessory Dwelling Unit
Building Description	Dwelling with attached garage and Metal Building
Building Class	Very Good
Construction Class	Class D
Construction	D-Wood/Metal
Construction Quality	Above Average
Year Built	1996
Renovations	The metal building was recently updated.
Effective Age	24
Total Economic Life	75
Remaining Economic/Useful Life	51
Condition	Above Average
Appeal and Appearance	Very Good
Number of Stories	1

Building Area	
Other GBA	2,232
Gross Building Area	2,232
Source for SF Area	Public Record

Number of Units	
Number of Rooms	6
Number of Bedrooms	3
Number of Bathrooms	3
Number of Half Bathrooms	1

Foundation Frame/Ext.	
Foundation	Poured Concrete
Basement Size (SF)	1750
Basement Use/Finish	Partially Finished
Frame	Wooden Frame
Exterior Walls	Wood/Metal Siding
Windows	Casement & Fixed Casement
Roof Type	Hip
Roof Cover	Asphalt Shingles

Interior	
Floor Plan Layout	Good
Floor Covering	Hardwood, Tile
Walls	Painted drywall
Ceiling Cover	Drywall
Ceiling Height (Effective, Feet)	8 and vault
Interior Lighting	A mix of fluorescent and incandescent lighting.

Single Family Residential	
Design	Rambler
Number of Rooms	6
Number of Bedrooms	3
Number of Bathrooms	3
Fireplace/Woodstove	2- 1 story
Porch/Deck	1-open, 1-3 season
Garage	3 Stall Attached
Ancillary Buildings/Shed	Metal Building
Other Amenities	Large lot, paved parking
Other	Irrigated site

**Use History:** The property has been used as a residential property since 1996.

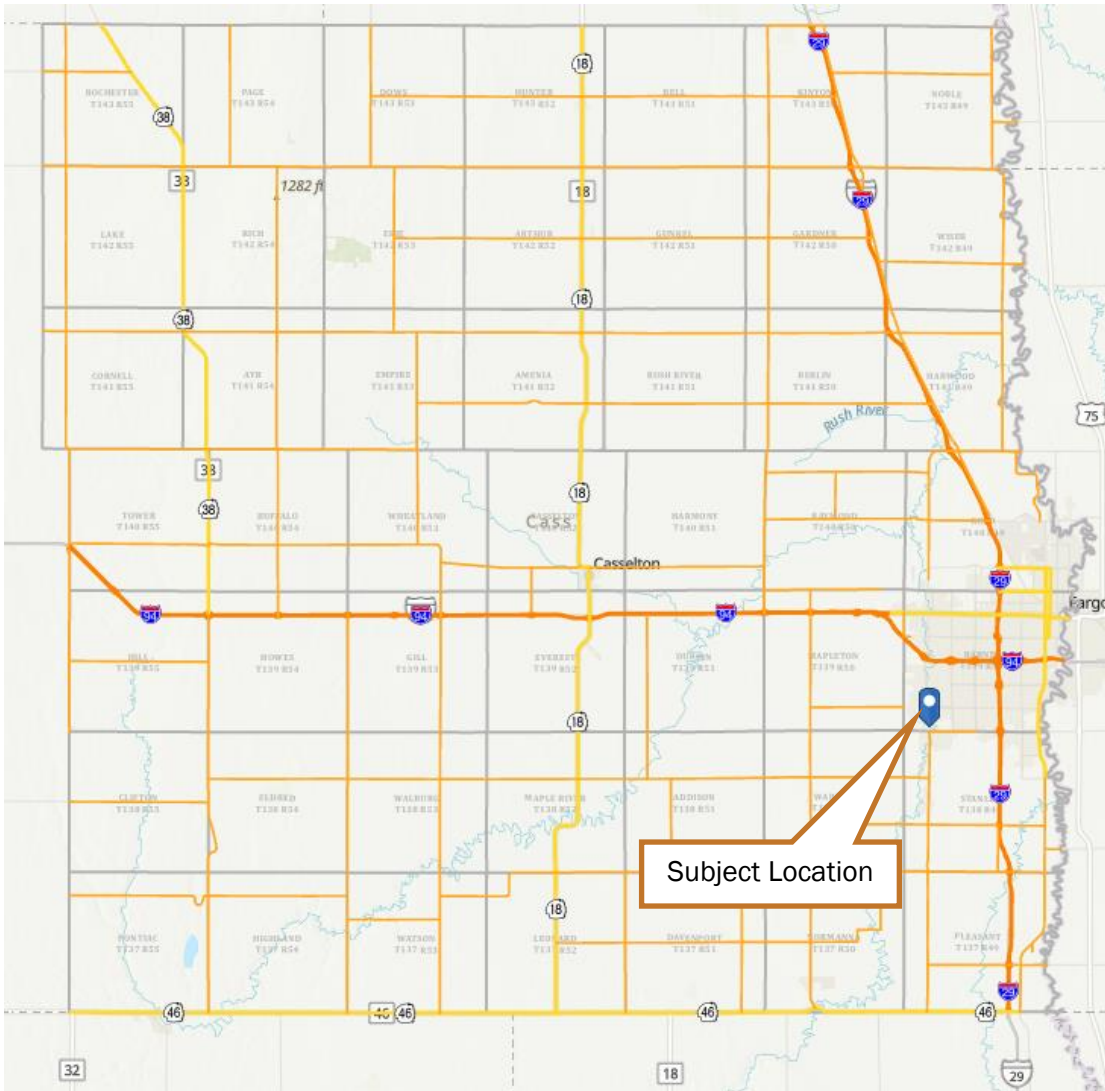
**Sales History:** The property has been owned by the present owners since the most recent recorded sale, which occurred on May 26, 2017. A search of the Cass County Register of Deeds indicates Warranty Deed from Patricia Nischke, grantors, to, TEVYE, LLC. The sales price for Lot 1, Block 1, Tevye Addition was \$1,350,000.

**Analysis of Prior Sale of the Subject Property:** The most recent sale of the subject was in 2017. The subject was redeveloped and replatted by the current owners.

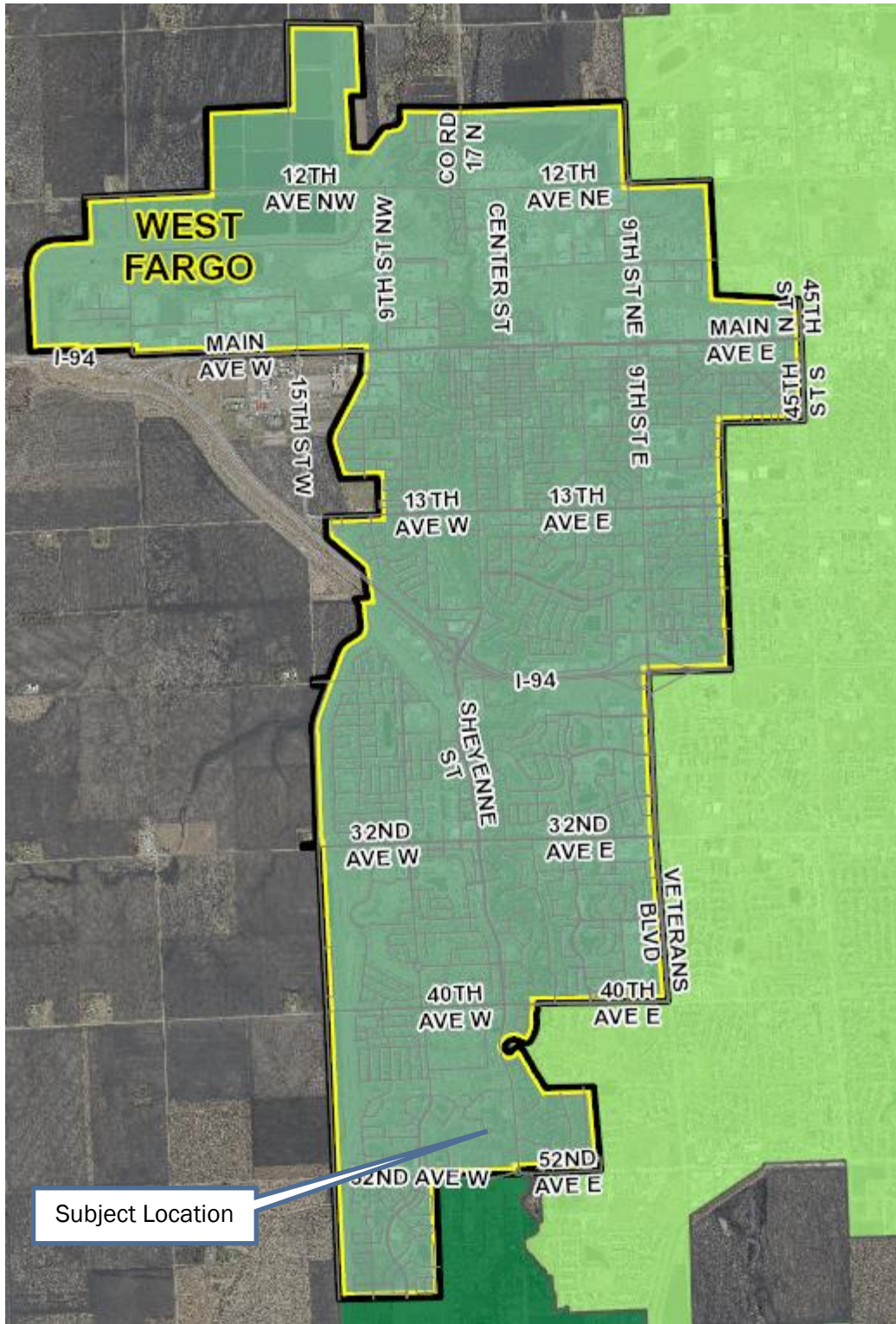
**Rental History:** The property has no rental history.

**Zoning and Land Use Regulation:** The property is zoned R-1A, Single Family Residential, according to the City of West Fargo zoning code. This zoning is typical for Single Family Residential in this part of the city.

## Cass County Location Map



**Subject Property City Location Map**



## Subject Property Location Map

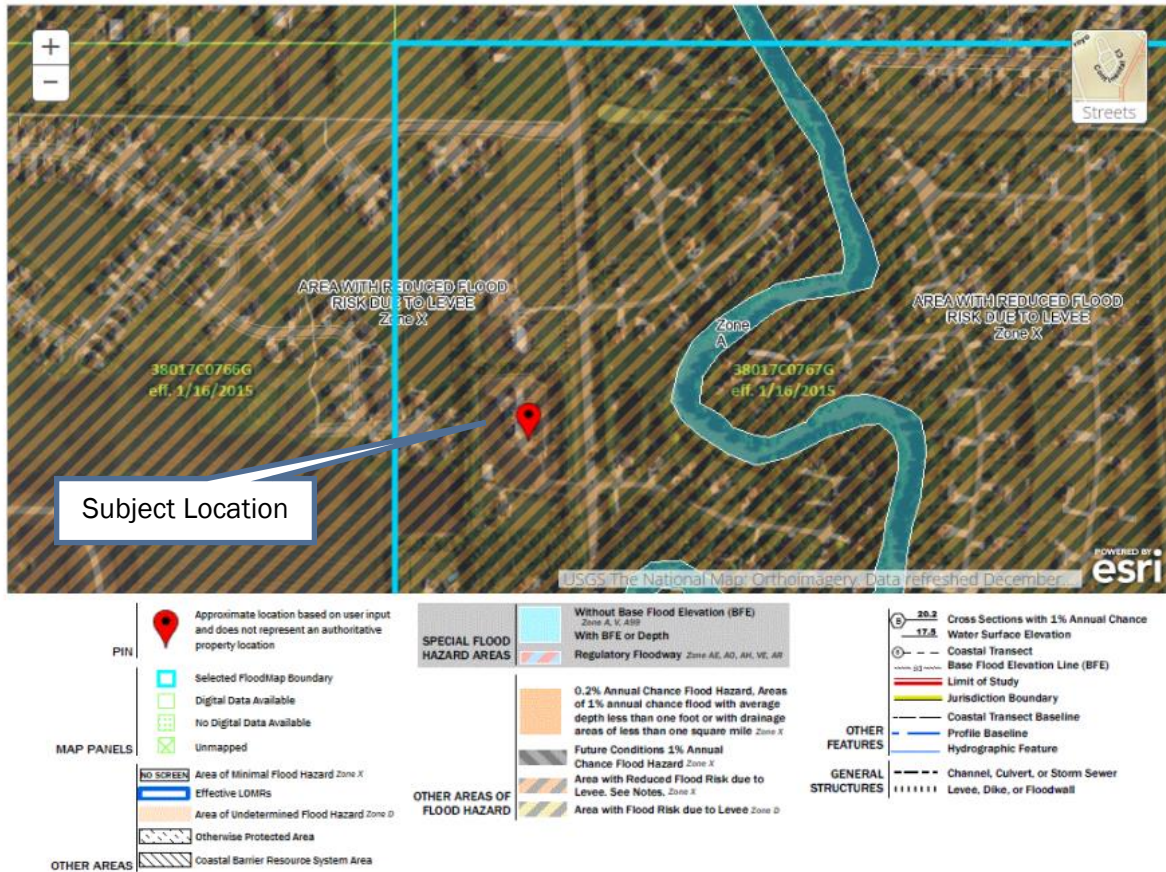






# FEMA Flood Plain Map

FEMA Map number 38017C0767G dated January 16, 2015.



Other Floodway Areas in Zone X (outside the 0.2% chance of flood).

