



KELLEY APPRAISAL Real Estate Appraisers & Consultants - Ph. (406)755-2015

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May 28th, 2015

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

RE: Appraisals on four properties on Brant Road, Bigfork, MT
(Contract #155099) (DNRC Sales 759, 760, 761, 762)

Dear Ms. Cooper:

In fulfillment of our agreement as outlined in the appraisal contract dated April 27th, 2015, I am pleased to transmit herewith my appraisal report of the opinion of market value of the referenced parcels of real estate, as of May 2nd, 2015. The report set forth my value conclusions, along with a summary of supporting data and reasoning which forms the basis of my opinions.

The value opinions reported are qualified by certain definitions, limiting conditions, and certifications which are set forth in these reports.

This reports are prepared for my professional fee billed to the Montana DNRC. They are intended only for use by the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC).

Respectfully submitted,

James O. Kelley
Certified General Appraiser
Montana License #REA-RAG-LIC-80

Real Estate Appraisal Report



Lakefront Lot and Cabin

La Brant Road
Bigfork, MT

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

Effective Date of Appraisal
May 2nd, 2015

Date of Appraisal Report
May 28th, 2015

By
James O. Kelley
Real Estate Appraiser

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

CLIENT:	State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC)
INTENDED USER:	The State of Montana, The Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), Scott and Kathleen Edman, Joyce Corbett, Carla Young, Connie Strickler, and Janis Dietrich.
INTENDED USE:	Estimate value for a potential sale
OWNER OF RECORD:	Land: (All four lots) State of Montana Improvements: Lot 36 - Scott and Kathleen Edman Lot 37 - Joyce Corbett, Carla Young, Connie Strickler, and Janis Dietrich
PROPERTY APPRAISED:	Four properties on La Brant Road, Bigfork, MT
LEGAL DESCRIPTION:	Lots 36, 37, 44 and 45, Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana (See complete legal description on page 8 of this report.)
PROPERTY RIGHT:	Unencumbered Fee Simple Estate
BUILDING IMPROVEMENTS:	Lot 36 - Has an 816 sf cabin the was built in 1976 and last remodeled and added to in 2006. It has two bedroom and one bath as well as a deck on the west side. There is also a boat dock and a storage shed on this property. The overall condition is average. Lot 37 - Has a 480 sf cabin that has one bedroom, a kitchen and a living room area. This cabin does not have a bathroom, only water to the kitchen. Other improvements on this sit are a front deck on the cabin, a shower stall that is separate from the house, an outhouse, a storage shed and a boat dock. This cabin was built in 1975 and is in average condition.
CURRENT USE:	Lots 36 & 37 (Residential) Lots 44 and 45 are vacant.
ZONING:	SAG-5 (Suburban Agricultural)
HYPOTHETICAL CONDITION:	It is acknowledged that Lots 36 and 37 are currently leased to the

owner of the building improvements. This appraisal is based on the hypothetical condition that the lease does not exist.

EXTRAORDINARY ASSUMPTION: The DNRC will grant an access easement across the existing access road from LaBrant Road to the subject tracts.

HIGHEST AND BEST USE: Residential

SITE DATA: Lot 36 - This site is an irregularly shaped site with a gross size of 1.485 acres and a net usable size of 1.236 acres. This site has 146.19 feet of water frontage on Echo Lake.

Lot 37 - This site is an irregularly shaped site with a gross size of 1.797 acres and a net usable size of 1.764 acres. This site has 142.08 feet of water frontage on Echo Lake.

Lot 44 - This site is an irregularly shaped site with a gross size of 3.482 acres and a net usable size of 3.399 acres. This site has 224.0 feet of water frontage on Echo Lake.

Lot 45 - This site is an irregularly shaped site with a gross size of 2.977 acres and a net usable size of 2.921 acres. This site has 237.37 feet of water frontage on Echo Lake.

DATE OF VALUATION: May 2nd, 2015

DATE OF REPORT: May 28th, 2015

DATE OF INSPECTION: May 2nd, 2015

PURPOSE OF APPRAISAL: The intended users are State of Montana, the Montana Board of Land Commissioners, the Department of Natural Resources and Conservation (DNRC) and Scott and Kathleen Edman, Joyce Corbett, Carla Young, Connie Strickler, and Janis Dietrich. 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.

ESTIMATED MARKETING TIME: Six months

VALUE CONCLUSIONS

Property (Lot 36)	Value
Fee Simple value of the Site	\$334,000
Fee Simple value of the overall property	\$334,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 37)	Value
Fee Simple value of the Site	\$270,000
Fee Simple value of the overall property	\$270,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 44)	Value
Fee Simple value of the Site	\$420,000
Fee Simple value of the overall property	\$420,000
No Improvements	\$0

Property (Lot 45)	Value
Fee Simple value of the Site	\$450,000
Fee Simple value of the overall property	\$450,000
No Improvements	\$0

Note: The attached 63 pages are considered an important part of this appraisal.

APPRAISAL DEFINITION AND PROCESS

An appraisal is an unbiased estimate of the nature, quality, value or utility of an interest, or aspect of, identified real estate. The summary appraisal is based on selective research into appropriate market areas; assemblage of pertinent data; the application of appropriate analytical techniques; and the knowledge, experience and professional judgment necessary to develop an appropriate value.

The summary appraisal considers selected socioeconomic conditions as they affect the subject property. This encompasses the city and neighborhood conditions which include, but are not limited to the social, economic, governmental and environmental influences and trends as they affect the marketability and value in the marketplace of the subject property.

A physical inspection is made of the property as well as the surrounding area for the purpose of analyzing all conditions pertinent to the market value of the subject property.

Three recognized approaches to value are employed in the appraisal process. The cost approach, market (sales comparison) approach and income capitalization approach. The conclusion of each approach is stated in a summary format.

All three inter-related approaches are used in arriving at a final value. They are approached from a different direction, dealing with a separate set of circumstances and are evaluated as such, and correlated based on which set of circumstances best represents the market as it exists as of the date of the appraisal.

The cost approach is based on the premise that value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus that amount of depreciation evident in the structures from all causes plus the value of the land. This approach is particularly useful for appraising new or nearly new improvements and for providing an alternative to the sales comparison and income capitalization approaches. In addition, cost approach techniques are employed to derive information needed to apply both the sales comparison and income capitalization approaches to value.

The market (sales comparison) approach is most viable when an adequate number of properties of similar type have been sold recently or are currently for sale in the subject property market area. The application of this approach produces a value indication for a property through comparison with similar properties, called comparable sales. The sales prices of properties judged to be most comparable tend to set a range in which the value indication for the subject property falls.

In using the income capitalization approach, the appraiser measures the present value of the future benefits of property ownership. Income streams and values of property resale (reversion) are capitalized (converted) into a present lump-sum value. This approach is generally most applicable in appraising income producing investment properties.

The final analytical step in the summary appraisal process is the reconciliation of the indications of value into a single dollar figure or range in which the value will most likely fall. The nature of the reconciliation depends on the number of approaches which have been used (all three approaches are not always applicable in every appraisal problem) and on the reliability of the value indications derived from these approaches.

PURPOSE OF THE APPRAISAL

The purpose of this report is to estimate the market value of the subject property as defined herein. This estimate is to be used solely by the client and intended users which are The State of Montana, The Montana Board of Land Commissioners, Department of Natural Resources and Conservation (DNRC), Scott and Kathleen Edman, Joyce Corbett, Carla Young, Connie Strickler, and Janis Dietrich.

The purpose of the appraisal is to provide the clients with a credible opinion of the current fair market value of the appraised subject properties and is intended for the use in the decision making process concerning the potential sale of said subject properties.

SCOPE OF THE APPRAISAL

The following steps were followed in arriving at the final estimate of value included in the appraisal report of the subject property:

1. After receiving the assignment, a preliminary search of all available resources was made to determine market trends, influences and other significant factors pertinent to the subject property.
2. A physical inspection of the property was performed. Although due diligence was exercised while at the subject, the appraiser is not an expert in such matters as pest control, structural engineering, hazardous waste, etc. and no warranty is given as to these elements. As needed, inspections by various professionals within these fields might be recommended with the final estimate of value subject to their finds.
3. A second review of the data was then performed with the most relevant factors extracted and considered. Sales were examined and discussed with parties involved in the transactions. Market factors were weighted and their influence on the subject property was determined.
4. The appraisal report was then completed in accordance with standards dictated by THE APPRAISAL FOUNDATION. The report includes all data and information needed to lead a reader to a similar value conclusion.
5. In doing this appraisal the following criteria was used:
 1. state the identity of the client and any intended users, by name or type
 2. state the intended use of the appraisal
 3. summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment
 4. state the real property interest appraised
 5. state the type and definition of value and cite the source of the definition
 6. state the effective date of the appraisal and the date of the report
 7. summarize sufficient information to disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal;
 8. summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
 9. state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion;
 10. clearly and conspicuously:
 - i. - state all extraordinary assumptions and hypothetical conditions; and
 - ii. - state that their use might have affected the assignment results; and
 11. include a signed certification in accordance with Standards Rule

6. The appraisal is based on the hypothetical condition that the subject is under fee simple ownership.
7. The appraisal is to allocate a separate value the State owned land and the privately owned improvements on that land.
8. See attachments “A” and “B” for additional details.
9. The appraisal report was then delivered to the client, State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC), which constituted the completion of the assignment.

INTENT OF THE REPORT

The intent of this report is to comply with the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Standards Board of the Appraisal Foundation as of January 1st, 2014.

REFERENCES AND EXTENSION OF COLLECTION, CONFIRMATION AND REPORTING DATA

- Flathead County Planning Office
- Flathead County Sanitation Office
- Northwest Montana Association of Realtors MLS
- Various Brokers representing comparable properties.

SALES AND MARKETING HISTORY

The Subject has not sold or been offered for-sale in the last three years.

PERSONAL PROPERTY

No personal property is included.

THREE APPROACHES TO VALUE

The appraiser has made reasonable effort to employ the three recognized approaches to value.

CONTINGENT AND LIMITING CONDITIONS

1. The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property.
3. The appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
4. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuation for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the appraiser, and contained in the report, are obtained from sources considered reliable and believed to be true and correct. However, no

responsibility for the accuracy of such items furnished the appraiser can be assumed by the appraiser.
7. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraiser is affiliated.

8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the exchange client or his successors and assigns, professional appraisal organizations, any state or federal department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the appraiser.

LEGAL DESCRIPTION

Lot 36, Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana

and

Improvement number 836 on Lot 36 , Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana

Assessor Number 0594175

Lot 37, Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana

and

Improvement number 837 on Lot 37 , Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana

Assessor Number 0164980

Lot 44, Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana

Lot 45, Echo Lake Cabinsites, COS #18885 in Section 5, T27N, R19W, P.M.M., Flathead County, Montana

HYPOTHETICAL CONDITION

It is acknowledged that two of the subject sites are currently leased to the owner of the building improvements. This appraisal is based on the hypothetical condition that these leases do not exist.

EXTRAORDINARY ASSUMPTION

The DNRC will grant an access easement across the existing access road from LaBrant Road to the subject tracts

DEFINITION OF MARKET VALUE

Current Fair Market value, as used in this report, is defined as follows under 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.

