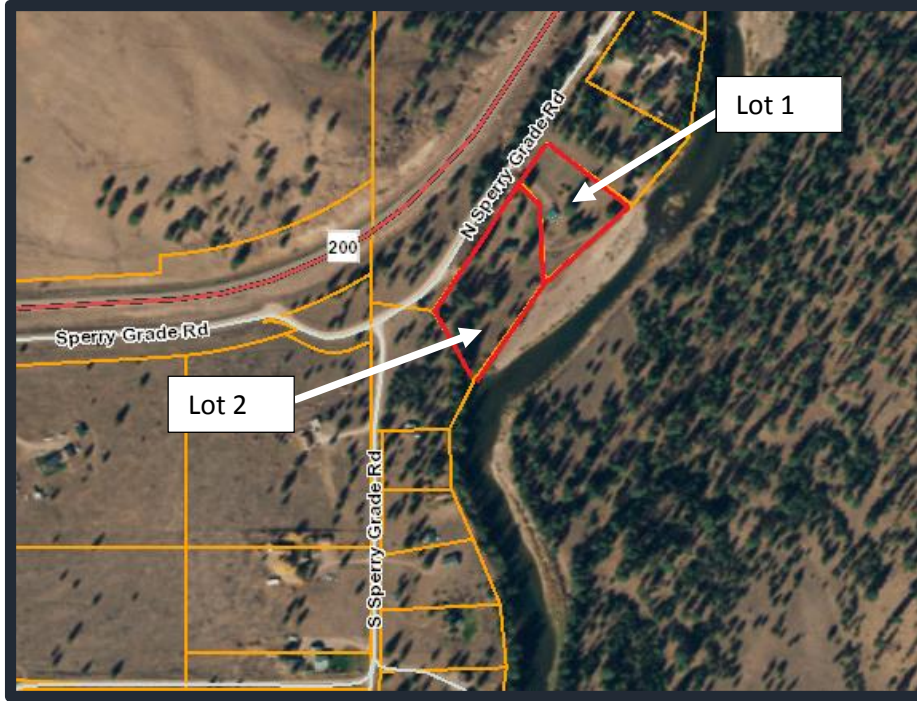


APPRAISAL REPORT OF:

**LOTS 1 & 2, COS # 5714
BONNER, 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 11, 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: Lots 1 and 2 of Certificate of Survey #5714, of Section 36, Township 15 North, Range 14 West, Missoula County, Montana

Dear Ms. Cooper:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced properties on July 11, 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 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

16-027ec

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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 1 & 2, COS #5714, Sperry Grade Lots, Missoula County, Bonner, Montana
Site Size	See Property Description for Individual Site Sizes
Description of Improvements	See Property Description
Assessor Number(s)	See Property Description
Census Tract	30-063-0018.00
Flood Zone	Area Not Mapped
Zoning	None

HIGHEST AND BEST USE(S)

As If Vacant	Recreational/Residential
As Improved	Recreational/Residential

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

Report Date	September 2, 2016
Inspection Date(s)	July 11, 2016
Effective Date of Value(s)	July 11, 2016
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Values	Property Valuation Section of Report & Page 59 of Report
Individual Improvement Values	Property Valuation Section of Report & Page 59 of Report
Individual Total Market Values	Property Valuation Section of Report & Page 59 of Report

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 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: 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 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 associated with 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 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 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 1 and 2 of Certificate of Survey #5714, Bonner, Missoula 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 July 11, 2016. We walked the subject sites and measured the significant improvements.

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, 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 concluded in this report.

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 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 river 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 values of the 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:

- 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 PROPERTIES

The subject properties are identified on the table below;

Lot #	Certificate of Survey	Section/Township/Range	County
1	5714	S36/T15N/R14W	Missoula
2	5714	S36/T15N/R14W	Missoula

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 or Lessees for each lot are additional intended users of this report. They are listed below;

Lot #	Sale #	Lessee
1	846	Smeby Family, LLC
2	845	Risen Family Trust

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 for possible sale purposes.

DATE OF PROPERTY VIEWINGS

July 11, 2016

EFFECTIVE DATE OF MARKET VALUES

July 11, 2016

PROPERTY RIGHTS APPRAISED

The values concluded 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

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 of Improvements
1	Smeby Family, LLC	2004
2	Risen Family Trust	2011

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 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 of the subject sites. The house construction dates and any recent listing information for the improvements via the area MLS for each applicable property are below;

Lot #	Lessee	Last Transfer of Improvements	Purchase Price of Improvements	Year House Built	Listing History Via Area MLS
1	Smeby Family, LLC	2004	\$200,000	1997 Estimated	Listed in 2004
2	Risen Family Trust	2011	\$240,000	1998 Estimated	Listed in 2011

According to our research, the subject improvements were not available for sale via the area MLS as of the report effective date.

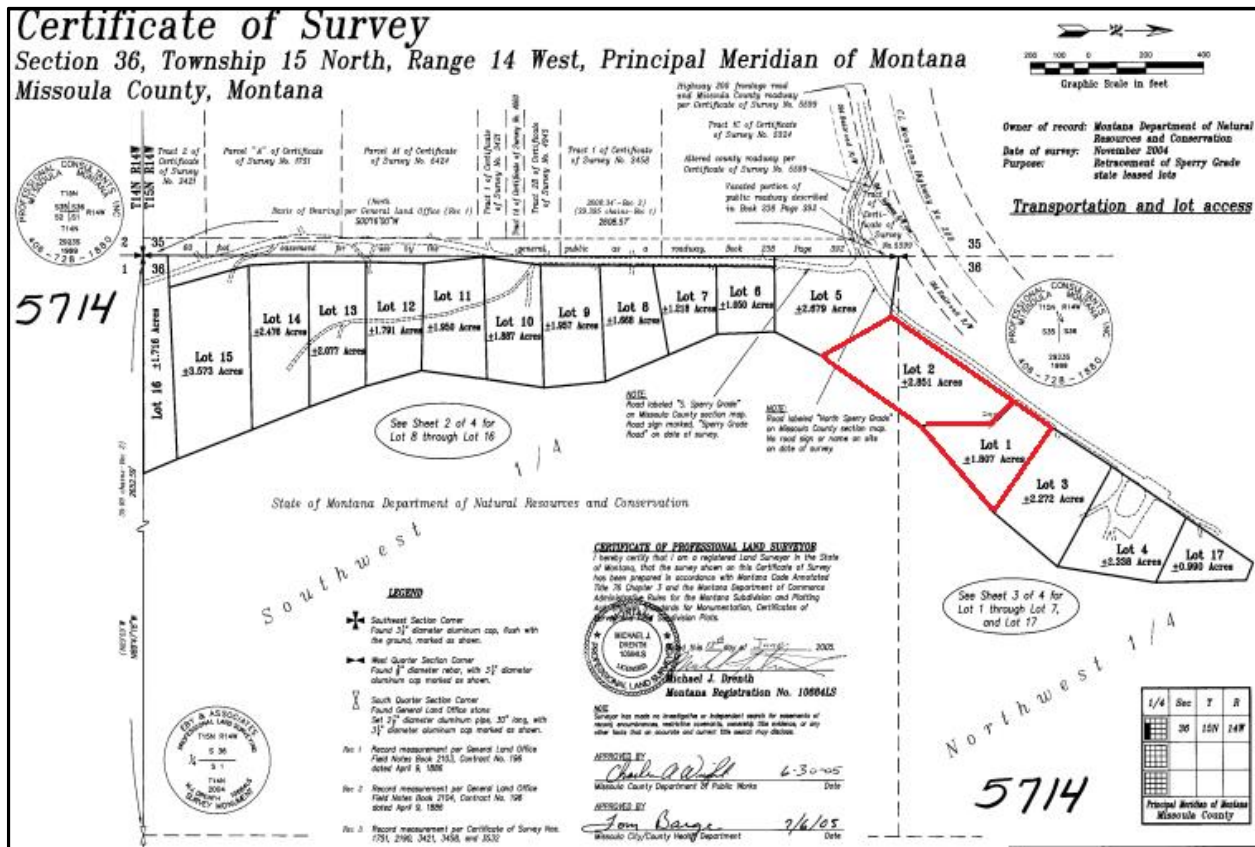
PROPERTY DESCRIPTIONS

GENERAL DESCRIPTIONS

The subject properties are Lots 1 & 2 of Certificate of Survey #5714 in Section 36, Township 15 North, Range 14 West, in Missoula County, Montana. The subject properties are described on the table below;