**Subject Property Photos: Photos taken February 9, 2022**



View of front of dwelling



Rear View



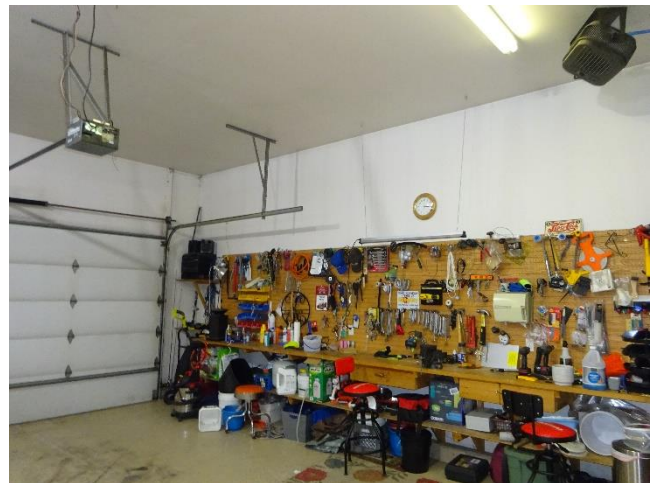
View of rear of dwelling



Front porch



View of site looking south



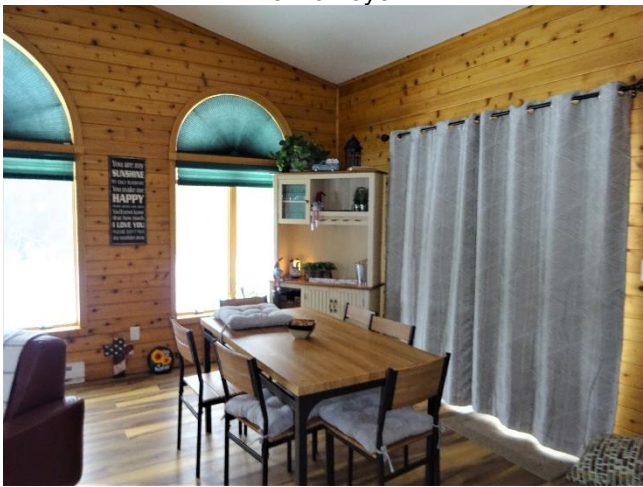
View of garage interior



View of foyer



View of living room



View of sunroom



Kitchen



Dining area in kitchen



Kitchen/Eating area



Bedroom/office



Bedroom/Office



Master Bedroom



Master Bedroom



Master Bath



Master Bath/shower



Bedroom



Bedroom closet



View of family room



View of family room



View of storage



View of storage



View of sump pumps in utility room



Electrical Service Entrance panel



View of exercise room



View of exercise room



View of family room



View of storage



View of bedroom



View of bedroom



View of bathroom



View of bedroom



View of HVAC in utility room



View of sumps in utility room





View of water treatment

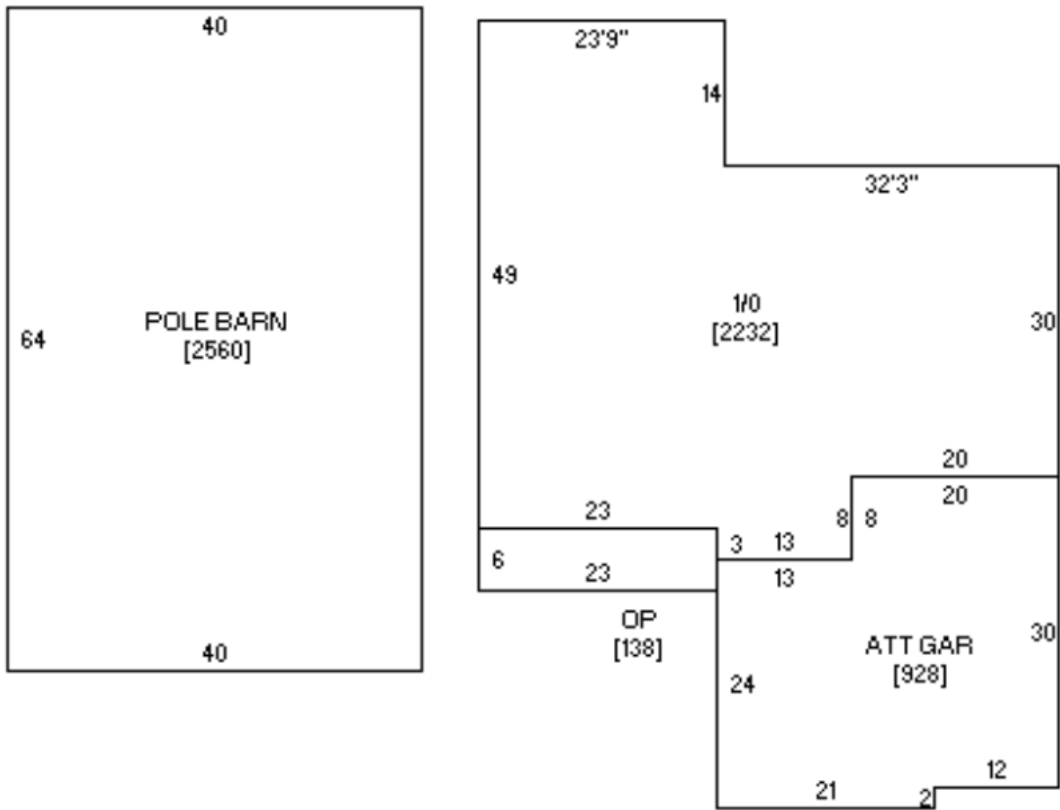


View of powder room



View of stool in powder room

**Building Sketch of House and Garage (Drawings are not scaled)**



## **PART III DATA ANALYSIS AND CONCLUSIONS**

### **HIGHEST AND BEST USE**

The highest and best use analysis is a procedure that is used to identify the most profitable and probable competitive use to which a property can be placed. These are key determinants of market value. Physically possible and legally permissible uses are analyzed ahead of financial feasibility and maximally productive uses. It does little good to implement maximally productive and financially feasible uses that are not legal or are physically impossible on the site. Highest and best use is defined as:

That reasonable, 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 as of the effective date of the appraisal.

To estimate highest and best use, four elements are considered:

1. Possible use. What uses of the site in question are physically possible?
2. Permissible legal use. What uses of the site are legally permitted by zoning and deed restrictions?
3. Financially feasible use. Which possible and permissible uses will produce a net return to the owner of the site?
4. Maximally productive. Among the feasible uses, which use will produce the highest net return or the highest present worth?

A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

#### **Highest and Best Use of the Larger Parcel as though Vacant:**

##### **Legally Permissible:**

The Highest and Best Use as vacant would consider all of the uses as enumerated in the City of West Fargo Zoning Code. Other land uses would not likely be available without a variance being granted. Other uses would require the proposed development to be presented to the City of West Fargo for presentation to the Planning Commission.

**Elevation:**

Flood Insurance Rate Maps or FIRMs are typically available from a jurisdiction to review to determine a property's relation to the adopted floodplain. The newest flood map, 38017C0767G went into effect on January 16, 2015. Typically, a mortgage company would inform an owner if they were required to purchase flood insurance and insurance agents are trained to provide you with information you need to know about flood insurance coverage.

If it is determined that a property is indeed in a Special Flood Hazard Area (SFHA) the owner will likely be required to obtain an Elevation Certificate to build. The Elevation Certificate is prepared by a registered engineer, land surveyor, or architect and may be kept on file by the local floodplain administrator. The subject property appears to be in a flood hazard area protected by levee or Zone X. It is not likely that flood insurance would be required but should be verified with a licensed insurance agent. The critical building elevation for building construction is 908 feet, according to the International Water Institute Map.

It is possible to build upon the parcel and it is not precluded by soil, or elevation/flood conditions, and is therefore physically possible.

**Zoning**

A complete analysis of zoning and applicable land use controls, including a review of potential deed restrictions has been made. The parcel in the project area is zoned R-1A, according to the current zoning map. This zoning limits its use to single-family homes with accessory buildings permitted. In this case, the parcel to be appraised is the same as the tax parcel identified in the Summary of the Appraisal Problem. There are no extenuating circumstances that the appraisers are aware of that would change this conclusion. Single Family Residential uses are allowed and are legally permissible at the site.

**Access**

The subject property has access from Sheyenne Street a hard-surfaced all-weather road with a concrete curb and gutter. This access is considered typical for residential properties within West Fargo. Accessibility is a physically possible attribute.

**Size:**

The site size for the subject parcel is atypical, being of a size of – acres. The physical possibility of new construction on the subject lot is determined by whether or not a building permit can be issued. Authority for issuing the building permit is vested with West Fargo. The building permit guidelines, although similar to the County zoning code, are independent, although aligned with the county zoning.

**Utilities**

According to the owners and public records, the property is serviced with electricity, city water and sewer, and other typical utility services.

**Lot Requirements:**

The lot size is a minimum of 8,400 square feet, and the subject greatly exceeds this requirement.

**Site Improvements:** The site has a concrete surfaced driveway, as well as a paver surfaced driveway. The driveway is elevated above the surrounding site. Turfgrass, as well as evergreen and deciduous trees, foundation plantings, and perimeter landscaping, were also observed upon inspection. Sites are typically graded to drain properly and this feature is not considered to drive value strongly except where there is past evidence of water problems affecting building improvements. Given the sloping nature of the property, drainage has been properly accommodated on the site.

**Financially Feasible:**

All uses that can be expected to yield a positive return are financially feasible. The financial feasibility of the subject for residential use would be determined by whether or not the property could be built upon and resold in the current market, given the current market conditions. Financial feasibility is the third test of highest and best use. It would do little good to construct building improvements on a site even if physically possible and legally permissible if there is no future market for the completed property.

**Maximally Productive:**

Of all of the financially feasible uses, the one that produces the highest residual land value consistent with the preceding tests determines the highest and best use. The maximally productive use of the property as vacant and available for use must be consistent with the zoning code for the City as well as the requirements imposed by the County. The goal in developing any property should be to maximize the value of the property in the after condition taking into consideration factors previously discussed.

It is concluded that the Highest and Best Use of the property as vacant is for single-family residential use with accessory buildings permitted.

## **Conclusion of Highest and Best Use of the Property as Improved**

### **Legally permissible:**

The subject parcel is currently improved as part of a platted subdivision, and its current use is consistent with other nearby properties. It has proper access and is serviced with typical utilities. The site has sufficient elevation of the foundation for the structure as observed. All of these conditions indicate compliance with zoning and the flood overlay district.

***Physically Possible:*** The subject property has sufficient site elevation for building improvements. The property is accessible from Sheyenne Street. There are no limiting soil or elevation conditions that preclude physical development, and a building permit was issued for the construction of the improvements.

***Financially Feasible:*** The financial feasibility of the property is proven by the fact that it has been built upon, has been improved since platting, and there are also other nearby properties that have been exchanged in the local market.

### **Maximally Productive:**

Of all of the financially feasible uses, the one that produces the highest residual land value consistent with the preceding tests determines the highest and best use. The maximally productive use of the property as vacant and available for use must be consistent with the Zoning Code for the City as well as the requirements imposed by the County Board. The goal in developing any property should be to maximize the value of the property in the after condition taking into consideration factors previously discussed.

In light of all of the conditions that might affect the property, the following considerations are primary in the consideration of the Highest and Best use as if vacant and available for development.

1. There have been recent sales of vacant lots or building sites that are vacant and available within the market area.
2. There has been development (building construction) upon lots purchased for development within the time period evaluated within this appraisal.

The Highest and Best Use as improved is concluded to be its current use. Although additional development would put additional invested capital at risk, the highest and best use as improved and including the adjacent lot, is for residential development consistent with the requirements of the R-1 zone.

## Zoning Summary

<b>Zoning Authority</b>	City of West Fargo
<b>Zoning District</b>	R-1A Single Family Dwelling District
<b>Zoning Code</b>	R-1A
<b>Zoning Type/Description</b>	Single Family Residential
<b>Zoning Density/FAR</b>	Low to very low density
<b>Zoning Intent/Summary</b>	The provisions of the R-1A District are intended to apply to neighborhoods with low density, wherein certain educational, religious, recreational and other activities compatible with residential development are permitted.
<b>Permitted Uses</b>	Single-family detached dwellings. 2. Publicly owned and operated parks, playgrounds, and recreational facilities. 3. Schools, churches, religious institutions and places of worship. 4. Essential services and public buildings. 5. State-licensed group homes serving six or fewer developmentally disabled persons. 6. Accessory buildings, provided that they shall be located as required in Section 4-442 of this Ordinance. 7. Home occupations, provided that they shall be operated as required in Section 4-448 of this Ordinance. 8. Family Child Care Home.
<b>Maximum Site Coverage</b>	0.3
<b>Minimum Lot Area</b>	6000
<b>Front Set Back Distance</b>	25
<b>Side Yard Distance</b>	60 feet
<b>Back Yard Distance</b>	60 feet
<b>Maximum Building Height</b>	30 feet

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## VALUATION APPROACHES:

### Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

#### Cost Approach

The Cost Approach is summarized as follows:

Calculate the Replacement or Reproduction Cost New  
- Depreciation  
+ Land Value  
= Value

#### Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

#### Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of values for the subject. By process of correlation and analysis, a final indicated value is derived.

#### Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

#### Analyses Applied

A **cost analysis** was considered and was developed because there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because the subject is not an income producing property and this approach does not reflect market behavior for this property type.



## **Cost Approach**

The Cost Approach is based on the principle of substitution - that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process. The Cost Approach tends to set the upper limit of value before depreciation is considered. The applied process is as follows:

- Estimate the land value according to its Highest and Best Use. We have used the Sales Comparison Approach; the process is as follows:
  - Comparable sales, contracts for sale and current offerings are researched and documented.
  - Each comparable is analyzed and adjusted to equate with the subject property.
  - The value indication of each comparable is analyzed and the data reconciled for a land value indication.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for an indication of value.

## **Land Value**

The subject's land value has been developed via the sales comparison approach.

## **Sales Comparison Approach – Land Valuation**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution, and externalities. The following steps describe the applied process of the Sales Comparison Approach.

