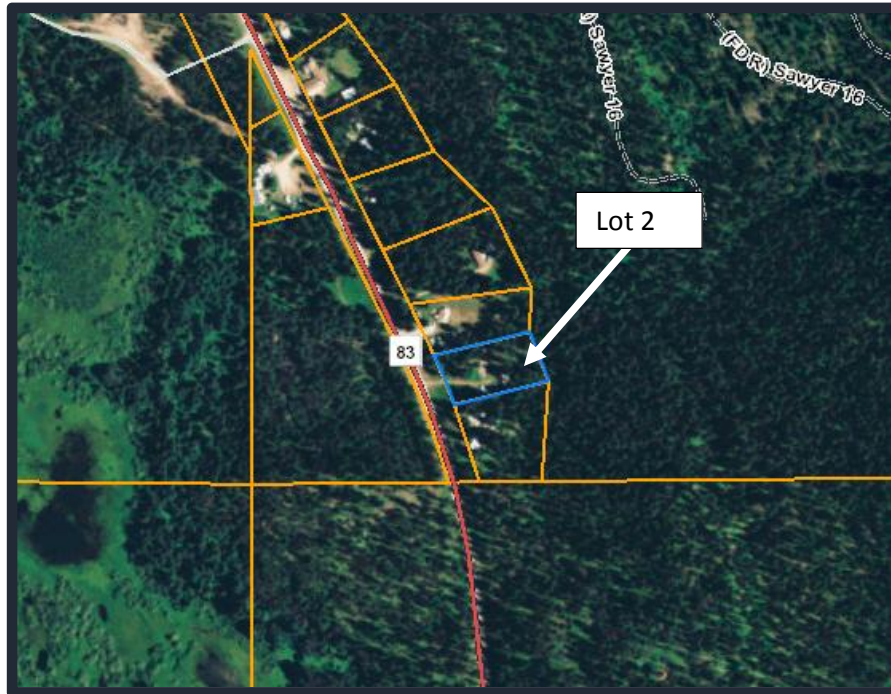


APPRAISAL REPORT OF:

**LOT 2, COS # 5994
SEELEY LAKE, 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:

July 19, 2016

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

September 2, 2016

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: Lot 2 of Certificate of Survey #5994, of Section 16, Township 17 North, Range 15 West,
Missoula County, Montana

Dear Ms. Cooper:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced property on July 19, 2016. 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 interest in the subject lot, the 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 the subject property is a legal parcel and that the subject property has legal and adequate access.

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We were not provided with soil studies for the subject site. 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 site. 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 property and that neither the employment to make this appraisal nor the compensation is contingent upon the value estimates of the property.

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

16-030ec

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TABLE OF CONTENTS

LETTER OF TRANSMITTAL	2
SUMMARY OF SALIENT DATA AND CONCLUSIONS	5
CERTIFICATION OF APPRAISAL	6
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS	8
SCOPE OF THE APPRAISAL	10
IDENTIFICATION OF THE SUBJECT PROPERTY	12
INTENDED USE & INTENDED USERS OF THE APPRAISAL	12
PURPOSE OF THE APPRAISAL	12
DATE OF PROPERTY VIEWING	12
EFFECTIVE DATE OF MARKET VALUES	12
PROPERTY RIGHTS APPRAISED	12
DEFINITION OF MARKET VALUE	13
PROPERTY DESCRIPTION	14
GENERAL DESCRIPTIONS.....	14
ACCESS AND VIEWS	16
IMPROVEMENTS.....	16
EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS	16
ZONING	16
ASSESSMENT/REAL PROPERTY TAXES.....	16
TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE	16
UTILITIES	16
PUBLIC SAFETY AND SERVICES	17
SITE SUITABILITY	17
SUBJECT MARKET ANALYSIS	23
HIGHEST AND BEST USE	25
THE APPRAISAL PROCESS	27
COMPARABLE LOT SALES	28
SITE VALUE ESTIMATE	32
IMPROVEMENT VALUE ESTIMATE	35
RECAPITULATION OF VALUE INDICATIONS	36
QUALIFICATIONS OF THE APPRAISERS	37
APPRAISERS LICENSES	40
ADDENDUM	41
NATIONAL ECONOMIC DATA.....	42
STATE ECONOMIC DATA.....	42
MISSOULA COUNTY DATA.....	43
SEELEY-SWAN VALLEY DATA.....	46
SCOPE OF WORK.....	49

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: Jessica Brown

SUBJECT PROPERTY

Property Identifications	Lot 2 of COS #5994, Seeley Lake Development North, Missoula County, Seeley Lake, Montana
Site Size	1.304 Acres
Description of Improvements	See Property Description
Assessor Number(s)	4263960
Census Tract	30-063-0018.00
Flood Zone	Zone X , Missoula County GIS
Zoning	None

HIGHEST AND BEST USE(S)

As If Vacant	Recreational/Residential
As Improved	Not Applicable

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

Report Date	September 2, 2016
Inspection Date(s)	July 19, 2016
Effective Date of Value(s)	July 19, 2016
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Value	\$32,000
Individual Improvement Value	\$25,000
Individual Total Market Value	\$77,000

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

MARKETING & EXPOSURE TIME

The appraised values for the subject properties as improved 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 property that is 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 property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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 property.
- 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: September 2, 2016
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Christopher D. Clark

Date Signed: September 2, 2016
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 the title, which is 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 property.
4. The appraisers have not made a survey, engineering studies or soil analysis of the property 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 associated with the subject property.
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 property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the values of the property. 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 property.
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 property will be reported and their impact on the value will be discussed.
13. This appraisal assignment was not made nor was the appraisal rendered on the basis of a requested minimum valuation or specific valuation.
14. The appraisers are not building inspectors and this report does not constitute a building inspection for the subject property. Any obvious defects are noted (if applicable); however, this report is not to be relied upon for detection of unseen defects for the subject property.
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 property is Lot 2 of Certificate of Survey #5994, Seeley Lake, Missoula County, Montana.

The appraisers were asked to estimate the values of the fee simple interests in the site and improvements for the subject property for decisions regarding potential sale of the 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 property on July 19, 2016. We walked the site and measured the real property improvements.

Scope of Research

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

Area trends in development were researched based upon information from various offices of the Missoula 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 Assumption(s)

An **Extraordinary Assumption** is defined in 2016-2017 version of the Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be "*an assumption, directly related to a specific assignment, as of the effective date of the assignment results which, if found to be false, could alter the appraiser's opinions or conclusions.*"

There are no **Extraordinary Assumptions** associated with the values of the subject property.

Hypothetical Conditions

A **Hypothetical Condition** is defined in 2016-2017 version of the Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis.*”

The values concluded in this report for the subject property are based upon the **Hypothetical Conditions** that the property was a legal parcel as of the report effective date and that there was legal and adequate access to the 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 subject property as improved. We did not locate sales of properties with similar improvements. Most market participants would not purchase the subject real property improvements for income generation. For these reason, the Sales Comparison and Income Approaches were not developed to determine the value of the subject improvements. The Cost Approach was the only applicable approach to value and was the only approach developed to determine the value of the subject real property improvements.

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:

- Missoula 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 PROPERTY

The subject property is identified as Lot 2 of COS #5994 in Section 16, Township 17 North, Range 15 West, Missoula County, Seeley Lake, Montana.

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 property by the client. 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 client is an intended user of this report. The Lessee, Jessica Brown, is an additional intended user of this report. 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 interest in the subject property for possible sale purposes.

DATE OF PROPERTY VIEWING

July 19, 2016

EFFECTIVE DATE OF MARKET VALUES

July 19, 2016

PROPERTY RIGHTS APPRAISED

The values concluded in this report are for the **fee simple** interests in the subject property. 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

The subject site is owned by the State of Montana. The improvements are owned by the Lessee, Jessica Brown.

USE/MARKETING HISTORIES

The Montana Department of Natural Resources and Conservation manages hundreds of residential cabin sites which are owned by the State of Montana. The subject lot is in this program. According to the available information, the subject lot has been used for recreational/residential purposes for the three years prior to the report effective date.