Lot #	Lessee	Gross Acres
1	Smeby Family, LLC	1.807
2	Risen Family Trust	2.851

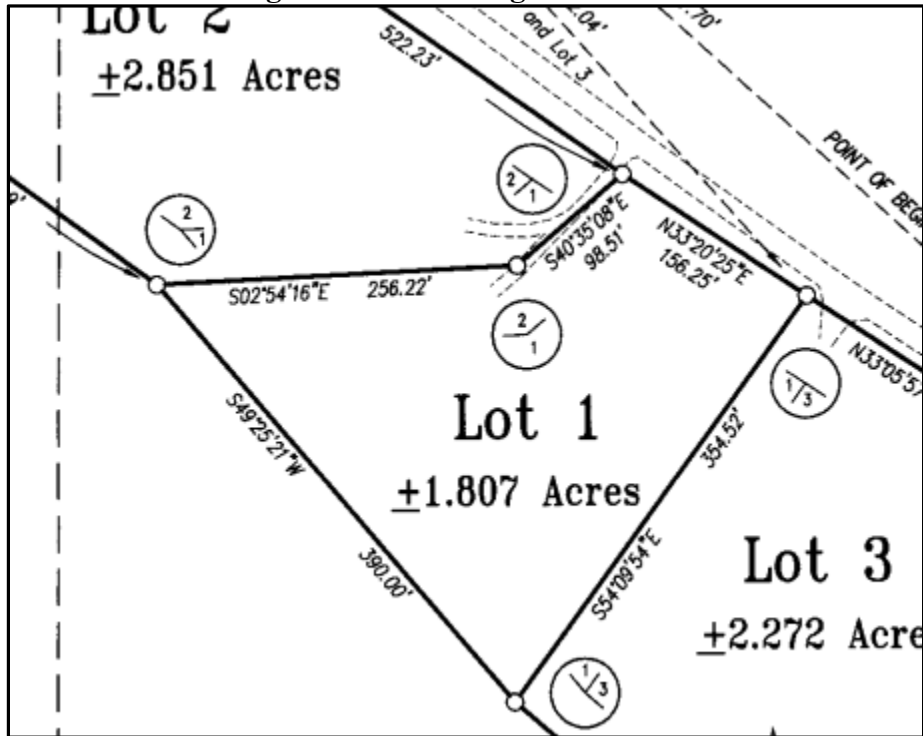
The subject properties are identified Page 1 of COS #5714 below;



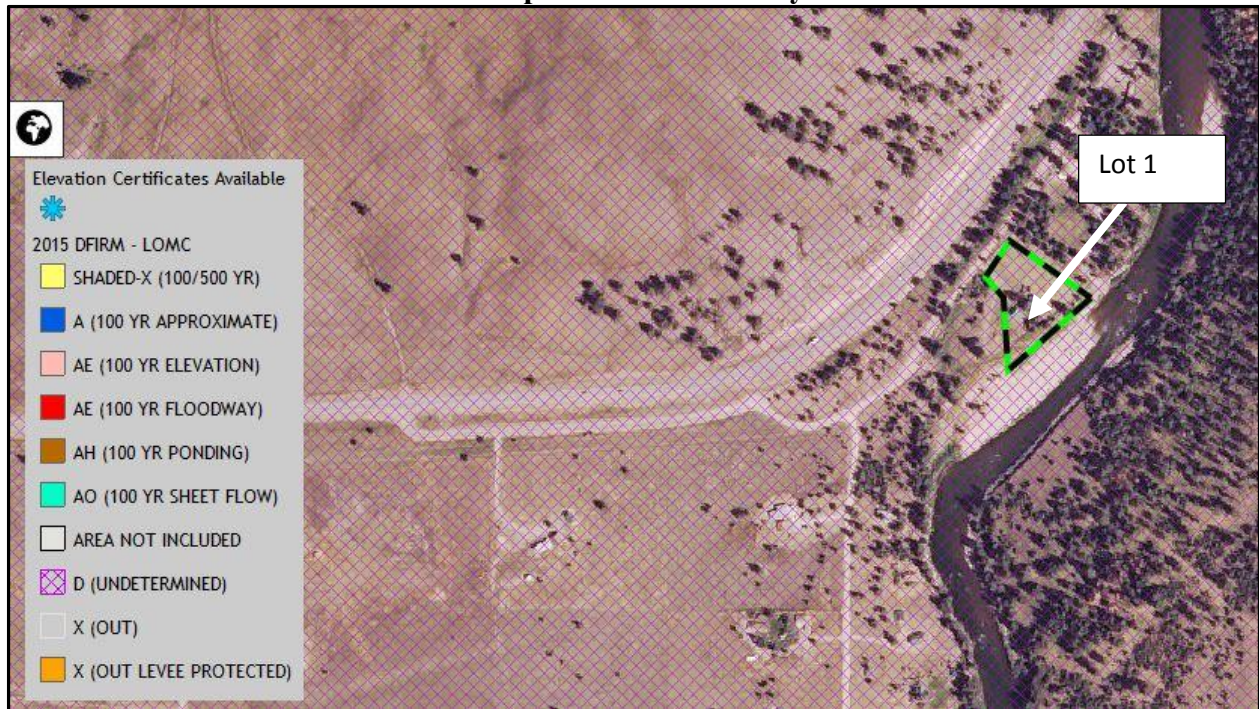
Individual images depicting each subject site recorded as part of COS #5714 and flood maps are included on the following pages.

LOT 1

Enlarged View from Page 3 of COS 5717

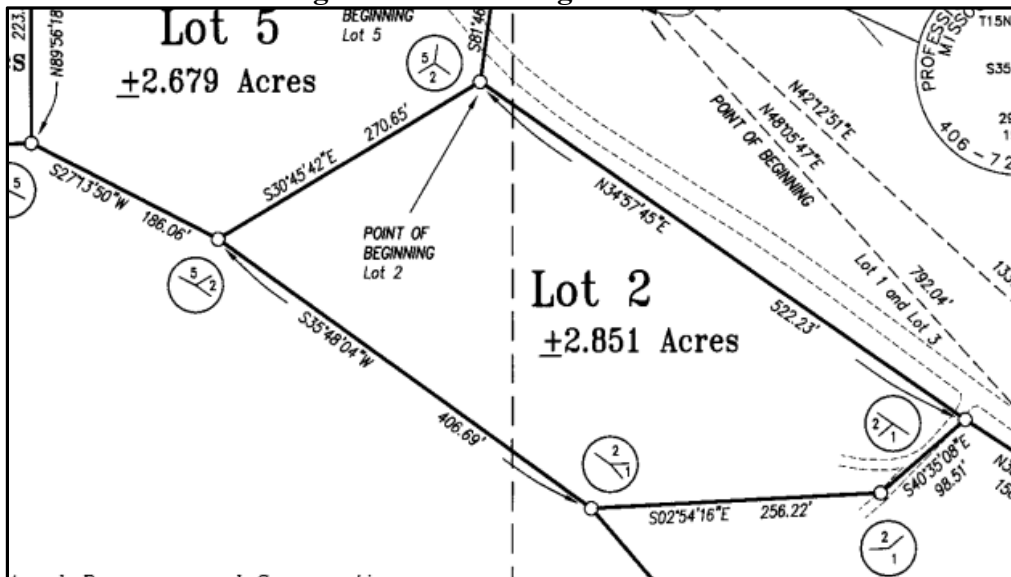


Flood Map – Missoula County GIS



LOT 2

Enlarged View from Page 3 of COS 5717



Flood Map – Missoula County GIS



ACCESS AND VIEWS

The subject properties are accessed North Sperry Grade Road which is a private, gravel covered road off of Montana Highway 200. Both subject lots have frontage along the Blackfoot River. Both have river and mountain views.

IMPROVEMENTS

The subject improvements are described on the table below;

Lot #	1	2
Residence SF	586	1,668
Construction Type	Wood Frame	Wood Frame
Foundation	Basement	Piers/Concrete Curtain Wall
Quality	Average	Very Good
Condition	Good	Good
Year Built	1997	1998
# of Bedrooms	1	3
# of Bathrooms	1	3
Porches/Decks	276 SF Covered Porch & 112 SF Covered Porch	200 SF Trex Deck & 200 SF Wood Deck
Outbuildings	849 SF Garage/Bunk House	None
Other Site Improvements	Well/2 Septic Systems/Fencing	Well/Septic/Landscaping/Irrigation System/Fencing
Landscaping	Yes	Yes
Notes	1997 & 2001 Septic Permits on File with Missoula County	1993 Septic Permit on File with Missoula County

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

According to COS #5714, there is a small portion of a driveway which access Lot 1 along the northeastern corner of Lot 2. This small driveway area does not affect the usable site area for Lot 2 and in our opinion has no impact on the marketability of Lot 2. No other easements were noted on the COS. 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.

The subject properties are regulated by Missoula County, various agencies of the State of Montana, and agencies of the United States regarding construction near or in riparian and other wetland areas. Permits are required for construction within specific distances of waterways.

