

APPRAISAL REPORT OF:

**LOT 28 OF COS # 19909
MARION, 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 8, 2016

PREPARED BY:

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



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

LETTER OF TRANSMITTAL

September 2, 2016

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

Re: Lot 28 of COS #19909, of Section 16, Township 26N, Range 25 West, Flathead County, Montana

Dear Ms. Cooper:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced property on July 8, 2016. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. The property viewing, reviews, 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 value of the fee simple interest in the subject lot, the value of the improvements, and value of 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 owner will exhibit sound management and sales practices. The values are based upon the **Hypothetical Conditions** that the property is a legal parcel and that the parcel has legal and adequate access as described in this report.

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

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

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

Respectfully submitted,



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



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

16-035ec

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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 (If Applicable)
Purpose/Intended Use	Estimate Market Values/Potential Sale Purposes
Property Owner(s)	Site: State of Montana/Improvements: Michael & Pamela Mower

SUBJECT PROPERTY

Property Identifications	Lot 28 of COS #19909, Section 16, Township 26 North, Range 25 West, Flathead County, Montana
Site Size	2.708 Acres
Description of Improvements	See Property Description
Assessor Number(s)	See Property Description
Census Tract	30-029-0017.00
Flood Zone	Zone X, Map Panel 30029C2175G – Dated September 28, 2007
Zoning	Not Zoned

HIGHEST AND BEST USE(S)

As Is	Recreational and/or Residential Use
As Improved	Recreational and/or Residential Use

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

Report Date	September 2, 2016
Inspection Date(s)	July 8, 2016
Effective Date of Value(s)	July 8, 2016
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Value	\$220,000
Individual Improvement Value	\$180,000
Individual Total Market Value	\$400,000

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

MARKETING & EXPOSURE TIME

The appraised value for the subject property as improved is based upon a 6 to 12 month marketing time and 6 to 12 month exposure time. 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
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CERTIFICATION OF APPRAISAL

We certify that, to the best of our knowledge and belief,

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

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



Dated Signed: September 2, 2016
Elliott M. Clark, MAI
MT REA-RAG-LIC-683



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

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

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

SCOPE OF THE APPRAISAL

The subject property is Lot 28 of Certificate of Survey #19909, McGregor Lake, Marion, Flathead County, Montana.

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

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

Scope of Property Viewing

Elliott M. Clark, MAI and Christopher D. Clark of Clark Real Estate Appraisal viewed the subject property on July 8, 2016. We measured the improvements on the property and walked the subject site.

Scope of Research

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

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

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

Extraordinary 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 property is based upon the **Hypothetical Condition** that the property was a legal parcel as of the report effective date and that there was legal and adequate access to the property.

Highest & Best Use

Our opinion of the highest and best uses for the subject property were developed using the research collected relative to the subject property, 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 property.

Appraisal Process

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

All three approaches to value were considered for the valuation of the subject property as improved. Most market participants interested in purchasing lake front homes do not base decisions upon the depreciated cost of the improvements. For this reason the Cost Approach is not considered applicable and was not developed in this report. The subject property is 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 property 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 property will be reported and any impact on the value will be discussed.

General Data Sources

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

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

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

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property is identified as Lot 28 in Certificate of Survey #19909 in Section 16, Township 26 North, Range 25 West, Flathead County, Montana.

INTENDED USE & INTENDED USERS OF THE APPRAISAL

It is understood that the intended use of this appraisal is for decisions regarding possible sale of the subject property by the client. This report was prepared for the, the client, (State of Montana, Montana Board of Land Commissioners, & Montana Department of Natural Resources and Conservation) and is their exclusive property. The client is an intended user of this report and the Lessees, Michael and Pamela Mower, are additional intended users of this report.

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

PURPOSE OF THE APPRAISAL

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

DATE OF PROPERTY VIEWING

July 8, 2016

EFFECTIVE DATE OF MARKET VALUES

July 8, 2016

PROPERTY RIGHTS APPRAISED

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

DEFINITION OF MARKET VALUE

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

Current Fair Market Value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

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

STATEMENT OF OWNERSHIP & USE HISTORY

STATEMENT OF OWNERSHIP

The subject site is owned by the State of Montana. The improvements on the subject site are owned by Michael and Pamela Mower. They purchased older improvements on this site in 2001. The improvements on the site in 2001 have been demolished and new home has been constructed.

USE/MARKETING HISTORIES

The Montana Department of Natural Resources and Conservation manages hundreds of residential cabin sites which are owned by the State of Montana. The subject lot is in this program.

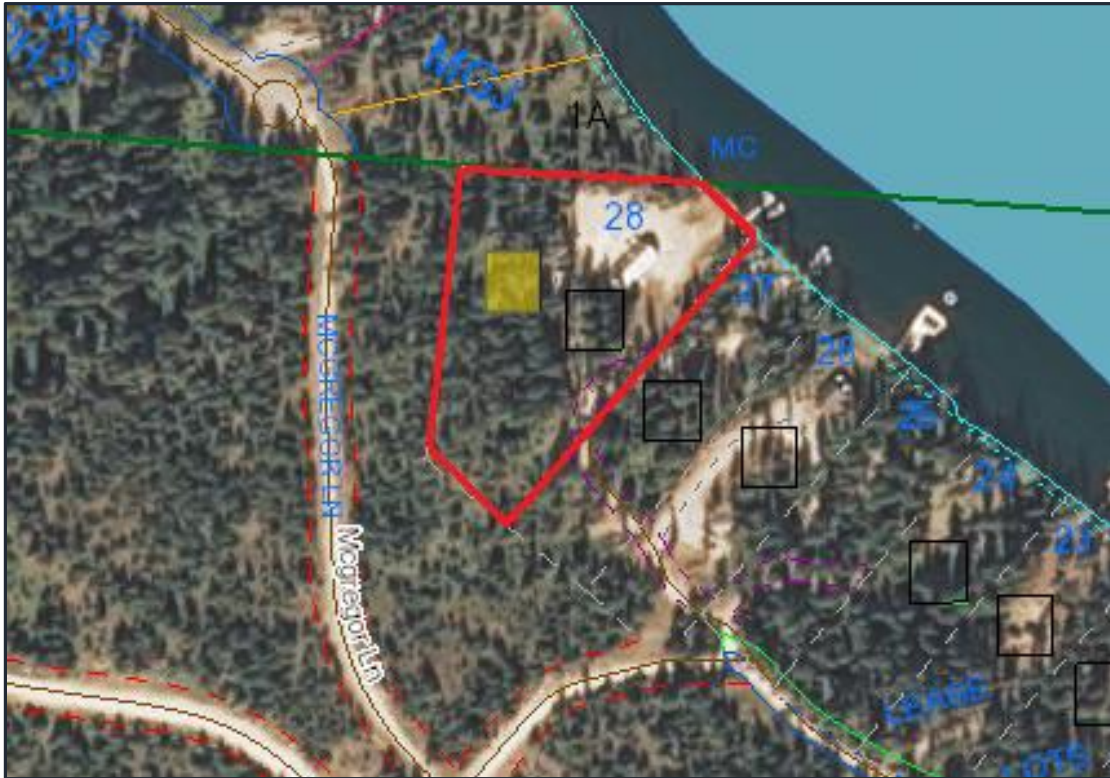
According to our research, the subject site or improvements have not been marketed via the area MLS during the 3 years prior to the report effective date.

PROPERTY DESCRIPTION

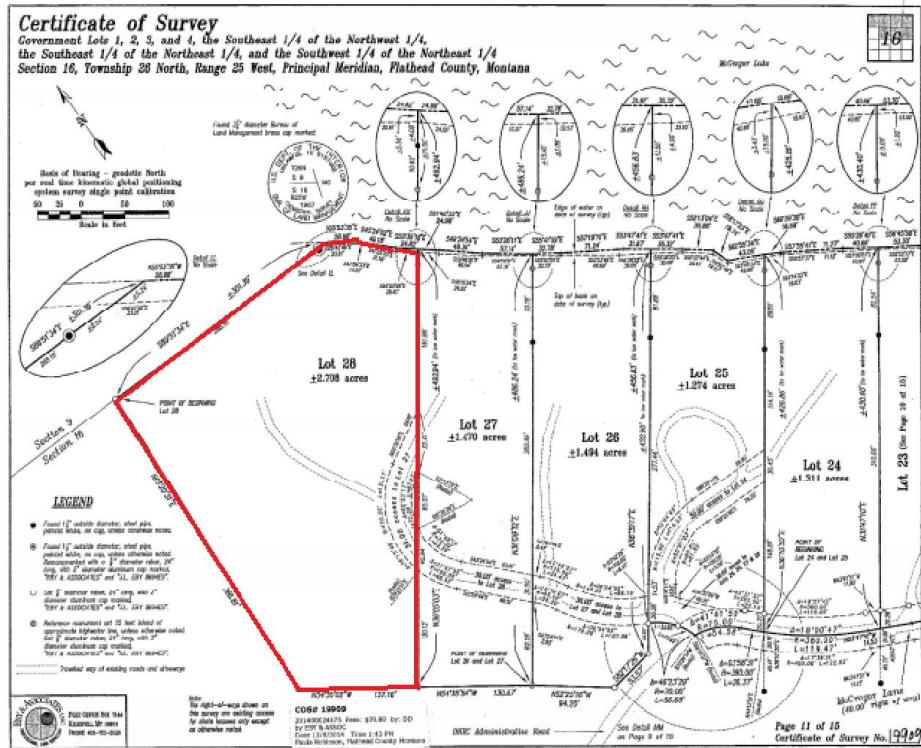
GENERAL DESCRIPTION

The subject property is Lots 28, of Certificate of Survey #19909 in Section 16, Township 26 North, Range 25 West, in Flathead County, Montana. The subject property totals 2.708 acres, has an irregular shape, and includes 102.98 feet of frontage along McGregor Lake.

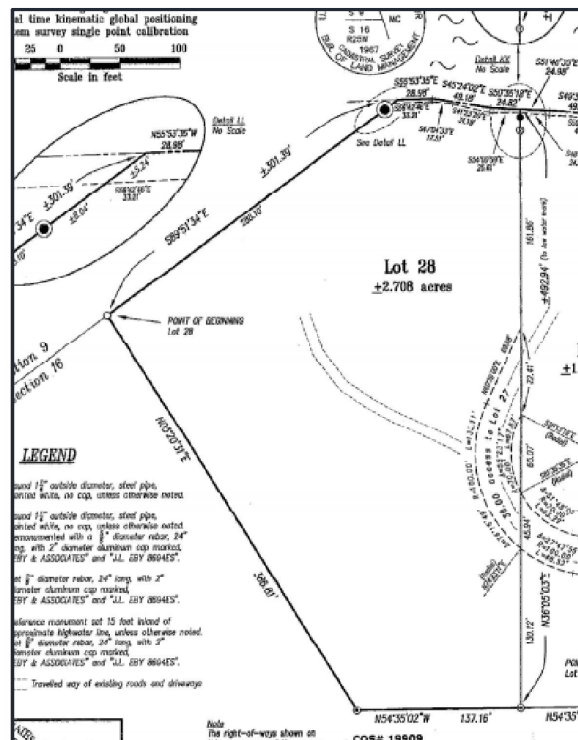
An aerial view of the subject property (outlined in red) from the Flathead County GIS mapping system is below;



Additional exhibits depicting the subject property are included throughout this section of this report.



