

McGinnis Real Estate Appraisal Group, LLC

Appraisal Report 310 Elbow Loop South Bonner, MT 59823

Jennifer L. McGinnis, MAI

384 SF residence with
shed on a
0.83 acre cabin site parcel
with 144.51' Elbow Lake
frontage

Date of Valuation
May 2, 2014

FOR

**State of Montana
Montana Board of Land Commissioners
Department of Natural Resources and Conservation
Emily Cooper
P.O. Box 201601
Helena, MT 59620-1601**

DNRC No. 147055

Our File No. 1411

PO Box 996, Polson, MT 59860 Phone (406)883-1659

McGinnis Real Estate Appraisal Group, LLC

June 2, 2014

Montana DNRC
Emily Cooper
P.O. Box 201601
Helena, MT 59620-1601

RE: Tim & Cheryl Schenk Lessees
310 Elbow Loop South
Bonner, MT 59823

DNRC No. 147055
Our File No. 1411

Dear Ms. Cooper,

At your request I have prepared an appraisal on the above described property. The purpose of the appraisal is to develop a **current fair market value (MCA 70-30-313)** appraisal of the entire property with the **hypothetical condition** that land and improvements are in fee simple ownership, with one owner, including a separate market value for the State-owned land, as if vacant, as well as a separate market value for non-State-owned improvements.

The appraisal complies with The Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board.

As a result of my investigations, studies and analyses, I have formed the opinion that the **current fair market value(s) (MCA 70-30-313)** of the subject property, with consideration to the **Hypothetical Condition** stated in this report and a cash sale, as of May 2, 2014 is:

Segregated value indications

Raw vacant land value	\$150,000
Improvement value	<u>\$ 45,000</u>
Total Market Value with Hypothetical condition fee simple ownership	\$ 195,000

The attached report details among other important factors, appraiser certification, scope of work, definition of **current fair market value (MCA 70-30-313)**, the highest and best use of the property, all applicable approaches to value, and assumptions and limiting conditions. Acceptance of this appraisal constitutes an agreement whereby the user acknowledges and accepts all conditions provided herein. I hereby submit the following appraisal report containing 75 pages and Addenda.

I have appraised the property with the **Hypothetical Condition of fee simple ownership** subject to easements or restrictions of record. The use of a Hypothetical Condition affects assignment results. I assume no responsibility for the marketability of the title to the property. An interior and exterior site visit was completed May 2, 2014.

A Phase I Environmental Site Assessment was not provided to me; however, a visual inspection of the property revealed no on-site contamination nor did it reveal any materials stored on site which would constitute hazardous wastes. However, your appraiser is not an expert in this field and if some questions exist a qualified professional should be contacted.

I have complied with the Competency Provision as required in the Uniform Standards of Professional Appraisal Practice, based on my education and experience in appraising similar properties throughout western Montana.

I direct your attention to the data, discussions and conclusions which follow.
Thank you for the opportunity to be of service.

Respectfully submitted,

A handwritten signature in dark ink, reading "J McGinnis". The signature is written in a cursive, flowing style with a large initial "J" and "M".

Jennifer L. McGinnis, MAI
MT Certified General Appraiser
REA-RAG-LIC-714

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Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report and all comparable sales.
- Tim McGinnis, Licensed Real Estate Appraiser assisted in property research.
- I have provided no services as an appraiser or in any other capacity of the subject property within the three years prior to this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Members.

A handwritten signature in dark ink, reading "J McGinnis". The signature is fluid and cursive, with the first name "J" and last name "McGinnis" clearly visible.

Jennifer L. McGinnis, MAI
MT Certified General Appraiser
REA-RAG-LIC-714

General Assumptions and Limiting Conditions

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

1. No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of property appraised which is assumed to be marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
2. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
3. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
4. Unless expressly specified in this Agreement, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of McGinnis Real Estate Appraisal Group, LLC, is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
5. Where the values of the land and the improvements are shown separately, the value of each is segregated only as an aid to better estimate the value which it lends to the whole parcel, rather than value of that particular item if it were by itself.
6. The dates of value to which the opinions expressed in this report apply are set forth in this report. I assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.
7. All maps, areas, plans, specifications, and other data furnished your appraiser are assumed to be correct. No survey of the property was made

by this firm. Furthermore, all numerical references to linear measurements, area, volume or angular measurements should be assumed to be "more or less" (\pm), and are accurate to a degree consistent with their use for valuation purposes.

8. Neither the employment to make the appraisal nor the compensation for it is contingent upon the amount of valuation reported.
9. The information, estimates and opinions which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
10. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analysis, opinions, and conclusions expressed herein are based are true and correct. Furthermore, no important facts have been withheld or overlooked.
11. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraiser is connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.
12. This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of McGinnis Real Estate Appraisal Group, LLC and Client. The appraiser assumes no liability for unauthorized use of the appraisal report by a third party.
13. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
14. The value opinion provided herein is subject to any and all predications set forth in this report.
15. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, I have not completed nor have I contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, she makes no guarantees, express or implied, regarding this determination.

16. If the appraisal is for mortgage loan purposes 1) I assume satisfactory condition of improvements if construction is not complete, 2) no consideration has been given rent loss during rent-up unless otherwise noted in the body of this report, and 3) occupancy at levels consistent with my "Income and Expense Projection" are anticipated.
17. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
18. My inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. I inspected the buildings involved and reported damage (if any) as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.
19. The appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or nation governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
20. When possible, I have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to me, I have relied upon my own measurements of the subject improvements. I follow typical appraisal industry methods; however, I recognize that some factors may limit my ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple-story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
21. I have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and /or reliable are used within this report. While the

measurements and any accompanying sketches are considered to be reasonable accurate and reliable, I cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). I reserve the right to use an alternative source of building size and amend the analysis, narrative or concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

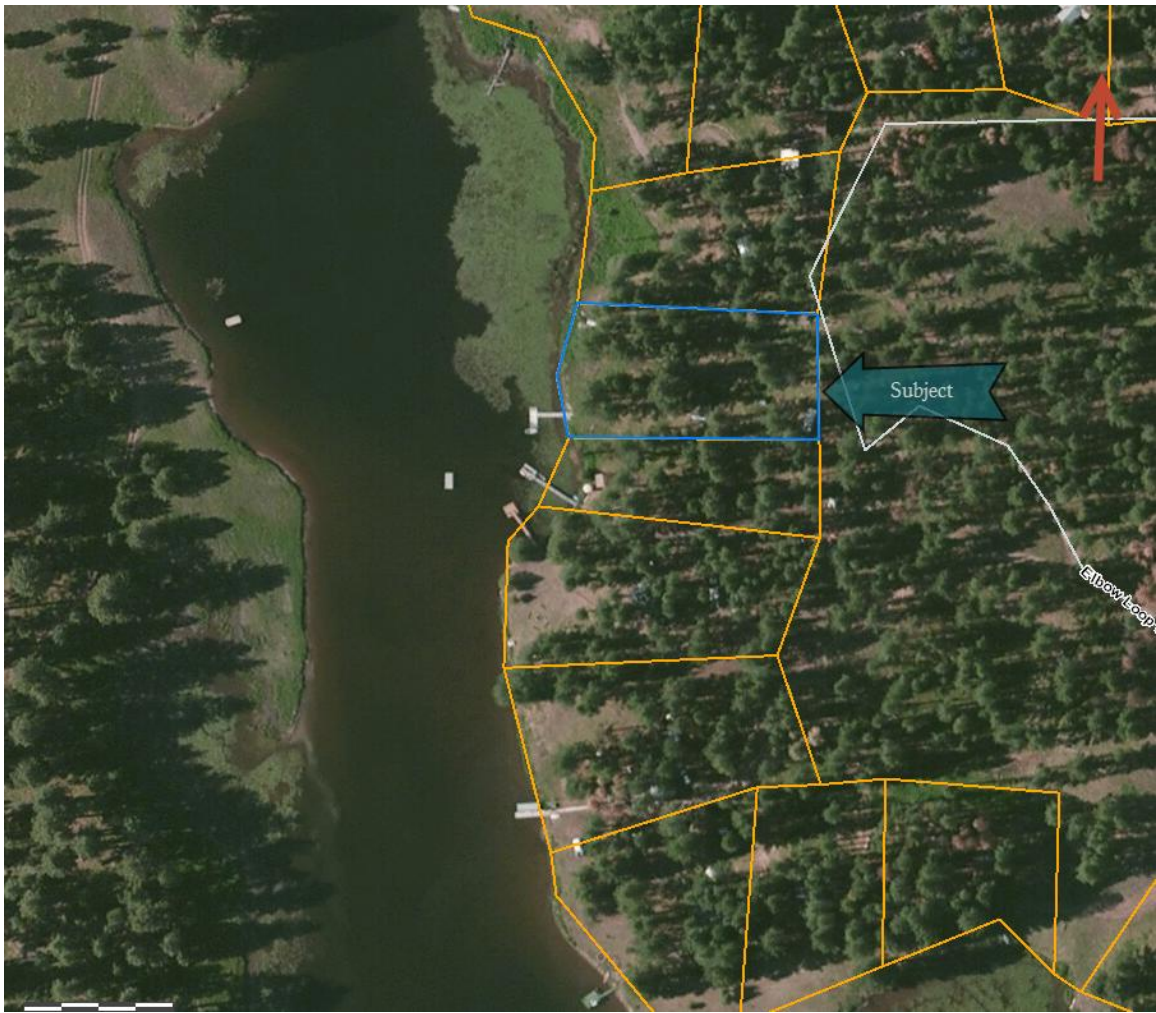
22. In the absence of being provided with a detailed land survey, I have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, I reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
23. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and I reserve the right to amend this appraisal if substantial differences are discovered.
24. The appraiser is not qualified to detect hazardous wastes and/or toxic materials. Any comment by the appraiser that might suggest the possibility of presence of such substances should not be taken as confirmation of the presence of hazardous wastes 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, petroleum products 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 the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover such conditions. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
25. I have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the Americans with Disabilities Act (ADA) which became effective January 26, 1992. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible

- noncompliance with the requirements of ADA in developing an opinion of value.
26. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment or subsurface rights (minerals, gas and oil) were not considered in this appraisal unless specifically stated to the contrary.
 27. If any claim is filed against any of McGinnis Real Estate Appraisal, LLC affiliates, partners or employees, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
 28. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
 29. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
 30. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from my estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, I strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determining insurance coverage and I make no warranties regarding the accuracy of this estimate.
 31. It is your responsibility to read the report and to inform the appraiser of any errors or omissions of which you are aware, prior to utilizing the report.
 32. All disputes shall be settled by binding arbitration in accordance with then then-existing commercial arbitration rules of the American Arbitration Association (the "AAA").
 33. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions

Summary of Conclusions

Current Owners Leasehold improvements Lease # 3062075	Land	DNRC School Trust Land Tim & Cheryl Schwenk
Location of Property		310 Elbow Loop South Bonner, MT 59823
Legal Description Sale # 711		0.83+/- acre, 144.51' LF Parcel 16 COS 4921, Section 20, T15N-R14W P.M.M. Missoula, County Montana
Property Rights Appraised	Hypothetical:	Fee simple, subject to easements and restrictions of record
Present Use		Single family residence Leasehold improvements
Highest and Best Use		Single family residential
Extraordinary Assumptions		none
Hypothetical Conditions		Fee Simple ownership
Site size		0.83 acre, 144.51'LF
Date of Valuation		May 2, 2014
Land Value indication		\$150,000
Improvement Value indication		\$45,000
Total Value indication by the Cost Approach		\$195,000
Total Value indication by the Sales Comparison Approach		\$195,000
Total Value indication by the Income Capitalization Approach		not developed
Opinion of Current Fair Market Value		\$195,000

Subject Property Photographs



Subject location on "Elbow Lake" of the Clearwater River

SUBJECT PROPERTY PHOTOGRAPHS
Photos taken 5/2/2014 by Jennifer McGinnis



Subject cabin and shed improvements- facing east from the waterfront



Subject cabin improvements-front and east side

SUBJECT PROPERTY PHOTOGRAPHS



Subject cabin rear and west side; post and pier foundation



Subject gravel/dirt State owned road; Elbow Loop South

SUBJECT PROPERTY PHOTOGRAPHS



Subject site is located on "Elbow Lake" of the Clearwater River.
Dock is owned by Lessee



Subject site facing west towards the cabin from the eastern boundary
Moderately sloped site which levels out at the lake front
Water hydrant for RV

SUBJECT PROPERTY PHOTOGRAPHS



Subject cabin interior kitchen and wood stove



Subject dining and living area; exposed ceiling insulation

SUBJECT PROPERTY PHOTOGRAPHS



Subject recently remodeled bathroom with tile shower



Subject bedroom

SUBJECT PROPERTY PHOTOGRAPHS



Subject propane furnace



Subject storage shed with concrete slab foundation

SUBJECT PROPERTY PHOTOGRAPHS



Subject well



Subject power pole with underground power trenched to the cabin

SUBJECT PROPERTY PHOTOGRAPHS



Subject septic area



Subject fixed dock with floating dock attachment

SUBJECT PROPERTY PHOTOGRAPHS

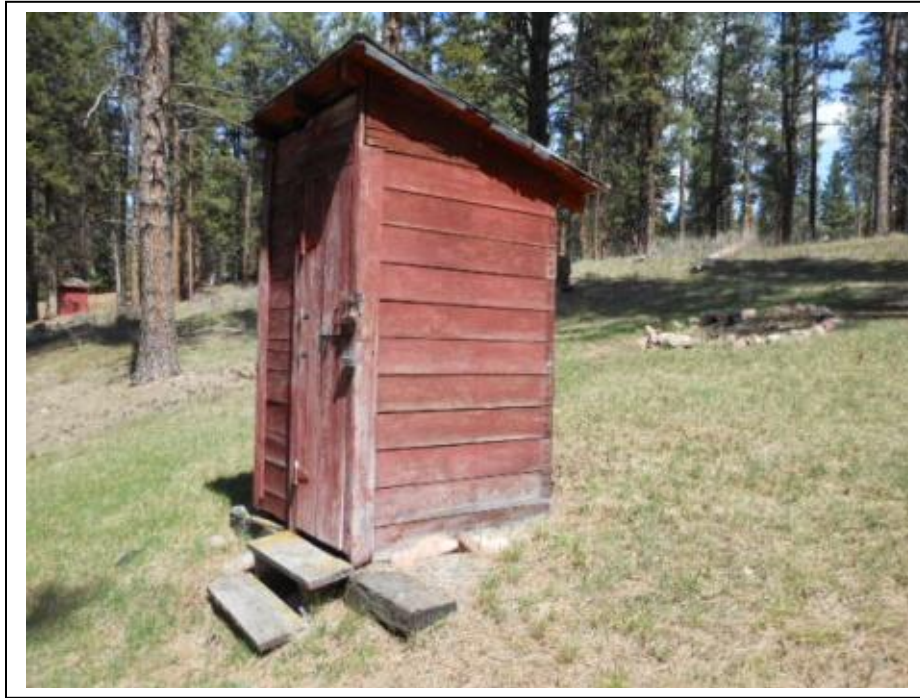


Subject Elbow Lake facing south



Subject Elbow Lake facing north

SUBJECT PROPERTY PHOTOGRAPHS



Subject outhouse



Subject outhouse interior

Introduction

Identification of the client, Intended users, Purpose and Intended Use

The report has been prepared for the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC) and Tim & Cheryl Schwenk. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties. No other party may use or rely on the information in this report without written consent of the preparer.

Significant Dates of Appraisal

The effective date of the appraisal is May 2, 2014. The report was completed and delivered on June 2, 2014.