ZONING

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

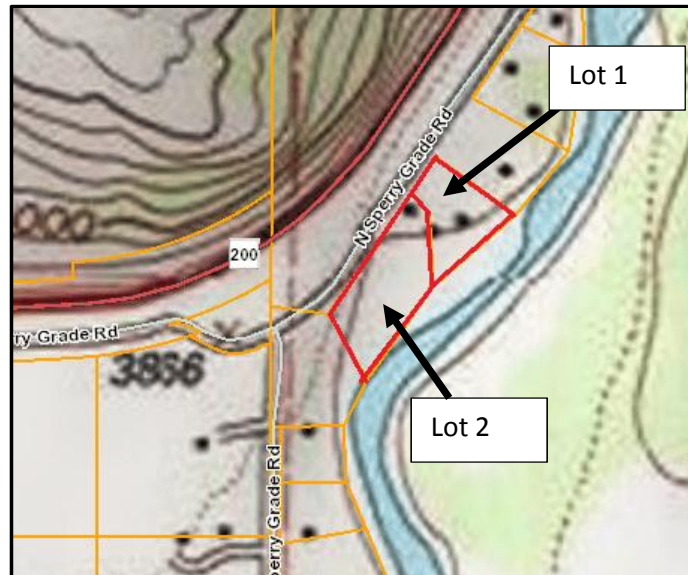
ASSESSMENT/REAL PROPERTY TAXES

The subject lots were tax exempt as of the report effective date; 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 2015 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	2015 Taxable Market Value	2015 Tax Bill Amount
1	Smeby Family, LLC	\$70,220	\$529.79
2	Risen Family Trust	\$126,000	\$902.93

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

According to the Missoula County GIS flood mapping feature, both subject lots are in an area that has not been mapped. A topographical map of the subject lots is below;



It appears that drainage and storm water runoff are adequate and/or 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.

The subject lots all include native vegetation, landscaping, and some fencing.

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

UTILITIES

There is electricity and telephone service connected to the subject properties. Lot 1 includes a well and two septic systems. Lot 2 includes a well, a septic system, and an underground irrigation system.

PUBLIC SAFETY AND SERVICES

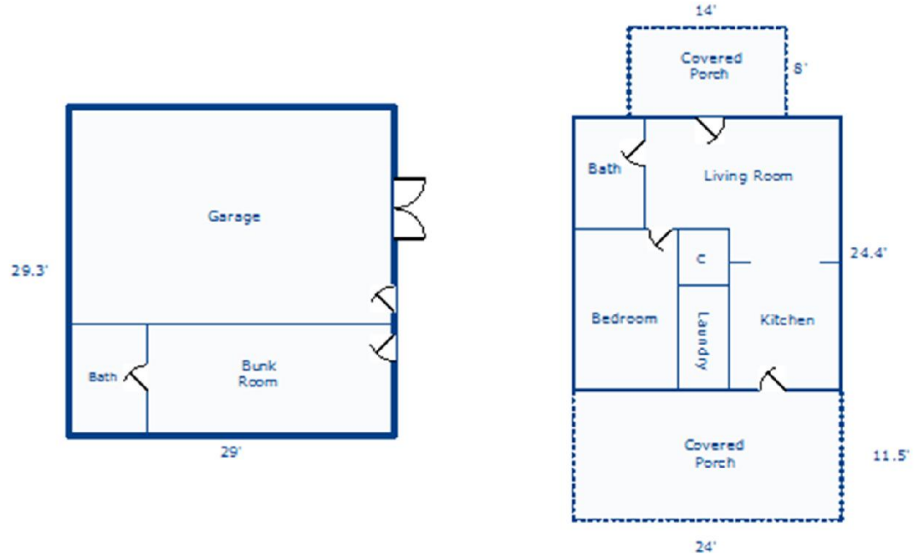
Police, fire protection, and other services are provided by Missoula County and area volunteer emergency services.

SITE SUITABILITY

The subject lots are legally suited for residential improvements. Location along the Blackfoot River is considered to significantly enhance the marketability of the subject lots.

SUBJECT BUILDING SKETCHES & PHOTOGRAPHS

LOT 1 – BUILDING SKETCH



Sketch by OpenSketch Standard™
 Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	Cabin	585.60	585.60
GAR	Garage/Guest House	848.97	848.97
P/P	Covered Porch	276.00	
	Covered Porch	112.00	588.00
Net LIVABLE Area		(rounded)	588

LIVING AREA BREAKDOWN		
	Breakdown	Subtotals
Cabin	24.0 x 24.4	585.60
1 Item	(rounded)	588

LOT 1 - SUBJECT PHOTOGRAPHS



Cabin Front



Cabin Front



Side of Cabin



Cabin Rear



Side of Cabin and Covered Porch



Kitchen

ADDITIONAL PHOTOGRAPHS



Bathroom



Living Room



Bedroom



Water Heater in Crawlspace



Garage/Bunk House



Bunk House

ADDITIONAL PHOTOGRAPHS



Bunk House Bathroom



Garage



Front of Garage/Bunk House



Fencing along River Looking Northeast



Lot 1 and Improvements from River



Blackfoot River Looking Northeast

ADDITIONAL PHOTOGRAPHS



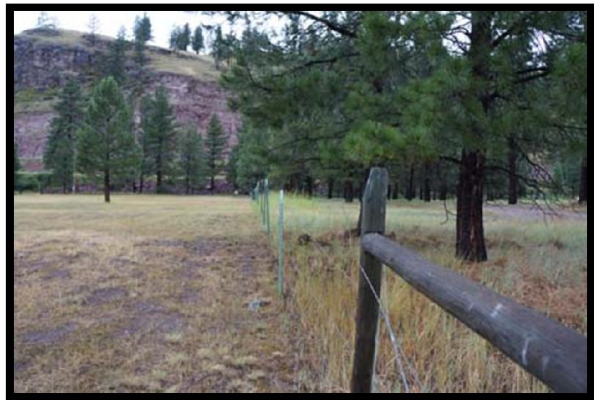
View East across River



Blackfoot River Looking Southwest



Day Use Area Marker near Lot 1 Property Corner



View Looking Northwest along Lot 1 Property Line



Lot 1 Property Line along N. Sperry Grade Rd.



Lot 1 and Improvements from N. Sperry Grade Rd.

ADDITIONAL PHOTOGRAPHS

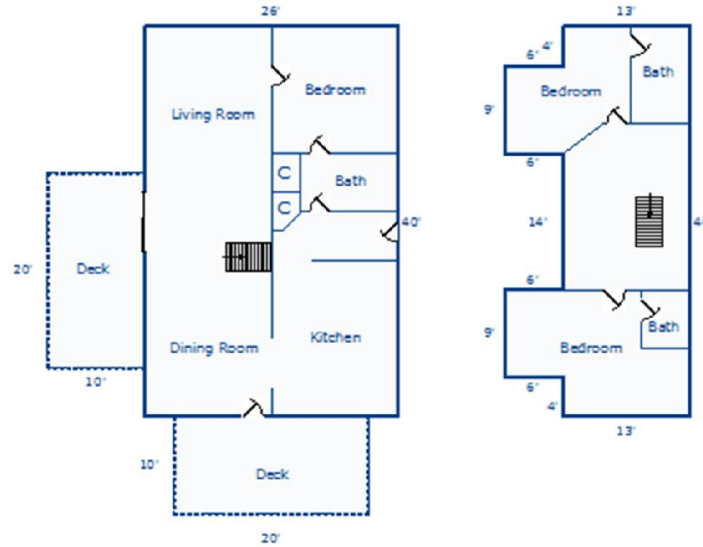


N. Sperry Grade Road Looking Northeast



N. Sperry Grade Road Looking Southwest

LOT 2 – BUILDING SKETCH



Sketch by OpenSketch v2 Standard™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	1040.00	
	Second Floor	628.00	1668.00
P/P	Trex Deck	200.00	
	Wood Deck	200.00	400.00
Net LIVABLE Area		(rounded)	1668

LIVING AREA BREAKDOWN		
	Breakdown	Subtotals
First Floor		
	26.0 x 40.0	1040.00
Second Floor		
	4.0 x 13.0	52.00
	4.0 x 13.0	52.00
	9.0 x 19.0	171.00
	14.0 x 13.0	182.00
	9.0 x 19.0	171.00
6 Items	(rounded)	1668