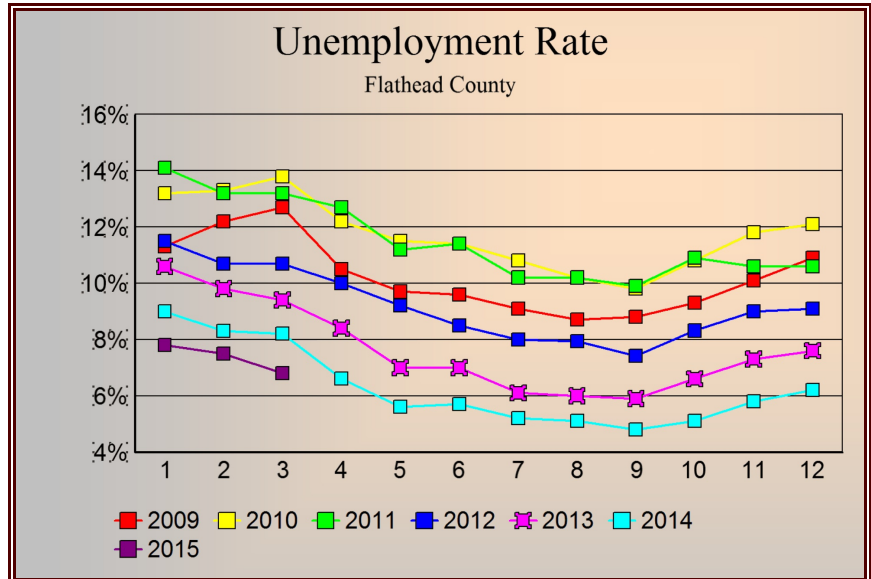
DATE OF VALUATION

Values reported are as of the date of my physical inspection on May 2nd, 2015.

REGIONAL MARKET CONDITIONS

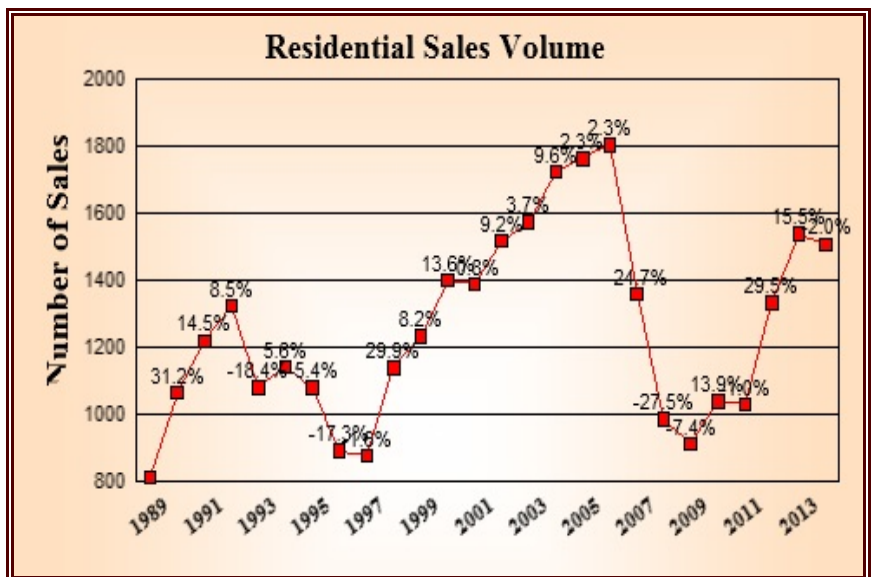
In the last seven years, this region of Western Montana had been negatively impacted by the recent economic recession that occurred throughout the United States. This has most notably been evident in the unemployment rate which has gone from 3.5% to 5% in Flathead County to a high of 14.1% in January of 2011, with the last reported unemployment rate in March, 2015 of 6.8%.

Real estate has been most notably impacted by a substantial decrease in volume of home sales, as is indicated by the graph to the right. Along with this decrease in sales volume, the countrywide median home price decreased 16.3% in 2009, 1.5% in 2010, 8.6% in 2011, then stabilized in 2012 with a 4% increase. In 2014, there was a 9.4% increase in the median price, which is mostly due to a decline in the number of bank-owned REO properties.



After a substantial decrease in the number of sales from 2006 through 2009, there has been a steady increase from the low in 2009. In 2012 there was nearly a 30% increase in the number of sales and in 2013, there was a 15.5% increase. On a year-over-year basis, the number of sales in 2014 were down around 2.0%.

This data suggests that the prices reached their bottom around the end of 2011 and is currently improving. The number of sales are increasing and the price level appears stable.



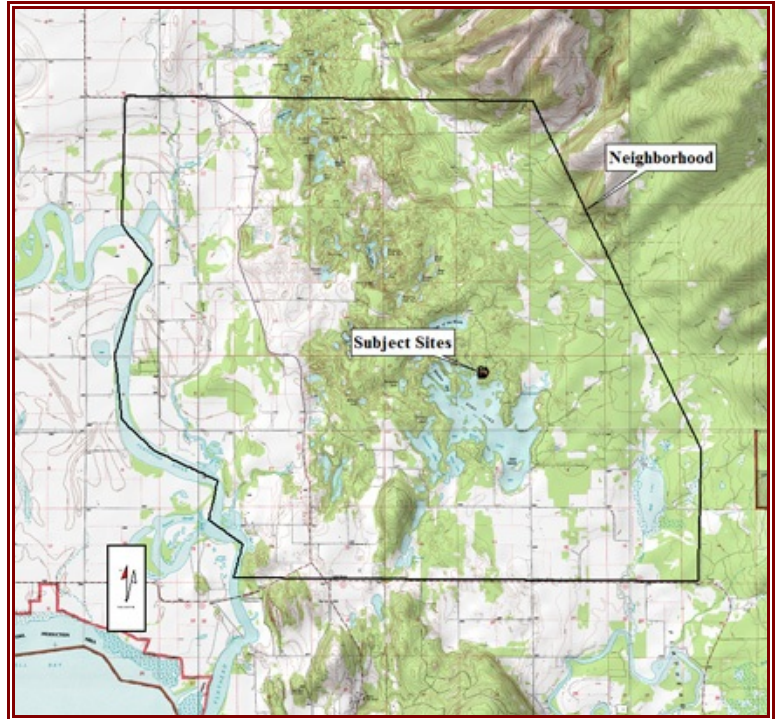
Additional data dealing with general market conditions is available in a report prepared by the appraisal at this link: <http://kelleyappraisal.net/FlatheadMarket14.pdf>

MARKET NEIGHBORHOOD

The subject neighborhood is best described as a semi-rural area that is just north of the town of Bigfork and east of Kalispell.

Boundaries are: The Many Lakes Area to the north, the Swan Range to the east, Montana Highway 83 to the south and the Flathead River to the west to the west.

The neighborhood is two miles north of the town of Bigfork and six miles east of the City of Kalispell. This area covers approximately 48 square miles and is generally centered around Echo Lake, which runs from north to south through the eastern portion of the area. The central and eastern portion of the neighborhood is mostly wooded with rolling hills and 20 to 30 small lakes and ponds that are fed by ground water in the area. The western portion is mostly farmland.



In this defined neighborhood, there are a total of 3,657 parcels of land that have a total of 1,807 single family homes and 314 farmsteads. Based on this, the overall average parcel size is approximately 6.4 acres. Based on an average household size of 2.2 people per dwelling the approximate population base is around 4,666 residents. A relatively high percentage of these residents are seasonal that occupy homes around Echo Lake as recreational homes.

According to the Montana Department of Revenue property tax records, the overall composition of this area is as follows:

Property Type	Number	% of Properties	% of Acres
agricultural rural	455	12.4%	28.2%
commercial rural	69	1.9%	0.5%
exempt property	111	3.0%	0.9%
farmstead rural	314	8.6%	38.6%
residential rural	1807	49.4%	22.2%
vacant land rural	901	24.6%	9.6%
Total	3657	100.0%	100.0%

Currently, there are 56 residential properties on the market in this neighborhood and they have an overall price range of \$89,900 to \$4,400,000. Of those 56 properties, 15 are water front properties and their asking price range is between \$289,000 and \$3,495,000. In the last year, there were 49 residential sales

with an average price of \$335,739, a median price of \$304,000 and an overall range of between \$80,000 and \$1,268,000. There were only six waterfront residential sales and their range was between \$325,000 and \$1,268,000.

There are also 56 tracts of land that are currently on the market in this area and they have an overall price range of between \$59,500 and \$1,900,000. Of those, 13 are waterfront tracts and their price range is between \$68,500 and \$1,900,000. In the last year there were 30 land sales with a median price of \$67,000, an average price of \$97,513 and an overall range of between \$43,000 and \$335,000. Of those, there were seven waterfront land sales and they ranged between \$43,000 and \$335,000.

Public electricity and phone service is available in most areas. Public water and sewer are not available.

Trends

The general development trend in the area is for continued residential development. The agricultural uses in the area are not financially feasible and that land is likely to see continued development as homesites.

Conclusion:

The subject parcels are well located in the neighborhood as well as the greater Flathead Valley as residential building site.

the subject sites, lots 36 and 37 are located on the main lakeshore and have historically always had boat access to the main body of the lake. Lots 44 and 45 are on a shallow bay that on low water years, has had lake access block by the shallow inlet to the bay.

The fluctuation in water level is illustrated by the two satellite photos to the left. The first photos is of the bay were the subject properties are located in the summer of 2013.

The second is on the same bay in the summer of 2004, when the lake level was low.

Lots 36 and 37 still had boating access to the main body of the lake, but lots 44 and 45 are located inside the bay with boat access block to the main body of Echo Lake. This limitation on boat access to the main body of the lake does negatively effect lots 44 and 45.

These individual lots are further addressed on the following page.



Lake Level - 2013

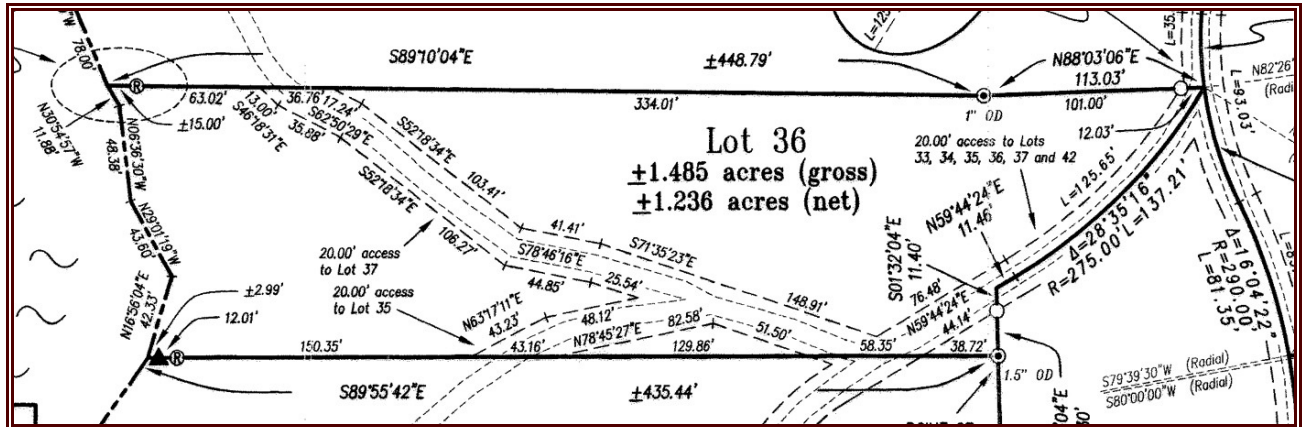


Lake Level - 2004

Lot 36 (Sale 759):

This site is an irregularly shaped site with a gross size of 1.485 acres and a net usable size of 1.236 acres. This site has 146.19 feet of water frontage on Echo Lake.