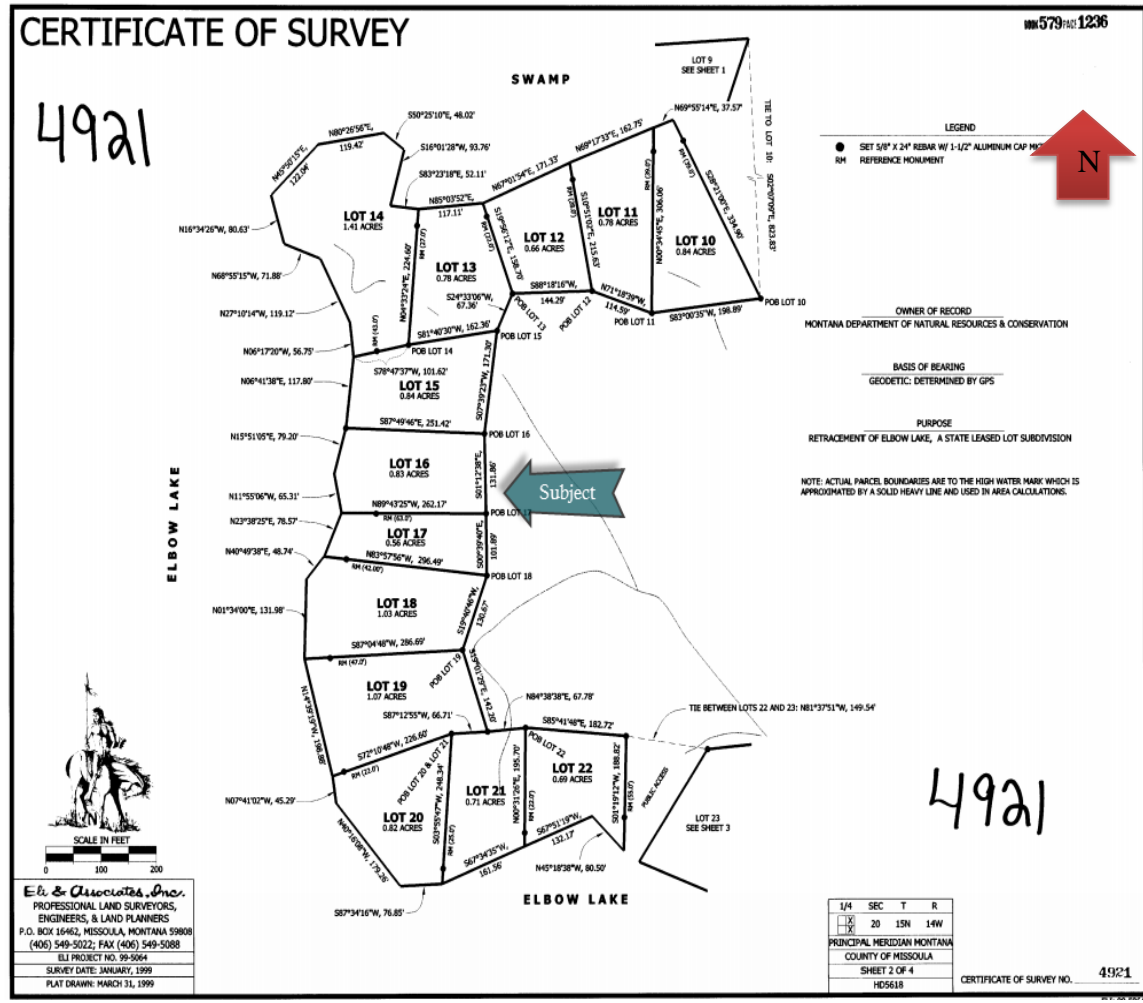
Identification of the subject real estate and the property rights appraised

This appraisal is made with the ***Hypothetical Condition*** that present ownership of the subject property includes all rights that may be lawfully owned, and is, therefore, title in fee simple, subject to all easements and restrictions of record. The use of a ***Hypothetical Condition*** that the lease does not exist affects assignment results.

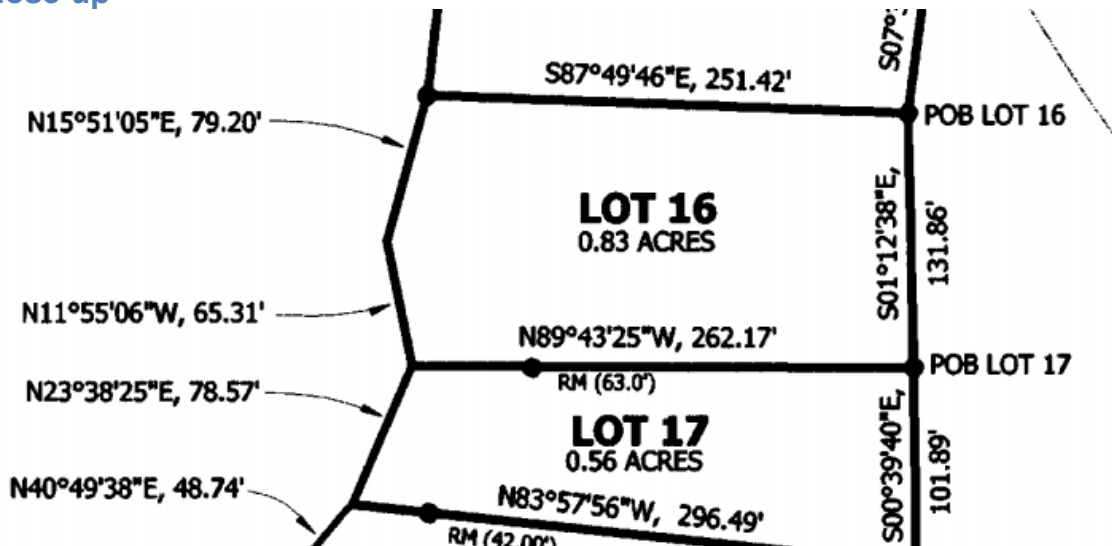
The property is legally described as:

Lot 16: Beginning at a point from which the NE corner of said Section 20 bears N.40°58'23"E., 3423.53 feet; thence S01°12'38"E., 131.86 feet; thence N.89°43'25"W., 262.17 feet; thence N.11°55'06"W., 65.31 feet; thence N.15°51'05"E., 79.20 feet; thence S.87°49'46"E., 251.42 feet to the point of beginning, containing 0.83 acres.

Plat Map



Close-up



Aerial view of the subject



Definition of Current Fair Market Value

The purpose of this appraisal is to provide the appraiser's best estimate of the current fair market value of the subject real property as of the effective date. Current Fair Market value, as used in this report, is defined in *Montana Code Annotated 2013*, as:

DEFINITIONS:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

Scope of Work

The following is the Scope of Work provided by the client:

Scope of Work for Appraisal of Potential Property Sale through the Cabin & Home Site Sale Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners, the Department of Natural Resources and Conservation (DNRC) and Bruce & Kathy Graham. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties.

DEFINITIONS:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

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

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge

of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: it may be possible that because of the characteristics of a subject property, or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties in the subject's market or similar markets), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable. The appraisal will be an Appraisal Report as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted.

Be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

All appraisals are to describe the market value trends, and provide a rate of change, for the markets of the subject property. Comparables sales used should preferably be most recent sales available or be adjusted for market trends if appropriate. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county. Use comparable sales of like properties.

The cabin site (land) should be valued under the hypothetical condition that it is vacant raw land, without any site improvements, utilities, or buildings.

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks and landscaping.

The appraised value of state-owned land added to the allocated market value of the non-state-owned improvements value will not be greater than total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.

Appraised Values Required:

The appraisal for cabin and home sites must:

1. Include a total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.
2. Include a separate market value for the state-owned cabin or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements.
3. Allocate a separate market value for the non-state-owned improvements, from the total market value derived in 1 above.
4. Valuation of the improvements must account for all forms of obsolescence.
5. The appraiser must also allocate what portion of the appraised value for the cabin or home site (land) would be attributable to the value of the access across other state land to the cabin or home site.

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

Subject Property (Located in Missoula County):

Sale # 711, 0.83± acres; Lot 16, Elbow Lake Cabin sites; COS 4921, Section 20, T15N-R14W P.M.M., Missoula County Montana. See survey of the parcel below.

Access to field inspect the cabin site parcel and improvements should be coordinated with the Area Office Contact listed below.

Area Office Contact Information:

Liz Mullins, Land Use Planner
1401 27th Avenue
Missoula, MT 59804
Phone: 406/542-4345
Fax: 406/542-4285
lmullins@mt.gov

Lessees:

Tim & Cheryl Schwenk
4575 Sundown Road
Missoula, MT 59804
406/543-5228 home, 531-1443 cell
tcschwenk@bresnan.net

The following will be located in the body of the contract:

The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

The definition of market value is that as defined in 70-30-313 M.C.A.

The DNRC will provide access to the state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, property issues, surveys (if any), and production history. The local land office will provide contact information to the appraiser, if necessary, in order for the appraiser to obtain access to the property.

This appraisal report employs the Cost and Sales Comparison Approach to value, which is necessary for credible results given the intended use, property characteristics and type of value sought. The Income Capitalization Approach is not developed, as there is insufficient data due to most properties in the area

being owner occupied. The data collection and analysis followed the normal procedures as required by the Uniform Standards of Professional Appraisal Practice, as well as the Code of Ethics and Standards of Professional Practice of the Appraisal Institute.

Data was obtained from the following sources:

- Missoula County website
- Missoula County Treasurer's Office
- Montana Cadastral website
- Federal Reserve Economic Data website
- Community Reports website
- Northwest Montana Multiple Listing Service
- Montana Association of Realtors MLS
- Data files of McGinnis Real Estate Appraisal Group, LLC.
- Real estate brokers and other appraisers in Missoula County.

Upon receiving the assignment, a file was prepared which included: plat map, zoning information, courthouse research including owner of record for both land and leasehold improvements, real estate taxes, legal description, as well as a floodplain map.

An interior and exterior site visit was completed May 2, 2014 with the Lessee and representative from DNRC. The Sales Comparison Approach is employed to estimate the market value of the subject lot. Then, the Cost Approach is developed along with a physical depreciation estimate using the age-life method, to reflect the contributory value of the improvements. The Sales Comparison Approach is developed to estimate the overall value of the subject property as improved, by comparing it to similarly improved properties.

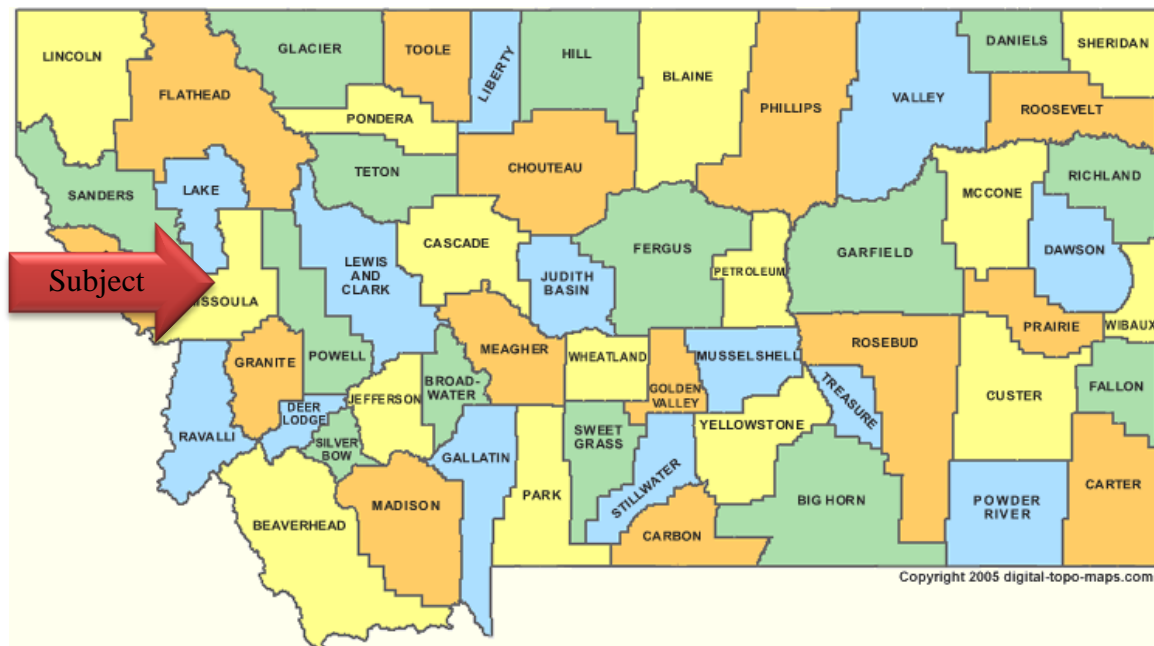
Identification of personal property or other items that are not real property

No personal property is included in this report.

History/Last Sale of the Subject Property

The subject site has been under the same ownership for over three years. The Lessee is Tim and Cheryl Schwenk, who have owned the leasehold improvements for over three years. The subject is not currently listed for sale and there are no known offers to purchase the subject property at this time. The purpose of the appraisal is for decision making purposes concerning a potential sale of the said subject properties.

General Area Data



The subject property is located 10+/- miles south of Seeley Lake, Montana a small recreational community which lies between the Bob Marshall Wilderness and Mission Mountain Wilderness in Missoula County with a population of 1,987 people in the zip code area. Seeley Lake has amenities including shopping, employment and public school for grades K-12. Although the subject's address is Bonner, Seeley Lake is the closest community with amenities. The subject is located approximately 40 miles NE of Missoula, the county seat, which is the home of the University of Montana, regional shopping and two medical centers. Following is the Missoula County and Seeley Lake area profiles:

Missoula County Profile

Total Population, 2013	111,800
Percent Change in Population, 2011-2012	0.7%
Median Age, 2012	34.4
Percent 65 or Older, 2012	11.7%
Percent of Population with Bachelor's Degree or Higher, 2012	25.4%
Median Household Income, 2012	\$45,054
Percent of Population without Health Insurance Coverage, 2012	18.1%
Unemployment Rate, November 2013	4.5%
Lived in a Different House in 2011	22.5%

Sources: American Community Survey, U.S. Census Bureau; Research and Analysis Bureau, Montana Department of Labor and Industry.

Seeley Lake area profile (2010 U.S. Census)

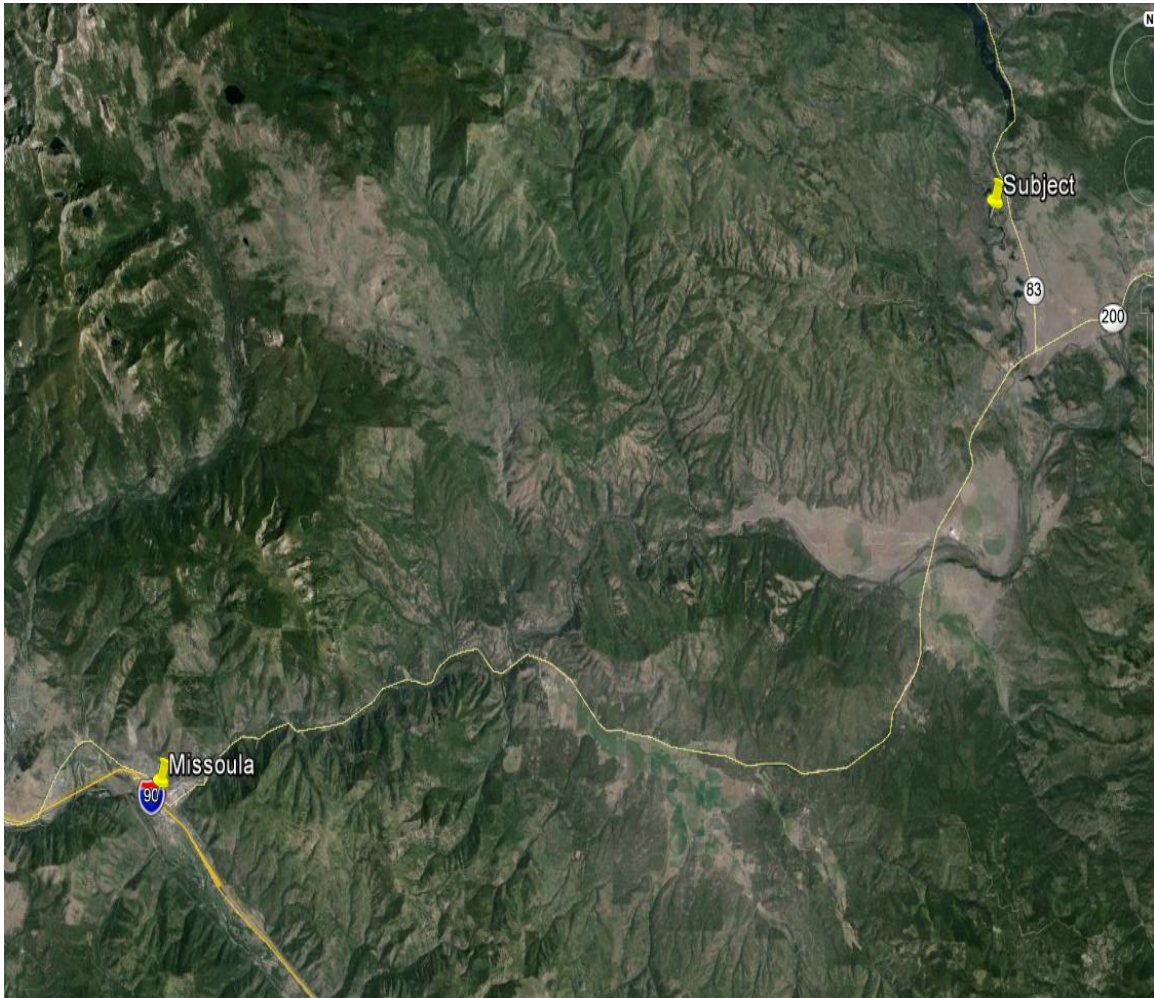
Demographics near Zip Code 59868				
	Zipcode	City	County	National
? Neighborhood Type	Suburban	Suburban		
? Population	1,987	1,659	109,299	308,035,306
? Population Density	8.7	135.7	42.1	87.1
? Percent Male	53.5%	53.5%	50.3%	49.3%
? Percent Female	46.6%	46.5%	49.7%	51.0%
? Median Age	50.2	49.5	34.4	37.3
? People per Household	2.2	2.2	2.3	2.6
? Median Household Income	\$45,030	\$45,350	\$45,005	\$50,935
? Average Income per Capita	\$26,645	\$26,356	\$24,391	\$26,154

Source: Community reports

Location attributes

Missoula is located in the western part of Montana at the junction of U.S. Interstate 90, U.S. Highway 10, 12 and 93 and Montana Highway 200. Missoula County encompasses 2,600 square miles with five valleys and three rivers winding through this region. The continental divide is approximately 100 miles west, Spokane Washington is 200 miles east and the Canadian border is 175 miles south.