LOT 2 – SUBJECT PHOTOGRAPHS



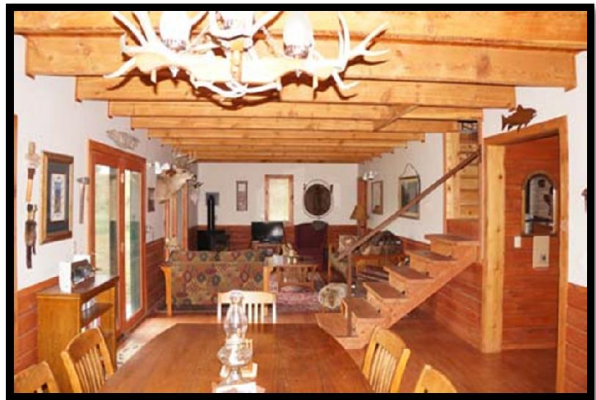
East Side of Cabin



North Side of Cabin



South Side of Cabin



Dining and Living Room



Kitchen



Main Floor Bathroom

ADDITIONAL PHOTOGRAPHS



Bedroom



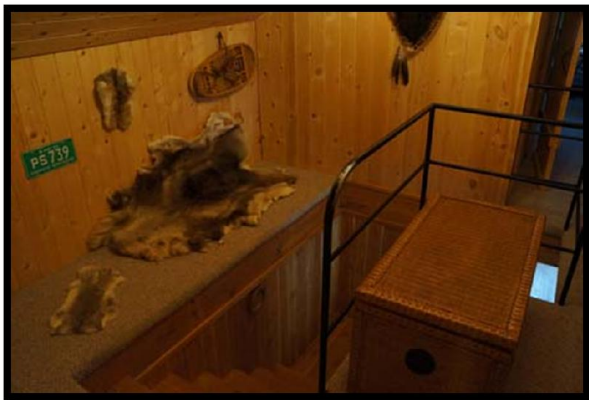
2nd Floor Den



2nd Floor Bedroom



Second Floor Bathroom



Stairs to 1st Floor



2nd Floor Bedroom

ADDITIONAL PHOTOGRAPHS



2nd Floor Bathroom



Lot 2 Property Boundary Marker



Blackfoot River Looking Northeast



Blackfoot River Looking Southwest



Lot 2 and Improvements from N. Sperry Grade Rd.



View Northeast along Lot 2 Property Boundary

ADDITIONAL PHOTOGRAPHS



Southwest Portion of Lot 2 Looking toward River



Fenced Orchard on Lot 2



Lot 2 Interior and Driveway



North Property Boundary Marker in Shared Driveway



N. Sperry Grade Road Looking Southwest



N. Sperry Grade Road Looking Northeast.

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

Subject Lot 1 totals 1.807 acres and subject Lot 2 totals 2.851 acres. Both sites include residential improvements. Both have frontage along the Blackfoot River. The subject properties all have frontage on a portion of the Clearwater River

Area Land Use Trends

Seeley Lake is the most proximate population area. It 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. Properties with frontage along area lakes, rivers, and streams are frequently purchased for vacation or seasonal use. Properties with water frontage typically command the highest prices.

Potential Users of Subject Property

The potential users of the subject lots would be market participants seeking to own recreational/residential riverfront property in the greater market 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 sites, with frontage along area rivers, and up to 4.00 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 Activity Per Area MLS						
Vacant Riverfront Sites Up to 4.00 Acres in Size						
Sale Date or Status	Property Location	River	Site Acres	Sales Price	List Price	Days on Market
2015	Bonner	Blackfoot River	1.00	\$135,500		221
2016	Seeley Lake	Clearwater River	2.02	\$130,000		75
Active	Seeley Lake	Clearwater River	1.00		\$140,000	107

This data set is small; however, it does indicate a tight price range.

We did not locate sufficient market data regarding sales of homes in the immediate subject area. For that reason, it was necessary to utilize sales of residences in nearby Seeley Lake. We also conducted a search of the area MLS for sales of improved residential properties (this search includes water frontage properties) on similar sized sites in Seeley Lake. The results of our search are below;

Seeley Lake Residential Improved Properties - Market Activity					
Homes on Lots up to 3 Acres in Size					
Year	# of Sales	Median Sales Price	Low Sales Price	High Sales Price	DOM
2013	21	\$240,000	\$125,000	\$725,000	191
2014	24	\$244,000	\$95,000	\$850,000	295
2015	28	\$237,450	\$93,500	\$700,000	277
2016 YTD	17	\$205,000	\$52,000	\$785,000	337
ACTIVES	38	\$261,500	\$52,000	\$1,875,000	145

This data indicates that the median home price was relatively stable from 2013 through 2015. There is not sufficient information regarding 2016 to make a final conclusion regarding annual median home price.

The highest prices are typically paid for lake front or river front properties; however, there are typically very few sales of waterfront properties (vacant or improved) in Seeley Lake each year.

Competitive Supply

There was 1 active listing of a vacant home site with 4 acres or less and frontage along an area river in the greater subject market area as of the report effective date.

There were 38 active listings of homes on sites with 3 acres or less in Seeley Lake as of the report effective date.

Interaction of Supply and Demand

Based upon the average sales volume for 2015 and 2016 year-to-date, there is a 1 year or less supply of vacant, riverfront home sites with up to 4.00 acres. Supply and demand are in relative balance.

Based upon the average sales volume from 2013 through 2015, there is an approximately 1.5 year supply of homes for sale on lots with 3 acres or less in Seeley Lake. Supply exceeds annual demand for such properties. Downward price pressure is likely for the active listings.

Subject Marketability Conclusion

The subject properties are considered to have similar marketability compared to other residential properties (with improvements of similar quality and condition) on river or creek front sites in greater subject market area.

The two closed riverfront site sales presented in this section of this report are considered reasonable comparables for the subject sites as if vacant. The values of the subject improvements are determined based upon comparison of recent sales of homes with frontage along area rivers and creeks. The most appropriate comparables available were selected for use in our analyses.

Estimated Marketing and Exposure Times

The 28 homes sales in Seeley Lake that closed in 2015 were marketed for an average of 277 days. The 10 home sales in Seeley Lake that closed in 2016 Year-to-Date were marketed for 337 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 properties are included on the following page.

AS IF VACANT

Legally Permissible

The subject lots are in an area of Missoula County with no zoning. There are numerous legally permissible 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 other types of uses.

Financially Feasible

There are very few small acreage sites with frontage along the Blackfoot River. Area properties which include waterfrontage are considered to have very good marketability for recreational and/or second home use. Use of the subject lots 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 lots as if vacant, is for construction of a single family residence for recreational and/or residential use.

AS IMPROVED

Both subject properties are improved with single family residences. There is market acceptance of many types of residences along area lakes and rivers. Area waterfront residences range from very small, older, un-renovated cottages used seasonally 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 large capital expenditures. Continued use as single family residences (recreational and/or residential) for the subject properties 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 subject properties as improved. Most market participants interested in purchasing water 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 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.

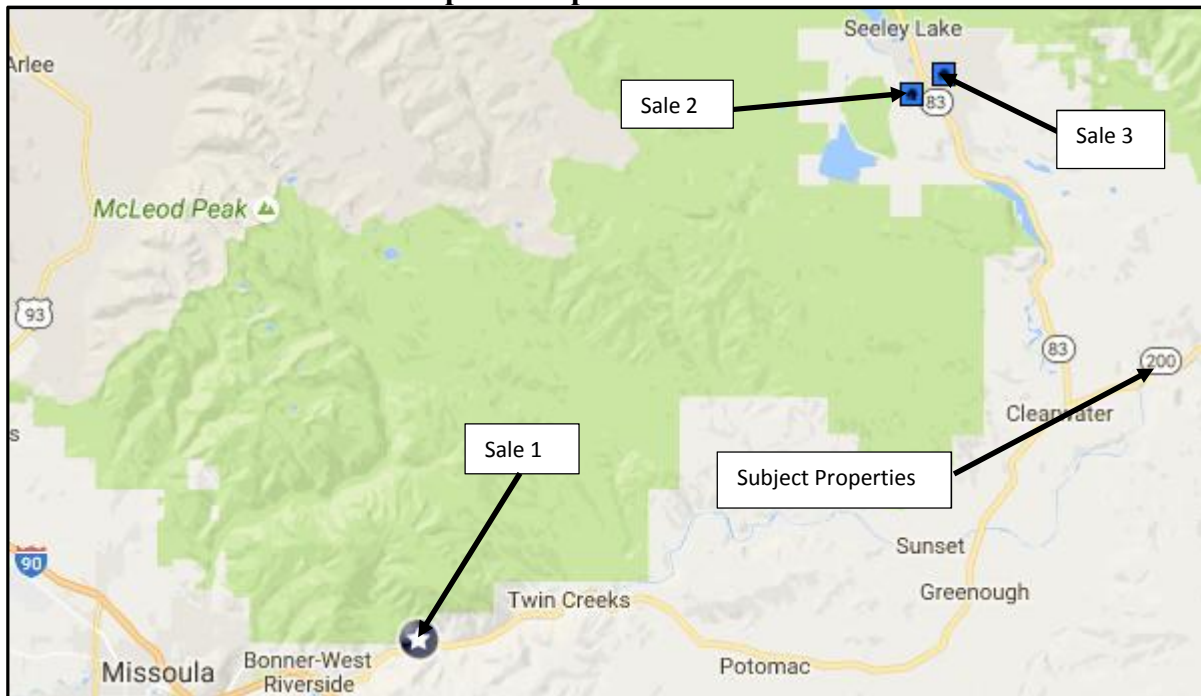
COMPARABLE LOT SALES

We conducted a search for sales of sites up to 4.00 acres in size with frontage along rivers in the immediate and greater subject market areas. Very few sales were located. The sales selected were the most applicable located for determination of the values of the subject sites as if vacant. The unit of comparison used in this analysis is the price per lot. Market participants reported that purchasing decisions for river front parcels were made based upon location, navigability of the water, and suitability of the site for improvements. Based upon our research, the appropriate unit of comparison for valuations of river front sites in the size range of the subject lots is price per lot. These comparables are described on the table below;