Site Improvements: The subject site has a private well, septic system and a gravel driveway. The footprints of the building improvements cover 1,088 sf.



Access: Legal access to the site is over 1,500 feet of a 23-foot wide access road that is owned by the State of Montana that is designated for the access to State Lease properties. This access road is roughly finished and is not currently maintained. This appraisal assumes that an easement will be granted to provide legal access.

Streets: The easement road provides access to LaBrant Road is a gravel surfaced public road that is owned and maintained by Flathead County.

Topography: The subject is partly level, but mostly rolling with a gentle slope down to the lakeshore. The site is mostly wooded with a cleared building site on the west portion, next to the lake.

Soil Conditions: The soil conditions appear acceptable for the construction of homes that are typical of this area.

Easements: There are two 20-foot wide easement roads that cross the subject from the northwest side to the southeast corner, then along the east edge of the site. These road easements cover .249 acres, leaving a net usable area of approximately 1.236 acres. The location of these road easement cuts through the middle of the lot and does negatively affect the building site that is on the west side of the lot, between the lakeshore and the easement road.

Encroachments: It appears that the current building improvement does encroach on the easement road that crosses the subject.

Boat Access: This site fronts on the main body of Echo Lake with 146.19 feet of water frontage. Boat access is typical of most sites that are located on the main body of the lake.

Flood Zone: The subject is not in an H.U.D. identified flood hazard area, according to FEMA Flood

reduces the net lot size to 1.764 acres.

Encroachments: None are apparent

Boat Access: This site fronts on the main body of Echo Lake with 142.08 feet of water frontage. Boat access is typical of most sites that are located on the main body of the lake.

Flood Zone: The subject is not in an H.U.D. identified flood hazard area, according to FEMA Flood Hazard map #30029C1875G. Note: This is a flood map that has not been printed, therefore all properties within its designated area are considered to be outside of a flood hazard area.

Environmental Hazards: My inspection of the subject site did not reveal any evidence of environmental hazards.

Utilities: Electricity and phone service are to the subject site. Public water and sewer services are not available. The subject does have a private well, does not have a septic system. Due to the requirements of the Flathead County Sanitation Department, which require the septic system be located at least 100 feet from the well and 100 feet from any standing water, it is unlikely that a septic system could be approved on the west side of the site, but a holding tank would likely be allowed.

Conclusion:

The subject site is unlikely to qualify for a septic system on the west half of the site, which will prevent the construction of a residence near the lakeshore, unless a holding tank was used. In order to have an approved septic system, the residence would likely have to be located on the east half and would be approximately 400 feet from the shoreline. A residence located in this area will not have a view of the lake or easy access to the shoreline.

Lot 44 (Sale 761):

This site is an irregularly shaped site with a gross size of 3.482 acres and a net usable size of 3.399 acres. This site has 224.0 feet of water frontage on Echo Lake.

Site Improvements: None

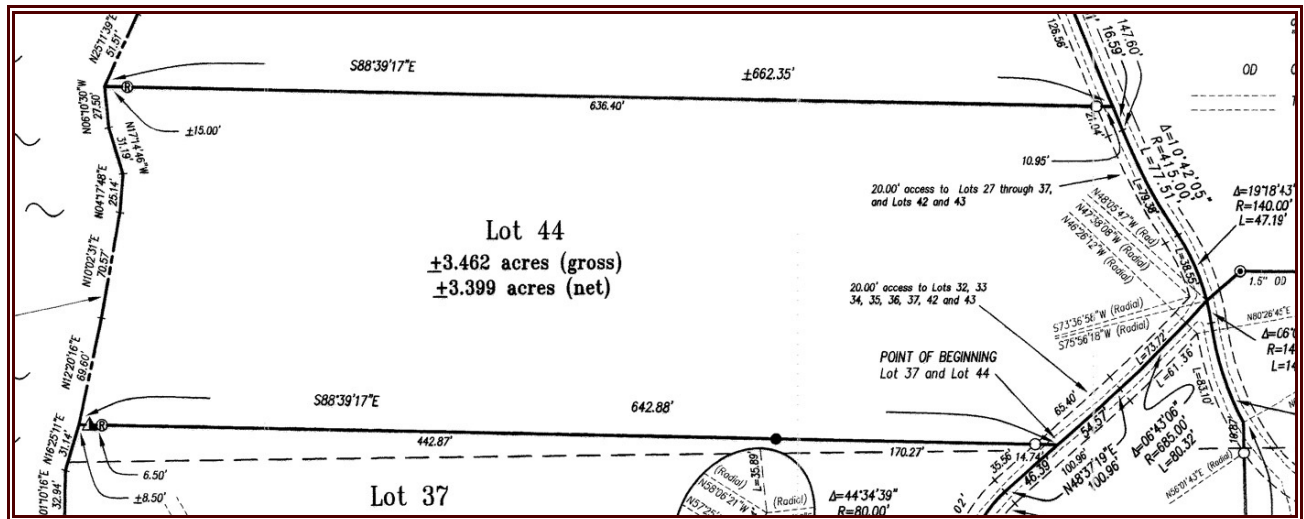
Access: Legal access to the site is over 1,500 feet of a 23-foot wide access road that is owned by the State of Montana that is designated for the access to State Lease properties. This access road is roughly finished and is not currently maintained. This appraisal assumes that an easement will be granted to provide legal access.

Streets: The easement road provides access to LaBrant Road is a gravel surfaced public road that is owned and maintained by Flathead County.

Topography: The subject is partly level, but mostly rolling with a gentle slope down to the lakeshore and is wooded.

Soil Conditions: The soil conditions appear acceptable of the construction of homes that are typical of this area.

Encroachments: None are apparent.



Flood Zone: The subject is not in an H.U.D. identified flood hazard area, according to FEMA Flood Hazard map #30029C1875G. Note: This is a flood map that has not been printed, therefore all properties within its designated area are considered to be outside of a flood hazard area.

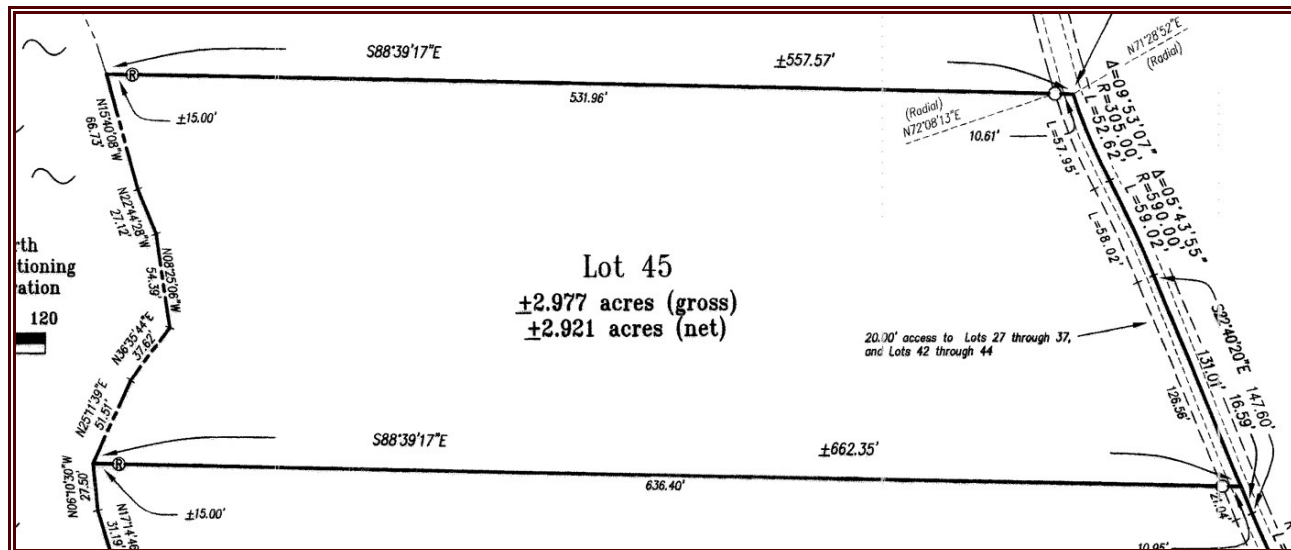
Utilities: Electricity and phone service are to the subject site. Public water and sewer services are not available.

Conclusion:
The subject is well suited for residential use.

This site is an irregularly shaped site with a gross size of 2.977 acres and a net usable size of 2.921 acres. This site has 237.37 feet of water frontage on Echo Lake.

Access: Legal access to the site is over 1,500 feet of a 23-foot wide access road that is owned by the State of Montana that is designated for the access to State Lease properties. This access road is roughly finished and is not currently maintained. This appraisal assumes that an easement will be granted to provide legal access.

Topography: The subject is partly level, but mostly rolling with a gentle slope down to the lakeshore and is wooded.



Easements: There is half of a 20-foot roadway easement that runs along the east edge of the site that reduces the net lot size to 2.921 acres.

Boat Access: This site has 237.37 feet of frontage on a shallow bay that has an even shallower entrance to the bay which prevents boat access in years when the groundwater is low. Boat access is inferior to lots that are located on the main body of the lake.

Flood Zone: The subject is not in an H.U.D. identified flood hazard area, according to FEMA Flood Hazard map #30029C1875G. Note: This is a flood map that has not been printed, therefore all properties within its designated area are considered to be outside of a flood hazard area.

Environmental Hazards: My inspection of the subject site did not reveal any evidence of environmental hazards.

Utilities: Electricity and phone service are to the subject site. Public water and sewer services are not available.

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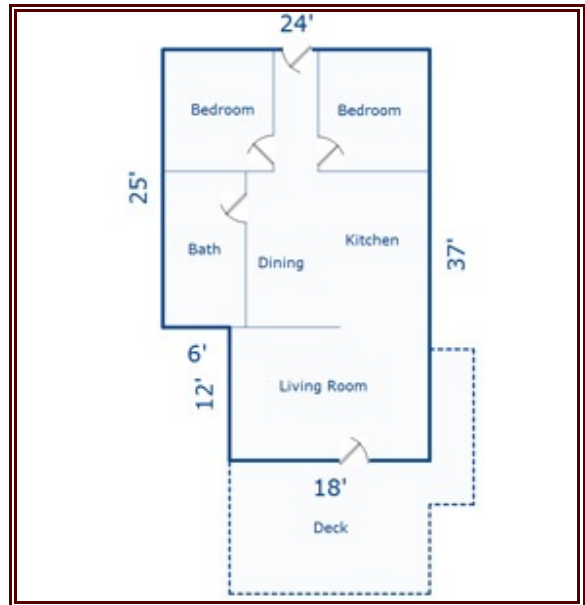
Zoning:

SAG-5 (Suburban Agricultural) - This is a district to provide and preserve smaller agricultural functions and to provide a buffer between urban and unlimited agricultural uses, encouraging separation of such uses in areas where potential conflict of uses will be minimized, and to provide areas of estate-type residential development.