Enlarged of Subject from Page 11 of COS #19909



ACCESS AND VIEWS

The subject property is accessed via a 30 foot side driveway from McGregor Lane. This driveway is within a 30 foot wide access easement which runs within the east boundary of the subject property and provides access to the adjacent Lot 27. The subject site includes 102.98 feet of frontage along McGregor Lake. There are lake and mountain views from the subject property.

IMPROVEMENTS

The subject site is improved with an approximately 1,331 square foot wood framed, modular construction, residence constructed on a steel beam foundation with a concrete curtain wall. The residence includes forced warm air and central air conditioning. According to the lessees, the foundation was constructed and the home was installed on the site in 2007. The residence includes hardi-plank brand, lap type, exterior siding and a metal covered roof.

The interior floor plan consists of a living/Dining/kitchen area, a laundry room, two bedrooms, and two bathrooms. Interior finishes include carpet, laminate, and vinyl floor covering and drywall walls and ceilings. The overall quality and condition of the residence are both considered to be good. The residence includes an approximately 205 square foot covered deck and an approximately 474 square feet open deck. There is approximately 243 square feet of insulated basement storage area.

Additional improvements consist of a 64 square foot shed and a 132 square foot fixed pier. Water is via a pump which accesses lake water. There is a 1,000 gallon buried vault for the water. There is a private septic system consisting of a 1,000 gallon tank drain field which is uphill from this tank requiring a pump. According to the lessees, there is an underground French drain system to keep water from the home. There is reportedly an underground spring running within the property boundaries. The lot includes some landscaped areas and some areas with natural vegetation.

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

An approximately 30 foot wide portion of a right-of-way easement (which includes a gravel driveway and provides access to the adjacent Lot 27) is within the subject east boundary. This driveway does impact usable area for this property; however, due to the relatively large size of the subject site, it is our opinion that negative impacts from this easement to the subject lot are minimal.

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

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

ZONING

The subject property is in an area of Flathead County that is not zoned.

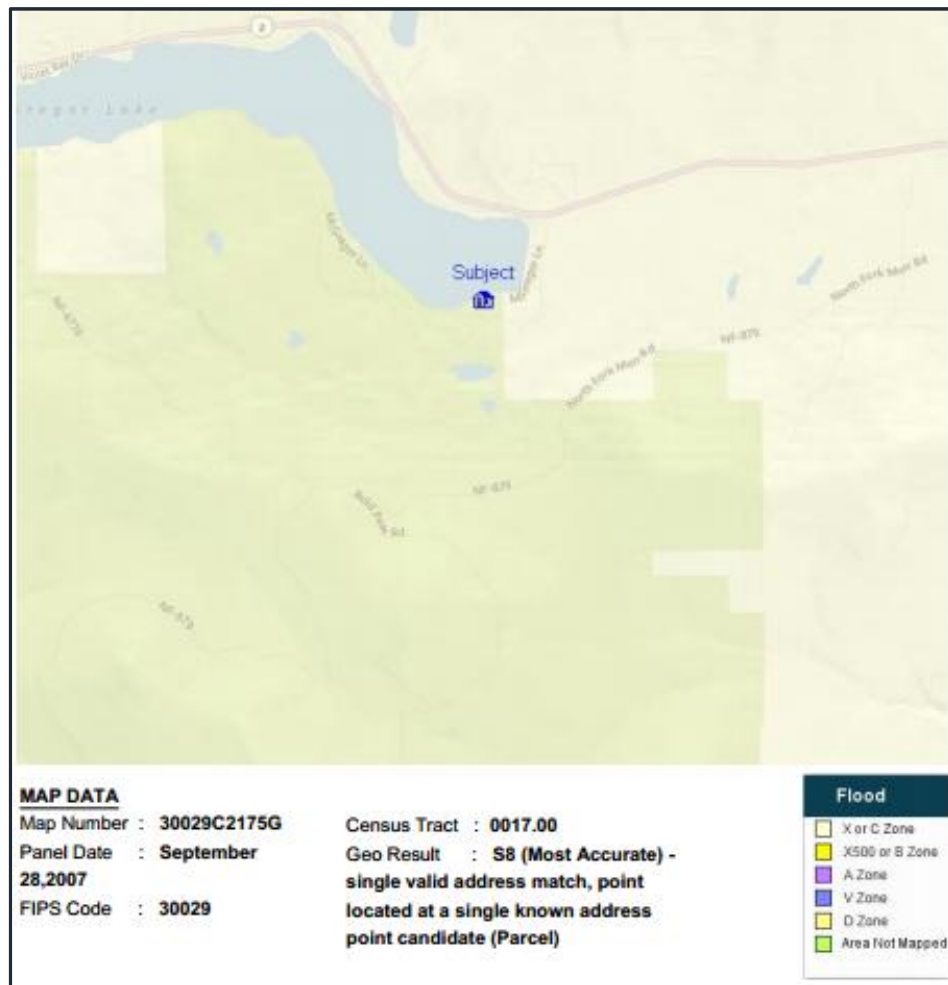
ASSESSMENT/REAL PROPERTY TAXES

The subject lot was tax exempt as of the report effective date; however, the lot is valued by the Montana Department of Revenue to assist with determination of lease rates. The improvements on the subject site are taxable. The 2015 tax bill was \$354.28 and taxable market value total for the subject improvements (as per the Montana Department of Revenue) was \$37,690 for 2015. It appears that the improvement value for tax purposes reflects a structure that was constructed in 1948 which has been demolished.

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

According to the Federal Emergency Management Agency (FEMA) Flood Zone Map (Map Panel #30029C2175G), the subject property is located in Zone X which is considered to be an area designated as low to moderate flood risk. An exhibit derived from the FEMA flood map panel is included on to the right.

The subject lot all includes native vegetation and landscaping. There is a spring running through the subject site which resulted in the necessity of a French drain system to keep water from the residence. We assume that drainage and storm water runoff is adequate and was properly designed and engineered for the subject site. We



have not been provided with a soil study for the subject sites. We assume the soil can accommodate the type of construction, which is typically seen in the subject area.

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

UTILITIES

There is electricity and telephone service along McGregor Lane. The subject lot has access and is connected to electricity and phone lines. Electrical and phone lines are buried from the edge of the subject property. According to Mr. and Ms. Mower, the subject improvements are serviced by an onsite septic system which includes 1,500 gallon tank with a pump system and related drain field. Water is from McGregor Lake via a pump and a 1,000 gallon well value. There is an ultra violet system in place for water purification.

PUBLIC SAFETY AND SERVICES

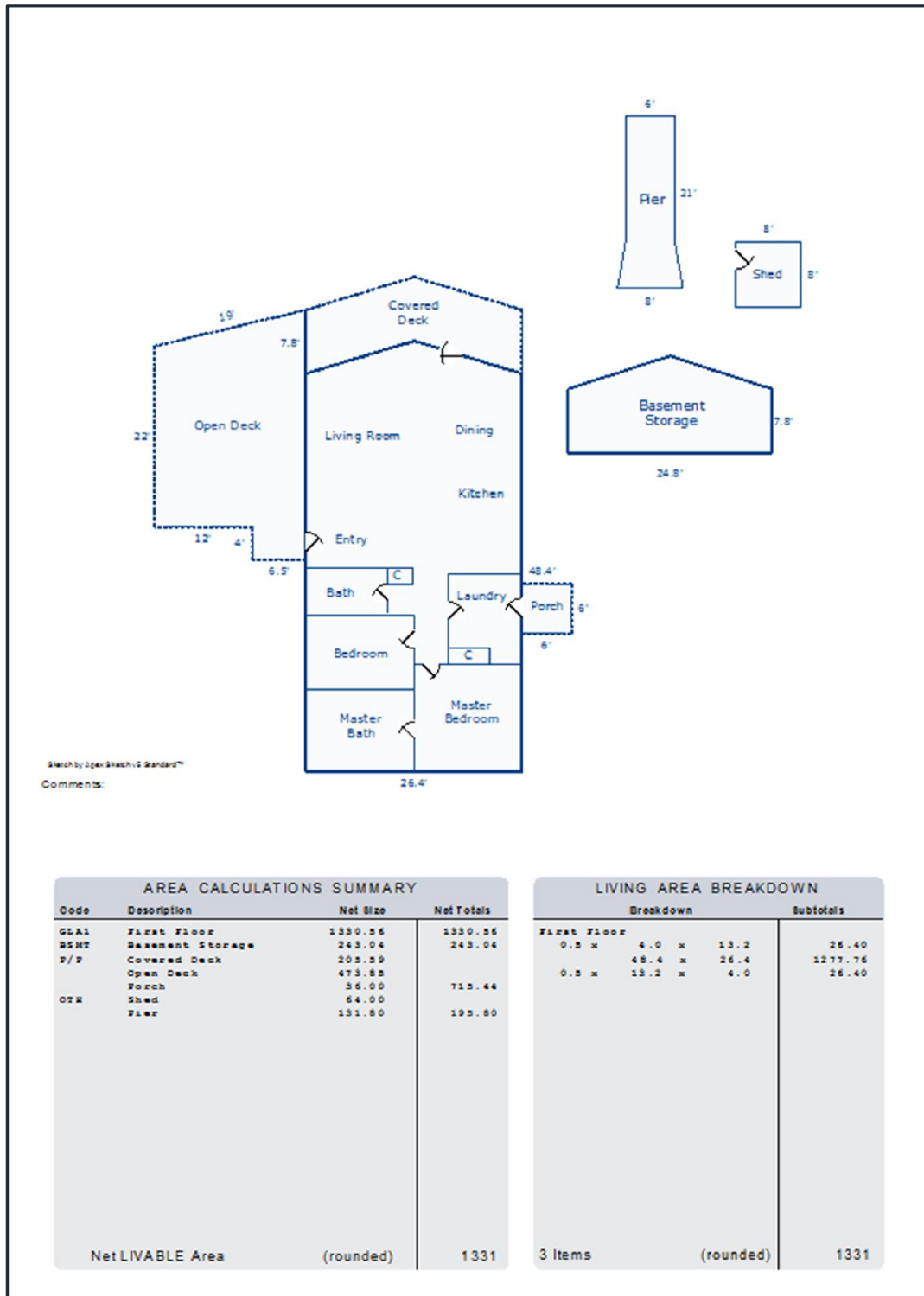
Police, fire protection, and other services are provided by Flathead County and area volunteer emergency services.