Sale #	Address	City	Water Frontage	Acres	Sale Date	Sales Price
1	3017 River Bend Dr	Bonner	Blackfoot River	0.99	2015	\$135,500
2	388 Overland Trail	Seeley Lake	Clearwater River	2.02	2016	\$130,000
3	263 Cutthroat Ct	Seeley Lake	Trail Creek	2.60	2015	\$100,000

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		3017 River Bend Drive
	City/State		Bonner, MT
	County		Missoula
	Assessor Number		2171208
	Zoning		Missoula County Zoning District 36
	Site Size: Acres		0.990
	Square Feet		43,124
	Date of Sale		August 25, 2015
	Sales Price		\$135,500
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$135,500
	MLS #		20150259
ANALYSIS OF SALE			
Price per Acre	\$136,869	Price per Square Foot	\$3.14
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Robert Nehls & Donna Nehls, Vernon Opp	Grantee	Jeffrey D. Mazure & Case A. Gilliard
Type of Instrument	Warranty Deed	Document #	201516125
Financing/Conditions	Conventional/Market	Marketing Time	221 Days on Market
Legal Description	Lot 5 of River Bend Addition	Verified By	Kasey & Bob Kelly, Listing Agents
Section/Township/Range	S12/T13N/R18W	Intended Use/Comments	Purchased for Residential / Recreational Use
PROPERTY DETAILS			
Access	River Bend Drive *Gravel	View	River, Mountains, Trees
Topography	Level	Lot Dimensions	136.05' x 198.64' x 225.63' x 75' x 76.67' x 256.98'
Flood Plain	According to Flood Map # 30063C1240E, the portion of the property adjacent to the river is located in an area of elevated flood	Improvements	None
Water	Blackfoot River	Value of Improvements	\$0
Water Frontage	136'	Miscellaneous	Documentation included in the property listing indicates that septic was approved for the lot. Use is restricted to single-family use.
Utilities	Electricity and Telephone at road.		
Report File # 16-027ec			

LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location	388 Overland Trail	
	City/State	Seeley Lake, MT	
	County	Missoula	
	Assessor Number	5472247	
	Zoning	Unzoned	
	Site Size: Acres	2.020	
	Square Feet	87,991	
	Date of Sale	June 29, 2016	
	Sales Price	\$130,000	
	Less Cost of Improvements*	\$0	
	Sales Price Adjusted	\$130,000	
	MLS #	21603267	
ANALYSIS OF SALE			
Price per Acre	\$64,356	Price per Square Foot	\$1.48
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Mabel Lee W. Higgins	Grantee	Nathan W. Williams & Christi Ann Williams
Type of Instrument	Warranty Deed	Document #	201610559
Financing/Conditions	Conventional/Market	Marketing Time	75 Days on Market
Legal Description	Lot 138 of Phase 1A, Double Arrow Ranch	Verified By	Robin Matthews-Barnes, Listing Agent
Section/Township/Range	S15/T16N/R15W	Intended Use/Comments	Purchased for Residential Use
PROPERTY DETAILS			
Access	Overland Trail, Private Gravel Rd.	View	River, Meadow, Mountains
Topography	Elevated Building site on West portion of property, sloping toward low lying area near river.	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30063C0740E, approximately 1/2 of the property is located in area of elevated flood risk.	Improvements	None
Water	Clearwater River	Value of Improvements	\$0
Water Frontage	Approximately 223'		
Utilities	Electricity, Telephone, Community Water	Miscellaneous	The property is located within a subdivision that is governed by Covenants, Conditions, and Restrictions. There is an HOA fee of \$450/year.
Report File # 16-027ec			

LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location	263 Cutthroat Court	
	City/State	Seeley Lake, MT	
	County	Missoula	
	Assessor Number	3126303	
	Zoning	Unzoned	
	Site Size: Acres	2.600	
	Square Feet	113,256	
	Date of Sale	July 24, 2015	
	Sales Price	\$100,000	
	Less Cost of Improvements*	\$0	
Sales Price Adjusted	\$100,000		
MLS #	20145846		
ANALYSIS OF SALE			
Price per Acre	\$38,462	Price per Square Foot	\$0.88
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Carolyn J. Bertsch Trust	Grantee	John W. Meyer & Joy C. Meyer
Type of Instrument	Warranty Deed	Document #	201512851
		Marketing Time	329 Days on Market
Financing/Conditions	Cash/Market	Verified By	Robin Matthews-Barnes, Listing Agent
Legal Description	Lot 110A of Trail Creek Addition of Phase VI to the Double Arrow Ranch Lots 110A & 110B	Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S12/T16N/R15W		
PROPERTY DETAILS			
Access	Cutthroat Court *Paved Road	View	Creek, Meadow, Mountains
Topography	Level	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30063C0740E, the property is not located in an area of elevated flood risk.	Improvements	None
Water	Trail Creek	Value of Improvements	\$0
Water Frontage	Approximately 292'		
Utilities	Electricity, Telephone, Community Water	Miscellaneous	Property is located on a bench above the creek and is not in a flood plain.
			Report File # 16-027ec

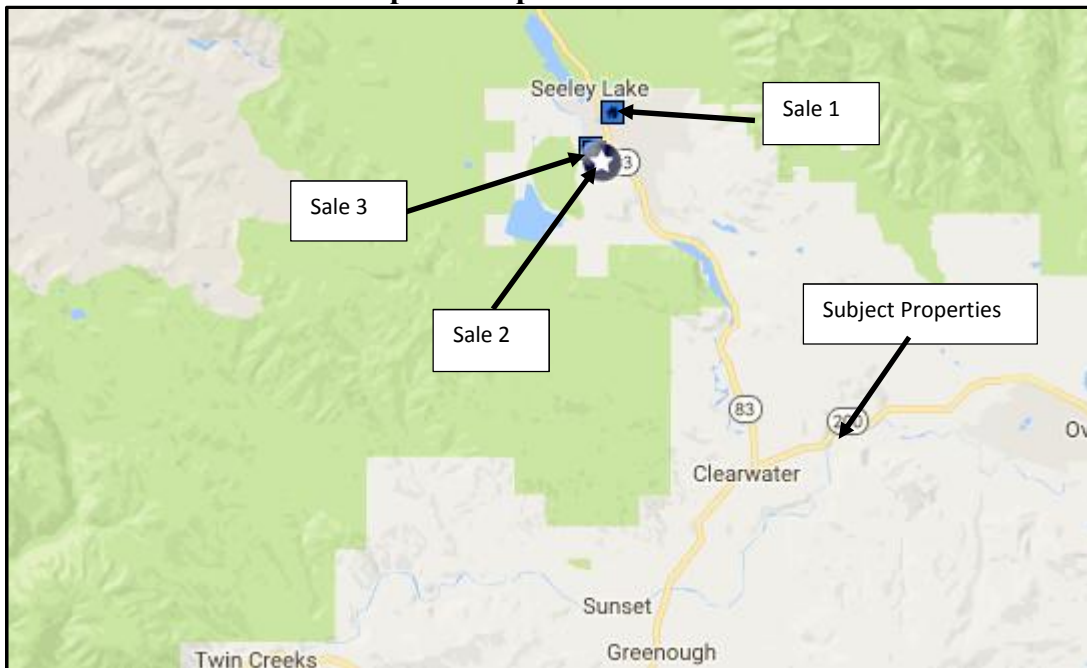
COMPARABLE HOME SALES

We conducted a search for sales of homes similar to the subject residences and with frontage on rivers or creeks in the greater subject market area. The most applicable and recent sales located are described on the table below;


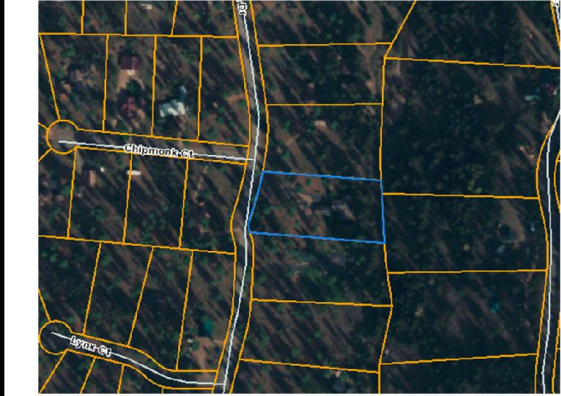
Comparable Home Sales							
Sale #	Address	City	Water Frontage	Sale Date	Sales Price	Less Site Value	Sale Price of Improvements
1	480 Morrell Creek	Seeley Lake	Morrell Creek	2015	\$375,000	\$80,000	\$295,000
2	624 Overland Trail	Seeley Lake	Clearwater River	2015	\$310,000	\$130,000	\$180,000
3	184 Overland Trail	Seeley Lake	Clearwater River	2014	\$312,500	\$130,000	\$182,500