The subject sites do comply with current zoning.

Building Improvements:

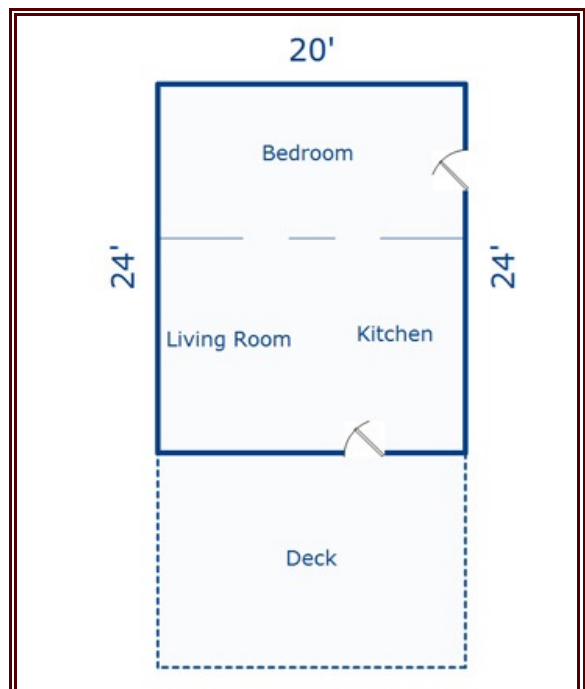
Lot 36 - Has an 816 sf cabin the was built in 1976 and last remodeled and added to in 2006. It has two bedroom and one bath as well as a deck on the west side. The house is wood-frame construction with a concrete foundation under the bedrooms. The remaining portion of the house is on posts and piers. The exterior is a mix of T1-11 siding and wood lap siding. It has a gable roof the is finished with asphalt shingles. The interior is finish with drywall on the walls and ceiling and the floors are finished with a mix of carpet in the bedrooms and vinyl in the rest of the house. There is not a built-in heating system, so the house is heated with a wood stove and a space heater. This is a low quality recreational cabin.



At the front of the house is a 272 sf wood deck. On the shore is a small boat dock and there is a storage shed near the house. This property is also improved with a shallow well and a septic system.

Overall, this property is in average condition.

Lot 37 - Has a 480 sf cabin that has one bedroom, a kitchen and a living room area. This cabin does not have a bathroom, only water to the kitchen. It sits on a post and pier foundation, has T1-11 siding and a gable roof the is finished with asphalt shingles. The interior is not insulated and has only rough finish. There is water to the kitchen sink, but there is no heating system. This is a rough recreational cabin that was built in 1975 and is in average condition.



Other improvements are a front deck on the cabin, a shower stall that is separate from the house, an outhouse, a storage shed and a boat dock.

The site has a shallow well, but there is not a septic system and it is unlikely that one could be approved on the west half of the lot that this cabin is on.

Property Taxes:

The subject sites are currently owned by the State of Montana and is not subject to property taxes.

Lot 36: The building improvements are owned by Scott and Kathleen Edman with assessor number 0594175 The 2014 taxes on the subject's improvements were \$487.42.

Lot 37: The building improvements are owned by Joyce Corbett, Carla Young, Connie Strickler, and Janis Dietrich with assessor number 0164980 The 2014 taxes on the subject's improvements were \$216.10

HIGHEST AND BEST USE

Highest and best use is defined as, "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."

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. An additional implication is that the determination of highest and best use results from the appraiser's judgment and analytical skill - that is, that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate and alternative term to reflect highest and best use, would be most profitable use.

The definitions of highest and best use indicate that there are two types of highest and best use. The first is highest and best use of land or a site as though vacant. The second is highest and best use of a property as improved. Each type requires a separate analysis. Moreover, in each case, the existing use may or may not be different from the site's highest and best use.

In the highest and best use analysis of both the land as vacant and the property as improved, a use must meet four criteria. The criteria are that the highest and best use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally productive.

Highest and Best Use - As if Vacant:

Legally Permissible: The subject is zoned for suburban agricultural use, which includes residential uses. According to the zoning, any new subdivision of land in this area requires a five-acre minimum lot size. Because the subject site is already split, this size limitation only applies to the extent that the subject cannot be further split. All lots are legal restricted by the septic system requirements of Flathead County. Lots 36, 44 and 45 can likely have a septic system in any location on the lots that is at least 100 feet from the shoreline and 100 feet from a well. Lot 37 has a small pond that is located approximately 200 feet from the lakeshore. Any septic system on this lot will likely have to be located on the east side of the lot, at least 100 feet east of the pond.

Physically Possible: The subject tracts have net usable sizes that range from 1.236 acres to 3.399 acres. All lots are large enough for the residential uses that are common in this area.

Financially Feasible: Current uses in the immediate area are nearly all residential, with a mix of year-around homes and summer recreational cabins. The subject lots do all front on Echo Lake and there is a steady demand for homesites with water frontage. Based on the historic uses and demand in this area for residential waterfront homesites, it is my opinion that residential is financially feasible.

Maximally Productive: Given the overall demand in the area, it is my opinion that the highest and best use, as if vacant, is for residential use.

Highest and Best Use - As Improved (Lots 36):

Legally Permissible: The subject is zoned for suburban agricultural use, which includes residential uses. The subject is a single-unit residential cabin that is legal under current zoning.

Physically Possible: The subject cabin is 816 sf and a low quality of construction. There is enough room on the site for an addition to the cabin as well as the construction of a garage. Overall, the current improvements are physically possible.

Financially Feasible: Current uses in the immediate area are nearly all residential, with a mix of year-around homes and summer recreational cabins. Currently there are five waterfront residences that are on the market that front Echo Lake and in the last year, there were three that sold. Over the last 20-years as the value of lakefront lots has increased, the trend has been for the small cabins and mobile homes to be removed for the construction of higher-value new homes. In the current market, the price paid for waterfront lots with small older cabins is the same as the prices paid for vacant lots. Two examples of this on Echo Lake are shown in comparable sales three and five. Both had small older cabins (480 sf and 528 sf) on the lots prior to the sales and the buyer place no value on the cabins at the time of sale. Sale five appears to have had cabin removed prior to the final sale, then the buyer constructed a new lake home on the site. In addition to these two sales on Echo Lake, there are several examples on Flathead and Whitefish Lake where vacant lakefront lots have sold for nearly the same price as those with small older cabins.

The subject is a small, older cabin that is poorly finished. If this cabin were located on the east side of the roadway easement that goes through the site, it could be used as a guest cabin when a new home was constructed on the site. Its location between the waterfront and the roadway easement is the primary location for a new house and would need to be razed for new construction.

Maximally Productive: Given the overall demand in the area, it is my opinion that the highest and best use, as improved, is for residential use. The current cabin is a small older cabins that will need to be removed so the site can be developed to the maximally productive uses. In this case, the building improvements do not contribute to the overall value of the site.

Highest and Best Use - As Improved (Lots 37):

Legally Permissible: The subject is zoned for suburban agricultural use, which includes residential uses. The subject is a single-unit residential cabin that is legal under current zoning.

Physically Possible: The subject cabin is 480 sf and is rough finished. This cabin could be finished on the interior, but could not have a septic system, therefore no bathroom can be added. As a sleeping cabin, the current use is physically possible.

Financially Feasible: Current uses in the immediate area are nearly all residential, with a mix of year-around homes and summer recreational cabins. Currently there are five waterfront residences that are on the market that front Echo Lake and in the last year, there were three that sold. Over the last 20-years as the value of lakefront lots has increased, the trend has been for the small cabins and mobile homes to be removed for the construction of higher-value new homes. In the current market, the price paid for waterfront lots with small older cabins is the same as the prices paid for vacant lots. Two examples of this on Echo Lake are shown in comparable sales three and five. Both had small older cabins (480 sf and 528 sf) on the lots prior to the sales and the buyer place no value on the cabins at the time of sale. Sale five appears to have had cabin removed prior to the final sale, then the buyer constructed a new lake home on the site. In addition to these two sales on Echo Lake, there are several examples on Flathead and Whitefish Lake where vacant lakefront lots have sold for nearly the same price as those with small older cabins.

The subject is a small, older cabin that is not finished on the interior and does not have a bathroom. With the installation of a septic holding tank, a new home could be constructed on the site. The small pond on the east side of the current cabin does limit the location of a new home, the current cabin will need to be removed to develop the site to its maximum potential.

Maximally Productive: Given the overall demand in the area, it is my opinion that the highest and best use, as improved, is for residential use. The current cabin is a small older cabins that will need to be removed so the site can be developed to the maximally productive uses. In this case, the building improvements do not contribute to the overall value of the site.

SALES COMPARISON APPROACH

This approach is defined as:

"An appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market (price wise) and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data, (c) the degree of comparability or extent of adjustments necessary for time differences, and (d) the absence of non-typical conditions affecting the sales price."

In essence, all approaches to value (particularly when the purpose of the appraisal is to establish market value) are market related approaches since the data inputs are presumably market derived.

A distinct requirement of this approach is that sales of similar properties be available for comparison with the subject. In researching sales in the area, the following sales were found:

#	Address	Date	Price	Other \$	Site \$	Size (Acre)	Wtr. Frtg(ff)	\$/ff
1	680 Echo Lake Rd.	11/13/14	\$395,000	\$30,000	\$365,000	1.5	100	\$3,650
2	1591 Lake Blaine Rd.	05/29/14	\$230,000	\$15,000	\$215,000	0.14	114	\$1,886
3	1210 Echo Lake Road	07/01/13	\$280,000	\$0	\$280,000	0.64	100	\$2,800
4	873 Rainbow Dr.	09/09/14	\$295,000	\$0	\$295,000	1.57	149	\$1,980
5	1226 Echo Lake Road	08/16/13	\$180,000	\$0	\$180,000	0.46	100	\$1,800
6	788 Abbot Village Dr.	03/27/13	\$240,000	\$0	\$240,000	1	140	\$1,714
7	718 Echo Lake Road	03/10/15	\$88,000	\$0	\$88,000	0.6	125	\$704
	Subject (Lot 36)					1.236	146.19	
	Subject (Lot 37)					1.764	142.08	
	Subject (Lot 44)					3.399	224	
	Subject (Lot 45)					2.921	237.37	

Sale One: This is the most recent sale of a waterfront lot on Echo Lake and is located 1.5 miles southeast of the subject. It is mostly level and is accessed from a paved county road, which is superior to any of the subject sites. At the time of sale it did have two mobile homes that went with the sale as well as a domestic well, approved septic system and a boat dock. This lot is one of the premiere lots on Echo land and has plenty of depth and room for a large house. Overall, this lot is far superior to any of the subject tracts.

Sale Two: This is the sale of a small waterfront lot on Lake Blaine, which is located eight miles northwest of Echo Lake. Lake Blaine is similar in size and has historically had sale

Sale Six: This is the sale of a lake front lot that is located one mile south of the subject on Abbot Lake, which is a smaller lake that is adjoined to Echo Lake by a narrow waterway. The location is somewhat inferior to lots 36 and 37 because during dry years, the waterway connection the two lakes can be so low that it is not passable by a boat. Because the subject's lots 44 and 45 are also negatively effected by low water during dry years, this location is generally equal to them.

Sale Seven: This is the sale of a recreational building lot that is on an island on the south end of Echo Lake. This sale is included to show the value of a water front building lot that has no road access.