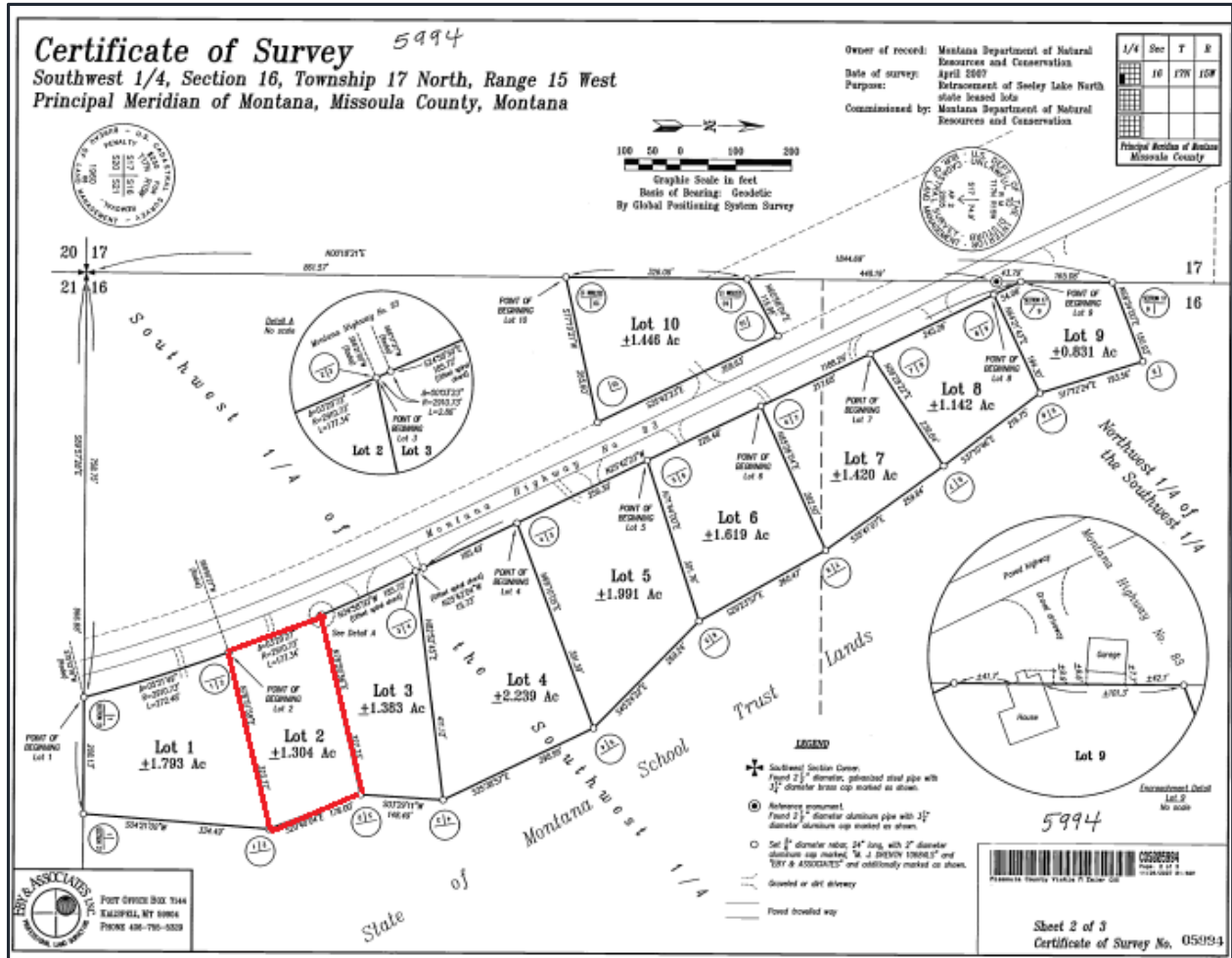
According to the Lessee and the area MLS, the subject improvements most recently transferred in 2008 for \$69,900. There was a manufactured home on the property at that time that has been removed.

According to our research, the subject improvements were not marketed for sale during the three years prior to the report effective date and was not available for sale via the area MLS as of the report effective date.

PROPERTY DESCRIPTION

GENERAL DESCRIPTIONS

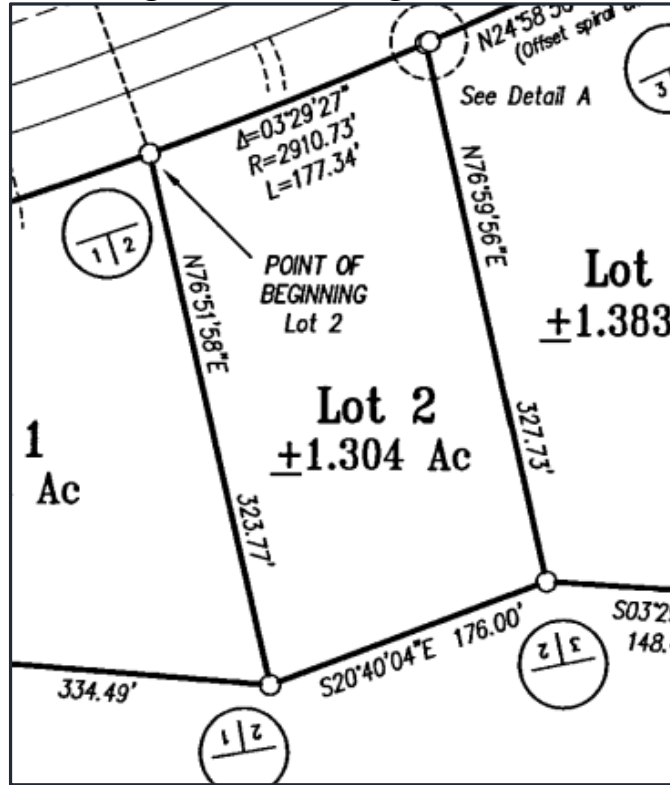
The subject property is Lot 2 of Certificate of Survey #5994 in Section 16, Township 17 North, Range 15 West, in Missoula County, Montana. It is identified on Page 2 of COS #5994 below;



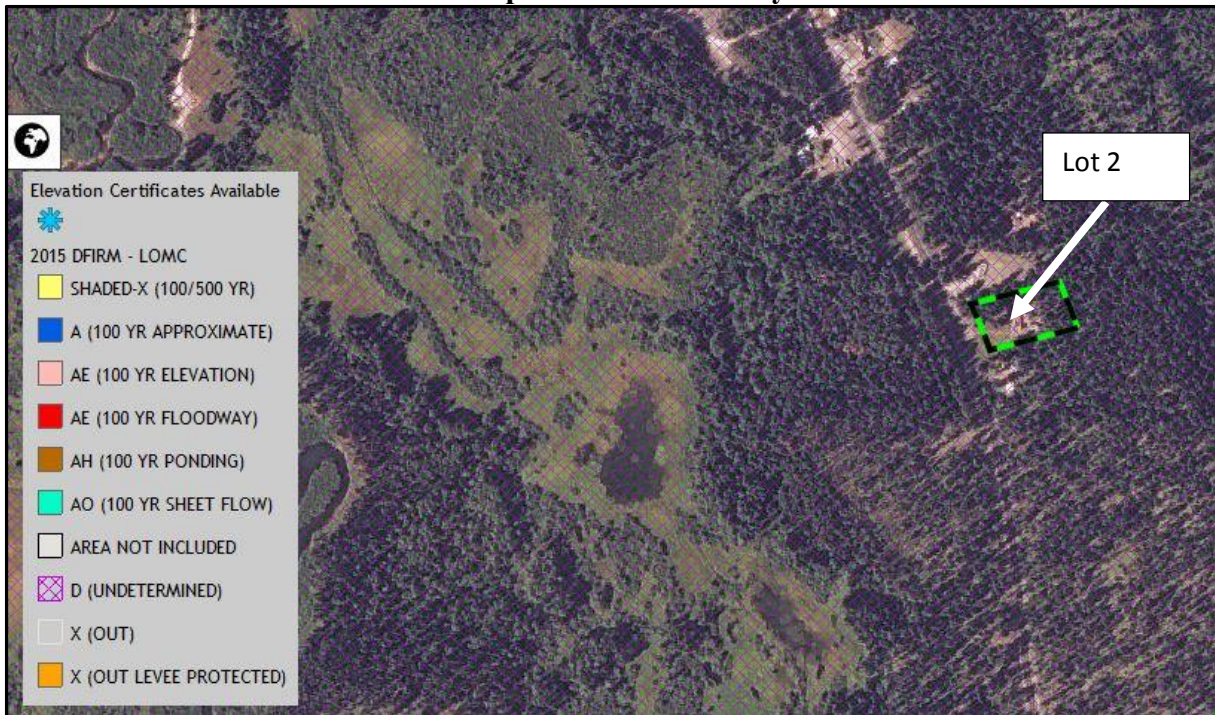
An enlarged image depicting the subject site recorded as part of COS #5994 and a flood map are included on the following page.