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



HOME SALE 1



COMPARABLE SALE INFORMATION					
					
		Location	480 Morrell Creek		
		City/State	Seeley Lake, MT		
		County	Missoula		
		Assessor Number	0581709		
		Zoning	Unzoned		
		Site Size: Acres	1.670		
		Square Feet	72,745		
		Date of Sale	September 1, 2015		
		Sales Price	\$375,000		
		Adjustment to Sales Price	\$0		
		Adjusted Sales Price	\$375,000		
MLS #	335515				
TRANSFER INFORMATION					
Grantor	The Clarence Ray Smith & Phyllis Smith Family Trust	Grantee	Bette M. Orr		
Recording Data	Warranty Deed #201516635	Marketing Time	70 Days on Market		
Financing/Conditions	Cash / Market	Verified By	Scott Kennedy, Listing Agent		
Legal Description	Lot 50 of Double Arrow Ranch Phase II	Intended Use	Residential		
Section/Township/Range	S2/T16N/R15W				
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE			
Body of Water	Morrell Creek				
Front Footage	Approximately 190'	Sales Price	\$375,000		
Access	Morrell Creek Drive *Paved	Estimated Site Value	\$80,000		
House Square Feet	2,155	Sales Price of Improvements	\$295,000		
Bedroom/Bathrooms	3BR/3BA	Improvement Price/SF	\$137		
Year Built or Renovated	1995				
Construction	Wood Frame				
Quality	Very Good				
Condition	Good				
Water/Sewer	Community Water, Septic				
Utilities	Electricity, Telephone, Internet, Propane				
Topography	Level				
Outbuildings	3 Car Attached Garage				
Miscellaneous	House is of very good quality and has granite counter tops, custom cabinets, a gourmet kitchen, and a jetted tub. The property is landscaped with underground sprinklers and overlooks Morrell Creek.				
				Report File # 16-027ec	

HOME SALE 2

COMPARABLE SALE INFORMATION			
	Location		624 Overland Trail
	City/State		Seeley Lake, MT
	County		Missoula
	Assessor Number		0005472170
	Zoning		Unzoned
	Site Size: Acres		1.320
	Square Feet		57,499
	Date of Sale		April 7, 2015
	Sales Price		\$310,000
	Adjustment to Sales Price		\$0
	Adjusted Sales Price		\$310,000
	MLS #		323976
TRANSFER INFORMATION			
Grantor	James E. Ballard & Carol L. Ballard Trust	Grantee	Charles E. Uselmann & Heidi J. Uselmann
Recording Data	Warranty Deed #201505525	Marketing Time	474 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Kevin Wetherell, Listing Agent
Legal Description	Lot 131 of Double Arrow Ranch Ph 1A	Intended Use	Residential
Section/Township/Range	S15/T16N/R15W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	Clearwater River	Sales Price	\$310,000
Front Footage	153.00	Estimated Site Value	\$130,000
Access	Private Gravel Road	Sales Price of Improvements	\$180,000
House Square Feet	1,888	Improvement Price/SF	\$95
Bedroom/Bathrooms	2BR/2BA		
Year Built or Renovated	1996		
Construction	Wood Frame		
Quality	Average		
Condition	Good		
Water/Sewer	Community Water/Septic		
Utilities	Electricity/Telephone		
Topography	Level, slope to waterfront		
Outbuildings	2 Car attached Garage, Shop Building, Shed		
Miscellaneous	Double Arrow Ranch is governed by CC&R's that limit properties to Residential Use.		

Report File # 16-015ec

HOME SALE 3

COMPARABLE SALE INFORMATION			
	Location		184 Overland Trail
	City/State		Seeley Lake, MT
	County		Missoula
	Assessor Number		0005472314
	Zoning		Unzoned
	Site Size: Acres		1.280
	Square Feet		55,757
	Date of Sale		August 27, 2014
	Sales Price		\$312,500
	Adjustment to Sales Price		\$0
	Adjusted Sales Price		\$312,500
	MLS #		20132273
TRANSFER INFORMATION			
Grantor	Patricia L Bewick	Grantee	Helen E. Beary
Recording Data	Warranty Deed #201413319	Marketing Time	497 Days on Market
Financing/Conditions	Cash/Market	Verified By	Kevin Wetherell, Listing Agent
Legal Description	Lot 145 of Double Arrow Ranch Ph 1A	Intended Use	Residential
Section/Township/Range	S15/T16N/R15W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	Clearwater River	Sales Price	\$312,500
Front Footage	121.86	Estimated Site Value	\$130,000
Access	Private Gravel Road	Sales Price of Improvements	\$182,500
House Square Feet	2,226	Improvement Price/SF	\$82
Bedroom/Bathrooms	3BR/2.5BA		
Year Built or Renovated	2006		
Construction	Wood Frame		
Quality	Average		
Condition	Good		
Water/Sewer	Community Water/Septic		
Utilities	Electricity/Telephone		
Topography	Level, slope to waterfront		
Outbuildings	2 Car attached Garage, Shed		
Miscellaneous	Double Arrow Ranch is governed by CC&R's that limit properties to Residential Use. A Portion of the property near the river is in an area of elevated flood risk.		

Report File # 16-015ec

PROPERTY VALUATIONS

LOT 1

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 each category noted. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE				
LOT 1, COS #574, SPERRY GRADE, BONNER, MONTANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		3017 River Bend Dr	388 Overland Trail	263 Cutthroat Ct
CITY		Bonner, MT	Seeley Lake, MT	Seeley Lake, MT
SALES PRICE		\$135,500	\$130,000	\$100,000
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		\$135,500	\$130,000	\$100,000
DATE OF SALE		08/25/15	06/29/16	07/24/16
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$135,500	\$130,000	\$100,000
SITE SIZE/ACRES	1.807	0.990	2.020	2.600
ADJUSTMENT FOR:				
LOCATION	Rural County	Rural County	Seeley Lake	Seeley Lake
		0%	0%	0%
WATER FRONTAGE	Blackfoot River	Blackfoot River	Clearwater River	Trail Creek
		0%	0%	30%
SHAPE	Irregular	Irregular	Irregular	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	1.807	0.990	2.020	2.600
		0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		0%	0%	30%
TOTAL ADJUSTMENT		\$0	\$0	\$30,000
ADJUSTED PRICE PER SF		\$135,500	\$130,000	\$130,000

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 on the comparables. No adjustment was 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: No atypical financing was reported for the comparables and no adjustment was 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 closed comparable sold in 2015 and 2016. Based upon our analysis no adjustment was necessary in this category.

Location/Waterfront Name: The subject property includes frontage along the Blackfoot River. Sales 1 and 2 include river frontage and no adjustment was considered necessary in this category for these sales. Sale 3 includes frontage on a creek. Creek frontage is considered less desirable than river frontage by most market participants. Based upon pairing Sales 1 and 2 with Sale 3, an upward adjustment of 30% is supported in this category for Sale. 3.

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 property and the comparables are in areas with no zoning. No adjustments were necessary in this category.

Easements Affecting Value: The subject site and the 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: We did not locate any market data that suggested that adjustments were necessary for size differences between the subject and comparables. For this reason, no adjustments were made in this category.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$135,500, \$130,000, and \$130,000. All weight is accorded Sale 1 as it is located on the Blackfoot River like the subject property. The other two comparables generally support the conclusion of value from this sale. A preliminary value of \$135,000 is well supported by this analysis for the subject site as if vacant.

Site Value as if Vacant

\$135,000

Improvement Value Estimate

A sales comparison analysis for the improvements on the subject property utilizing the comparables selected is below;

SALES COMPARISON ANALYSIS FOR LOT 1, COS #5714, BONNER, MONANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		480 Morrell Creek	624 Overland Trail	84 Overland Trail
LOCATION		Seeley Lake, MT	Seeley Lake, MT	Seeley Lake, MT
SALES PRICE		\$375,000	\$310,000	\$312,500
SALE CONCESSIONS				
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		09/01/15	04/07/15	08/27/14
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$375,000	\$310,000	\$312,500
LESS SITE VALUE		(\$80,000)	(\$130,000)	(\$130,000)
ADJUSTED IMPROVEMENT PRICE		\$295,000	\$180,000	\$182,500
ADJUSTMENT FOR:				
LOCATION/SITE	Rural County	Seeley Lake	Seeley Lake	Seeley Lake
		\$0	\$0	\$0
QUALITY	Average	Very Good	Average	Average
		-\$59,000	\$0	\$0
CONDITION	Good	Good	Good	Good
		\$0	\$0	\$0
AGE/YEARS	19	20	19	8
		\$1,475	\$0	-\$10,038
BATHROOMS	1	3	2	2.5
		-\$10,000	-\$5,000	-\$7,500
HOUSE SIZE/SF	586	2,150	1,888	2,226
		-\$78,200	-\$65,100	-\$82,000
FINISHED BASEMENT/SF	0	0	0	0
		\$0	\$0	\$0
OUTBUILDINGS	Garage/Bunk House	Inferior	Inferior	Inferior
		\$35,000	\$35,000	\$35,000
TOTAL ADJUSTMENT		-\$110,725	-\$35,100	-\$64,538
NET ADJUSTMENT PERCENTAGE		-38%	-20%	-35%
ADJUSTED PRICE INDICATION		\$184,275	\$144,900	\$117,963

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 and 2015. The available data indicates that market conditions for residential properties in the subject market area 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 Sales 2 and 3 are rated as average in quality. Sales 2 and 3 did not require adjustment in this category. Sale 1 was rated as very good in this category. Downward adjustments of 10% per quality category were made to Sale 1. This overall adjustment is considered reasonable and indicative of the actions of market participants relative to quality.

