



UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In Re:

Chapter – 7

Bky. Case No. 04-50-300

Wilmer S. Croft

AFFIDAVIT

Doris E. Croft

Debtors.

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Doris E. Croft, first being duly sworn, upon oath, states:

1. That Affiant is one of the debtors, above named, and is fully knowledgeable regarding the parties property located in Cook County, Minnesota.
2. That affiant is one of the owners of said property, more particularly described in the parties Petition for Bankruptcy. That said property consists of approximately 8 acres of uncleared forested land. That lying at various depths below the surface is granite underlying said land at distances from 0” to as much as 3’. That the land is unsuitable for any structure which would require a basement. That, in addition, drilling for water and installing a septic system is prohibitively expensive even if the land were suitable for drilling, etc.
3. That the major problem with this property is the fact that it is land-locked with no ingress or egress available. The property to the east and most northerly of the property which abuts Highway 61 has a “bluff” or “cliff” and even if available for an easement (cost?) would require extensive excavation due to having to make a cut through the granite underlying the properties.

4. There are two other properties which abut the subject property to the east and south of the abutting property mentioned in paragraph 3 herein. That informal discussions with the property owners have resulted in understanding the owners of said property would not grant an easement to anyone not a permanent and long time resident of the area and only to them at a cost in excess of \$40,000.00 excluding roadway excavation and building costs.
5. That, therefore, the appraisal which is attached hereto, is faulty in the above respects. This appraisal, however, was done with the agreement with the Trustee and paid for by Debtors so that the Court should be apprized of same but, as owners, we are requesting the opportunity to present additional information by testimony at a trial thereof.

FURTHER AFFIANT SAITH NAUGHT.

/e/ Doris E. Croft  
Doris E. Croft

Subscribed and sworn to before me,  
A Notary Public this 2<sup>nd</sup> day of Sept. 2004

/e/ William R. Sweeney  
Notary Public

(SEAL)

Borrower/Client N/A		File No.	
Property Address Hwy 61			
City Grand Marais	County Cook	State MN	Zip Code 55604
Lender Croft, Wilmer & Doris			

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## Superior Properties, Inc.

Matthew T. Anderson, Appraiser  
P.O. Box 147 - 1807 W Hwy 61  
Grand Marais, MN 55604  
Office: (218) 387-1657 ; Fax: (218) 387-1690

July 27, 2004

Property Appraised:  
Hwy 61  
Grand Marais, MN 55604

Borrower: N/A

Dear Croft, Wilmer & Doris,

In accordance with your request, I have completed an appraisal of the real estate described above. A complete and thorough personal inspection of the property has been performed. The attached report was prepared to estimate the market value of the fee simple interest in the subject property. A full legal description will be found herein.

In my opinion, the estimated market value of the property as of:

July 27  
is  
\$45,000

The attached report contains the description, analysis, and supportive data for the conclusion and final estimate of value, along with photographs.

Respectfully submitted,

Matthew T. Anderson  
Appraiser

LAND APPRAISAL REPORT

File No.

Blower N/A      Census Tract 9801      Map Reference 17531  
 Property Address Hwy 61  
 City Grand Marais      County Cook      State MN      Zip Code 55604  
 Legal Description W 400 Ft of 13A Lot 2, S13 T61 R1E  
 Sale Price \$ N/A      Date of Sale N/A      Loan Term      yrs      Property Rights Appraised  Fee  Leasehold  De Minimis P.U.  
 Actual Real Estate Taxes \$ 224.00 (yr)      Loan charges to be paid by seller \$ N/A      Other sales concessions  
 Lender/Clerk Croft, Wilmer & Doris      Address 1883 East Hwy 61, Grand Marais, MN 55604  
 Occupant Vacant      Appraiser Matthew T. Anderson      Instructions to Appraiser