SITE SUITABILITY

The subject lot is legally and physically suited for residential improvements.

SUBJECT BUILDING SKETCHES & PHOTOGRAPHS

BUILDING SKETCH



SUBJECT PHOTOGRAPHS



Front of House on Lot 28 from Waterfront



Northwest Side of House



Southeast Side of House



Rear of House



House on Lot 28 Looking toward McGregor Lake



Kitchen

ADDITIONAL PHOTOGRAPHS



Living Room



Kitchen and Dining Area



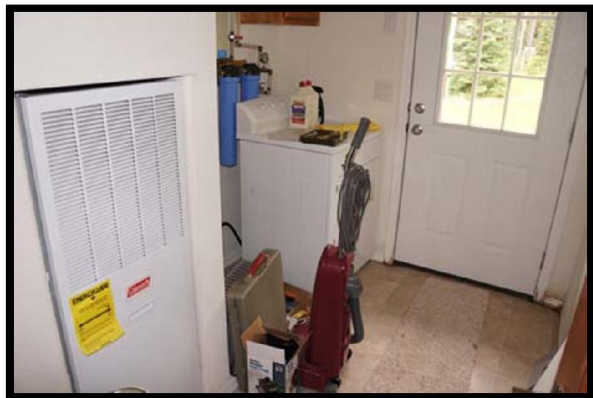
Master Bedroom



Master Bathroom



Bedroom



Laundry Room

ADDITIONAL PHOTOGRAPHS



Bathroom



Basement Storage



Basement Storage and Crawl Space



House Manufacturer's Label



Storage Shed



Shed Interior

ADDITIONAL PHOTOGRAPHS



Water Tank and Pump Equipment



Pier and Floating Dock



Pier and Floating Dock



Lot 28 Interior and McGregor Lake Looking East



Southeast Property Boundary Marker Looking Southwest



Southeast Property Boundary Marker Looking Northwest

ADDITIONAL PHOTOGRAPHS



View along Lake Frontage Looking Northwest



Northeast Property Boundary Marker Looking Southwest



View along Lakefront Looking Southeast



House on Lot 28 from Driveway



Driveway Looking Southeast



Driveway Looking Northwest

ADDITIONAL PHOTOGRAPHS



McGregor Lane Looking East



McGregor Lane Looking West

SUBJECT MARKET ANALYSIS

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

Subject Productivity Analysis

General Property Description

The subject is 2.708 acre sites with 102.98 feet of frontage along McGregor Lake in the Marion area of Flathead County.

Area Land Use Trends

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

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

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

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

Potential Users of Subject Property

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

Demand Analysis

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

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

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

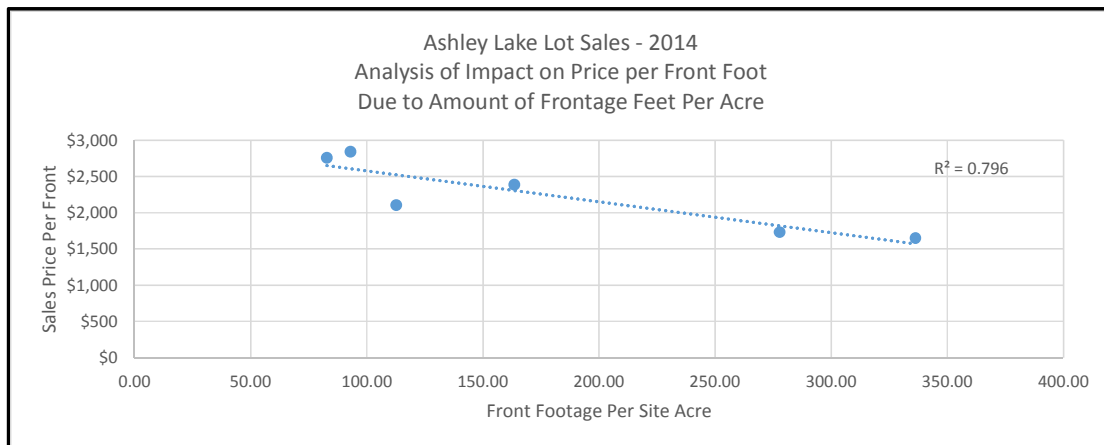
Lakefront Lot Sales

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

Lakefront Lot Sales Analysis										
Address	City	Lake	Front Feet	Site Acres	Sale Date	Sales Price	Value of Improvements	Sales Price Less Improvement Value	Price/FF	DOM
5344 Ashley Lake Rd	Kila	Ashley Lake	249.00	2.21	2014	\$525,000	\$0	\$525,000	\$2,108	173
127 Emerald Cove	Kalispell	Ashley Lake	146.00	1.57	2014	\$430,000	\$15,000	\$415,000	\$2,842	153
3462 Ashley Lake Rd	Kalispell	Ashley Lake	139.00	0.85	2014	\$347,000	\$15,000	\$332,000	\$2,388	567
3916 Ashley Lake Rd	Kalispell	Ashley Lake	195.00	0.58	2014	\$327,000	\$5,000	\$322,000	\$1,651	172
4757 Ashley Lake Rd	Kila	Ashley Lake	116.00	1.40	2014	\$320,000	\$0	\$320,000	\$2,759	183
5690 N Ashley Lake Rd	Kila	Ashley Lake	150.00	0.54	2014	\$270,000	\$10,000	\$260,000	\$1,733	105
4693 Ashley Lake Rd	Kila	Ashley Lake	156.16	3.69	2014	\$215,000	\$0	\$215,000	\$1,377	451
4050 N Ashley Lake Rd	Kalispell	Ashley Lake	225.20	6.10	2016	\$375,000	\$0	\$375,000	\$1,665	356
104 Bitterroot Cove Ct	Marion	Bitterroot Lake	228.00	1.05	2014	\$325,000	\$5,000	\$320,000	\$1,404	105
1308 Bitterroot Ln	Marion	Bitterroot Lake	365.60	4.45	2015	\$625,000	\$15,000	\$610,000	\$1,668	134
134 Kelly Ct	Marion	Bitterroot Lake	150.83	1.13	2015	\$330,000	\$10,000	\$320,000	\$2,122	147
128 Bitterroot Cove	Marion	Bitterroot Lake	115.40	2.09	2015	\$271,500	\$10,000	\$261,500	\$2,266	349
1256 Bitterroot Ln	Marion	Bitterroot Lake	178.00	1.07	2015	\$400,000	\$0	\$400,000	\$2,247	37
122 Kelly Ct	Marion	Bitterroot Lake	150.00	1.24	2016	\$330,000	\$0	\$330,000	\$2,200	349
680 Echo Lake Rd	Bigfork	Echo Lake	100.00	1.52	2014	\$395,000	\$40,000	\$355,000	\$3,550	177
1010 Echo Lake Rd	Bigfork	Echo Lake	200.80	0.81	2015	\$355,000	\$35,000	\$320,000	\$1,594	70
1591 Lake Blaine Rd	Kalispell	Lake Blaine	114.00	0.14	2015	\$262,000	\$10,000	\$252,000	\$2,211	58
12390 Paradise Loop	Marion	McGregor Lake	304.43	2.42	2014	\$307,000	\$5,000	\$302,000	\$992	298

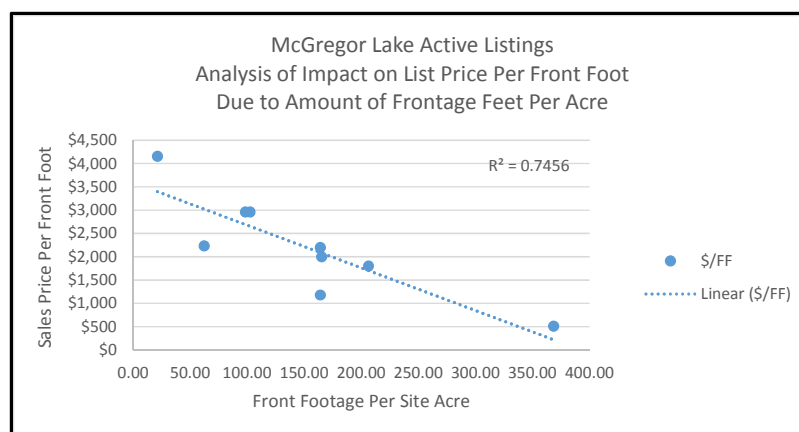
There were 10 lakefront lot sales in 2014, 6 in 2015, and 2 in 2016 Year-to-Date. Only one of the sales located has frontage on McGregor Lake.

The unit of comparison for sales of lakefront lots is typically the price per lakefront feet. Based upon our analysis, the price per front feet varies to some degree according to total site acreage. There was a sufficient number of lot sales with frontage along Ashley Lake in 2014 to prepare a credible analysis of price per front as it relates to the acreage of each sale. One of the 2014 sales along Ashley Lake was omitted because the verifying source indicated that this sale was an outlier due potential site usability issues. The remaining sales prices per front feet are graphed in comparison to the front footage per acre of each site.



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

There were not a sufficient number of closed sales with frontage on McGregor Lake to prepare a similar analysis. There were a sufficient number of active listings of lots with frontage along McGregor Lake to develop a similar analysis. The active listing price per front foot for sites along McGregor Lake are graphed in comparison to the front footage per acre of each listing below;



This analysis supports the conclusion regarding the relationship described above. We have used these analyses to assist with the reconciliation of values for the subject sites as if vacant.

Lakefront Home Sales

Residential home sale and listing data on recreational lakes of Flathead County (not including home sales with frontage on Flathead Lake or Whitefish Lake) is on the table below;

Lakefront Home Sales Analysis			
Smaller Recreational Lakes - Flathead County			
Sites 10 Acres or Smaller			
Year	# of Home Sales	Days on Market	# with Frontage on McGregor Lake
2014	7	293	0
2015	15	272	4
2016 Year-to-Date	6	203	1
Actives	42	202	8

Competitive Supply

There were 25 active listings of lots with less than 10 acres and frontage along smaller lakes in Flathead County as of the report effective date. The median list price was \$359,900. The marketing time for the active listings was approximately 243 days. There were 8 active listings of vacant sites with frontage along McGregor Lake. These active listings would compete with the subject site if it were available for sale.

There were 42 active listings of homes on smaller area lakes in Flathead County and with 10 acres or less for sale as of the report effective date. The marketing time for the active home listings was approximately 202 days.

Interaction of Supply and Demand

Based upon the sales volume in 2015, there is an over 4 year supply of vacant lots on smaller area lakes for sale. Downward price pressure is likely for the active listings to sell within typical historical marketing times.

Based upon sales volumes per year in 2014, 2015, and 2016 Year-t-Date, there is an over 3 year supply of homes for sale on smaller area lakes in the search parameters identified.

Subject Marketability Conclusion

The subject site has frontage along McGregor Lake. We only located one recent site sale with frontage along McGregor Lake. The subject property is considered to have similar marketability compared to other properties with frontage along small area lakes.