The sales grids on the following page makes a side-by-side comparison of how each of the comparables relates to the subject properties. In each of the sales grids, only the sales that are most applicable to that parcel are addressed.

Sales Grid (Lot 36):

Element	Subject	Sale 1	Sale 3	Sale 4	Sale 6
Price		\$395,000	\$280,000	\$295,000	\$240,000
Size (Lake Frontage)	146.19	100	100	149	140
Property Rights	Fee	Fee	Fee	Fee	Fee
Terms		Cash	Cash	Cash	Cash
Adjustment	\$0	\$0	\$0	\$0	\$0
Adjusted Price	\$0	\$395,000	\$280,000	\$295,000	\$240,000
Condit. of Sale	Market	Equal	Equal	Equal	Equal
Adjustment	\$0	\$0	\$0	\$0	\$0
Other		Impro.	No Value	None	None
Adjustment	\$0	-\$30,000	\$0	\$0	\$0
Adjusted Price	\$0	\$365,000	\$280,000	\$295,000	\$240,000
Price per FF	\$0.00	\$3,650	\$2,800	\$1,980	\$1,714
Date of Sale		Nov-14	Jul-13	Sep-14	Mar-13
Adjustment		0.0%	0.0%	0.0%	0.0%
Location	Echo Lake/Main Lake	Echo Lake/Sup	Equal	Inferior	Inferior
Adjustment		-10.0%	0.0%	30.0%	30.0%
Access	Fair	Superior	Superior	Superior	Equal
Adjustment		-10.0%	-5.0%	-5.0%	0.0%
Size (Lake Frontage)	146.19	100	100	149	140
Adjustment		0.0%	0.0%	0.0%	0.0%
Aver. Depth per Ftg.	368	653	279	459	311
Adjustment		-10.0%	0.0%	0.0%	0.0%
Septic Approval	Yes	Yes	Yes	Yes	Yes
Adjustment		0.0%	0.0%	0.0%	0.0%
Easements	Limits Bldg Site	No	No	No	No
Adjustment		-10.0%	-10.0%	-10.0%	-10.0%
Improvements	No Value	None	None	None	None
Adjustment		0.0%	0.0%	0.0%	0.0%
Net Adjustments		-40.0%	-15.0%	15.0%	20.0%
Indicated Value / FF		\$2,190	\$2,380	\$2,277	\$2,057

Adjustments:

Property Rights: All property rights transferred were fee simple and no adjustment is warranted.

Terms: All sales were cash or cash equivalent, so no adjustment is necessary.

Conditions of Sale: All sales were arms length and no adjustment is warranted.

Other: All are equal, except sale one which had a deep well, septic, dock and two mobile homes that

can be sold as personal property.

Date of Sale: Prior to 2007 property value had been increasing then when the recent recession started in December of 2007, property values went in a decline and finally leveled off around the end of 2011 and beginning of 2012. Since the beginning of 2012, property values have been stable and all of the comparables occurred after 2012, therefore no date of sale adjustment is made.

Location: Sale one is at the southeast corner of Echo Lake, which is a prime location of Echo Lake and superior to the subject. Sale two is on the northeast corner and generally equal to the subject. Sale four is on the Swan River and 1,000 feet just north Swan Lake, which is slightly inferior to the subject. Sale six is on Abbot Lake, which is connected to the south side of Echo Lake. Although it is connected to Echo Lake, it is an inferior location because during dry years, the waterway connection the two lakes can be so low that it is not passable by a boat.

Access: The subject is accessed over 1,500 feet of an unimproved and poorly maintained private road easement. This access is generally equal to sale six, but inferior to sales one, three and four. Sale one is superior to sales three and four because it is directly off of a paved county road.

Size: Size is accounted for in the average depth per frontage adjustment.

Average Depth per Frontage: This shows the average depth of the lot as it relates to the water frontage. All comparables range from 279 feet to 653 feet and the subject's average depth is 368 feet. Sale three, four and six are generally equal to the subject, however sale one is substantially deeper. To account for the increased development potential on sale one, a -10% adjustment is made.

Septic Approval: All are equal to the subject.

Improvements: As explained in the highest and best use, the subject's improvements do not contribute to the overall value of the subject property, therefore no value is attributed to them.

Physical Comparison Reconciliation (Lot 36):

The overall indicated value range of the four comparables addressed in the sales grid is between \$2,057 and \$2,380 per front foot of water frontage. No sales are exactly like the subject, but sales one and three are considered most similar because they are both on Echo Lake. Based on these two sales, it is my opinion that the most probable value of the subject site is \$2,285 per front foot times 146.19 front feet for a rounded value of \$334,000.

Sales Grid (Lot 37):

Element	Subject	Sale 2	Sale 3	Sale 5
Price		\$230,000	\$280,000	\$180,000
Size (Lake Frontage)	142.08	114	100	100
Property Rights	Fee	Fee	Fee	Fee
Terms		Cash	Cash	Cash
Adjustment	\$0	\$0	\$0	\$0
Adjusted Price	\$0	\$230,000	\$280,000	\$180,000
Condit. of Sale	Market	Equal	Equal	Equal
Adjustment	\$0	\$0	\$0	\$0
Other		Impro.	No Value	No Value
Adjustment	\$0	-\$15,000	\$0	\$0
Adjusted Price	\$0	\$215,000	\$280,000	\$180,000
Price per FF	\$0.00	\$1,886	\$2,800	\$1,800
Date of Sale		May-14	Jul-13	Aug-13
Adjustment		0.0%	0.0%	0.0%
Location	Echo Lake/Main Lake	Sup.	Equal	Equal
Adjustment		-10.0%	0.0%	0.0%
Access	Fair	Superior	Superior	Superior
Adjustment		-10.0%	-5.0%	-5.0%
Size (Lake Frontage)	142.08	114	100	100
Adjustment		0.0%	0.0%	0.0%
Aver. Depth per Ftg.	541	54	279	200
Adjustment		20.0%	10.0%	10.0%
Septic Approval	No	No	Yes	No
Adjustment		0.0%	-40.0%	0.0%
Easements	None	Equal	Equal	Equal
Adjustment		0.0%	0.0%	0.0%
Improvements	No Value	None	None	None
Adjustment		0.0%	0.0%	0.0%
Net Adjustments		0.0%	-35.0%	5.0%
Indicated Value / FF		\$1,886	\$1,820	\$1,890

Adjustments:

Property Rights: All property rights transferred were fee simple and no adjustment is warranted.

Terms: All sales were cash or cash equivalent, so no adjustment is necessary.

Conditions of Sale: All sales were arms length and no adjustment is warranted.

Other: All are equal, except sale two which had a deep well, boat house, dock and a mobile home that can be sold as personal property.

Date of Sale: Prior to 2007 property value had been increasing then when the recent recession started in December of 2007, property values went in a decline and finally leveled off around the end of 2011 and beginning of 2012. Since the beginning of 2012, property values have been stable and all of the comparables occurred after 2012, therefore no date of sale adjustment is made.

Location: Sales two and five are equal to the subject. Sale two is in a prime location on Lake Blaine, which is superior to the subject's location.

Access: The subject is accessed over 1,500 feet of an unimproved and poorly maintained private road easement. This access is inferior to all three sales. Sale one is superior to sales three and five because it is directly off of a paved county road.

Size: Size is accounted for in the average depth per frontage adjustment.

Average Depth per Frontage: This shows the average depth of the lot as it relates to the water frontage. All comparables range from 54 feet to 279 feet and the subject's average depth is 541 feet. All three of these sales are inferior to the subject, with sale two being the most shallow.

Septic Approval: The subject is likely to be able to get a septic approval for a conventional septic system on the west half of the site. Sale two and four are equal to the subject for that same reason. Sale three did have septic approval and is within a 100 feet of sale five and the difference in sale price was approximately 40%, therefore a 40% adjustment to sale three is made to account for this difference.

Improvements: As explained in the highest and best use, the subject's improvements do not contribute to the overall value of the subject property, therefore no value is attributed to them.

Physical Comparison Reconciliation (Lot 37):

The overall indicated value range of the four comparables addressed in the sales grid is between \$1,820 and \$1,890 per front foot of water frontage. No sales are exactly like the subject, but sales two and five are considered the most similar because, like the subject, neither of these two sales can be approved for a conventional septic system. Based on these two sales, it is my opinion that the most probable value of the subject site is \$1,890 per front foot times 142.09 front feet for a rounded value of \$270,000.

Sales Grid (Lot 44):

Element	Subject	Sale 1	Sale 3	Sale 4	Sale 6
Price		\$395,000	\$280,000	\$295,000	\$240,000
Size (Lake Frontage)	224	100	100	149	140
Property Rights	Fee	Fee	Fee	Fee	Fee
Terms		Cash	Cash	Cash	Cash
Adjustment	\$0	\$0	\$0	\$0	\$0
Adjusted Price	\$0	\$395,000	\$280,000	\$295,000	\$240,000
Condit. of Sale	Market	Equal	Equal	Equal	Equal
Adjustment	\$0	\$0	\$0	\$0	\$0
Other		Impro.	No Value	None	None
Adjustment	\$0	-\$30,000	\$0	\$0	\$0
Adjusted Price	\$0	\$365,000	\$280,000	\$295,000	\$240,000
Price per FF	\$0.00	\$3,650	\$2,800	\$1,980	\$1,714
Date of Sale		Nov-14	Jul-13	Sep-14	Mar-13
Adjustment		0.0%	0.0%	0.0%	0.0%
Location	Echo Lake/Shallow Bay	Echo Lake/Sup	Echo Lake/Sup	Equal	Equal
Adjustment		-40.0%	-30.0%	0.0%	0.0%
Access	Fair	Superior	Superior	Superior	Equal
Adjustment		-10.0%	-5.0%	-5.0%	0.0%
Size (Lake Frontage)	224	100	100	149	140
Adjustment		0.0%	0.0%	0.0%	0.0%
Aver. Depth per Ftg.	541	653	279	459	311
Adjustment		0.0%	10.0%	0.0%	10.0%
Septic Approval	Yes	Yes	Yes	Yes	Yes
Adjustment		0.0%	0.0%	0.0%	0.0%
Easements	Typical	Equal	Equal	Equal	Equal
Adjustment		0.0%	0.0%	0.0%	0.0%
Other	None	None	None	None	None
Adjustment		0.0%	0.0%	0.0%	0.0%
Net Adjustments		-50.0%	-25.0%	-5.0%	10.0%
Indicated Value / FF		\$1,825	\$2,100	\$1,881	\$1,886

Adjustments:

Property Rights: All property rights transferred were fee simple and no adjustment is warranted.

Terms: All sales were cash or cash equivalent, so no adjustment is necessary.

Conditions of Sale: All sales were arms length and no adjustment is warranted.

Other: All are equal, except sale two which had a deep well, boat house, dock and a mobile home that can be sold as personal property.

Date of Sale: Prior to 2007 property value had been increasing then when the recent recession started in December of 2007, property values went in a decline and finally leveled off around the end of 2011 and beginning of 2012. Since the beginning of 2012, property values have been stable and all of the comparables occurred after 2012, therefore no date of sale adjustment is made.