Location	<input type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input checked="" type="checkbox"/> Rural	Employment Stability	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Avg	<input type="checkbox"/> Fair	<input type="checkbox"/> Poor
Built Up	<input type="checkbox"/> Over 75%	<input checked="" type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%	Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth Rate	<input type="checkbox"/> Fully Dev.	<input checked="" type="checkbox"/> Rapid	<input type="checkbox"/> Steady	Convenience to Shopping	<input type="checkbox"/>	<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	Convenience to Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Oversupply	Adequacy of Public Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marketing Time	<input type="checkbox"/> Under 3 Mos.	<input checked="" type="checkbox"/> 4-6 Mos.	<input type="checkbox"/> Over 6 Mos.	Recreational Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Present Land Use	45.2% 1 Family	0% 2-4 Family	% Apts	Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	% Industrial	% Vacant	52.6% Vacant	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Change in Present Land Use	<input checked="" type="checkbox"/> Not Likely	<input type="checkbox"/> Likely (*)	<input type="checkbox"/> Taking Place (*)	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(*) From	To		Rice and Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Predominant Occupancy	<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Tenant	% Vacant	General Appearance of Properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Price Range	\$ 40 to \$ 1.2 M		Predominant Value \$ 215	Appeal to Market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Single Family Age	New yrs to 120 yrs		Predominant Age 25 yrs					

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): There are few recreation facilities available near the subject property. There are no factors that will negatively effect the marketability of the subject. There is inadequate public transportation available near the subject property. This does not affect the value of the property because other properties in the area also have inadequate public transportation.

Dimensions See Site Map      =      8.0 Sq R. or Acres       Corner Lot  
 Zoning classification R-1      Present Improvements  do  do not conform to zoning regulations  
 Highest and best use  Present use  Other (specify)  
 Public  Other (Describe)  
 Elec.  Gas  Water  San Sewer  Underground ELEC. & Tel.   
 OFF SITE IMPROVEMENTS  
 Street Access  Public  Private  
 Surface Maintenance  Public  Private  
 Storm Sewer  Curb/Gutter  Sidewalk  Street Lights  
 Topo Rolling Hills  
 See Typical  
 Shape Irregular  
 View Lake/Good  
 Drainage Appears Adequate  
 Is the property located in a HUD identified Special Flood Hazard Area?  No  Yes

Comments (favorable or unfavorable including any apparent adverse easements, encroachments, or other adverse conditions): There are no apparent adverse easements or encroachments on the subject property. No other adverse conditions were apparent on the subject property.

The undersigned has noted three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Address	Hwy 61 Grand Marais	Hwy 61 Grand Marais	Parcel A E Hwy 61 Grand Marais	Parcel B E Hwy 61 Grand Marais
Proximity to Subject				
Sales Price	\$ N/A	\$ 74,900	\$ 72,500	\$ 75,000
Price per Acre	\$ N/A	\$ 7,490.00	\$ 8,630.95	\$ 8,333.33
Date Source	Courthouse	MLS	MLS	
Date of Sale and Time Adjustment	DESCRIPTION N/A	DESCRIPTION 5/07/04	DESCRIPTION 10/10/03	DESCRIPTION 10/17/03
Location	Grand Marais	Grand Marais	Grand Marais	Grand Marais
Site/View	8.0 Acres/Lake	10.0 Acres/Lake	8.4 Acres/Lake	9 Acres/Lake
Access	Land-locked	Accessible	Accessible	Accessible
Sales or Financing Concessions				
Net Adj. (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> \$ 35,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> \$ 23,500	<input type="checkbox"/> + <input checked="" type="checkbox"/> \$ 28,300
Indicated Value of Subject		\$ 39,900	\$ 49,000	\$ 46,700

Comments on Market Data: Many comparable closed sales were considered in making this appraisal. The three closed sales displayed are considered to be the most comparable and best indication of value for the subject property. Most weight is given to Comparable # 2 because it is most similar to the subject property.

Comments and Conditions of Appraisal: Estimated value assumes clear title in fee simple with assessments paid. This appraisal is completed as a summary appraisal report under the USPAP guidelines dated January 1, 1998.

Final Reconciliation: Most weight was given to the value estimate derived by the Sales Comparison Approach, which is well supported by the Cost Approach.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF July 27, 2004 to be \$ 45,000  
 Matthew T. Anderson      Holly A. Harwig  
 Appraiser(s)      Review Appraiser (if applicable)       Cd  Cd Not Physically Inspect Property

**DEFINITION OF MARKET VALUE:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he considers his own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions\* granted by anyone associated with the sale.

\* Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

## STATEMENT OF LIMITING CONDITIONS AND APPRAISER'S CERTIFICATION

**CONTINGENT AND LIMITING CONDITIONS:** The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
2. The appraiser has provided a sketch in the appraisal report to show approximate dimensions of the improvements and the sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantee, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
5. The appraiser has 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.
6. The appraiser has noted in the appraisal report any adverse conditions (such as, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantee or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
7. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
8. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
9. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that completion of the improvements will be performed in a workmanlike manner.
10. The appraiser must provide his or her prior written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower, the mortgagee or its successors and assigns, the mortgage insurer, consultants, professional appraisal organizations, any state or federally approved financial institution, or any department, agency, or instrumentality of the United States or any state or the District of Columbia, except that the lender/client may distribute the property description section of the report only to data collection or reporting service(s) without having to obtain the appraiser's prior written consent. The appraiser's written consent and approval must also be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, news, sales, or other media.

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

1. I have researched the subject market area and have selected a minimum of three recent sales of properties most similar and proximate to the subject property for consideration in the sales comparison analysis and have made a dollar adjustment when appropriate to reflect the market reaction to those items of significant variation. If a significant item in a comparable property is superior to, or more favorable than, the subject property, I have made a negative adjustment to reduce the adjusted sales price of the comparable and, if a significant item in a comparable property is inferior to, or less favorable than the subject property, I have made a positive adjustment to increase the adjusted sales price of the comparable.
2. I have taken into consideration the factors that have an impact on value in my development of the estimate of market value in the appraisal report. I have not knowingly withheld any significant information from the appraisal report and I believe, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
3. I stated in the appraisal report only my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the contingent and limiting conditions specified in this form.
4. I have no present or prospective interest in the property that is the subject to this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or the estimate of market value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.
5. I have no present or contemplated future interest in the subject property, and neither my current or future employment nor my compensation for performing this appraisal is contingent on the appraised value of the property.
6. I was not required to report a predetermined value or direction in value that favors the cause of the client or any related party, the amount of the value estimate, the attainment of a specific result, or the occurrence of a subsequent event in order to receive my compensation and/or employment for performing the appraisal. I did not base the appraisal report on a requested minimum valuation, a specific valuation, or the need to approve a specific mortgage loan.
7. I performed this appraisal in conformity with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place as of the effective date of this appraisal, with the exception of the departure provision of those Standards, which does not apply. I acknowledge that an estimate of a reasonable time for exposure in the open market is a condition in the definition of market value and the estimate I developed is consistent with the marketing time noted in the neighborhood section of this report, unless I have otherwise stated in the reconciliation section.
8. I have personally inspected the interior and exterior areas of the subject property and the exterior of all properties listed as comparables in the appraisal report. I further certify that I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I had market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
9. I personally prepared all conclusions and opinions about the real estate that were set forth in the appraisal report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the appraisal report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the report, therefore, if an unauthorized change is made to the appraisal report, I will take no responsibility for it.

**SUPERVISORY APPRAISER'S CERTIFICATION:** If a supervisory appraiser signed the appraisal report, he or she certifies and agrees that I directly supervise the appraiser who prepared the appraisal report, have reviewed the appraisal report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certifications numbered 4 through 7 above, and am taking full responsibility for the appraisal and the appraisal report.

**ADDRESS OF PROPERTY APPRAISED:** Hwy 61, Grand Marais, MN 55604

**APPRAISER:**

Signature: Matthew T. Anderson  
Name: Matthew T. Anderson  
Date Signed: July 27, 2004  
State Certification #: \_\_\_\_\_  
or State License #: \_\_\_\_\_  
State: \_\_\_\_\_  
Expiration Date of Certification or License: \_\_\_\_\_

**SUPERVISORY APPRAISER (only if required):**

Signature: Holly A. Halvig  
Name: Holly A. Halvig  
Date Signed: July 27, 2004  
State Certification #: 4001255  
or State License #: \_\_\_\_\_  
State: MN  
Expiration Date of Certification or License: 8/31/2005

Did  Did Not Inspect Property

**Supplemental Addendum**

File No.

Borrower/Client N/A			
Property Address Hwy 61			
City Grand Marais	County Cook	State MN	Zip Code 55604
Lender Croft, Wilmer & Doris			

**PREFACE:**

An appraisal is a type of research into the laws of probabilities with respect to real estate transactions. The insurance industry can reliably predict that out of so many exposures a certain number of losses will occur. They, of course, cannot predict the exact insured on whom this loss will fall. The appraiser can predict the general real estate market with much greater certainty than a specific piece of property.