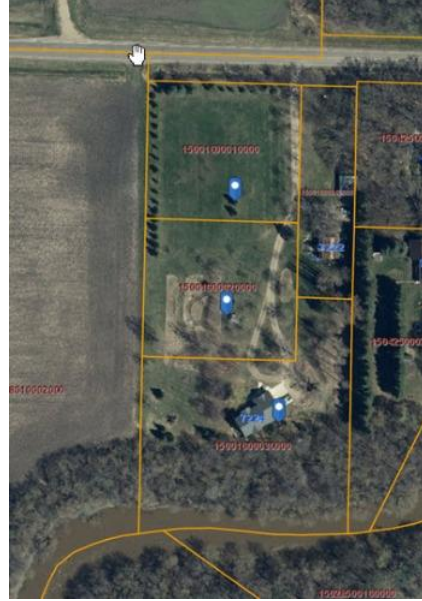
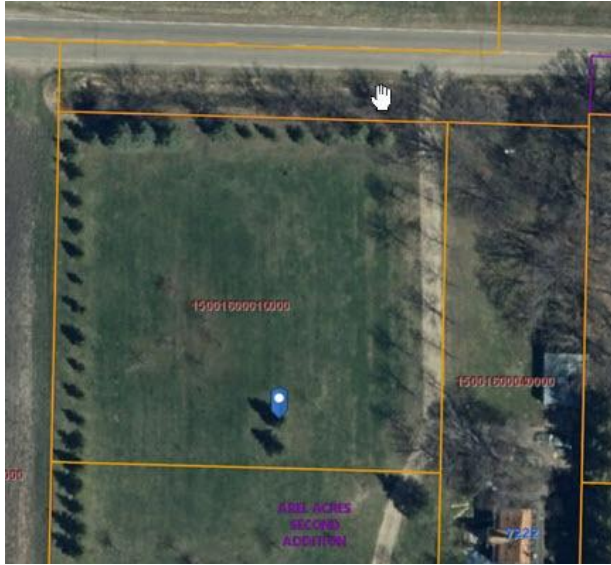
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

## Land Comparables

We have researched approximately 12 site sales and have selected four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address City	Date Price	Land Units Price Per Land Unit	Acres Price Per Acre	Land SF Price Per Land SF
<b>Subject</b>	4980 Sheyenne Street West Fargo	5/26/2017 --		3.90 --	169,884 --
1	64th Ave S Horace	7/30/2021 \$150,000	1/0/00 \$0	1.00 \$150,000	43,560 \$3.44
2	10713 CR 17 S Horace	7/11/2019 \$90,000	1/0/00 \$0	1.10 \$81,818	47,916 \$1.88
3	10721 CR 17 S Horace	3/6/2019 \$80,000	1/0/00 \$0	1.10 \$74,204	47,946 \$1.70
4	2815 100th Ave S Horace	7/26/2021 \$557,400	1/0/00 \$0	27.87 \$20,000	1,214,017 \$0.46

**Land Comparable 1**



**Transaction**

<b>Address</b>	64th Ave S	<b>Date</b>	7/30/2021
<b>City</b>	Horace	<b>Price</b>	\$150,000
<b>State</b>	ND	<b>Price per Acre</b>	\$150,000.00
<b>Zip</b>	58047	<b>Price per Land SF</b>	\$3.44
<b>Tax ID</b>	15-0016-00010-000	<b>Financing</b>	
<b>Grantor</b>	Stephan Arel	<b>Property Rights</b>	Fee Simple
<b>Grantee</b>	Connor McGovern	<b>Conditions of Sale</b>	
<b>Legal Description</b>	: AREL ACRES 2ND LT 1	<b>Days on Market</b>	42
		<b>ID</b>	547

**Site**

<b>Acres</b>	1.00	<b>Topography</b>	Level
<b>Land SF</b>	43,560	<b>Zoning</b>	Single Family
<b>Road Frontage</b>	198	<b>Flood Zone</b>	x
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Adjacent	<b>Environmental Issues</b>	

**Sale Comments**

**Land Comparable 2**



<b>Address</b>	10713 CR 17 S	<b>Date</b>	7/11/2019
<b>City</b>	Horace	<b>Price</b>	\$90,000
<b>State</b>	ND	<b>Price per Acre</b>	\$81,818.18
<b>Zip</b>	58047	<b>Price per Land SF</b>	\$1.88
<b>Tax ID</b>	15-2080-00030-000	<b>Financing</b>	
<b>Grantor</b>	Jeff Barnes	<b>Property Rights</b>	Fee Simple
<b>Grantee</b>	Heritage Homes	<b>Conditions of Sale</b>	Cash
<b>Legal Description</b>	Lot 3, Block 1, SOUTH ACRE	<b>Days on Market</b>	65
		<b>ID</b>	549

Site			
<b>Acres</b>	1.10	<b>Topography</b>	Level
<b>Land SF</b>	47,916	<b>Zoning</b>	Residential Estate
<b>Road Frontage</b>	162	<b>Flood Zone</b>	x
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Rural Water/Septic	<b>Environmental Issues</b>	

**Sale Comments**

Property land sale was prior to development of single family home on the property.

**Land Comparable 3**



**Transaction**

<b>Address</b>	10721 CR 17 S	<b>Date</b>	3/6/2019
<b>City</b>	Horace	<b>Price</b>	\$80,000
<b>State</b>	ND	<b>Price per Acre</b>	\$74,204.00
<b>Zip</b>	58047	<b>Price per Land SF</b>	\$1.70
<b>Tax ID</b>	15-2080-00050-000	<b>Financing</b>	Cash
<b>Grantor</b>	Black Butte Development II	<b>Property Rights</b>	Fee Simple
<b>Grantee</b>	Dabbert Homes	<b>Conditions of Sale</b>	Arm's Length
<b>Legal Description</b>	Lot 5, Block 1, SOUTH	<b>Days on Market</b>	115
		<b>ID</b>	415

**Site**

<b>Acres</b>	1.10	<b>Topography</b>	Level
<b>Land SF</b>	47,946	<b>Zoning</b>	R
<b>Road Frontage</b>	162.5	<b>Flood Zone</b>	Zone A
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical road, utility
<b>Utilities</b>	Rural water, gas, no septic	<b>Environmental Issues</b>	Flood risk

**Sale Comments**

Adjacent to ID 488. Gravel frontage access adjacent to paved road.

Land Comparable 4



Transaction

<b>Address</b>	2815 100th Ave S	<b>Date</b>	7/26/2021
<b>City</b>	Horace	<b>Price</b>	\$557,400
<b>State</b>	ND	<b>Price per Acre</b>	\$20,000.00
<b>Zip</b>	58047	<b>Price per Land SF</b>	\$0.46
<b>Tax ID</b>	64-2700-00390-030	<b>Financing</b>	Cash
<b>Grantor</b>	Bonnie Rutten	<b>Property Rights</b>	Fee Simple
<b>Grantee</b>	Ace Brandt	<b>Conditions of Sale</b>	Arm's Length
<b>Legal Description</b>		<b>Days on Market</b>	
		<b>ID</b>	1562

Site

<b>Acres</b>	27.87	<b>Topography</b>	Level
<b>Land SF</b>	1,214,017	<b>Zoning</b>	Agricultural
<b>Road Frontage</b>	822	<b>Flood Zone</b>	AE
<b>Shape</b>	Irregular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Adjacent	<b>Environmental Issues</b>	

Sale Comments

Vacant land transitioning to residential use.

## Land Comparables Map







### Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
					
Address	4980 Sheyenne	64th Ave S	10713 CR 17 S	10721 CR 17 S	2815 100th Ave S
City	West Fargo	Horace	Horace	Horace	Horace
State	ND	ND	ND	ND	ND
Date	2/9/2022	7/30/2021	7/11/2019	3/6/2019	7/26/2021
Price	--	\$150,000	\$90,000	\$80,000	\$557,400
Acres	3.90	1.00	1.10	1.10	27.87
Acre Unit Price		150,000	81,818	72,681	20,000
<b>Transaction Adjustments</b>					
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	0	0.0%	0	0.0%
Conditions of Sale	Cash	0	0.0%	Cash	0.0%
Expend. After Sale		0		0	
<b>Adjusted Acre Unit Price</b>		<b>150,000</b>	<b>81,818</b>	<b>72,681</b>	<b>25,382</b>
Market Trends Through	2/9/2022	1.0%	0.5%	2.6%	3.0%
<b>Adjusted Acre Unit Price</b>		<b>150,795</b>	<b>83,951</b>	<b>74,834</b>	<b>25,520</b>
<b>Characteristics Adjustments</b>					
Location		=	=	=	=
% Adjustment		0%	0%	0%	0%
Qualitative		Similar	Similar	Similar	Similar
\$ Adjustment		0	0	0	0
Acres	3.90	1.00	1.10	1.10	27.87
% Adjustment		0%	0%	0%	50%
Qualitative		Similar	Similar	Similar	Inferior
\$ Adjustment		0	0	0	12,760
Site Improv Costs Per Unit	0	0	0	0	0
% Adjustment		0%	0%	0%	50%
Qualitative		Similar	Similar	Similar	Inferior
\$ Adjustment		0	0	0	12,760
Special Assessments	\$2,576.98	\$39.46	\$175.29	\$1,676.00	\$55.66
% Adjustment		0%	0%	2%	0%
Qualitative		Similar	Similar	Inferior	Similar
\$ Adjustment		0	0	1,497	0
Utilities	The site is served	Adjacent	Rural Water/Septic	Rural water, gas, no	Adjacent
% Adjustment		0%	0%	0%	0%
Qualitative		Inferior	Similar	Similar	Similar
\$ Adjustment		0	0	0	0
Zoning	R-IA	Single Family	Residential Estate	R	Agricultural
% Adjustment		0%	0%	0%	50%
Qualitative		Similar	Similar	Similar	Inferior
\$ Adjustment		0	0	0	12,760
<b>Adjusted Acre Unit Price</b>		<b>150,795</b>	<b>83,951</b>	<b>76,331</b>	<b>63,799</b>
Net Adjustments		0.0%	0.0%	2.0%	150.0%
Gross Adjustments		0.0%	0.0%	2.0%	150.0%



## **Comparable Land Sale Adjustments**

### **Time and Market Conditions:**

Land values for vacant land tend to remain stable over time. Since value is added primarily with the investment in streets and utilities just prior to development, large costs are not necessarily carried by the developer until the time of sale. An overall rate of increase of 1% per year is applied to all of the sales.

### **Property Rights**

All the sales were sold for cash in Fee Simple estate, subject to restrictions of record, such as easements and were considered equal.

### **Financing**

Financing was cash to the seller with normal buyer financing when required.

### **Conditions of Sale**

All the sales were considered arm's length.

### **Economic Trends**

Site sale prices appear to be stable to slightly increasing over time. Development costs after purchase are increasing.

### **City Location:**

Sales comparable to the subject were found in the market area described as Fargo-Moorhead Metro area. The Comparable sales were in what is considered the common neighborhood of Horace and West Fargo.

### **Size and Use Allocation: (Land SF)**

The subject hypothetical property was replatted into its own subdivision shortly after its purchase. The subject is much larger than the typical lot in a typical subdivision. The hypothetical subject lot in this subdivision mirrors what is found in the market. The hypothetical site was configured to accommodate the ADU and the metal building.

### **Topography**

None of the sites provide unusual barriers to construction.

### **Shape**

The sites were typically square or rectangular, with no areas of excess or surplus land.

### **Utilities**

Utility access varied from "in the street" to already present on the lot.

### **Access:**

Access to all the properties is by a hard surfaced all-weather road and are considered equal.

### **Specials Assessments:**

Special assessments are a liability to a property that typically involves the financing of public improvements such as water service, sewer lines, paving, lighting, drains, etc. The specials varied from insignificant to 2% for sale 3.

### **Current Use-Zoning:**

A complete analysis of zoning and applicable land use controls, including a review of potential deed restrictions has been made. The zoning of the subject is confirmed to be R-1A. Some of the comparable sales were zoned R-1-PUD, which is considered equivalent. No adjustment is required for the zoning.

### **Environmental (Flood Risk):**

The review of flood maps and the FEMA web site gives an indication of the relative risk that the subject and comparable sales are exposed to as far as flood risk. Metro wide flood protection is in place for all the properties and no adjustments were required.

### **Sales Comparison Approach Conclusion – Land Valuation**

The analysis in the tables above for the subject provides evidence of sales that can be used to determine a market value for the subject property. Although they vary in location, they are the best evidence of value. These sales have validity because of their site characteristics.

The subject neighborhood has seen steady to increasing demand for residential sites, as evidenced by the new subdivisions being developed in various locations that appear to have low future flood risk. Small subdivisions experiencing flood risk have experienced buyouts and demolitions. The subject property is considered superior to other small residential properties within the Fargo-Moorhead metro area. The building site sales in Horace provide evidence of newly developed properties in a residential setting. Although the sites vary in size from the subject, they all provide an indication of usable site size.

Following adjustments, the comparables indicated prices per acre of 63,799 to 150,795, with a mean value of \$93,719.

<b>Comparable</b>	<b>\$/Acre</b>	<b>Comparability</b>
1	\$150,795	
<b>Subject</b>	\$90,000	
2	\$83,951	
3	\$76,331	
4	\$63,799	

All of the value indications have been considered, and in the final analysis, the comparables have been given equal weight in arriving at our final reconciled per acre value of \$90,000.00/ acre.

<b>Land Value Ranges &amp; As Is Reconciled Value</b>				
<b>Number of Comparables:</b>	<b>4</b>	<b>Unadjusted</b>	<b>Adjusted</b>	<b>% Δ</b>
<b>Low:</b>		20,000	63,799	219%
<b>High:</b>		150,000	150,795	1%
<b>Average:</b>		81,125	93,719	16%
<b>Median:</b>		77,250	80,141	4%
<b>Reconciled Value/Unit Value:</b>			90,000	acre
<b>Subject Size:</b>			3.90	
<b>Indicated Value:</b>			\$351,000	
<b>Reconciled Final As Is Value:</b>			<b>\$350,000</b>	
<b>Three Hundred Fifty Thousand Dollars</b>				

In conclusion, it appears that the adjusted value of the subject property is in a range of from \$63,799 to \$150,795 for building sites, when various factors influencing value are considered as part of the value. As a result, the conclusion of land value for the subject property is:

\$350,000

***Three Hundred Fifty Thousand Dollars***

## **Cost Approach to Value**

### **Cost Analysis**

The next step in the Cost Approach is to estimate the replacement cost of the buildings and site improvements. The replacement cost of the subject site and building improvements are based on Marshall Valuation Service, a nationally recognized cost service.

In the Cost Approach, the subject property is valued as separate components of land and building improvements. The land value estimate was developed in the preceding section of the report. Depreciation is broken into three types for real property appraisal; External (Economic), Functional and Physical.

