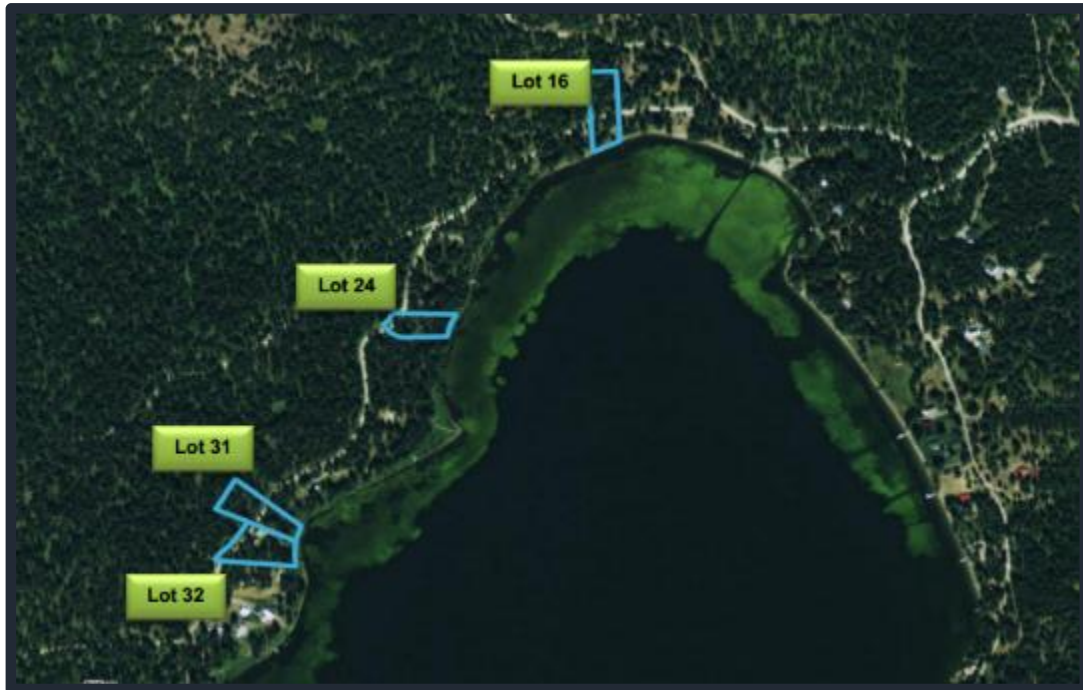


APPRAISAL REPORT OF:

LOTS 16, 24, 31, & 32

COS # 18526

KILA, MONTANA



PREPARED FOR:

**State of Montana, Montana Board of Land Commissioners,
& Montana Department of Natural Resources and Conservation
P.O. Box 201601
Helena, Montana 59620-1601
Attention: Ms. Emily Cooper, Lands Section Supervisor**

MARKET VALUES AS OF:

August 19 & 27, 2015

PREPARED BY:

**Elliott M. Clark, MAI &
Christopher D. Clark
Clark Real Estate Appraisal
704-C East 13th Street, #509
Whitefish, Montana 59937
(406) 862-8151**



704-C East 13th Street, #509
Whitefish, Montana 59937

LETTER OF TRANSMITTAL

October 6, 2015

Ms. Emily Cooper, Lands Section Supervisor
State of Montana, Montana Board of Land Commissioners,
& Montana Department of Natural Resources and Conservation
P.O. Box 201601
Helena, Montana 59620-1601

Re: Lots 16, 24, 31, & 32, COS # 18526, Kila, Montana

Dear Ms. Cooper:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced properties on August 19 or 27, 2015. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. This visual inspection, review and analyses were made in order to prepare the attached summary appraisal report.

There are three approaches to value in the appraisal of real property. They are the Cost, Sales Comparison, and Income Approaches. All three approaches and their applicability will be discussed in greater detail in the Scope of the Appraisal and the Appraisal Process sections of this report.

The values of the fee simple interests in the individual subject lots, the individual subject improvements, and the site and improvements considered together are estimated in this report. These estimates were made after thorough study of available market data and other data felt to be pertinent to this appraisal. The attached summary appraisal report exhibits the factual data found and reasoning used in forming our opinions of value.

The values are based on the assumptions that all necessary governmental approvals have been obtained and will be maintained, and that the property owners will exhibit sound management and sales practices. The values are based upon the **Hypothetical Conditions** that each property is a legal parcel and that each parcel has legal and adequate access.

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We were not provided with soil studies for the subject sites. We assume that the soils are capable of supporting construction similar to that in similar area subdivisions without unusual soil preparation. We are also unaware of the presence of any hazardous material, groundwater contamination, or toxic materials that may be on or in the subject sites. Should any of these conditions be present, the values stated in this report could be affected.

We certify that, to the best of our knowledge and belief, the statements and opinions contained in this appraisal report are full true and correct. We certify that we have no interest in the subject properties and that neither the employment to make this appraisal nor the compensation is contingent upon the value estimates of the properties.

This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations. This appraisal is subject to the attached Certification of Appraisal and Statement of Limiting Conditions. We further certify that this appraisal was made in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP).

Respectfully submitted,



Elliott M. Clark, MAI
Montana Certified General Real Estate Appraiser
REA-RAG-LIC-683



Christopher D. Clark
Montana Licensed Real Estate Appraiser
REA-RAL-LIC-841

15-055ec

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SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

Client/Intended User	State of Montana, State of Montana Board of Land Commissioners, Montana Department of Natural Resources & Conservation/Client Agencies & Individual Lessees Noted in the Report
Purpose/Intended Use	Estimate Market Values/Potential Sale Purposes
Property Owner(s)	Sites: State of Montana/Improvements: Individual Lessees

SUBJECT PROPERTY

Property Identifications	Lots 16, 24, 31, & 32, COS #18526, Rogers Lake, Kila, Montana
Site Size	See Property Description for Individual Site Sizes
Description of Improvements	See Property Description
Assessor Number(s)	See Property Description
Census Tract	30-029-0017.00
Flood Zone	Zone X , Map Panel 30029C2225G – Dated September 28, 2007
Zoning	RL, Rogers Lake Zoning District

HIGHEST AND BEST USE(S)

As Is/As If Vacant	Recreational/Residential
As Improved	Recreational/Residential

DATES, VALUE CONCLUSION(S) AND ASSIGNMENT CONDITION(S)

Report Date	October 6, 2015
Inspection Date(s)	August 19 & 27, 2015
Effective Date of Value(s)	August 19 & 27, 2015
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Values	Property Valuation Section of Report & Page 87 of Report
Individual Improvement Values	Property Valuation Section of Report & Page 87 of Report
Individual Total Market Values	Property Valuation Section of Report and Page 87 of Report

Extraordinary Assumption(s)	None
Hypothetical Condition(s)	See Scope of the Appraisal

MARKETING & EXPOSURE TIME

The appraised values are based upon a 6 to 12 month marketing times and 6 to 12 month exposure times. Estimated marketing and exposure times are addressed in detail in the Subject Market Analysis portion of this report.

APPRAISER INFORMATION

Appraiser(s)	Elliott M. Clark, MAI & Christopher D. Clark
---------------------	--

CERTIFICATION OF APPRAISAL

We certify that, to the best of our 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 our unbiased professional analyses, opinions, and conclusions.
- Elliott M. Clark, MAI and Christopher D. Clark have no present or prospective interest in the properties that are the subject of this report and no personal interest with respect to the parties involved.
- We have performed no services, as appraisers or in any other capacity, regarding the properties that are the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of predetermined values or directions in value that favor the cause of the client, the amounts of the value opinions, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- Elliott M. Clark, MAI and Christopher D. Clark both personally viewed the subject properties.
- No one provided significant real property appraisal assistance to the persons signing this certification.

- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report Elliott M. Clark, MAI has completed the continuing education requirements of the Appraisal Institute.

Elliott M. Clark

Dated Signed: October 6, 2015
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Christopher D. Clark

Date Signed: October 6, 2015
Christopher D. Clark
MT REA-RAL-LIC-841

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the following conditions and to such other specific and limiting conditions as are set forth in the appraisal report.

1. The legal description(s) from the most recently recorded deed(s) or plat(s) are assumed to be correct.
2. The appraisers assume no responsibility for matters legal in character, nor do they render any opinion as to titles, which are assumed to be marketable. All existing liens, encumbrances and assessments have been disregarded and the properties are appraised, as though free and clear, under responsible ownership and competent management.
3. Any sketches in this report indicate approximate dimensions and are included to assist the reader in visualizing the properties.
4. The appraisers have not made a survey, engineering studies or soil analysis of the properties and assume no responsibility in connection with such matters or for engineering, which might be required to discover such factors.
5. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or restriction violations existing in the subject properties.
6. Information, estimates and opinions contained in this report are obtained from sources considered reliable and believed to be true and correct; however, no liability for them can be assumed by the appraisers.
7. The appraisers are not required to give testimony or attendance in court by reason of this appraisal, with reference to the properties in question, unless arrangements have been made previously therefore.
8. The division of the land and improvements (if applicable) as valued herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
9. On all appraisals, subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion(s) are contingent upon completion of the improvements in a workmanlike manner.
10. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public

relations media, sales media or other media for public communication without the prior written consent of the signatory of this appraisal report.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of the subject properties to determine whether or not they are in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the properties together with a detailed analysis of the requirements of the ADA could reveal that the properties are not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the values of the properties. Since the appraisers have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the values of the properties.
12. The appraisers are not experts at the identification of environmental hazards. This assignment does not cover the presence or absence of such substances. Any visually detected or obviously known environmental problems affecting the properties will be reported and their impact on the values will be discussed.
13. This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations.
14. The appraisers are not building inspectors and this report does not constitute building inspections for the subject properties. Any obvious defects are noted (if applicable); however, this report is not to be relied upon for detection of unseen defects for any of the subject properties.
15. This appraisal was prepared for the clients and the intended users named in this report. The analysis and conclusions included in the report are based upon a specific Scope of Work determined by the clients and the appraisers, and are not valid for any other purpose or for any additional users other than noted in this report.

SCOPE OF THE APPRAISAL

The subject properties consists of Lots 16, 24, 31, & 32, of Certificate of Survey # 18526, Kila, Flathead County, Montana.

The appraisers were asked to estimate the values of the fee simple interests in the sites and improvements for each subject property for decisions regarding potential sale of each property.

Information about the subject properties has been collected and analyzed and a narrative appraisal report for the subject properties has been prepared. The scope of the appraisal requires compliance with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Guide Notes to the Standards of Professional Appraisal Practice adopted by the Appraisal Institute. The standards contain binding requirements and specific guidelines that deal with the procedures to be followed in developing an appraisal, analysis, or opinion. The Uniform Standards set the requirements to communicate the appraiser's analyses, opinions and conclusions in a manner that will be meaningful and not misleading in the marketplace.

Scope of Property Viewing

Elliott M. Clark, MAI and Christopher D. Clark of Clark Real Estate Appraisal viewed the subject properties on August 19 and 27, 2015.

Scope of Research

The history of ownership, historical uses and current intended uses were researched via the Montana Department of Natural Resources, the applicable lessees for each property, Flathead County Records, and the area Multiple Listing Service.

Area trends in development were researched based upon information from various offices of the Flathead County; inspections of surrounding properties by the appraisers; interviews with area developers, property owners and property managers; and research regarding current and projected demographics in the immediate and greater subject market area.

Comparable market data was obtained through a combination of public record and area realtors, developers and property owners. Every effort was made to verify all comparable data. **Montana is a non-disclosure state and realty transfer sales price information is not available via public record.**

Extraordinary Assumptions

None

Hypothetical Conditions

The values concluded in this report for the subject properties are based upon the **Hypothetical Conditions** that each property was a legal parcel as of the report effective date and that there was legal and adequate access to each property.

Highest & Best Use

Our opinion of the highest and best uses for the subject properties were developed using the research collected relative to the subject properties, area development trends, and demographics. The information collected is considered comprehensive and provided a credible basis for a carefully considered analysis. The appraisal process presented was based upon the highest and best use conclusions for the subject properties.

Appraisal Process

The Sales Comparison Approach is developed to determine the value of each subject site as if vacant. This is typically the most reliable approach for determining values of vacant sites.

All three approaches to value were considered for the valuation of the applicable subject properties as improved. Most market participants interested in purchasing lake front homes do not base decisions upon the depreciated cost of the improvements. For this reason the Cost Approach is not considered applicable and was not developed in this report. The subject properties are not utilized for income generation. For this reason, the Income Approach is not considered applicable and was not developed in this report. The Sales Comparison Approach is developed to determine the value of the applicable subject properties as improved.

Environmental

The appraisers do not possess the requisite expertise and experience with respect to the detection and measurement of hazardous substances, unstable soils, or freshwater wetlands. Therefore, this assignment does not cover the presence or absence of such substances as discussed in the Limiting Conditions section of this report. However, any visual or obviously known problems affecting the properties will be reported and their impact on the value will be discussed.

General Data Sources

Individuals and offices consulted in order to complete this appraisal include the following:

- Flathead County – Various Offices;
- Montana Department of Revenue;
- Various Area Real Estate Agents, Property Managers, Property Owners, Tenants, and Builders

Specific data sources are noted in the body of the report where appropriate.

IDENTIFICATION OF THE SUBJECT PROPERTIES

Lot #	Certificate of Survey	Section/Township/Range	County
16	18526	S30/T27W/R23W	Flathead
24	18526	S30/T27W/R23W	Flathead
31	18526	S30/T27W/R23W	Flathead
32	18526	S30/T27W/R23W	Flathead

INTENDED USE & INTENDED USERS OF THE APPRAISAL

It is understood that the intended use of this appraisal is for decisions regarding possible sale of the subject properties. This report was prepared for the, the client, (State of Montana, Montana Board of Land Commissioners, & Montana Department of Natural Resources and Conservation) and is their exclusive property. The Lessee or Lessees for each lot are additional intended users of this report. They are listed below;

Lot #	Sale #	Lessee
16	795	N/A
24	793	Daniel & Tamra Berlyn
31	794	N/A
32	792	Matt & Tammy Schneider

No additional parties may rely upon this report without the express written consent from both the appraisers and the client.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market values of the fee simple interests in the subject properties lots for possible sale purposes.

DATES OF PROPERTY VIEWINGS

August 19 & 27, 2015

EFFECTIVE DATES OF MARKET VALUES

August 19 & 27, 2015

PROPERTY RIGHTS APPRAISED

The values indicated in this report are for the **fee simple** interests in the subject properties. The fee simple interest is full, complete, and unencumbered ownership subject only to the governmental rights of taxation, police power, eminent domain and escheat. This is the greatest right and title, which an individual can hold in real property.

DEFINITION OF MARKET VALUE

At the request of the client, the definition of market value utilized in this report is the Current Fair Market Value as defined in MCA 70-30-313 which is as follows;

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 reasonable 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

STATEMENT OF OWNERSHIP & USE HISTORY

STATEMENT OF OWNERSHIP

The subject sites are all owned by the State of Montana. The improvements on most of the sites are owned by the respective lessees. The lessees are listed below;

Lot #	Lessee	Last Transfer
16	N/A	Unconditional Abandonment of Lease 2012
24	Daniel & Tamra Berlyn	No Transfer within 3 Years
31	N/A	No Transfer within 3 Years
32	Matt & Tammy Schneider	No Transfer within 3 Years

USE/MARKETING HISTORIES

The Montana Department of Natural Resources and Conservation manages a total of 772 leasable residential cabin sites which are owned by the State of Montana. The subject lots are in this program. According to the available information, the subject lots have been used for recreational/residential purposes for the three years prior to the report effective date. Houses were constructed on all but one of the subject sites. The house construction dates and most recent listing information for the improvements via the area MLS for each applicable property are below;

Lot #	Lessee	Year House Built	Listing History Via Area MLS
16	N/A	1970	None within 3 Years
24	Daniel & Tamra Berlyn	2007	None within 3 Years
31	N/A	N/A	None within 3 Years
32	Matt & Tammy Schneider	2007	None within 3 Years

According to our research, none of the subject improvements were available for sale via the area MLS as of the report effective date.

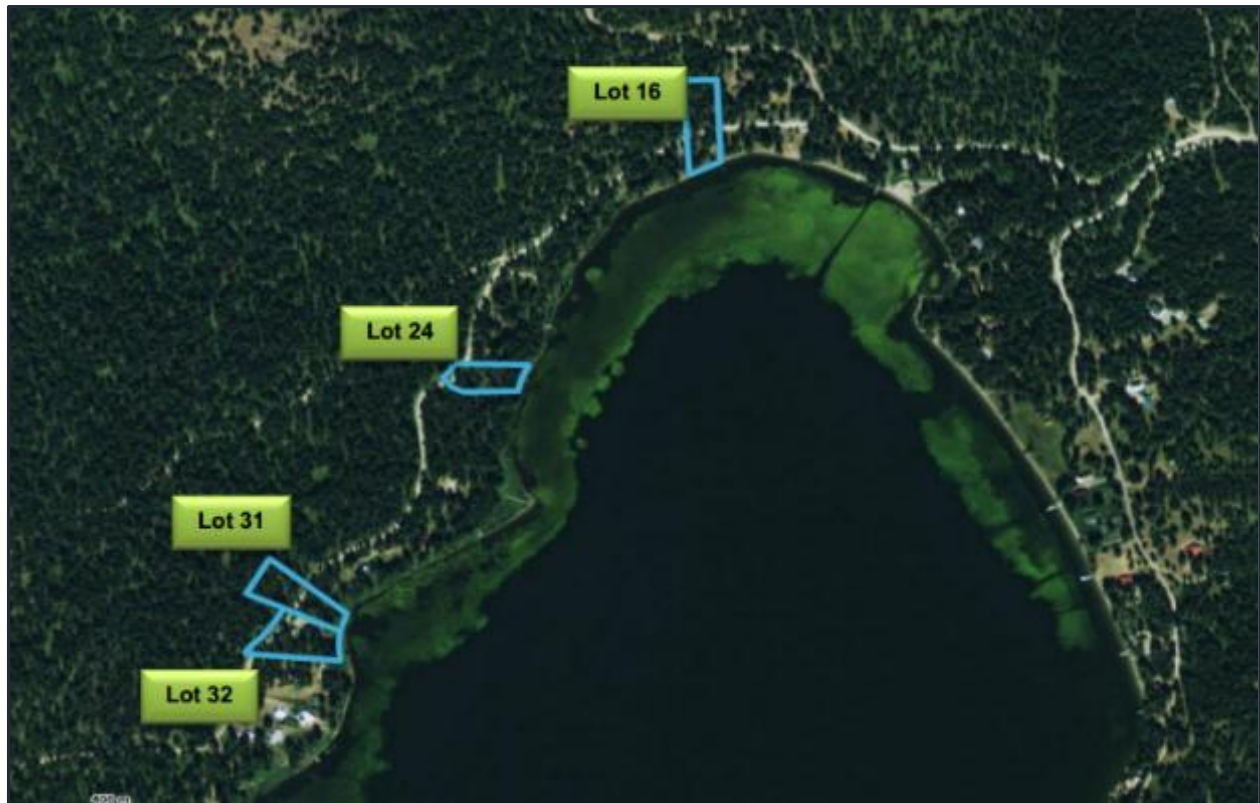
PROPERTY DESCRIPTIONS

GENERAL DESCRIPTION

The subject properties are Lots 16, 24, 31, & 32, of Certificate of Survey #18526 in Section 30, Township 27 North, Range 23 West, in Flathead County, Montana. The subject properties are described on the table below;