LOT 2

Enlarged View from Page 2 of COS 5994



Flood Map – Missoula County GIS



ACCESS AND VIEWS

Subject Lot 2 is accessed a driveway from Montana Highway 83. The subject lot has 177.34 feet of frontage along the highway.

IMPROVEMENTS

The subject property includes a mobile home which is considered personal property and is not valued in this report. Site improvements valued in this report are a 200 square foot shop building, a 390 square foot covered storage area, a 96 square foot shed, a 12 square foot stoop, and a 90 square foot deck. The improvements are all wood frame construction and considered to be of average quality and in overall average condition.

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

No easements were noted on COS# 5994 for the subject lot. If additional easements, restrictions, or encroachments other than those noted in this report are present on the subject property, the site value concluded in this report may be affected.

ZONING

The subject properties are in an area of Missoula County that is not zoned.

ASSESSMENT/REAL PROPERTY TAXES

The subject lot was tax exempt as of the report effective date; however, the lot is valued by the Montana Department of Revenue to assist with determination of lease rates. The improvements on each site are taxable. The 2015 tax bills was \$ 440.14 and taxable market value for the subject improvements (as per the Montana Department of Revenue) for 2015 was \$37,560.

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

According to the Missoula County GIS flood mapping feature, the subject lot is outside of Flood Plain areas.

It appears that drainage and storm water runoff are adequate and/or properly designed and engineered for the subject site. We have not been provided with a soil study for the subject site. We assume the soil can accommodate the type of construction, which is typically seen in the subject area.

The subject lot includes native vegetation and/or landscaping.

We have not been provided with an environmental audit for the subject site and assume there are no toxic or hazardous materials and no groundwater contamination on or in the subject lot. We are not aware of the presence of unstable soils. Should any of these conditions be present, the value concluded in this report may be affected.

UTILITIES

There is electricity and telephone service connected to the subject property. There is a well on the subject site. We located a 2003 septic permit with Missoula County. We assume for report purposes that the septic system was installed as indicated in this permit.

PUBLIC SAFETY AND SERVICES

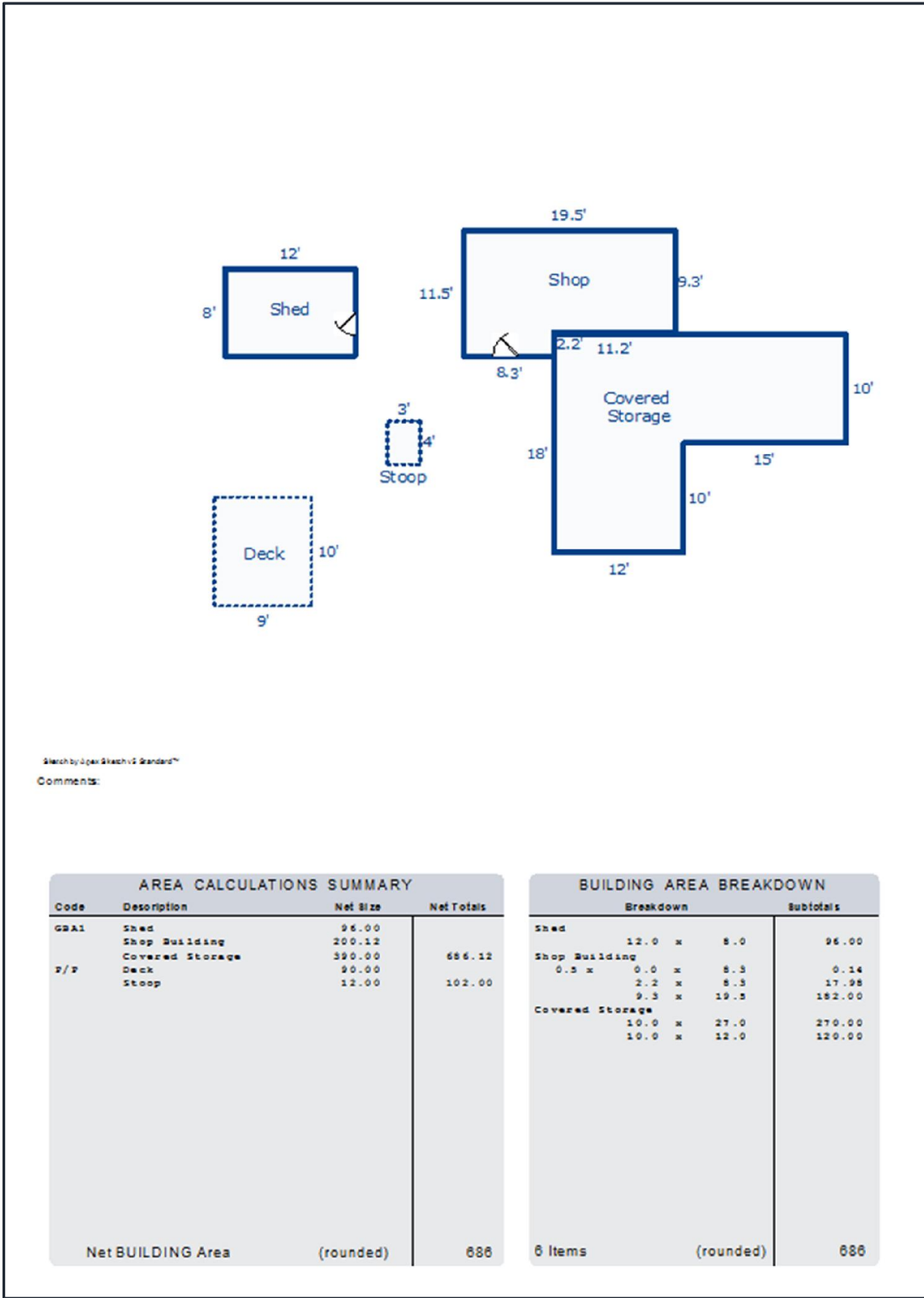
Police, fire protection, and other services are provided by Missoula County and area volunteer emergency services.

SITE SUITABILITY

The subject lot is legally suited for residential improvements.

SUBJECT BUILDING SKETCH & PHOTOGRAPHS

LOT 2 – BUILDING SKETCH



LOT 2 - SUBJECT PHOTOGRAPHS



Lot 2 and Improvements



Shop and Storage Building



Shop and Storage Building



North Side of Shop/Storage Building



South Side of Shop/Storage Building



Shop Building Interior

ADDITIONAL PHOTOGRAPHS



Shop Interior



Shed



Shed Interior



Shed Interior



Pond



NE Property Boundary Marker

ADDITIONAL PHOTOGRAPHS



Southeast Property Boundary Marker Looking North



Southeast Property Marker Looking West



Northwest Property Boundary Marker Looking East



DNRC Land to East of Subject Property



View South along West Property Boundary



View North along West Property Boundary

ADDITIONAL PHOTOGRAPHS



Southwest Property Boundary Marker Looking East



Driveway to Property



Manufactured Home on Property



Lot Interior Looking West



MT Highway 83 Looking South



MT Highway 83 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 site is 1.304 acres in size. The subject property includes minimal improvements and is based valued as a vacant site. The site is interior with no water frontage.