### **Depreciation Analysis**

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence.

Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

#### **Physical Deterioration**

This results from deterioration from aging and use. This type of depreciation may be curable or incurable. Physical Depreciation is the most easily identified, since it is a direct result of physical wear and tear of the elements through the passage of time. Some physical deterioration is curable, while other forms of depreciation are incurable. Curable physical depreciation is also referred to as Deferred Maintenance and includes things that are readily repaired, such as broken windows, worn flooring, damaged drywall, faded and peeling paint, etc.

Incurable physical depreciation is the deterioration over time of items that typically have a longer life before replacement is needed. Some items include roof materials, which may still be serviceable, but have the expectation of replacement at some time before the building is completely deteriorated.

#### **Functional Obsolescence**

This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable. Functional Depreciation occurs when a building improvement becomes obsolete due to the passing of time. Examples would be a change in building construction methods and materials. Such obsolescence might include that of mechanical systems such as electrical, plumbing and heating.

Incurable depreciation is typically of long lived items such as the wall system, foundation, electrical system, etc. They include items that are difficult, extremely expensive or not economic to repair. Flood damaged foundations are one example of this type of depreciation. Properties that are overbuilt for their location or neighborhood are another example. (super adequacy).

### **External Obsolescence**

External Depreciation occurs when forces outside of a property cause a loss in value. It is usually beyond the ability of the owners to control, and is directly related to macro-economic forces. Some examples would be environmental impact, isolation, physical deterioration of nearby properties, zoning changes, criminal activity, etc.

This section of the report will detail the value of the depreciated building improvement, which, when added to the land value, will determine the value by the Cost Approach. Since the subject property is relatively new, an effective age slightly less than the effective age of the subject is used.

The various components of the subject property are tabulated and per square foot costs applied, based upon local cost data provided by Swift Estimator, an online service that is a subsidiary of CoreLogic-Marshall and Swift, a well-known cost service.

The Marshall and Swift Valuation Service estimate is entered on the following pages. The computerized report is included in the addenda. It should be noted that the calculations in this section will not correlate exactly with the printout in the Exhibits due to application of the location and local cost multipliers being applied in each step, as well as rounding.

### **Soft Costs**

Where appropriate, we have included the following soft costs:

#### **Engineering**

Engineering has been applied at 1.0% of building and site costs.

#### **Architectural**

Architectural has been applied at 4.0% of building cost.

#### **Permits and Legal**

Permitting and legal costs have been applied at \$2,000.

#### **Marketing & Leasing Commissions**

It is often appropriate to add marketing expenses and leasing commissions necessary to bring an income producing property to stabilized occupancy to the cost schedule. In this case, these costs have been estimated at \$0, since the property is not a leasehold.

#### **Developer's Profit**

This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. Current valuation theory states that the four components that create value are land, labor, capital, and coordination. Developer's profit as used in the Cost Approach reflects the coordination component of value. Typically, developer's profit runs 10% to 20%; we have computed developer's profit at 5.0% of construction costs given the size of the project.

Marshall Valuation Service					
<b>Cost Source:</b> Marshall Valuation Service					
<b>No. of Stories Multiplier:</b> 1.000			<b>Local Multiplier:</b> 0.970		
<b>Height/Story Multiplier:</b> 1.000			<b>Current Cost Multiplier:</b> 1.000		
<b>Perimeter Multiplier:</b> 1.000			<b>Combined Multipliers:</b> 0.970		
Building Improvements					
Item	Unit Type	Cost	Quantity	Multiplier	Total
1 Story Dwelling	Sq. Ft.	\$179.74	2,232	0.970	\$389,144
3 Stall Attached Garage	Sq. Ft.	\$47.10	928	0.970	\$42,398
Metal Building	Sq. Ft.	\$61.11	2,560	0.970	\$151,748
<b>Total Building Improvement Costs</b>					<b>\$583,290</b>
Price per SF Gross Building Area					\$261.33
Site Improvements					
Item	Unit Type	Cost	Quantity	Total	
Paving Asphalt with base	Lump Sum	\$5.97	7,000	\$41,790	
Paving, Poured Concrete w/ Base-Dwelling	Lump Sum	\$10.38	1,400	\$14,532	
Paving, Poured Conc. w/ Base- Metal Bldg	Lump Sum	\$10.38	1,500	\$15,570	
<b>Total Site Improvement Costs</b>					<b>\$71,892</b>
<b>Subtotal: Building &amp; Site Costs</b>					<b>\$655,182</b>
Price per SF Gross Building Area					\$293.54
Soft Costs					
Item			Percent Type	Total	
Engineering .....	1.0%		% Bld. & Site Cost	\$6,552	
Architectural .....	4.0%		% of Building Cost	\$23,332	
Permits & Legal .....				\$2,000	
Leasing .....				\$0	
<b>Total Soft Costs</b>					<b>\$31,883</b>
Total Costs					
Subtotal: Building, Site & Soft Costs					\$687,066
Developer's Profit 5.0%					\$34,353
<b>Total Cost</b>					<b>\$721,419</b>
Price per SF Gross Building Area					\$323.22
Depreciation: Section 1 of 1					
Component	Eff. Age	Life	Percent	Amount	
Physical Depreciation: Building	26	70	37%	\$239,918	
Physical Depreciation: Site	5	30	17%	\$12,581	
Functional Obsolescence Building .....			0%	\$0	
External Obsolescence Building .....			0%	\$0	
<b>Total Depreciation</b>					<b>\$252,499</b>
<b>Depreciated Value of Improvements</b>					<b>\$468,920</b>
Cost Per Square Foot Gross Building Area					\$210.09
Land Value					
Land Value .....				\$350,000	
Other .....				\$0	
<b>Cost Approach Value Indication</b>					<b>\$818,920</b>
<b>Rounded</b>					<b>\$815,000</b>
Price per SF Gross Building Area					\$365.14

## **Analysis**

The hypothetical property is an Accessory Dwelling Unit appraised as a hypothetical appraisal and includes a single-family home with attached 3-stall garage and a metal building.

Depreciation is estimated using a straight-line method and typical site depreciation as it applies to the site improvements is also applied. The property functions as well as any other property in the market and neighborhood and no functional building issues were observed upon inspection. Likewise, the hypothetical property would not be influenced negatively by external factors.

When properly applied the Cost Approach can be a useful and reliable method to correlate information found in the Sales Comparison Approach. This is especially true for properties that have unique features and could not be adequately or accurately appraised otherwise.

The subject is unique in that it sits on a larger than average site from other homes comparable to it, requiring a large adjustment for site value. The metal building is also a unique feature that is of high quality and value and provides a source of value not found in typical properties in the market.

### **Cost Approach Conclusion**

Based on the analysis detailed on the following page, as of February 9, 2022 we have reconciled to a cost approach value of:

**\$815,000**

**Eight Hundred Fifteen Thousand Dollars**

## **Sales Comparison Approach**

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

## **Improved Comparable Sales**

We have researched approximately 15 comparables and have included three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected, and verified by a party to the transaction.



Comp	Address City	Grantor Grantee	Price Date	Price Per SF GBA	Acres Ancillary Buildings	Year Built Construction
<b>Subject</b>	4980 Sheyenne Street West Fargo	Patricia Nischke	--	--	3.90	1996
<b>Subject</b>		TEVYE, LLC	5/26/2017	2,232	Metal Building	D-Wood/Metal
1	5407 88th Ave S Horace	Craig Danielson, etux Joseph + Bethany Cohen	\$605,000 1/5/2022	\$301.29 2,008	2 Metal Shop/Storage Building	1979 D-Wood Frame/Metal
2	834 45th Ave S West Fargo	Dufner, Daniel, etux Johnson, Chad, etux	\$815,500 7/1/2020	\$155.01 5,261	4 Metal Building 2, 025 sf	2001 D-Wood/Metal
3	6403 64th Ave S Horace	Dwight and Peggy Swisher Cindy and Dennis Peterson	\$635,000 6/1/2020	\$322.99 1,966	6 Det Garage 1, 120	1994 D-Wood/Metal

In the sales comparison approach, the subject property is compared to similar properties that have sold recently. Data from these sales are used to make comparisons to the subject property to determine a probable price at which the subject property would sell if offered on the market. In applying the sales comparison approach, the appraisers must compare like with like. That is, the appraisers must adjust each comparable to the subject property and impute an indicated value for the subject property, based upon a similar unit of comparison.

There are typically several factors by which residential properties may differ. This property is considered an atypical residential property, since it has a larger than average site size and an ancillary building. It is of a construction quality, size and contains amenities typically found only in other homes within the metro area. For that reason, it was required that the market area search focus on properties that were similar in site size (above one acre) and had the contribution of outbuildings.

By direct comparison, or by knowledge of factors present in a larger market, the appraisers are able to make adjustments to the comparable sales that would provide an indicated value for the subject. The more similar the comparables are to the subject, percentage or dollar value adjustments can be reduced in the analysis, providing a more accurate indication of appraised value of the subject.

After adjusting for market conditions (time) and financing considerations, the appraisers are able to make comparative adjustments to the comparable sales. For purposes of this appraisal, the Comparable Sales Data Worksheets found on the following pages detail the information available for the comparable sales relied upon.

As far as comparable sales, 8 properties were found of which 3 were selected as comparable, based upon the physical features of comparison. All of the sales occurred within the last 2 years. Going back further in time did not add any additional data to the search.

The subject will differ from the comparable sales in a few major respects.

- The site is much larger than most of the comparable sales in the neighborhood.
- The site has a desirable viewshed amenity.

- The site is buffered from nearby properties and is set back from Sheyenne Street a considerable distance, offering above average privacy.
- Very few homes have ancillary buildings (metal building) that are finished to the degree of the subject.

Comparable sales information can be found on the following pages of the report.

**Comparable 1**



**Transaction**

<b>ID</b>	1597	<b>Date</b>	1/5/2022
<b>Address</b>	5407 88th Ave S	<b>Price</b>	\$605,000
<b>City</b>	Horace	<b>Price Per Acre</b>	\$242,971.89
<b>State</b>	ND	<b>Price Per SF</b>	\$301.29
<b>Tax ID</b>	64-2510-00010-010	<b>Price Per Unit</b>	
<b>Grantor</b>	Craig Danielson, etux	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Joseph + Bethany Cohen	<b>Financing</b>	Conventional
<b>Legal Description</b>	TROTTIER SUB LTS 1 & 2 BLK 1 **2-21-19 OWNER REQUESTED COMBINATION FRM 64-2510-00010-000 & 00020-000 FOR 2019	<b>Property Rights</b>	Fee Simple
<b>Book/Page or Reference</b>	WD 1656259	<b>Days on Market</b>	47
		<b>Sale Data Source</b>	21-5417

**Site**

<b>Acres</b>	2.5	<b>Topography</b>	Level to sloping
<b>Land SF</b>	108,464	<b>Zoning</b>	R
<b>Road Frontage</b>	290	<b>Flood Zone</b>	X
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Rural Water/Septic	<b>Environmental Issues</b>	Protected by Levee

**Improvements**

<b>GBA</b>	2,008	<b>Garage</b>	2-Detached
<b>Source For SF Area</b>	MLS	<b>Garage Parking Spaces</b>	
<b>Building Description</b>	Dwelling/Garage	<b>Basement Size</b>	1,008
<b>Year Built</b>	1979	<b>Basement Use and Finish</b>	1008 Partial finish
<b>Renovations</b>		<b>Heating</b>	EBB/Floor/GFA
<b>Condition</b>	Excellent	<b>Cooling</b>	Central/ductless

**Sale Comments**

Property parcel is newly created.

**Comparable 2**



**Transaction**

<b>ID</b>	1595	<b>Date</b>	7/1/2020
<b>Address</b>	834 45th Ave S	<b>Price</b>	\$815,500
<b>City</b>	West Fargo	<b>Price Per Acre</b>	\$196,506.02
<b>State</b>	ND	<b>Price Per SF</b>	\$155.01
<b>Tax ID</b>	02-14770-0060-000	<b>Price Per Unit</b>	
<b>Grantor</b>	Dufner, Daniel, etux	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Johnson, Chad, etux	<b>Financing</b>	Conventional
<b>Legal Description</b>	NELSON ACRES 2ND LT 3	<b>Property Rights</b>	Fee Simple
<b>Book/Page or Reference</b>	1596349	<b>Days on Market</b>	243
		<b>Sale Data Source</b>	20-1339

**Site**

<b>Acres</b>	4.2	<b>Topography</b>	Level
<b>Land SF</b>	180,774	<b>Zoning</b>	Rural Residential
<b>Road Frontage</b>	1,200	<b>Flood Zone</b>	X
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Rural Water, Electricity,	<b>Environmental Issues</b>	Protected by Levee

**Improvements**

<b>GBA</b>	5,261	<b>Garage</b>	5 stall Attached
<b>Source For SF Area</b>	Public	<b>Garage Parking Spaces</b>	5.0
<b>Building Description</b>	Dwelling	<b>Basement Size</b>	0.00%
<b>Year Built</b>	2001	<b>Basement Use and Finish</b>	None
<b>Renovations</b>		<b>Heating</b>	EBB/Floor
<b>Condition</b>	Good	<b>Cooling</b>	Central

**Sale Comments**

4.15 acres, Huge rambler, over 5000 sq ft, that is handicap accessible. Over 3,000 sq feet of garage space(attached) and an additional 60 x 80 out building with concrete floor! This home boasts 10 ft ceilings, Braaten cabinets, heated floors throughout the home and garage.