Lot #	Lessee	Gross Acres	Net Acres	Front Feet	FF Per Acre	Slope Description
16	N/A	1.212	1.021	144.65	141.67	Level
24	Daniel & Tamra Berlyn	0.832	0.693	125.94	181.73	Level
31	N/A	1.231	1.046	83.31	79.65	Level
32	Matt & Tammy Schneider	1.275	0.934	129.64	138.80	Level

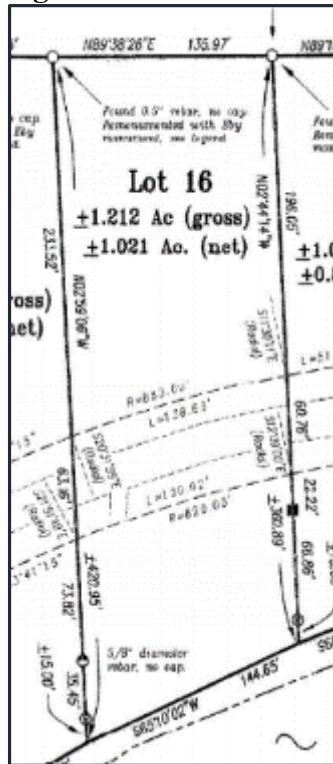
The subject properties are identified on the aerial map below;



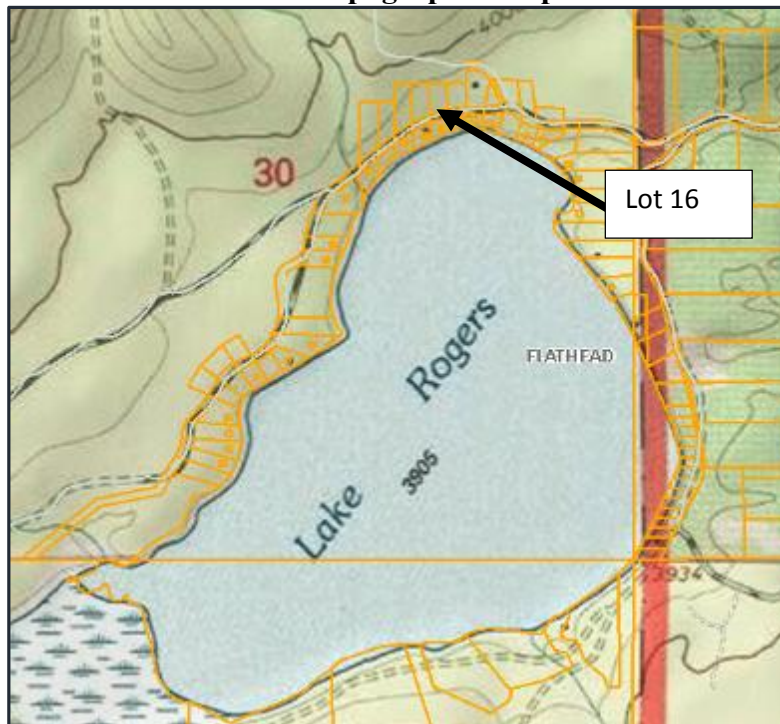
Individual images depicting each subject site recorded as part of COS #18526 and topographic maps are included on the following pages.

LOT 16

Enlarged View from COS 18526

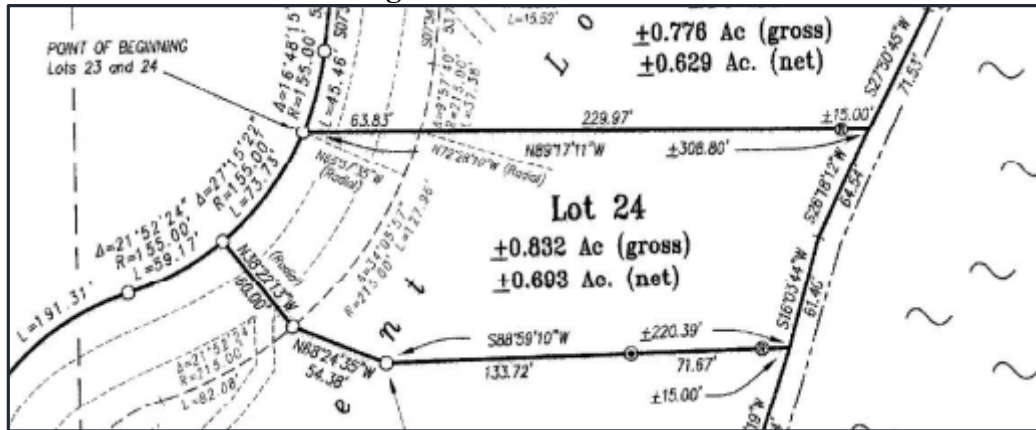


Area Topographic Map

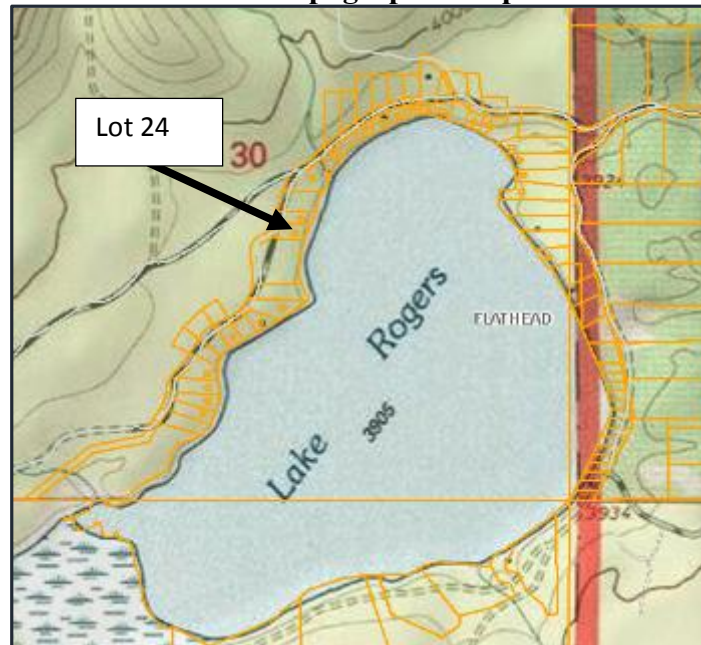


LOT 24

Enlarged View from COS 18526

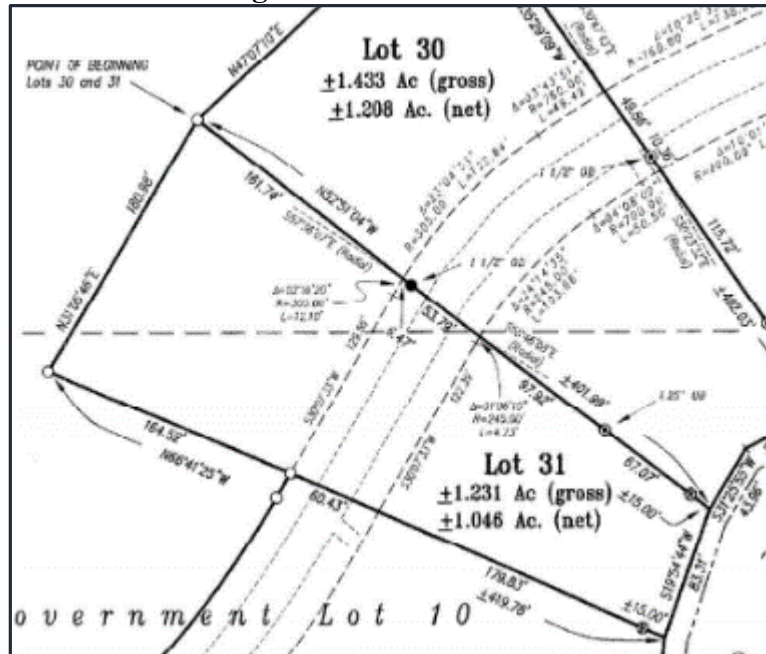


Area Topographic Map

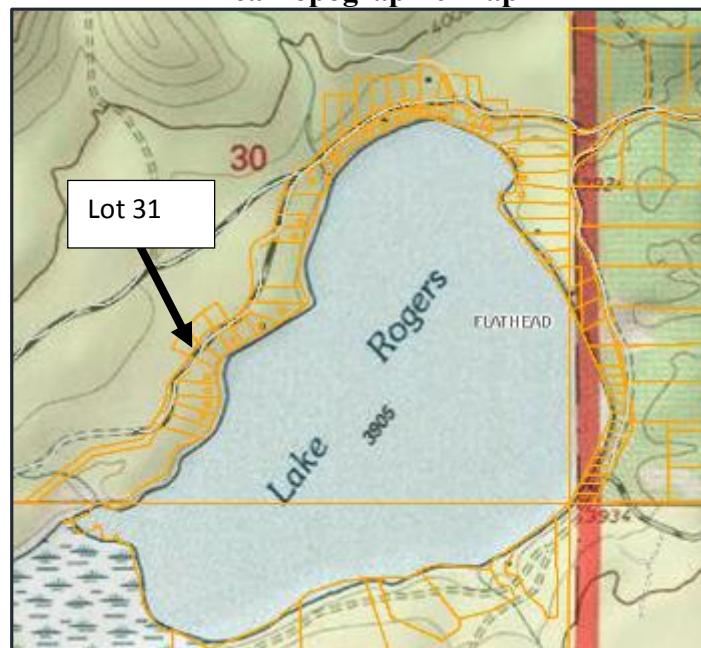


LOT 31

Enlarged View from COS 18526

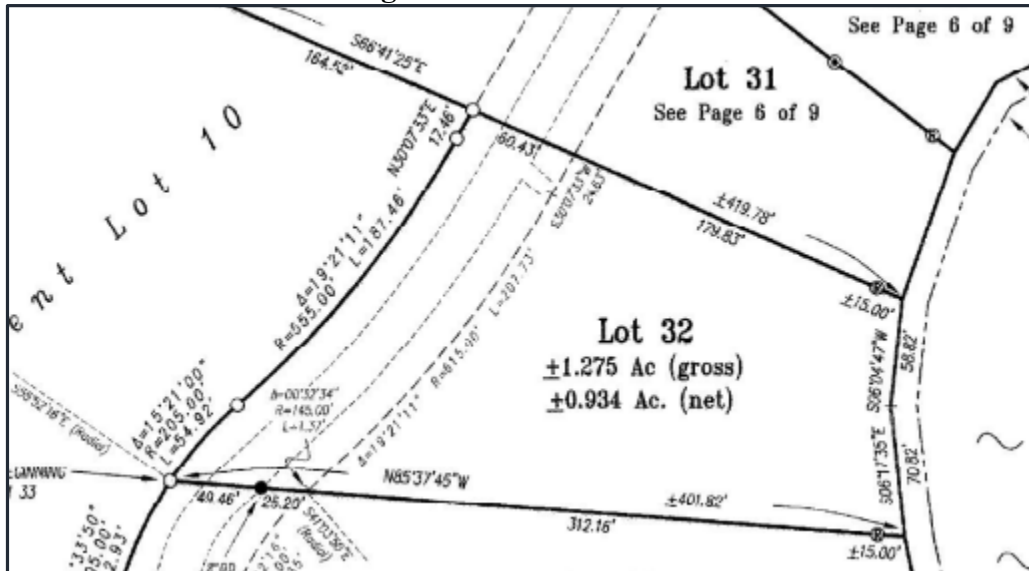


Area Topographic Map

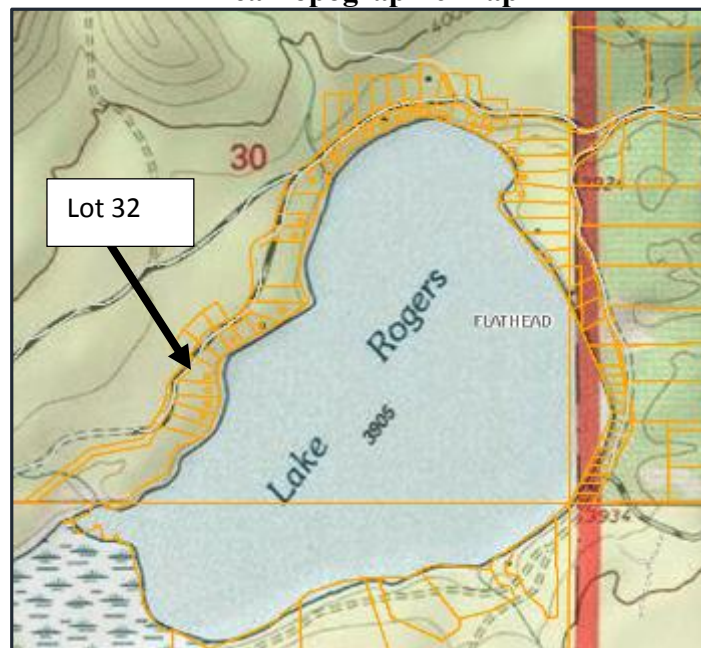


LOT 32

Enlarged View from COS 18526



Area Topographic Map



ACCESS AND VIEWS

The subject properties are accessed via Rogers Lake Road. Rogers Lake Road is a state owned, gravel road. All of the subject sites have frontage along Rogers Lake. All have lake and mountain views.

IMPROVEMENTS

The subject improvements are described on the table below;

Lot #	16	24	31	32
Residence SF	384	1,256	N/A	3,356
Construction Type	Wood Frame	Wood Frame	N/A	Log Frame
Foundation	Stacked Stone	Crawl Space	N/A	Basement
Quality	Fair	Very Good	N/A	Very Good
Condition	Fair	Good	N/A	Good
Year Built	1970	2007	N/A	2007
# of Bedrooms	1	2	N/A	2
# of Bathrooms	N/A	2	N/A	3
Outbuildings	Outhouse	None	N/A	Guest Hs/2 Car Garage
Other Site Improvements	Well/Septic	Well/Septic	N/A	Well/Septic
Landscaping	None	Yes	N/A	N/A

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

There is an easement for Rogers Lake Road within the boundaries of all the subject sites. The road easement bisects Lots 16 and 31. More than half of the lot areas are across the road from the lake frontage portions of these two subject lots. The road easements for Lots 24 and 32 are within the lot boundaries but are along the northwestern lot lines and do not bisect these lots.

All of the subject properties are regulated by Lake and Lakeshore Protection Regulations adopted by the Flathead County Board of Commissioners. Permits are required for any construction within 20 feet of the high water line.

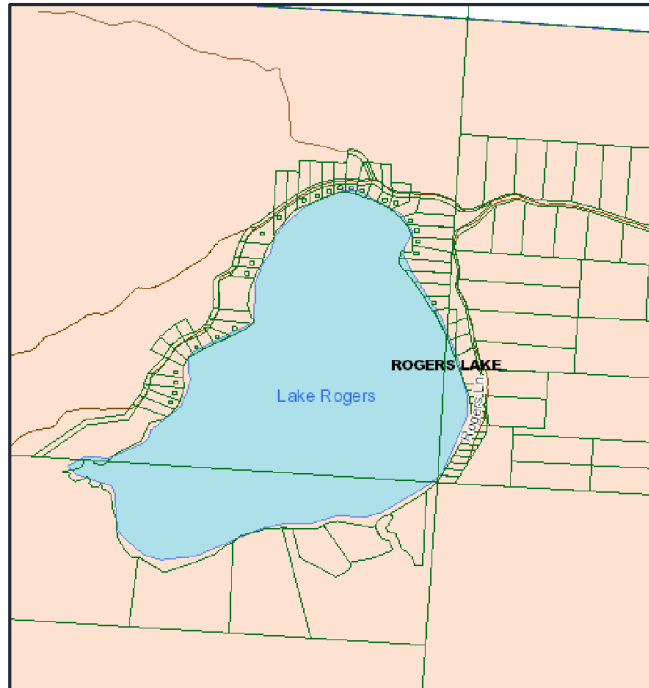
If additional easements, restrictions, or encroachments other than those noted in this report are present on the subject properties, the values concluded in this report may be affected.

ZONING

The subject properties are in the RL, Rogers Lake zoning district of Flathead County which is designed to

“implement the Rogers Lake Neighborhood Plan by protecting the quality, character and openness of Rogers Lake and the surrounding neighborhood and by providing guidance for future development.”

A map depicting the zoning district for the subject properties and surrounding properties is on the following page.



Allowable uses in this zoning district are; agricultural/silvicultural, Class A and Class B manufactured home, single family residence, and temporary recreational vehicle or camping.

Permitted accessory uses are; agricultural/silvicultural, guest house or caretakers facility, home occupation, garages or other similar structures, public utility installations, and temporary recreational vehicle or camping.

Uses which may be permitted with a conditional use permit are; bed and breakfast, cellular tower, Homeowners Park, publicly owned park and recreational facility, and small guest ranch.

The minimum lot area is 1 acre. The maximum density for lakefront lots is 1 lot/residence per 5 acres. Lakefront lots shall have an average lake frontage of 200 feet per lot as measured at the average high water line. The minimum lakeshore frontage is 100 feet measured at the average high water line. The maximum building height is 35 feet. Building setbacks are 20 feet along the front, 10 feet along the side, 20 feet along the side corner and rear, and 50 feet landward of the average high water line. There are specific open space requirements that vary according to lake frontage.

Subject lot 24 is less than 1.00 in size and subject lot 31 includes less than 100 feet along the lake. It is assumed for report purposes that the subject lots are legal in spite of possible nonconformance with the requirements of the zoning district.