The appraiser who estimates market value of a particular property is merely stating the appraiser's opinion of what such property most likely will bring in dollars if it is exposed for sale on the open market allowing a reasonable time for buyers to inspect and investigate before making their offers.

Through the appraiser's education, training, experience, and integrity the appraiser is able to relate how sellers and buyers have acted in the past into a forecast of how they most likely will act on the particular property in question. Because each particular property is different and unique, the appraiser must of necessity make any adjustments in making comparisons to arrive at the appraiser's final conclusions.

An appraisal should not be the price to be paid. It should be used to form a basis of negotiation between owner and prospective purchaser or between lender and borrower or between condemner and condemned. This appraisal is not guaranteed. It cannot be proven. If the property brings the estimated value herein, or if a mortgage is predicted thereon, or if a settlement is made as a result of such estimated value, it merely means the parties concerned agree with the appraiser. The parties may disagree and this does not disprove the estimated value. It merely means a difference of opinion.

Future inflation may "correct" a high appraisal but will not increase value. Future deflation may make a low appraisal too high. This is why every appraisal must have an "as of" date, and if used again at a later date it must be revised to reflect any economic or physical change.

The appraiser cannot "predict" a sales price; however, the appraiser can identify a range in which the sales price is most likely to fall. The appraised value is an estimate; sales price is a historical fact. Prices paid and awards made often reflect sentiment, compassion, sympathy, bias, politics, personal interest, specific needs, lack of understanding and other factors not considered by the impartial appraiser.

This appraisal is made subject to certain basic assumptions, definitions and limiting conditions. These should be read by the reviewer. The final opinion of value is the result of a professional analysis of a considerable quantity of physical and economic facts. The methods used in my analysis are explained in the appraisal report.

**APPRAISAL DEVELOPMENT AND REPORTING PROCESS:**

At the request of Valuation Information Technology, I conducted a Complete Summary Appraisal Report intended to comply with Standard 1 of the Uniform Standards of Professional Appraisal Practice (USPAP). No departure from the Standard 1 was invoked in this appraisal report. The report itself is intended to meet the requirements of a Complete Summary Appraisal Report Standards Rule 2-2(b) of USPAP. The above terms and requirements are relevant to new changes in USPAP that became effective as of July 1, 1994. This appraisal still meets all prior guidelines normally required for a FNMA/FHLMC appraisal. The report presents summary discussions of the data, reasoning and analyses that were used in the documentation that is not provided in this report concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report.

**Supplemental Addendum**

File No.

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**SCOPE OF THE APPRAISAL:**

The purpose of this appraisal is to estimate the market value, as defined, for use in a federally-related mortgage loan. This scope of the appraisal is intended to summarize the extent of the process used to collect, confirm, and communicate data that is the basis of my value estimate. I personally inspected the subject property on the effective date indicated in the appraisal. All appropriate valuation methods were considered, analyzed and reconciled, and are the basis for my final opinion of value. Exceptions, if any are discussed in this supplement. I believe my analysis of the subject's value was thorough and complete, but this appraisal is by no means an exhaustive market study of the property, nor is it considered to be a home inspection, with regard to the workings and structure of the home (see comment below). As previously noted, this Complete Summary Appraisal Report is intended to meet FNMA appraisal guidelines as well as requirements of USPAP.

**INSPECTION OF SUBJECT:**

My interior and exterior inspection of a typical residence takes about one hour to complete. My inspection is for valuation purposes only and is not intended for code compliance. I did not inspect unfinished attic areas, nor any foundation crawl space or such areas required access through scuttle doors or were otherwise not readily accessible. My inspection was limited to areas which would be considered part of the gross building area. In regards to insulation, I did not verify the presence, nor the amount of insulation in the ceilings or inspect the building for adequacy of ventilation. My inspection and comments on various components such as roof shingles, furnace, ventilation and so forth should not preclude the opinion of an expert building inspector, if so desired.