**Comparable 3**



**Transaction**

<b>ID</b>	1596	<b>Date</b>	6/1/2020
<b>Address</b>	6403 64th Ave S	<b>Price</b>	\$635,000
<b>City</b>	Horace	<b>Price Per Acre</b>	\$107,809.85
<b>State</b>	ND	<b>Price Per SF</b>	\$322.99
<b>Tax ID</b>	15-08250-0020-000	<b>Price Per Unit</b>	
<b>Grantor</b>	Dwight and Peggy Swisher	<b>Transaction Type</b>	Closed Sale
<b>Grantee</b>	Cindy and Dennis Peterson	<b>Financing</b>	Cash
<b>Legal Description</b>	GRAY GABLES PLACE LT 2	<b>Property Rights</b>	
<b>Book/Page or Reference</b>	1592807	<b>Days on Market</b>	18
		<b>Sale Data Source</b>	20-1728

**Site**

<b>Acres</b>	5.9	<b>Topography</b>	Level
<b>Land SF</b>	256,558	<b>Zoning</b>	Rural Residential
<b>Road Frontage</b>	400	<b>Flood Zone</b>	X
<b>Shape</b>	Rectangular	<b>Encumbrance or Easement</b>	Typical ROW and utility
<b>Utilities</b>	Rural Water/Septic	<b>Environmental Issues</b>	Protected by Levee

**Improvements**

<b>GBA</b>	1,966	<b>Garage</b>	2-Attached
<b>Source For SF Area</b>	Public	<b>Garage Parking Spaces</b>	2.0
<b>Building Description</b>	Dwelling	<b>Basement Size</b>	89000.00%
<b>Year Built</b>	1994	<b>Basement Use and Finish</b>	\$536
<b>Renovations</b>	Updated	<b>Heating</b>	EFA
<b>Condition</b>	V. Good	<b>Cooling</b>	CA

**Sale Comments**

5.89 acres. Butts up to Deer Creek and off of Sheyenne Street. 3 Storage sheds and a heated shop. A 4 bed, 4 bath home, Quartz kitchen and bathroom countertops. Duro Ceramic floors in the kitchen dining hallway, bathrooms and the laundry. New carpet in the family room, formal dining, living room, and the basement. Stainless appliances, 2 decks and a 8 x 12 front deck, and a 12 x 20 rear deck. Steel siding.

### Comparables Map



Legend	Address	City	Distance
Subject	4980 Sheyenne Street	West Fargo	
Comp 1	5407 88th Ave S	Horace	3.42 miles
Comp 2	834 45th Ave S	West Fargo	0.63 miles
Comp 3	6403 64th Ave S	Horace	1.24 miles

### Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables, and the adjustments applied.

Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	4980 Sheyenne Street	5407	88th Ave S	834	45th Ave S	6403	64th Ave S
City	West Fargo		Horace		West Fargo		Horace
State	ND		ND		ND		ND
Date	2/9/2022		1/5/2022		7/1/2020		6/1/2020
Price	--		\$605,000		\$815,500		\$635,000
GBA	2,232		2,008		5,261		1,966
Price Per SF	\$0.00		\$301.29		\$154.96		\$322.99
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	0	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Cash	0.0%
Conditions of Sale	Cash	Arm's Length	0.0%	0	0.0%	Arm's Length	0.0%
Expenditures After Sale			\$0.00		\$0.00		\$0.00
<b>Adjusted Price/SF</b>			<b>\$301.29</b>		<b>\$154.96</b>		<b>\$322.99</b>
Market Trends Through	2/9/2022	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Adjusted Price/SF</b>			<b>\$301.29</b>		<b>\$154.96</b>		<b>\$322.99</b>
Characteristics Adjustments							
Location	West Fargo		Horace		West Fargo		Horace
% Adjustment			0%		0%		0%
Qualitative			Similar		Similar		Similar
\$ Adjustment			\$0.00		\$0.00		\$0.00
Land Value	\$350,000		\$105,000		\$114,000		\$141,000
% Adjustment			36.36%		27.60%		36.64%
Qualitative			Inferior		Inferior		Inferior
\$ Adjustment			\$109.55		\$42.77		\$118.34
Year Built	1996		1979		2001		1994
% Adjustment			-20%		0%		-2%
Qualitative			Inferior		Similar		Inferior
\$ Adjustment			-\$60.26		\$0.00		-\$6.46
GBA	2,232		2,008		5,261		1,966
% Adjustment			3.70%		-37.15%		5.24%
Qualitative			Inferior		Superior		Inferior
\$ Adjustment			\$11.15		-\$57.57		\$16.92
Ancillary Buildings	Metal Building		Metal Shop/Storage		Metal Building 2,		Det Garage 1, 120
% Adjustment			2.64%		-10.30%		7.99%
Qualitative			Inferior		Superior		Inferior
\$ Adjustment			\$7.95		-\$15.96		\$25.81
Site Improvement Costs	36,000		15,000		10,000		30,000
% Adjustment			9.00%		7.36%		6.30%
Qualitative			Inferior		Inferior		Inferior
\$ Adjustment			\$27.12		\$11.41		\$20.35
Basement Use and Finish	Partially Finished		1008 Partial finish		None		536
% Adjustment			4.6%		10.7%		13.5%
Qualitative			Inferior		Inferior		Inferior
\$ Adjustment			\$13.71		\$16.63		\$43.54
<b>Adjusted Price/SF</b>			<b>\$410.51</b>		<b>\$152.23</b>		<b>\$541.49</b>
Net Adjustments			36.3%		-1.8%		67.7%
Gross Adjustments			76.3%		93.1%		71.7%

## **Comparable Sale Adjustment Criteria**

### **Location, Market Conditions, Residential Design and Age:**

Analysis of the market area indicates that the market is moving forward at a rapid rate, due mostly to large increases in the cost of building materials as well as labor. This has created a shortage of listings of property for sale. However, market movement for the comparable sales considered for this hypothetical assignment are recent and considered to reflect current market conditions. For that reason, an annual rate of increase has not been included in this analysis.

By comparison to other sales within the market the most important components of each sale were evaluated. The sales were considered similar to equal in location. Sale selection was limited to homes situated on sites with above average site area containing outbuildings. The comparables ranged in age from 1979 to 2001 and were equivalent in quality and condition to the subject.

### **Property Rights**

All the sales were for fee simple absolute ownership, subject only to easements for utilities and rights-of-way.

### **Financing**

MLS data indicated that all the sales were for cash to the seller, with normal financing obtained by the buyers.

### **Land Value**

The subject property is atypical of other properties nearby. Other developments platted at this time typically do not have sites this large. Under the sales comparison analysis, the unit of comparison is the square footage of the dwelling. The valuation under the Land Value section provides for the adjustments to derive the land value as a line item.

Site size and its attendant contributory value was considered for each of the comparable sales based upon consideration of the typical land value to overall value correlated to vacant land sales adjusted for site improvements. The adjustment to the site for each sale is made and applied in the table that follows:

### **GBA**

The standard for measurement of square footage is typically based upon all living area above grade. Basements, whether walkout or not are valued on the basis of the level of finish present. Net adjustments for square footage typically follow the grade of the home, and are a net value, so will not be the same as an "overall square foot value" since overall value counts everything on the parcel including the garage, lot, site improvements, etc. Typical adjustments are adjusted based upon an estimated contributory value of \$100.00/sf for values in excess of 50 square feet. Room count totals are typically not adjusted, since that difference is assumed to be adjusted within the square foot adjustment. This adjustment also reflects the functional utility of the properties in the analysis.

GBA as reported from MLS data or the public assessment records was used. Since these properties are all sketched by the assessment departments, they are deemed to best represent the square footage of the comparables.



## **Ancillary Buildings**

### **Basement and Basement Finished Area**

Basement construction within the neighborhood is typically poured concrete. The subject property and sales 1 and 3 are equal in this regard. The subject basement square footage is estimated and is used as the basis for comparison. The value of the basement and basement finished area is \$40/ square foot. Current costs exceed this value and the \$40.00/ sf is representative of the contributory value difference. Sale 2 did not have a basement and an adjustment was made for the lack thereof.

The finished area of the basements adds value, however the reporting of the finished area is less consistent and was estimated as part of the total basement adjustment.

### **Site Improvements**

The site improvements found on the subject are considerable and include the asphalt paved driveway and the concrete parking aprons and sidewalk. The site is also extensively and professionally landscaped. There is a standby generator located next to the metal building and it was purposely excluded from this hypothetical appraisal since its primary function is to serve the adjacent high value home.

### **Environmental (Flood Risk):**

Since the floods of 2009, 2010 and 2011, virtually all properties in this market area are protected by levee or they carry flood insurance, and there were no discernable differences in the level of risk as evidenced by sale price. It is worth mentioning here since the market area was severely impacted by flooding in 1997. Comprehensive flood protection was implemented after that time and there is a large storm water retention pond directly to the west of the subject to add additional protection to the property.

### **Special Assessments:**

The subject property is appraised "fee simple" value and as unencumbered. Since the comparable sales had no significant outstanding unpaid special assessments an adjustment is insignificant. The unpaid specials were determined by MLS data as of the date of sale, and not current unpaid specials. The subject specials were the amount due as of the date of value as reported with the tax information.

## Comparable Sale Adjustments

**Improved Sale 1**, located in the city of Horace, represents a Closed Sale of \$605,000 and is considered slightly inferior to the subject overall. The property rights of the comparable, fee simple, do not require an adjustment. No adjustment is warranted for the financing of the transaction. The conditions of sale do not require an adjustment. An upward adjustment of 36.4% is warranted for the land value of the comparable. The year built is deemed superior to the subject and a downward adjustment of -20.0% is applied. An upward adjustment of 3.7% is warranted for the GBA of the comparable. The ancillary buildings are deemed inferior to the subject and an upward adjustment of 2.6% is applied. An upward adjustment of 9.0% is warranted for the site improvement costs of the comparable. The basement use and finish is deemed inferior to the subject and an upward adjustment of 4.6% is applied. Adjustments for location, site improvements and site improvement costs were not necessary. A gross adjustment of 76.3% and net adjustment of 36.3% is applied as discussed in the analysis above.

**Improved Sale 2**, located in the city of West Fargo, represents a Closed Sale of \$815,500 and is considered similar to the subject overall. The property rights of the comparable, fee simple, do not require an adjustment. No adjustment is warranted for the financing of the transaction. The conditions of sale do not require an adjustment. An upward adjustment of 27.6% is warranted for the land value of the comparable. A downward adjustment of -37.2% is warranted for the GBA of the comparable. The ancillary buildings are deemed superior to the subject and a downward adjustment of -10.3% is applied. An upward adjustment of 7.4% is warranted for the site improvement costs of the comparable. The basement use and finish is deemed inferior to the subject and an upward adjustment of 10.7% is applied. Adjustments for location, year built, site improvements and site improvement costs were not necessary. A gross adjustment of 93.1% and net adjustment of -1.8% is applied as discussed in the analysis above.

**Improved Sale 3**, located in the city of Horace, represents a Closed Sale of \$635,000 and is considered inferior to the subject overall. The property rights of the comparable, do not require an adjustment. No adjustment is warranted for the financing of the transaction. The conditions of sale do not require an adjustment. An upward adjustment of 36.6% is warranted for the land value of the comparable. The year built is deemed superior to the subject and a downward adjustment of -2.0% is applied. An upward adjustment of 5.2% is warranted for the GBA of the comparable. The ancillary buildings are deemed inferior to the subject and an upward adjustment of 8.0% is applied. An upward adjustment of 6.3% is warranted for the site improvement costs of the comparable. The basement use and finish is deemed inferior to the subject and an upward adjustment of 13.5% is applied. Adjustments for location, site improvements and site improvement costs were not necessary. A gross adjustment of 71.7% and net adjustment of 67.7% is applied as discussed in the analysis above.

## Sales Comparison Approach Conclusion

Even though the subject property conclusion value is above the range of value indicated by the comparable sales, it is justified when considering the value added by the site size and the site improvements.

Following adjustments, the comparables indicated prices per **GBA** of \$152.23 to \$541.49, with a median value of \$410.51.

Comparable	\$/GBA	Comparability
3	\$541.49	
1	\$410.51	
<b>Subject</b>	\$370.00	
2	\$152.23	

All of the value indications have been considered, and in the final analysis, comparable sale 2 has been given most weight in arriving at our final reconciled per GBA value of \$370.00/sf. A value closer to the mean rather than the median is believed to best represent the subject value under current market conditions and the amenities of the subject.

Value Ranges & As Is Reconciled Value				
Number of Comps:	3	Unadjusted	Adjusted	% Δ
Low:		\$154.96	\$152.23	-2%
High:		\$322.99	\$541.49	68%
Average:		\$259.75	\$368.08	42%
Median:		\$301.29	\$410.51	36%
<b>Reconciled Value/Unit Value:</b>			\$370.00	
<b>Subject Size:</b>			2,232	
<b>Indicated Value:</b>			\$825,840	
<b>Reconciled Final As Is Value:</b>			<b>\$825,000</b>	
<b>Eight Hundred Twenty Five Thousand Dollars</b>				

## Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

## Value Indications

Land Value:	\$350,000
Cost Approach:	\$815,000
Sales Comparison Approach:	\$825,000
Income Approach:	Not Utilized

## Cost Approach

The Cost Approach can be a reliable predictor of market value when properly applied. It is especially useful when market conditions exhibit strong price increases due to materials costs. Since closed sales are retrospective of the date of value, they may not always reflect current market value when price levels are increasing rapidly or there are marked changes in supply and demand. Careful analysis of closed sales can be used to derive rates of depreciation from the market. By using a process of allocation, a closed sale can assign values to the underlying site value by use of sales of comparable sites and adjusting for site improvements after construction. Or alternatively, site improvements can be tabulated separately with appropriate age-life values applied to estimate the value of the site improvements contribution.

After the site value and site improvements are allocated to the sale, the residual is the building value contribution. By dividing the residual improvement value by the replacement cost new of the improvements and overall rate of depreciation can be estimated. If the comparable sales are recent, and equivalent in many features, they likely will not be suffering from functional depreciation or external depreciation.

When comparable sales represent the median of the market and there is active participation by buyers and sellers, there is seldom any external or economic depreciation. As the price level of a segment of the market increases, there are fewer and fewer potential buyers for a property. This lack of buyers results in downward pressure on prices and will soften the effect of the otherwise increasing values within the market.

When these values are applied, they closely mirror the values found in the Sales Comparison Approach.

## Sales Comparison Approach

The Fargo-Moorhead metropolitan market have few available sales that reflect the site size, quality, location, and other amenities of the subject. The various elements of comparison can be useful to consider the value of the subject property. Use of other homes of similar value, above average quality homes eliminate the variability that would

otherwise occur if using lesser quality homes that would also lack the same contributing elements as found in the subject.