ASSESSMENT/REAL PROPERTY TAXES

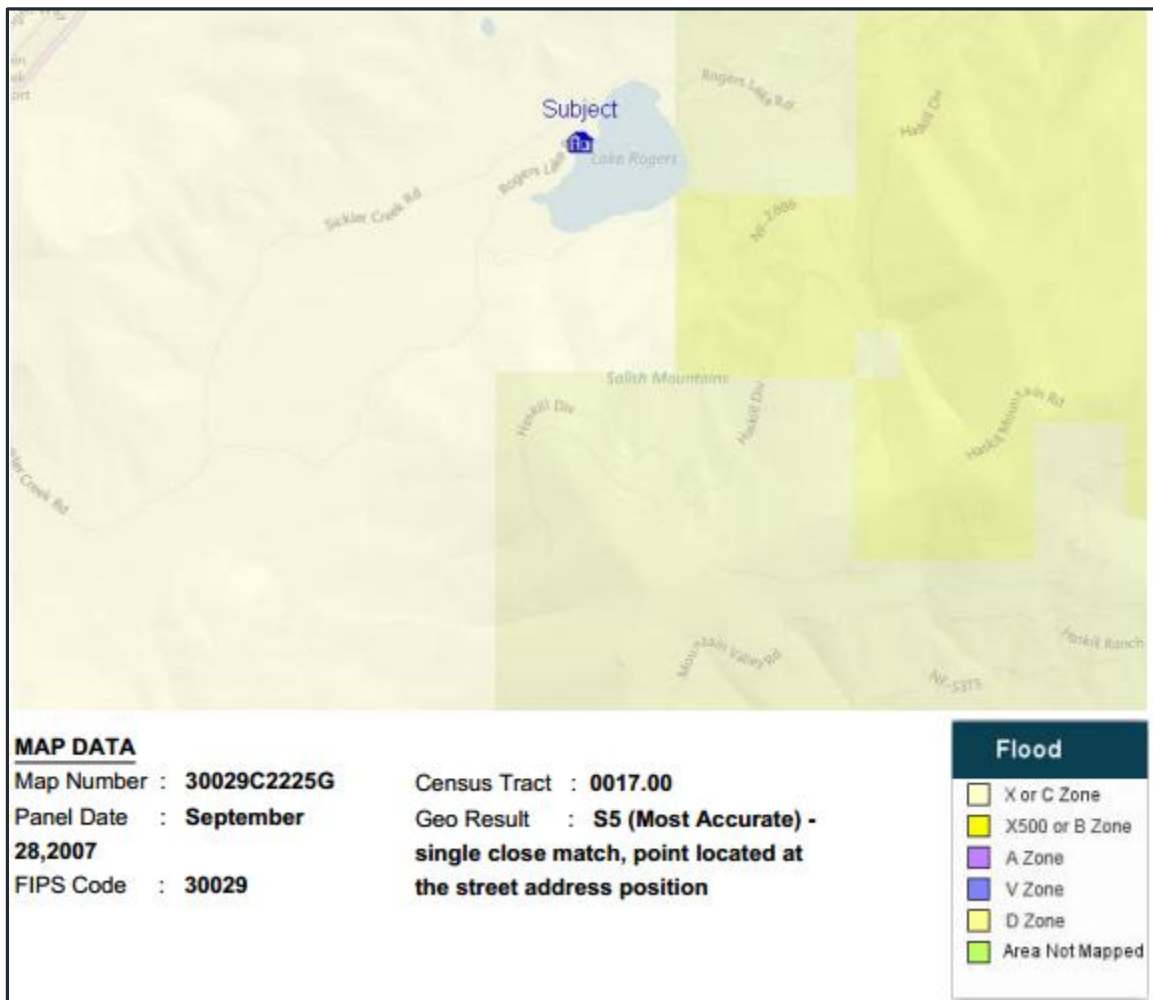
The subject lots are tax exempt; however, the lots are valued by the Montana Department of Revenue to assist with determination of lease rates. The improvements on each site are taxable. The 2014 tax bills and taxable market values for the subject improvements (as per the Montana Department of Revenue) are included on the table on the following page.

Tax Bills for Improvements			
Lot #	Lessee	2014 Taxable Market Value	2014 Tax Bill Amount
16	N/A	N/A	N/A
24	Daniel & Tamra Berlyn	\$74,974	\$1,007.14
31	N/A	N/A	N/A
32	Matt & Tammy Schneider	\$212,602	\$2,707.39

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

According to the Federal Emergency Management Agency (FEMA) Flood Zone Map (Map Panel #30029C2225G), the subject properties are located in Zone X which is considered to be an area designated as low to moderate flood risk. An exhibit derived from the FEMA flood map panel is below;

Area Flood Map Information



The subject lots include native vegetation and/or landscaping.

We assume that drainage and storm water runoff is adequate and was properly designed and engineered for the subject sites. We have not been provided with a soil study for the subject sites. We assume the soil can accommodate the type of construction, which is typically seen in the subject area. We have also not been provided with environmental audits for the subject sites and assume there are no toxic or hazardous materials, groundwater contamination or unstable soils that may be on or in the subject lots. Should any of these conditions be present, the values concluded in this report may be affected.

UTILITIES

There is electricity and telephone service along Rogers Lake Road. All of the subject lots have access and/or are connected to electricity and phone lines. Lot 16 includes a residence; however, there is no bathroom. The Preliminary Parcel Evaluation Form provided indicates evidence of water utility and references of a septic system. For report purposes, we have assumed the existence of a well and septic system on this lot. Lots 24 and 32 are connected to electricity and telephone service and both have documented private wells and septic systems. Lot 31 has access to electricity and telephone service. There are no improvements on Lot 31.

PUBLIC SAFETY AND SERVICES

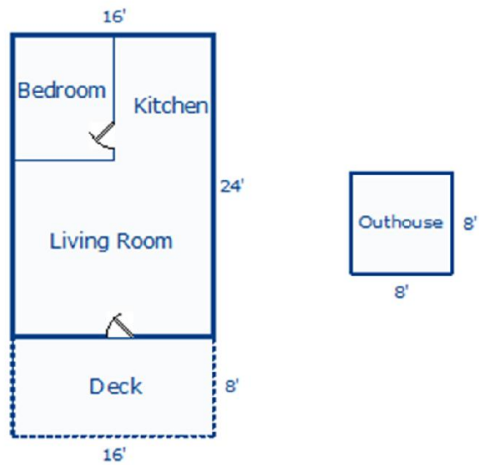
Police, fire protection, and other services are provided by Flathead County and area volunteer emergency services.

SITE SUITABILITY

The subject lots are legally and physically suited for residential improvements.

SUBJECT BUILDING SKETCHES & PHOTOGRAPHS

LOT 16 – BUILDING SKETCH



Sketch by Apex Sketch v2 Standard™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	354.00	354.00
P/P	Deck	128.00	128.00
OTR	Outhouse	64.00	64.00
Net LIVABLE Area		(rounded)	384

LIVING AREA BREAKDOWN		
Breakdown	Subtotals	
First Floor	16.0 x 24.0	354.00
1 Item	(rounded)	384

LOT 16 - PHOTOGRAPHS



Front of Cabin



Cabin from Lot Interior



Cabin Interior



Bedroom in Cabin



Living Area



Stacked Stone Foundation

ADDITIONAL PHOTOGRAPHS



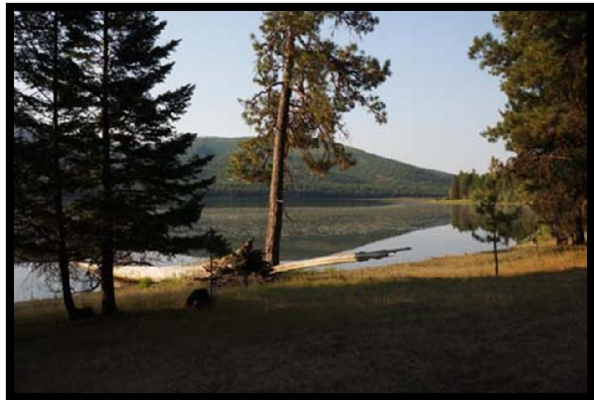
Stacked Stone Foundation



Outhouse



Outhouse Interior



Rogers Lake View

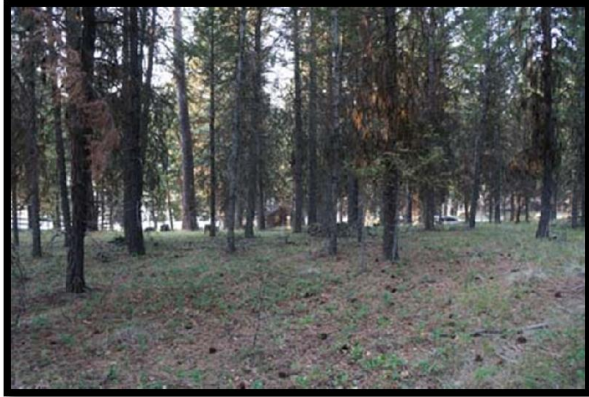


Rogers Lake Frontage Looking East



Rogers Lake Frontage Looking West

ADDITIONAL PHOTOGRAPHS

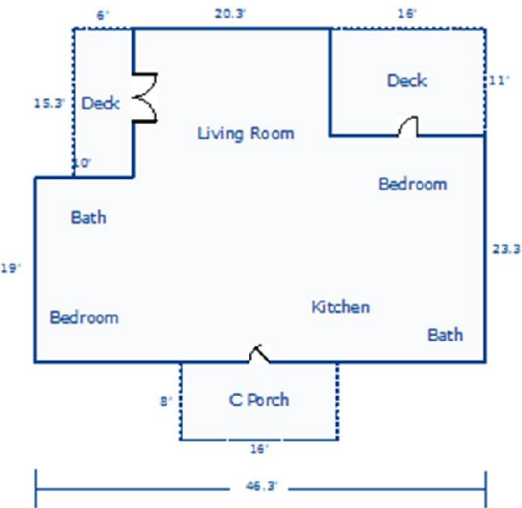


Lot 16 Interior Looking South toward Lake



Property Boundary Marker on North Portion of Lot

LOT 24 – BUILDING SKETCH

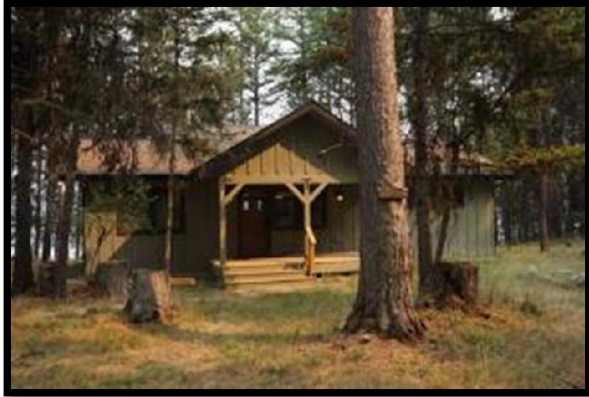


Sketch by OpenSketch v2 Standard™
 Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	1255.56	1255.56
F/F	Deck	91.80	
	Deck	176.00	
	C Porch	128.00	395.80
Net LIVABLE Area		(rounded)	1256

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
20.5	x	11.0	222.75
36.5	x	4.3	154.06
19.0	x	46.3	878.75
3 Items			(rounded)
			1256

LOT 24 - PHOTOGRAPHS



Front of House on Lot 24



South Side of House



East Side of House



North Side of House



House from Lot Interior



Living Room

ADDITIONAL PHOTOGRAPHS



Living Area and Woodstove



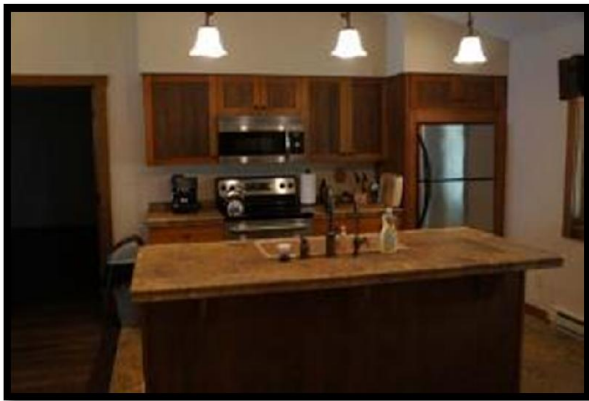
Bedroom



Bathroom



2nd Bedroom



Kitchen



Laundry Room

ADDITIONAL PHOTOGRAPHS



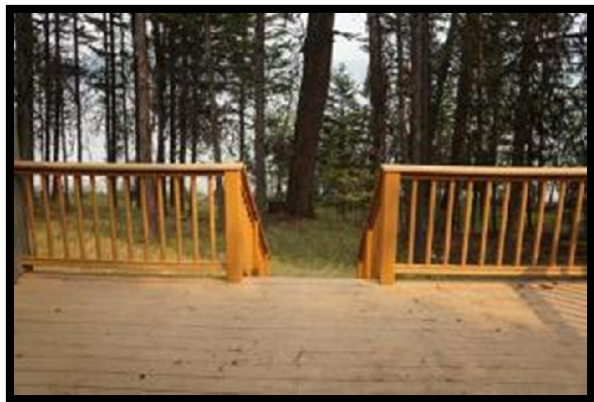
2nd Bathroom



Crawl Space



Crawl Space



Deck



View of Lake



Property Boundary Marker

ADDITIONAL PHOTOGRAPHS



Property Boundary Marker



Lake Frontage Looking North



Property Boundary Marker



Property Boundary Marker on Left Portion of Lot



Lot Interior



Lot Interior

ADDITIONAL PHOTOGRAPHS



View of House from Rogers Lake Road



Rogers Lake Road

LOT 31 - PHOTOGRAPHS



Lot 31 from Rogers Lake Road



Lot 31 Interior Looking toward Lake



Lot Interior Looking toward Lake



Lot 31 Property Boundary Marker

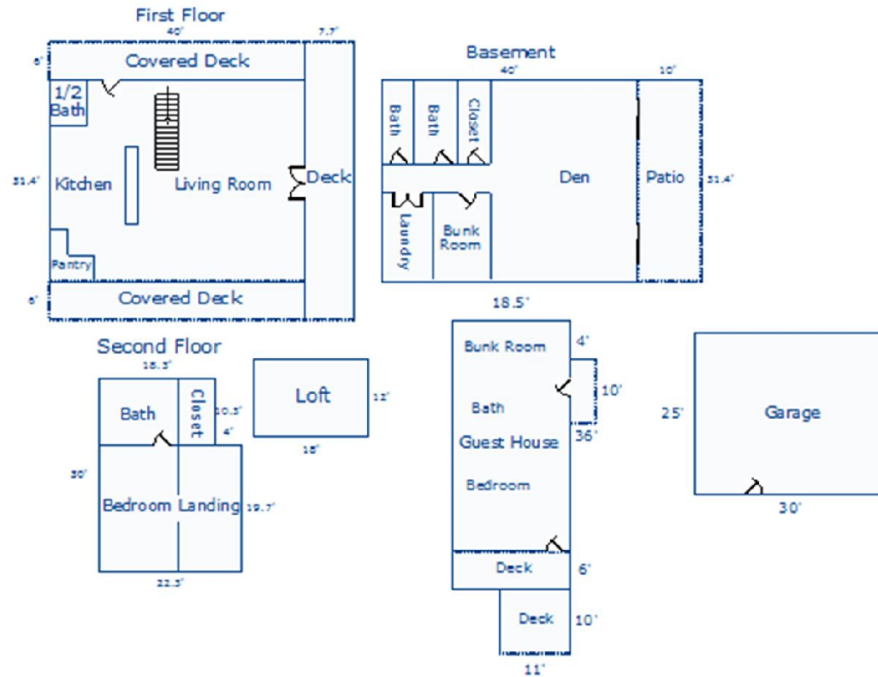


Lot 31 Property Boundary Marker Looking East



West Portion of Lot 31 Interior Looking toward Lake

LOT 32 – BUILDING SKETCH



Sketch by OpenSketch & Standard™
 Comments:

AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown		Subtotals
GLA1	First Floor	1256.00		First Floor		
	Second Floor	627.80		Second Floor	40.0 x 31.4	1256.00
	Loft	216.00				
	Guest House	666.00	2765.80		10.3 x 18.3	188.49
BSMT	Basement	1256.00	1256.00		19.7 x 22.3	439.31
GAR	Garage	750.00	750.00	Loft	18.0 x 12.0	216.00
P/P	Covered Deck	240.00		Guest House	18.3 x 36.0	666.00
	Covered Deck	240.00				
	Deck	333.46				
	Lower Deck	314.00				
	Guest House Deck	111.00				
	C Stoop	40.00				
	Open Deck	110.00	1388.46			
Net LIVABLE Area		(rounded)	2766	5 Items	(rounded)	2766

LOT 32 - PHOTOGRAPHS



Main House on Lot 32 Looking East toward Lake



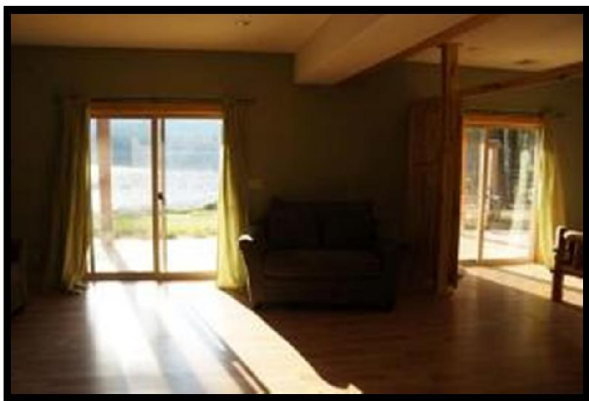
South Side of House



North Side of House



East Side of House



Lower Level



Lower Level Bedroom

ADDITIONAL PHOTOGRAPHS



Storage Closet on Lower Level



Lower Level Bathroom



Lower Level Bathroom



Mechanical Room



Kitchen on Main Floor



Main Floor Living Room

ADDITIONAL PHOTOGRAPHS



Main Floor



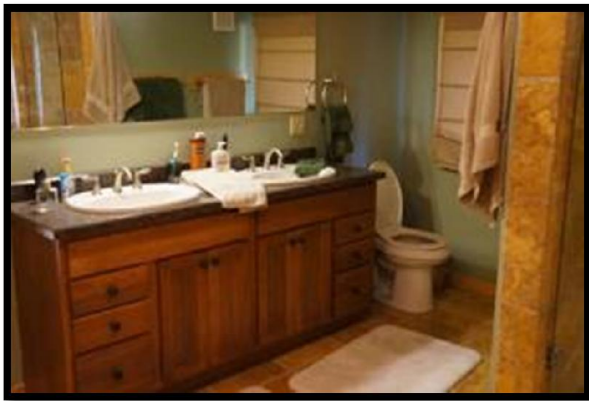
Stairs to Second Floor



Bedroom on Second Floor



Bathroom on Second Floor



Bathroom on Second Floor



Loft

ADDITIONAL PHOTOGRAPHS



Covered Porch



Guest House



North Side of Guest House



Outdoor Shower on Guest House



Bunks in Guest House



Bedroom in Guest House

ADDITIONAL PHOTOGRAPHS



Guest House Bathroom



Guest House Bathroom



Garage



Garage Interior



View of Rogers Lake from Lakeshore



South Property Boundary Looking West

ADDITIONAL PHOTOGRAPHS



Lake Frontage Looking North



View of Lake from Lot Interior



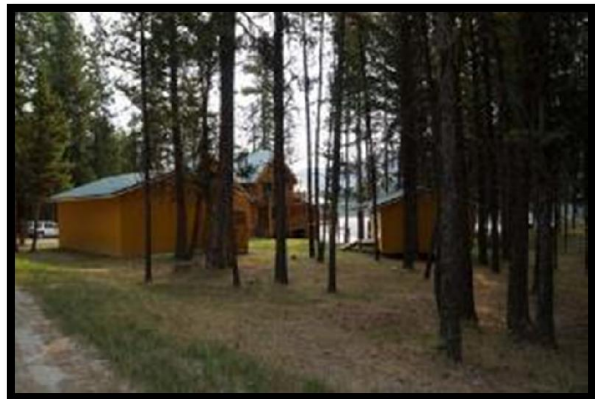
Property Boundary Marker on West Side of Rogers Lake Rd.



Improvements on Lot 32 from Rogers Lake Road



Southwest Property Boundary Marker



Improvements on Lot 32 Looking NE from Road

ADDITIONAL PHOTOGRAPHS



Rogers Lake Road Looking South



Rogers Lake Road Looking North

SUBJECT MARKET ANALYSIS

Detailed county and local demographic and economic information is included in the Addendum of this report. General national and statewide data is included as well.