Location Map



Economic Considerations

There have been long-term structural changes in Missoula's economic base as the wood and paper products industry accounted for the largest share of the basic earnings 10 years ago, which has shifted to the University of Montana and other state agencies now being the largest basic industry . The University of Montana, trucking and rail have all experienced growth as shown in the following graph:

Earnings in Basic Industries, Missoula County, 2011-2013, Percent of Total



Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Overall, the Missoula economy is projected to grow over 2.3% per year between 2014 and 2017, which is positive compared to the sluggish growth seen coming out of the recession, as seen in the following graph. Health care is growing, the University of Montana is stable, and construction has seen slow growth.

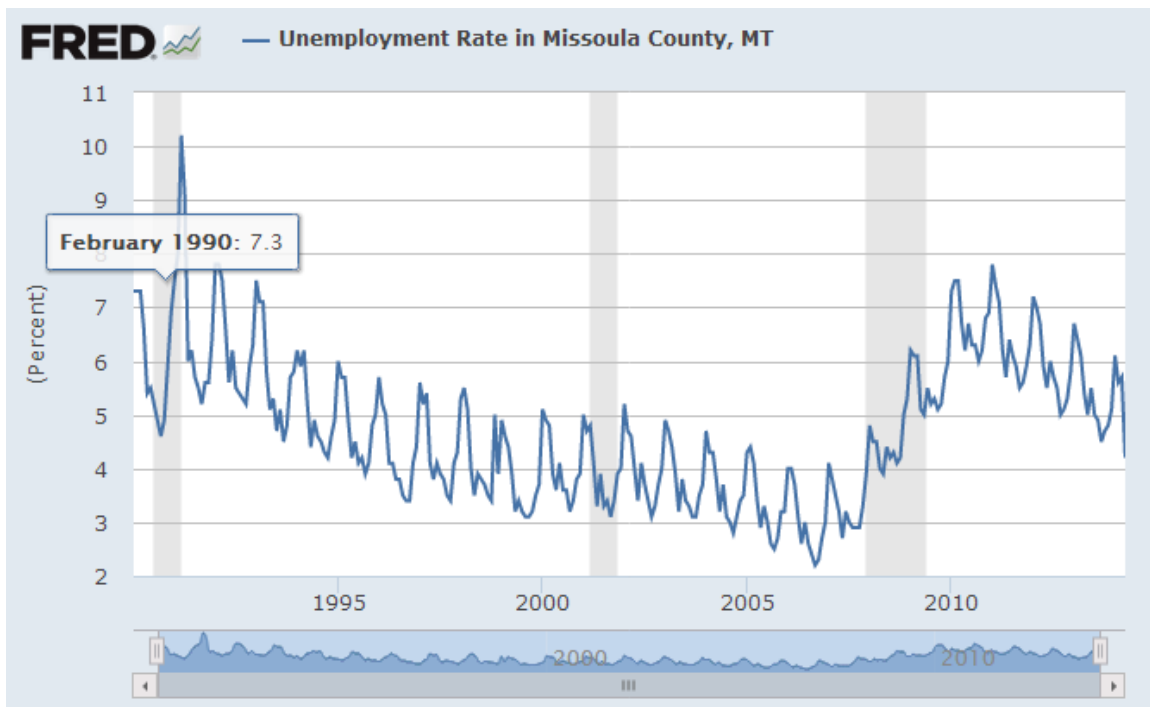
Actual and Projected Change in Nonfarm Earnings, Missoula County, 2010-2017



Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Unemployment rate in Missoula County is currently 4.2%; and shows seasonal highs and lows ranging from a low of just under 3% to a high of 10% in the following graph:

Missoula County Unemployment



Social considerations

“Quality of life” is the main reason people relocate to the area to live and work. Missoula is the center for education, medicine, business, retail shopping, culture, entertainment and recreation. The beauty of the area and the seasonal recreational opportunities make Missoula County an ideal place to recreate. The University of Montana provides excellent educational opportunities as well as cultural, athletic and community activities.

There are many seasonal recreational cabins in the Seeley Lake area where Missoula residents have their weekend getaway.

Environmental and geographic considerations

Environmental considerations tie in with social considerations pertaining to quality of life. Seeley Lake is known for the streams, lakes, river, golf course, and Forest Service trail systems. The following table illustrates the climate characteristics of the area:

Climate near Zip Code 59868				
	Zipcode	City	County	National
? Altitude	4,024	4,030	4,958	1,443
? Rainfall (inches annually)	21.4	21.4	16.3	36.5
? Snowfall (inches annually)	124.4	124.4	57.9	25.0
? January Avg. Low Temp	9.7	9.7	14.4	20.5
? July Avg. High Temp	81.0	81.0	83.8	86.5
? Days of Precipitation Annually	130	130	118	100
? Days Mostly Sunny Annually	158	158	158	205
? Comfort Index (during hot weather)	69	69	69	44

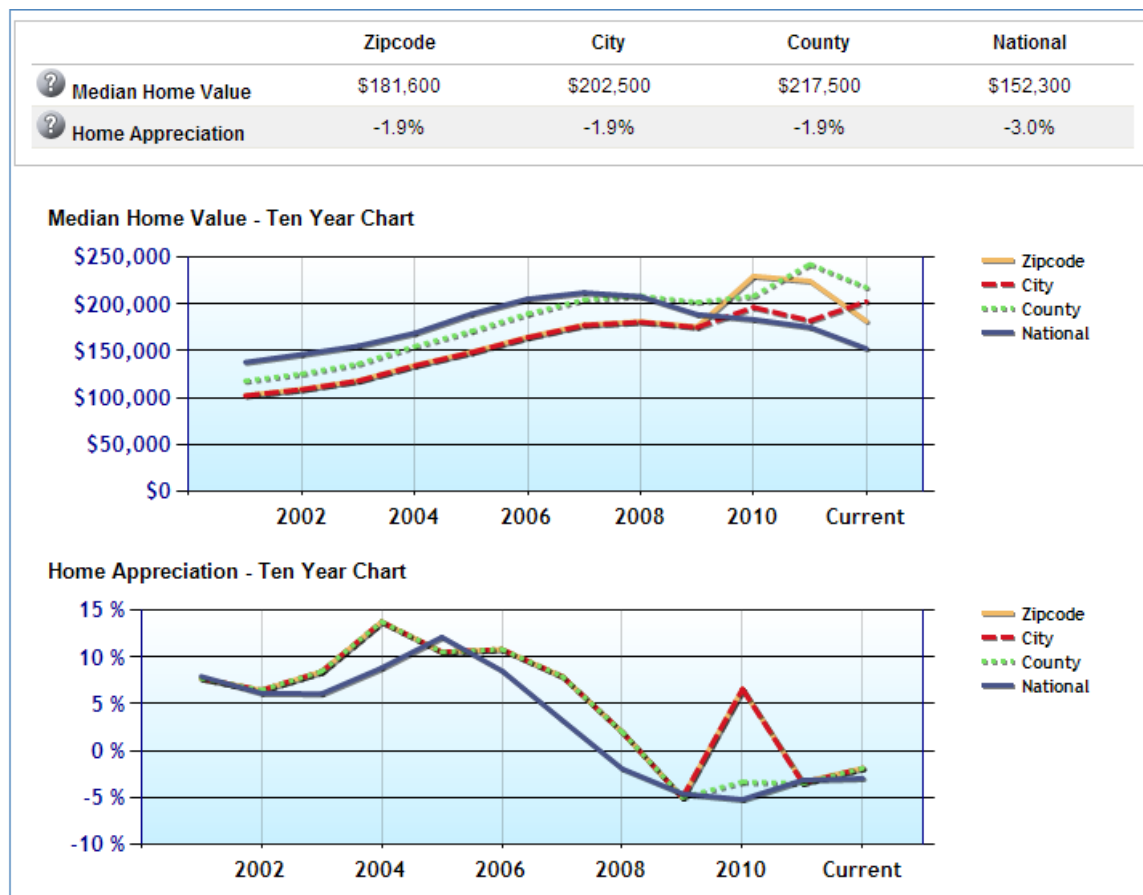
(Source: Community Reports)

Geographically, Missoula is the heart of five scenic valleys and the Bitterroot, Clark Fork and Blackfoot rivers. This location makes Missoula the destination for recreation, regional health care, shopping and education.

Market Trends

Residential

The median home value in the Seeley Lake zip code area is \$181,600 which is higher than the National median of \$152,300. Median home value in Missoula County increased since 2010, and then declined slightly in the past two years as illustrated in the following graphs:



Homes Statistics near Zip Code 59868				
	Zipcode	City	County	National
? Median Age of Home	31.0	25.2	31.8	35.1
? Homes Owned	44.1%	47.9%	54.5%	57.7%
? Homes Rented	10.8%	11.7%	37.2%	30.9%
? Homes Vacant	45.2%	40.5%	8.3%	11.4%

Source: Community Reports

Homes in the Seeley Lake area are a mix of frame homes, custom homes and recreational cabins. Market appeal is good because of abundant recreational opportunities and aesthetic beauty of the area. According to NMAR MLS data for the area, listing are down -9%, new listings are down -13%, sales are up +70% with dollar volume up +58%, average sale price down -7%, median price down -7% and list to sale price ratio is 93% from 5/2/2013 through 5/2/2014 over the same period in 2012/13.

Following is the residential inventory analysis for the Seeley Lake area, according to the Missoula Association of Realtors MLS:

Base/List Date/Current: 5/30/2014			
Inventory Analysis	Prior 7 - 12 Months	Prior 4 - 6 Months	Current - 3 Months
Total # of Comparable Sales (Settled)	58	5	22
Absorption Rate (Total Sales/Months)	9.67	1.67	7.33
Total # of Comparable Active Listings	126	112	144
Months of Housing Supply (Total Listings/Ab.Rate)	13.03	67.20	19.64
Median Sale & ListPrice, DOM, Sale/List%	Prior 7 - 12 Months	Prior 4 - 6 Months	Current - 3 Months
Median Comparable Sale Price	\$236,500.00	\$257,000.00	\$155,000.00
Median Comparable Sales Days on Market	143	274	260
Median Comparable List Price	\$269,000.00	\$256,000.00	\$279,250.00
Median Comparable Listings Days on Market	294	318	217
Median Sale Price as % of List Price	95.28%	96.98%	96.07%

The inventory analysis indicates that there is an oversupply with 144 active listings and 22 sales in the past three months. The median sale price in the past three months was \$155,000 with 260 median days on market for sales. The median comparable list price is much higher at \$279,250. Overall, residential values in the Seeley Lake area appear to have stabilized in the past year, with an oversupply and longer marketing times of over six months.

Vacant Land

Following is the vacant inventory analysis for the Seeley Lake area, according to the Missoula Association of Realtors MLS:

Base/List Date/Current: 5/31/2014			
Inventory Analysis	Prior 7 - 12 Months	Prior 4 - 6 Months	Current - 3 Months
Total # of Comparable Sales (Settled)	22	5	4
Absorption Rate (Total Sales/Months)	3.67	1.67	1.33
Total # of Comparable Active Listings	151	158	207
Months of Housing Supply (Total Listings/Ab.Rate)	41.18	94.80	155.25
Median Sale & ListPrice, DOM, Sale/List%	Prior 7 - 12 Months	Prior 4 - 6 Months	Current - 3 Months
Median Comparable Sale Price	\$70,250.00	\$140,000.00	\$56,950.00
Median Comparable Sales Days on Market	162	211	204
Median Comparable List Price	\$115,900.00	\$135,000.00	\$109,450.00
Median Comparable Listings Days on Market	374	374	307
Median Sale Price as % of List Price	87.97%	87.55%	89.13%

The inventory analysis indicates that there is an oversupply with 207 active vacant land listings and only 4 land sales in the past three months. The median

sale price in the past three months was \$56,950 with 204 median days on market for sales. The median comparable list price is much higher at \$109,450, which could be due to the various lot sizes and amenities. Overall, land values in the Seeley Lake area appear to have stabilized in the past year, with an oversupply and longer marketing times of over six months.

Site Description



SITE DESCRIPTION

General Data

Location	Bonner, Montana 59823
Street Address	310 Elbow Loop South
Assessor Parcel #	Land #4241926
	Improvements # 501203

Adjacent Land Uses

North	MT State Lands-SF residential
South	MT State Lands-SF residential
East	MT State Lands-vacant
West	MT State Lands-"Elbow Lake" of Clearwater River

Physical Characteristics

Site Area	0.83+/- acre, 144.51' LF
Shape	irregular
Topography	Moderate slope to level at waterfront
Parcel Type	Single family residential site with Elbow Lake frontage

Access

Street Name	Elbow Loop South
Street Type	State; gravel/dirt
Curb Cuts	none
Alley Access	none
Signalized Intersections	none

Site Improvements

Utilities	well water, individual septic, public power-Typical
Asphalt Paving	none
Parking Spaces	3+
Sidewalks	none
Landscaping	grass lawn, pine trees

Flood Zone Data

FEMA MAP No.	30063C1045D
Date	08/16/88
Flood zone	Homesite does not appear to be in the Flood Zone

Other Site Conditions

Soils	No formal soil survey provided. Appears to be adequate based on surrounding development
Environmental Issues	Environmental site assessment not provided Assumption that no contamination exists
Easements & Encroachments	Typical utility easements

Site Ratings

Location	Good; "Elbow Lake" of Clearwater River
Size, Shape, Topography	Average
Access	Average
Exposure	Average
Site Improvements	Average
Overall Site Rating	Average/Good