### **Income Approach -Not Applicable**

The Income Approach is one of the three methods typically evaluated to estimate the value of the real estate and is important for income producing property where the leasehold is the major determinant of value. It is especially important in retail properties such as office buildings, apartments, restaurants, and other retail stores. The Income Approach considers the income and expenses and the net operating income (NOI) of the property. When NOI is compared to a known sales price, a capitalization rate can be extracted. Cap Rates can be applied when the income and expenses for both the subject property and the comparable sales are known. In the alternative, the income approach to value can be estimated using other market measurements that may be available. The Income Approach is not typically used for single family residential properties. For that reason, the Income Approach was considered, but not utilized in this appraisal.

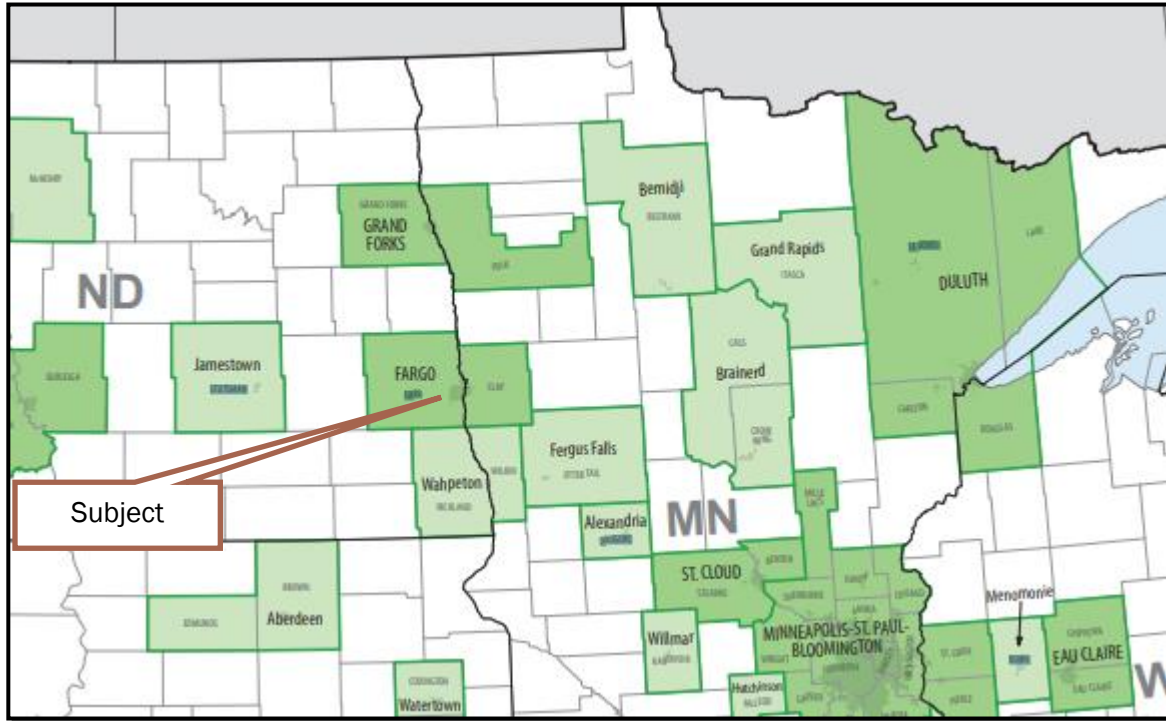
### **Value Conclusion**

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), considering both the cost and sales comparison approach as of February 9, 2022, subject to the Limiting Conditions and Assumptions of this appraisal.

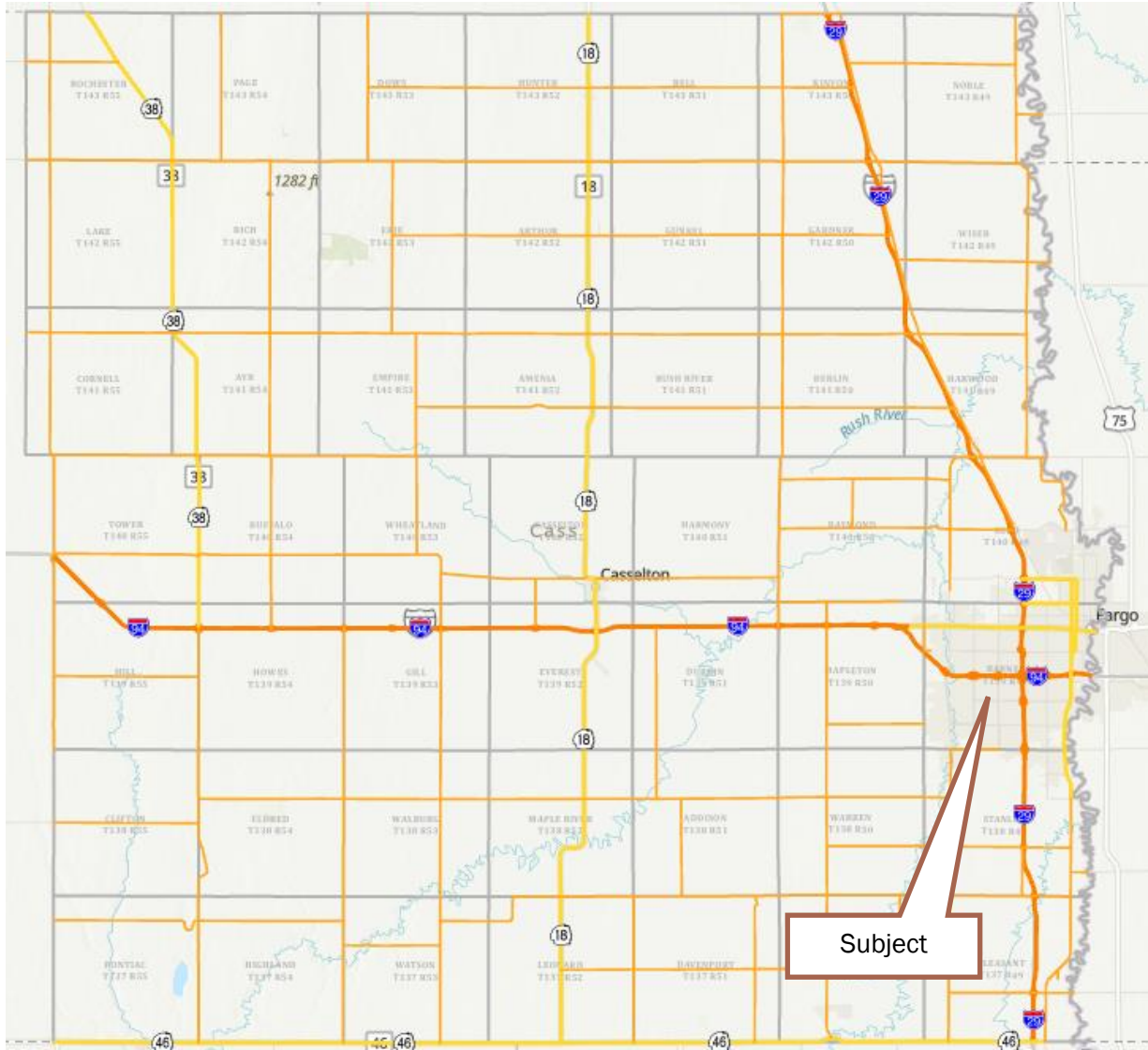
**Reconciled Value(s):**      Premise: As-Is  
   Interest: Fee Simple  
   Value Conclusion: \$820,000  
   Eight Hundred Twenty Thousand Dollars

# PART IV EXHIBITS AND ADDENDA

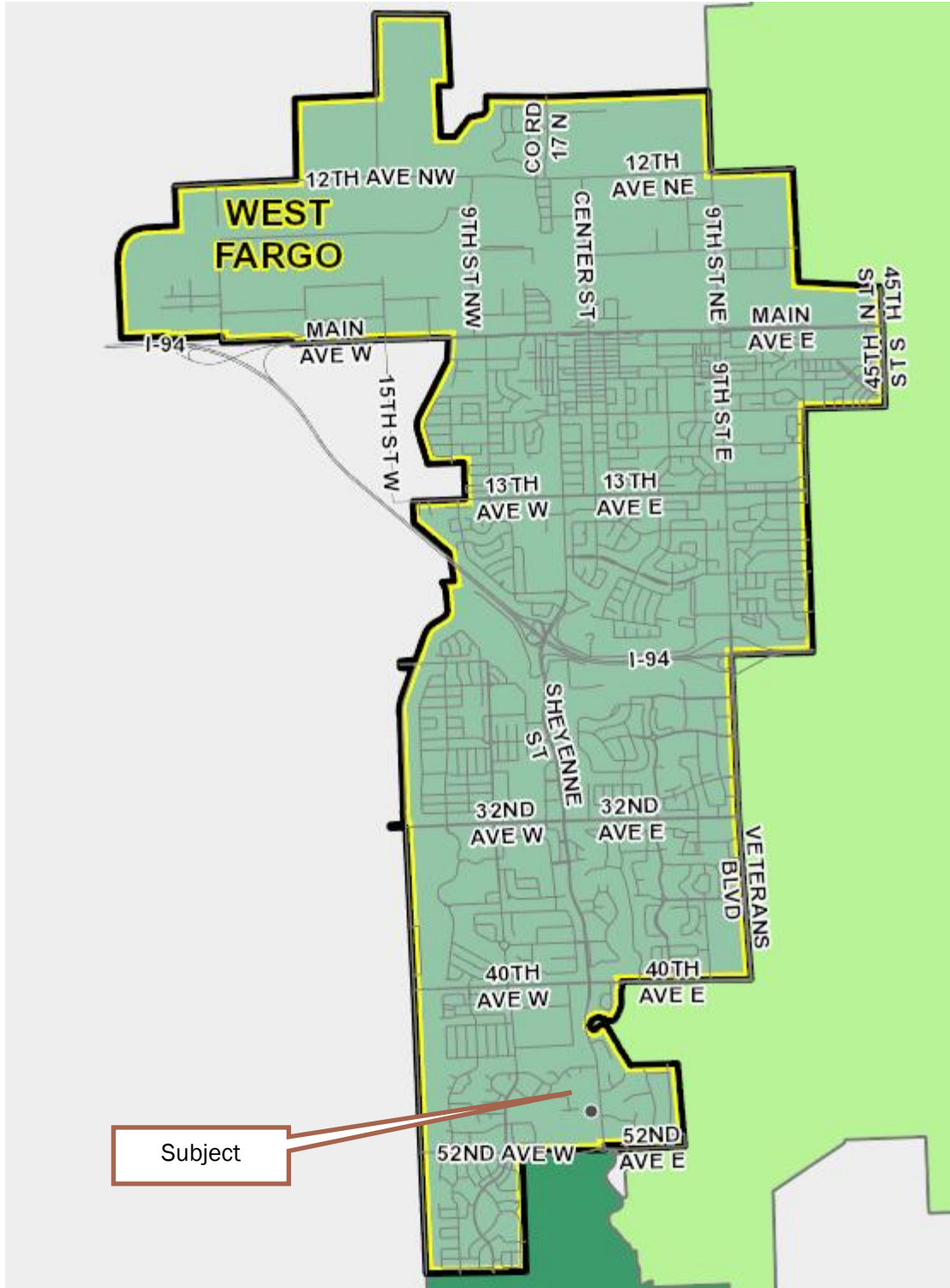
## Regional Location Map



# Cass County Location Map



**West Fargo GIS Map**





## Cass County Property Tax Information

This tax statement is for the larger parcel, which includes all the property included in both hypothetical reports.

<b>Parcel #:</b>	02-4955-00010-000	<b>Mail To:</b>	TEVVE LLC 218 NP AVE N FARGO ND 58102-4834	<b>2021 Statement #210147463</b>	
<b>Owner:</b>	TEVVE LLC			Mill Levy Rate:	309.12
<b>Address:</b>	4980 SHEYENNE ST WEST FARGO ND 58078			Consolidated:	\$86,599.36
<b>Jurisdiction:</b>	West Fargo City			Specials:	\$2,576.98
<b>Mortgage Company:</b>				Drains:	\$256.62
<a href="#">Map View</a> - <a href="#">Legal Description</a> - <a href="#">Property details</a>				Other:	\$0.00
				Discounts:	\$4,329.97
				Pen/Int:	\$0.00
				1st Due:	\$0.00
				2nd Due:	\$0.00
				Amount Due:	<b>\$0.00</b>
				Grand Total Due:	<b>\$0.00</b>

### Statements

Year	Statement #	Type	Tax	Penalty	Interest	Discount *	Paid	Balance	Add to Cart
2021	<a href="#">210147463</a>	Real Estate	\$89,432.96	\$0.00	\$0.00	\$4,329.97	<u>\$85,102.99</u>	\$0.00	Paid
2020	<a href="#">200147189</a>	Real Estate	\$38,489.78	\$0.00	\$0.00	\$1,752.39	<u>\$36,737.39</u>	\$0.00	Paid
2019	<a href="#">190146796</a>	Real Estate	\$14,318.46	\$0.00	\$0.00	\$536.32	<u>\$13,782.14</u>	\$0.00	Paid

### Assessments

Year	Agricultural	Residential		Commercial		Total	Taxable Value Before Credits	Credits	Net Taxable Value
	Land	Land	Building	Land	Building				
<a href="#">2021</a>	\$0.00	\$157,200.00	\$6,068,300.00	\$0.00	\$0.00	\$6,225,500.00	\$280,148.00	<u>\$0.00</u>	\$280,148.00
<a href="#">2020</a>	\$0.00	\$157,200.00	\$2,439,700.00	\$0.00	\$0.00	\$2,596,900.00	\$116,861.00	<u>\$0.00</u>	\$116,861.00
<a href="#">2019</a>	\$0.00	\$157,600.00	\$636,700.00	\$0.00	\$0.00	\$794,300.00	\$35,744.00	<u>\$0.00</u>	\$35,744.00

### SPECIAL ASSESSMENTS

If any special assessment districts are listed below they are for debt service type districts where improvements are financed and a yearly installment of principal and interest is attached to your tax billing. The "Principal Remaining" is the principal balance of the assessment that has not been billed on the tax statement. The "2022 Installment" is the proposed billing of principal and interest for the next tax year. The "Paid Specials" is a listing of the principal and interest payments made each year.