Subject Productivity Analysis

General Property Description

The subject sites range in size from 0.832 up to 1.275 in gross acres. All but one of the sites include residential improvements. The subject properties all have frontage on Rogers Lake. Rogers Lake is a relatively small artesian lake which does not allow motorized watercraft.

Area Land Use Trends

Many surrounding properties with frontage along and/or views of Rogers Lake include residential improvements. Surrounding properties are utilized for recreational/residential purposes.

There are numerous lakes in Flathead County. Some area lakes include little privately owned land and few or no lot transfers each year. Area lakes with available private property would attract similar market participants as the lots along the subject lake. Many of the significant area lakes (sorted by size) are included on the table below;

Flathead Valley Area Lakes		
Lake Name	Size/Acres	Elevation/Feet
Blanchard Lake	143	3,178
Beaver Lake	144	3,257
Rogers Lake	239	3,998
Foys Lake	241	3,300
Lake Blaine	382	2,998
Echo Lake	695	2,998
McGregor Lake	1,522	3,998
Ashley Lake	2,850	3,998
Bitterroot Lake	2,970	3,998
Whitefish Lake	3,315	2,988
Flathead Lake	122,885	2,890

Properties in the subject competitive set are considered to be home sites on similar sized area lakes. Flathead Lake is substantially larger than other area lakes. Home sites along Flathead Lake would appeal to different market participants than home sites on Rogers Lake. Whitefish Lake is considered to be one of the smaller area lakes; however, market participants seeking property on Whitefish Lake would not be similar to those seeking property along Rogers Lake. This is due to the pricing of sites with frontage along Whitefish Lake. Privately owned home sites with frontage on the remaining lakes would be considered part of the competitive set for the subject home sites.

Potential Users of Subject Property

The potential users of the subject lots would be market participants seeking to own recreational/residential lakefront property on somewhat similar lakes in the Flathead Valley. The market participants seeking properties along Flathead Lake and Whitefish Lake are considered dissimilar to those seeking properties on Rogers Lake.

Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. We conducted searches of the area MLS for sales of vacant and improved lakefront properties along area lakes. We removed any sales with frontage along Flathead Lake and Whitefish Lake.

Montana is a non-disclosure state and every sale does not transfer via the area MLS; however, the MLS data is considered to provide an accurate depiction of general trends in real estate transfers.

The results of our searches are below and on the following page;

Lakefront Lot Sales

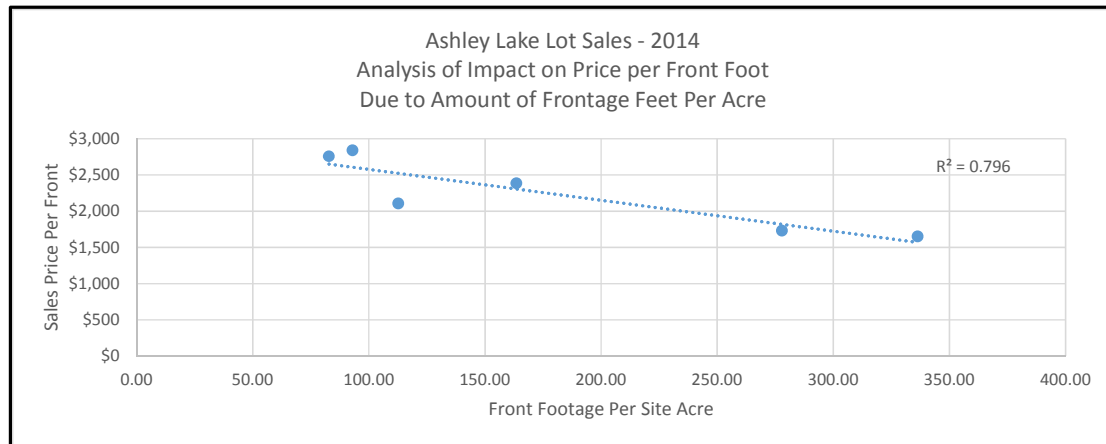
Below are sales of sites with frontage along similar lakes in Flathead County that closed since 2014;

Lakefront Lot Sales Analysis										
Address	City	Lake	Front Feet	Site Acres	Sale Date	Sales Price	Value of Improvements	Sales Price Less Improvement Value	Price/FF	DOM
5344 Ashley Lake Rd	Kila	Ashley Lake	249.00	2.21	2014	\$525,000	\$0	\$525,000	\$2,108	173
127 Emerald Cove	Kalispell	Ashley Lake	146.00	1.57	2014	\$430,000	\$15,000	\$415,000	\$2,842	153
3462 Ashley Lake Rd	Kalispell	Ashley Lake	139.00	0.85	2014	\$347,000	\$15,000	\$332,000	\$2,388	567
3916 Ashley Lake Rd	Kalispell	Ashley Lake	195.00	0.58	2014	\$327,000	\$5,000	\$322,000	\$1,651	172
4757 Ashley Lake Rd	Kila	Ashley Lake	116.00	1.40	2014	\$320,000	\$0	\$320,000	\$2,759	183
5690 N Ashley Lake Rd	Kila	Ashley Lake	150.00	0.54	2014	\$270,000	\$10,000	\$260,000	\$1,733	105
4693 Ashley Lake Rd	Kila	Ashley Lake	156.16	3.69	2014	\$215,000	\$0	\$215,000	\$1,377	451
1308 Bitterroot Ln	Marion	Bitterroot Lake	365.60	4.45	2015	\$625,000	\$15,000	\$610,000	\$1,668	134
134 Kelly Ct	Marion	Bitterroot Lake	150.83	1.13	2015	\$330,000	\$10,000	\$320,000	\$2,122	147
104 Bitterroot Cove Ct	Marion	Bitterroot Lake	228.00	1.05	2014	\$325,000	\$5,000	\$320,000	\$1,404	105
128 Bitterroot Cove	Marion	Bitterroot Lake	115.40	2.09	2015	\$271,500	\$10,000	\$261,500	\$2,266	349
1010 Echo Lake Rd	Bigfork	Echo Lake	200.80	0.81	2015	\$355,000	\$35,000	\$320,000	\$1,594	70
680 Echo Lake Rd	Bigfork	Echo Lake	100.00	1.52	2014	\$395,000	\$40,000	\$355,000	\$3,550	177
1591 Lake Blaine Rd	Kalispell	Lake Blaine	114.00	0.14	2015	\$262,000	\$10,000	\$252,000	\$2,211	58
12390 Paradise Loop	Marion	McGregor Lake	235.59	2.42	2014	\$307,000	\$5,000	\$302,000	\$1,282	298

There were 10 lakefront lot sales in 2014 and 5 in 2015 Year-to-Date. None of the sales located included frontage along Rogers Lake.

The unit of comparison for sales of lakefront lots is typically the price per lakefront feet. Based upon our analysis, the price per front feet varies to some degree according to total site acreage. There was a sufficient number of sales with frontage along Ashley Lake in 2014 to prepare a

credible analysis of price per front as it relates to the acreage of each sale. One of the 2014 sales along Ashley Lake was omitted because the verifying source indicated that this sale was an outlier due potential site usability issues. The remaining sales prices per front feet are graphed in comparison to the front footage per acre of each site.



We placed a number of trend-lines on this graph. A linear trend-line provided the higher R-Squared indication. The R-Squared provides support that the price per acre decreases in a linear manner as front footage per acre increases. In other words, the smaller the site area compared to the front footage, the lower the price per front foot. This is likely because there is less site area associated with the smaller sized sites available for development or construction of improvements.

We have used this analysis to assist with the reconciliation of values for the subject sites as if vacant.

Lakefront Home Sales

There were 18 sales of homes on sites with 10 acres or less and along smaller area recreational lakes in Flathead County in 2014 and there were 8 sales during 2015 Year-to-Date. None of the lakefront home sales were on Rogers Lake.

Competitive Supply

There were 23 active listings of lots with less than 10 acres and frontage along smaller lakes in Flathead County. The marketing time for the active listings was approximately 400 days.

There were 34 active listings of homes on smaller area lakes in Flathead County and with 10 acres or less for sale as of the report effective date. The marketing time for the active home listings was approximately 200 days.

Interaction of Supply and Demand

Based upon the sales volume in 2014, there is an over 2 year supply of vacant lots on smaller area lakes for sale.

Based upon sales volume in 2014, there is an approximately 1.8 year supply of homes for sale on smaller area lakes.

Subject Marketability Conclusion

The subject properties all have frontage along Rogers Lake. There were no recent sales of lots or homes with frontage along Rogers Lake; however, the subject properties are considered to have similar marketability compared to other properties with frontage along small area lakes. Since Rogers Lake is non-motorized, it would not appeal to market participants seeking lakefront property for motorized watercraft use.

Estimated Marketing and Exposure Times

The 15 sales of vacant sites on similar area lakes that sold since January of 2014 were marketed for an average of 209 days. **Marketing times** between 6 to 12 months are appropriate for the subject sites as if vacant. If the subject sites (as if vacant) had sold on the effective date of this report, at the appraised values indicated in this report, 6 to 12 month **exposure times** would have been reasonable.

The 18 homes sales along smaller area lakes that closed in 2014 were marketed for an average of 168 days. The 8 homes sales along smaller area lakes that closed in 2015 Year-to-Date were marketed for an average of 269 days. **Marketing times** between 6 to 12 months are appropriate for the subject properties as improved. If the subject properties as improved had sold on the effective date of this report, at the appraised values indicated in this report, 6 to 12 month **exposure times** would have been reasonable.

HIGHEST AND BEST USE

The four basic economic principles of supply and demand, substitution, balance and conformity are considered to be the basic tools of analyzing the relationship between economic trends and an appraisal. Market forces create market value. For this reason, the analysis of highest and best use is very important. When the purpose of an appraisal is to estimate market value, a highest and best use analysis identifies the most profitable, competitive use to which a property can be used.

According to The Appraisal of Real Estate – 14th Edition by the Appraisal Institute, Highest and Best Use is defined as follows:

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

The analysis for Highest and Best Use considers first the reasonably probable uses of a site that can be legally undertaken. The final Highest and Best Use determination is based on the following four criteria:

Legally Permissible:

The availability of land for a particular use in terms of existing regulations and restrictions, deed restrictions, lease encumbrances, or any other legally binding codes, restrictions, regulations, or interests.

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

All uses that are legally permissible and physically possible that are likely to produce an income, or return, equal or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization are considered to be financially feasible.

Maximally Productive:

Of the financially feasible uses, the use that produces the highest net return or the highest present worth.

The Highest and Best Use analysis and conclusions for the subject lots are included on the following page.

AS IF VACANT

Legally Permissible

The subject lots are in the RL, Rogers Lake zoning district of Flathead County. There are four permitted uses which are listed in the Property Description portion of this report. Single family dwellings and Class A or B manufactured homes are two of the permitted uses.

Physically Possible

There is sufficient space on each subject site for a single family residence and/or a manufactured home, and related outbuildings. There is not sufficient space on each site for most significant agricultural/sivicultural uses. All necessary utilities are available to each site.

Financially Feasible

Many area lots are improved with single family residences. Use of the subject lots for construction of single family residences and/or Class A or B manufactured homes are financially feasible.

Maximally Productive

Based upon the analysis of the legally permissible, physically possible, and financially feasible uses of the subject lots, the maximally productive highest and best use for each lot as if vacant, is for construction of a single family residence and/or Class A or B manufactured homes for recreational and/or residential use.

AS IMPROVED

All but one of the subject properties are improved with single family residences. There is market acceptance of many types of residences along small area lakes. Area lakefront residences range from very small, older, un-renovated cottages used seasonally along with older mobile homes to newer homes utilized on a year round basis. Alteration of the subject residences for any use other than as single family homes would require a large capital expenditure. Continued use as single family residences (recreational and/or residential) for the improved subject sites is the highest and best use as improved.

THE APPRAISAL PROCESS

In the foregoing sections of this report, we have examined and discussed the subject properties. To arrive at estimates of market values for the subject properties, it is necessary to collect and analyze all available data in the market which might tend to indicate the values of the subject properties. The subject properties must be compared to similar properties that can be constructed, purchased, or from which a similar monetary return may be received.

APPROACHES IN THE VALUATION OF REAL PROPERTY

The three recognized approaches in the valuation of real property are Sales Comparison, Cost Approach and Income Capitalization. According to The Appraisal of Real Estate – 14th Edition by the Appraisal Institute, the approaches are described as follows:

Cost Approach

In the Cost Approach, value is estimated as the current cost of reproducing or replacing the improvements (including an appropriate entrepreneurial incentive or profit), minus the loss in value from depreciation, plus land value.

Sales Comparison Approach

In the Sales Comparison Approach, value is indicated by recent sales of comparable properties in the market.

Income Capitalization Approach

In the Income Capitalization Approach, value is indicated by a property's earning power based on the capitalization of income.

Each of the three approaches to value requires data collection from the market and each is governed equally by the principle of substitution. This principle holds "when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand and widest distribution."

The Sales Comparison Approach is developed to determine the value of each subject site as if vacant. This is typically the most reliable approach for determining values of vacant sites.

All three approaches to value were considered for the valuation of the applicable subject properties as improved. Most market participants interested in purchasing lake front homes do not base decisions upon the depreciated cost of the improvements. For this reason the Cost Approach is not considered applicable and was not developed in this report. The subject properties are not utilized for income generation. For this reason, the Income Approach is not considered applicable and was not developed in this report. The Sales Comparison Approach is developed to determine the value of the applicable subject properties as improved.

Comparable lot sales and home sales are presented in the following two sections of this report. After presentation of the comparables, the subject sites and improvements are valued for each property.

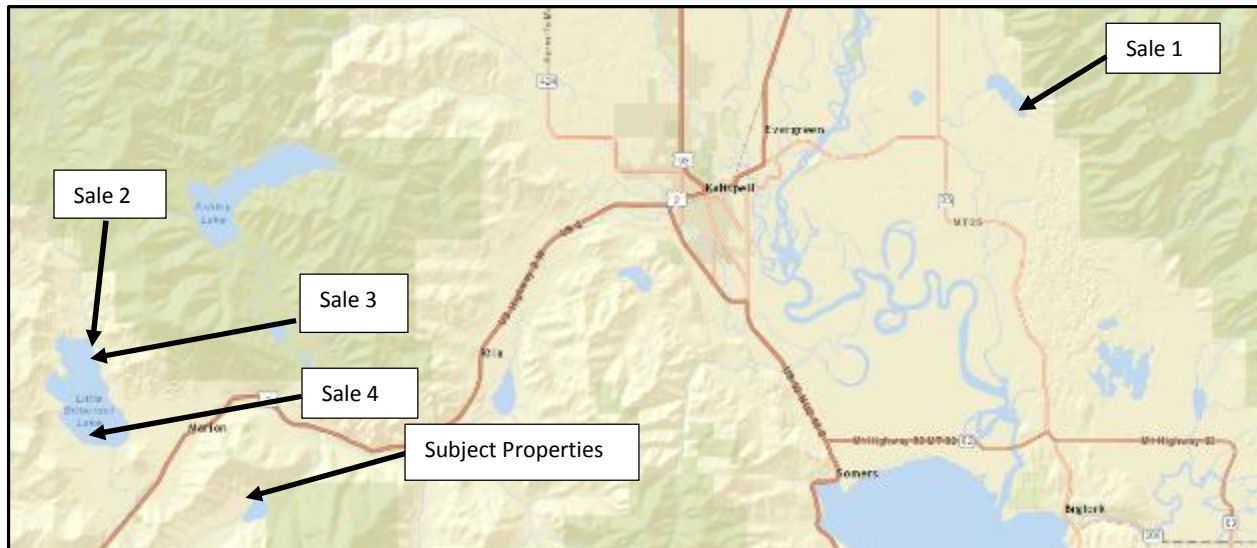
LAKEFRONT LOT SALES

We conducted a search for sales of sites along smaller lakes in Flathead County. As noted in the Subject Market Analysis, there were 15 sales of vacant lakefront sites on somewhat similar lakes in Flathead County from 2014 to 2015 Year-to-Date. We selected the most recent and/or most similar of these sales as comparables for the subject lots. The recognized unit of comparison is price per frontage along the lake. These comparables are described on the table below;

Sale #	Address	City	Lake	Front Feet	Sale Date	Sales Price	Value of Improvements	Sales Price Less Improvements	Price/FF
1	1591 Lake Blaine Rd	Kalispell	Lake Blaine	114.00	2015	\$262,000	\$10,000	\$252,000	\$2,211
2	134 Kelly Ct	Marion	Bitterroot	150.83	2015	\$330,000	\$10,000	\$320,000	\$2,122
3	128 Bitterroot Cove Ct	Marion	Bitterroot	115.40	2015	\$271,500	\$10,000	\$261,500	\$2,266
4	1308 Bitterroot Ln	Marion	Bitterroot	365.60	2015	\$625,000	\$15,000	\$610,000	\$1,668

A complete description of each comparable is included in the individual land comparable write-ups provided in this section of this report. A map depicting the location of the subject properties in relation to the comparable sales is below;

Map of Comparable Lot Sales



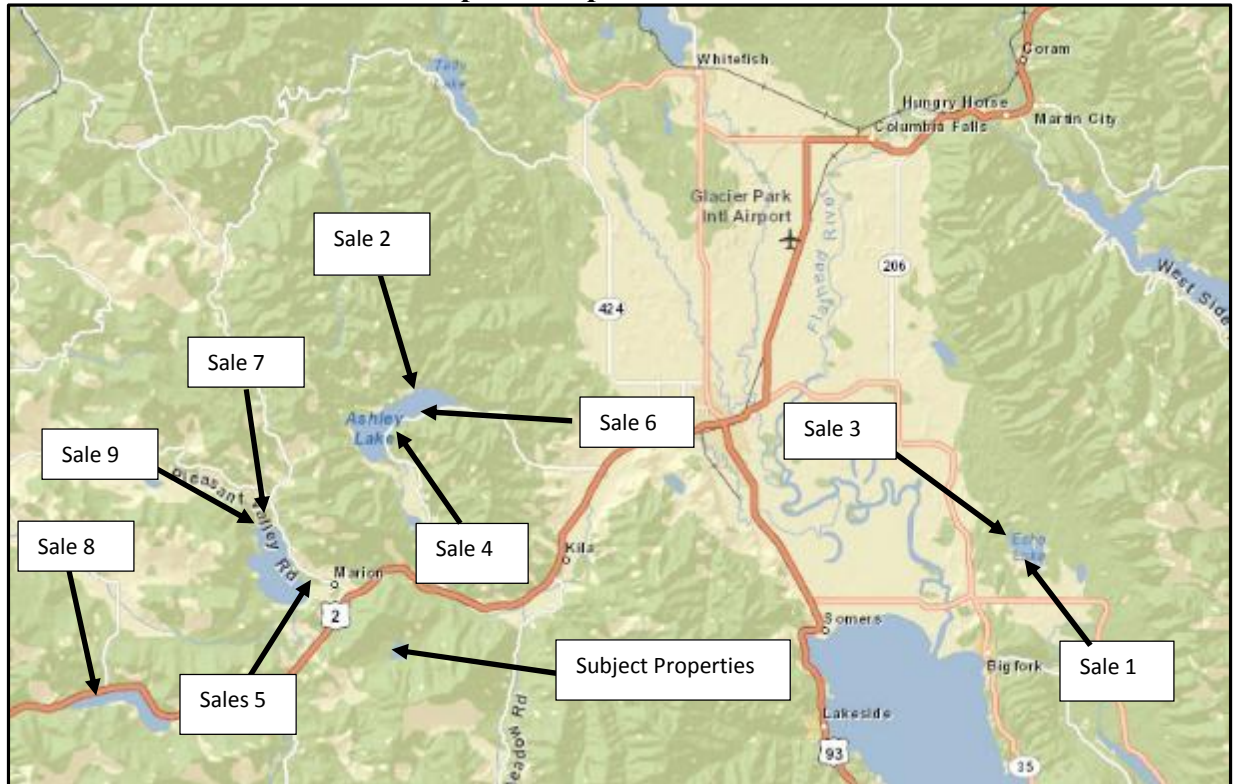
LAKEFRONT HOME SALES

We conducted a search for sales of homes on lakefront sites similar the subject properties for use as comparables to determine the value of the subject improvements. The most applicable and recent nine sales located are described on the table below;