Area Land Use Trends

Seeley Lake is a residential/resort community in Missoula County, Montana. The community consists of year round residents and second or vacation home owners who are in the area on a seasonal basis. Area properties (especially those with frontage along area lakes, rivers, and streams) are frequently purchased for vacation or seasonal use.

Potential Users of Subject Property

The potential users of the subject lot would be market participants seeking to own a recreational/residential property in the Seeley Lake area.

Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. We conducted a search of the area MLS for sales of vacant residential sales, with no water frontage, and up to 3.00 acres in size. Montana is a non-disclosure state and every sale does not transfer via the area MLS; however, the regional MLS data is considered to provide an accurate depiction of general trends in real estate transfers. The results of this search is below;

Market Analysis of Vacant, Non-Waterfront Sites Up to 3.00 Acres in Size				
Seeley Lake, Montana				
Year	# of Sales	Median Sales Price	Days on Market	Percentage of Sales Price to List Price
2013	11	\$54,000	204	88%
2014	7	\$47,000	362	89%
2015	8	\$49,000	290	93%
2016 - YTD	4	\$35,500	28	98%
Actives	56	\$59,000	302	

This data indicates that the median sales prices for sites in these search parameters has fluctuated somewhat over the past few years.

Competitive Supply

There were 56 active listings of vacant home sites with 3 acres or less (non-waterfront) in Seeley Lake as of the report effective date.

Interaction of Supply and Demand

Based upon the average sales volume from 2013 through 2015; there is an over 2 year supply of vacant residential lots for sale with 3 acres or less in Seeley Lake. The supply far exceeds annual demand. Downward price pressure is likely for the active listings.

Subject Marketability Conclusion

The subject property is considered to have similar marketability compared to other interior, residential sites in Seeley Lake. The most applicable sales of vacant in Seeley Lake during the period studied were selected as comparables for determination of the value of the subject site as if vacant.

We did not locate sales of sites with improvements similar to the subject property. For that reason, the improvements are valued in this report using the depreciated cost methodology.

Estimated Marketing and Exposure Times

The 8 sales of vacant home sites in Seeley Lake that closed in 2015 were marketed for an average of 290 days. The 4 sales of vacant home sites in Seeley Lake that closed in 2016 Year-to-Date were marketed for 28 days. Based upon our analysis of historical, full year data, a **marketing time** between 6 to 12 months is appropriate for the subject property as vacant. If the subject property had sold on the effective date of this report, at the appraised value concluded in this report, a 6 to 12 month **exposure time** 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 property are included on the following page.

AS IF VACANT

Legally Permissible

The subject lot is in an area of Missoula County with no zoning. There are numerous legally permissible uses.

Physically Possible

There is sufficient space on the 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 other types of uses.

Financially Feasible

Most similar interior lots in the area are improved with single family residences. According to our research, some area residences are occupied year round and some are utilized seasonally for recreational purposes. Use of the subject lot for construction of single family residences is 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 the subject lot as if vacant, is for construction of a single family residence for recreational and/or residential use.

AS IMPROVED

There is a mobile on the subject site that is personal property and is not valued in this report. The subject site does not include residential improvements. There are outbuildings on the property. Since there are no residential improvements on the subject site, it was not necessary to conclude a highest and best use as improved.

THE APPRAISAL PROCESS

In the foregoing sections of this report, we have examined and discussed the subject property. To arrive at estimates of market values for the subject property, it is necessary to collect and analyze all available data in the market which might tend to indicate the values of the subject property. The subject property 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 the subject site as if vacant. This is typically the most reliable approach for determining values of vacant sites. Comparable lot sales are presented in the following section of this report. After presentation of the comparables, the subject site is valued.

The subject real property improvements consist of outbuildings, decks, stoops, and storage structures. We did not locate sales with similar improvements. For that reason, we did not develop the Sales Comparison Approach for the subject property as improved. Most market participants do not base purchasing decisions for property like the subject based upon the Income Approach. This approach is not applicable to the subject site and real property improvements and was not developed in this report. The improvements are valued utilize the Cost Approach. This is the only applicable approach to the valuation of the real property improvements associated with this property.

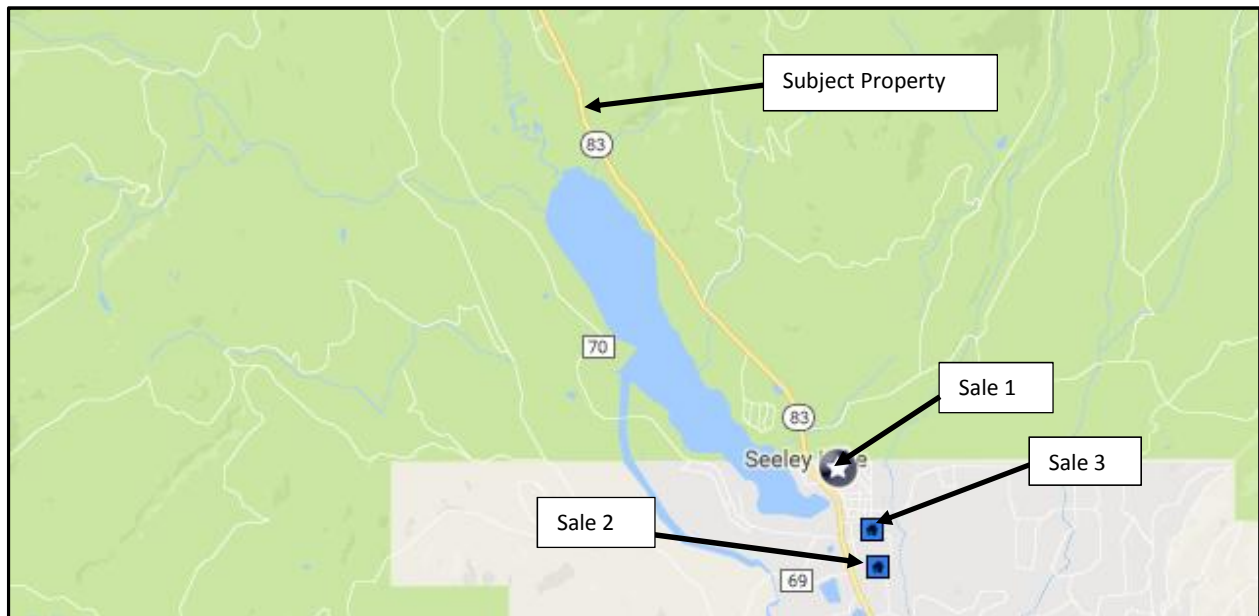
COMPARABLE LOT SALES

We conducted a search for sales of sites in Seeley Lake similar in size and overall utility compared to the subject site. We located 3 recent sales that compare well with the subject site. These sales are considered the best and most appropriate comparables available. These comparables are described on the table below;


Sale #	Address	City	Acres	Sale Date	Sales Price
1	1030 Elm Dr	Seeley Lake	0.49	2016	\$32,000
2	Lot 86, Lynx Ct	Seeley Lake	1.10	2016	\$39,000
3	NHN Morell Creek Dr	Seeley Lake	1.02	2016	\$25,000