The subject property (as improved) is also considered to have similar marketability compared to other improved properties with frontage along small area lakes.

Estimated Marketing and Exposure Times

The 8 sales of vacant sites on similar area lakes that sold since 2015 were marketed for an average of 188 days. **Marketing times** between 6 to 12 months are appropriate for the subject site. If the subject site had sold on the effective date of this report, at the appraised value concluded in this report, 6 to 12 month **exposure times** would have been reasonable.

The 15 homes sales along smaller area lakes that closed in 2015 were marketed for an average of 272 days. The six lakefront homes sale in 2016 Year-to-Date were marketed for an average of 203 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 property are included on the following page.

AS IF VACANT

Legally Permissible

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

Physically Possible

There is sufficient space on the subject site for a single family residence and/or a manufactured home, and related outbuildings. There is not sufficient space on the site for most other types of uses.

Financially Feasible

Many area lots with frontage along McGregor Lake are improved with single family residences. Use of the subject lot as if vacant for construction of single family residence is financially feasible.

Maximally Productive

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

AS IMPROVED

The subject property is improved with a modular type construction single family residence. There is market acceptance of many types of residences along small area lakes. Area lakefront residences range from very small, older, un-renovated cottages used seasonally to newer homes utilized on a year round basis. Alteration of the subject residence for any use other than as a single family home would require large a capital expenditure. Continued use as single family residence (recreational and/or residential) for the subject property 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 property. To arrive at estimates of market values for the subject property, it is necessary to collect and analyze all available data in the market which might tend to indicate the values of the subject property. The subject property must be compared to similar properties that can be constructed, purchased, or from which a similar monetary return may be received.

APPROACHES IN THE VALUATION OF REAL PROPERTY

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

Cost Approach

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

Sales Comparison Approach

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

Income Capitalization Approach

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

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

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

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

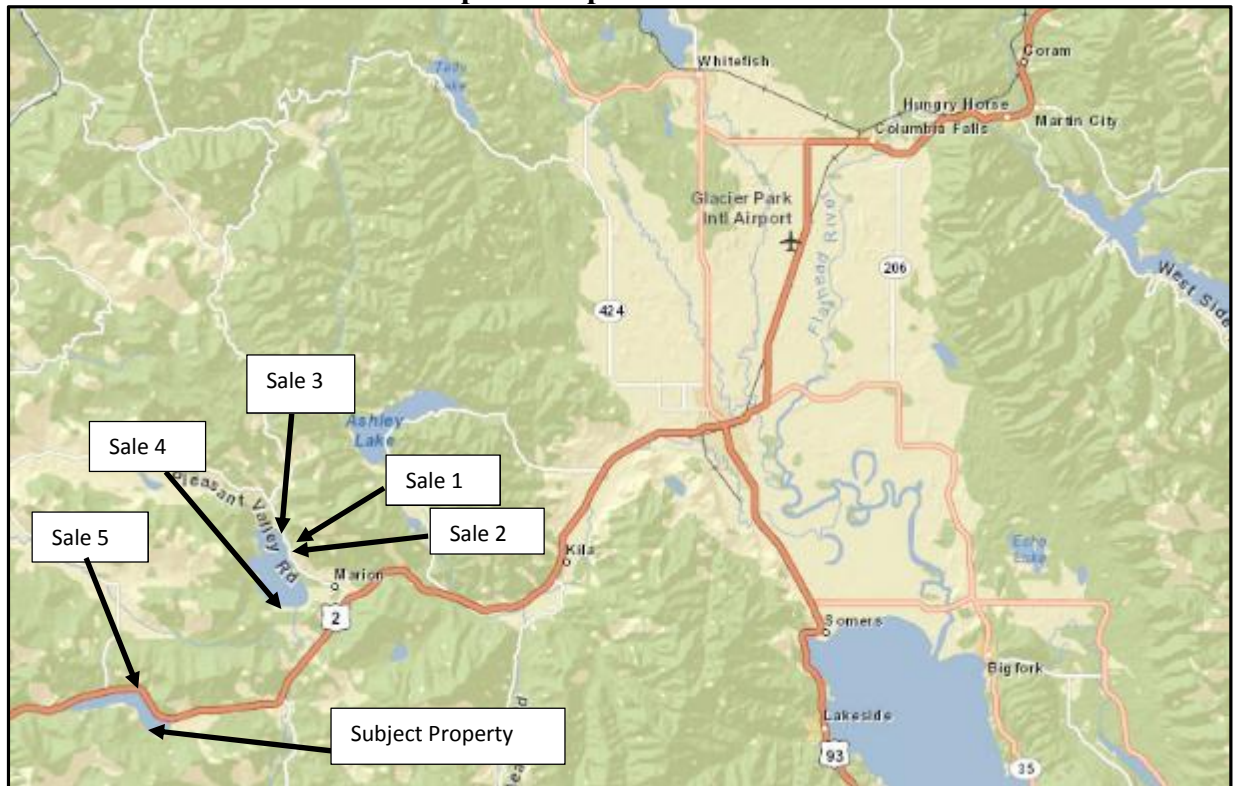
LAKEFRONT LOT SALES

We conducted a search for sales of sites along smaller lakes in Flathead County. As noted in the Subject Market Analysis, there were a total of 18 sales of vacant lakefront sites on somewhat similar lakes in Flathead County from 2014 to 2016 Year-to-Date. We selected the most recent and/or most similar of these sales as comparables for the subject lots. The recognized unit of comparison is price per frontage along the lake. These comparables are described on the table below;


Sale #	Address	City	Lake	Front Feet	Sale Date	Sales Price	Value of Improvements	Sales Price Less Improvements	Price/FF
1	122 Kelly Ct	Marion	Bitterroot Lake	150.85	2016	\$330,000	\$0	\$330,000	\$2,188
2	134 Kelly Ct	Marion	Bitterroot Lake	150.83	2015	\$330,000	\$10,000	\$320,000	\$2,122
3	128 Bitterroot Cove Ct	Marion	Bitterroot Lake	115.40	2015	\$271,500	\$10,000	\$261,500	\$2,266
4	1308 Bitterroot Ln	Marion	Bitterroot Lake	365.60	2015	\$625,000	\$15,000	\$610,000	\$1,668
5	12390 Paradise Loop	Marion	McGregor Lake	304.43	2014	\$307,000	\$5,000	\$302,000	\$992

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



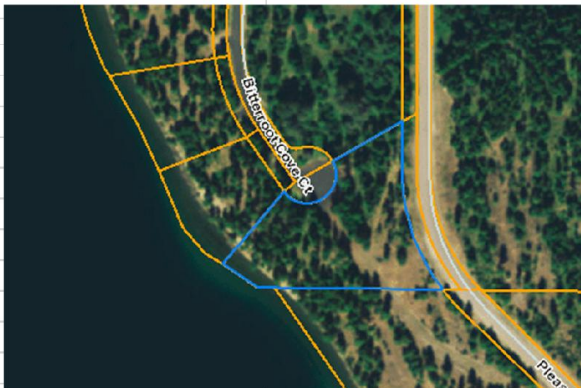
LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location	122 Kelly Court	
	City/State	Marion, MT	
	County	Flathead	
	Assessor Number	0003957	
	Zoning	Little Bitterroot Lake Zoning District	
	Site Size: Acres	1.238	
	Square Feet	53,927	
	Date of Sale	June 10, 2016	
	Sales Price	\$330,000	
	Less Cost of Improvements*	\$0	
Sales Price Adjusted	\$330,000		
MLS #	21601931		
ANALYSIS OF SALE			
Price per Acre	\$266,559	Price per Square Foot	\$6.12
		Price Per Front Foot	\$2,188
TRANSFER INFORMATION			
Grantor	Michael C. Covey & Stacy D. Covey	Grantee	Benjamin Nillson & Mandy Nillson
Type of Instrument	Warranty Deed	Document #	201600011301
		Marketing Time	349 Days on Market
Financing/Conditions	Cash/Market	Verified By	Holly Carbo, Listing Agent
Legal Description	Lot 2 of Kelly Subdivision	Intended Use/Comments	Purchased for Residential / Recreational Use
Section/Township/Range	S12/T16N/R15W		
PROPERTY DETAILS			
Access	Pleasant Valley Rd. *Paved	View	Lake, Mountains
Topography	Sloping downward toward lake	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30029C2200G, the property is not located in an area of elevated flood risk.	Improvements	None
Water	Bitterroot Lake	Value of Improvements	\$0
Water Frontage	150.85		
Utilities	Electricity & Telephone at road.	Miscellaneous	Property is located on the east shore of the lake and has septic approval.
Report File # 16-033ec			

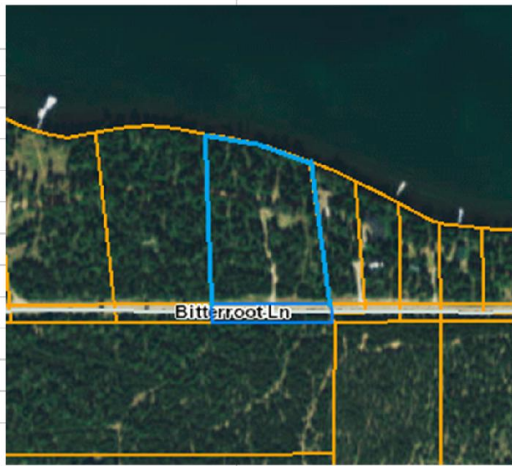
LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location		134 Kelly Court
	City/State		Marion, Montana
	County		Flathead
	Assessor Number		0003958
	Zoning		Little Bitterroot Lake
	Site Size: Acres		1.129
	Square Feet		49,179
	Date of Sale		August 31, 2015
	Sales Price		\$330,000
	Less Cost of Improvements*		\$10,000
Sales Price Adjusted		\$320,000	
MLS #		333121	
ANALYSIS OF SALE			
Price per Acre	\$283,437	Price per Square Foot	\$6.51
		Price Per Front Foot	\$2,122
TRANSFER INFORMATION			
Grantor	Covey Family Trust	Grantee	XW Consulting, LLC
Type of Instrument	Warranty Deed	Document #	201500020221
Financing/Conditions	Cash/Market	Marketing Time	147 Days on Market
		Verified By/Phone #	Hollis Carbo, Listing and Selling Agent
Legal Description	Lot 3 of Kelly Subdivision, Flathead County, Montana	Intended Use/Comments	Purchased for eventual construction of a residence and
Section/Township/Range	S4/T27N/R24W		
PROPERTY DETAILS			
Access	Kelly Court	View	Bitterroot Lake/Mountains
Topography	Sloping with Level Building Site	Lot Dimensions	150.83' X 347.33' X 137.82' X 308.59'
Flood Plain	According to Flood Map # 30029C2200G, the property is located in an area of Low Flood Risk.	Improvements	Site improvements consist of buried electrical and telephone lines and approval for a septic system. Site improvements estimated to contribute \$10,000 to the sales price
Feet of Water Frontage	150.83	Value of Improvements	\$10,000
Front Feet Per Acre	134		
Utilities	Buried Electrical & Telephone Lines, Approval for Septic System	Miscellaneous	
			Report File # 15-054ec


LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location		128 Bitterroot Cove Court
	City/State		Marion, Montana
	County		Flathead
	Assessor Number		0007784
	Zoning		Little Bitterroot Lake
	Site Size: Acres		2.085
	Square Feet		90,823
	Date of Sale		May 7, 2015
	Sales Price		\$271,500
	Less Cost of Improvements*		\$10,000
Sales Price Adjusted		\$261,500	
MLS #		327231	
ANALYSIS OF SALE			
Price per Acre	\$125,420	Price per Square Foot	\$2.88
		Price Per Front Foot	\$2,266
TRANSFER INFORMATION			
Grantor	Rebecca M. McDonnell & Patrick J. McDonnell	Grantee	Brent Poe McCabe & Deborah W. McCage
Type of Instrument	Warranty Deed	Document #	201500008803
Financing/Conditions	Conventional/Market	Marketing Time	349 Days on Market
		Verified By/Phone #	Dusty Dziza, Listing & Selling Agent
Legal Description	Lot 16 of Bitterroot Cove Subdivision, Flathead County,	Intended Use/Comments	Purchased for construction of a residence and recreational use.
Section/Township/Range	S5/T27N/R24W		
PROPERTY DETAILS			
Access	Kelly Court	View	Bitterroot Lake/Mountains
Topography	Sloping with Level Building Site	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30029C1750G, the property is located in an area of Low Flood Risk.	Improvements	Site improvements consist of buried electrical and telephone lines and approval for a septic system. Site improvements estimated to contribute \$10,000 to the sales price.
Feet of Water Frontage	115.4	Value of Improvements	\$10,000
Front Feet Per Acre	55		
Utilities	Buried Electrical & Telephone Lines, Approval for Septic System, Well Drilled but not Complete	Miscellaneous	
Report File # 15-054ec			

LAND SALE 4

COMPARABLE SALE INFORMATION			
	Location		1308 Bitterroot Lane
	City/State		Marion, Montana
	County		Flathead
	Assessor Number		0002616
	Zoning		Little Bitterroot Lake
	Site Size: Acres		4.450
	Square Feet		193,842
	Date of Sale		August 18, 2015
	Sales Price		\$625,000
	Less Cost of Improvements*		\$15,000
Sales Price Adjusted		\$610,000	
MLS #		333092	
ANALYSIS OF SALE			
Price per Acre	\$137,079	Price per Square Foot	\$3.15
		Price Per Front Foot	\$1,668
TRANSFER INFORMATION			
Grantor	The William Workman Living Trust	Grantee	The Emdrew Fund
Type of Instrument	Warranty Deed	Document #	201500019109
Financing/Conditions	Cash/Market	Marketing Time	134 Days on Market
		Verified By/Phone #	P.C. Musgrove, Listing Agent
Legal Description	Lot 4 Marion Estates Subdivision, Flathead County, Montana	Intended Use/Comments	Purchased for construction of a residence and recreational use.
Section/Township/Range	S17/T27N/R24W		
PROPERTY DETAILS			
Access	Bitterroot Lane	View	Bitterroot Lake/Mountains
Topography	Level with Slope Toward Lake	Lot Dimensions	Various
Flood Plain	According to Flood Map #30029C2200G, this property is in an area of low flood risk.	Improvements	Site improvements include onsite electrical and telephone lines and a 5 BR septic tank which has been installed on the property. The improvements are estimated to contribute \$15,000 to the purchase price.
Feet of Water Frontage	365.6	Value of Improvements	\$15,000
Front Feet Per Acre	82		
Utilities	Onsite Electrical & Telephone Lines, 5 BR Septic System Installed, No Well	Miscellaneous	
			Report File # 15-054ec

LAND SALE 5

COMPARABLE SALE INFORMATION					
	Location		12390 Paradise Loop		
	City/State		Marion, Montana		
	County		Flathead		
	Assessor Number		0982307		
	Zoning		SC, Scenic Corridor		
	Site Size: Acres		2.416		
	Square Feet		105,241		
	Date of Sale		April 11, 2014		
	Sales Price		\$307,000		
	Less Value of Improvements*		\$5,000		
Sales Price Adjusted		\$302,000			
MLS #		320686			
ANALYSIS OF SALE					
Price per Acre		\$125,000	Price per Square Foot	\$2.87	
			Price Per Front Foot	\$992	
TRANSFER INFORMATION					
Grantor		Judith Suarez Mann, Kirsten Hernandez-Suarez, & Kimberly Ann Suarez	Grantee		Sam H. Jeude & Joletha Marie Jeude
Type of Instrument		Warranty Deed	Document #		201400006186
			Marketing Time		298 Days on Market
Financing/Conditions		Conventional/Market	Verified By/Phone #		Jeremy Feldmann, Listing Agent
Legal Description		Tract 1 of COS # 18436, Flathead County, Montana	Intended Use/Comments		Purchased for residential and recreational use.
Section/Township/Range		S5/T26N/R25W			
PROPERTY DETAILS					
Access		Shared Driveway	View		McGregor Lake/Mountains
Topography		Level	Lot Dimensions		Various
Flood Plain		According to Flood Map #30029C2175G, this property is in an area of low flood risk.	Improvements		Site improvements include access to a share well on an adjacent property. The improvements are estimated to contribute \$5,000 to the purchase price.
Feet of Water Frontage		304.43	Value of Improvements		\$5,000
Front Feet Per Acre		126			
Utilities		Access to shared well on adjacent site. Septic permit on file as of sale date. Access to electricity and telephone	Miscellaneous		This property includes 80 foot wide portion of US Hwy 2 within the north side property boundary. This property is adjacent to land owned by the State of Montana Fish Wildlife and Parks.
Report File # 16-014ec					

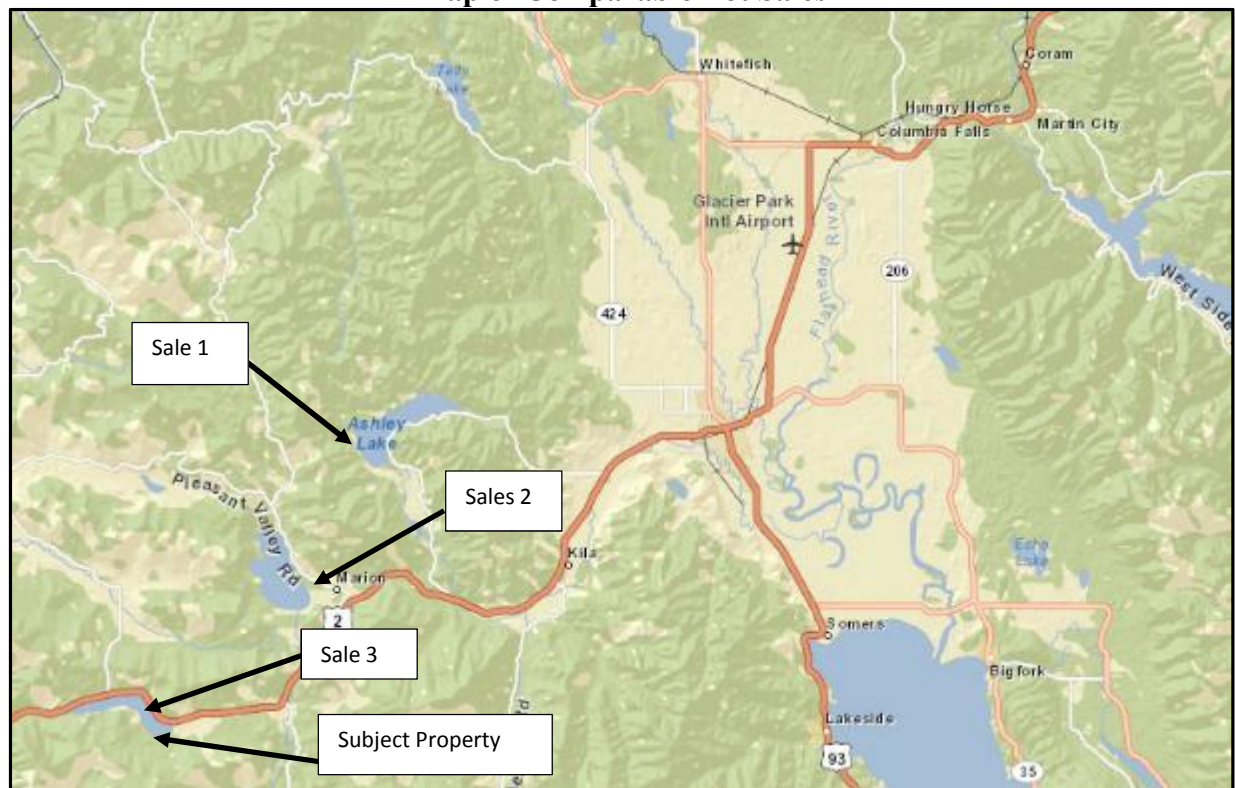
LAKEFRONT HOME SALES

We conducted a search for sales of homes on lakefront sites similar the subject properties for use as comparables to determine the value of the subject improvements. The most applicable and recent 3 sales located are described on the table below;


Lakefront Home Sales							
Sale #	Address	City	Lake	Sale Date	Sales Price	Less Site Value	Sale Price of Improvements
1	5520 N Ashley Lake Rd	Kila	Ashley Lake	2016	\$499,000	\$341,000	\$158,000
2	1082 Kelsey Rd	Marion	Bitterroot Lake	2015	\$440,000	\$230,000	\$210,000
3	12144 US Hwy 2 W	Marion	McGregor Lake	2014	\$320,000	\$217,500	\$102,500

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	5520 N. Ashley Lake Rd.
		City/State	Kila, MT
		County	Flathead
		Assessor Number	0002013
		Zoning	Ashley Lake Zoning District
		Site Size: Acres	1.240
		Square Feet	54,014
		Date of Sale	June 1, 2016
		Sales Price	\$499,000
		Adjustment to Sales Price	\$0
		Adjusted Sales Price	\$499,000
		MLS #	338303
TRANSFER INFORMATION			
Grantor	Douglas Wayne Bauman & Brenda Ann Bauman	Grantee	William C. Chen & Victoria T. Chen
Recording Data	Warranty Deed #201600010520	Marketing Time	193 Days on Market
Financing/Conditions	Cash/Market	Verified By	Scott Hollinger, Listing Agent
Legal Description	Parcel B of COS# 18753	Intended Use	Residential
Section/Township/Range	S15/T28N/R24W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	Ashley Lake	Sales Price	\$499,000
Front Footage	155'	Estimated Site Value	\$341,000
Access	Ashley Lake Rd. *Gravel	Sales Price of Improvements	\$158,000
House Square Feet	1,496	Improvement Price/SF	\$106
Bedroom/Bathrooms	3BR/2BA		
Year Built or Renovated	2000		
Construction	Wood Frame		
Quality	Good		
Condition	Good		
Water/Sewer	Well, Septic		
Utilities	Electricity, Telephone, Internet		
Topography	Level, then sloping toward lake.		
Outbuildings	Storage Sheds		
Miscellaneous	House has 748 SF on main level and 748 SF on a second level. Well is shared. Property is landscaped with poured concrete walk to the lakefront.		
		Report File # 16-034ec	

