

APPRAISAL REPORT OF:

**LOT 25 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 VALUE AS OF:

April 13, 2017

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

June 14, 2017

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 25, COS #19909, of Section 16, Township 26 North, Range 25 West, Marion, 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 April 13, 2017. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. This visual inspection, review and analyses were made in order to prepare the attached summary appraisal report.

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

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

The values are based on the assumptions that all necessary governmental approvals have been obtained and will be maintained, and that the property owners will exhibit sound management and sales practices. The values are based upon the **Hypothetical Conditions** that the subject property was a legal parcel and that the parcel had legal and adequate access as of the report effective date.

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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

17-013ec

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SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

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

SUBJECT PROPERTY

| | |
|------------------------------------|--|
| Property Identifications | Lot 25 of COS #19909, Section 16, Township 26 North, Range 25 West, Flathead County, Montana |
| Site Size | 1.274 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 | June 14, 2017 |
| Inspection Date(s) | April 13, 2017 |
| Effective Date of Value(s) | April 13, 2017 |
| Property Rights Appraised | Fee Simple |

Estimate of Market Values

| | |
|--------------------------------------|------------------|
| Individual Lot Value | \$280,000 |
| Individual Improvement Value | \$96,000 |
| Individual Total Market Value | \$376,000 |

| | |
|------------------------------------|----------------------------|
| 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 |
|---------------------|--|

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 clients, 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: June 14, 2017
Elliott M. Clark, MAI
MT REA-RAG-LIC-683



Date Signed: June 14, 2017
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 a building inspection for the subject property. Any obvious defects are noted (if applicable); however, this report is not to be relied upon for detection of unseen defects for 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 25 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 property has been collected and analyzed and a narrative appraisal report for the subject property 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 April 13, 2017. 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 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 are based upon the **Hypothetical Conditions** that the property was a legal parcel as of the report effective date and that there was legal and adequate access to the property.

Highest & Best Use

Our opinion of the highest and best use for the subject property was 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 was 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 in the subject market area 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 25 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, Thomas and Barbara Armentrout, 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 interests in the subject property for possible sale purposes.

DATE OF PROPERTY VIEWING

April 13, 2017

EFFECTIVE DATE OF MARKET VALUE

April 13, 2017

PROPERTY RIGHTS APPRAISED

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

DEFINITION OF MARKET VALUE

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

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

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

STATEMENT OF OWNERSHIP & USE HISTORY

STATEMENT OF OWNERSHIP

The subject site is owned by the State of Montana. The improvements on the subject site are owned by Thomas and Barbra Armentrout. They purchased the improvements on this site via a Quitclaim Deed recorded with the Flathead County Clerk and Recorder's Office on March 17, 2017. The most recent prior transfer of the subject improvements was in 2007.

USE/MARKETING HISTORIES

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

According to the Montana Department of Revenue, the improvements on this property were constructed in 1956. The improvements consist of a house, an outhouse, and a shed. It is assumed that the improvements have been utilized for residential purposes since construction.

According to our research, neither the subject site nor improvements were marketed via the area MLS during the 3 years prior to the report effective date.

PROPERTY DESCRIPTION

GENERAL DESCRIPTION

The subject property is Lot 25, of Certificate of Survey #19909 in Section 16, Township 26 North, Range 25 West, in Flathead County, Montana. The subject property totals 1.274 acres, has an irregular shape, and includes 134.00 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 driveway from McGregor Lane. This driveway is within a 30 foot wide access easement which runs within the southern portion of the subject property. This easement also provides vehicular to Lots 24, 26, 27, and 28. The subject site includes 134.00 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 1,137 square foot wood framed, residence constructed on a post and pier type foundation. According to the Montana Department of Revenue, the residence was constructed in 1956. The exterior siding is plywood and the roof has a rolled composite covering. The heat source is a wood stove.

The interior floor plan consists of a living room/kitchen area, four bedrooms, and one bathroom. Interior finishes include plywood flooring covering, wood paneled walls, and wood ceilings. The overall quality and condition of the residence are both considered to be average. The residence includes a 36 square foot deck at the entry.

Additional improvements consist of a 96 square foot shed and a 16 square outhouse. The water source is either from the lake or from a well. We were not able to verify the source. There is an engineered type septic system. The tank and drain-field are uphill from the residence and a pump is required. The lot includes some landscaped areas and some areas with natural vegetation.