Lakefront Home Sales							
Sale #	Address	City	Lake	Sale Date	Sales Price	Less Site Value	Sale Price of Improvements
1	569 East Village Dr	Bigfork	Echo Lake	2015	\$1,025,000	\$730,000	\$295,000
2	4054 N Ashley Lake Rd	Kalispell	Ashley Lake	2015	\$1,059,000	\$500,000	\$559,000
3	1135 Blackies Bay Rd	Bigfork	Echo Lake	2015	\$645,000	\$260,000	\$385,000
4	4649 Ashley Lake Rd	Kila	Ashley Lake	2014	\$590,000	\$240,000	\$350,000
5	1082 Kelsey Rd	Marion	Bitterroot Lake	2015	\$440,000	\$230,000	\$210,000
6	4099 Ashley Lake Rd	Marion	Ashley Lake	2014	\$325,000	\$220,000	\$105,000
7	815 Lodgepole Dr	Marion	Bitterroot Lake	2014	\$280,000	\$220,000	\$60,000
8	155 Violet Bay Dr	Marion	McGregor Lake	2014	\$320,000	\$270,000	\$50,000
9	915 Lodgepole Dr	Marion	Bitterroot Lake	2014	\$240,000	\$210,000	\$30,000

A complete description of each comparable is included in the individual land comparable write-ups provided in this section of this report. A map depicting the location of the subject properties in relation to the comparable sales is below;

Map of Comparable Lot Sales



PROPERTY VALUATIONS

LOT 16

Site Value Estimate

All of the site sales presented were utilized to derive the value of this subject lot. Adjustments have been considered for differences between the sales and this subject site. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 16, COS #18526, ROGERS LAKE					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION		1591 Lake Blaine Rd	134 Kelly Ct	128 Bitterroot Cove Ct	1308 Bitterroot Ln
CITY		Kalispell, MT	Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$262,000	\$330,000	\$271,500	\$625,000
ADJUSTMENT FOR IMPROVEMENTS		-\$10,000	-\$10,000	-\$10,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		06/10/15	08/31/15	05/07/15	08/18/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$252,000	\$320,000	\$261,500	\$610,000
SITE SIZE/ACRES	1.021	0.140	1.129	2.085	4.450
FRONT FEET ON LAKE	144.65	114.00	150.83	115.40	365.60
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,211	\$2,122	\$2,266	\$1,668
ADJUSTMENT FOR:					
LOCATION/LAKE NAME	Rogers Lake	Lake Blaine	Bitterroot Lake	Bitterroot Lake	Bitterroot Lake
		-10%	-10%	-10%	-10%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Level	Level	Some Slope	Some Slope	Some Slope
		0%	0%	0%	0%
FRONTAGE/ACCESS	Public Road	Public Road	Public Road	Public Road	Public Road
		0%	0%	0%	0%
ZONING	RL	None	LBL	LBL	LBL
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	No	No	No	Yes
		-30%	-30%	-30%	-25%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	1.02	0.14	1.13	2.09	4.45
		0%	0%	0%	0%
FRONT FEET	144.65	114.00	150.83	115.40	365.60
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		-40%	-40%	-40%	-35%
TOTAL ADJUSTMENT ADJUSTMENT		-\$884	-\$849	-\$906	-\$584
FRONT FEET PER ACRE	142	814	134	55	82
ADJUSTED PRICE PER SF		\$1,326	\$1,273	\$1,360	\$1,085

Discussion of Adjustments

Adjustments for Improvements: The improvements included with each sale and the contributory values are noted on the sale write-ups. The contributory values of the improvements were removed from each sale in order to determine the subject site value as vacant.

Property Rights: The ownership interest in this report for the subject lot and for all of the land sales is the fee simple interest. Consequently no adjustments were necessary in this category.

Financing: All sales were cash or cash equivalent; therefore, no adjustments were necessary in this category.

Conditions of Sale: No adjustment is necessary to any of the comparables in this category.

Buyer Expenditures: No adjustments were necessary for the comparable sales in this category.

Market Conditions: The comparable sales closed in 2015. The available data indicates that market conditions for lakefront home sites have not changed appreciably since the beginning of 2015. For this reason, no adjustment was necessary in this category.

Location/Lake Name: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. The subject lake does not allow motorized watercraft which limits the number of potential market participants. The comparable lakes do allow motorized watercraft. There was not sufficient market data available to develop paired sales analyses to determine an appropriate adjustment in this category; however, some downward adjustment is considered necessary. We elected to make qualitative downward adjustments of 10% to all of the comparables in this category due to the use limitation.

Shape: The subject lot and all of the comparables have shapes that are suitable for development and no adjustment was necessary in this category.

Topography: The subject lot and all of the comparables have topographies that are suitable for development and no adjustment was necessary in this category.

Frontage/Access: The subject lot and all of the comparables have frontage along and access from public roads and no adjustment was necessary in this category.

Zoning: The subject and the comparables are all in zoning districts that allow residential use. Residential/recreational use is considered the highest and best use for the subject and comparables. No adjustment was necessary in this category.

Easements Affecting Value: The subject site includes a road easement that bisects the site and restricts the usable area. This road easement restricts the use of the subject site to a greater extent than typical easements found on comparable lakefront home sites. Adjustments were considered necessary for all of the comparables; however, there was not sufficient market data to quantify the

appropriate adjustment in this category for each comparable. For this reason, qualitative downward adjustments were made to the comparable ranging from 25% to 35%. The adjustment percentages utilized are considered indicative of the actions of market participants relative to the subject site.

Electricity/Telephone: The subject property and all of the comparables have similar access to all necessary utilities. No adjustment was necessary in this category.

Size/Acres: The comparables bracket the subject site in acreage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount of acreage relative to the front footage. This is further addressed in the Reconciliation.

Front Feet: The comparables bracket the subject site in the amount of front footage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount acreage relative to the front footage. This is further addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide indications of value for the subject site ranging from \$1,085 to \$1,360 per front foot with an average indication of \$1,261 per front foot. Most weight is placed on Land Sale 2 due to the similarity in the relationship between front footage and site acreage. A value of \$1,300 per front foot is well supported by this analysis. Consequently;

144.65 FF @ \$1,300/FF

\$188,045

Rounded To

\$190,000

Improvement Value Estimate

Home Sales 7, 8, and 9 were considered the best comparables for the improvements on this subject lot. A sales comparison analysis for the subject property utilizing the comparables selected is below;

SALES COMPARISON ANALYSIS FOR LOT 16, COS #18526, ROGERS LAKE				
DESCRIPTION	SUBJECT	SALE 7	SALE 8	SALE 9
IDENTIFICATION		816 Lodgepole Dr	165 Violet Bay Dr	916 Lodgepole Dr
LOCATION		Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$280,000	\$320,000	\$240,000
LIST ADJUSTMENT				
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0
FINANCING	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES				
DEMOLITION		\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0
OTHER		\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0
DATE OF SALE		04/02/14	05/30/14	12/29/14
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$280,000	\$320,000	\$240,000
LESS SITE VALUE		(\$220,000)	(\$270,000)	(\$210,000)
ADJUSTED IMPROVEMENT PRICE		\$60,000	\$50,000	\$30,000
ADJUSTMENT FOR:				
LOCATION/SITE	Rogers Lake	Bitterroot Lake	McGregor Lake	Bitterroot Lake
		\$0	\$0	\$0
QUALITY	Fair	Average	Fair	Fair
		-\$6,000	\$0	\$0
CONDITION	Fair	Average	Fair	Fair
		-\$6,000	\$0	\$0
AGE/YEARS	45	51	37	54
		\$1,800	-\$2,000	\$1,350
BATHROOMS	0	1	1	0
		-\$5,000	-\$5,000	\$0
HOUSE SIZE/SF	384	1,000	1,065	513
		-\$15,400	-\$17,025	-\$3,225
OUTBUILDINGS	Outhouse	Inferior	Superior	Similar
		\$500	-\$7,500	\$0
TOTAL ADJUSTMENT		-\$30,100	-\$31,525	-\$1,875
NET ADJUSTMENT PERCENTAGE		-50%	-63%	-6%
ADJUSTED PRICE INDICATION		\$29,900	\$18,475	\$28,125

Discussion of Adjustments

Property Rights, Financing, Conditions of Sale, & Adjustments for Buyer Expenditures: Based upon the information we verified, no adjustments were necessary in these categories for the comparables.

Market Conditions: The comparable sales closed in 2014. The available data indicates that market conditions for lakefront homes have not changed appreciably since 2014. For this reason, no adjustment is necessary in this category.

Location: The contributory site values for the sales were removed. This results in the comparison of the subject improvements to the improvements associated with each sale.

Quality: The subject and comparable residences were all rated as average or fair in overall construction quality. We made a downward adjustment in this category of 10% to Sale 7 as it is considered superior to the subject in overall construction quality compared to the subject residence. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Condition: The subject and comparable residences were all rated as average or fair in overall condition. We made a downward adjustment in this category of 10% to Sale 7 as it is considered superior to the subject in overall construction quality compared to the subject residence. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Age: Adjustments were considered necessary for differences in age between the subject and the comparables. The comparables were adjusted by 0.5% per year of age difference between the subject residences. This adjustment is reasonable based upon our analysis of annual physical depreciation typically found in single family residences.

Bathrooms: The subject residence does not include a bathroom. Adjustments were necessary for the comparables that include full, indoor bathrooms. We utilized an adjustment amount of \$5,000 per full, indoor bathroom. A larger adjustment than for typical bathroom count differences is indicated when comparing a house with no indoor bathroom to comparables with indoor bathrooms.

House Size: Based upon the indications of sales prices per residence square footage for each sale, an adjustment for size differences between the comparables and the subject of \$25 per square foot is considered reasonable and appropriate.

Outbuildings: Adjustments were made for any differences between contributory values of outbuildings for the comparables compared to the subject property.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$29,900, \$18,475, and \$28,125. Most weight is accorded the indication from Home Sale 9 due to the lower net adjustment percentage. A value of \$28,000 is reasonable and well supported for the subject improvements.

Total Value Conclusion

The total value conclusion is derived by adding the subject site value to the estimated value of improvements. The calculations are below;

Subject Site Value	\$190,000
Subject Improvements Value	<u>\$ 28,000</u>
Total Value Indication	\$218,000

LOT 24

Site Value Estimate

All of the site sales presented were utilized to derive the value of this subject lot as if vacant. Adjustments have been considered for differences between the sales and this subject site. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 24, COS #18526, ROGERS LAKE					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION		1591 Lake Blaine Rd	134 Kelly Ct	128 Bitterroot Cove Ct	1308 Bitterroot Ln
CITY		Kalispell, MT	Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$262,000	\$330,000	\$271,500	\$625,000
ADJUSTMENT FOR IMPROVEMENTS		-\$10,000	-\$10,000	-\$10,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		06/10/15	08/31/15	05/07/15	08/18/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$252,000	\$320,000	\$261,500	\$610,000
SITE SIZE/ACRES	0.693	0.140	1.129	2.085	4.450
FRONT FEET ON LAKE	125.94	114.00	150.83	115.40	365.60
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,211	\$2,122	\$2,266	\$1,668
ADJUSTMENT FOR:					
LOCATION/LAKE NAME	Rogers Lake	Lake Blaine	Bitterroot Lake	Bitterroot Lake	Bitterroot Lake
		-10%	-10%	-10%	-10%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Level	Level	Some Slope	Some Slope	Some Slope
		0%	0%	0%	0%
FRONTAGE/ACCESS	Public Road	Public Road	Public Road	Public Road	Public Road
		0%	0%	0%	0%
ZONING	RL	None	LBL	LBL	LBL
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	No	No	No	Yes
		-5%	-5%	-5%	0%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	0.69	0.14	1.13	2.09	4.45
		0%	0%	0%	0%
FRONT FEET	125.94	114.00	150.83	115.40	365.60
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		-15%	-15%	-15%	-10%
TOTAL ADJUSTMENT ADJUSTMENT		-\$332	-\$318	-\$340	-\$167
FRONT FEET PER ACRE	182	814	134	55	82
ADJUSTED PRICE PER SF		\$1,879	\$1,803	\$1,926	\$1,502

Discussion of Adjustments

Adjustments for Improvements: The improvements included with each sale and the contributory values are noted on the sale write-ups. The contributory values of the improvements were removed from each sale in order to determine the subject site value as vacant.

Property Rights: The ownership interest in this report for the subject lot and for all of the land sales is the fee simple interest. Consequently no adjustments were necessary in this category.

Financing: All sales were cash or cash equivalent; therefore, no adjustments were necessary in this category.

Conditions of Sale: No adjustment is necessary to any of the comparables in this category.

Buyer Expenditures: No adjustments were necessary for the comparable sales in this category.

Market Conditions: The comparable sales closed in 2015. The available data indicates that market conditions for lakefront home sites have not changed appreciably since the beginning of 2015. For this reason, no adjustment was necessary in this category.

Location/Lake Name: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. The subject lake does not allow motorized watercraft which limits the number of potential market participants. The comparable lakes do allow motorized watercraft. There was not sufficient market data available to develop paired sales analyses to determine an appropriate adjustment in this category; however, some downward adjustment is considered necessary. We elected to make qualitative downward adjustments of 10% to all of the comparables in this category due to the use limitation.

Shape: The subject lot and all of the comparables have shapes that are suitable for development and no adjustment was necessary in this category.

Topography: The subject lot and all of the comparables have topographies that are suitable for development and no adjustment was necessary in this category.

Frontage/Access: The subject lot and all of the comparables have frontage along and access from public roads and no adjustment was necessary in this category.

Zoning: The subject and the comparables are all in zoning districts that allow residential use. Residential/recreational use is considered the highest and best use for the subject and comparables. No adjustment was necessary in this category.

Easements Affecting Value: The subject site includes a road easement within the northwest property boundary that restricts the usable area. Qualitative downward adjustments were made to the comparables which did not include similar restrictive easements.

Electricity/Telephone: The subject property and all of the comparables have similar access to all necessary utilities. No adjustment was necessary in this category.

Size/Acres: The comparables bracket the subject site in acreage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount of acreage relative to the front footage. This is further addressed in the Reconciliation.

Front Feet: The comparables bracket the subject site in the amount of front footage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount acreage relative to the front footage. This is further addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide indications of value for the subject site ranging from \$1,502 to \$1,926 per front foot with an average indication of \$1,778 per front foot. Most weight is placed on Land Sale 2 due to the similarity in the relationship between front footage and site acreage. A value of \$1,800 per front foot is well supported by this analysis. Consequently;

125.94 FF @ \$1,800/FF	\$226,692
Rounded To	\$230,000

Improvement Value Estimate

Home Sales 7, 8, and 9 were considered the best comparables for the improvements on this subject lot. A sales comparison analysis for the subject property utilizing the comparables selected is below;

SALES COMPARISON ANALYSIS FOR LOT 24, COS #18526, ROGERS LAKE				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		569 E Village Dr	4054 N Ashley Lake Rd	1135 Blackies Bay Rd
LOCATION		Bigfork	Kalispell	Bigfork
SALES PRICE		\$1,025,000	\$1,059,000	\$645,000
LIST ADJUSTMENT				
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0
FINANCING	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES				
DEMOLITION		\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0
OTHER		\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0
DATE OF SALE		07/08/15	05/01/15	05/29/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$1,025,000	\$1,059,000	\$645,000
LESS SITE VALUE		(\$730,000)	(\$500,000)	(\$260,000)
ADJUSTED IMPROVEMENT PRICE		\$295,000	\$559,000	\$385,000
ADJUSTMENT FOR:				
LOCATION/SITE	Rogers Lake	Echo Lake	Ashley Lake	Echo Lake
		\$0	\$0	\$0
QUALITY	Very Good	Very Good	Very Good	Good
		\$0	\$0	\$38,500
CONDITION	Good	Good	Good	Good
		\$0	\$0	\$0
AGE/YEARS	8	23	8	19
		\$22,125	\$0	\$21,175
BATHROOMS	2	2	4	2
		\$0	-\$6,000	\$0
HOUSE SIZE/SF	1,256	2,382	4,314	3,162
		-\$78,820	-\$214,060	-\$133,420
OUTBUILDINGS	None	None	Superior	Similar
		\$5,000	-\$5,000	\$0
TOTAL ADJUSTMENT		-\$51,695	-\$225,060	-\$73,745
NET ADJUSTMENT PERCENTAGE		-18%	-40%	-19%
ADJUSTED PRICE INDICATION		\$243,305	\$333,940	\$311,255

Discussion of Adjustments

Property Rights, Financing, Conditions of Sale, & Adjustments for Buyer Expenditures: Based upon the information we verified, no adjustments were necessary in these categories for the comparables.

Market Conditions: The comparable sales closed in 2015. No adjustment is necessary in this category.

Location: The contributory site values for the sales were removed. This results in the comparison of the subject improvements to the improvements associated with each sale.

Quality: The subject and comparable residences were all rated as very good or good in overall construction quality. We made an upward adjustment in this category of 10% to Sale 3 as it is considered inferior to the subject in overall construction quality. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Condition: The subject and comparable residences were all rated as good in this category and not adjustments were necessary.

Age: Adjustments were considered necessary for differences in age between the subject and the comparables. The comparables were adjusted by 0.5% per year of age difference between the subject residences. This adjustment is reasonable based upon our analysis of annual physical depreciation typically found in single family residences.

Bathrooms: Adjustments were necessary when the number of bathrooms of the comparables was different from the subject residence. We utilized an adjustment amount of \$3,000 per bathroom.

House Size: Based upon the indications from the sales prices per residence square footage for each comparable sale, an adjustment for size differences between the comparables and the subject of \$70 per square foot is considered reasonable and appropriate.

Outbuildings: Adjustments were made for any differences between contributory values of outbuildings for the comparables compared to the subject property.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$243,305, \$333,940, and \$311,255. Most weight is accorded the indication from Home Sale 1 due to the similarity in size and lower overall adjustment percentage. A value of \$240,000 is reasonable and well supported for the subject improvements.