HOME SALE 2

[illegible]

HOME SALE 3

COMPARABLE SALE INFORMATION



Location	12144 US Highway 2 West
City/State	Marion, Montana
County	Flathead
Assessor Number	0791000
Zoning	SC, Scenic Corridor
Site Size: Acres	0.240
Square Feet	10,454
Date of Sale	May 30, 2014
Sales Price	\$320,000
Adjustment to Sales Price	\$0
Adjusted Sales Price	\$320,000
MLS #	325935

TRANSFER INFORMATION

Grantor	C. Thomas Osborne & Carolyn M. Osborne	Grantee	Robert C. Marcuvitz	
Recording Data	WD #201400009276	Marketing Time	45	Days on Market
Financing/Conditions	Conventional/Market	Verified By	Jeremy Feldmann, Agent	
Legal Description	Lot 23 of McGregor Lake Summer Homes (Except Portion Deed to State of MT for Roadway), Flathead County, Montana	Intended Use	Recreational/residential use	
Section/Township/Range	S4/T26N/R25W			

DESCRIPTION OF IMPROVEMENTS

ANALYSIS OF SALE

Lake Name	McGregor Lake
Lake Front Feet	75.00
Access	Highway
House Square Feet	884
Bedroom/Bathrooms	2BR/1BA
Year Built or Renovated	1984
Construction	Wood Frame
Quality	Average
Condition	Average
Water/Sewer	Lake Water/Septic
Utilities	Electricity/Telephone
Topography	Sloping
Outbuildings	None
Miscellaneous	

Sales Price		\$320,000
Estimated Site Value		<u>\$217,500</u>
Sales Price of Improvements		\$102,500
Improvement Price/SF		\$116



Report File # 16-014ec

SITE VALUE ESTIMATE

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

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE						
LOT 28, COS #19909, MCGREGOR LAKE						
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
IDENTIFICATION		122 Kelly Ct	134 Kelly Ct	128 Bitterroot Cove Ct	1308 Bitterroot Ln	12390 Paradise Loop
CITY		Marion, MT	Marion, MT	Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$330,000	\$330,000	\$271,500	\$625,000	\$307,000
ADJUSTMENT FOR IMPROVEMENTS		\$0	-\$10,000	-\$10,000	-\$15,000	-\$5,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES						
DEMOLITION		\$0	\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0	\$0
DATE OF SALE		06/10/16	08/31/15	05/07/15	08/18/15	04/11/14
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$330,000	\$320,000	\$261,500	\$610,000	\$302,000
SITE SIZE/ACRES	2.708	1.240	1.129	2.085	4.450	2.416
FRONT FEET ON LAKE	102.98	150.85	150.83	115.40	365.60	304.43
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,188	\$2,122	\$2,266	\$1,668	\$992
ADJUSTMENT FOR:						
LOCATION/LAKE NAME	McGregor Lake	Bitterroot Lake	Bitterroot Lake	Bitterroot Lake	Bitterroot Lake	McGregor Lake
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
TOPOGRAPHY	Sloping	Level	Some Slope	Some Slope	Some Slope	Level
FRONTAGE/ACCESS	Private Road	Public Road	Public Road	Public Road	Public Road	Private Road
ZONING	None	LBL	LBL	LBL	LBL	SC
EASEMENTS AFFECTING USE	Yes	No	No	No	Yes	Yes
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available	Available
SITE SIZE/ACRES	2.708	1.24	1.13	2.09	4.45	2.42
FRONT FEET	102.98	150.85	150.83	115.40	365.60	304.43
TOTAL PERCENTAGE ADJUSTMENT		-5%	-5%	-5%	0%	25%
TOTAL ADJUSTMENT ADJUSTMENT		-\$109	-\$106	-\$113	\$0	\$248
FRONT FEET PER ACRE	38	122	134	55	82	126
ADJUSTED PRICE PER SF		\$2,078	\$2,016	\$2,153	\$1,668	\$1,240

Discussion of Adjustments

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

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

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

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

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

Market Conditions: The comparable sales closed in 2014, 2015, and 2016. The available data indicates that market conditions for lakefront home sites have not changed appreciably since the beginning of 2014. For this reason, no adjustment was necessary in this category.

Location/Lake Name: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. No adjustments were indicated for location by analysis of available market data.

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/or shared roads and no adjustment was necessary in this category.

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

Easements Affecting Value: The subject site includes a driveway easement for an adjacent site. Land Sale 4 includes an overhead power line which crosses the northern portion of the property. No adjustment was necessary for this sale in this category. Land Sales 1, 2, and 3 do not include easements and some downward adjustment was considered necessary for these sales. Approximately 30% of the gross acreage of Land Sale 5 is within US Highway 2 and is not usable site area. Downward adjustments of 5% were considered necessary and appropriate for Land Sales 1, 2, and 3. A downward adjustment of 25% was considered necessary and appropriate for Land Sale 5. These adjustments are subjective but considered indicative of the actions of market participants.

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

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

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

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide indications of value for the subject site ranging from \$1,240 to \$2,153 per front foot. Land Sale 3 is the most similar to the subject property in the number of front feet per acre. Most weight is accorded the indication from this sale. A value of \$2,100 per front foot is well supported by this analysis. Consequently;

102.98 FF @ \$2,150/FF	\$221,407
Rounded To	\$220,000

IMPROVEMENT VALUE ESTIMATE

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

SALES COMPARISON ANALYSIS FOR LOT 28, COS #19909, MCGREGOR LAKE				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		5520 N Ashley Lake Rd	1082 Kelsey Rd	12144 US HWY
LOCATION		Marion, MT	Marion, MT	Marion, MT
SALES PRICE		\$499,000	\$440,000	\$320,000
LIST ADJUSTMENT				
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0
FINANCING	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES				
DEMOLITION		\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0
OTHER		\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0
DATE OF SALE		06/01/16	02/20/15	05/30/14
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$499,000	\$440,000	\$324,000
LESS SITE VALUE		(\$341,000)	(\$230,000)	(\$217,500)
ADJUSTED IMPROVEMENT PRICE		\$158,000	\$210,000	\$106,500
ADJUSTMENT FOR:				
LOCATION/SITE	McGregor Lake	Ashley Lake	Bitterroot Lake	McGregor Lake
		\$0	\$0	\$0
QUALITY	Good	Good	Good	Average
		\$0	\$0	\$10,650
CONDITION	Good	Good	Average	Average
		\$0	\$21,000	\$10,650
AGE/YEARS	9	16	38	30
		\$5,530	\$30,450	\$11,183
BATHROOMS	2	2	1	1
		\$0	\$5,000	\$5,000
HOUSE SIZE/SF	1,331	1,496	2,063	884
		-\$8,250	-\$36,600	\$22,350
OUTBUILDINGS	Storage/Pier	Similar	Superior	Inferior
		\$0	-\$8,000	\$4,000
TOTAL ADJUSTMENT		-\$2,720	\$11,850	\$63,833
NET ADJUSTMENT PERCENTAGE		-2%	6%	60%
ADJUSTED PRICE INDICATION		\$155,280	\$221,850	\$170,333

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, 2015, and 2016. The available data indicates that market conditions for lakefront homes have not changed appreciably since 2014. For this reason, no adjustment is necessary in this category.

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

Quality: The subject and Sales 1 and 2 were all rated as good in overall construction quality. For this reason, Sales 1 and 2 required no adjustment in this category. Sale 3 was rated as average in overall quality. An upward adjustment of 10% was made to Sale 3 in this category. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Condition: The subject and Sale 1 were rated as good in this category. No adjustment was necessary in this category for Sale 1. Sales 2 and 3 were rated average in overall condition. We made upward adjustments of 10% to all of Sales 2 and 3 in this category. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

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

Bathrooms: The subject residence and Sale 1 include 2 bathrooms. No adjustments were necessary for Sale 1 in this category. Upward adjustments of \$5,000 each were made to Sales 2 and 3 as these residences include 1 bathroom. We utilized an adjustment amount of \$5,000 per full bathroom. There is not sufficient market data available on which to base credible adjustments 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 estimates of contributory values of outbuildings for the comparables compared to the subject property. This adjustment includes consideration for the fixed pier on the subject site.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$155,280, \$221,850, and \$170,333. Approximately equal weight is accorded the indications from all three comparables. Considered together, the comparables provide a reasonable estimate of market value for the subject residence. The disparity between the value indications is due to the limited availability of market data. A value of \$180,000 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	\$220,000
Subject Improvements Value	<u>\$180,000</u>
Total Value Indication	\$400,000

RECAPITULATION OF VALUE INDICATIONS

The market value for the subject property is recapitulated on the table below;

Lot #	Site Value	Value of Improvements	Total Value	Effective Date of Market Values
28	\$220,000	\$180,000	\$400,000	7/8/2016

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

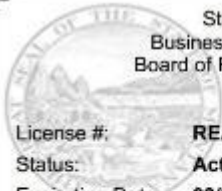

WORK EXPERIENCE

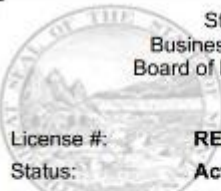

2005 - Present	Clark Real Estate Appraisal, Inc. – Real Estate Appraiser
2003 - 2005	IKON Office Solutions – Technology Marketing
2002 - 2003	Relational Technology Services – Technology Marketing
1998 - 2003	IKON Office Solutions – Technology Marketing
1988 – 1998	CMS Automation (Formerly Entré Computer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

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES

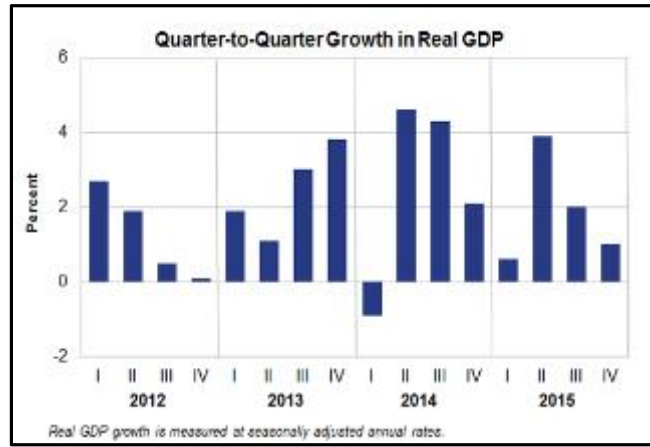
	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: CERTIFIED GENERAL APPRAISER With endorsements of: REAL ESTATE APPRAISER MENTOR
License #:	REA-RAG-LIC-683	
Status:	Active	
Expiration Date:	03/31/2017	
ELLIOTT M CLARK CLARK REAL ESTATE 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%.