**AREA DESCRIPTION:**

Cook County is located on the Northeastern tip of Minnesota's Arrowhead Country, approximately 75 miles Northeast of Duluth. It is roughly triangular in shape, with Ontario, Canada to the North, Lake Superior to the East and Lake County to the West. The county seat of Grand Marais, with a population of nearly 1,200, is located on Lake Superior, midway between Lake County and the Canadian border, on Minnesota Trunk Highway Number 61. The county, with a land area of over 930,000 acres, has an approximate population of 4,000.

Ownership patterns in the county are unique. Over 90% of the land area is under public control, leaving less than 10% in private ownership. The Superior National Forest and the Boundary Waters Canoe Area Wilderness is managed by the United States Department of Agriculture, Forestry Division and makes up a large portion of this public land. Three State Forests, Seven state parks, a designated wayside, and the Grand Portage Indian Reservation are also within the county. Approximately 99% of the county is forested, 74% is considered potential commercial forest land. Prevalent species include Aspen, Birch, Spruce, Tamarack and residual Pine.

The geology of the area has been very influential on the settlement and development patterns within the county. The coastal hills area is characterized by steep relief and prominent rapids, waterfalls and cascades along the rivers emptying into Lake Superior. Long ridges parallel to the shore, form a pattern of valleys and valley lakes in this area. The northern ridge and valley area has a steep topography in a band parallel to the Canadian Border, from Gunflint Lake to Pigeon Point. North facing slopes are very steep, South facing slopes more gradual, and many elongated lakes fill the valleys. The remainder of the county is remote interior uplands. Because of the county's rugged terrain, development is concentrated along two corridors, one along Lake Superior, the other along the Gunflint Trail.

Cook County's location, population, land forms, and natural resources limit the diversity of the

**Supplemental Addendum**

File No.

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economy to a great extent. The large forests are a reservoir of materials for the local and regional wood products firms, and provide many jobs in the area. The forests, parks, impressive terrain and beautiful lakes attract large numbers of recreational visitors, creating the most stable and largest component of the North Shore economy. As recreational facilities are developed and expanded, and all-season use promoted, tourism will become an increasingly important factor in the economic health of Grand Marais, the smaller North Shore communities, and the area.

**NEIGHBORHOOD:**

The property is in a rural portion of the state. A substantial portion of the surrounding land in the area is woodland. There is a high demand for houses in this area that exceeds the supply of properties offered for sale. This does affect property value.

This house is beyond convenient walking distance to the grammar and high schools. The community provides busing to the schools. This has no effect on the value of the property.

**MARKETABILITY FACTORS:**

All of Cook County has been enjoying a boom in demand for recreational properties. This is due to the popularity of this area as a destination for those wanting to enjoy close access to Lake Superior, the Boundary Waters Canoe Area Wilderness (BWCAW), the Superior National Forest and all the creeks, rivers and lakes that dot the boreal forest surrounding the subject neighborhood. There are not any unfavorable factors that affect the marketability of the subject property and properties similar to the subject are generally increasing in value. The property values are rising, due to a continuing demand for single-family residences in Cook County. The demand has resulted in a marketing time of under 3 months, if the property is properly priced. There are not many similar competitive properties available in the neighborhood. The continuing demand for single-family residences in this area, exceeds the availability. Financing is readily available from a variety of sources and there are no unusual loan programs or concessions available in the mortgage market at the present time.

**SITE:**

There is no access to the subject property because it is land-locked. There is not an easement in place for access to the property. A deduction has been made for the effect on the value of the subject property.

**IMPROVEMENTS:**

There are no improvements on the subject property.

The subject does not have a driveway or cleared area for building. This is typical of comparable properties in this area and does not negatively affect the value of the subject property.

**SALES COMPARISON:**

All comparable sales are closed sales.

This is a good active market. No special financing, loan discounts, interest buydowns or concessions were found for the subject or comparable sales in this market.

A thorough search for comparable sales was made in an attempt to find sales which bracket the final value estimated for the subject property. After consideration of locations, dates of sale, physical differences and special conditions, in the appraiser's judgment, the comparables used

**Supplemental Addendum**

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are the best indicators of the subject's value although they different in price than the final value estimated for the subject.

A thorough search for comparable sales was made in this market area. Comparables that sold within 6 months of the date of the appraisal were significantly different in location, size, age and condition. In the appraiser's judgment, the comparables selected are a better indication of the subject's value than more recent sales. Market studies serve as the basis for making the required time adjustment.