This does not include any special assessments levied by the City of West Fargo. Contact the [City of West Fargo Finance](#) office or review their [website](#) for more information.

### Special Assessment Information

Project Number	Description	Interest Rate	2022 Projected Interest	2022 Projected Principal	2022 Projected Total	Current Principal	Accrued Interest	Payoff Total	Pending Specials Estimate
05-4060	Storm Sewer Lift Station SM 72	4.53	1,560.62	1,016.37	2,576.99	34,450.68	256.54	34,707.22	0.00
02-2250	SHEYENNE ST - BEATON TO 40TH AVE	3.25	0.00	0.00	0.00	0.00	0.00	0.00	26,287.01
	Total:		1,560.62	1,016.37	2,576.99	34,450.68	256.54	34,707.22	26,287.01

### Special Assessment Installments

Tax Year	Certified Principal	Certified Interest	Certified Total
2021	972.32	1,604.66	2,576.98
2020	1,610.14	1,677.60	3,287.74
2019	1,610.14	1,750.54	3,360.68

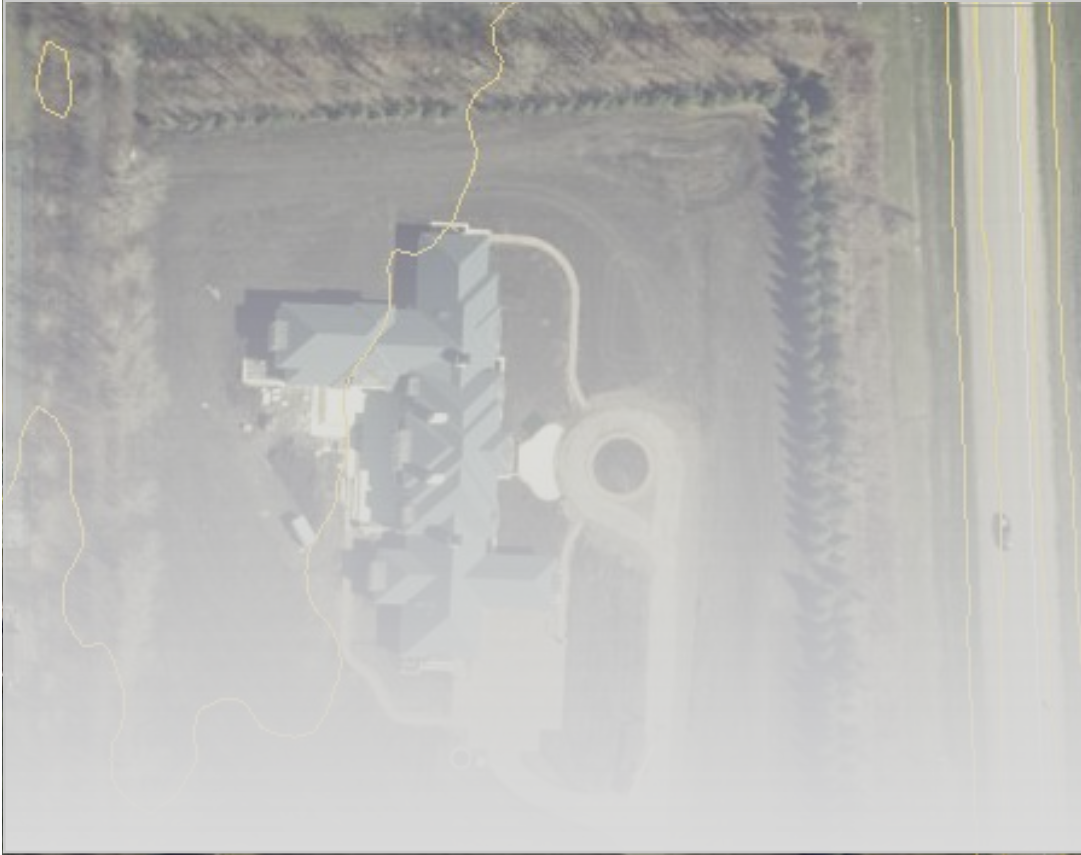
“2022 Projected Total” is the current projected installment which is payable to Cass County as part of your 2022 tax statement, it is an estimate only and is subject to change due to any pending special assessments that may become approved over the course of the year. “Current Principal” is the balance of special assessments after the previous year installment was certified to Cass County. “Pending Specials” are estimates of special assessments that are awaiting confirmation from the West Fargo City Commission. If you intend to prepay your specials, please call the West Fargo Finance office at 701-515-5010 to confirm the proper payoff amount. Special assessment prepayments are not accepted between Oct. 20 and November 1 to allow for completion of the certification of special assessment installments to Cass County.

# Warranty Deed

Cass County - 1510931

<b>Document Type</b> WARRANTY DEED	<b>Recording Date</b> 05/26/2017 02:03:00 PM	<b>Document Date</b> 05/26/2017 12:00:00 AM
<b>Instrument Number</b> 1510931	<b>Book Page</b> <b>Book</b>	<b>Number of Pages</b> 3
<b>Grantor 1</b> NITSCHKE, PATRICIA A	<b>Grantee 1</b> TEVYE LLC	
<b>Legal</b>		
<b>Legal Description</b>		
Subdivision BARNES TOWNSHIP T139 R49 S23-26 Parcel: Quarter: SE Section: 31 Township: 139 Range: 49 Parcel: Sixteenth: NE Quarter: SE Section: 31 Township: 139 Range: 49 Parcel: Sixteenth: SE Quarter: SE Section: 31 Township: 139 Range: 49 Parcel:		
<b>Notes</b>		
1 Consideration: \$1,350,000.00		
<b>Return Address</b> THE TITLE COMPANY-COMMERCIAL	<b>Related Information</b>	
	<b>Document # 1</b>	<b>Book Page 1</b>
		<b>Book</b>

**Elevation Map**



**Source: International Water Institute- Red River Basin**

## Cost Approach Data

### Cost Information

An estimated replacement cost reflects those costs that the contractor incurs during the period of construction of the residence. Land and the cost of development are not included in any residence cost. Subdivision and Yard Improvement costs can be obtained from Section C of the *Residential Cost Handbook*. The following is a more specific listing of what the residence costs do and do not include:

#### Included in the Costs:

1. The actual costs used are final costs to the owner and will include average architect's fees and engineer's fees. These in turn include plans, plan check and building permits, and survey to establish building lines and grades.
2. Normal interest on only the actual building funds during the period of construction, and processing fee or service charge. Typically, this will average half of the going rate over the time period plus the service fee.
3. Appropriate local, state and federal sales taxes or GST, etc. on material and/or labor costs.
4. Normal site preparation including finish, grading and excavation for foundation and backfill for the structures only.
5. Utilities from structure to lot line figured for typical setback.
6. Contractors' overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc., are included.

#### Not Included in the Costs:

1. Costs of buying or assembling land, such as escrow fees, legal fees, property taxes, right of way, demolition, storm drains or rough grading, are considered costs of doing business or land improvement costs.
2. Pilings or hillside foundations are priced separately and are considered improvements to the land. This also refers to soil compaction and vibration, terracing, etc.
3. Costs of land planning or preliminary concept and layout for large developments inclusive of entrepreneurial incentives or developers' overhead and profit are not included, nor are interest or taxes on the land, feasibility studies, certificate of need, environmental impact reports, hazardous material testing, appraisal or consulting fees, etc.
4. Discounts or bonuses paid for financing are considered a cost of doing business, as are funds for operating start up, project bond issues, permanent financing, developmental overhead or fixture and equipment purchases, etc.
5. Yard improvements including signs, landscaping, paving, walls, yard lighting, pools or other recreational facilities, etc., which can be priced separately.
6. Off-site costs including roads, utilities, park fees, jurisdictional hookup, tap-in, impact or entitlement fees or assessments, etc.

7. Furnishings and fixtures, usually not found in the general contract, that are peculiar to a definite tenant, such as seating or kitchen equipment, etc.
8. Marketing costs to create the first occupancy including model or advertising expenses, leasing or brokers' commissions, or temporary operation of property owners' associations.

## Residence Type

### Single-Family Residence

These structures are detached, single-family residences designed for one-family ownership or occupancy. They are built in many architectural styles or mixtures of styles and are called by various names depending on the region where the home is constructed (e.g., cape cod, colonial, ranch, contemporary, modern, rustic, etc.).

### Style

#### One Story

A one-story residence has finished living area on one floor. The roof structure has a medium slope, with limited attic space that is not intended for living area. This style is available for all residence types.

### Total Floor Area

The total floor area is the finished area on all floors based on the exterior dimensions of the building. It does not include any of the following areas: unfinished attics, finished or unfinished basements, porches, balconies, decks, patios or garages. You can include each of these areas in the cost of the residence using components or additions.

### Quality

Quality indicates the quality of the materials and workmanship in the residence, and determines the cost level in the report. Select one of the following main qualities:

- 1 Low (available for single-family residences only)
- 2 Fair
- 3 Average
- 4 Good
- 5 Very Good
- 6 Excellent

## Single-Family Residence Very Good Quality

Residences of Very Good Quality are usually individually designed and are characterized by the high quality of workmanship, finishes and appointments and the considerable attention to detail. Although residences at this quality level are inclusive of high-quality material and workmanship, and are somewhat unique in their design, these costs do not represent the highest cost in residential construction.

**The Very Good Quality does not include the extremely expensive homes, but is a very gracious residence, usually designed individually, with good detail and workmanship.** Special attention is given to both the quality and the quantity of exterior and interior ornamentation. Better quality floor and wall coverings may be found

### Residence

**Foundation:** A continuous, reinforced concrete perimeter and interior bearing wall foundation.

**Floor Structure:** Wood or steel floor joists and subfloor or concrete slab on grade for ground level, all upper floors are wood or steel floor joists and subfloor.

**Floor Insulation:** Not included in the basic residence cost, add where needed. Three levels of floor insulation are available, for mild, moderate and extreme climates.

**Floor Cover:** High-quality carpet or hardwood (parquet or plank), terrazzo, and vinyl, ceramic or quarry tile. Floor cover is not included in the basic residence cost. The Floor Cover Allowance is a weighting of those floor coverings typically found at this quality and can be used if floor cover is not itemized.

**Exterior Wall:** Fenestration is well designed with high-quality sash. Custom ornamentation and trim, select brick, cut stone, high-quality siding, etc., are used. Framing can be either wood or steel studs.

**Roof:** Heavy wood or steel rafters and sheathing with many hips and valleys.

**Interior Finish:** Interior walls are taped and painted drywall with high-grade paper or vinyl wall covering, hardwood paneling or ceramic tile. Built-in book shelving and ample cabinets, which may include such specialty cabinetry items as a cooking island, bar, desk, etc. High-quality pullman or vanity cabinets in bathrooms and dressing areas. Ceramic tile, marble or highest quality laminated plastic countertops and splash. Ceilings are mostly painted drywall with molding and coving details and other ornamentation with some degree of intricacy in their design and/or finish. Vaulted or cathedral ceilings will usually be found in master bedrooms, dining, great or family rooms, as well as entries. Raised panel hardwood veneer or enameled doors with good-quality hardware. Base, casings and moldings have tight mitered corners. Spacious walk-in closets or wardrobes with many built-in features. Large linen storage closets and pantry are fully shelved.

**Note:** Base interior wall height is 10' for Excellent Quality only. For each foot of variation, the program will add to or deduct from the base cost only, 3% for all masonry exterior walls including masonry veneers and 2% for frame exterior walls.

**Electrical:** Many well-positioned outlets and high-quality fixtures throughout. Large luminous fixtures in kitchen, bath and dressing areas.

**Plumbing:** The default at this quality is seventeen high-quality white or colored plumbing fixtures with one plumbing rough-in are included in the basic residence cost. The fixtures can include any of the following: water heater, laundry tray, tiled shower stall, toilet, bidet, lavatory, tub, tub with shower over, kitchen sink, wet bar or hydrotherapy tub (Jacuzzi). Adjustments should be used for any deviation from seventeen fixtures and a rough-in.

**Built-in Appliances:** None are included in the basic residence cost. The Built-in Appliance Allowance is a weighting of those typically found at this quality level and can be used when appliances are not itemized.

**Fireplaces:** None are included in the basic residence cost. Add as needed.

## Basements

**Unfinished:** Using the Group Section costs are provided for two common basement wall types: poured concrete and concrete block. Four wall thicknesses are available to choose from: 6 inches, 8 inches, 10 inches or 12 inches. The costs also include a concrete slab floor, floor drain, wood or steel pipe columns to support the living area above, a minimum number of electrical outlets, windows, and an open-riser, softwood stairway. The cost for a basement is not included in the basic residence cost.

**Finished:** Two types of finish are provided, both of which are additive costs to be used in conjunction with the unfinished basement cost and should be applied only to that portion which is finished.

**Minimal Finish:** The minimal basement finish includes asphalt or vinyl composition tile floor covering, fiberboard ceiling, painted walls, minimum electrical lighting and incidental heating. The minimal-finish basement cost should be used in conjunction with an unfinished basement cost.

**Partitioned Finish:** The partitioned basement finish is somewhat similar in both quality of materials and workmanship to that of the basic residence. It is fully partitioned for recreation room, bedroom,

laundry room, bathrooms, etc. The costs include ceiling, wall and floor finishes and electrical lighting, as well as heating (allowance for additional ducts and room registers). The cost should be used in conjunction with an unfinished basement cost.

### **Porches and Breezeways**

Porches and breezeways are similar in quality of both material and workmanship to the residence, and are to be priced per square foot of floor area. Costs are provided for three types of floor structures, three types of wall enclosures, a roof and ceiling finish. Floor cover is not included and can be priced from the residence floor cover costs.

### **Garages and Carports**

**Garage:** Garage costs include a light concrete slab floor and an overhead door, which conform to the basic residence in both quality and construction. For garages with asphalt floors, use the asphalt (this will be a deduction) adjustment.