Zoning Designation

Zoning Code

No Zoning-Development must meet DEQ requirements

Zoning Designation

No zoning, not subject to shoreline regulations per County

Legal/Conforming Status

Legally Permitted Use

Yes

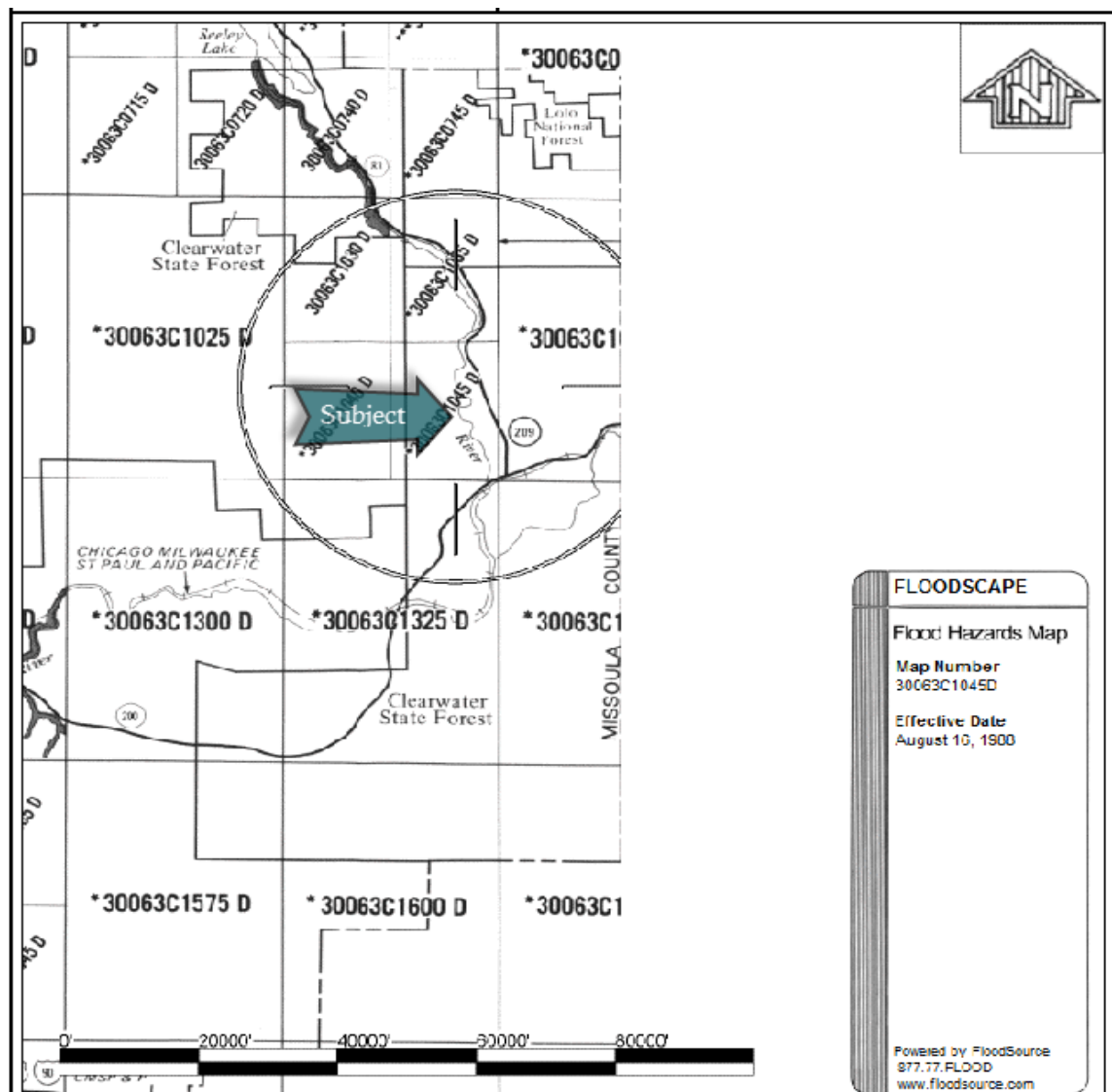
Conforms to Parking Standards

Yes

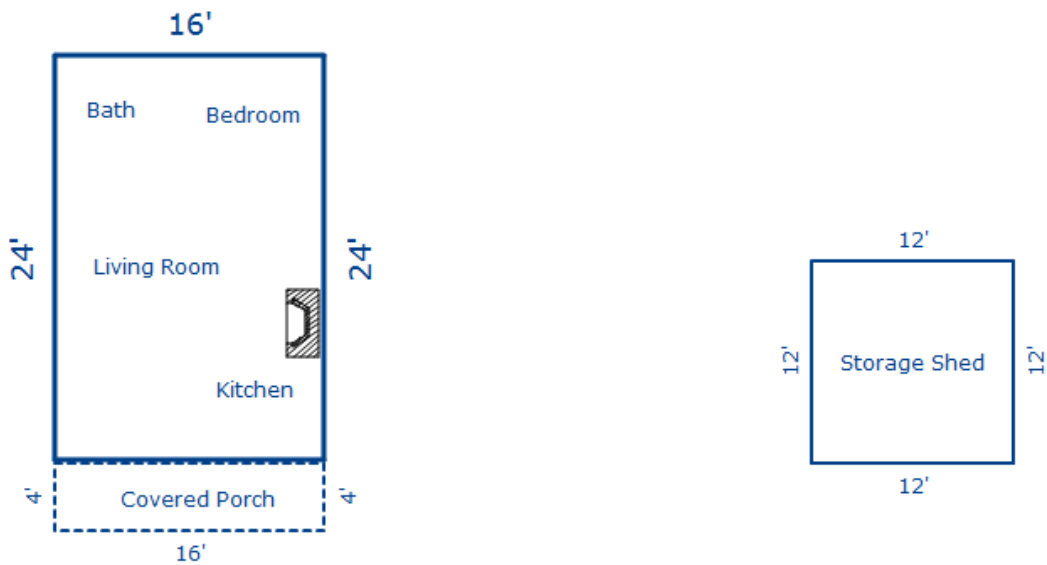
Conformity Conclusion

No zoning, assumption that development meets DEQ standards

Flood Map



AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	384.00	384.00
P/P	Covered Porch	64.00	64.00
OTH	Storage Shed	144.00	144.00



First Floor

Improvement Description

General Data

Property Type	cabin
Number of Buildings	one
Number of Stories	one
Number of Units	one

Building Area Sources

Appraiser measurements	384 SF first floor
Footprint	384 SF first floor
Outbuildings	144 SF shed
	290 SF dock
	outhouse

Age/Life

Year Built	Originally Built in 1960
Actual Age	54 years
Effective Age	18 years

Typical Building Life	55 years
Remaining Economic Life	37 years

Exterior

Construction Class	Average quality cabin
Foundation	post and pier
Frame/Walls	Wood frame/avg
Exterior Wall Finish	wood board and batt/avg
Roof Cover	asphalt shingle/fair
Windows	Wood frame/vinyl/avg

Interior

Floors	wood/avg
Walls	wood
Ceiling Finish	exposed insulation and wood
Lighting fixtures	typical
Number of bedrooms	1 bedrooms
Number of bathrooms	1 bathroom, remodeled in 2013
Finishes	average finishes
Furniture, fixtures & equipment	typical residential appliances

Mechanical Systems

Electrical	typical residential-recently rewired
HVAC	wood stove and propane furnace
Fire Sprinklered	no

Improvement Ratings

Quality	Average
Condition	Average
Repairs needed	Ceiling cover
Functional Utility	Average
Overall Rating	Average

Strengths, Weaknesses, Opportunities and Threats

Strengths and weaknesses are internal to the subject; opportunities and threats are external to the subject.

Strengths of the subject are that it has “Elbow Lake” Clearwater River frontage, and is located near Seeley Lake with access from MT Highway 83. The improvements are in average condition.

A weakness is that the cabin is very small, limiting it to seasonal use and the State road to access the property is narrow and may be difficult to access during the winter months.

Opportunities exist due to buyers purchasing recreational homes and vacant lots for both primary and secondary vacation residences.

Threats mainly have to do with current economic conditions, as there is an oversupply of residential properties in the Seeley Lake area of Missoula County with increasing demand.

In summary, the subject location on Elbow Lake is desirable; however the improvements are small limiting to seasonal use, and there is increasing demand with an oversupply of available properties in the area.

Taxes and assessment data

Assessor #	Description	Taxes	AV Land	AV Imps.	AV Total
501203	improvements	\$246.44		\$38,602	\$120,902
4241926	land	\$0.00	\$82,300		
Total		\$246.44	\$82,300	\$38,602	\$120,902

This tax amount is based on a total assessed improvement value of \$38,602 with no taxes assessed on the State land which has an assessed value of \$82,300. Total assessed value of improvements and land is \$120,902 which is lower than current fair market value possibly due to the differing effective dates of appraisal. The subject improvement real estate taxes total \$246.44 and is within the comparable properties tax amounts therefore is considered reasonable.

Highest and Best Use

The highest and best use of a property is the reasonably probable and legal use of vacant land or an improved property that is: physically possible, appropriately supported, financially feasible, and that results in the highest value.

Improved properties may have a highest and best use that is different than the existing use. The existing use will generally continue until land value exceeds the total value of the property in its existing use plus demolition costs.

Analysis of Highest & Best Use as Vacant

In determining the highest and best use of the property as though vacant, an appraiser focuses on: 1) the existing use, 2) a projected development, 3) a subdivision, 4) an assemblage, or 5) holding the land as an investment.

Legally Permissible

A threshold of highest and best use is what is legally permissible. This analysis considers private restrictions, existing zoning, likely zoning, building codes, historic district controls, urban renewal ordinances, and other encumbrances because they may preclude many potential uses. The subject is located in the Missoula County where there is no zoning, and according to Todd Klietz at Missoula County planning, shoreline regulations do not apply; therefore it is legally permissible to develop the subject lot with a single family residence.

LEGALLY PERMISSABLE	
Characteristic	Conclusion
Classification:	No zoning
Permitted Uses:	Must meet DEQ standards
Regulations:	Must meet DEQ standards
Probability of Change:	Unlikely

Physically Possible

Multiple factors affect the uses with which the land may be developed. These factors are considered in the following table, followed by a conclusion of the legally permissible uses that are also physically possible.

PHYSICALLY POSSIBLE	
Characteristic	Conclusion
Size	0.83+/- acre, 144.51' LF
Shape	irregular
Utilities	well, septic system, public power
Visibility	Good
Flood Plain	None noted
Soil Conditions	Good for development
Environmental Concerns	None noted
Other	moderate slope to level
Physically possible uses	single family residential

Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment. All uses that yield a positive return are financially feasible. Feasibility is tested through a cost/benefit analysis or through direct market observation. Based on the recent similar sales and listings, and surrounding use of developed sites, it appears that owner occupied residential use is both feasible and maximally productive. There is increasing demand and an oversupply of available residential homesites. The use that indicates financial feasibility is single family residential development based on current use of similar properties in the area.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. The subject consists of one residential lot. Therefore, single family residential development use is maximally productive.

Conclusion of Highest and Best Use as though Vacant

The conclusion of the highest and best use as though vacant, as analyzed in the previous section, is as follows:

CONCLUSION AS THOUGH VACANT	
Characteristic	Conclusion
Use:	residential
Timing:	Now
Participants (User):	owner occupied
Participants (Buyer):	owner occupied

Analysis of Highest & Best Use as improved

After taking into consideration the four tests of highest and best use, it is physically possible to occupy the subject improved property as a single family residence, permissible since there is no zoning, financially feasible based on development of surrounding sites, therefore this use will be maximally productive. Highest and best use as improved is the continued use as a single family residence/recreational cabin.

Conclusion of Highest and Best Use as improved

The current use as a single family residence/recreational cabin meets the general tests for highest and best use and is considered maximum site utilization. Given the attributes of the subject real estate, the conclusion of highest and best use is based on logic and observed evidence. Therefore, the highest and best use, as improved, is a continuation of the existing use.

Most Probable Buyer/User

As of the date of value, the most probable buyer of the subject property is an owner occupant.

Appraisal Methodology

The following definitions were taken from *The Dictionary of Real Estate Appraisal, fifth addition, 2010* sponsored by The Appraisal Institute.

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Income Capitalization Approach

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Methods and/or Techniques Employed

Whenever possible, all three basic approaches to value are employed. The resulting indications of value are then correlated into a final estimate of market value. In the course of investigating the marketplace where this analysis is made, sufficient data was found to employ the sales comparison approach and the cost approach; however, there was insufficient data to complete the income capitalization approach.

Land Valuation

Methodology

Land is valued using the Sales Comparison Approach. This 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 utility. In the Sales Comparison Approach, the opinion of market value is based on closed sales, listings, and pending sales of properties similar to the subject property.

A systematic procedure for applying the Sales Comparison Approach includes the following steps:

- Researching and verifying transactional data
- Selecting relevant units of comparison
- Analyzing and adjusting the comparable sales for differences in various elements of comparison
- Reconciling the adjusted sales into a value indication for the subject site.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison for the site analysis is price per homesite or economic unit.

Elements of Comparison

Elements of comparison are property characteristics that cause the prices of real estate to vary. The following are the main elements of comparison:

Transaction adjustments

- Real property rights conveyed
- Financing terms
- Condition of sale
- Expenditures immediately after purchase
- Market conditions

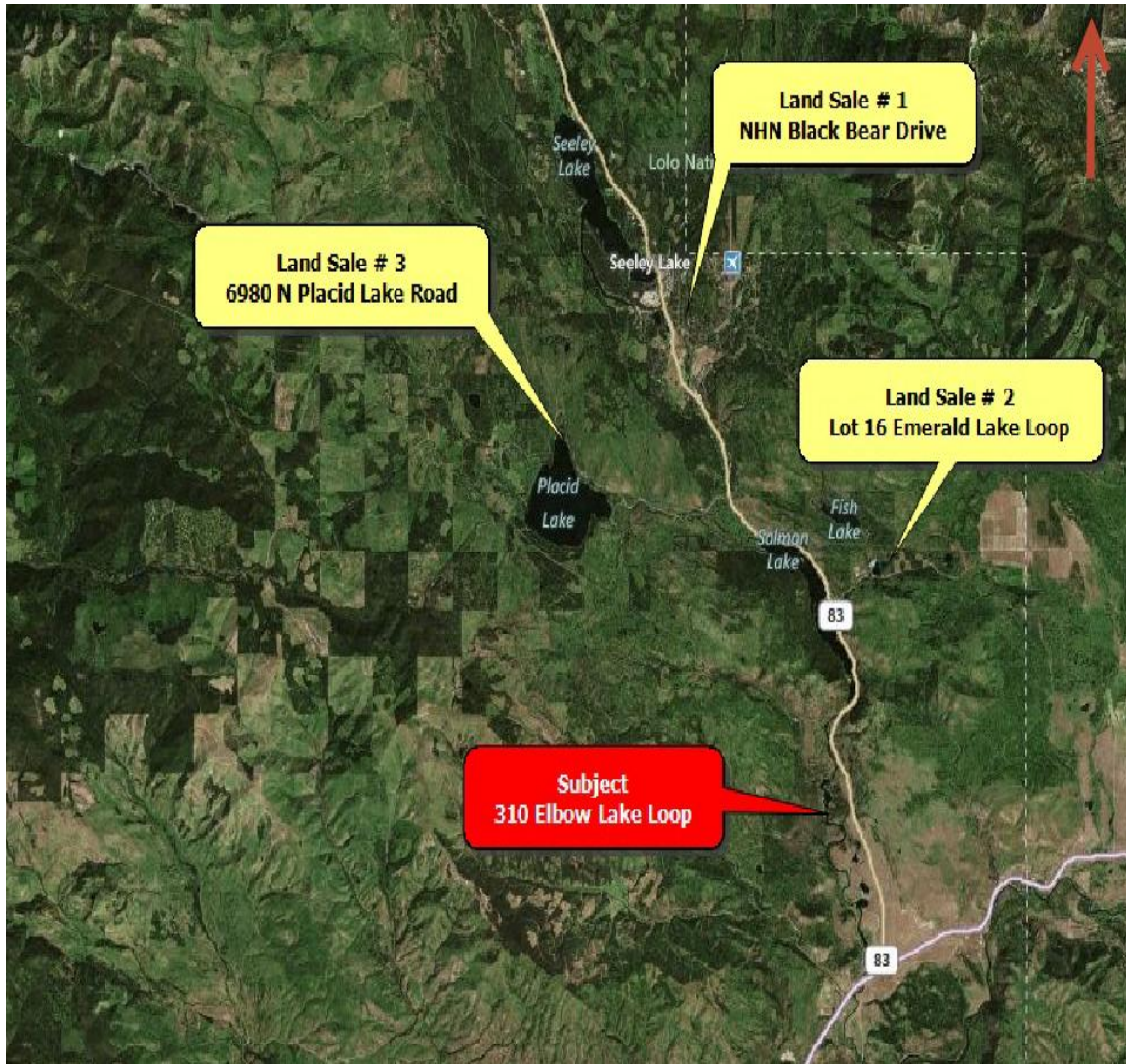
Property adjustments

- Location
- Physical characteristics
- Economic characteristics
- Zoning/use
- Non-realty components of value

Comparable Land Sales Data

In searching for comparable land sales, all waterfront land sales in the Seeley/Swan area were reviewed that occurred since 05/02/2011. The 13 waterfront land sales analyzed ranged from a low of \$65,000 for a 1.89 acre site at 667 Whitetail Drive, Seeley Lake, MT with 300' of Trail Creek frontage which closed 11/19/2012(MLS# 20113222) to a high of \$450,000 for a 1.07 acre site with 97.21 lineal feet of Placid Lake frontage at 826 Placid View Place, Seeley Lake, MT that closed 07/29/2011 (MLS# 20113844). Parcel sizes range from 0.90 acres to 5.96 acres. The following three sales are the best, most recent sales available:

Location Map



Comparable Land Sale Synopsis

Sale	mls/doc #	Location	Date	Size/AC	Price	Amenities
1	20133751 Bk.919 Pg.270	NHN Black Bear Drive Seeley Lake, MT	9/9/2013	1.76	\$105,000	240' Morrell Creek front
2	20120229 Bk. 908 Pg.67	Lot 16 Emerald Lake Lp. Seeley Lake, MT	2/5/2013	2.24	\$170,000	116' Emerald Lake front non-motorized boats
3	20115351 Bk.917 Pg.610	6980 N. Placid Lake Seeley Lake, MT	8/5/2013	0.86	\$253,000	123' Placid Lake front motorized boats

Analysis of Comparable Sales

Comparable Land Sale No. 1 MLS#20133751 is located at NHN Black Bear Drive, Seeley Lake, MT and closed 9/9/2013 for \$105,000 after 91 days on the market. The list price at the time of sale was the original list price of \$110,000. This property consists of 1.76 acres with 240' of Morrell Creek frontage. Site adjustment is made considering larger site size with similar site utility of one residential homesite and inferior water frontage. Adjustment is made for city water.