Condition: The subject and comparables were all rated as good in this category. No 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: The subject residence includes 1 bathroom. Adjustments were made based upon \$5,000 per full bath and \$2,500 per half bath to the comparables are appropriate. There is not sufficient market data with which to develop a specific adjustment in this category; however, the adjustments made are considered indicative of the actions of market participants.

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 \$50 per square foot is considered reasonable and appropriate.

Outbuildings: Adjustments were made for any differences between our opinions of the 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 \$184,275, \$144,900, and \$117,967. Most weight is accorded the indication from Sale 2 as this sale required the lowest net adjustment. A value of \$145,000 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	\$135,000
Subject Improvements Value	<u>\$145,000</u>
Total Value Indication	\$280,000

LOT 2

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 each category noted. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE				
LOT 2, COS #574, SPERRY GRADE, BONNER, MONTANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		3017 River Bend Dr	388 Overland Trail	263 Cutthroat Ct
CITY		Bonner, MT	Seeley Lake, MT	Seeley Lake, MT
SALES PRICE		\$135,500	\$130,000	\$100,000
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		\$135,500	\$130,000	\$100,000
DATE OF SALE		08/25/15	06/29/16	07/24/16
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$135,500	\$130,000	\$100,000
SITE SIZE/ACRES	1.807	0.990	2.020	2.600
ADJUSTMENT FOR:				
LOCATION	Rural County	Rural County	Seeley Lake	Seeley Lake
		0%	0%	0%
WATER FRONTAGE	Blackfoot River	Blackfoot River	Clearwater River	Trail Creek
		0%	0%	30%
SHAPE	Irregular	Irregular	Irregular	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	1.807	0.990	2.020	2.600
		0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		0%	0%	30%
TOTAL ADJUSTMENT		\$0	\$0	\$30,000
ADJUSTED PRICE PER SF		\$135,500	\$130,000	\$130,000

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 on the comparables. No adjustment was 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: No atypical financing was reported for the comparables and no adjustment was 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 closed comparable sold in 2015 and 2016. Based upon our analysis no adjustment was necessary in this category.

Location/Waterfront Name: The subject property includes frontage along the Blackfoot River. Sales 1 and 2 include river frontage and no adjustment was considered necessary in this category for these sales. Sale 3 includes frontage on a creek. Creek frontage is considered less desirable than river frontage by most market participants. Based upon pairing Sales 1 and 2 with Sale 3, an upward adjustment of 30% is supported in this category for Sale. 3.

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 property and the comparables are in areas with no zoning. No adjustments were necessary in this category.

Easements Affecting Value: The subject site and the 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: We did not locate any market data that suggested that adjustments were necessary for size differences between the subject and comparables. For this reason, no adjustments were made in this category.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$135,500, \$130,000, and \$130,000. All weight is accorded Sale 1 as it is located on the Blackfoot River like the subject property. The other two comparables generally support the conclusion of value from this sale. A preliminary value of \$135,000 is well supported by this analysis for the subject site as if vacant.

Site Value as if Vacant

\$135,000

Improvement Value Estimate

A sales comparison analysis for the improvements on the subject property utilizing the comparables selected is below;

SALES COMPARISON ANALYSIS FOR LOT 2, COS #5714, BONNER, MONANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		480 Morrell Creek	624 Overland Trail	84 Overland Trail
LOCATION		Seeley Lake, MT	Seeley Lake, MT	Seeley Lake, MT
SALES PRICE		\$375,000	\$310,000	\$312,500
SALE CONCESSIONS				
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		09/01/15	04/07/15	08/27/14
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$375,000	\$310,000	\$312,500
LESS SITE VALUE		(\$80,000)	(\$130,000)	(\$130,000)
ADJUSTED IMPROVEMENT PRICE		\$295,000	\$180,000	\$182,500
ADJUSTMENT FOR:				
LOCATION/SITE	Rural County	Seeley Lake	Seeley Lake	Seeley Lake
		\$0	\$0	\$0
QUALITY	Very Good	Very Good	Average	Average
		\$0	\$36,000	\$36,500
CONDITION	Good	Good	Good	Good
		\$0	\$0	\$0
AGE/YEARS	18	20	19	8
		\$2,950	\$900	-\$9,125
BATHROOMS	3	3	2	2.5
		\$0	\$5,000	\$2,500
HOUSE SIZE/SF	1,668	2,150	1,888	2,226
		-\$24,100	-\$11,000	-\$27,900
FINISHED BASEMENT/SF	0	0	0	0
		\$0	\$0	\$0
OUTBUILDINGS	None	Inferior	Inferior	Inferior
		-\$15,000	-\$15,000	-\$15,000
TOTAL ADJUSTMENT		-\$36,150	\$15,900	-\$13,025
NET ADJUSTMENT PERCENTAGE		-12%	9%	-7%
ADJUSTED PRICE INDICATION		\$258,850	\$195,900	\$169,475

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 and 2015. The available data indicates that market conditions for residential properties in the subject market area 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 Sale 1 are rated as very good in quality. Sales 1 did not require adjustment in this category. Sales 2 and 3 were rated as average in this category. Upward adjustments of 10% per quality category were made to Sales 2 and 3. These overall adjustments are considered reasonable and indicative of the actions of market participants relative to quality.

Condition: The subject and comparables were all rated as good in this category. No 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: The subject residence includes 3 bathrooms. Adjustments were made based upon \$5,000 per full bath and \$2,500 per half bath to the comparables are appropriate. There is not sufficient market data with which to develop a specific adjustment in this category; however, the adjustments made are considered indicative of the actions of market participants.

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 \$50 per square foot is considered reasonable and appropriate.

Outbuildings: Adjustments were made for any differences between our opinions of the 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 \$258,850, \$195,900, and \$169,475. Most weight is accorded the indication from Sale 1 as this sale is most similar in quality compared to the subject residence. A value of \$260,000 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	\$135,000
Subject Improvements Value	<u>\$260,000</u>
Total Value Indication	\$395,000

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
1	\$135,000	\$145,000	\$280,000	7/11/2016
2	\$135,000	\$260,000	\$395,000	7/11/2016

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

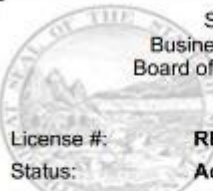

2005 - Present Clark Real Estate Appraisal, Inc. – Real Estate Appraiser
2003 - 2005 IKON Office Solutions – Technology Marketing
2002 - 2003 Relational Technology Services – Technology Marketing
1998 - 2003 IKON Office Solutions – Technology Marketing
1988 – 1998 CMS Automation (Formerly Entré Computer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

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES

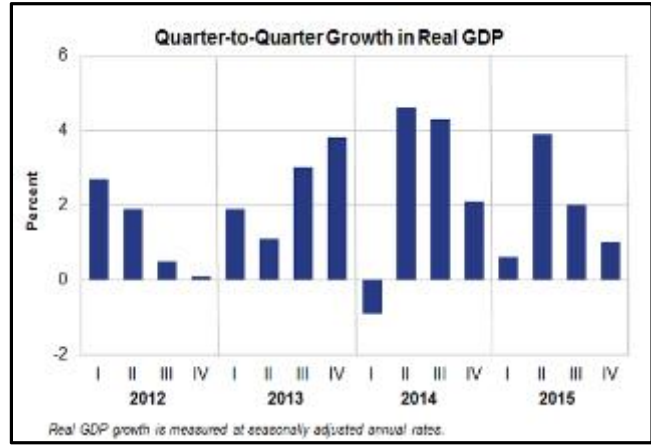
	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: CERTIFIED GENERAL APPRAISER With endorsements of: REAL ESTATE APPRAISER MENTOR
License #:	REA-RAG-LIC-683	
Status:	Active	
Expiration Date:	03/31/2017	
ELLIOTT M CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937		 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		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

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;