Comparable sales over one mile away were used because they are the best available in this rural area. Expanding the search to a radius greater than 1 mile developed sales that are still within the same market. These sales are the best comparables to the subject property and are therefore used in this report.

A thorough search for comparable sales was made in an attempt to find ones with net adjustments of less than 15% of their sale price. After considering locations, dates of sale, physical differences and special conditions, in the appraiser's judgment, the sales selected are better indicators of the value of the subject property than those with smaller net adjustments.

A thorough search for comparable sales was made in an attempt to find ones with gross adjustments of less than 25% of their sale price. After considering locations, dates of sale, physical differences and special conditions, in the appraiser's judgment, the sales selected are better indicators of the value of the subject property than those with smaller gross adjustments.

A thorough search for comparable sales was made in an attempt to find ones with line adjustments of less than 10% of their sale price. After considering locations, dates of sale, physical differences and special conditions, in the appraiser's judgment, the sales selected are better indicators of the value of the subject property than those with smaller line adjustments.

**ENVIRONMENTAL CONDITIONS:**

The subject has not been tested for radon gas and the estimated market value is based on the assumption that radon gas is not present. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, asbestos, and/or the existence of substances such as toxic waste or radon gas, and/or the existence of any other environmental influence that may adversely affect the value of the property or health of the inhabitants of the property, was not observed by me; nor do I have any knowledge of the existence of such materials/substances/influences on or in the property. This appraiser, however, is not qualified to detect such materials/substances/influences. The existence of urea-formaldehyde foam insulation, or other potentially hazardous material, or toxic waste or radon gas, may have an effect on the value of the property. I urge the client to retain an expert in this field, if desired.

**SALES HISTORY OF THE SUBJECT:**

As required by appraisal standards, the appraiser checked for sales of the subject property within three years. No recorded sales within three years were found.

**INCOME APPROACH:**

Due to the lack of reliable rental data in the subject neighborhood, the income approach to value was not utilized. Single family homes typically are not purchased for investment purposes.

**PHOTOGRAPHS:**

**Supplemental Addendum**

File No.

Borrower/Client: N/A			
Property Address: Hwy 61			
City: Grand Marais	County: Cook	State: MN	Zip Code: 55604
Lender: Croft, Wilmer & Doris			

No photographs were taken of the comparable properties because the properties are wooded and would show no detail.

**DATA SOURCES:**

The appraiser utilized the Cook County Courthouse records. Sales and CRV data is updated continuously.

**APPRAISAL HISTORY OF THE SUBJECT:**

As required reported by Minnesota Appraisal Standards, the subject property has not been previously appraised by Matthew T. Anderson or Holly A. Harwig in the past three years.

## Subject Photo Page

Buyer/Client N/A			
Property Address Hwy 61			
City Grand Marais	County Cook	State MN	Zip Code 55604
Lender Croft, Wilmer & Doris			



### Subject Lakeview

Hwy 61  
Sales Price N/A  
Gross Living Area  
Total Rooms  
Total Bedrooms  
Total Bathrooms  
Location Grand Marais  
View 8.0 Acres/Lake  
Site  
Quality  
Age