201318104 B: 919 P: 270 Pages: 7
09/09/2013 04:27:05 PM Warranty Deed
Vicky M Zeier, Missoula County Clerk & Recorder
eRecording

AND WHEN RECORDED MAIL TO:

Edward L. Bauer and Patricia A. Bauer
1014 Sunset Bay Court
Granbury, TX 76048

Filed for Record at Request of:
First American Title Company

Space Above This Line for Recorder's Use Only

Order No.: 477655-M
Parcel No.: 1228406

WARRANTY DEED
(Joint Tenancy)

FOR VALUE RECEIVED,

Dale L. Johnson and Rita R. Johnson, as joint tenants with rights of survivorship, as to a 50% undivided interest; And Kim N. Johnson and Linda L. Johnson, as joint tenants with right of survivorship, as to the remaining 50% undivided interest

hereinafter called Grantor(s), do(es) hereby grant, bargain, sell and convey unto

Edward L. Bauer, Jr. and Patricia A. Bauer

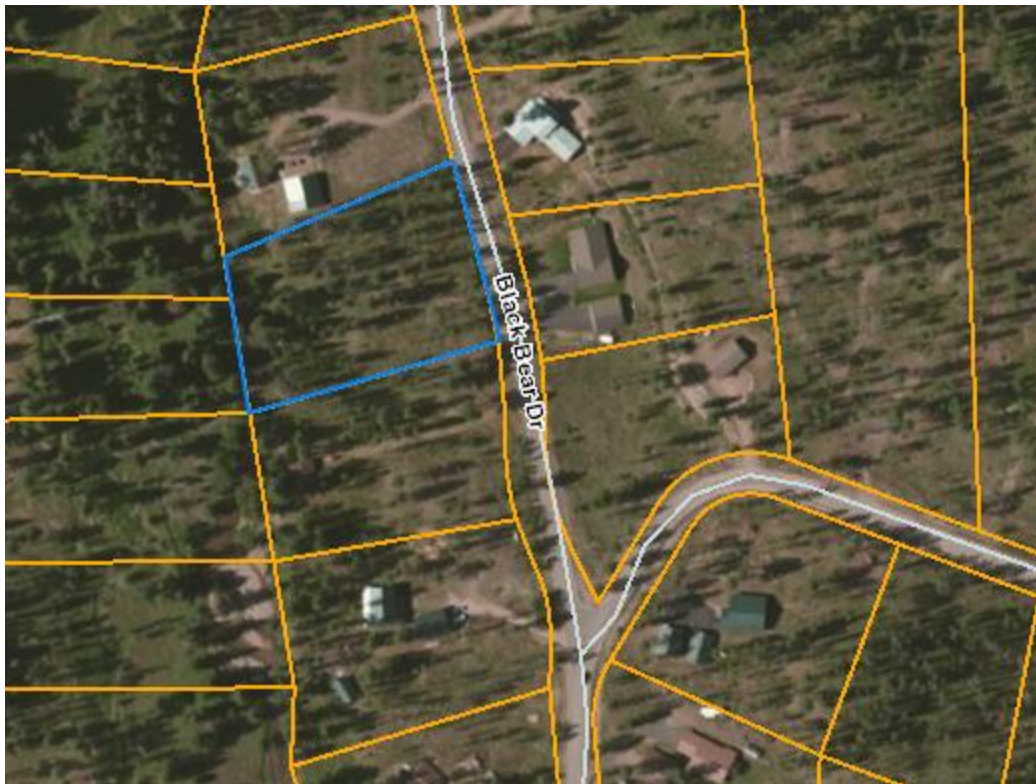
LEGAL DESCRIPTION:

Lot 24 of DOUBLE ARROW RANCH PHASE II, a platted subdivision in Missoula County, Montana, according to the official recorded plat thereof.

Comparable Land Sale No.1



NHN Black Bear Drive, Seeley Lake, MT



Comparable Land Sale No. 2 MLS#20120229 is located at Lot 16 Emerald Lake, Seeley Lake, MT and consists of 2.24 acres with 116' lineal feet of lake frontage. This property sold on 02/05/2013 for \$170,000 after 366 days on the market. The list price at the time of sale was \$170,000. The original list price was \$200,000. Adjustment is made considering larger site size with similar site utility of one residential home site and similar amenities. Adjustment is made for well.

AND WHEN RECORDED MAIL TO:

Richard T. and Ellen E. Wick
66874 Capri Lane
Salome AZ 85348

Filed for Record at Request of:
Insured Titles, LLC

201302501 B: 908 P: 67 Pages: 2
02/05/2013 03:37:26 PM Warranty Deed
Vickie M Zeier, Missoula County Clerk & Recorder



Space Above This Line for Recorder's Use Only

Order No.: 446445-IT
Parcel No.: .

WARRANTY DEED

FOR VALUE RECEIVED,

Emerald Lake, LLC, a Montana limited liability company

hereinafter called Grantor(s), do(es) hereby grant, bargain, sell and convey unto

Richard T. Wick and Ellen E. Wick, as Tenants In Common

whose address is: **66874 Capri Lane, Salome, CA 85348**

Hereinafter called the Grantee, the following described premises situated in **Missoula** County, **Montana** to-wit:

Lot 16 of EMERALD LAKE ESTATES-PHASE 1, a platted subdivision in Missoula County, Montana, according to the official recorded plat thereof. TOGETHER WITH a 60 foot wide private access and utility easement as shown on said plat of Emerald Lake Estates Phase 1. ALSO TOGETHER WITH a 20 foot wide private access easement for the use and benefit of Lots 15 and 16 of Emerald Lake Estates Phase 1, as shown on said plat and further defined in Book 903 at Page 1222 Micro Records.

Comparable Land Sale No.2



Lot 16 Emerald Lake, Seeley Lake, MT (home under construction)



Comparable Land Sale No. 3 MLS#20115351 is located at 6980 N Placid Lake Road, Seeley Lake, MT and closed for \$253,000 on 08/05/2013 after 698 days on the market. The list price at the time of sale was \$295,000. The original list price was \$324,000. Adjustment is made considering superior water frontage. Adjustment is made for well.

201315644 B: 917 P: 610 Pages: 2
08/05/2013 02:02:30 PM Warranty Deed
Vicky M Zeier, Missoula County Clerk & Recorder



WARRANTY DEED

446978-IT

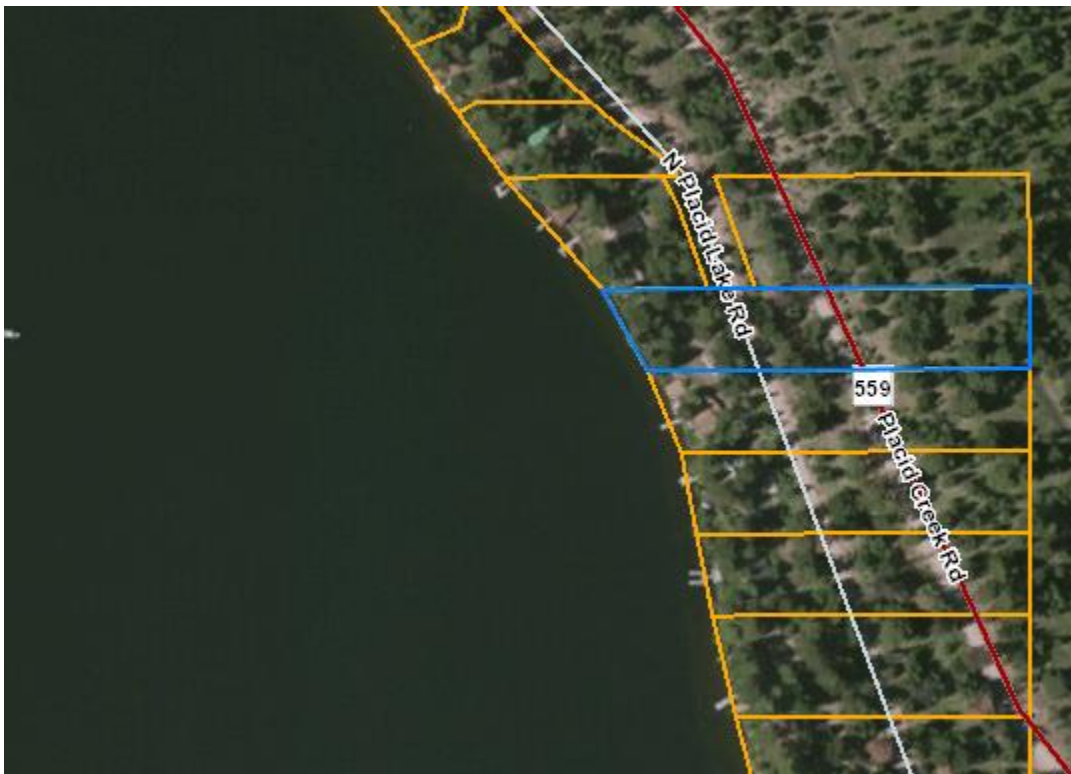
FOR FULL AND ADEQUATE CONSIDERATION in money or money's worth, the undersigned, KIRK A. LeCLAIRE, of 677 Garretson Avenue, Rodeo, California 94572, hereby grants unto **ROBERT C. LUKES and SHANNON M. LUKES**, husband and wife, of 5202 Pryor Mountain Court, Missoula, Montana 59803, as JOINT TENANTS WITH THE RIGHT OF SURVIVORSHIP AND NOT AS TENANTS IN COMMON, real property located in Missoula County, Montana, described as:

An undivided one-half interest in Lot 3 of BEAVERTAIL VILLA SITE LOTS 1, 2, 3, 4, 5 & 6, an Amended Plat of Lots R, S, T, U and the North 11.00 feet of Lot V of Beavertail Villa Site, a platted subdivision in Missoula County, Montana, according to the official recorded plat in Book 15 of Plats at Page 56.

Comparable Land Sale No.3



6980 N Placid Lake Road, Seeley Lake, MT



Adjustments

All comparables differ somewhat from each other, and from the subject in a number of different ways. The usual differences are time of sale, size, zoning, availability of utilities, access, physical characteristics, amenities, general location, and specific location. All these factors, in varying degrees, are applicable in the appraisal of the subject property. However, in the market it is often difficult, and sometimes impossible to accurately isolate a given factor. In short, one very seldom finds sales which are identical in all respects but one, and thus is able to prove conclusively the value, or lack of it, for any one factor due to a difference in sale price. Often, there are plus and minus factors which offset each other. Nevertheless, the differences in values are real, and an attempt, based on as much fact as can be found, will be made to determine the value of these factors. Then, the appraiser may call upon her experience to make subjective judgments. The following generalities are cited to acquaint the reader with a background for the appraiser's reasoning and judgment to follow:

1. Value decreases per unit of comparison as the size of the parcel increases.
2. Value tends to decrease as distance from an urban center increases. An exception to this generalization might be certain recreational properties.
3. Value tends to decrease as the topography becomes steeper, more rocky, more barren etc.
4. Value tends to decrease as access becomes more difficult.
5. Value tends to increase with amenities such as good views.
6. Value tends to increase when zoning allows greater density and/or a more optimum use of the land.

There is insufficient data to separate all factors that influence value of each individual site, therefore the overall site as an economic unit is analyzed with consideration given to view, quality of water amenity, size, topography, site utility and overall appeal to the market. Following is an adjustment grid for the comparable sales as they relate to the subject lot:

Comparable Land Sales Adjustment Grid:

Site Valuation							
ITEM	SUBJECT	COMPARISON 1		COMPARISON 2		COMPARISON 3	
Address	310 Elbow Lake Loop Bonner, MT 59823	NHN Black Bear Drive Seeley Lake, MT 59868		Lot 16 Emerald Lake Loop Seeley Lake, MT 59868		6980 N Placid Lake Road Seeley Lake, MT 59868	
Proximity to Subject		10+/- miles north		5+/- miles north		9+/- miles NW	
Data Source/ Verification	na	MLS#20133751 MLS, Bk. 919 Pg.270		MLS#20120229 MLS, Bk. 908 Pg.67		MLS#20115351 MLS, Bk. 917 Pg.610	
Sales Price	\$ na	\$ 105,000		\$ 170,000		\$ 253,000	
Price /	\$	\$ 59,577.85		\$ 75,853.58		\$ 293,765.89	
Sale Date	na	09/09/2013		2/5/2013		08/05/2013	
Location	Elbow Lake	Double Arrow		Emerald Lake		Placid Lake	
Site Size	0.83ac144.51' LF	1.76 ac 240'CF +50,000		2.24 ac 116'LF -20,000		0.86 ac 123'LF -100,000	
Site View	good lake, mtns.	included in site		included in site		included in site	
Site Improvements	bare land only	city water -2,500		well -2,500		well -2,500	
Net Adjustment		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 47,500		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -22,500		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -102,500	
Indicated Value		Net Adj. 45.2 % Gross Adj. 50.0 % \$ 152,500		Net Adj. 13.2 % Gross Adj. 13.2 % \$ 147,500		Net Adj. 40.5 % Gross Adj. 40.5 % \$ 150,500	
Prior Transfer	none in 3 years	none in past year		none in past year		none in past year	

The three sales included in this analysis are all similar waterfront home sites with unadjusted price per site ranging from a low of \$105,000 for Sale No. 1 which has inferior creek frontage to a high of \$253,000 for Sale No. 3 which has superior Placid Lake frontage. In estimating site value, all factors that the market determines are relevant are analyzed together on a per site basis and adjusted under "site size". There is not enough market data available to make a separate adjustment for each factor that affects a particular site's value. Consideration is given to all three adjusted sales, as they bracket the subject in size, location, waterfront amenity and overall site utility, with most weight given to Sale No. 2 which required the least adjustment.

Summary: Site Value analysis

Given the subject's slightly smaller than typical site size with a typical amount of lake frontage consisting of 144.51 lineal feet of waterfront on 0.83 acres, good views of Elbow Lake and surrounding mountains, moderate slope to level topography and low bank beach, the estimated fair market value is **\$150,000 (R)**.

Cost Approach

The Cost Approach to value consists of estimating the replacement cost new of improvements and deducting therefrom any loss in value as a result of physical deterioration, functional and external economic obsolescence. To that figure is then added the value of the site, recognizing the size and utility of the site. The Cost Approach to value is employed and relied upon in this report.

The following is replacement cost new estimate from *Marshall & Swift Valuation Service*, a cost service which is based on the improvement's quality, construction features and similar items. The subject 1960 residence is of average quality wood frame construction and is in average updated condition with an effective age of 18 years, economic life of 55 years and remaining economic life of 37 years. Applicable multipliers are for cost and local adjustments; calculations follow:

ITEM	UNITS	RATE	COST	Sub-Total	TOTAL
<u>Site Improvements</u>					
Marshall Valuation Sec. 66, Pg.2					
*Owner actual recent costs					
Well and water line*			\$2,400		
Power pole, underground power*			\$3,950		
Septic*			\$2,000		
Total Site					
Improvements Cost New					\$8,350
<u>Single Family Residence</u>					
Class D					
Average Quality					
Base Cost		\$93.08			
Energy Adj-climate		\$2.07			
Flooring		\$3.63			
Floor insulation		<u>\$1.22</u>			
Adjusted Base Cost/SF		\$100.00			
Cost multiplier x		1.07			
Local multiplier x		<u>0.93</u>			
Adjusted Base Cost/SF	384	\$99.51		\$38,212	
<u>Add:</u>					
Appliances			\$1,870		
Woodstoves	1	\$1,500	\$1,500		
Porches	64	\$29.95	<u>\$1,917</u>		
Total Additions				<u>\$5,287</u>	
Total Residential Improvements Cost New					\$43,499
<u>Outbuilding/Dock</u>					
sheds	144	\$20.00	\$2,880		
dock	290	\$20.00	\$5,800		
Total Outbuildings Cost New					<u>\$8,680</u>
Total Improvements Cost New					\$60,529

Depreciation Estimates

Based on the observation of the subject's site and outbuilding improvements, physical depreciation is estimated to be less than typical as the shed, water well, septic and power were all recently redone according to the owner. Physical depreciation is estimated at roughly 10%.