FLATHEAD COUNTY DATA

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

Geographical Information

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



Population

According to 2015 ESRI estimates based upon US Census data, the population of Flathead County was 95,501. The population is forecasted to increase to 100,526 or by approximately 5.26% by 2020.

Employment

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

Income

The median annual household income for Flathead County was estimated to be \$45,750 in 2015 based upon ESRI forecasts using US Census data. According to ESRI forecasts, the median annual household income is to increase by approximately 3.27% per year through 2020.

Unemployment

The non-seasonally adjusted unemployment rate for Flathead County was 4.4% in September of 2015. This is below the September 2014 unemployment rate of 6.8%. Unemployment fluctuations for the county since 1990 are included on the graph below.



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

Construction & Development

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

Single Family Building Permits Issued Per Year												
City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Change: 2014-2015
Kalispell	233	170	146	78	46	50	42	54	106	81	72	-11%
Whitefish	80	60	22	26	14	19	36	51	75	72	48	-33%
Columbia Falls	52	38	68	8	6	4	9	8	8	21	17	-19%
Total	365	268	236	112	66	73	87	113	189	174	137	-21%

The eleven year high for residential single family permits in the three municipalities is 365 permits issued in 2005. Thousands of new residential subdivision lots were created in Flathead County (incorporated and unincorporated areas) over the past decade. Supply exceeded demand for the years immediately following the national recession. According to research by Clark Real Estate Appraisal, supply and demand moved closer to a balanced level in the municipalities in Flathead County over the past three years.

Healthcare

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

Tourism

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

Linkages & Transportation

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

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

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

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

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

City and Communities

The larger cities and communities in Flathead County are summarized on the table below;

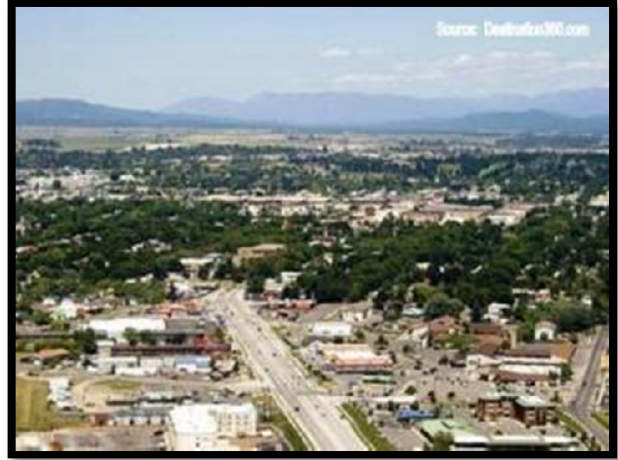
FLATHEAD COUNTY - CITIES AND COMMUNITIES				
	Population		% Change 2000 - 2010	Market Overview
	2000 Censu	2010 Censu		
Kalispell	14,223	19,927	40.1%	County Seat. Regional Business Center including Medical Center, Retail Hub & Community College. Centrally located with convenient access to many recreational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

County Economic Data Conclusion

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

CITY AND NEIGHBORHOOD ECONOMIC DATA

The subject property is in an unincorporated portion of Flathead County approximately 26 miles southwest of the city of Kalispell. The city of Kalispell is the county seat for Flathead County and it is the major economic and business center for the area. Services available in Kalispell include; schools, employment, retail stores, places of worship, a thriving medical center, and an expanding community college.



Population & Income

According to ESRI forecasts based upon US Census data, the 2015 population of the city of Kalispell was estimated to be 20,676. The population is forecasted to increase to 21,414 by 2020 or approximately 3.57%. The median household income was estimated to be \$38,526 in 2015. This is lower than the estimated 2015 median household income for Flathead County of \$45,750 and for the state of Montana of \$46,649. Approximately 15.3% of Kalispell residents were below the poverty line from 2008-2012 as opposed to 14.5% in the state for the same period.

Employment

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

Linkages & Transportation

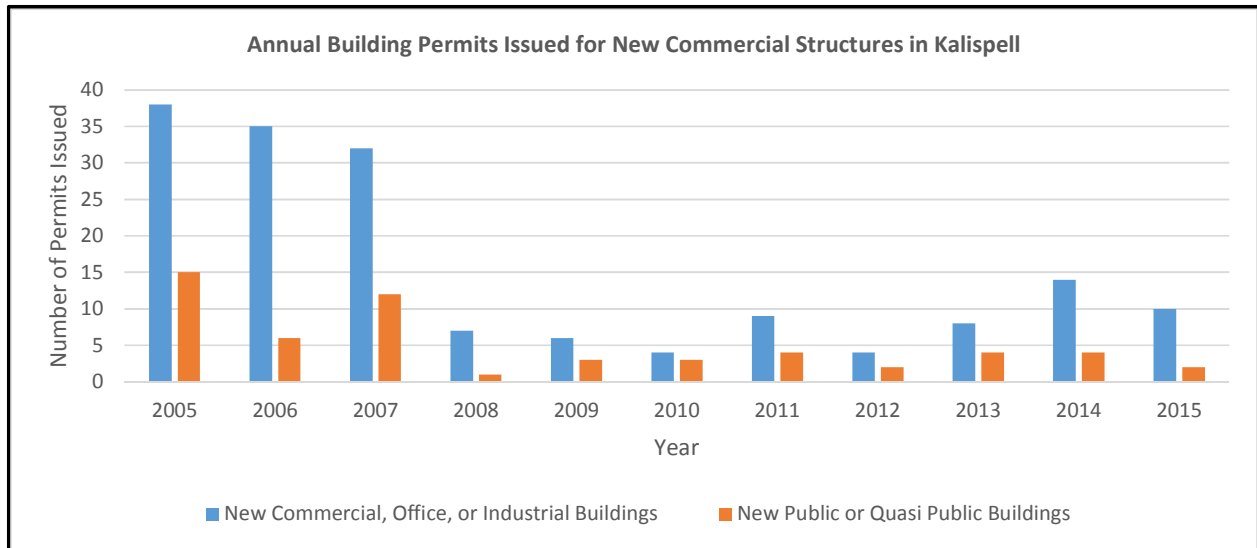
US Highway 93 runs north to south through the city of Kalispell and is labeled as the “Main Street” of the central business district. US Highway 93 provides access to Flathead Lake to the south of Kalispell and Whitefish to the north of Kalispell. There is a by-pass for US Highway 93 that is west of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

Commercial Real Estate

Properties improved with medical and/or general offices and retail spaces are located throughout the Kalispell area. Most of the growth in the past 5 years has been concentrated in the area north of Kalispell on US Highway 93 at Reserve Drive. This area has become the retail hub for the greater Flathead Valley area with the development of 3 neighborhood shopping centers. Additionally, the expansion of US Highway 93 to 4 lanes on the southern portion of Kalispell

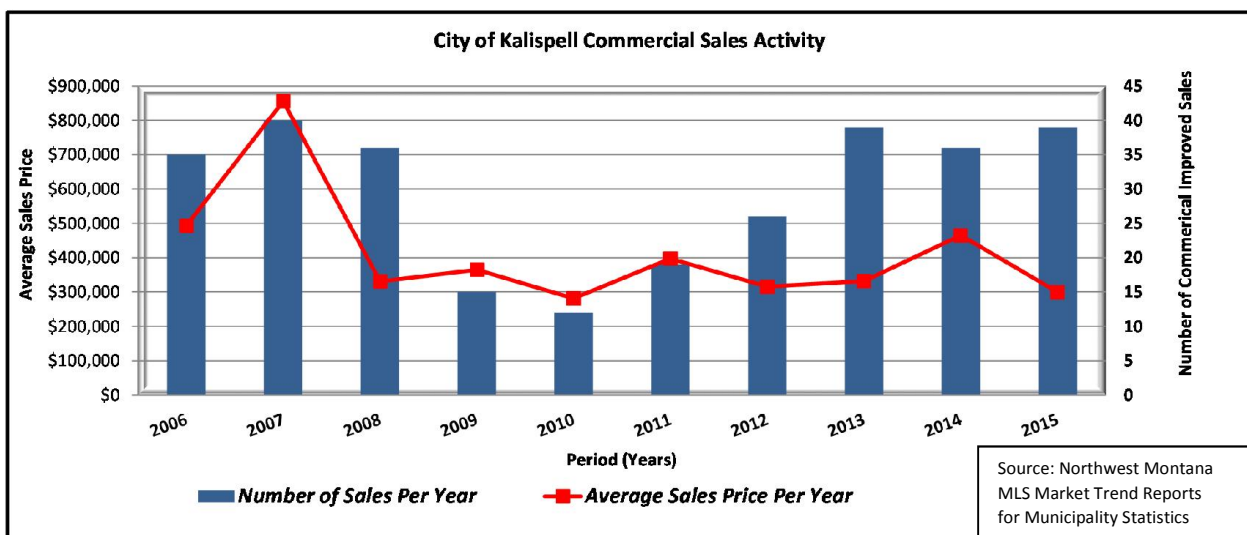
helped spur commercial development in that area over the past 4 years. The 2 lane, Kalispell Bypass will end near the intersection of US Highway 93 and Reserve Drive upon completion.