Improvement Value

\$240,000

Total Value Conclusion

The total value conclusion is derived by adding the subject site value to the estimated value of improvements. The calculations are below;

Subject Site Value	\$230,000
Subject Improvements Value	<u>\$240,000</u>
Total Value Indication	\$470,000

LOT 31

Site Value Estimate

All of the site sales presented were utilized to derive the value of this subject lot as if vacant. Adjustments have been considered for differences between the sales and this subject site. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 31, COS #18526, ROGERS LAKE					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION		1591 Lake Blaine Rd	134 Kelly Ct	128 Bitterroot Cove Ct	1308 Bitterroot Ln
CITY		Kalispell, MT	Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$262,000	\$330,000	\$271,500	\$625,000
ADJUSTMENT FOR IMPROVEMENTS		-\$10,000	-\$10,000	-\$10,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		06/10/15	08/31/15	05/07/15	08/18/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$252,000	\$320,000	\$261,500	\$610,000
SITE SIZE/ACRES	1.046	0.140	1.129	2.085	4.450
FRONT FEET ON LAKE	83.31	114.00	150.83	115.40	365.60
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,211	\$2,122	\$2,266	\$1,668
ADJUSTMENT FOR:					
LOCATION/LAKE NAME	Rogers Lake	Lake Blaine	Bitterroot Lake	Bitterroot Lake	Bitterroot Lake
		-10%	-10%	-10%	-10%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Level	Level	Some Slope	Some Slope	Some Slope
		0%	0%	0%	0%
FRONTAGE/ACCESS	Public Road	Public Road	Public Road	Public Road	Public Road
		0%	0%	0%	0%
ZONING	RL	None	LBL	LBL	LBL
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	No	No	No	Yes
		-30%	-30%	-30%	-25%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	1.05	0.14	1.13	2.09	4.45
		0%	0%	0%	0%
FRONT FEET	83.31	114.00	150.83	115.40	365.60
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		-40%	-40%	-40%	-35%
TOTAL ADJUSTMENT ADJUSTMENT		-\$884	-\$849	-\$906	-\$584
FRONT FEET PER ACRE	80	814	134	55	82
ADJUSTED PRICE PER SF		\$1,326	\$1,273	\$1,360	\$1,085

Discussion of Adjustments

Adjustments for Improvements: The improvements included with each sale and the contributory values are noted on the sale write-ups. The contributory values of the improvements were removed from each sale in order to determine the subject site value as vacant.

Property Rights: The ownership interest in this report for the subject lot and for all of the land sales is the fee simple interest. Consequently no adjustments were necessary in this category.

Financing: All sales were cash or cash equivalent; therefore, no adjustments were necessary in this category.

Conditions of Sale: No adjustment is necessary to any of the comparables in this category.

Buyer Expenditures: No adjustments were necessary for the comparable sales in this category.

Market Conditions: The comparable sales closed in 2015. The available data indicates that market conditions for lakefront home sites have not changed appreciably since the beginning of 2015. For this reason, no adjustment was necessary in this category.

Location/Lake Name: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. The subject lake does not allow motorized watercraft which limits the number of potential market participants. The comparable lakes do allow motorized watercraft. There was not sufficient market data available to develop paired sales analyses to determine an appropriate adjustment in this category; however, some downward adjustment is considered necessary. We elected to make qualitative downward adjustments of 10% to all of the comparables in this category due to the use limitation.

Shape: The subject lot and all of the comparables have shapes that are suitable for development and no adjustment was necessary in this category.

Topography: The subject lot and all of the comparables have topographies that are suitable for development and no adjustment was necessary in this category.

Frontage/Access: The subject lot and all of the comparables have frontage along and access from public roads and no adjustment was necessary in this category.

Zoning: The subject and the comparables are all in zoning districts that allow residential use. Residential/recreational use is considered the highest and best use for the subject and comparables. No adjustment was necessary in this category.

Easements Affecting Value: The subject site includes a road easement that bisects the site and restricts the usable area. This road easement restricts the use of the subject site to a greater extent than typical easements found on comparable lakefront home sites. Adjustments were considered necessary for all of the comparables; however, there was not sufficient market data to quantify the

appropriate adjustment in this category for each comparable. For this reason, qualitative downward adjustments were made to the comparable ranging from 25% to 35%. The adjustment percentages utilized are considered indicative of the actions of market participants relative to the subject site.

Electricity/Telephone: The subject property and all of the comparables have similar access to all necessary utilities. No adjustment was necessary in this category.

Size/Acres: The comparables bracket the subject site in acreage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount of acreage relative to the front footage. This is further addressed in the Reconciliation.

Front Feet: The comparables bracket the subject site in the amount of front footage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount acreage relative to the front footage. This is further addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide indications of value for the subject site ranging from \$1,085 to \$1,360 per front foot with an average indication of \$1,261 per front foot. Most weight is placed on Land Sales 2 and 3 due to the similarity in the relationship between front footage and site acreage and similarity in overall site acreage. Although Sale 4 has a similar relationship between front footage and site acreage, the total site size varies sufficiently from the subject that this sale is considered the least similar overall. A value of \$1,300 per front foot is well supported by this analysis. Consequently;

83.31 FF @ \$1,300/FF
Rounded To

\$108,303
\$110,000

LOT 32

Site Value Estimate

All of the site sales presented were utilized to derive the value of this subject lot as if vacant. Adjustments have been considered for differences between the sales and this subject site. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 32, COS #18526, ROGERS LAKE					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION		1591 Lake Blaine Rd	134 Kelly Ct	128 Bitterroot Cove Ct	1308 Bitterroot Ln
CITY		Kalispell, MT	Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$262,000	\$330,000	\$271,500	\$625,000
ADJUSTMENT FOR IMPROVEMENTS		-\$10,000	-\$10,000	-\$10,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		06/10/15	08/31/15	05/07/15	08/18/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$252,000	\$320,000	\$261,500	\$610,000
SITE SIZE/ACRES	0.934	0.140	1.129	2.085	4.450
FRONT FEET ON LAKE	129.64	114.00	150.83	115.40	365.60
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,211	\$2,122	\$2,266	\$1,668
ADJUSTMENT FOR:					
LOCATION/LAKE NAME	Rogers Lake	Lake Blaine	Bitterroot Lake	Bitterroot Lake	Bitterroot Lake
		-10%	-10%	-10%	-10%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Level	Level	Some Slope	Some Slope	Some Slope
		0%	0%	0%	0%
FRONTAGE/ACCESS	Public Road	Public Road	Public Road	Public Road	Public Road
		0%	0%	0%	0%
ZONING	RL	None	LBL	LBL	LBL
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	No	No	No	Yes
		-5%	-5%	-5%	0%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	0.93	0.14	1.13	2.09	4.45
		0%	0%	0%	0%
FRONT FEET	129.64	114.00	150.83	115.40	365.60
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		-15%	-15%	-15%	-10%
TOTAL ADJUSTMENT ADJUSTMENT		-\$332	-\$318	-\$340	-\$167
FRONT FEET PER ACRE	139	814	134	55	82
ADJUSTED PRICE PER SF		\$1,879	\$1,803	\$1,926	\$1,502

Discussion of Adjustments

Adjustments for Improvements: The improvements included with each sale and the contributory values are noted on the sale write-ups. The contributory values of the improvements were removed from each sale in order to determine the subject site value as vacant.

Property Rights: The ownership interest in this report for the subject lot and for all of the land sales is the fee simple interest. Consequently no adjustments were necessary in this category.

Financing: All sales were cash or cash equivalent; therefore, no adjustments were necessary in this category.

Conditions of Sale: No adjustment is necessary to any of the comparables in this category.

Buyer Expenditures: No adjustments were necessary for the comparable sales in this category.

Market Conditions: The comparable sales closed in 2015. The available data indicates that market conditions for lakefront home sites have not changed appreciably since the beginning of 2015. For this reason, no adjustment was necessary in this category.

Location/Lake Name: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. The subject lake does not allow motorized watercraft which limits the number of potential market participants. The comparable lakes do allow motorized watercraft. There was not sufficient market data available to develop paired sales analyses to determine an appropriate adjustment in this category; however, some downward adjustment is considered necessary. We elected to make qualitative downward adjustments of 10% to all of the comparables in this category due to the use limitation.

Shape: The subject lot and all of the comparables have shapes that are suitable for development and no adjustment was necessary in this category.

Topography: The subject lot and all of the comparables have topographies that are suitable for development and no adjustment was necessary in this category.

Frontage/Access: The subject lot and all of the comparables have frontage along and access from public roads and no adjustment was necessary in this category.

Zoning: The subject and the comparables are all in zoning districts that allow residential use. Residential/recreational use is considered the highest and best use for the subject and comparables. No adjustment was necessary in this category.

Easements Affecting Value: The subject site includes a road easement within the northwest property boundary that restricts the usable area. Qualitative downward adjustments were made to the comparables which did not include similar restrictive easements.

Electricity/Telephone: The subject property and all of the comparables have similar access to all necessary utilities. No adjustment was necessary in this category.

Size/Acres: The comparables bracket the subject site in acreage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount of acreage relative to the front footage. This is further addressed in the Reconciliation.

Front Feet: The comparables bracket the subject site in the amount of front footage. As noted in the Subject Market Analysis, based upon our analysis, the price per front foot of lakefront sites varies according to the amount acreage relative to the front footage. This is further addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide indications of value for the subject site ranging from \$1,502 to \$1,926 per front foot with an average indication of \$1,778 per front foot. Most weight is placed on Land Sale 2 due to the similarity in the relationship between front footage and site acreage. A value of \$1,800 per front foot is well supported by this analysis. Consequently;

129.64 FF @ \$1,800/FF	\$233,352
Rounded To	\$230,000

Improvement Value Estimate

Home Sales 7, 8, and 9 were considered the best comparables for the improvements on this subject lot. A sales comparison analysis for the subject property utilizing the comparables selected is below;

SALES COMPARISON ANALYSIS FOR LOT 32, COS #18526, ROGERS LAKE				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		569 E Village Dr	4054 N Ashley Lake Rd	1135 Blackies Bay Rd
LOCATION		Bigfork	Kalispell	Bigfork
SALES PRICE		\$1,025,000	\$1,059,000	\$645,000
LIST ADJUSTMENT				
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0
FINANCING	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES				
DEMOLITION		\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0
OTHER		\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0
DATE OF SALE		07/08/15	05/01/15	05/29/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$1,025,000	\$1,059,000	\$645,000
LESS SITE VALUE		(\$730,000)	(\$500,000)	(\$260,000)
ADJUSTED IMPROVEMENT PRICE		\$295,000	\$559,000	\$385,000
ADJUSTMENT FOR:				
LOCATION/SITE	Rogers Lake	Echo Lake	Ashley Lake	Echo Lake
		\$0	\$0	\$0
QUALITY	Very Good	Very Good	Very Good	Good
		\$0	\$0	\$38,500
CONDITION	Good	Good	Good	Good
		\$0	\$0	\$0
AGE/YEARS	8	23	8	19
		\$22,125	\$0	\$21,175
BATHROOMS	3	2	4	2
		\$0	-\$6,000	\$0
HOUSE SIZE/SF	3,356	2,382	4,314	3,162
		\$68,180	-\$67,060	\$13,580
OUTBUILDINGS	Guest Hs/2Car Gar	Inferior	Inferior	Inferior
		\$60,000	\$45,000	\$50,000
TOTAL ADJUSTMENT		\$150,305	-\$28,060	\$123,255
NET ADJUSTMENT PERCENTAGE		51%	-5%	32%
ADJUSTED PRICE INDICATION		\$445,305	\$530,940	\$508,255

Discussion of Adjustments

Property Rights, Financing, Conditions of Sale, & Adjustments for Buyer Expenditures: Based upon the information we verified, no adjustments were necessary in these categories for the comparables.

Market Conditions: The comparable sales closed in 2015. No adjustment is necessary in this category.

Location: The contributory site values for the sales were removed. This results in the comparison of the subject improvements to the improvements associated with each sale.

Quality: The subject and comparable residences were all rated as very good or good in overall construction quality. We made an upward adjustment in this category of 10% to Sale 3 as it is considered inferior to the subject in overall construction quality. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Condition: The subject and comparable residences were all rated as good in this category and not adjustments were necessary.

Age: Adjustments were considered necessary for differences in age between the subject and the comparables. The comparables were adjusted by 0.5% per year of age difference between the subject residences. This adjustment is reasonable based upon our analysis of annual physical depreciation typically found in single family residences.

Bathrooms: Adjustments were necessary when the number of bathrooms of the comparables was different from the subject residence. We utilized an adjustment amount of \$3,000 per bathroom.

House Size: Based upon the indications from the sales prices per residence square footage for each comparable sale, an adjustment for size differences between the comparables and the subject of \$70 per square foot is considered reasonable and appropriate.

Outbuildings: Adjustments were made for any differences between contributory values of outbuildings for the comparables compared to the subject property.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$445,305, \$530,590, and \$508,255. Most weight is accorded the indication from Home Sale 2 due to the lower overall adjustment percentage. A value of \$530,000 is reasonable and well supported for the subject improvements.

Improvement Value

\$530,000

Total Value Conclusion

The total value conclusion is derived by adding the subject site value to the estimated value of improvements. The calculations are below;

Subject Site Value	\$230,000
Subject Improvements Value	<u>\$530,000</u>
Total Value Indication	\$760,000

RECAPITULATION OF VALUE INDICATIONS

The market values for each subject property are recapitulated on the table below;

Lot #	Site Value	Value of Improvements	Total Value	Effective Date of Market Values
16	\$190,000	\$28,000	\$218,000	8/19/2015
24	\$230,000	\$240,000	\$470,000	8/27/2015
31	\$110,000	\$0	\$110,000	8/19/2015
32	\$230,000	\$530,000	\$760,000	8/19/2015

QUALIFICATIONS OF THE APPRAISERS

ELLIOTT (ELLIE) M. CLARK, MAI

PROFESSIONAL DESIGNATIONS

MAI Designated Member of the Appraisal Institute (2004)

FORMAL EDUCATION

College of Charleston, Charleston, SC
Bachelor of Science – Geology (1985)

REAL ESTATE EDUCATION

Appraisal Institute

1990 - Basic Valuation Procedures
1990 - Real Estate Principles
1992 - Capitalization Theory and Technique
1994 - Advanced Income Capitalization
2001 - Highest and Best Use and Market Analysis
2001 - Advanced Sales Comparison and Cost Approaches
2002 - Standards of Professional Practice, Part A
2002 - Standards of Professional Practice, Part B
2002 - Report Writing and Valuation Analysis
2002 - Advanced Applications
2003 - Comprehensive Exam
2003 - Separating Real & Personal Property from Intangible Business Assets
2004 - Demonstration Appraisal
2006 - 7 Hour National USPAP Update Course
2006 - Business Practices and Ethics
2008 - 7 Hour National USPAP Update Course
2010 - 7 Hour National USPAP Update Course
2012 – 7 Hour National USPAP Update Course
2012 – Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
2012 – Valuation of Conservation Easements
2014 – 7 Hour National USPAP Update Course
2015 – Real Estate Finance Statistics and Valuation Modeling

Institute of Financial Education

1985 - Real Estate Law I
1986 - Real Estate Law II

IAAO

1991 - Standards of Practice and Professional Ethics

Citadel Evening College

1993 - Residential Appraisal Reports Using URAR Form

William H. Sharp & Associates

1995 - The Home Inspection

Trident Technical College

1997 - Uniform Standards of Appraisal

Historic Preservation Consulting

1998 - Appraising Historic Property

The Beckman Company

2004 - The Technical Inspection of Real Estate

WORK EXPERIENCE

2003 - Present Clark Real Estate Appraisal – Owner/Commercial Real Estate Appraiser
1995 - 2003 Sass, Herrin & Associates, Inc. – Commercial Real Estate Appraiser
1990 - 1995 Charleston County Assessor's Office – Sr. Staff Real Estate Appraiser
1986 - 1989 First Sun Capital Corporation - Mortgage Loan Officer
1985 - 1986 First National Bank of Atlanta - Mortgage Loan Processor
1984 - 1985 South Carolina Federal Savings Bank - Mortgage Loan Processor

STATE LICENSES/CERTIFICATIONS

Montana State Certified General Real Estate Appraiser - REA-RAG-LIC-683

APPRAISAL SEMINARS ATTENDED

2000 – JT&T Seminars: Financial Calculator HP-12C
2000 – Appraisal Institute: Highest and Best Use Applications
2004 – Appraisal Institute: Evaluating Commercial Construction
2005 – Appraisal Institute: Scope of Work: Expanding Your Range of Services
2006 – Appraisal Institute: Subdivision Valuation
2006 – Appraisal Institute: Appraising from Blueprints and Specifications
2006 – Appraisal Institute: Uniform Appraisal Standards for Federal Land Acquisitions
2007 – Appraisal Institute: Analyzing Commercial Lease Clauses
2007 – Appraisal Institute: Condominiums, Co-ops, and PUDs
2008 – Appraisal Institute: Spotlight on USPAP
2008 – Appraisal Institute: Quality Assurance in Residential Appraisals: Risky Appraisals = Risky Loans
2008 – Appraisal Institute: Office Building Valuation: A Contemporary Perspective
2009 – Appraisal Institute: Appraisal Curriculum Overview (2-Day General)
2010 – Appraisal Institute: Hotel Appraising – New Techniques for Today's Uncertain Times
2010 – Appraisal Institute: The Discounted Cash Flow Model: Concepts, Issues & Applications
2011 – Appraisal Institute: Understanding & Using Investor Surveys Effectively
2011 – Appraisal Institute: Advanced Spreadsheet Modeling for Valuation Applications
2012 – Appraisal Institute: Appraising the Appraisal: Appraisal Review-General
2013 – Appraisal Institute: Business Practices and Ethics

PARTIAL LIST OF CLIENTS

Glacier Bank
Rocky Mountain Bank
State of Montana Department of Natural Resources
Montana Department of Transportation
United States Department of Interior

CHRISTOPHER D. CLARK

FORMAL EDUCATION

Millikin University, Decatur, Illinois
Bachelor of Arts in Political Science

REAL ESTATE EDUCATION

Appraisal Institute

Course 110 – Appraisal Principles, 2005
Course 120 – Appraisal Procedures, 2005
Course 410 – 15- Hour National USPAP Course, 2005
Course 203R – Residential Report Writing & Case Studies, 2006
Course REA070513 – Analyzing Commercial Lease Clauses, 2007
Course 06RE0638 – Condominiums, Co-ops, PUD's, 2007
Course REA071154 –Hypothetical Conditions, Extraordinary Assumptions, 2008
Course 07RE0734 – 7-Hour National USPAP Update, 2008
Course 06RE0641 – Quality Assurance in Residential Appraisals, 2008
Course 06RE1286 – Office Building Valuation: A Contemporary Perspective, 2008
Course 430ADM 0 Appraisal Curriculum Overview – 2009
Course I400 - 7-Hour National USPAP Update – 2010
Course OL-202R - Online Residential Sales Comparison and Income Approach – 2011
Course OL-200R - Online Residential Market Analysis and Highest & Best Use – 2011
Course OL-201R - Online Residential Site Valuation & Cost Approach – 2011
Course I400 – 7-Hour National USPAP Update Course – 2012
Course REA110436 – Appraising the Appraisal: Appraisal Review General – 2012
Course 08REO643 – Business Practices and Ethics -2013
Course I400 – 7-Hour National USPAP Update – 2014
Course REA4380 – Online Introduction to Green Buildings: Principles and Concepts
Course REA120108 – Online Cool Tools: New Technology for Real Estate Appraisers
Course REA6260 – Real Estate Finance Statistics & Valuation Modeling 2015

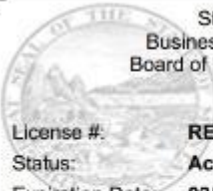

WORK EXPERIENCE

2005 - Present	Clark Real Estate Appraisal, Inc. – Real Estate Appraiser
2003 - 2005	IKON Office Solutions – Technology Marketing
2002 - 2003	Relational Technology Services – Technology Marketing
1998 - 2003	IKON Office Solutions – Technology Marketing
1988 – 1998	CMS Automation (Formerly Entré Computer Center) – Technology Marketing

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES

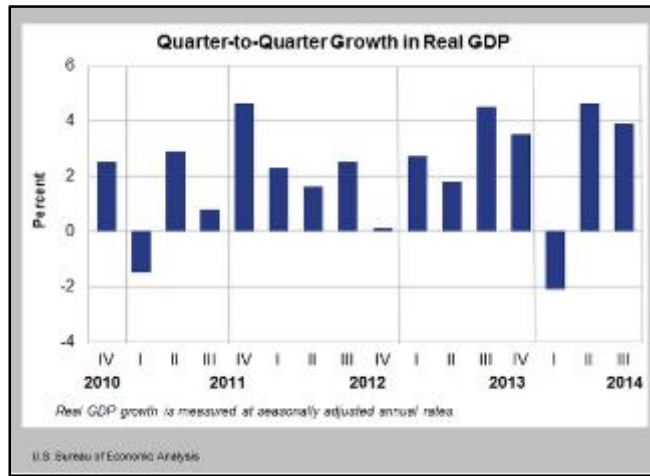
	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: CERTIFIED GENERAL APPRAISER With endorsements of: REAL ESTATE APPRAISER MENTOR
License #:	REA-RAG-LIC-683	
Status:	Active	
Expiration Date:	03/31/2016	
ELLIOTT M CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937		
		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: LICENSED APPRAISER
License #:	REA-RAL-LIC-841	
Status:	Active	
Expiration Date:	03/31/2016	
CHRISTOPHER D CLARK CLARK REAL ESTATE APPRAISAL 704C E. 13th STREET STE 509 WHITEFISH, MT 59937		
		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

ADDENDUM

NATIONAL ECONOMIC DATA

Real GDP decreased by 3.9% in the third quarter of 2014 after increasing 4.6% in the second quarter of 2014 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the increase in real GDP reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, federal government spending, exports, residential fixed investment, and state and local government spending that were partly offset by a negative contribution from private inventory investment.