The subject cabin was originally built in 1960 and is in average condition, with recent updating of the bathroom, wiring and insulation, with an effective age of 17-18+/- years and estimated economic life of 55 years for an average quality home, indicating physical depreciation of 32% rounded.

There does not appear to be any functional obsolescence or negative off-site influences which impact value. Therefore, no other forms of obsolescence will be estimated. Entrepreneurial incentive is not indicated in the current market, and is not included in the Cost Approach.

Following is the summary of the Cost approach, applying physical depreciation to each component of the subject improvements and adding the estimated site value, resulting in the overall value indication by the Cost approach.

COST APPROACH SUMMARY			
ITEM	UNITS	RATE	COST
Total Cost New Site Improvements			\$8,350
Total Cost New Improvements	384	\$113.28	\$43,499
Total Cost New Outbuildings	434	\$20.00	<u>\$8,680</u>
Total estimated Cost New			\$60,529
<u>Depreciation</u>			
Physical			
Site Improvements	10%		(\$835)
Residence Improvements 18e/55 el	32%		(\$13,920)
Outbuilding Improvements	10%		(\$868)
Functional Obsolescence	0%		0%
External Obsolescence	0%		<u>0%</u>
Total Depreciation	-26%		<u>(\$15,623)</u>
Depreciated Value of Improvements (R)			\$44,906
Anticipated Entrepreneurial incentive 0%			\$0
Land Value			<u>\$150,000</u>
TOTAL VALUE AS INDICATED BY COST APPROACH			<u>\$194,906</u>

Sales Comparison Approach

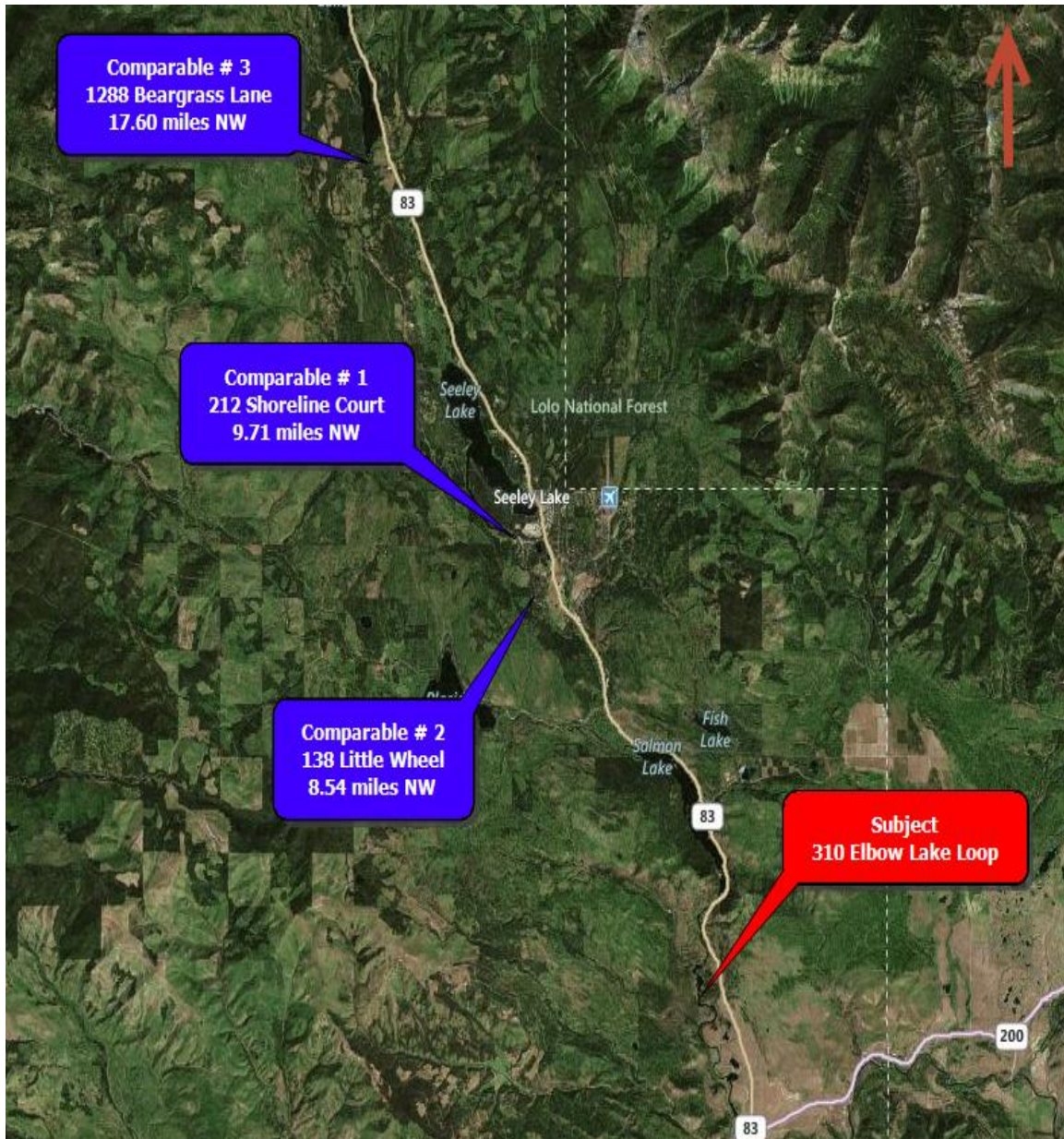
In the Sales Comparison Approach, the appraiser arrives at an indication of value by comparing the relative utility and desirability of the subject property with comparable properties recently sold. These properties should have approximately the same physical characteristics as the subject, be in the same general or a similar neighborhood, and be capable of housing the same or a similar use. Adjustments can be made for relatively minor differences. Each should be an arm's length transaction.

Basic to this approach is the principle of substitution which states that "when a property is replaceable in the market, its value tends to be set by the price required to acquire an equally desirable substitute property."

Three nearby improved sales from the past 24 months have been found and analyzed to estimate the market value of the subject property. Inadequate sales/re-sales information was available upon which to base a current adjustment for time. Adjustment for differences in square footage is based on \$25/SF above grade and \$10/SF below grade. Adjustments have been rounded to the nearest \$100 increment. Adjustments for condition and quality of construction are based on differences in actual age between the subject and sales comparables, interior and exterior inspection of the subject, exterior viewing, review of interior MLS photos and discussion with the parties involved for each comparable sale. In estimating site value, all factors that the market determines are relevant are analyzed together on a per site basis. There is not enough market data available to make a separate adjustment for each factor that affects a particular site's value. In searching for comparables, all water front properties were researched that have sold in the last three years. The following three sales are the best, most recent available.

Following is the improved comparable sale Location map as well as the adjustment grid for the improved sales.

Improved Sales Location Map




Comparable Improved Sale Adjustment Grid

SALES COMPARISON APPROACH									
ITEM		SUBJECT		COMPARISON 1		COMPARISON 2		COMPARISON 3	
Address		310 Elbow Lake Loop Bonner, MT 59823		212 Shoreline Court Seeley Lake, MT 59868		138 Little Wheel Seeley Lake, MT 59868		1288 Beargrass Lane Seeley Lake, MT 59868	
Proximity to Subject				9.71 miles NW		8.54 miles NW		17.60 miles NW	
Data Source/ Verification		na		MLS#20132076 Realtor/ext viewBk. 919, Pg. 6		MLS#20133852 Realtor/ext viewBk.918,pg.253		MLS#20120930 Realtor/ext viewBk.893,pg.271	
Original List Price		\$ na		\$ 235,000		\$ 179,000		\$ 440,000	
Final List Price		\$ na		\$ 235,000		\$ 179,000		\$ 389,000	
Sale Price		\$ na		\$ 210,000		\$ 179,000		\$ 365,000	
Sale Price % of Original List				89.4 %		100.0 %		83.0 %	
Sale Price % of Final List				89.4 %		100.0 %		93.8 %	
Closing Date		na		09/16/2013		08/16/2013		04/27/2012	
Days On Market				159		67		87	
Price/Gross Living Area		\$ na		\$ 175.00		\$ 319.64		\$ 475.26	
		DESCRIPTION		DESCRIPTION		DESCRIPTION		DESCRIPTION	
				+(-) Adjustment		+(-) Adjustment		+(-) Adjustment	
Financing Type		na		conventional		conventional		conventional	
Concessions		na		none		none		none	
Contract Date		na		08/09/2013		07/24/2013		03/14/2012	
Location		Elbow Lake		Clearwater River		Clearwater River		Lake Inez	
Site Size		0.83 ac/135.51' l		0.45 ac 98.49'LF		1.38 ac 240'RF		0.58 ac 205'LF	
Site Views/Appeal		lake mtns. gd		included in site		included in site		included in site	
Design and Appeal		cabin/avg		cabin/similar		cabin similar		cabin/similar	
Quality of Construction		average		similar		superior \$25/SF		superior \$25/SF	
Age		54		42		20		27	
Condition		average		similar		superior \$25/SF		superior \$25/SF	
Above Grade Bedrooms		Bedrooms 1		Bedrooms 2		Bedrooms 2		Bedrooms 3	
Above Grade Baths		Baths 1		Baths 1		Baths 1		Baths 1	
Gross Living Area		384 Sq.Ft.		1,200 Sq.Ft.		560 Sq.Ft.		768 Sq.Ft.	
Below Grade Area		0sf		0sf		0sf		768sf	
Below Grade Finish		na		na		na		unfinished	
Other Area		none		none		none		none	
Functional Utility		avg		similar		similar		similar	
Heating/Cooling		gas/FA/none		similar		similar		similar	
Car Storage		none/shed		none/none		none/none		none/none	
Landscaping		average/dock		similar/dock		similar/none		similar/dock	
Porch/deck		covered porch		inferior		similar		similar	
Net Adjustment (total)				<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -19,500		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 20,400		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -155,400	
Adjusted Sale Price				Net Adj. 9.3 % Gross Adj. 10.1 % \$ 190,500		Net Adj. 11.4 % Gross Adj. 47.6 % \$ 199,400		Net Adj. 42.6 % Gross Adj. 42.7 % \$ 209,600	
Prior Transfer		none within three years		none in past year		none in past year		none in past year	
History		na		MLS		MLS		MLS	

Discussion of Comparable Sales

Comparable Improved Sale No. 1 is located at 212 Shoreline Ct., Seeley Lake, MT and closed 09/16/2013 for \$210,000 after 159 days of marketing time. No site adjustment is made for made for smaller site size and less waterfront footage due similar site utility of one residential homesite and similar amenities, based on the site value analysis done for this report. The estimated site value of this comparable is \$150,000. Adjustment is made for above grade square footage, shed and porch.

201318476 B: 919 P: 642 Pages: 2
09/16/2013 11:52:55 AM Warranty Deed
Vicky M Zeier, Missoula County Clerk & Recorder


AND WHEN RECORDED MAIL TO:

Kenneth Strachan and Gayleen Strachan
3860 Osprey Ridge Drive
Helena, MT 59602

①

Filed for Record at Request of:

First American Title Company

Space Above This Line for Recorder's Use Only

Order No.: 476731-M

Parcel No.: 1229208

WARRANTY DEED
(Joint Tenancy)

FOR VALUE RECEIVED,

Twedt Properties, LLC, a Wyoming limited liability company

hereinafter called Grantor(s), do(es) hereby grant, bargain, sell and convey unto

Kenneth Strachan and Gayleen Strachan

whose address is: **3860 Osprey Ridge Drive, Helena, MT 59602**

hereinafter called Grantees, as joint tenants (and not as tenants in common) and to the survivor of said named joint tenants, and to the heirs and assigns of such survivor, the following described premises, in **Missoula County, Montana**, to-wit:

Lot 5 of CLEARWATER SHORE SITES, a platted subdivision in Missoula County, Montana,
according to the official recorded plat thereof.


Comparable Improved Sale No. 1



212 Shoreline Ct., Seeley Lake, MT



Comparable Improved Sale No. 2 s located at 138 Little Wheel Ct., Seeley Lake, MT and closed 08/16/2013 for \$179,000 after 67 days of marketing time. Site adjustment is made considering larger site size and more waterfront footage with similar site utility of one residential homesite and inferior waterfront, based on the site value analysis done for this report. The estimated site value of this comparable is \$100,000. Adjustment is made for quality of construction and condition at approximately \$25/SF, above grade square footage, shed and dock.

201316687 B: 918 P: 253 Pages: 2
08/19/2013 03:32:04 PM Warranty Deed
Vicky H Zeier, Missoula County Clerk & Recorder


AND WHEN RECORDED MAIL TO:

Gary W. Parks
424 King Street
Missoula, MT 59801

①

Filed for Record at Request of:
First American Title Company

Space Above This Line for Recorder's Use Only

Order No.: 473795-M
Parcel No.: 5472574

WARRANTY DEED

FOR VALUE RECEIVED,

Kevin L. Price and Andrea L. Price as joint tenants

hereinafter called Grantor(s), do(es) hereby grant, bargain, sell and convey unto

Gary W. Parks

whose address is: **424 King Street, Missoula, MT 59801**

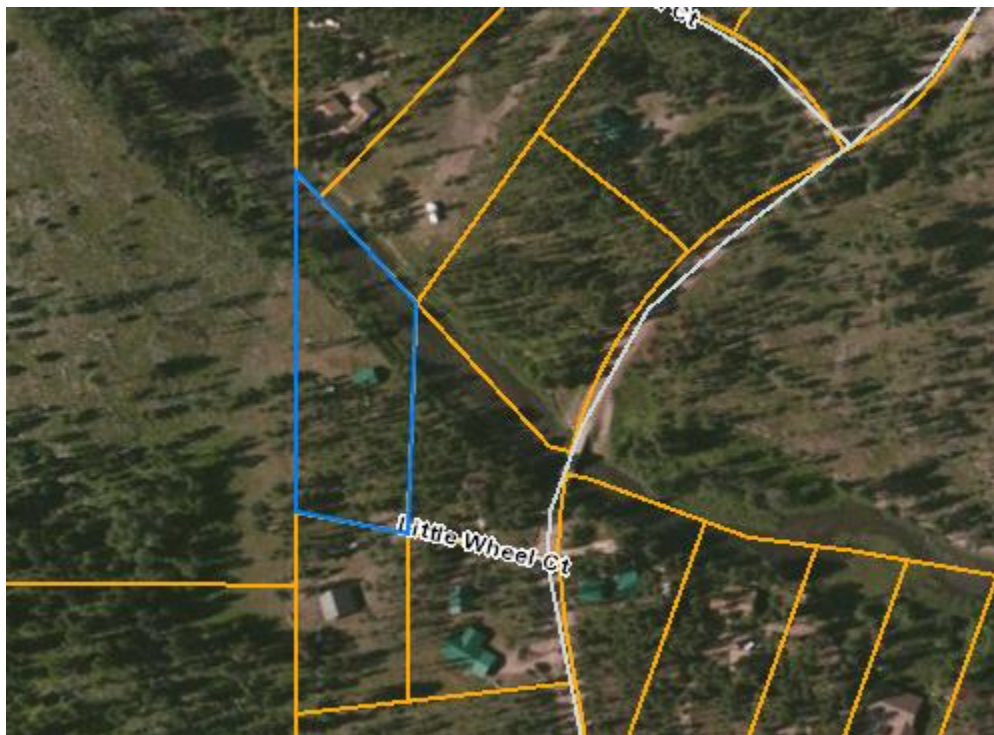
Hereinafter called the Grantee, the following described premises situated in **Missoula** County, **Montana**, to-wit:

LOT 171 OF DOUBLE ARROW RANCH PHASE 1A, A PLATTED SUBDIVISION IN MISSOULA COUNTY, MONTANA, ACCORDING TO THE OFFICIAL RECORDED PLAT THEREOF.


Comparable Improved Sale No. 2



138 Little Wheel, Seeley Lake, MT



Comparable Improved Sale No. 3 is the sale of 1288 Beargrass Lane, Seeley Lake, MT which closed 04/27/2012 for \$365,000 after 87 days of marketing time. Site adjustment is made considering smaller site size and more waterfront footage with similar site utility of one residential homesite, inferior topography and superior waterfront, based on the site value analysis done for this report. The estimated site value of this comparable on Lake Inez is \$250,000. Adjustment is made for quality of construction at approximately \$25/SF, condition at approximately \$25/SF square footage, basement area, vehicle storage and shed.