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




LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location	1030 Elm Drive	
	City/State	Seeley Lake, MT	
	County	Missoula	
	Assessor Number	1854005	
	Zoning	Unzoned	
	Site Size: Acres	0.491	
	Square Feet	21,420	
	Date of Sale	April 21, 2016	
	Sales Price	\$32,000	
	Less Cost of Improvements*	\$0	
	Sales Price Adjusted	\$32,000	
	MLS #	21602848	
ANALYSIS OF SALE			
Price per Acre	\$65,173	Price per Square Foot	\$1.49
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Rory K. Haugen	Grantee	Nathan Boume & Andrea A. Boume
Type of Instrument	Warranty Deed	Document #	201606021
Financing/Conditions	Cash/Market	Marketing Time	13 Days on Market
Legal Description	Lot 10, Block 7 of Seeley Lake Homesites #4	Verified By	James Wilson, Listing Agent
Section/Township/Range	S3/T16N/R15W	Intended Use/Comments	Purchased for Residential Use
PROPERTY DETAILS			
Access	Elm Drive, Hickory Lane *Gravel	View	Mountains, Trees
Topography	Level	Lot Dimensions	Approx. 102' x 210'
Flood Plain	According to Flood Map # 30063C0740E, the property is not located in an area of elevated flood risk.	Improvements	None
Water	None	Value of Improvements	\$0
Water Frontage	N/A	Miscellaneous	
Utilities	Electricity, Telephone, at road. Community Water & Sewer available.		
			Report File # 16-029ec

LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location		Lot 86 Lynx Court
	City/State		Seeley Lake, MT
	County		Missoula
	Assessor Number		1261255
	Zoning		Unzoned
	Site Size: Acres		1.100
	Square Feet		47,916
	Date of Sale		April 27, 2016
	Sales Price		\$39,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$39,000
	MLS #		21601370
ANALYSIS OF SALE			
Price per Acre	\$35,455	Price per Square Foot	\$0.81
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Michael Pascucci & Bonnie Pascucci	Grantee	John P. McDonald
Type of Instrument	Warranty Deed	Document #	201606288
Financing/Conditions	Owner Financing	Marketing Time	50 Days on Market
Legal Description	Lot 86 of Double Arrow Ranch Phase II	Verified By	Kevin Wetherell, Listing Agent
Section/Township/Range	S2/T16N/R15W	Intended Use/Comments	Purchased for Residential Use
PROPERTY DETAILS			
Access	Lynx Court *Paved Road	View	Mountains, Trees
Topography	Level	Lot Dimensions	88.44' x 360.29' x 170.00' x 402.41'
Flood Plain	According to Flood Map # 30063C0740E, the property is not located in an area of elevated flood risk.	Improvements	None
Water	None	Value of Improvements	\$0
Water Frontage	N/A	Miscellaneous	
Utilities	Electricity, Telephone, and Community Water at Road		
			Report File # 16-029ec

LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location		Nhn Morell Creek Drive
	City/State		Seeley Lake, MT
	County		Missoula
	Assessor Number		1477209
	Zoning		Unzoned
	Site Size: Acres		1.020
	Square Feet		44,431
	Date of Sale		May 11, 2016
	Sales Price		\$25,000
	Less Cost of Improvements*		\$0
Sales Price Adjusted		\$25,000	
MLS #		21602606	
ANALYSIS OF SALE			
Price per Acre	\$24,510	Price per Square Foot	\$0.56
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Robert Peterson, Susan Peterson, Christine Peterson, Richard Peterson	Grantee	Terry L. Smith & Mary E. Green-Smith
Type of Instrument	Warranty Deed	Document #	201607259
		Marketing Time	37 Days on Market
Financing/Conditions	Cash/Market	Verified By	Kim Koppen, Listing Agent
Legal Description	Lot 62 of Double Arrow Ranch Phase II	Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S2/T16N/R15W		
PROPERTY DETAILS			
Access	Morrell Creek Drive *Paved	View	Mountains, Trees
Topography	Level	Lot Dimensions	178.71' x 257.06' x 164.41' x 273.52'
Flood Plain	According to Flood Map # 30063C0740E, the property is not located in an area of elevated flood risk.	Improvements	None
Water	None	Value of Improvements	\$0
Water Frontage	N/A		
Utilities	Electricity, Telephone, at road. Community Water at Road.	Miscellaneous	
			Report File # 16-029ec

SITE VALUE ESTIMATE

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 in most categories. As noted we did not locate any comparable sales of vacant sites with similar high water table and low elevation issues. The adjustment determined for this characteristic is made as after the preliminary lot value conclusion. Other adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE				
LOT 2, COS #5994, SEELEY LAKE, MONTANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		1030 Elm Dr	Lot 86, Lynx Ct	NHN Morell Creek Dr
CITY		Seeley Lake, MT	Seeley Lake, MT	Seeley Lake, MT
SALES PRICE		\$32,000	\$39,000	\$25,000
ADJUSTMENT FOR LIST PRICE		\$0	\$0	\$0
ADJUSTMENT FOR IMPROVEMENTS		\$0	\$0	\$0
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
ADJUSTED PRICE		\$32,000	\$39,000	\$25,000
DATE OF SALE		04/21/16	04/27/16	05/11/16
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$32,000	\$39,000	\$25,000
SITE SIZE/ACRES	1.304	0.491	1.100	1.020
ADJUSTMENT FOR:				
LOCATION	Highway	Interior Site	Interior Site	Interior Site
		0%	0%	0%
SHAPE	Rectangular	Rectangular	Rectangular	Irregular
		0%	0%	0%
TOPOGRAPHY	Level	Level	Level	Level
		0%	0%	0%
FRONTAGE/ACCESS	Public Road	Public Road	Public Road	Public Road
		0%	0%	0%
ZONING	None	None	None	None
		0%	0%	0%
EASEMENTS AFFECTING USE	None	No	No	No
		0%	0%	0%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available
		0%	0%	0%
SITE SIZE/ACRES	1.304	0.491	1.100	1.020
		0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		0%	0%	0%
TOTAL ADJUSTMENT		\$0	\$0	\$0
ADJUSTED PRICE PER SF		\$32,000	\$39,000	\$25,000

Discussion of Adjustments

Adjustment for List Price: All of the comparables utilized in this analysis were closed sales as of the report effective date. For this reason, no adjustments were necessary in this category.

Adjustments for Improvements: There were no improvements associated with the comparables. No adjustments were necessary in this category.

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: The financing for all of the comparables were market. 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 comparables sold in 2016. Based upon our analysis of available market data, no adjustments were necessary in this category.

Location: The subject and comparables are interior sites in Seeley Lake. No adjustments were necessary in this category.

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

Topography: The subject lot and all of the comparables have topographies that are suitable for residential improvements 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 property and the comparables are in areas with no zoning. No adjustments were necessary in this category.

Easements Affecting Value: The subject and comparables do not include easements that affect value. No adjustments were necessary in this category.

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 are all smaller than the subject site. We did not locate any market data that suggested that an adjustment was necessary for size differences for properties ranging in size from approximately 0.50 acres upon to 1.304 acres. No adjustments were made in this category for the comparables.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$32,000, \$39,000, and \$25,000. Approximately equal weight is placed on the indications from all of the comparable sales. A value of \$32,000 is well supported by this analysis for the subject site as if vacant.

Subject Site Value as if Vacant	\$32,000
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IMPROVEMENT VALUE ESTIMATE

We developed a Cost Approach to determine the value of the subject improvements. We utilized information from the Marshall Valuation Service. Our estimated depreciated cost for the subject real property improvements is below;

Contributory Value of Improvements - Depreciated Cost Analysis									
Description	SF or Units	Cost Per/SF or Per Unit	Estimated Cost New	Estimated Annual Depreciation	Effective Age	Estimated Total Depreciation	Estimated Value	Marshall Valuation Section	Marshall Valuation Page
Shop	200	\$30.00	\$6,000	3.00%	10	30.00%	\$4,200	17	13
Covered Storage	390	\$15.00	\$5,850	3.00%	10	30.00%	\$4,095	17	13
Shed	96	\$12.69	\$1,218	3.00%	10	30.00%	\$853	17	12
Stoop	12	\$20.83	\$250	3.00%	5	15.00%	\$212	12	38
Deck	90	\$20.83	\$1,875	3.00%	5	15.00%	\$1,593	12	38
Well	Lump Sum Estimate		\$15,000	3.00%	10	30.00%	\$10,500	53	10
Septic	Lump Sum Estimate		\$5,000	3.00%	10	30.00%	\$3,500	53	10
Cost Estimate Less Physical Depreciation							\$24,954		
Rounded Improvement Value Indication							\$25,000		

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	\$32,000
Subject Improvements Value	<u>\$25,000</u>
Total Value Indication	\$57,000