According to the US Bureau of Labor and Statistics, the national unemployment rate for October of 2014 was 5.8%. This is the lowest national unemployment rate since July of 2008. Continued slow growth was generally forecasted for the national economy for the first quarter of 2015.

STATE ECONOMIC DATA

Montana is the 44th most populous state in the US. 2010 US Census data estimated a population of 989,415 indicating a growth in population of 9.7% from 2000 to 2010. The US Census Bureau estimated that the 2013 population of Montana was 1,005,292. This estimate shows a 1.6% increase since the last census in 2010. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

- Trade, Transportation, and Utilities
- Government (Federal, State, & Local)
- Education & Health Services
- Healthcare & Social Assistance
- Leisure & Hospitality

These industries employ from 11% to 16% of the workforce in Montana per category. The remaining categories employ less than 10% each.

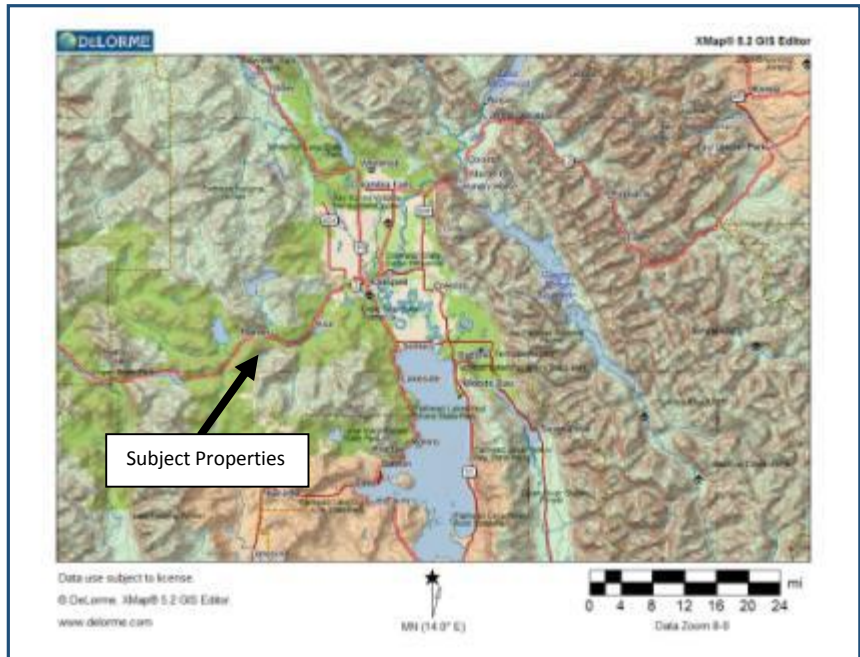
According economists from the Federal Reserve Minneapolis, employment and personal income in Montana for 2015 are both expected to grow at faster rates than in 2014. The bank believes that employment in Montana will grow by a solid 1.9 % in 2015, while the unemployment rate is predicted to drop by the fourth quarter of 2015 compared to late 2014. Personal income for Montanans is expected to grow by 4.7 % in 2015. That would be the biggest increase since 2012, when personal income grew by about 5.6%. Overall most industries in the state are expected to perform better than in 2014.

FLATHEAD COUNTY DATA

The subject properties are located in Flathead County and are within the unincorporated Kila area. The general area is known as the Flathead Valley. The Flathead Valley is surrounded by various ranges of the Rocky Mountains. The three incorporated cities in Flathead County are Kalispell, the county seat, Whitefish, and Columbia Falls. There are also several unincorporated communities in the county which include; Kila, Marion, Evergreen, Bigfork, Lakeside, Somers, Hungry Horse, and Martin City.

Geographical Information

Flathead County is located in northwest Montana and is 5,098 square miles in size. Flathead Lake is a significant geographical feature of the Flathead Valley. Glacier National Park is located in the Flathead Valley area and is a major area tourist attraction. Additional attractions include; Bob Marshall Wilderness, Hungry Horse Dam, Whitefish Mountain Resort, Blacktail Mountain Resort, Whitefish Lake, numerous golf courses, and many area lakes and rivers that provide year round recreation for residents and visitors.



Population

According to 2014 Census estimates, Flathead County was the third most populous county in the state. The 2014 county population was estimated to be 94,646. The population is forecasted to increase to 99,498 or by approximately 5.13% by 2019.

Employment

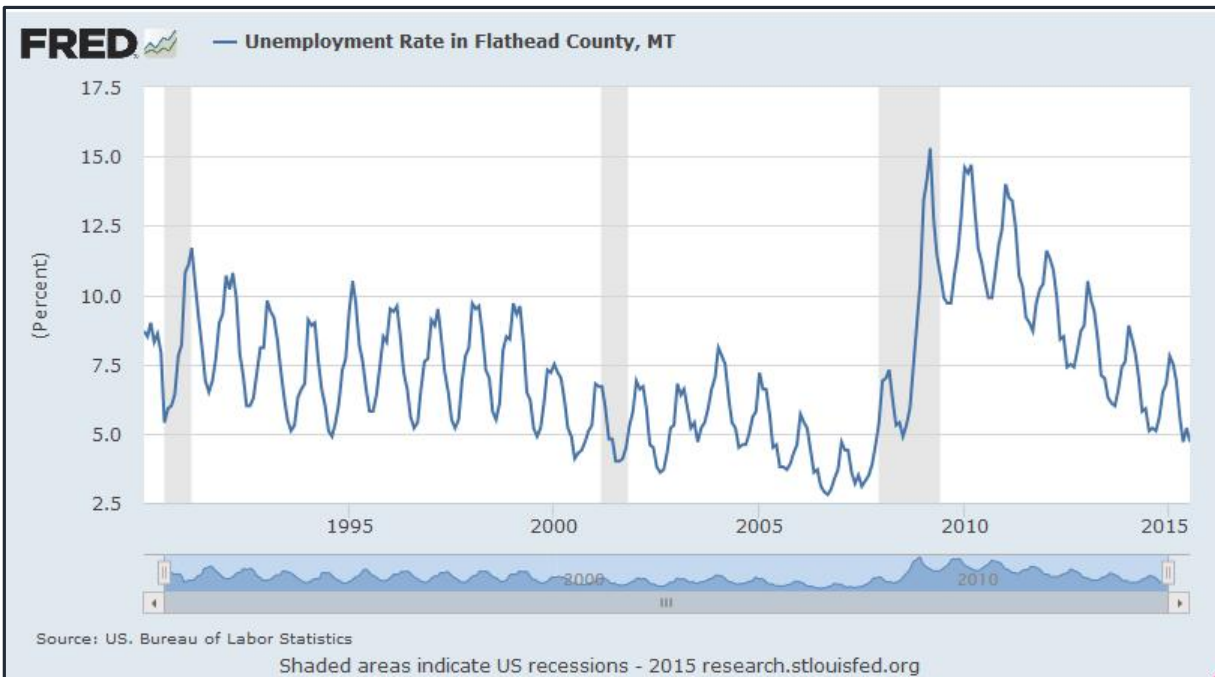
The retail trade industry represents approximately 15% of employment in Flathead County. Approximately 13% of the workforce is employed in the accommodation and food services industries and the healthcare and social assistance industries represents 12% of employment in Flathead County. Some of the largest private employers in Flathead County include; Kalispell Regional Healthcare, Winter Sports, Inc., North Valley Hospital, Century Link, National Flood Insurance, Walmart, Super 1 Foods, Plum Creek Timber Company, Teletech, Allied Materials and BNSF Railway.

Income

The median annual household income for Flathead County was estimated to be \$45,400 in 2014 according to the US Census Bureau. This is higher than the median annual household income for the state of Montana in 2014 of \$44,968.

Unemployment

The non-seasonally adjusted unemployment rate for Flathead County was 4.7% in July of 2015. Unemployment fluctuations for the county since 1990 are included on the graph below.



The US recessions are noted in gray. Flathead County was labeled as the “epicenter” of the recession for the state of Montana by statewide economists for the most recent recession.

Construction & Development

Historical data for building permits issued for single family residences of all types in the three municipalities of Flathead County is on the table below;

Single Family Building Permits Issued Per Year											
City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	% Change: 2013-2014
Kalispell	378	349	322	186	103	92	72	98	124	98	-27%
Whitefish	80	60	22	29	14	19	43	51	75	72	-4%
Columbia Falls	52	38	68	8	6	4	9	8	8	21	62%
Total	510	447	412	223	123	115	124	157	207	191	-8%

The ten year high for residential single family permits in the three municipalities is 510 permits issued in 2005. Thousands of new residential subdivision lots were created in Flathead County (incorporated and unincorporated areas) over the past decade. Supply exceeded demand for the years immediately following the national recession. According to our research supply and demand moved closer to a balanced level in the municipalities in Flathead County during 2013.

Healthcare

There are two primary hospitals located in the Flathead Valley. Kalispell Regional Medical Center is a 174 bed hospital located on the medical campus in Kalispell. North Valley Hospital is a 31 bed hospital located in Whitefish.

Tourism

Glacier National Park is a significant draw in Flathead County with 1.5 to 2.2 million visitors each year. There are many area recreational opportunities that draw resident and nonresident travelers. These include natural amenities such as the numerous lakes, rivers and mountain ranges and manmade amenities such as ski and mountain biking areas.

Linkages & Transportation

The three cities in Flathead County are within an easy commute of each other and are connected by US or state highways. US Highway 93 is considered the most significant corridor in the Flathead Valley. The intersection of US Highway 93 and Reserve, just north of Kalispell, has become the commercial hub for the valley. There are three significant shopping centers in this area as well as two automobile dealerships, a high school, and a number of governmental offices.

Whitefish and Columbia Falls are connected by Montana Highway 40. There was some commercial development along Montana Highway 40 prior to the most recent national recession; however, there has been little new construction along this highway in recent years.

Columbia Falls and Kalispell are connected by US Highway 2. This corridor includes Glacier Park International Airport. Other commercial improvements along US Highway 2 between Columbia Falls and Kalispell are predominantly light industrial in nature.

The Canadian border is within a one to two hour drive from most portions of Flathead County. There is a port of entry just north of Flathead County in Eureka, Montana and another border crossing at the line dividing Glacier National Park of the United States and Waterton National Park of Canada.

Glacier Park International Airport is serviced by Delta/Skywest Airlines, Allegiant Air, Horizon Air/Alaska Airlines and United Airlines. There is a train depot in Whitefish that is a stop for Amtrak. The Burlington Northern Santa Fe Railroad freight trains run through Whitefish, Columbia Falls and Kalispell.

City and Communities

The larger cities and communities in Flathead County are summarized on the table on the following page.

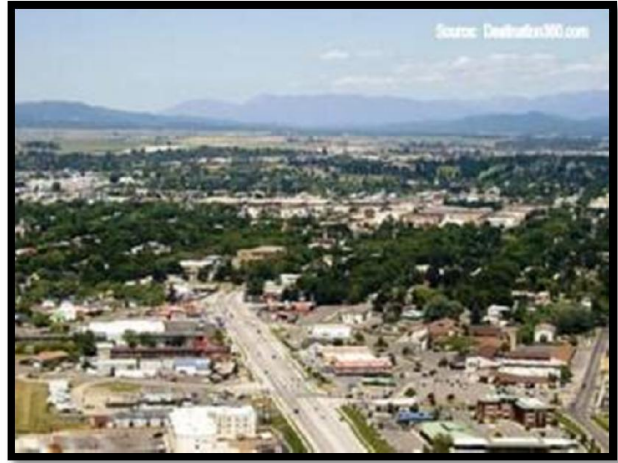
FLATHEAD COUNTY - CITIES AND COMMUNITIES				
	Population		% Change 2000 - 2010	Market Overview
	2000 Censu	2010 Censu		
Kalispell	14,223	19,927	40.1%	County Seat. Regional Business Center including Medical Center, Retail Hub & Community College. Centrally located with convenient access to many recreational opportunities.
Columbia Falls	3,645	4,688	28.6%	Gateway to Glacier National Park. Located along Flathead River. Historically industrial in nature. Meadow Lake Resort is located in Columbia Falls.
Whitefish	5,032	6,357	26.3%	Resort community located near Whitefish Lake, Whitefish River and Whitefish Mountain Ski Resort. Population increases in summer due to numerous vacation and second home owners.
Evergreen	6,215	7,616	22.5%	Unincorporated area adjacent to the city limits of Kalispell. Area consists of residential, retail and light industrial type properties.
Somers and Lakeside Area	2,235	3,778	69.0%	Communities located along Flathead Lake primarily bedroom communities for Kalispell. Population increases in summer months due to numerous vacation and second home owners.
Bigfork Area	1,421	4,270	200.5%	Resort community located along Flathead Lake featuring numerous restaurants, specialty shops, art galleries and a theater. There is an 18 hole championship golf course in this area. Main economic base is tourism.

County Economic Data Conclusion

Attractions such as Glacier National Park, Flathead Lake, and Whitefish Mountain Ski Resort will continue to be a draw for second home buyers, nonresident travelers, and Montana residents to the Flathead Valley. The short term outlook for the area is improving. The long term outlook for the area is positive due to the abundance of natural resources and the potential for a diverse economic base.

CITY AND NEIGHBORHOOD ECONOMIC DATA

The subject properties are in an unincorporated, rural portion of Flathead County known as Kila and are approximately 16 miles southwest of Kalispell. The city of Kalispell is the county seat for Flathead County and it is the major economic and business center for the area. Services available in Kalispell include; schools, employment, retail stores, places of worship, a thriving medical center, and an expanding community college.



Population & Income

According to the US Census the 2014 population of the city of Kalispell was estimated to be 20,655. The population is forecasted to increase to 21,467 by 2019 or approximately 3.93%. The median household income was estimated to be \$38,938 in 2014. This is lower than the estimated 2014 median household income for Flathead County of \$45,400 and for the state of Montana of \$44,968. Approximately 15.3% of Kalispell residents were below the poverty line from 2008-2012 as opposed to 14.5% in the state for the same period.

Employment

Approximately 47.3% of the employed population in Kalispell is in service type industries, 15.7% is in retail trade, 8.1% is in construction, 6.5% is in finance/insurance/real estate and 5.1% is in public administration. The remaining employment categories in Kalispell are; agriculture/mining, manufacturing, wholesale trade, transportation/utilities and information. Each of these categories includes 5% or less of the employed population.

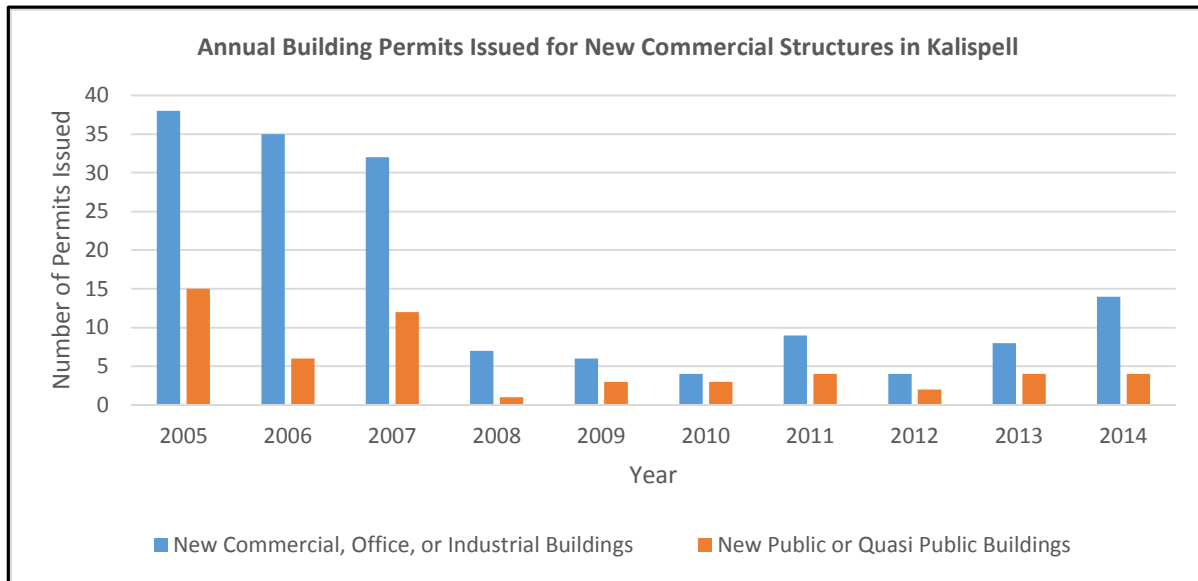
Linkages & Transportation

US Highway 93 runs north to south through the city of Kalispell and is labeled as the “Main Street” of the central business district. US Highway 93 provides access to Flathead Lake to the south of Kalispell and Whitefish to the north of Kalispell. There is a by-pass for US Highway 93 that is west of the city. The southern portion of the by-pass is complete and the northern portion is slated for completion in the next year or so. US Highway 2 is an east to west arterial road through Kalispell and provides access to Columbia Falls and Glacier National Park. There is public transportation in Kalispell. There is a municipal airport in Kalispell which can accommodate small airplanes.