Location: The subject is in a shallow bay that has boat access blocked to the main body of the lake during dry years. This same condition applies to sale six and to a lesser degree with sale four which is 1000 feet from the main body of Swan Lake. Sales four and six are considered generally equal to the subject. Sale one and three on the main body of the lake and have good boat access during the dry years. Sale one is in a slightly more desirable location than sale three, therefore the adjustment on sale one is larger than sale three.

Access: The subject is accessed over 1,500 feet of an unimproved and poorly maintained private road easement. This access is generally equal to sale six, but inferior to sales one, three and four. Sale one is superior to sales three and four because it is directly off of a paved county road.

Size: Size is accounted for in the average depth per frontage adjustment.

Average Depth per Frontage: This shows the average depth of the lot as it relates to the water frontage. All comparables range from 279 feet to 653 feet and the subject's average depth is 541 feet. Sale three, four and six are generally equal to the subject, however sale one is substantially deeper. To account for the increased development potential of the subject, a 10% adjustment is made on sales three and six because they are much shallower.

Physical Comparison Reconciliation (Lot 44):

The overall indicated value range of the four comparables addressed in the sales grid is between \$1,825 and \$2,100 per front foot of water frontage. No sales are exactly like the subject, but sales four and six are considered the most similar because both have diminished boat access in dry years. Based on these two sales, it is my opinion that the most probable value of the subject site is \$1,885 per front foot times 224 front feet for a rounded value of \$420,000.

Sales Grid (Lot 45):

Element	Subject	Sale 1	Sale 3	Sale 4	Sale 6
Price		\$395,000	\$280,000	\$295,000	\$240,000
Size (Lake Frontage)	237.37	100	100	149	140
Property Rights	Fee	Fee	Fee	Fee	Fee
Terms		Cash	Cash	Cash	Cash
Adjustment	\$0	\$0	\$0	\$0	\$0
Adjusted Price	\$0	\$395,000	\$280,000	\$295,000	\$240,000
Condit. of Sale	Market	Equal	Equal	Equal	Equal
Adjustment	\$0	\$0	\$0	\$0	\$0
Other		Impro.	No Value	None	None
Adjustment	\$0	-\$30,000	\$0	\$0	\$0
Adjusted Price	\$0	\$365,000	\$280,000	\$295,000	\$240,000
Price per FF	\$0.00	\$3,650	\$2,800	\$1,980	\$1,714
Date of Sale		Nov-14	Jul-13	Sep-14	Mar-13
Adjustment		0.0%	0.0%	0.0%	0.0%
Location	Echo Lake	Echo Lake/Sup	Echo Lake/Sup	Equal	Equal
Adjustment		-40.0%	-30.0%	0.0%	0.0%
Access	Fair	Superior	Superior	Superior	Equal
Adjustment		-10.0%	-5.0%	-5.0%	0.0%
Size (Lake Frontage)	237.37	100	100	149	140
Adjustment		0.0%	0.0%	0.0%	0.0%
Aver. Depth per Ftg.	661	653	279	459	311
Adjustment		0.0%	10.0%	0.0%	10.0%
Septic Approval	Yes	Yes	Yes	Yes	Yes
Adjustment		0.0%	0.0%	0.0%	0.0%
Easements	Typical	Equal	Equal	Equal	Equal
Adjustment		0.0%	0.0%	0.0%	0.0%
Other	None	None	None	None	None
Adjustment		0.0%	0.0%	0.0%	0.0%
Net Adjustments		-50.0%	-25.0%	-5.0%	10.0%
Indicated Value / FF		\$1,825	\$2,100	\$1,881	\$1,886

Adjustments:

Property Rights: All property rights transferred were fee simple and no adjustment is warranted.

Terms: All sales were cash or cash equivalent, so no adjustment is necessary.

Conditions of Sale: All sales were arms length and no adjustment is warranted.

Other: All are equal, except sale two which had a deep well, boat house, dock and a mobile home that can be sold as personal property.

Date of Sale: Prior to 2007 property value had been increasing then when the recent recession started in December of 2007, property values went in a decline and finally leveled off around the end of 2011 and beginning of 2012. Since the beginning of 2012, property values have been stable and all of the comparable occurred after 2012, therefore no date of sale adjustment is made.

Location: The subject is in a shallow bay that has boat access blocked to the main body of the lake during dry years. This same condition applies to sale six and to a lesser degree with sale four which is 1000 feet from the main body of Swan Lake. Sales four and six are considered generally equal to the subject. Sale one and three on the main body of the lake and have good boat access during the dry years. Sale one is in a slightly more desirable location than sale three, therefore the adjustment on sale one is larger than sale three.

Access: The subject is accessed over 1,500 feet of an unimproved and poorly maintained private road easement. This access is generally equal to sale six, but inferior to sales one, three and four. Sale one is superior to sales three and four because it is directly off of a paved county road.

Size: Size is accounted for in the average depth per frontage adjustment.

Average Depth per Frontage: This shows the average depth of the lot as it relates to the water frontage. All comparables range from 279 feet to 653 feet and the subject's average depth is 661 feet. Sale three, four and six are generally equal to the subject, however sale one is substantially deeper. To account for the increased development potential of the subject, a 10% adjustment is made on sales three and six because they are much shallower.

Physical Comparison Reconciliation (Lot 45):

The overall indicated value range of the four comparables addressed in the sales grid is between \$1,825 and \$2,100 per front foot of water frontage. No sales are exactly like the subject, but sales four and six are considered the most similar because both have diminished boat access in dry years. Based on these two sales, it is my opinion that the most probable value of the subject site is \$1,885 per front foot times 237.37 front feet for a rounded value of \$450,000.

In conclusion, the indicated value by the sales comparison approach, as of May 2nd, 2015 is:

Property (Lot 36)	Value
Fee Simple value of the Site	\$334,000
Fee Simple value of the overall property	\$334,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 37)	Value
Fee Simple value of the Site	\$270,000
Fee Simple value of the overall property	\$270,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 44)	Value
Fee Simple value of the Site	\$420,000
Fee Simple value of the overall property	\$420,000
No Improvements	\$0

Property (Lot 45)	Value
Fee Simple value of the Site	\$450,000
Fee Simple value of the overall property	\$450,000
No Improvements	\$0

FINAL RECONCILIATION

It is considered good practice among professional appraisers to use the three basic approaches to value when possible in valuing real estate. If each approach could be done exactly correct, each would give (theoretically) exactly the same answer. Since appraising is not an exact science, but rather, a matter of estimating value based upon available data, those in the appraisal business use the three approaches in order to best bracket value by using each as a check, one against the other.

The following is a recap of the results of the three approaches	Land Value	Improvements Value	Overall Value
Cost Approach	N/A	N/A	N/A
Income Approach	N/A	N/A	N/A
Sale Comparison (Lot 36)	\$334,000	\$0	\$334,000
Sale Comparison (Lot 37)	\$270,000	\$0	\$270,000
Sale Comparison (Lot 44)	\$420,000	\$0	\$420,000
Sale Comparison (Lot 45)	\$450,000	\$0	\$450,000

Cost Approach: In this case, none of the improvements contribute to the overall value of the properties, therefore the cost approach cannot be applied.

Income Approach: A lake front lots are not typically purchased for its income potential, therefore the income approach is not considered.

Sale Comparison Approach: The strength of the sales comparison approach is that it makes a direct, physical comparison of similar competing properties and is reflective of what the market pays for this type of property.

The weakness is that there are few sales of similar properties, but this is still considered the strongest approach to value that is available.

Conclusion:

After considering both the cost approach and the sales comparison approach, it is my opinion that the sales comparison approach offers the best and most reliable support for the current market value

Based on all the analysis incorporated herein and subject to the statement of contingent and limiting conditions stated in this report, the final value of the subject property, as of May 2nd, 2015 is estimated to be:

Property (Lot 36)	Value
Fee Simple value of the Site	\$334,000
Fee Simple value of the overall property	\$334,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 37)	Value
Fee Simple value of the Site	\$270,000
Fee Simple value of the overall property	\$270,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 44)	Value
Fee Simple value of the Site	\$420,000
Fee Simple value of the overall property	\$420,000
No Improvements	\$0

Property (Lot 45)	Value
Fee Simple value of the Site	\$450,000
Fee Simple value of the overall property	\$450,000
No Improvements	\$0

Marketing Time:

The appraised value stated in this report assumes the definition of market value as is stated on page [8](#) of this report.

Northwest Montana MLS data on Waterfront Residential Sales	Number Sold	Average DOM
Current Waterfront Residential Listings in Flathead County	143	380
2015 Waterfront Residential Sales in Flathead County - To date	15	270
2014 Waterfront Residential Sales in Flathead County	67	360
2013 Waterfront Residential Sales in Flathead County	47	375
2012 Waterfront Residential Sales in Flathead County	64	467
2011 Waterfront Residential Sales in Flathead County	39	319
2010 Waterfront Residential Sales in Flathead County	59	288
2009 Waterfront Residential Sales in Flathead County	45	235
2008 Waterfront Residential Sales in Flathead County	46	210

It is noted that there are currently 143 waterfront residential properties that are on the market in Flathead County, however most are substantially overpriced to the point that they are unlikely to sell at any time. Over the last five years, there has been an average of 55 properties sold each year in the County. It is also noted that the market is currently improving, therefore the marketing times will likely be decreasing. Based on this data, it is estimated that if the subject were offered for sale at a market price, the marketing time should be around six months.

CERTIFICATE OF APPRAISAL

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.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of 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.
- no one provided significant real property appraisal assistance to the person signing this certification.

Based upon the information contained in this report, my general experience as an appraiser, and subject to the statement of contingent and limiting conditions stated on page [7](#) of this report, it is my opinion that the Market Value, as of the date of May 2nd, 2015 is:

Property (Lot 36)	Value
Fee Simple value of the Site	\$334,000
Fee Simple value of the overall property	\$334,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 37)	Value
Fee Simple value of the Site	\$270,000
Fee Simple value of the overall property	\$270,000
Contributory value of the cabin and other improvements	\$0

Property (Lot 44)	Value
Fee Simple value of the Site	\$420,000
Fee Simple value of the overall property	\$420,000
No Improvements	\$0

Property (Lot 45)	Value
Fee Simple value of the Site	\$450,000
Fee Simple value of the overall property	\$450,000
No Improvements	\$0

James O. Kelley
General Certificate #REA-RAG-LIC-80
Expires 3/31/16

Date: May 28th, 2015

EXPERIENCE AND QUALIFICATIONS

of James O. Kelley

EDUCATION:

1975 - University of Montana - Bachelor of Arts in Business Administration specializing in Real Estate and Finance.

Appraisal Courses:

1976 - American Institute of Real Estate Appraisers - Residential Appraisal Course #8.

1985 - American Institute of Real Estate Appraisers - Capitalization Theory and Tech Part A and Part B.

1987 - American Institute of Real Estate Appraisers - Standards of Professional Practice.

1991 - Appraisal Institute - Case Studies in Real Estate Valuation.

1993 - Appraisal Institute - Standards of Professional Practice, Parts A and B.

1994 - Appraisal Institute - Report Writing and Valuation Analysis.

1995 - Appraisal Institute - Standards of Professional Practice, Parts A.

1999 - Appraisal Institute - Sales Comparison Valuation of Small Mixed-Use Properties.

2000 - Appraisal Institute - Standards of Professional Practice, Part C.

2002 - Appraisal Institute - Standards of Professional Practice, Part C.

2004- Appraisal Institute - Standards of Professional Practice.