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
2	\$32,000	\$25,000	\$57,000	7/19/2016

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
2016 – 7 Hour National USPAP Update Course
2016 – Eminent Domain & Condemnation

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

Rocky Mountain Bank
State of Montana Department of Natural Resources
United States Government Services Administration

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
Course REA-REC-REC-7415 – 2016-2017 7-Hour USPAP Update – 2016
Course REA-CEC-REC-7494 – Eminent Domain and Condemnation - 2016


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

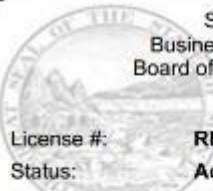
 State of Montana
Business Standards Division
Board of Real Estate Appraisers

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER
With endorsements of:
REAL ESTATE APPRAISER MENTOR

License #: **REA-RAG-LIC-683**
Status: **Active**
Expiration Date: **03/31/2017**

ELLIOTT M CLARK
CLARK REAL ESTATE APPRAISAL
704C E 13TH STREET #509
WHITEFISH, MT 59937


 Montana Department of
LABOR & INDUSTRY
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: **03/31/2017**

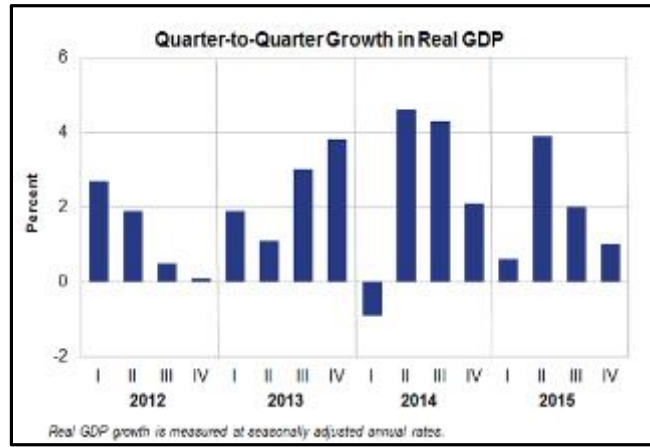
CHRISTOPHER D CLARK
CLARK REAL ESTATE APPRAISAL
704C E 13TH STREET #509
WHITEFISH, MT 59937

 Montana Department of
LABOR & INDUSTRY
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ADDENDUM

NATIONAL ECONOMIC DATA

Real GDP increased by 1.0% in the fourth quarter of 2015 after increasing 2.1% in the third quarter of 2015 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the fourth quarter increase in real GDP reflected positive contributions from personal consumption expenditures, residential fixed investment, and federal government spending that were partly offset by negative contributions from exports, nonresidential fixed investment, state and local government spending, and private inventory investment.



According to the US Bureau of Labor and Statistics, the seasonally adjusted national unemployment rate for February 2016 was 4.9%. This is the same as the January 2016 rate but down from the October, November, December 2015 unemployment rate of 5.0%. This is the lowest national unemployment rate since July of 2008. Generally, continued slow growth is forecasted for the US economy during 2016.

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. According to ESRI using US Census data, the 2015 population of Montana was forecasted to be 1,027,698. This estimate shows a 3.87% increase since the 2010 census. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

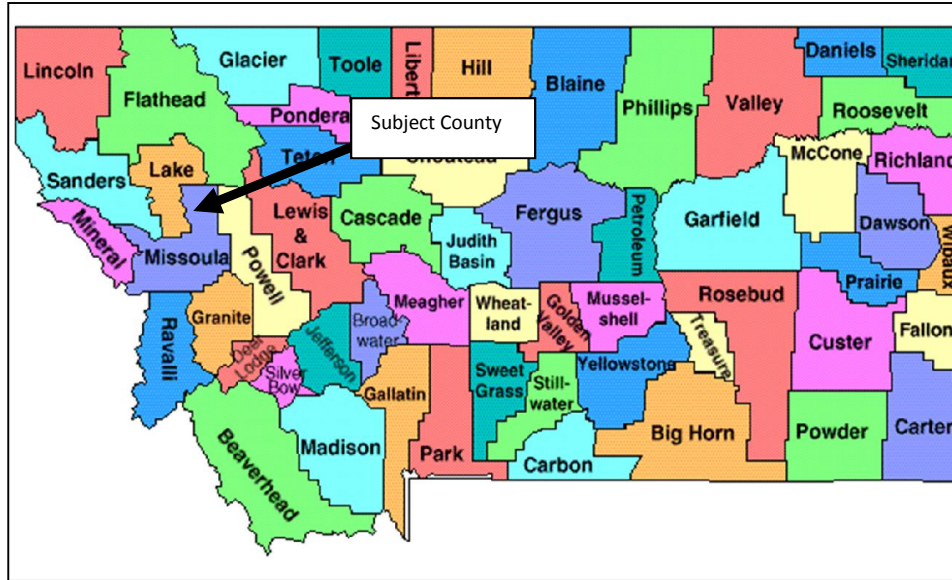
- Trade, Transportation, and Utilities
- Government (Federal, State, & Local)
- Education & Health Services
- Healthcare & Social Assistance
- Leisure & Hospitality

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

According to the Federal Reserve Minneapolis economic models, employment growth is forecasted to slow in 2016 for the region; however, consumer spending and tourism expenditures are forecasted to increase. Specific to Montana, the Federal Reserve Minneapolis forecasts the following for 2016; nonfarm employment in Montana is projected to increase by 0.7%, unemployment for the state is projected to decrease to 3.8%, and personal income is projected to increase by 4.5%.

MISSOULA COUNTY DATA

The subject property is in Missoula County which is the western half of the state. The total land area of the county is approximately 2,618 square miles. The county seat is the city of Missoula which is in the southern portion of the county. A map of Montana with counties identified is below.



Geographical Information

Missoula County is bordered to the north by Flathead, Lake, Sanders and Mineral Counties of Montana. It is bordered to the south and east by Ravalli, Granite and Powell Counties of Montana. A small portion of Missoula County is bordered to the west by Idaho and Clearwater Counties in Idaho. The general geography of the county is mountainous. Missoula County is comprised of five valleys and includes two significant rivers. There are a number of national protected areas in the county. These include; the Rattlesnake National Recreation Area and portions of Bitterroot, Flathead and Lolo National Forests.

City and Communities

Missoula is the only incorporated city in Missoula County. Towns and Census designated places in Missoula County include; Bonner, Clinton, Condon, East Missoula, Evaro, Frenchtown, Huson, Lolo, Milltown, Orchard Homes, Seeley Lake, and Wye

Population

Missoula County is the 2nd most populous county in Montana. The 2015 county population estimate from ESRI based upon US Census Bureau data was 113,665. The population is projected to increase to 118,223 by 2020 or 0.8% per year.