201207794 B: 893 P: 271 Pages: 2
04/27/2012 04:49:40 PM Warranty Deed
Vickie M Zeier, Missoula County Clerk & Recorder


AND WHEN RECORDED MAIL TO:

Andean Sheaffe Lucas
1288 Beargrass Lane
Seeley Lake, MT 59868

Filed for Record at Request of:
First American Title Company

①

Space Above This Line for Recorder's Use Only

Order No.: 412818-M
Parcel No.: 1456505

WARRANTY DEED

FOR VALUE RECEIVED,

Brady Roberts and Megan Roberts, as joint tenants

hereinafter called Grantor(s), do(es) hereby grant, bargain, sell and convey unto

Andean Sheaffe Lucas

whose address is: **1288 Beargrass Lane, Seeley Lake, MT 59868**

Hereinafter called the Grantee, the following described premises situated in **Missoula County, Montana**, to-wit:

LOT 14A OF AMENDED PLAT OF STREITS INEZ LAKESHORE SITES, LOTS 11, 12, 13 AND 14, A PLATTED SUBDIVISION IN MISSOULA COUNTY, MONTANA, ACCORDING TO THE OFFICIAL RECORDED PLAT THEREOF.

TOGETHER WITH a non-exclusive right to the use of the road set forth on that certain road agreement dated August 18, 1955, recorded August 19, 1955 in Book 6 of Contracts and Agreements at page 413.

Comparable Improved Sale No. 3



1288 Beargrass Lane, Seeley Lake, MT



Summary of Improved Sales

The three sales analyzed have adjusted values ranging from a low of \$190,500 as shown by Sale No. 1 to a high of \$209,600 indicated by Sale No. 3 and are within an 18+/- mile radius of the subject and are the best, most recent comparables available. Equal weight is placed on all three comparable sales as they bracket the subject in quality, condition, waterfront amenity and location. No sales were found to bracket the subject smaller size, however this does not affect the value indication. The estimated value indication with the ***hypothetical condition*** of whole fee simple ownership is as follows:

Value Indication by the Sales Comparison Approach

\$195,000 (R)

Segregated as follows:

Site	\$ 150,000
Improvements	\$ 45,000

Reconciliation

The two approaches employed in this report have produced the following results with the hypothetical condition of whole fee simple ownership:

Cost Approach	\$194,906
Sales Comparison Approach	\$195,000

Segregated as follows:

Site	\$150,000
Improvements	\$ 45,000

Both approaches as they are developed have support from the available market data. The Cost Approach is developed by estimating the replacement costs of the improvements less all forms of depreciation. To that has been added the underlying value of the land as it equates to its highest and best use.

The Sales Comparison Approach is developed by analyzing three sales of similar properties in Seeley Lake area that have occurred within 24 months. The sales are adjusted to reflect the subject's size, location, amenities and overall quality/condition. The value indication from this approach is reasonably indicative of the investor attitudes in the Seeley Lake influence area.

Based on the data contained in this report, the final estimate of market value for the subject property leans equally on the Sales Comparison and Cost approaches. Final current fair market value estimate with the hypothetical condition of whole fee simple ownership as of May 2, 2014 with consideration to the limiting conditions within this report and a cash sale is:


ONE HUNDRED NINETY FIVE THOUSAND DOLLARS
(\$195,000.00)


Exposure Period


Based on the Highest and Best use of the subject, market evidence indicates an exposure period of up to 12 months may be required to sell the subject improved property as a whole. Comparable improved sales had days on market ranging from a low of 67 days to the highest indication of 159 days. The average days on market of all researched comparables are 220 days and the median or central tendency is 232 days. A one year exposure period assumes an aggressive marketing effort, and similar economic conditions to the current real estate market. An additional 30 to 60 days may be required for sale consummation.


Addenda


- Sale data sheets
- Contract
- Qualifications of Jennifer L. McGinnis, MAI
- Privacy Notice
- Invoice


COMPARABLE LAND SALE 1 INFORMATION			
	Location	NHN Black Bear Drive	
	City/State	Seele Lake, MT	
	County	Missoula	
	Assessor Number	1228406	
	Geocode	04254011103250000	
	Zoning	none	
	Site Size: Acres	1.76	
	Square Feet	76,666	
	Gross or Net	Gross	
	Date of Sale	September 9, 2013	
	Sales Price	\$105,000	
Less Cost of Improvements*	\$0		
Sales Price Adjusted	\$105,000		
MLS #	20133751		
ANALYSIS OF SALE			
Price per Acre	\$59,659	Price per Square Foot	\$1.37
		Price per Front Foot	\$438
TRANSFER INFORMATION			
Grantor	Dale & Rita Johnson, Kim & Linda Johnson	Grantee	Edward Bauer, Jr. & Patricia Bauer
Type of Instrument	Warranty Deed	Document #	201318104
		Marketing Time	91
Financing/Conditions	cash	Verified By/Phone #	Scott Kennedy 677-4235
Legal Description	Lot 24, Double Arrow Ranch Pahse II, Missoula County, MT	Intended Use/Comments	Residential building site
Section/Township/Range	11-16-15		
PROPERTY DETAILS			
Access	Black Bear Drive	Traffic Count	Unkown
Topography	Mostly level with steep bank to creek.	Lot Dimensions	Various
Shape	Irregular	Highest & Best Use	Single family residential
Flood Plain	No	Improvements	None
Frontage (Feet)	240	Value of Improvements	N/A
View	wooded, creek, mountains		
Utilities	power to the site	Miscellaneous	Morrell Creek frontage
			Report File # 1411


COMPARABLE LAND SALE 2 INFORMATION			
	Location	NHN Emerald Lake Loop	
	City/State	Seeley Lake, MT	
	County	Missoula	
	Assessor Number	2012120408	
	Geocode	04254133101360000	
	Zoning	none	
	Site Size: Acres	2.24	
	Square Feet	97,574	
	Gross or Net	Gross	
	Date of Sale	February 5, 2013	
	Sales Price	\$170,000	
	Less Cost of Improvements*	\$0	
Sales Price Adjusted	\$170,000		
MLS #	20120229		
ANALYSIS OF SALE			
Price per Acre	\$75,893	Price per Square Foot	\$1.74
		Price per Front Foot	\$1,466
TRANSFER INFORMATION			
Grantor	Emerald Lake, LLC	Grantee	Richard & Ellen Wick
Type of Instrument	Warranty Deed	Document #	201302501
		Marketing Time	91
Financing/Conditions	conventional	Verified By/Phone #	Greg Hamilton 544-5333
Legal Description	Lot 16 Emerald Lake Estates, Phase 1, Missoula County, MT	Intended Use/Comments	Residential building site, non-motorized boat access to lake
Section/Township/Range	33-16-14		
PROPERTY DETAILS			
Access	Emerald Lake Loop	Traffic Count	Unknown
Topography	Moderate to steep slope to waterfront	Lot Dimensions	Various
Shape	Irregular	Highest & Best Use	Single family residential
Flood Plain	No	Improvements	None
Frontage (Feet)	116	Value of Improvements	N/A
View	wooded, lake, mountains		
Utilities	power to the site	Miscellaneous	Emerald Lake frontage.
			Report File # 1411

COMPARABLE LAND SALE 3 INFORMATION			
		Location	6980 N. Placid Lake Rd.
		City/State	Seeley Lake, MT
		County	Missoula
		Assessor Number	5949507
		Geocode	04254020102090000
		Zoning	none
		Site Size: Acres	0.86
		Square Feet	37,462
		Gross or Net	Gross
		Date of Sale	August 5, 2013
		Sales Price	\$253,000
		Less Cost of Improvements*	\$0
Sales Price Adjusted	\$253,000		
MLS #	20115351		
ANALYSIS OF SALE			
Price per Acre	\$294,186	Price per Square Foot	\$6.75
		Price per Front Foot	\$2,057
TRANSFER INFORMATION			
Grantor	Kirk LeClaire	Grantee	Robert & Shannon Lukes
Type of Instrument	Warranty Deed	Document #	201315644
Financing/Conditions	loan	Marketing Time	698
Legal Description	1/2 interest in Lot 3 Beavertail Villa Site Lots 1,2,3,4,5 & 6 and Amended plat of lpts R,S,T,U and the North 11 feet of Lot V Beavertail Villa Site, Missoula County, MT	Verified By/Phone #	Kevin Wetherell 677-7030
		Intended Use/Comments	Residential building site, with Placid Lake frontage
Section/Township/Range	20-16-15		
PROPERTY DETAILS			
Access	N. Placid Lake Rd.	Traffic Count	Unkown
Topography	Moderate to steep slope to waterfront	Lot Dimensions	Various
Shape	Irregular	Highest & Best Use	Single family residential
Flood Plain	No	Improvements	None
Frontage (Feet)	123	Value of Improvements	N/A
View	wooded, lake, mountains		
Utilities	power to the site, well	Miscellaneous	Placid Lake frontage
			Report File # 1411

COMPARABLE IMPROVED SALE 1 INFORMATION				
	Location		212 Shoreline Court	
	City/State		Seeley Lake, MT	
	County		Missoula	
	Assessor Number		1229208	
	Zoning		none	
	Site Size: Acres		0.450	
	Square Feet		19,602	
	Gross Building Area (SF)		1,200	
	Date of Sale		September 16, 2013	
	Sales Price		\$210,000	
	NW MT MLS#		20132076	
TRANSFER INFORMATION				
Grantor	Twedt Properties, LLC		Grantee	Kenneth & Gayleen Strachan
Warranty Deed	201318476		Marketing Time	159
Financing/Conditions	conventional		Verified By	Scott Kennedy 677-4235
Legal Description	Lot 5 Clearwater Shore Sites, Missoula County, MT		Use	Single family residence
Section/Township/Range	3-16-15			
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE		
Gross Residence Area (SF)	1,200	Improvement Size - SF	1,200	
Basement (SF)	0	Sales Price		\$210,000
# Bedrooms	2	Less Site Value*		\$150,000
# Baths	1	Value of Improvements		\$60,000
Outbuildings/Garage	none	Sales Price Per Square Foot		\$175.00
Construction Class	Class D - Wood Frame	Price of Improvements Per SF		\$50.00
Quality/Condition	average/average			
Year Built/Age	1972/42	Amenities:		
Number of Stories	1	Navigable Clearwater River frontage		
Functional Plan/Layout	Average			
HVAC/Heating/Cooling	Elec BB/Wd			
Porches/Decking	Average			
Utilities	electricity, city water, septic			
			Report File	1411

COMPARABLE IMPROVED SALE 2 INFORMATION				
	Location		138 Little Wheel Ct.	
	City/State		Seeley Lake, MT	
	County		Missoula	
	Assessor Number		5472574	
	Zoning		none	
	Site Size: Acres		1.380	
	Square Feet		60,113	
	Gross Building Area (SF)		560	
	Date of Sale		August 16, 2013	
	Sales Price		\$179,000	
	NW MT MLS#		20133852	
TRANSFER INFORMATION				
Grantor	Kevin & Andrea Price	Grantee	Gary Parks	
Warranty Deed	201316687	Marketing Time	67	
Financing/Conditions	conventional	Verified By	Scott Kennedy 677-4235	
Legal Description	Lot 171 Double Arrow Ranch Pahse IA, Missoula County, MT	Use	Single family residence	
Section/Township/Range	15-16-15			
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE		
Gross Residence Area (SF)	560	Improvement Size - SF	560	
Basement (SF)	0	Sales Price		\$179,000
# Bedrooms	2	Less Site Value*		\$100,000
# Baths	1	Value of Improvements		\$79,000
Outbuildings/Garage	none	Sales Price Per Square Foot		\$319.64
Construction Class	Log/good	Price of Improvements Per SF		\$141.07
Quality/Condition	Good/Good			
Year Built/Age	1994/20	Amenities:		
Number of Stories	1.5	240' Clearwater River frontage		
Functional Plan/Layout	Average			
HVAC/Heating/Cooling	Elec BB/Wd			
Porches/Decking	Average			
Utilities	electricity,well, septic			
			Report File	1411

COMPARABLE IMPROVED SALE 3 INFORMATION					
	Location		1288 Beargrass Lane		
	City/State		Seeley Lake, MT		
	County		Missoula		
	Assessor Number		1456505		
	Zoning		none		
	Site Size: Acres		0.580		
	Square Feet		25,265		
	Gross Building Area (SF)		768		
	Date of Sale		April 27, 2012		
	Sales Price		\$365,000		
	NW MT MLS#		20120930		
TRANSFER INFORMATION					
Grantor		Brady & Megan Roberts		Grantee	Andean Sheaffe Lucas
Warranty Deed		201207794		Marketing Time	87
Financing/Conditions		conventional		Verified By	Scott Kennedy 677-4235
Legal Description		Lot 14A of amended Plat of Streits Inez Lakeshore Sites, Lots 11,12, 13 and 14 in Missoula County, MT		Use	Single family residence
Section/Township/Range		31-18-15			
DESCRIPTION OF IMPROVEMENTS			ANALYSIS OF SALE		
Gross Residence Area (SF)		768	Improvement Size - SF		768
Basement (SF)unfinished		768	Sales Price		\$365,000
# Bedrooms		3	Less Site Value*		\$250,000
# Baths		1	Value of Improvements		\$115,000
Outbuildings/Garage		none	Sales Price Per Square Foot		\$475.26
Construction Class		wood frame/good	Price of Improvements Per SF		\$149.74
Quality/Condition		Good/Good			
Year Built/Age		1987/27	Amenities:		
Number of Stories		1	205' frontage on Lake Inez outlet		
Functional Plan/Layout		Average			
HVAC/Heating/Cooling		Elec BB/Wd			
Porches/Decking		Average			
Utilities		electricity,well, septic			
					Report File
					1411

FOR DNRC USE ONLY			Approved
Maximum amount under this agreement: \$ <u>2,250</u>			No. <u>147055</u>
Source of Funds			Division <u>J.G.</u>
Fund Name			Legal <u>HLB</u>
Land Banking Private Closing Costs			F.S.O. <u>BL</u>
Trust Administration Account			
Fund No.			
02031			
02938			
Subclass	Org. No.	Percent	
555HA	6043-54	50%	
	6044-09	50%	

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL CABIN/HOME SITE SALE PROPERTY IN MISSOULA COUNTY

THIS CONTRACT is entered into by and between the State of Montana/Department of Natural Resources and Conservation, (State/DNRC), whose address and phone number are P.O. Box 201601, (406) 444-2074 and Jennifer McGinnis, McGinnis Real Estate Appraisal Group, LLC, (Contractor), whose address and phone number are P.O. Box 996, Polson, MT 59860 and (406) 883-1659.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon contract execution, through June 30, 2014, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 35. **The appraisal report is to be completed and forwarded to Montana DNRC, Emily Cooper, and P.O. Box 201601, Helena, MT 59620-1601 by May 15, 2014.**

2. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in an Appraisal Report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for the parcel in Missoula County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions.

The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales through the Cabin & Home Site Sale Program, and all provisions in the body of this contract including the following:

- 1) The appraisal report will be one document containing the property data and the analysis, opinions, and conclusions of value for the property. If deemed necessary by the contractor rather than including the specific

market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

2) The definition of market value is that as defined in 70-30-313 M.C.A.

3. CONSIDERATION/PAYMENT

3.1 Payment Schedule. In consideration of the appraisal report to be provided, together with all the tasks and services described herein above, the State shall pay Contractor **Two Thousand Two Hundred Fifty Dollars (\$2,250.00)**. Upon the successful completion of all tasks and services described herein above, the Contractor shall submit an invoice with the submission of the final appraisal report to the DNRC for payment for services rendered. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. Payment shall be made within 30 days of the Contractor's submission of an invoice to DNRC. In any instance, the DNRC's total cumulative payments to the Contractor under this contract shall not exceed Two Thousand Two Hundred Fifty Dollars (\$2,250.00).

3.2 Payment Terms. Unless otherwise noted in the solicitation document, the State has 30 days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of contract execution in order to facilitate the State's electronic funds transfer payments.

3.3 Reference to Contract. The contract number **MUST** appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, the State is not obligated to pay the invoice.

4. ACCESS AND RETENTION OF RECORDS

4.1 Access to Records. Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under section 22, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

4.2 Retention Period. Contractor shall create and retain all records documenting the Summary Appraisal Report for a period of eight years after either the completion date of this contract or termination of the contract should such action arise.

5. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this contract without the State's prior written consent. (18-4-141, MCA.) Contractor is responsible to the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and the State under this contract.

6. HOLD HARMLESS/INDEMNIFICATION

To the fullest extent permitted by law, the Contractor shall indemnify and hold harmless the State, its elected and appointed officials, officers, agents, directors, and employees from and against all claims, damages, losses and expenses, including the cost of defense thereof, to the extent caused by or arising out of Contractor's negligent acts, errors, or omissions in work or services performed under this Contract, including but not limited to, the negligent acts, errors, or omissions of any Subcontractor or anyone directly or indirectly employed by any Subcontractor for whose acts Subcontractor may be liable.