There was an increase in commercial building permits issued in the City of Kalispell from 2012 through 2015; however, the number of permits issued annually since 2008 is far fewer than those issued between 2005 and 2007. The number of new commercial construction permits issued each year from 2005 through 2015 in Kalispell is included on the table below;



Source: City of Kalispell Building Department

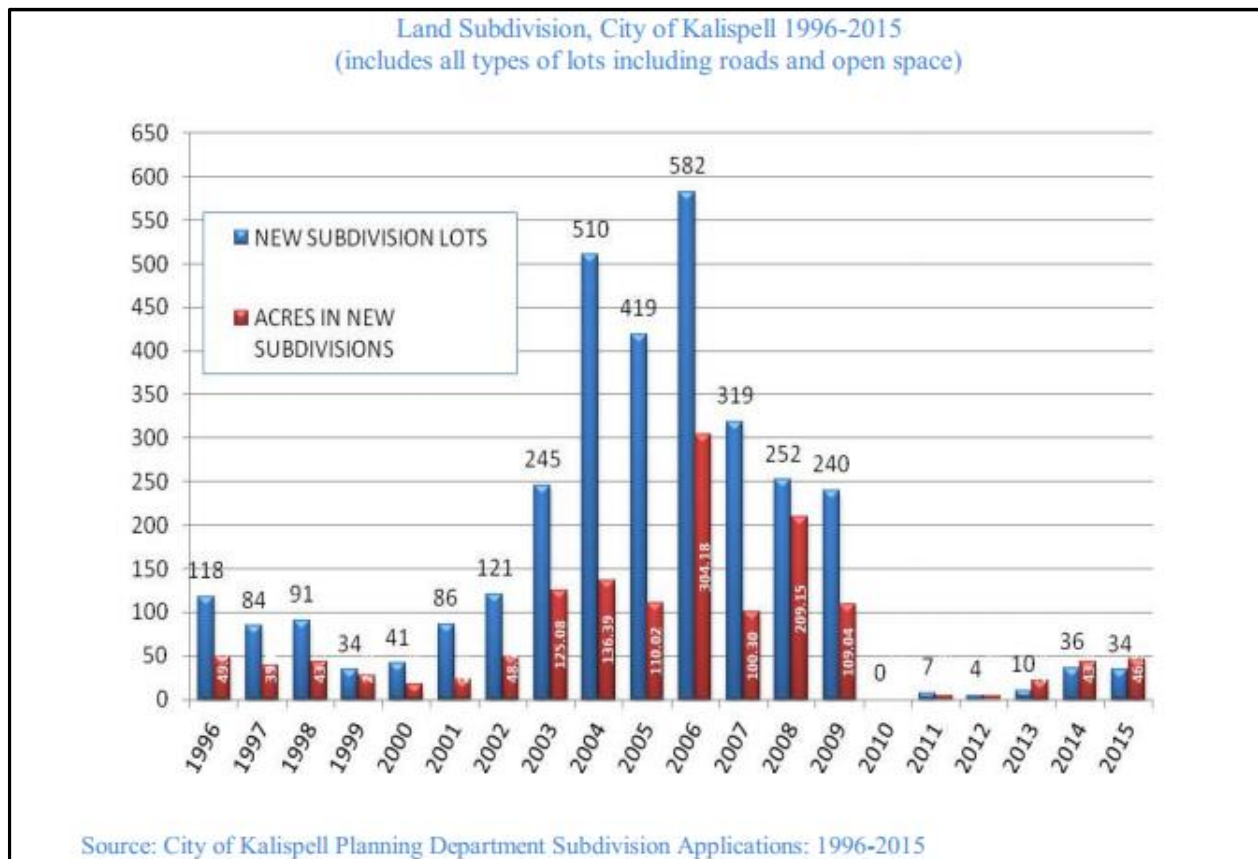
The chart below depicts sales volume and median price per property for improved commercial sales for the past ten years in the municipal areas of Kalispell;



The most recent peak in sales volume for improved commercial occurred in 2007. Peak pricing also occurred in 2007. Demand began a decline in 2007. Demand increased each year between 2010 and 2013. Demand has fluctuated between 2013 and 2015. The average sales price decreased 35% from 2014 to 2015.

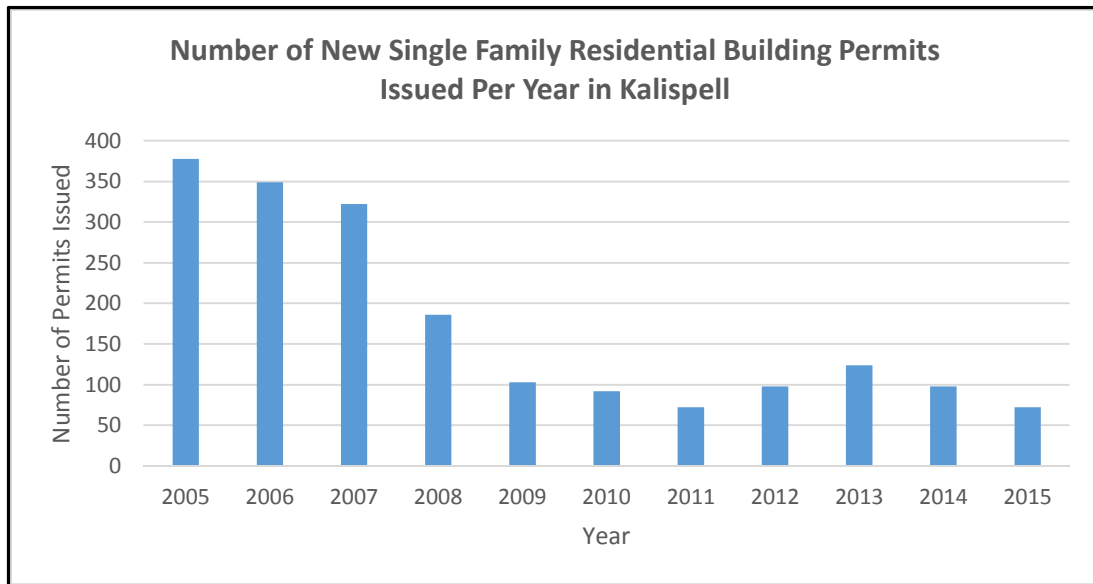
Residential Real Estate

New residential lots and acres in new subdivisions for the City of Kalispell between 1996 and 2015 are on the table below;



There were a total of 2,413 new lots created in Kalispell between 2004 and 2015. In 2010, for the first time since the 1973 when this information was reported by the City of Kalispell, there were no new lots created.

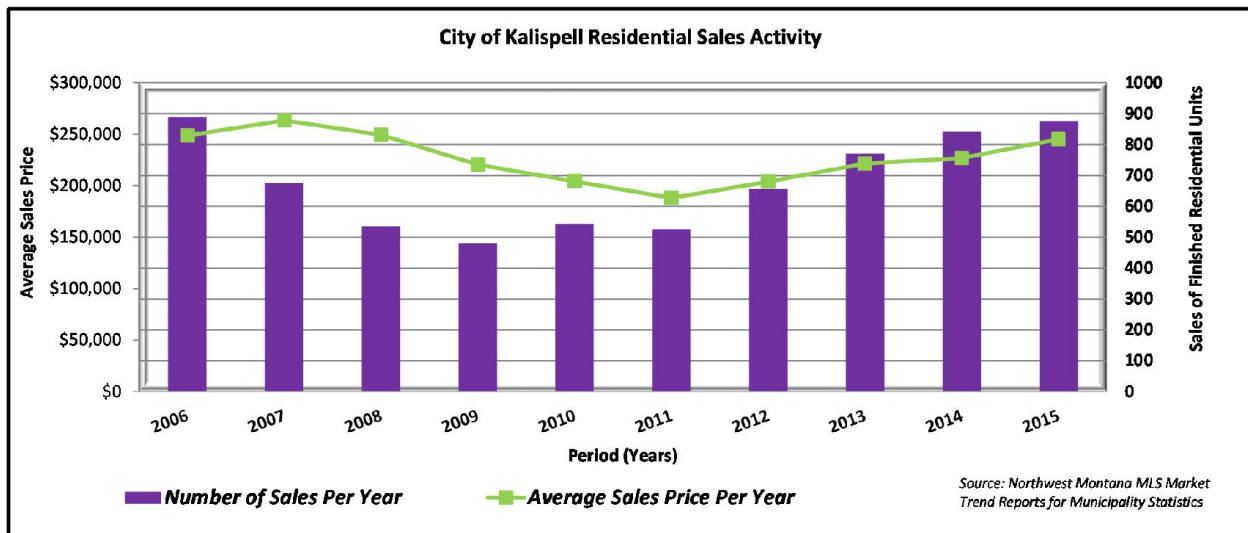
The table on the following page depicts the annual number of new single family residential construction permits issued in the city of Kalispell between 2005 and 2014.



Source: City of Kalispell

Based upon this data, construction of single family residential properties in Kalispell decreased each year between 2005 and 2011. The number of permits increased somewhat from 2011 to 2013 but decreased in 2014 and 2015. Absorption of new residential lots in Kalispell became a problem during the national recession. Residential lots are still oversupplied in Kalispell; however, market conditions appear to be improving.

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

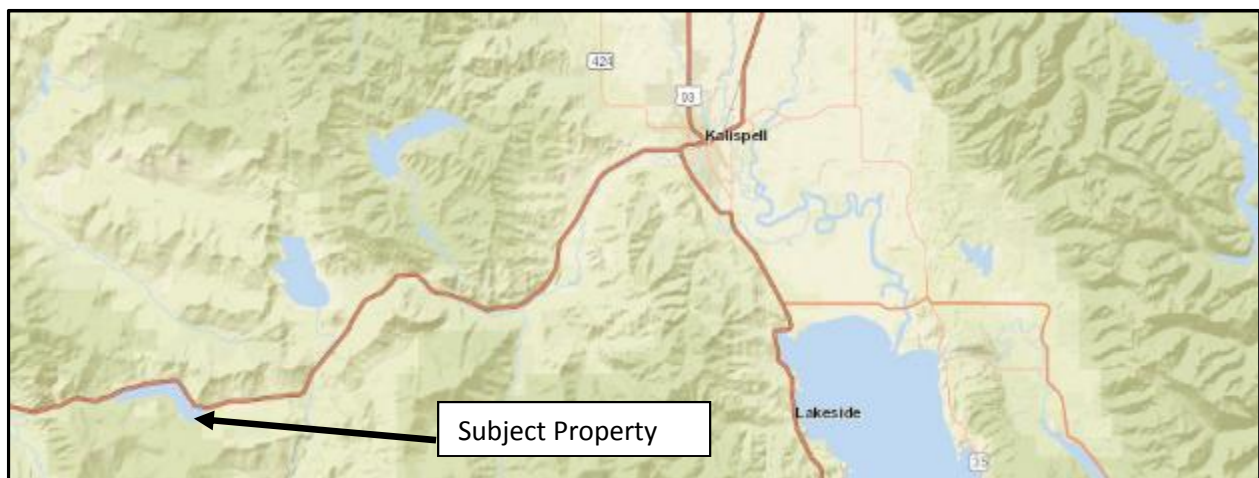


The peak in volume for improved residential properties occurred in 2006. Peak pricing occurred in 2007; however, the average sales price for 2015 is just below the peak pricing. Demand and average sales price have increased steadily since 2011.

Conclusion

There are signs that the general market conditions for commercial properties in the Kalispell area are improving; however, the outlook is still considered guarded. The number of permits for commercial properties decreased in 2015 compared to 2014. Commercial sales volume increased from 2014 to 2015; however, the average sales price decreased significantly. There are signs of improvement in the residential market sector. Sales volume and pricing increased for improved residential properties in Kalispell from 2011 through 2015; however, there is an oversupply of residential lots in greater Kalispell area. It will take some time for the existing supply to be absorbed. Future growth and expansion for the greater Kalispell area is considered likely in the long term.

Greater Kalispell Area Map



SCOPE OF WORK

(Page 1 of 5)

ATTACHMENT A

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

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners, the Department of Natural Resources and Conservation (DNRC), Risen Family Trust, and Smeby Family, LLC for the Sperry Grade parcels; Bruce & Louise Stiegler, Ellen Spurlock, Rick DeAcetis & Amee 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 Gariepy, 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 & Amee 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.