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

A 30 foot wide portion of a right-of-way easement crosses the southern portion of the subject site. This easement provides vehicular access to Lots 24, 26, 27, and 28. This easement affects the usable area of the subject site.

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 2016 tax bill was \$450.91 and the taxable market value total for the subject improvements (as per the Montana Department of Revenue) was \$51,320 for 2016.

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

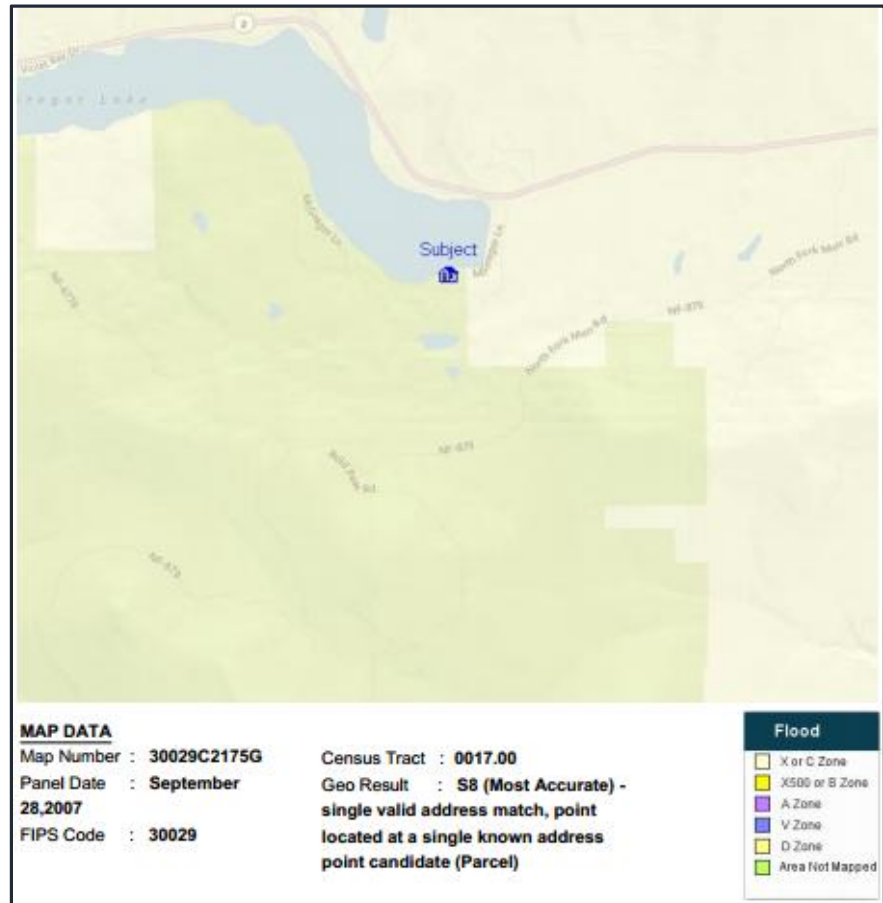
According to the Federal Emergency Management Agency (FEMA) Flood Zone Map (Map Panel #30029C2175G), the subject property is located in Zone X which is considered to be an area designated as low to moderate flood risk. An exhibit derived from the FEMA flood map panel is included on to the right.

The subject lot all includes native vegetation and some landscaping. It has level areas but slopes downward toward the lake.

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 site. We assume the soil can accommodate the type of construction, which is typically seen in the subject area.

We have not been provided with an environmental audit 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 to and is connected to electricity and phone lines. Electrical and phone lines are overhead and cross the subject site. We did not verify the water source to the subject improvements and assume the source is McGregor Lake or an onsite well. There is reportedly an engineered septic system on the subject property.

PUBLIC SAFETY AND SERVICES

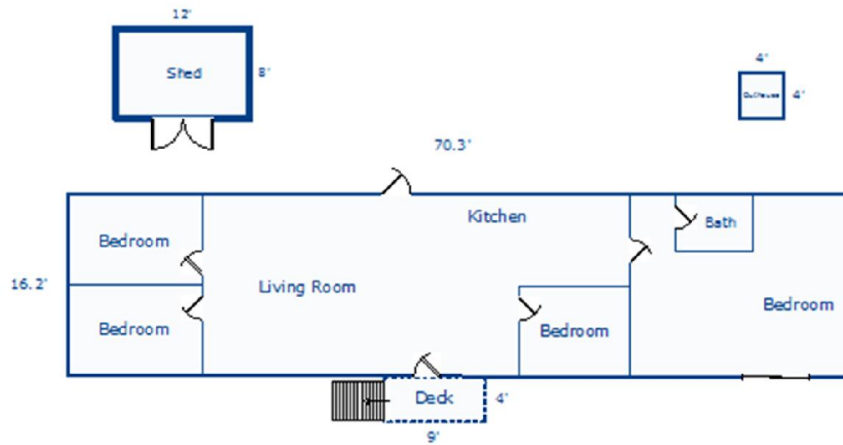
Police, fire protection, and other services are provided by Flathead County and area volunteer emergency services.