Commercial Real Estate

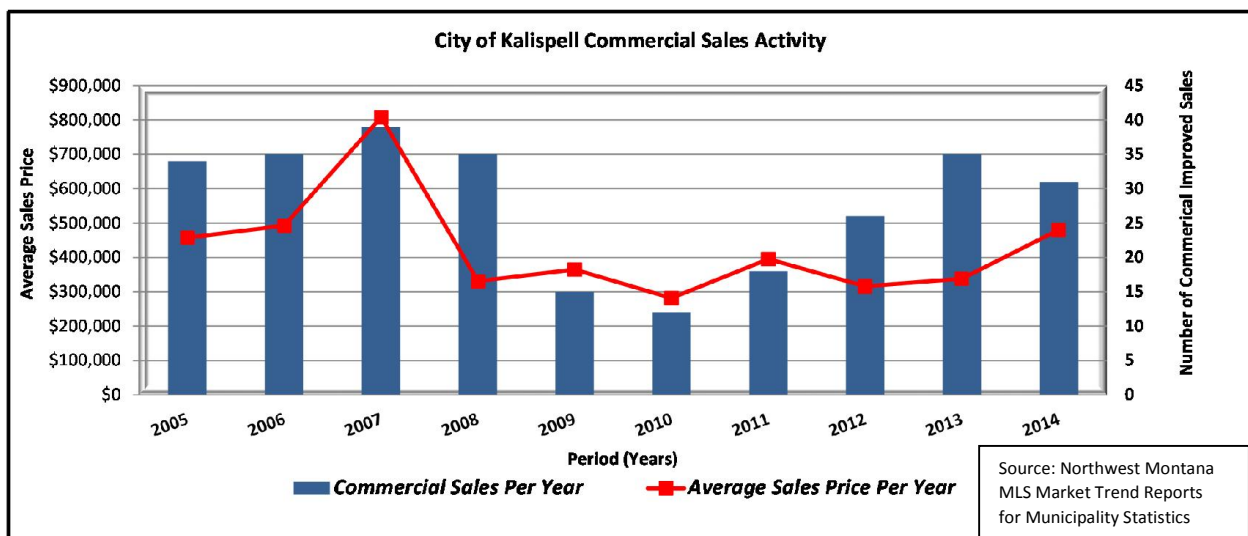
Properties improved with medical and/or general offices and retail spaces are located throughout the Kalispell area. Most of the growth in the past 4 years has been concentrated in the area north of Kalispell on US Highway 93 at Reserve Drive. This area has become the retail hub for the greater Flathead Valley area with the development of 3 neighborhood shopping centers. Additionally, the expansion of US Highway 93 to 4 lanes on the southern portion of Kalispell helped spur commercial development in that area over the past 4 years. The 2 lane, Kalispell Bypass will end near the intersection of US Highway 93 and Reserve Drive upon completion.

There was an increase in commercial building permits issued in the City of Kalispell from 2012 through 2014; however, the number of permits issued annually since 2008 is far fewer than those issued between 2005 and 2007. The number of new commercial construction permits issued each year from 2005 through 2014 in Kalispell is included on the table below;



Source: City of Kalispell Building Department

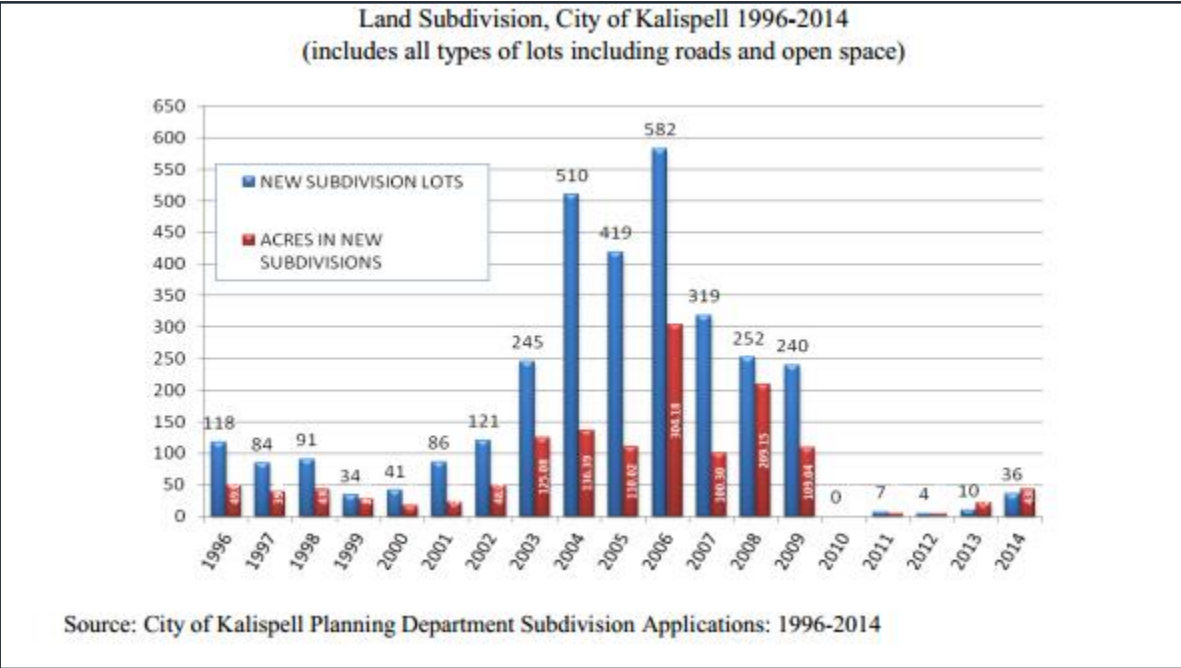
The chart below depicts sales volume and median price per property for improved commercial sales for the past ten years in the municipal areas of Kalispell;



The most recent peak in sales volume for improved commercial occurred in 2007. Peak pricing occurred in 2007. Demand began a decline in 2007. Demand increased each year between 2010 and 2013. Demand decreased somewhat in 2014 compared to 2013. Pricing increased from 2013 to 2014. Foreclosed properties comprised a percentage of the commercial sales in the years immediately after the national recession. The inventory of foreclosed commercial properties decreased from 2012 to 2014.

Residential Real Estate

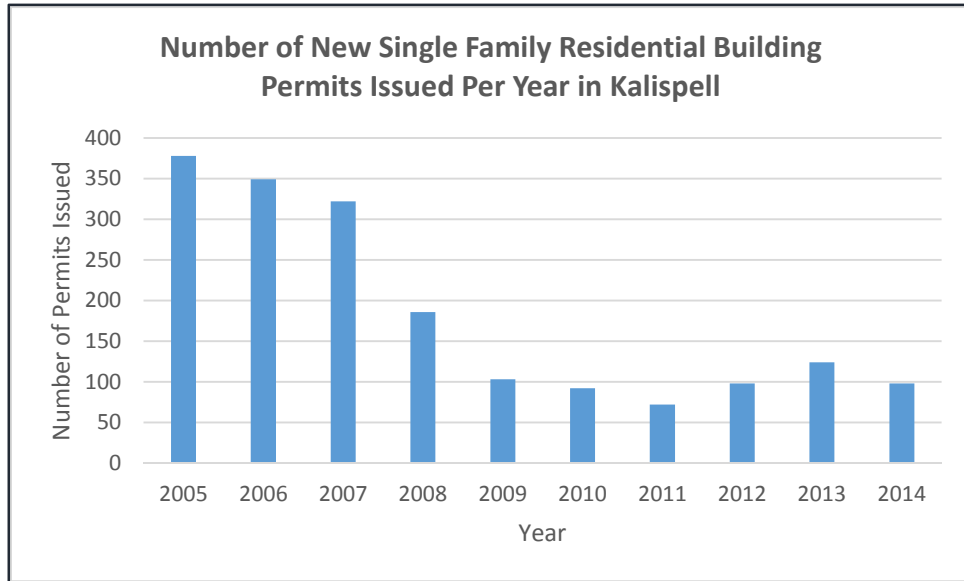
New residential lots and acres in new subdivisions for the City of Kalispell between 1996 and 2014 are on the table below;



There were a total of 2,379 new lots created in Kalispell between 2004 and 2014. In 2010, for the first time since the 1973 when this information was reported by the City of Kalispell, there were no new lots created.

According to the City of Kalispell, there were 670 vacant residential lots in subdivisions created since 2004 as of December 2014.

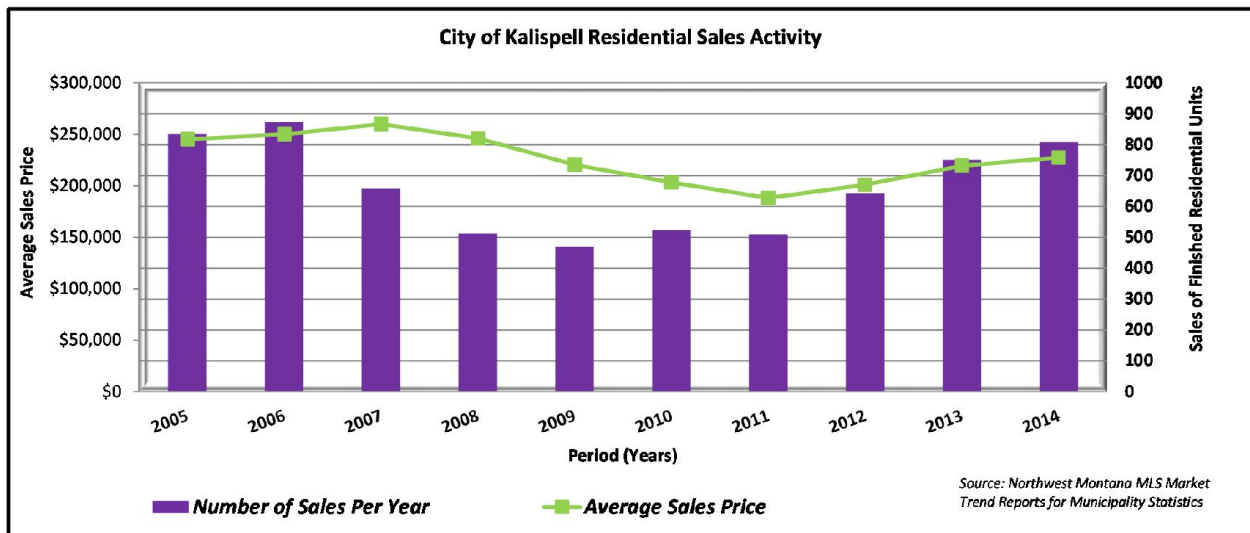
The table on the following page depicts the annual number of new single family residential construction permits issued in the city of Kalispell between 2005 and 2014.



Source: City of Kalispell

Based upon this data, construction of single family residential properties in Kalispell decreased each year between 2005 and 2011. The number of permits increased somewhat from 2011 to 2012 and from 2012 to 2013 but decreased somewhat from 2013 to 2014. Absorption of new residential lots in Kalispell became a problem during the national recession. Residential lots are still oversupplied in Kalispell; however, market conditions appear to be improving.

The chart below depicts sales volume and median price per property for improved residential sales for the past ten years in the municipal areas of Kalispell;

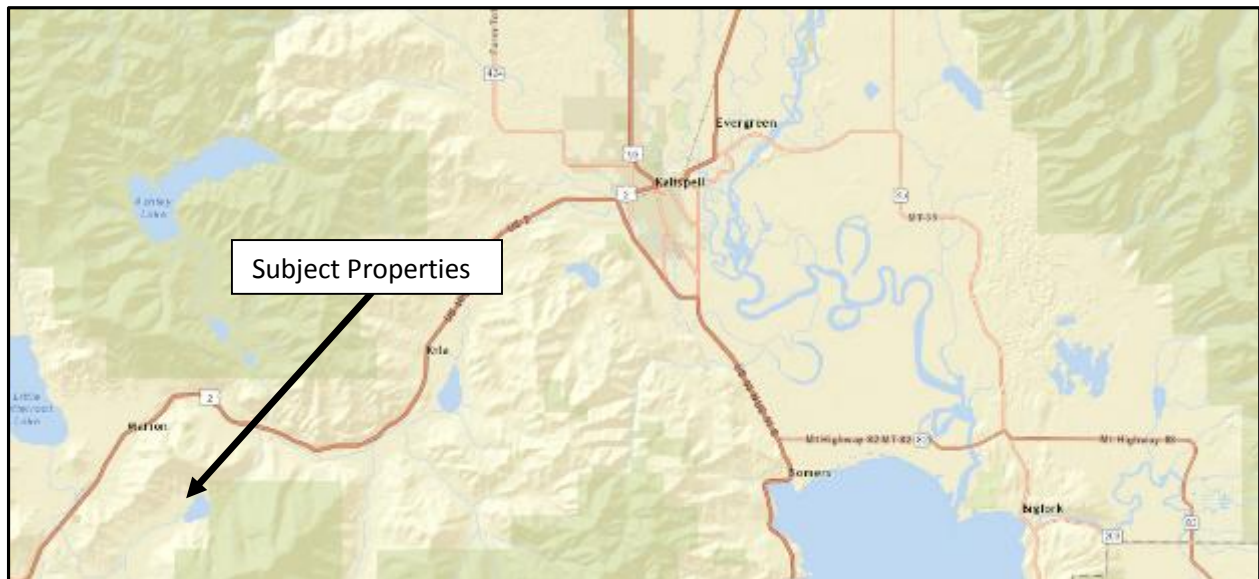


The peak in volume for improved residential properties occurred in 2006. Peak pricing occurred in 2007. Demand began a decline in 2007. Demand and price both increased from 2011 to 2014.

Conclusion

There are signs that the general market conditions for commercial properties in the Kalispell area are improving; however, the outlook is still considered guarded. The number of permits for commercial properties increased in 2013 and 2014. The sales volume for commercial properties increased significantly from 2012 to 2013 then decreased for 2014. There are signs of improvement in the residential market sector. Sales volume and pricing increased for improved residential properties in Kalispell from 2012 to 2014; however, there is an oversupply of residential lots in greater Kalispell area. It will take some time for the existing supply to be absorbed. Future growth and expansion for the greater Kalispell area is considered likely in the long term.

Kalispell Area Map



SCOPE OF WORK

(Page 1 of 5)

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 Loretta Fauske, Philip R. Hambley, Dennis and Ginger Theissen, Jean Barclay-Theissen, June Munski-Feenan, Darlene Bensen, Nicolette Munski, Dennis Breed, Susan Breed, Matt Schneider, Daniel and Tamra Berlyn, Danny and Kristy Johnson, John L. and Nina L. Waller, Wade and Amanda Swenson, Echo Point LLC, Karen A. Moore, Jay Baker, Mabel Baker, and William and Debra Llewellyn. 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 twenty (20) 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. Comparable 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: all improvements to the raw land including but not limited to: a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks and landscaping.

The appraised market value of state-owned land added to the 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. Include a separate market value for the non-state-owned improvements.
4. Valuation of the improvements must account for all forms of obsolescence.

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):

BEAVER LAKE		
Sale #	Acres	Legal Description
784	2.04 ±	Lot 9, Beaver Lake, Section 20, T31N-R22W
785	1.457 ±	Lot 16, Beaver Lake, Section 20, T31N-R22W
786	1.548 ±	Lot 11 Beaver Lake, Section 20, T31N-R22W
787	1.136 ±	Lot 13, Beaver Lake, Section 20, T31N-R22W
788	1.136 ±	Lot 13, Beaver Lake, Section 20, T31N-R22W
789	1.041 ±	Lot 14, Beaver Lake, Section 20, T31N-R22W
790	1.046 ±	Lot 12, Beaver Lake, Section 20, T31N-R22W
791	2.41 ±	Lot 10, Beaver Lake, Section 20, T31N-R22W
Hypothetical Condition	A portion of Lot 12 is incorporated into lot 13 as depicted on the attached drawing as Parcel A	
	A portion of Lot 12 is incorporated into lot 11 as depicted on the attached drawing as Parcel B	
LAKE ROGERS		
792	1.275 ±	Lot 32, Lake Rogers, Section 30, T27N-R23W
793	0.832 ±	Lot 24, Lake Rogers, Section 30, T27N-R23W
794	1.231 ±	Lot 31, Lake Rogers, Section 30, T27N-R23W
795	1.212 ±	Lot 16, Lake Rogers, Section 30, T27N-R23W
ECHO LAKE		
796	1.434 ±	Lot 28, Echo Lake, Section 5, T27N-R19W
797	1.11 ±	Lot 27, Echo Lake, Section 5, T27N-R19W
798	1.455 ±	Lot 41, Echo Lake, Section 5, T27N-R19W
799	1.27 ±	Lot 32, Echo Lake, Section 5, T27N-R19W
800	0.965 ±	Lot 40, Echo Lake, Section 5, T27N-R19W

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801	1.866 ±	Lot 31, Echo Lake, Section 5, T27N-R19W
802	4.292 ±	Lot 26, Echo Lake, Section 5, T27N-R19W
804	1.008 ±	Lot 39, Echo Lake, Section 5, T27N-R19W

Separate values must be supplied for each sale parcel including; total value, land value and improvement value.

DNRC Contact Information:

Emily Cooper, Lands Section Supervisor
P.O. Box 201601
1625 11th Avenue
Helena, MT 59620-1601
Phone: (406) 444-4165
ecooper@mt.gov

Lessees

Sale 784 Loretta Fauske 15 Westberg Court Columbia Falls, MT 59912	Sale 785 Philip R. Hambley 89 Riverview Close SE Calgary, AB T2C 4C5 CANADA philiph@awifilter.com
Sale 786 Dennis and Ginger Theissen 365 Blanchard Lake Road Whitefish, MT 59937 DenGin1989@bresnan.net	Sale 787 June Munski-Feenan 241 3 rd St. W. Whitefish, MT 59937 DenGin1989@bresnan.net
Sale 788 Dennis and Susan Breed 9101 N. Brighton Ave. Kansas City, MO 64156 dennisbreed1@gmail.com	Sale 793 Daniel and Tamra Berlyn 102 Silver Moon Kalispell, MT 59901 dan@linesetsinc.com
Sale 792 Matt Schneider 244 Ash Court Wexford, PA 15090 mschneider@vanadium.com	Sale 796 Danny and Kristy Johnson 7 Cayuse Spur Way Kalispell, MT 59901 biqdog@montanasky.net
Sale 797 John and Nina Waller Box 1168 Cut Bank, MT 59427 john@northernford.com	Sale 798 Wade and Amanda Swenson 313 14 th Ave. SE Cut Bank, MT 59427 swenson1@bresnan.net
Sale 799 Echo Point LLC, Jeremy Swenson 1240 Winscott Lane Helena, MT 59601 jeremy.swenson@stryker.com	Sale 800 Karen Moore PO Box 2590 Columbia Falls, MT 59912 karenmoore@viewmontana.com

Sale 804 William and Debra Llewellyn 1642 LaBrant Rd. Bigfork, MT 59911 llewellyndebra@yahoo.com	Sales 794, 795, 789, 790, 791, 801 & 802 No Lessee
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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 MCA.

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