7. REQUIRED INSURANCE

7.1 General Requirements. Contractor shall maintain for the duration of this contract, at its sole cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

7.2 Primary Insurance. Contractor's insurance coverage shall be primary insurance with respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees, or volunteers shall be in excess of Contractor's insurance and shall not contribute with it.

7.3 Specific Requirements for Automobile Liability. Contractor shall purchase and maintain coverage with split limits of \$50,000 per person (personal injury), \$100,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$100,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

7.4 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of **\$500,000** per occurrence and **\$500,000** aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

7.5 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135. Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

7.6 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the State. At the request of the State either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as pertain to the State, its officers, officials, employees, or volunteers; or (2) at the expense of Contractor, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

7.7 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135. Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

8. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This

insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to the Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601.

9. COMPLIANCE WITH LAWS

Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by Contractor subjects subcontractors to the same provision. In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and without discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin of the persons performing this contract.

10. DISABILITY ACCOMMODATIONS

The State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

11. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

12. OWNERSHIP OF WORK PRODUCT

Contractor shall execute any documents or take any other actions as may reasonably be necessary, or as the State may reasonably request, to perfect the State's ownership of any Work Product.

12.1 Copy of Work Product. Contractor shall, at no cost to the State, deliver to the State, upon the State's request during the term of this contract or at its expiration or termination, a current copy of all Work Product in the form and on the media in use as of the date of the State's request, or such expiration or termination.

12.2 Ownership of Contractor Pre-Existing Materials. Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by Contractor in connection with the services provided to the State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, Contractor fails to disclose to the State such Contractor Pre-Existing Materials, Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing

Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided herein or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware it provides under this contract.

13. CONTRACT TERMINATION

13.1 Termination for Cause with Notice to Cure Requirement. The State may terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this contract after giving Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

13.2 Reduction of Funding. The State must by law terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, the State shall terminate this contract as required by law. The State shall provide Contractor the date the State's termination shall take effect. The State shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, the State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date the State's termination takes effect. This is Contractor's sole remedy. The State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

14. EVENT OF BREACH – REMEDIES

14.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- products or services furnished fail to conform to any requirement;
- failure to submit any report required by this contract;
- failure to perform any of the other terms and conditions of this contract, including but not limited to beginning work under this contract without prior State approval and breaching Section 27.1 obligations; or
- voluntary or involuntary bankruptcy or receivership.

14.2 Event of Breach by State. The State's failure to perform any material terms or conditions of this contract constitutes an event of breach.

14.3 Actions in Event of Breach. Upon the Contractor's material breach, the State may:

- terminate this contract under section 21; or
- treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon the State's material breach, the Contractor may:

- terminate this contract after giving the State written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period; or
- treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

15. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

16. FORCE MAJEURE

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than 5 working days after the onset. If the notice is not provided within the 5 day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

17. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the Department of Natural Resources and Conservation prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

18. LIAISONS AND SERVICE OF NOTICES

18.1 Contract Liaisons. All project management and coordination on the State's behalf must be through a single point of contact designated as the State's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed under this contract must be coordinated between the State's liaison and Contractor's liaison.

Emily Cooper, Lands Section Supervisor is the State's liaison.
(Address): P.O. Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406) 444-4165
Fax: (406) 444-2684
E-mail: ecooper@mt.gov

Jennifer L. McGinnis is Contractor's liaison.
(Address): P.O. Box 996
(City, State, ZIP): Polson, MT 59860
Telephone: (406) 883-1659
Cell Phone: (406) 212-1017
Fax: (406) 883-1649
E-mail: Jennifer@mreag.com

18.2 Notifications. The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three (3) business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

19. MEETINGS

19.1 Technical or Contractual Problems. Contractor shall meet with the State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and the State in the performance of their respective obligations, at no additional cost to the State. The State may request the meetings as problems arise and will be coordinated by the State. The State shall provide Contractor a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings, two consecutive missed or rescheduled meetings, or failure to make a good faith effort to resolve problems, may result in termination of the contract.

20. TRANSITION ASSISTANCE

If this contract is not renewed at the end of this term, or is terminated prior to the completion of a project, or if the work on a project is terminated, for any reason, the Contractor must provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees, for a reasonable period of time after the expiration or termination of this project or contract. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the contract. If there are no established contract rates, then the rate shall be mutually agreed upon. If the State terminates a project or this contract for cause, the State will be entitled to offset the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have otherwise accrued as a result of said termination.

21. CHOICE OF LAW AND VENUE

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (18-1-401, MCA.)

22. TAX EXEMPTION

The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

23. AUTHORITY

This contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

24. SEVERABILITY CLAUSE

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

25. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

25.1 Contract. This contract consists of eight numbered pages, Attachment A - Scope of Work and Attachment B – Supplemental Appraisal Instructions, pages 9-13. In the event of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same order as this contract.

25.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by all the parties.

26. WAIVER

The State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

27. EXECUTION

The parties through their authorized agents have executed this contract on the dates set out below.

STATE OF MONTANA
Dept. of Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
Helena, MT 59620-1601

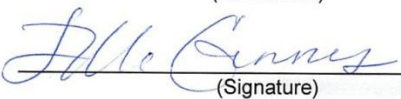
McGinnis Real Estate Appraisal Group, LLC
P.O. Box 996
Polson, MT 59860

FEDERAL ID #: 46-3596360

BY: John Grimm, Chief – Real Estate Mgt Bureau
(Name/Title)

BY: Jennifer L. McGinnis, MAI
(Name/Title)


(Signature)


(Signature)

DATE: 4/14/14

DATE: 4-10-14

ATTACHMENT A

Scope of Work for Appraisal of Potential Property Sale through the Cabin & Home Site Sale Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners, the Department of Natural Resources and Conservation (DNRC) and Tim and Cheryl Schwenk. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties.

DEFINITIONS:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

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

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: it may be possible that because of the characteristics of a subject property, or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties in the subject's market or similar markets), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable. The appraisal will be in a Summary Report format, that is, it will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted.

Be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

All appraisals are to describe the market value trends, and provide a rate of change, for the markets of the subject property. Comparables sales used should preferably be most recent sales available or be adjusted for market trends if appropriate. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county. Use comparable sales of like properties.

The cabin site (land) should be valued under the hypothetical condition that it is vacant raw land, without any site improvements, utilities, or buildings.

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks and landscaping.

The appraised value of state-owned land added to the allocated market value of the non-state-owned improvements value will not be greater than total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.

Appraised Values Required:

The appraisal for cabin and home sites must:

1. Include a total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.
2. Include a separate market value for the state-owned cabin or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements.
3. Allocate a separate market value for the non-state-owned improvements, from the total market value derived in 1 above.
4. Valuation of the improvements must account for all forms of obsolescence.
5. The appraiser must also allocate what portion of the appraised value for the cabin or home site (land) would be attributable to the value of the access across other state land to the cabin or home site.

ATTACHMENT B

MONTANA DNRC TRUST LAND MANAGEMENT DIVISION Supplemental Appraisal Instructions

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

Subject Property (Located in Missoula County):

Sale # 711, 0.83± acres; Lot 16, Elbow Lake Cabin sites; COS 4921, Section 20, T15N-R14W P.M.M., Missoula County Montana. See survey of the parcel below.

Access to field inspect the cabin site parcel and improvements should be coordinated with the Area Office Contact listed below.

Area Office Contact Information:

Liz Mullins, Land Use Planner
1401 27th Avenue
Missoula, MT 59804
Phone: 406/542-4345
Fax: 406/542-4285
lmullins@mt.gov

Lessees:

Tim & Cheryl Schwenk
4575 Sundown Road
Missoula, MT 59804
406/543-5228 home, 531-1443 cell
tcschwenk@bresnan.net

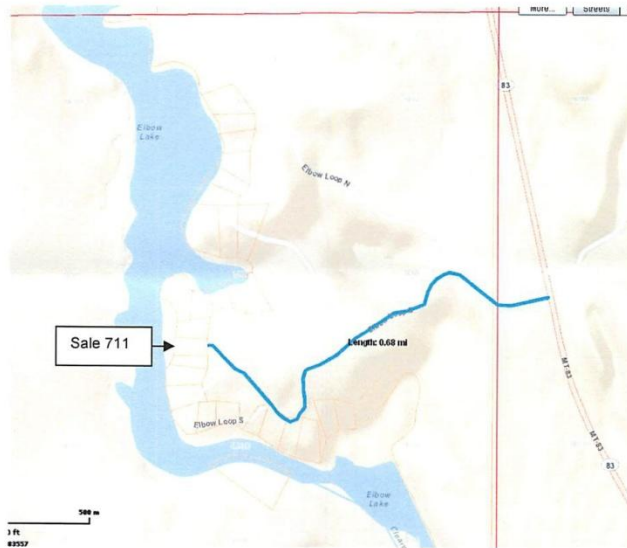
The following will be located in the body of the contract:

The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

The definition of market value is that as defined in 70-30-313 M.C.A.

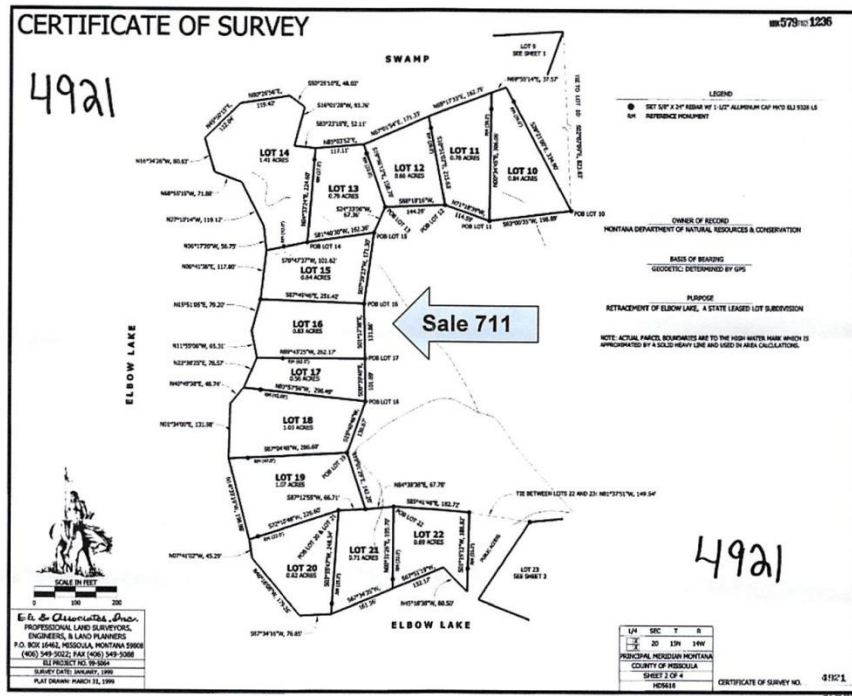
The DNRC will provide access to the state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, property issues, surveys (if any), and production history. The local land office will provide contact information to the appraiser, if necessary, in order for the appraiser to obtain access to the property.

Sale # 711 Location Map **(10 miles south of Seeley Lake)**



Access to the cabin site is highlighted in blue. (0.68± miles)

Sale # 711 Survey



McGinnis Real Estate Appraisal Group, LLC

Qualifications of Jennifer L. McGinnis, MAI

Partner, McGinnis Real Estate Appraisal Group, LLC
P.O. Box 996
Polson, Montana 59860

Montana State Certification
Mt Certified General Appraiser
REA-RAG-LIC-714
State of Montana Appraiser Mentor

Membership/Affiliations:

Member: Appraisal Institute- MAI Designation
Vice President: Montana Chapter- Appraisal Institute 2014
Past Board Chair: Montana Board of Real Estate Appraisers
Appointed by Governor Brian Schweitzer (2007-2013)

EDUCATION:

University of Montana

B.A. Communication Studies-1991

Appraisal Institute Courses & Seminars

- Uniform Standards of Professional Appraisal Practice Update-2014
- Business Practices and Ethics -2013
- Standards of Professional Practice -2012
- Valuation of Conservation Easements -2012
- Appraising the Appraisal: Appraisal Review-2012
- Fundamental of Separating Real Property, Personal Property, & Intangible Business Assets-2012
- Advanced Spreadsheet Modeling for Valuation Applications-2011
- The Discounted Cash Flow Model: Concepts, Issues & Applications-2010
- Hotel Appraising-New techniques for today's uncertain times-2010
- Valuation by Comparison-2010
- Using Spreadsheet Programs in Real Estate Appraisals-2010
- Report Writing & Valuation Analysis-2009
- General Demonstration Report Writing-2009
- Advanced Applications-2009
- Advanced Income Capitalization-2008
- Uniform Appraisal Standards for Federal Land Acquisitions-2007
- Advanced Sales Comparison and Cost Approaches-2006
- Highest & Best Use and Market Analysis-2005
- The Professional's Guide to the URAR-2005

- General Applications-2004
- Basic Income Capitalization-2004
- Advanced Residential Form & Narrative Report Writing-2003
- Appraisal Procedures-2002
- Standards of Professional Practice, Part A & B-2002
- Appraisal Principles-2002
- 15 Hour USPAP Course 2002, 2006

Additional Seminars

- Appraisal Institute Leadership Advisory and Development Counsel-2014
- Annual Montana Economic Outlook Seminar-Bureau of Business & Economic Research, University of Montana
- The Technical Inspection of Real Estate –Beckman Group
- Spring AARO Conference-San Francisco, CA, 2008
- AARO Conference- Washington DC 2008, 2009, 2011
- Ted Whitmer's Comprehensive Exam seminar
- Managing and Procuring Commercial Appraisal Reports
- Appraisal Review: Sales Comparison and Cost Approaches
- Appraisal Review: Income Capitalization Approach
- Distressed and Depressed- Are Values Repressed? CRE Foreclosure/Workout Valuation
- Land, Condos and Subdivisions; Solutions to Hard to Value Assets
- How to Use Market Data: Solutions for Hard to Value CRE Assets

EXPERIENCE:

2013-Present

Partner, McGinnis Real Estate Appraisal Group, LLC
P.O. Box 996, Polson, MT 59860
(406)883-1659

Appraisal/valuation and consulting assignments include: commercial/retail buildings, office buildings, commercial/industrial properties, warehouse buildings, medical office buildings, development land, residential and commercial subdivisions, residential and commercial condominiums, high-end residential properties, apartment buildings, low income housing tax credit apartments, retirement homes, rural acreage, waterfront properties, Federal land acquisition (Yellow Book) appraisal reports, leased fee and leasehold valuations.

2003 - 2013

Real Estate Appraiser
Serving clients throughout the State of Montana.
Stevens & Company
P.O. Box 8287
Missoula, MT 59807

PRIVACY NOTICE

Pursuant to the Graham-Leach-Bliley Act of 1999, effective July 1, 2001, appraisers, along with all providers of personal financial services, are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client nonpublic personal information. As professionals, we understand that your privacy is very important to you and are pleased to provide you with this information.

Types of Nonpublic Personal Information We Collect

In the course of performing appraisals, we may collect what is known as “nonpublic personal information” about you. This information is used to facilitate the services that we provide to you and may include the information provided to us by you directly or received by us from others with your authorization.

Parties To Whom We Disclose Information

We do not disclose any nonpublic personal information obtained in the course of our engagement with our clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to our employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in providing appraisal services to you. All of our employees and any third party consultants we employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by us that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

Confidentiality and Security

We will retain records relating to professional services that we have provided to you for a reasonable time so that we are better able to assist you with your needs. In order to protect your nonpublic personal information from unauthorized access by third parties, we maintain physical, electronic and procedural safeguards that comply with our professional standards to insure the security and integrity of your information.

Please feel free to call us at any time if you have any question about the confidentiality of the information that you provide to us.

McGinnis Real Estate Appraisal Group, LLC

P.O. Box 996, Polson, MT 59860

Phone 406-883-1659, Fax 406-883-1649

June 2, 2014

Montana DNRC
Emily Cooper
P.O. Box 201601
Helena, MT 59620-1601

RE: Tim & Cheryl Schwenk Lessees
310 Elbow Loop South
Bonner, MT 59823

DNRC No. 147055
Our File No. 1411

Professional Appraisal Services. . . \$2,250.00

Tax ID No. 46-3596360

DUE UPON RECEIPT.....Thank you!

Interest charged on all accounts over 30 days, figured at 2% per month, from the date of report completion/delivery.