SITE SUITABILITY

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

SUBJECT BUILDING SKETCH & PHOTOGRAPHS

BUILDING SKETCH



Sketch by OpenSketch v2 Standard™

Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|-------------|-----------|------------|
| Code | Description | Net Size | Net Totals |
| GLA1 | First Floor | 1136.88 | 1136.88 |
| GA2 | Shed | 96.00 | 96.00 |
| P/P | Deck | 36.00 | 36.00 |
| OTA | Outhouse | 16.00 | 16.00 |
| Net LIVABLE Area | | (rounded) | 1137 |

| LIVING AREA BREAKDOWN | | | |
|-----------------------|--------|------|-----------|
| Breakdown | | | Subtotals |
| First Floor | | | |
| 0.5 x | 0.0 x | 70.3 | 1.17 |
| | 16.2 x | 70.3 | 1135.71 |
| 2 Items | | | (rounded) |
| | | | 1137 |

SUBJECT PHOTOGRAPHS



Residence on Lot 25 Looking Northeast toward Lake



Northwest Side of Residence



View of Residence from Lake



Southeast Side of Residence



Lot 25 Interior and Residence Looking toward Lake



Living Room

ADDITIONAL PHOTOGRAPHS



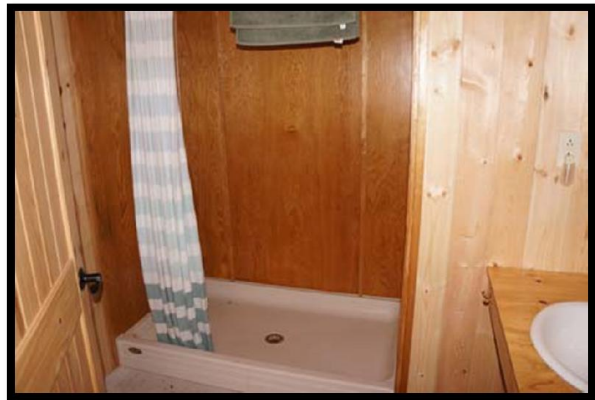
Bedroom



Kitchen



Bedroom



Bathroom



Bedroom



Bedroom

ADDITIONAL PHOTOGRAPHS



McGregor Lake Frontage



McGregor Lake Frontage



Floating Pier and Boat Ramp Area



View along Lake Frontage Looking Southeast



View along Lake Frontage Looking Northwest



Northeast Property Boundary Marker

ADDITIONAL PHOTOGRAPHS



Northwest Property Boundary Marker



View along East Property Boundary Looking toward Lake



View along West Property Boundary Looking toward Lake



Wooded Portion of Lot 25



View Looking Southeast along McGregor Lane



View along Southwest Property Boundary

ADDITIONAL PHOTOGRAPHS



Southwest Property Boundary Marker



Southeast Property Boundary Marker



View of Property from Driveway Entrance



Driveway Looking toward McGregor Lane

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 1.274 acre sites with 134.00 feet of frontage along McGregor Lake in the Marion area of Flathead County. The site is improved with a 1,137 square foot residence.

Area Land Use Trends

Many surrounding properties with frontage along 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 relatively 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 properties along area lakes with site size of less than 10.00 acres. 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;