2006- McKissock School - Standards of Professional Practice.

2007- Appraisal Institute - Standards of Professional Practice.

2009- Appraisal Institute - Standards of Professional Practice.

2011- McKissock School - Standards of Professional Practice.

2012- Appraisal Institute - Standards of Professional Practice.

Appraisal Seminars:

1984 - American Institute of Real Estate Appraisers - Conservation Easement appraisal seminar.

1985 - American Institute of Real Estate Appraisers - Real Estate Investment analysis seminar.

1985 - American Institute of Real Estate Appraisers - Seminar on Federal Home Loan Bank Board Regulation R41B.

1986 - American Institute of Real Estate Appraisers - Seminar on Evaluating Commercial Construction.

1987 - American Institute of Real Estate Appraisers - Seminar on Appraising Single Family Residences.

1988 - American Institute of Real Estate Appraisers - Seminar on Appraising for insurance purposes.

1988 - American Institute of Real Estate Appraisers - Seminar on Ranch Appraising.

1989 - American Institute of Real Estate Appraisers - Seminar on Rates, Ratios & Reasonableness

1989 - American Institute of Real Estate Appraisers - Seminar on Discounted Cash Flow Analysis.

1990 - American Institute of Real Estate Appraisers - Seminar on being a witness in litigation.

1990 - American Institute of Real Estate Appraisers - Seminar on Hazardous Waste Sites.

1991 - Appraisal Institute - Seminar on Small Residential Income Property Valuation.

1991 - Appraisal Institute - Preparation seminar for state licensing and certification of appraisers.

1992 - Appraisal Institute - Seminar of FIRREA requirements.

1992 - Appraisal Institute - Seminar on the legal environment of appraising.

1993 - Appraisal Institute - Seminar on the Americans With Disabilities Act.

1993 - Appraisal Institute - Seminar on Complex Residential Properties.

1994 - Appraisal Institute - Seminar on the new URAR appraisal form.

1994 - Appraisal Institute - Seminar on Understanding Limited Appraisals.

1995 - Appraisal Institute - Seminar on Discounted Cash-Flow Analysis.

1995 - Appraisal Institute - Seminar on Subdivision Analysis.

- 1996 - Appraisal Institute - Seminar on 30 Specialized Appraisal issues.
- 1996 - Appraisal Institute - Seminar on Fair Lending and the Appraiser.
- 1997 - Appraisal Institute - Seminar on Alternative Residential Report Forms.
- 1998 - Appraisal Institute - Seminar on Small Motel/Hotel Valuation, Missoula, MT
- 1999 - Appraisal Institute - Seminar on Data Confirmation and Verification Methods.
- 2001 - Appraisal Institute - Seminar on Partial Interest Valuation(Divided).
- 2002 - Appraisal Institute - Seminar on Partial Interest Valuation(Undivided).
- 2002 - Appraisal Institute - Commercial Appraisal Review.
- 2003 - Appraisal Institute - Seminar on Appraisal Data Technology and Digital Reports (Instructor).
- 2003 - Appraisal Institute - Separating Real and Personal Property from Intangible Business Assets.
- 2004- Appraisal Institute - Seminar on Special Purpose Properties - A Road Less Traveled
- 2004 - Appraisal Institute - Seminar on Evaluating Commercial Construction.
- 2005 - Appraisal Institute - Seminar on the new URAR appraisal form.
- 2006 - Appraisal Institute - Seminar on Subdivision Valuation.
- 2007- University of Guizhou, School of Finance and Economics, Guiyang, China, – Property Rights and Appraisal Methods in the United States (as the Instructor)
- 2007- Appraisal Institute - Analyzing Commercial Lease Clauses - Implications for Property Value and Marketability.
- 2008- Appraisal Institute - Seminar on Office Building Valuation.
- 2009- Appraisal Institute - Seminar on Appraisal Curriculum Overview
- 2010- Appraisal Institute - Discounted Cash Flow Models; Concepts, Issues and Apps.
- 2010- Appraisal Institute - Hotel Appraising - New Techniques for Today's Uncertain Times
- 2011- Attacking and Defending an Appraisal in Litigation.
- 2012 - NAR - Valuing in a Declining Market
- 2012 - NAR - Consulting and Scope of Work
- 2015- McKissock School - Seminar on the appraisal of mini-storage projects.

LICENSES:

Certified by the State of Montana. Currently hold Certified General Real Estate Appraiser Certificate #REA-RAG-LIC-80

EXPERIENCE:

- 1975-77 First Bank Western Montana, Missoula - Appraiser and Construction Inspector.
- 1977-79 First Federal Savings Bank, Kalispell - Real Estate Appraiser and Loan Officer.
- 1979-81 Charter First Mortgage, Kalispell - Assistant Manager and Loan officer.
- 1981-83 Chuck Olson Real Estate, Kalispell - Real Estate Salesman.
- 1981-87 Flathead Valley Community College - Part-time instructor of Real Estate Principles, Practices, Finance and Real Estate Appraisal.
- 1983-Present Independent Real Estate Appraisals for real estate lenders, government agencies, relocation companies and various individuals.

PHOTOS OF THE SUBJECT



PHOTOS OF THE SUBJECT



Lot 36 - Looking NE at the front



Lot 36 - Looking SW at the rear

PHOTOS OF THE SUBJECT



Lot 36 - Looking West at the dock



Lot 36 - Looking East at the rear of the lot and the driveway

PHOTOS OF THE SUBJECT



Lot 37 - Looking NE at the front



Lot 37 - Looking SW at the rear and detached shower stall

PHOTOS OF THE SUBJECT



Lot 37 - Looking East at the pond that is 200 feet from the lakeshore



Lot 37 - Looking north at the easement access road and south side of cabin

PHOTOS OF THE SUBJECT



Lot 36 & 37 - Looking south at shoreline in front of both lots



Lot 44 & 45 - Looking north at shoreline in front of both lots

PHOTOS OF THE SUBJECT



Lot 44 - Looking south at shoreline



Lot 45 - Looking south at shoreline

PHOTOS OF THE SUBJECT



Lot 44 - Looking east at wooded interior of the lot



Lot 45 - Looking east at wooded interior of the lot

PHOTOS OF THE SUBJECT



Easement Access road - Lot 45 to the left



Easement Access road - Lot 44 to the right

COMPARABLE SALES

COMPARABLE SALE #1

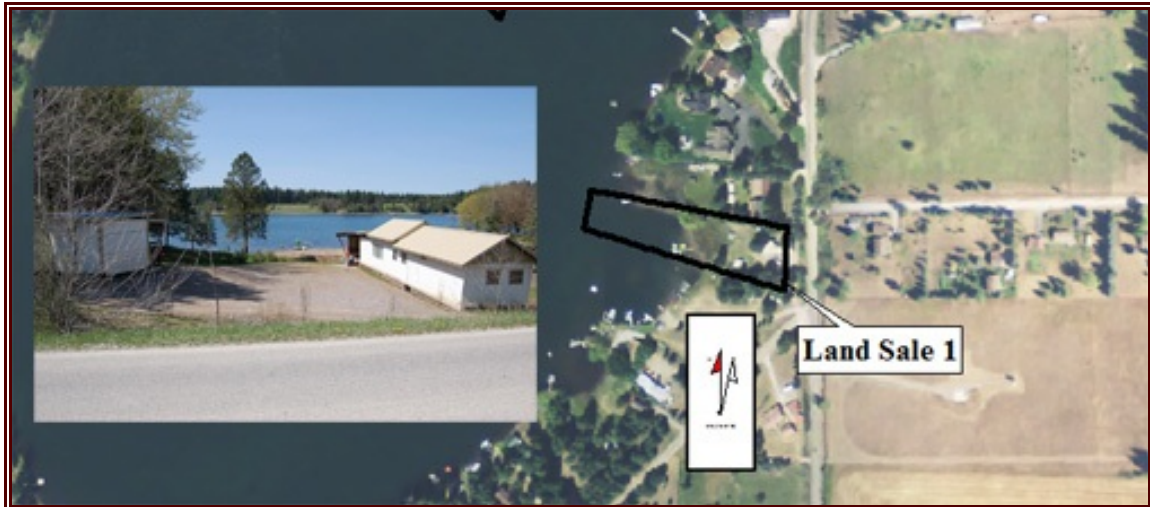
GRANTOR	Gary & Shirley Cooper
GRANTEE	369728 Alberta
LEGAL DESCRIPTION	Lot 15 of Deer Island Company, Flathead County
ASSESSOR NUMBER	0709880
SALES PRICE	\$395,000 – DOM=177
LISTED PRICE	\$439,000 on 6/2/14
TERMS	Cash to the seller
VERIFIED BY	Broker - Cherie Hanson
DATE OF SALE	B/S=11/13/14, Closed=11/26/14
RECORDING DATA	201400024095

PROPERTY DESCRIPTION

LOCATION	680 Echo Lake Road, Bigfork, Mt.
SITE	1.5 Acre with 100 feet of Lake Frontage
IMPROVEMENTS	Two mobile homes, 209' well, septic and dock
TOPOGRAPHY	A gentle slope down to the lakeshore.
ACCESS	Good from Echo Lake Road
ZONING	SAG-5
UTILITIES	Power and phone to the site.

ANALYSIS OF SALE

IMPROVEMENTS	\$30,000
SITE	\$365,000 equals \$3,650 per front foot of water frontage



COMPARABLE SALE #2

GRANTOR	Hubbard Farms
GRANTEE	Zeno, Elizibeth, Kenneth and Leann Marvin
LEGAL DESCRIPTION	Tract 1 in COS #7308, Flathead County
ASSESSOR NUMBER	0385100
SALES PRICE	\$230,000 – DOM=75
LISTED PRICE	\$300,000 on 4/17/14
TERMS	Cash to the seller
VERIFIED BY	Broker - Kent Lemke
DATE OF SALE	B/S=5/29/14, Closed=7/1/14
RECORDING DATA	201400011688
PROPERTY DESCRIPTION	
LOCATION	1591 Lake Blaine Road, Kalispell, Mt.
SITE	.14 Acre with 114 feet of Lake Frontage
IMPROVEMENTS	An old mobile, boat house, well, septic and dock
TOPOGRAPHY	A slope down to the lakeshore.
ACCESS	Good from Lake Blaine Road
ZONING	None
UTILITIES	Power and phone to the site.
COMMENTS	Property had an septic system that was built prior to county regulations and can only be used with the existing 1960 mobile home. A new home would require an approved system, which is would not be approved due to required setbacks. Buyer was aware of that at the time of sale. Property was relisted on 4/13/15 and is currently under contract to a new buyer, who was made aware of the septic system. Pending sale price was not declosed, but broker did state that it is between \$230,000 and \$295,000.