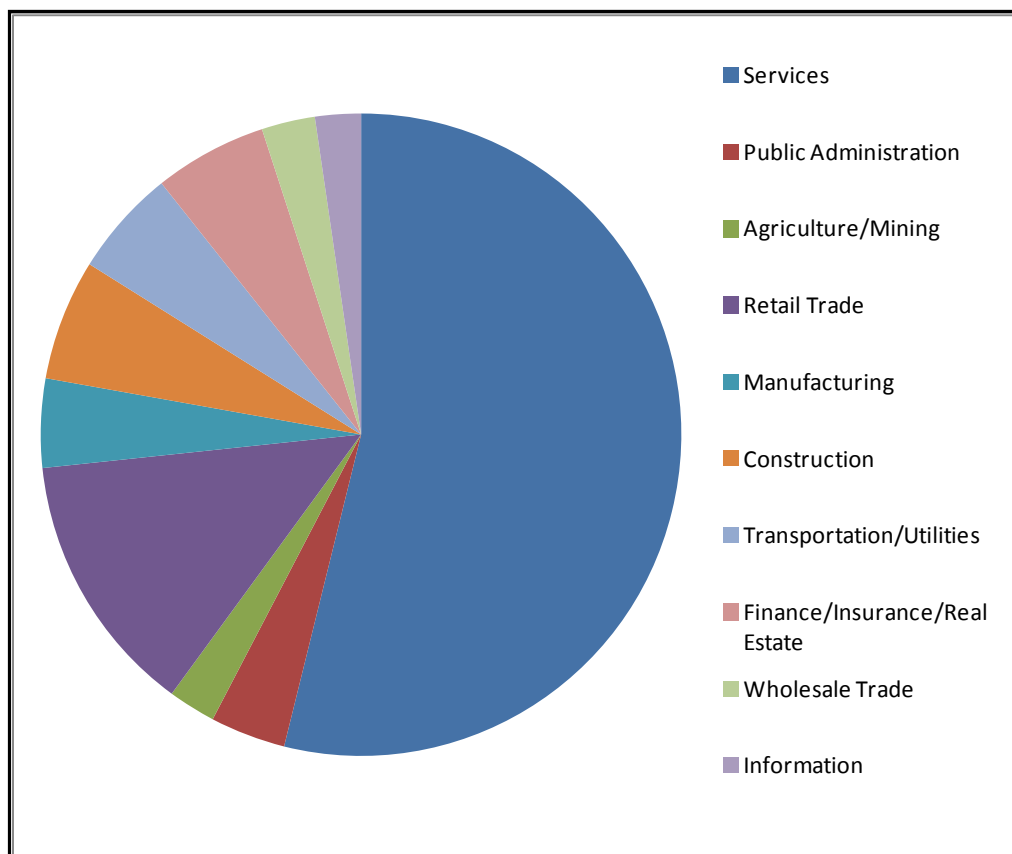
Income

According to data from the US Census the median household income for Missoula County was \$47,534 in 2015. This is 0.40% less than the median household income for the same period for the state of Montana. Approximately 16.8% of the population of Missoula County was below the poverty level between 2008 and 2012. This is higher than the percentage below the poverty level for the state of Montana for the same period of 13.7%.

Employment

According to ESRI there were 56,415 people over 16 years of age in the workforce in Missoula County in 2010. The county unemployment rate per the Montana Department of Labor and Industry as of December 2014 was 4.00%.

The workforce percentages by industry are included on the chart below;



Services comprise the largest employment by substantial margin. The next largest category is retail trade.

Real Estate

According to ESRI estimates based upon US Census data there were 52,799 housing units in Missoula County in 2015. The home ownership rate was estimated at 51.6% in 2015. The median home value was estimated to be \$224,299 in 2015. It is expected to increase by approximately 4.5% per year to \$275,920 in 2020.

Education & Healthcare

There are elementary, middle schools and high schools in the various population centers of Missoula County. The University of Montana and The University of Montana College of Technology are both located in Missoula County. There are two acute care hospitals in Missoula County.

Linkages & Transportation

United States Interstate Highway 90 runs through Missoula County. US Highway 12 and 93 both go through the county. There are Montana Highways in the county as well. There is an International Airport in Missoula.

County Data Conclusion

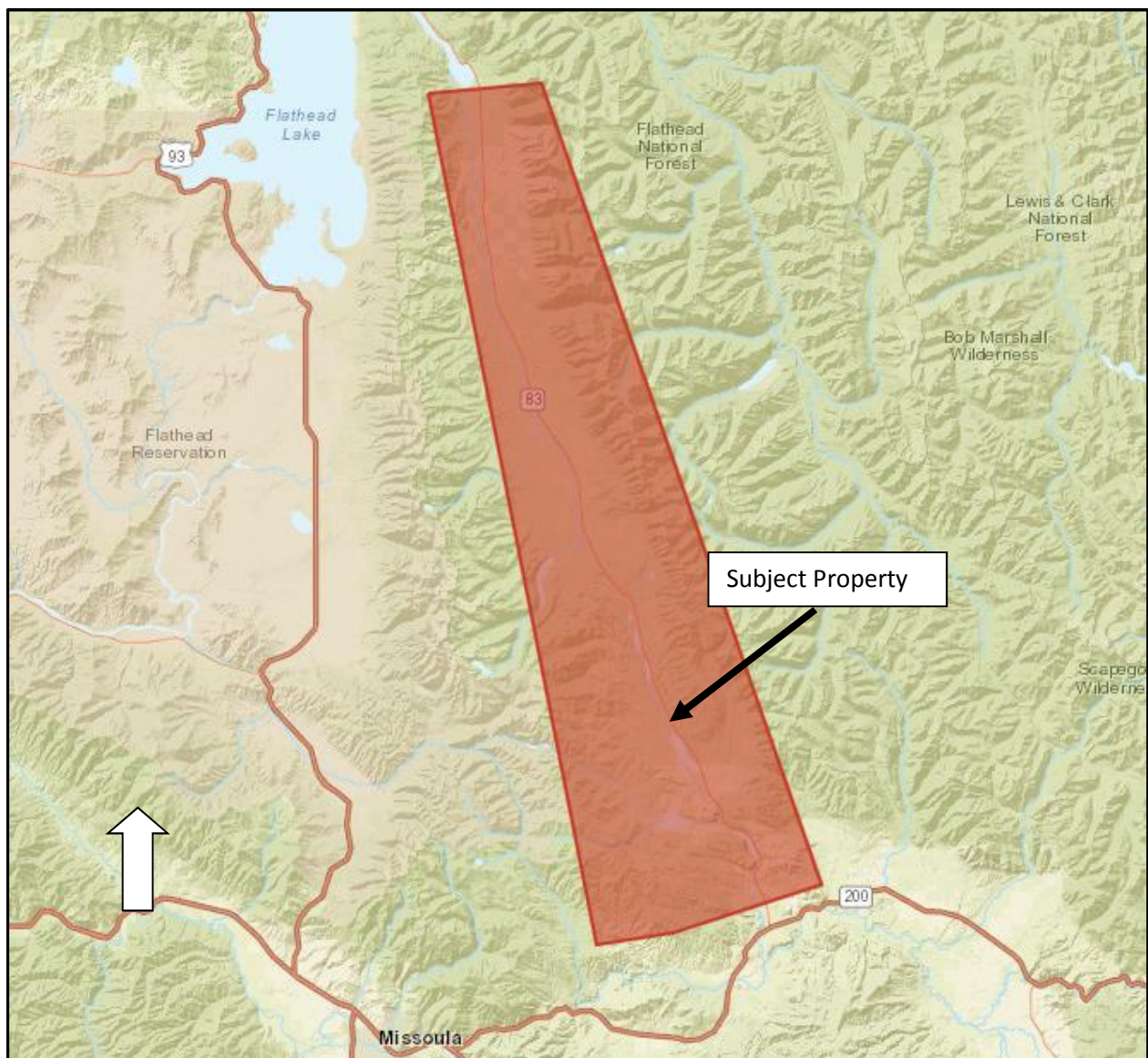
Missoula County is one of the most populous counties in Montana. The population is slated to increase approximately 0.8% per year through 2020. Missoula County is the home of the University of Montana. The location of the university provides some stability in employment. The county unemployment rate is similar to that of the state but lower than of the nation. The economy and the real estate market have remained relatively stable for the past several years. Missoula County did experience the real estate “bubble”; however, the market appears to have stabilized. The economy of Missoula County is considered relatively stable with growth likely in the foreseeable future

SEELEY-SWAN VALLEY DATA

General Information

The subject property is located in a relatively remote, rural area generally known as the “Seeley-Swan Valley”. There is relatively little privately owned land in the area.

For report purposes the neighborhood boundaries consist of properties between Bigfork to the north and Montana Highway 200 to the south. Montana Highway 83 runs north to south through the entire area. The Mission Mountain Range forms the west side neighborhood boundary and the Swan Mountain Range forms the east side neighborhood boundary. The subject neighborhood is approximately 1 to 1.5 hour drive from Kalispell and approximately 1 to 1.5 hour drive from Missoula. A map depicting the area and the location of the subject properties is below;



Much of the land in the subject market area is protected. A recent cooperative project that involved a large amount of acreage in the area is known as “The Montana Legacy Project.” It is a cooperative project of The Nature Conservancy, The Trust for Public Land and state, federal and private partners. The Nature Conservancy and The Trust for Public Land have acquired approximately 310,000 acres of land formerly owned by Plum Creek since 2009. The land will eventually be conveyed to a mix of public and private owners. Under this partnership, actual land ownership and management responsibilities rest with The Nature Conservancy.