### Subject Lot Photo

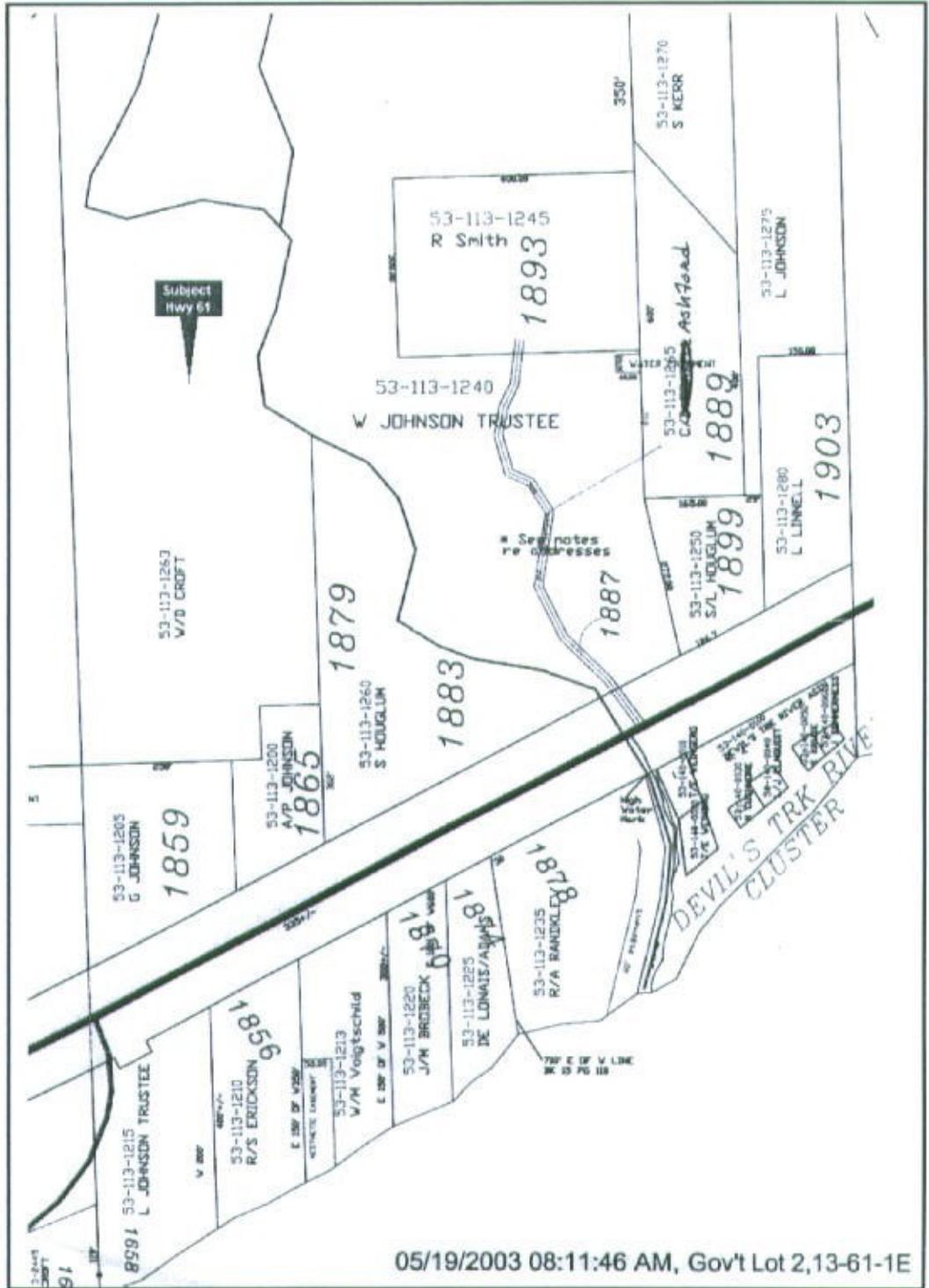
### Location Map

Buyer/Client: N/A			
Property Address: Hwy 61			
City: Grand Marais	County: Cook	State: MN	Zip Code: 55604
Lender: Croft, Wilmer & Doris			



### Location Map

Borrower/Client N/A			
Property Address Hwy 61			
City Grand Marais	County Cook	State MN	Zip Code 55604
Lender Croft, Wilmer & Doris			





UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In Re:

Chapter 7  
Bky. Case NO. 04-50300

Wilmer S. Croft and  
Doris E. Croft,

UNSWORN CERTIFICATE OF  
SERVICE

Debtors.

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I, William R. Sweeney, declare under penalty of perjury that on September 2, 2004, I facsimiled the following documents:

RESPONSIVE MOTION AND AFFIDAVIT

To each entity named below at the address stated below for each entity:

UNITED STATES TRUSTEE  
1015 US COURTHOUSE  
300 SOUTH FOURTH STREET  
MINNEAPOLIS MN 55415

DORRAINE LARISON  
TRUSTEE, ATTORNEY AT LAW  
1010 WEST ST GERMAIN SUITE 600  
ST CLOUD MN 56301

Executed on: September 2, 2004

/e/ William R. Sweeney  
William R. Sweeney  
Attorney at Law  
314 W Superior Street  
Torrey Building Suite 910  
Duluth MN 5580  
(218) 626-1100