ANALYSIS OF SALE

IMPROVEMENTS \$15,000 - Estimated

SITE \$215,000 equals \$1,886 per front foot of water frontage



COMPARABLE SALE #3

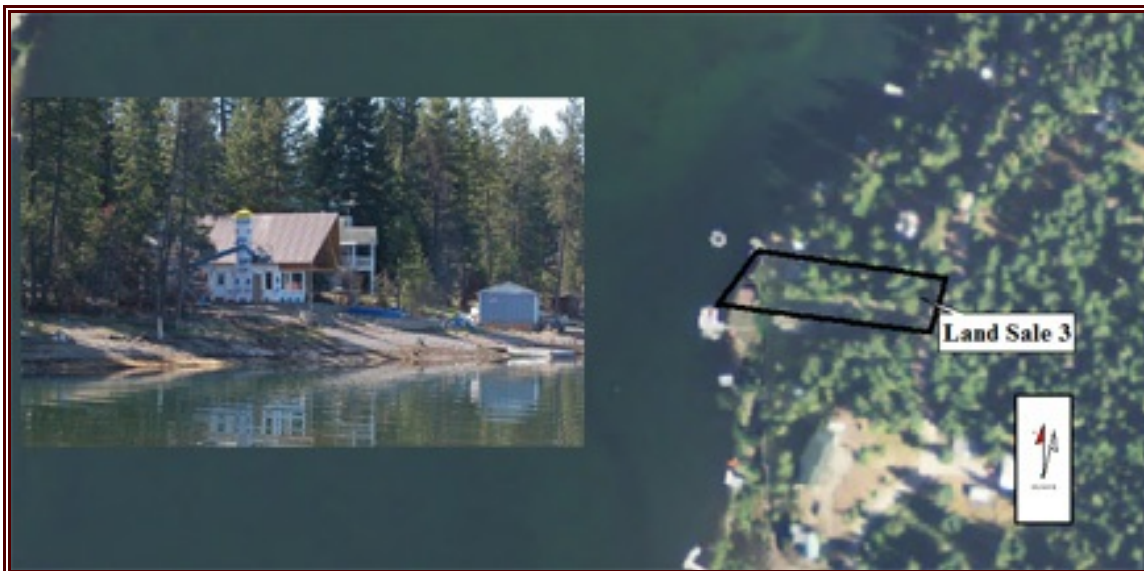
GRANTOR	Keith & Gail Strohschein
GRANTEE	Scott & Heather Bruner
LEGAL DESCRIPTION	Lot 65, Echo Acres, 4-27-19, Flathead County
ASSESSOR NUMBER	0839301
SALES PRICE	\$280,000 – DOM=398
LISTED PRICE	\$550,000 on 5/7/12, relisted 2/15/13 for \$349,000
TERMS	Cash to the seller, Conventional bank loan
VERIFIED BY	Broker - Jay Wolfe
DATE OF SALE	B/S=7/1/13, Closed=7/25/13
RECORDING DATA	201300018512

PROPERTY DESCRIPTION

LOCATION	1210 Echo Lake Road, Bigfork, Mt.
SITE	.64 Acre with 100 feet of Lake Frontage
IMPROVEMENTS	Property was listed, marketed and sold as vacant land. DOR records indicate there was a 480 sf cabin that was build in 1975 and was on a post & pier foundation. At the time of my inspection, there was a new house under construction and no cabin was there. If there was a cabin, it had no contributory value and it sold as a lakefront buildng site.
TOPOGRAPHY	A moderate slope down to the lakeshore
ACCESS	Good from Echo Lake Road
ZONING	SAG-5
UTILITIES	Power and phone to the site.

ANALYSIS OF SALE

SITE	\$2,800 per front foot of water frontage
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COMPARABLE SALE #4

GRANTOR	Schellinger Constructon Company
GRANTEE	K & G Holdings LLC
LEGAL DESCRIPTION	Lot 16, Swan Sites No. 2, Lake County
ASSESSOR NUMBER	13454
SALES PRICE	\$295,000 – DOM=71
LISTED PRICE	\$295,000 on 8/26/14
TERMS	Cash to the seller
VERIFIED BY	Broker - Kelly Laabs
DATE OF SALE	B/S=9/9/14, Closed=11/5/14
RECORDING DATA	538316

PROPERTY DESCRIPTION

LOCATION	873 Rainbow Drive, Bigfork, Mt.
SITE	1.57 acres with 149 feet of water frontage on the Swan River and 1000 feet from the mouth of Swan Lake. There is good navigable water into Swan lake from this site
IMPROVEMENTS	None
TOPOGRAPHY	Mostly level with a short bank down to water level
ACCESS	Good from Rainbow Drive
ZONING	None
UTILITIES	Power and phone to the site.

ANALYSIS OF SALE

SITE	\$1,980 per front foot of water frontage
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COMPARABLE SALE #5

GRANTOR	Jesse Workman
GRANTEE	Conor & Brooke Hogan
LEGAL DESCRIPTION	Lot 67, Echo Acres, 4-27-19, Flathead County
ASSESSOR NUMBER	0887458
SALES PRICE	\$180,000 – DOM=67
LISTED PRICE	\$199,900 on 7/12/13
TERMS	Cash to the seller with bank financing
VERIFIED BY	Broker - Chris Hall
DATE OF SALE	B/S=8/16/13, Closed=9/17//13
RECORDING DATA	201300024104

PROPERTY DESCRIPTION

LOCATION SITE

1226 Echo Lake Road, Bigfork, Mt.
.46 Acre with 100 feet of Lake Frontage. The site is small and cannot have a conventional septic system. It was purchased knowing the risk that in my not qualify for a septic system. After the sale, the new by was approved for a holding tank, but not a septic system.

IMPROVEMENTS

A 528 sf cabin that is not on a foundation and does not have plumbing. The buyer purchased the site for the construction of a new house and did not place value on the cabin.

TOPOGRAPHY ACCESS ZONING UTILITIES

A moderate slope down to the lakeshore
Good from Echo Lake Road
SAG-5
Power and phone to the site.

ANALYSIS OF SALE SITE

\$1,800 per front foot of water frontage



COMPARABLE SALE #6

GRANTOR	Larry Satterthwaite and Nancy Gorman
GRANTEE	Scott and Shannon Rivenes
LEGAL DESCRIPTION	Tract 4Q, 8-27-19, Flathead County
ASSESSOR NUMBER	0563455
SALES PRICE	\$240,000 – DOM=56
LISTED PRICE	\$270,000 on 2/18/13
TERMS	Cash to the seller
VERIFIED BY	Broker - Cherie Hanson
DATE OF SALE	B/S=3/27/13, Closed=4/15/13
RECORDING DATA	201300008992

PROPERTY DESCRIPTION

LOCATION	788 Abbot Village Drive, Bigfork, Mt.
SITE	1.0 Acre with 140 feet of Lake Frontage
IMPROVEMENTS	Vacant
TOPOGRAPHY	A rolling hillside that goes down to Abbot Lake.
ACCESS	Good from Abbot Village Drive
ZONING	SAG-5
UTILITIES	Power and phone to the site.

ANALYSIS OF SALE

SITE	\$1,714 per front foot of water frontage
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COMPARABLE SALE #7

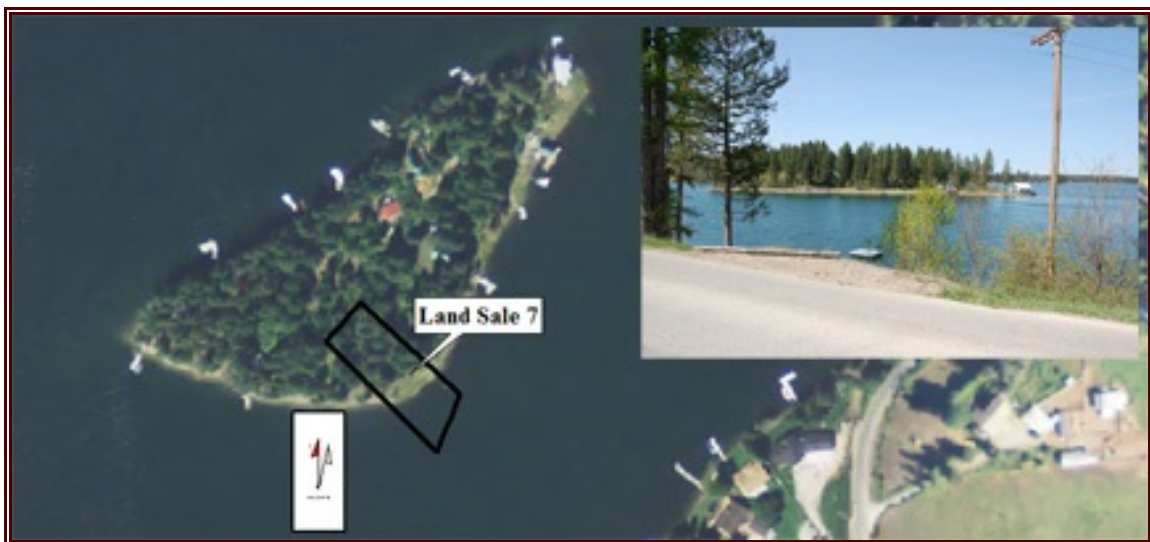
GRANTOR	Light Ethelanne E Trustee, Ethelanne E Light Trust
GRANTEE	Brian Riggers and Linh Hoang
LEGAL DESCRIPTION	Lot 10 and 1/13 of Lot 16, Deer Island, Flathead County
ASSESSOR NUMBER	0287875
SALES PRICE	\$88,000 – DOM=1365
LISTED PRICE	\$250,000 on 6/29/11 and later reducedd to \$95,000
TERMS	Cash to the seller
VERIFIED BY	Broker - Scott Hollinger
DATE OF SALE	B/S=3/10/15, Closed=3/25/15
RECORDING DATA	201500005470

PROPERTY DESCRIPTION

LOCATION	718 Echo Lake Road, Bigfork, Mt.
SITE	.60 Acre with 125 feet of Lake Frontage on Deer Isalnd in Echo Lake.
IMPROVEMENTS	Vacant
TOPOGRAPHY	Gentle slope down to water frontage. .
ACCESS	Boat access only. The 1/13 interest in lot 16 is a common parking area on the shore for Deer Island property owners and is located 600 feet southeast of the island.
ZONING	SAG-5
UTILITIES	Power to the site.

ANALYSIS OF SALE

SITE	\$704 per front foot of water frontage
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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 Scott and Kathleen Edman, Joyce Corbett, Carla Young, Connie Strickler, and Janis Dietrich. 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. The appraiser will provide one appraisal report that included analysis and appraised values of the four (4) cabin sites identified in the Supplemental Appraisal Instructions.

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 each cabin and home site 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.

ATTACHMENT "B"

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 Properties (Located in Flathead County):

Sale #	Acres	Legal Description
759	1.485 ±	Lot 36 Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
760	1.797 ±	Lot 37 Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
761	3.462 ±	Lot 44 Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
762	2.977 ±	Lot 45 Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W

DNRC Contact Information:

Emily Cooper, Lands Section Supervisor
P.O. Box 201601
Helena, MT 59620-1601
Phone: 406/444-4165
ecooper@mt.gov

Lessees:

Sale 759

Scott & Kathleen Edman
5512 Klements Lane
Florence, MT 59833
(406)360-5315 home
scottedman.bwi@gmail.com

Sale 760

Joyce Corbett
382 Ponderosa St.
Kalispell, MT 59901
P:(406)752-0745/C:(406)270-1221
Jcjc.corbett@gmail.com

Carla Young
925 Ave E. N.W.
Great Falls, MT 59404
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Janis Dietrich
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Connie Stickler
14828 Sea Holly Ct.
Fort Wayne, IN 46814
P:(260)625-4322/C:(260)415-7770
conniestickler@gmail.com

Sale 761 & 762
No Lessee

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 DNRC contact person will provide contact information to the appraiser, if necessary, in order for the appraiser to obtain access to the property.