Geography

The subject area is generally bounded by the Swan Mountains on the east and the Mission Mountains on the west. Area mountain peaks extend as high as 9,000 feet. Portions of two national forests are in this area. They are the Lolo and Flathead National Forests. There are number of lakes, rivers and creeks in the area. Seeley Lake is the nearest relatively large lake to the subject properties.

Population

According to 2015 US Census data the population of the subject neighborhood (as defined by the map presented) was 2,911. According to ESRI forecasts the population is expected to increase to 3,038 by 2020. This equates to an increase of approximately 1% per year.

Economy/Income

There is no major employment in the area. Major employment is located in Kalispell or Missoula which are both over an hour drive away. According to ESRI, the 2015 median household income for the neighborhood was indicated to be \$50,843. The median household income is projected to increase by approximately 3% per year through 2020.

Housing & Real Estate

According to the ESRI there were 3,033 housing units in the identified subject neighborhood in 2015. Approximately 36% of the housing units were identified as owner occupied, approximately 10% were identified as renter occupied, and approximately 54% were identified as vacant. The relatively high percentage of vacant housing units is likely due to the remote nature of the subject area. Many of these properties are utilized only a portion of the year and are second or vacation homes. The population density increases along the area lakes, rivers and creeks and is less dense further from these amenities. Prices for real estate in the area typically increase substantially with water frontage.

According to ESRI forecasts the median home value for the neighborhood in 2015 was \$207,169. The home value is projected to increase to \$257,411 or approximately 34% by 2020. The most expensive homes are typically on navigable water or on large acreage tracts.

There are commercial properties located mostly along the highway. These primarily consist of service type businesses to provide for the area residents. There are some lodging facilities; however, they are mostly oriented to or based upon proximity to an area natural amenity or a particular activity.

Recreation

There are a large number of camp grounds and hiking trails in the subject area. The Bob Marshall Wilderness is located near (to the east) of this area. It is a popular destination for hikers and hunters. The numerous lakes, rivers and creeks provide many recreational opportunities. Area winter activities include snowmobiling, cross country skiing, and snowshoeing.

Conclusion

The immediate subject neighborhood is a remote area comprised of rural properties that are mostly residential in nature. There is little employment in the area. There is relatively little privately owned land in the area. The area is very attractive for recreation. Recreational opportunities include hiking, mountain biking, Nordic skiing, snowmobiling, hunting, boating, and fishing.

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), Risen Family Trust, and Smeby Family, LLC for the Sperry Grade parcels; Bruce & Louise Stiegler, Ellen Spurlock, Rick DeAcetis & Anee Tafoya, Jason & Suzanne Moe, David & Margaret Yuhas, Bruce & Peggy Graving, and Robin Castle Mikkelsen for the Seeley Lake Outlet East parcels; Justun & Stacy Juelfs, Fred Garipey, Denise Epler, Christopher & Debbie Slater, and Maura Stobie for the Seeley Lake Development parcels; Jessica Brown for the Seeley Lake North parcel; Patti Sue Stachofsky for the Lincoln County parcel; Neal Franson & Barb Roberts for the Flathead County parcel; Susan Hutz, Ronald Gibb, and Robert Farren for the Echo Lake parcels; Michael & Pamela Mower for the McGregor Lake parcel; and John Weber for the Sanders County parcel. 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 five (5) cabin sites identified in the Supplemental Appraisal Instructions.

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

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

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

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

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

Appraised Values Required:

The appraisal for each cabin and home site must:

1. Include a total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.
2. Include a separate market value for the state-owned cabin or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements.
3. Allocate a separate market value for the non-state-owned improvements, from the total market value derived in 1 above.
4. Valuation of the improvements must account for all forms of obsolescence.

ATTACHMENT B

**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:

SPERRY GRADE		
Sale #	Acres	Legal Description
845	2.851±	Lot 2, Sperry Grade Cabin Sites COS 5714, Section 36, T15N-R14W
846	1.807 ±	Lot 1, Sperry Grade Cabin Sites COS 5714, Section 36, T15N-R14W
SEELEY LAKE OUTLET (EAST)		
838	1.803 ±	Lot 3, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
839	1.173 ±	Lot 4, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
840	1.241 ±	Lot 13, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
842	1.463 ±	Lot 22, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
844	1.571 ±	Lot 24, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
890	0.646 ±	Lot 5A, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
SEELEY LAKE DEVELOPMENT		
834	1.25 ±	Lot 39, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
835	1.363 ±	Lot 43, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
836	1.407 ±	Lot 29, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
837	1.682 ±	Lot 12, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
894	1.131 ±	Lot 44, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
SEELEY LAKE NORTH		
843	1.304 ±	Lot 2, Seeley Lake Development North Cabin Sites, COS 6787, Section 16, T17N-R15W
LINCOLN COUNTY		
832	0.32 ±	Unsurveyed lot in the NW¼NW¼NW¼NE¼, Section 36, T34N-R25W

Rev. 11/15

FLATHEAD COUNTY		
833	4.15 ±	Unsurveyed lot in the SW¼NW¼, Section 28, T32N-R23W
BEAVER LAKE		
764	2.238 ±	Lot 5, Beaver Lake, COS 18353, Section 5, T27N-R19W
ECHO LAKE		
828	0.879 ±	Lot 24, Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
829	1.54 ±	Lot 34, Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
892	1.999 ±	Lot 33, Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
MCGREGOR LAKE		
830	2.68 ±	Lot 28, McGregor Lake Cabin Sites, COS 19909, Section 16, T26N-R25W
SANDERS COUNTY		
831	0.7 ±	Unsurveyed lot in the NW¼NW¼, Section 36, T23N-R27W

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

828 Susan Hutz 1898 LaBrant Rd #24 Bigfork, MT 59911	829 Ronald Gibb 10447 21 Ave NW Edmonton, AB T6J-5E9 CANADA	830 Michael & Pamela Mower PO Box 8234 Kalispell, MT 59904
831 John Weber 55740 Fish Hatchery Road St. Ignatius, MT 59901	832 Patti Sue Stachofsky PO Box 49 Stryker, MT 59933-0049	833 Neal Franson & Barb Roberts PO Box 107 Olney, MT 59927
834 Justun & Stacy Juelfs 195 Meadow Vista Loop Kalispell, MT 59901	835 Fred Gariepy PO Box 783 St. Ignatius, MT 59865	836 Denise Epler PO Box 1750 Helena, MT 59624
837 Christopher & Debbie Slater 5205 Goodan Lane Missoula, MT 59802	838 Bruce & Louise Stiegler 15621 W. White Horse Dr. Sun City West, AZ 85375	839 Ellen Spurlock PO Box 17422 Missoula, MT 59808

Rev. 11/15

840 Rick DeAcetis & Ameer Tafoya 2324 Hess Dr. Crest Hill, IL 60435	841 Jason & Suzanne Moe PO Box 57 Park City, MT 59063	842 David & Margaret Yuhas PO Box 1179 Florence, MT 59833
843 Jessica Brown 10328 302 nd Way NE Carnation, WA 98014	844 Bruce & Peggy Graving 1140 West Platinum St. Butte, MT 59701	845 Risen Family Trust C/O Larry Risen 805 Brighton Ave Southlake, TX 76092
846 Smeby Family, LLC 15533 Broadway Avenue Snohomish, WA 98296	890 Robin Castle Mikkelsen 700 3 rd Ave. N. Great Falls, MT 59401	892 Robert Farren C/O Dale Russell Box 15 Diamond City, AB T0K-0T0 CANADA
894 Maura Stobie 6930 Linda Vista Blvd. Missoula, MT 59803	764 DNRC 1625 11 th Avenue Helena, MT 59620-1620	

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.