Detached garages are freestanding, and costs do not include any interior finish. Attached garages share a common wall with the residence, and costs include interior finish for only that wall which is common. Built-in garages have living area both adjacent to and above, and costs include finish for all common surfaces. The Add for Finish costs includes the necessary wall and/or ceiling finish to finish all interior surfaces. All costs are based on square footage of floor area. Basement garage costs are Lump-sum Adjustments and are to be used in conjunction with unfinished basement costs. Both the ceiling and the common wall are finished.



## APPRAISERS' QUALIFICATIONS

### GERALD (GARY) BOCK

110 37<sup>th</sup> Avenue South, Moorhead, MN 56560 · (701) 238-5245

[gebappraisals@gmail.com](mailto:gebappraisals@gmail.com)

State Certified General Real Property Appraiser,

ND #21242 Expires 12/31/2022

MN #4002816 Expires 8/31/2022

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Analytical, organized and detail-oriented real estate appraiser with broad experience in many aspects of the real estate appraisal profession. Expertise was gained from a background on a single-family farm and ranch, teaching, financial consulting as an expert for numerous law firms and farmer-rancher clients. Additional specialized experience related to performing appraisals under the Uniform Appraisal Standards for Federal Land Acquisitions (49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally-Assisted Programs) in addition to meeting the continuing education requirements of the Uniform Standards for Professional Appraisal Practice. Providing Mentorship to other Certified General Appraisers in the areas of the Uniform Act Requirements.

#### Recent Appraisal Experience Related to the client's request

##### SE Judicial District-ND

- Referee for Partition of Industrial Property
- Expert witness in Eminent Domain Trial
- Deponent in two pipeline easement cases-expert witness presentation is pending

##### NW Judicial District -ND

- Expert Witness as Review Appraiser in a powerline condemnation case

Powerline Appraisals for MDU Resources Group -Minot

Oil Pipeline Appraisals for the Three Affiliated Tribes- Ft. Berthold Reservation- ND

## EXPERIENCE

2013-2021

### CERTIFIED GENERAL REAL PROPERTY APPRAISER

GE BOCK REAL ESTATE, LLC

Principal in a small business real estate appraisal and valuation practice to provide professional real estate appraisal and litigation consulting services for individuals and business clients. Provide full range of services, including Right of Way, Government LPA Appraisal projects, Flood Mitigation, estate, divorce, and other specialized appraisal services.

#### Success Examples:

Lead Appraiser for Agricultural, Rural Residential, Partial Acquisition and Residential vacant lot appraisals for the Cass County Joint Water Resource District. Condemnation action in SE District Court upheld the opinion of value. The case was appealed to the ND Supreme Court where the SE District Court case ruling was upheld.

Numerous residential appraisals performed for the City of Moorhead, MN for Flood Mitigation purposes after record flooding in 2009, 2011 and 2012 affected hundreds of residential appraisals adjacent to the Red River of the North.

Provided replacement cost new and current assessment analysis for a tax court case for the City of Moorhead. The case covered eight years of valuation and involved cost estimates exceeding \$100 Million.

**2011-1999**

**CERTIFIED GENERAL REAL PROPERTY APPRAISER-ASSISTANT CITY ASSESSOR-  
REAL ESTATE DEVELOPMENT SPECIALIST**

CITY OF MOORHEAD, MOORHEAD, MN 56560

Provided Mass Appraisal for Residential, Commercial, Industrial and Apartment properties for the City of Moorhead. Oversaw the transition from a paper filing system to a computerized system that emphasized Geographic Information System Integration. Provided Litigation support to the County Attorney's office in regard to several high profile MN Tax Court Appeals.

**1992-1999**

**LICENSED TRANSITIONAL APPRAISER, CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

GE BOCK & CO. -A SOLE PROPRIETORSHIP

Principal Appraiser-Real Estate Broker

Engaged in all types of real estate appraisal assignments focusing primarily on agricultural and residential properties. Represented real estate buyers as a buyer's agent. Listed and sold residential and agricultural land type properties. Provided financial consulting to farm owner-operators in assisting with debt restructuring.

**1991-1999**

**LICENSED TRANSITIONAL APPRAISER, CERTIFIED GENERAL REAL PROPERTY  
APPRAISER**

BRATTEN AND QUALEY LAND CO. 1991-1993

AND

GE BOCK & CO. -A SOLE PROPRIETORSHIP 1993-1999

Staff Appraiser and Sales Associate

Engaged in all types of real estate appraisal assignments focusing primarily on agricultural and residential properties. Represented real estate buyers as a buyer's agent. Listed and sold residential and agricultural land type properties. Provided financial consulting to farm owner-operators in assisting with debt restructuring.

**1985-1991**

**LICENSED REAL ESTATE AGENT, LICENSED TRANSITIONAL APPRAISER**

ASSOCIATE REALTY AND INVESTMENTS, INC.  
Real Estate Sales Associate,  
Transitionally Licensed Staff Appraiser  
Ag Mediation Counselor for ND Department of Agriculture.

1972-1985

**SECONDARY AND ADULT FARM MANGEMENT INSTRUCTOR**

BEACH PUBLIC SCHOOL, NEW ENGLAND PUBLIC SCHOOL, DICKINSON PUBLIC SCHOOL

Secondary Vocational Agriculture Instructor  
Veterans' Agriculture and Adult Farm Management Instructor

**EDUCATION**

MAY 1972

**BACHELOR OF SCIENCE IN AGRICULTURE**

THE NORTH DAKOTA STATE UNIVERSITY OF AGRICULTURE AND APPLIED SCIENCE

Degree with emphasis on Education, Science, and Economics

Relevant Coursework: Biological Sciences, Agricultural Economics and Secondary Education,  
leading to a Secondary Vocational Agricultural Education Position

GPA: 3.53/4.0

**PROFESSIONAL EDUCATION-REAL ESTATE APPRAISAL**

1987-2020

**APPRAISAL INSTITUTE**

Principles of Real Estate Appraisal Course 1A-1.-1989

Procedures in Real Estate Appraisal Course 201-1983

Appraising the Single-Family Residence-1991

Uniform Residential Appraisal Report- 1993

Understanding Limited Appraisals-General 1994

Land Valuation -Adjustment Procedures 2004

Land Valuation Assignments 2004

Highest and Best Use and Market Analysis 2006

Ignorance Isn't Bliss: Understanding an Investigation by a State Appraiser Regulatory Board or Agency 2018

The Cost Approach: Unnecessary or Vital to A Healthy Practice? 2018

Supervisory Appraiser/Trainee Appraiser Course 2018

**AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS**

Uniform Appraisal Standards for Federal Land Acquisitions 2006

Appraisal Review 2007

Uniform Standards of Professional Practice & Code of Ethics 2000

Fractional Interests Seminar - 2000

Eminent Domain, - 1999  
Environmental Liabilities and Risk Management in Real Estate-1994  
Principles and Procedures of Rural Appraisal Course A-20-1993  
Sales Comparisons: Market Data Approach -1990  
Mathematics of Finance and Appraising Special Purpose Properties 1992

## **INTERNATIONAL RIGHT OF WAY ASSOCIATION**

Integrating Appraisal Standards -2021  
Eminent Domain Law Basics for the Right of Way Professional -2015  
Oil and Gas Law Basics and related surface rights issues -2014  
Standards of Professional Appraisal Practice-1991  
Relocation Assistance-Residential -2001  
Relocation Assistance for Businesses -2001  
Valuation of Contaminated Properties -2003  
Computing Replacement Housing Payments -2003  
Advanced Relocation Assistance (Residential) -2003  
Ethics and the Right-of-Way Profession -2003  
Uniform Relocation Act Seminar -2005  
Mobile Home Relocation -10/2008

### **Educational Provider- McKissock**

The Basics of Expert Witness for Commercial Appraisers- 2021  
The Fundamentals of Appraising Luxury Homes -2021  
New Construction Essentials: Luxury Homes-2021  
USPAP 2022-2023 7 Hour National USPAP Update Course -2021  
The Thermal Shell-2014  
Appraisal of Owner-Occupied Commercial Properties-2020  
Risky Business: Ways to Minimize Your Liability-2014  
Essential Elements of Disclosures and Disclaimers-2014  
Land and Site Valuation-2014  
Introduction to Legal Descriptions-2014

### **Educational Provider-Ted Whitmer**

Attacking and Defending and Appraisal in Litigation-2018

### **Minnesota Association of Assessment Officials**

Course A- Assessment Laws, History and Procedures -2001  
Course H- Fundamentals of Mass Appraisal -2001  
Course J- Income Approach to Valuation -2001  
Course K- Tax Policy and Assessment Administration -2000  
IAAO Course 102 Income Approach to Valuation -2000  
Narrative Report Writing -2001

## **MEMBERSHIPS AND ORGANIZATIONS**

- Appraisal Institute-Practicing Affiliate
- North Dakota Appraisers Association (NDAA)
- International Right of Way Association (IRWA)
- Former Member-American Society of Farm Managers and Rural Appraisers
- Former affiliation with the ND Association of Realtors & National Association of Realtors (NDREA & NAR)

# WILLIAM TRIEBWASSER

Federal Tax ID #26-3076130 | Triebwasser Appraisal Service, LLC  
bill@triebwasserappraisalservice.com | www.triebwasserappraisalservice.com

## Licenses:

Minnesota Certified General Appraiser, License# 20400274 – Expires: 08/31/2022  
North Dakota Certified General Appraiser, License# CG-2916- Expires: 12/31/2022  
FHA & VA Approved in North Dakota and Minnesota  
North Dakota Real Estate Sales Professional, License# 8087- Expires: 12/31/2022

## EDUCATION

### MCKISSOCK EDUCATION

- National USPAP Update Course-2019
- Rural Area Appraisals: Freddie Mac Guidelines and Property Eligibility Requirements- 2019
- Right of Way Professionals Workshop MNDOT- 2019
- The Nuts & Bolts of Building Green- 2016
- Avoiding Mortgage Fraud for Appraisers - 2016
- Managing Appraiser Liability - 2016
- The FHA Handbook 4000.1- 2016, 2021
- Appraising FHA Today -2012, 2014
- Even Odder-More Odd Ball Appraisal – 2012, 2014
- Appraising Manufactured Homes – 2012, 2014, 2021
- Introduction to Legal Descriptions – 2012, 2014
- Introduction to Expert Witness Testimony – 2010, 2018
- How to Analyze & Value Income Properties – 2010
- REO & Foreclosures – 2010
- USPAP 7 Hour Update –2007, 2009, 2010, 2012, 2014, 2016, 2018, 2021
- The Art of Addenda – 2010
- That's a Violation- 2018
- Divorce and Estate Appraisals- 2018
- Complex Properties: The Odd Side of Appraisal- 2018
- Evaluations, Desktops, and Other Limited Scope Appraisals- 2018, 2021
- Essential Elements of Disclosures & Disclaimers-2021

### ARCANUM GROUP

- 30- & 15-Hour Real Estate Pre-License Course - 2008

### APPRAISAL INSTITUTE COURSES

- General Appraiser Income Approach - 2007
- Basic Appraisal Procedures - 2007
- Residential Report Writing & Case Studies - 2006
- 310 Basic Income Capitalization, Chicago, IL - 2006
- USPAP 7 Hour Update - 2005
- 320 General Applications, Chicago, IL – 2004

### NORTH DAKOTA REAL ESTATE QUALIFICATIONS AND ETHICS BOARD COURSES

- The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac "What You Need to Know Now" - 2011
- Analyzing Market Conditions - 2009
- Residential Appraisal Report Writing – 2007
- Small Residential Income Property Appraisal- 2007

### PRESOURCE EDUCATIONAL SERVICES, PLYMOUTH, MN COURSE

- Appraisal 101, 102; Introduction to Appraisal Principles I and II - 2003
- Appraisal 103, 104; Introduction to Appraisal Practices I and II - 2003
- Appraisal 105; Introduction to Appraisal Standards and Ethics - 2003

- Uniform Standards of Professional Appraisal Practice - 2003

#### **UNIVERSITIES**

- University of Mary, Bismarck, ND-  
Bachelor of Science Degree, Major in Business/Management: 2003
- University of North Dakota, Grand Forks, ND: 2001-2003
- Minnesota State University, Moorhead, MN: 1997-1998

### **BACKGROUND AND EXPERIENCE**

#### **TRIEBWASSER APPRAISAL SERVICE- WEST FARGO, ND**

- Owner/Residential & Commercial Real Property Appraiser: 2008 - Present

#### **GOOSE RIVER REALTY – HILLSBORO, ND**

- Commercial Sales Associate: 2017 - Present

#### **NETA PROPERTY MANAGEMENT- FARGO, ND**

- President: 2009 - Present

#### **NEWMARK GRUBB KNIGHT FRANK- FARGO, ND**

- Commercial Sales Associate: 2009 - 2016

#### **CORWIN APPRAISAL- FARGO, ND**

- Staff Appraiser, Residential Real Property Appraiser: 2006 – 2008

#### **NETA PROPERTY MANAGEMENT- FARGO, ND**

- Consultant: 2005 - 2009

#### **NATWICK ASSOCIATES APPRAISAL SERVICES- FARGO, ND**

- Staff Appraiser, Commercial, Industrial, Agricultural and Residential Real Property Appraiser  
2003 – 2006

#### **CORWIN APPRAISAL- FARGO, ND**

- Office Staff: 2003

### **APPRAISAL EXPERIENCE**

#### **TRIEBWASSER APPRAISAL SERVICE: WEST FARGO, ND**

- Residential & Commercial Real Property Appraisals in Cass County, ND and Clay County, MN

#### **CORWIN APPRAISAL**

- Residential Real Property Appraisals in Cass County, ND and Clay County, MN

#### **NATWICK APPRAISAL**

- Commercial, Industrial, Farmland, Residential
- Experience in Ethanol Plant, Cemetery, Feed Mill, Meat Packaging, Office Buildings, School Buildings, Farmland, Warehouse, Residential and Other Special Use Property Appraisals.
- Market Analysis for Commercial and Industrial Real Estate

### **REAL ESTATE MANAGEMENT EXPERIENCE**

#### **NETA PROPERTY MANAGEMENT: FARGO, ND**

- President of NETA Property Management, a real estate management firm
- Manages 750 rental housing units located in 14 cities and several commercial office/retail buildings