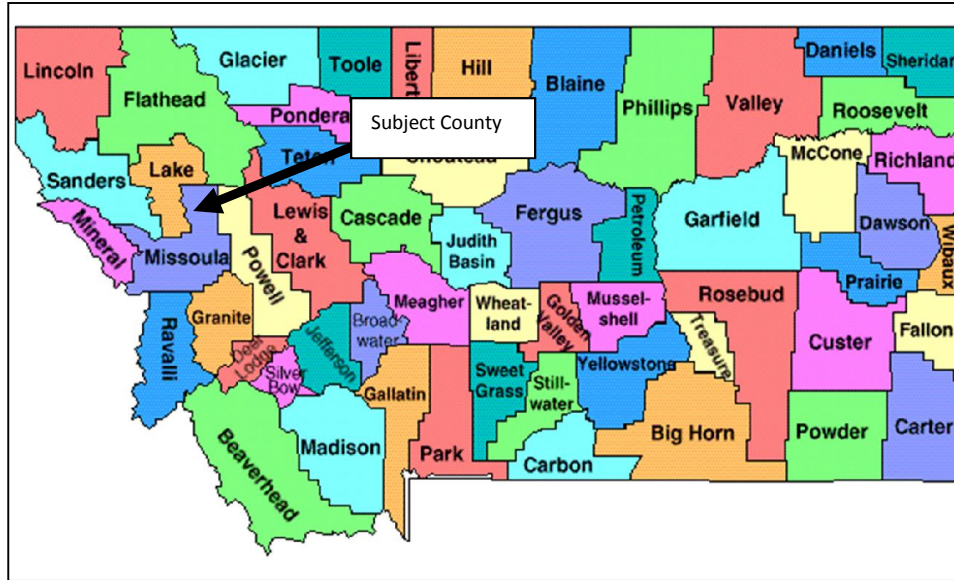
- Trade, Transportation, and Utilities
- Government (Federal, State, & Local)
- Education & Health Services
- Healthcare & Social Assistance
- Leisure & Hospitality

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 properties are 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.

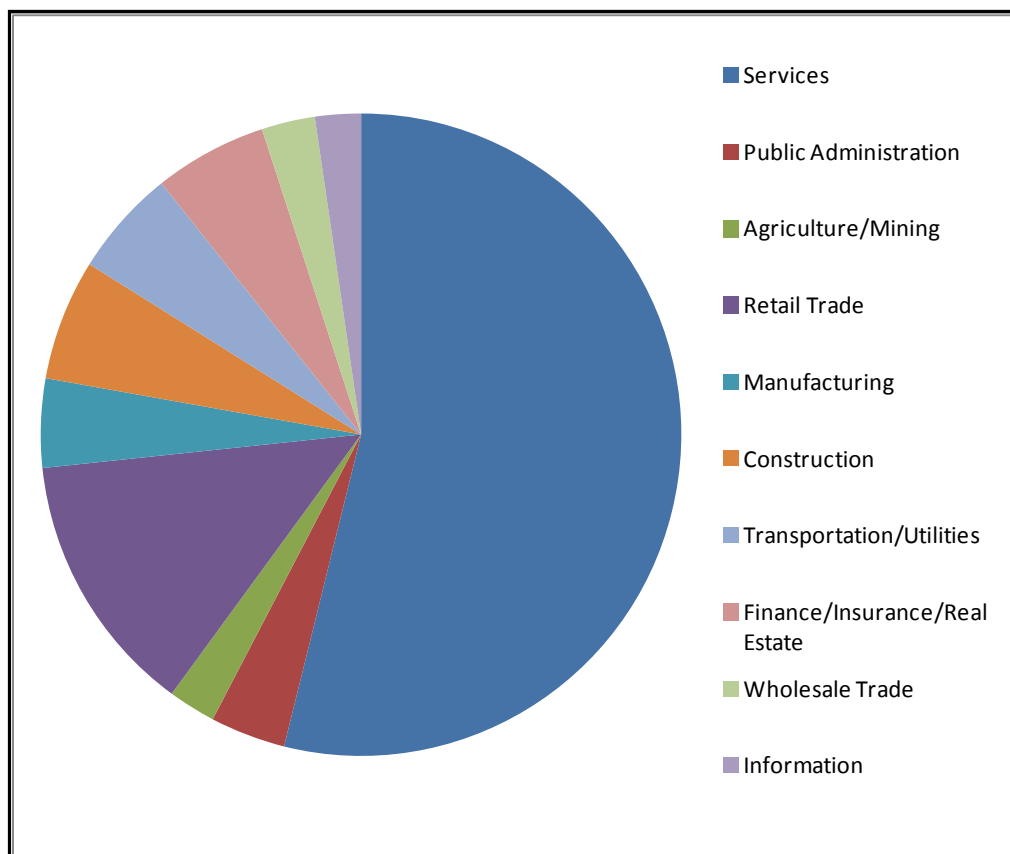
Income

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

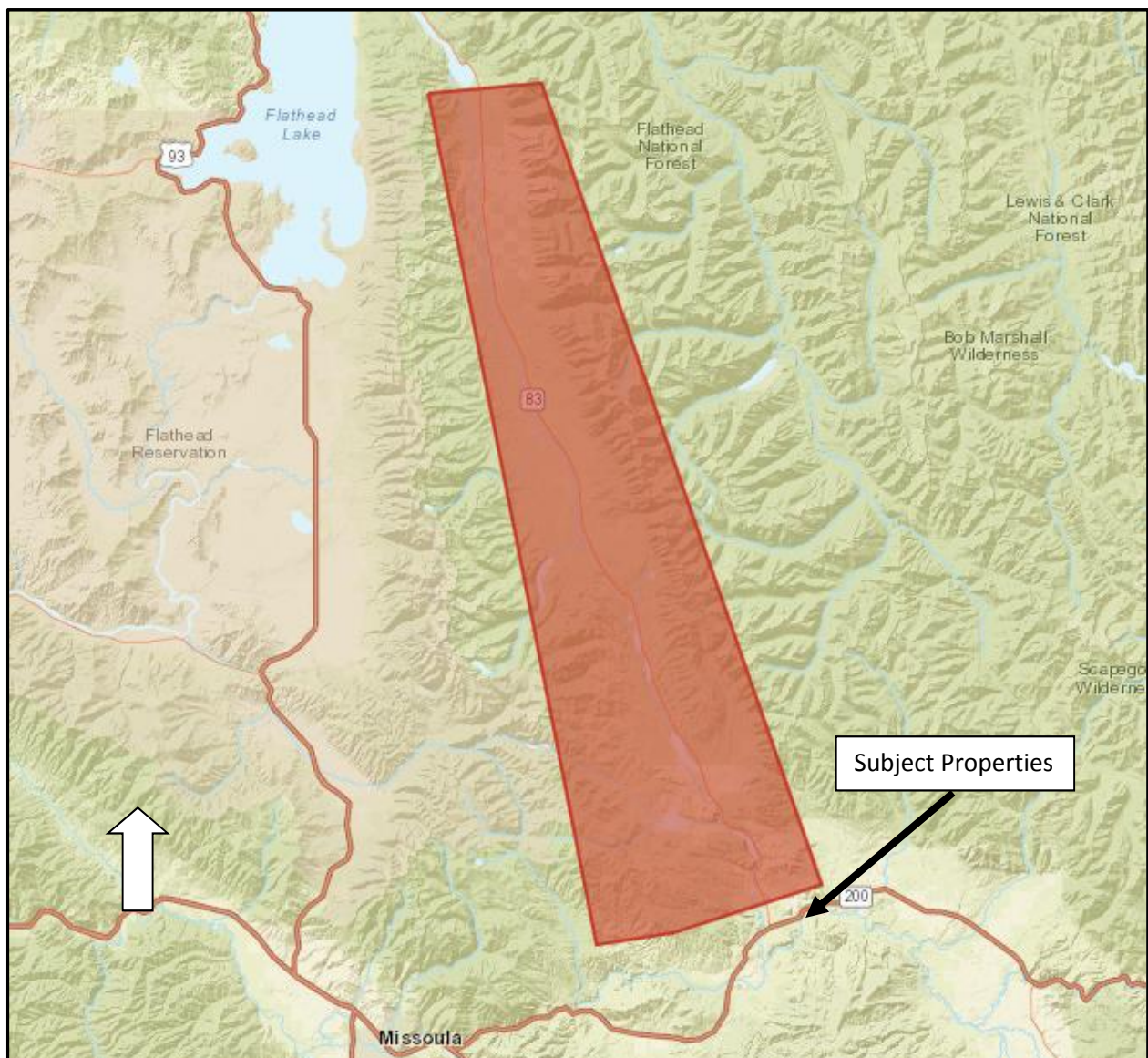
Missoula County is one of the most populous counties in Montana. The population is slated to increase approximately 0.8% per year through 2020. Missoula County is the home of the University of Montana. The location of the university provides some stability in employment. The county unemployment rate 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 properties are 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 approximate 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

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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

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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.