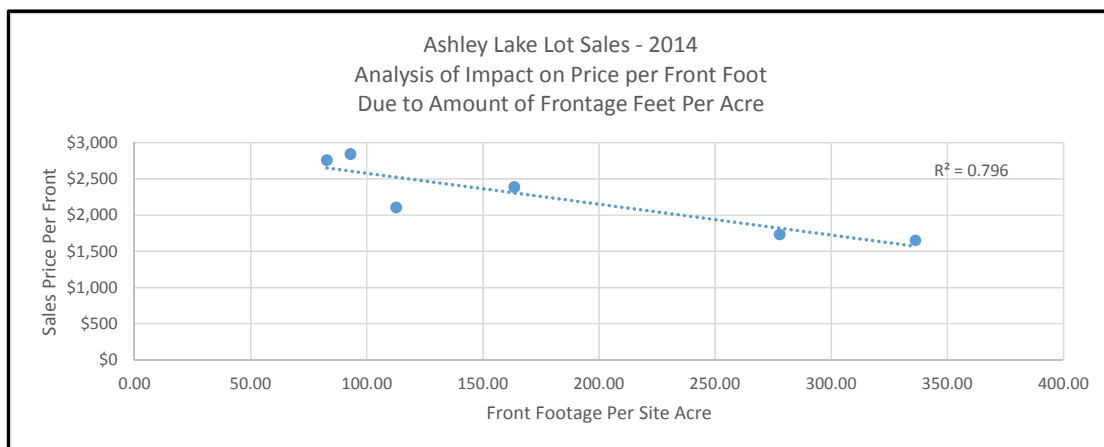
Lakefront Lot Sales

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 |
| 5622 N Ashley Lake Rd | Kila | Ashley Lake | 100.00 | 1.14 | 2016 | \$216,000 | \$0 | \$216,000 | \$2,160 | 153 |
| 3994 N Ashley Lake Rd | Kalispell | Ashley Lake | 132.00 | 1.65 | 2016 | \$340,000 | \$0 | \$340,000 | \$2,576 | 419 |
| 4018 N Ashley Lake Rd | Kalispell | Ashley Lake | 135.00 | 1.35 | 2017 | \$295,000 | \$0 | \$295,000 | \$2,185 | 505 |
| 4022 N Ashley Lake Rd | Kalispell | Ashley Lake | 140.00 | 1.30 | 2017 | \$485,000 | \$150,000 | \$335,000 | \$2,393 | 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 |
| 68 Bitterroot Cover Ct | Marion | Bitterroot Lake | 131.61 | 1.08 | 2016 | \$330,000 | \$5,000 | \$325,000 | \$2,469 | 100 |
| | | | | | | | | | | |
| 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 |
| 636 Echo Chalet Dr | Bigfork | Echo Lake | 125.00 | 1.00 | 2016 | \$371,000 | \$0 | \$371,000 | \$2,968 | 409 |
| | | | | | | | | | | |
| 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 |
| NHN Paradise Loop | Marion | McGregor Lake | 192.44 | 2.05 | 2016 | \$350,000 | \$5,000 | \$345,000 | \$1,793 | 30 |
| 12710 US Hwy 2 | Marion | McGregor Lake | 217.27 | 1.22 | 2016 | \$229,000 | \$0 | \$229,000 | \$1,054 | 168 |

There were 10 lakefront lot sales in 2014, 6 in 2015, 8 in 2016, and 2 in 2017 Year-to-Date. Only three of the sales located had frontage on McGregor Lake.

The unit of comparison for sales of lakefront lots is typically considered to be 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. **Based upon this analysis, we utilized the relationship between front feet and site acres to select the comparable accorded the most weight in the final site value determination.**

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 | #Home Sales | Days on Market | # with Frontage on McGregor Lake |
| 2014 | 7 | 293 | 0 |
| 2015 | 15 | 272 | 4 |
| 2016 | 13 | 168 | 3 |
| 2017 Year-to-Date | 8 | 304 | 1 |
| | | | |
| Actives | 41 | 199 | 4 |

Competitive Supply

There were 17 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 286 days. There were 7 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 41 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 199 days.

Interaction of Supply and Demand

Based upon the sales volume in 2016, there is an approximately 2 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, 2016, and 2017 Year-to-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 located three site sales with frontage along McGregor Lake since 2014. 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 during 2016 were marketed for an average of 248 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, a 6 to 12 month **exposure time** would have been reasonable.

The 13 homes sales along smaller area lakes that closed in 2016 were marketed for an average of 168 days. The 8 lakefront homes sale in 2017 Year-to-Date were marketed for an average of 304 days. A **marketing time** between 6 to 12 months is appropriate for the subject property as improved. If the subject property as improved had sold on the effective date of this report, at the appraised value indicated in this report, a 6 to 12 month **exposure time** would have been reasonable.

HIGHEST AND BEST USE

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

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

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

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

Legally Permissible:

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

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

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

Maximally Productive:

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

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

AS IF VACANT

Legally Permissible

The subject lot is in an area of 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 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 a large 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 was 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 in the subject market area 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.

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.

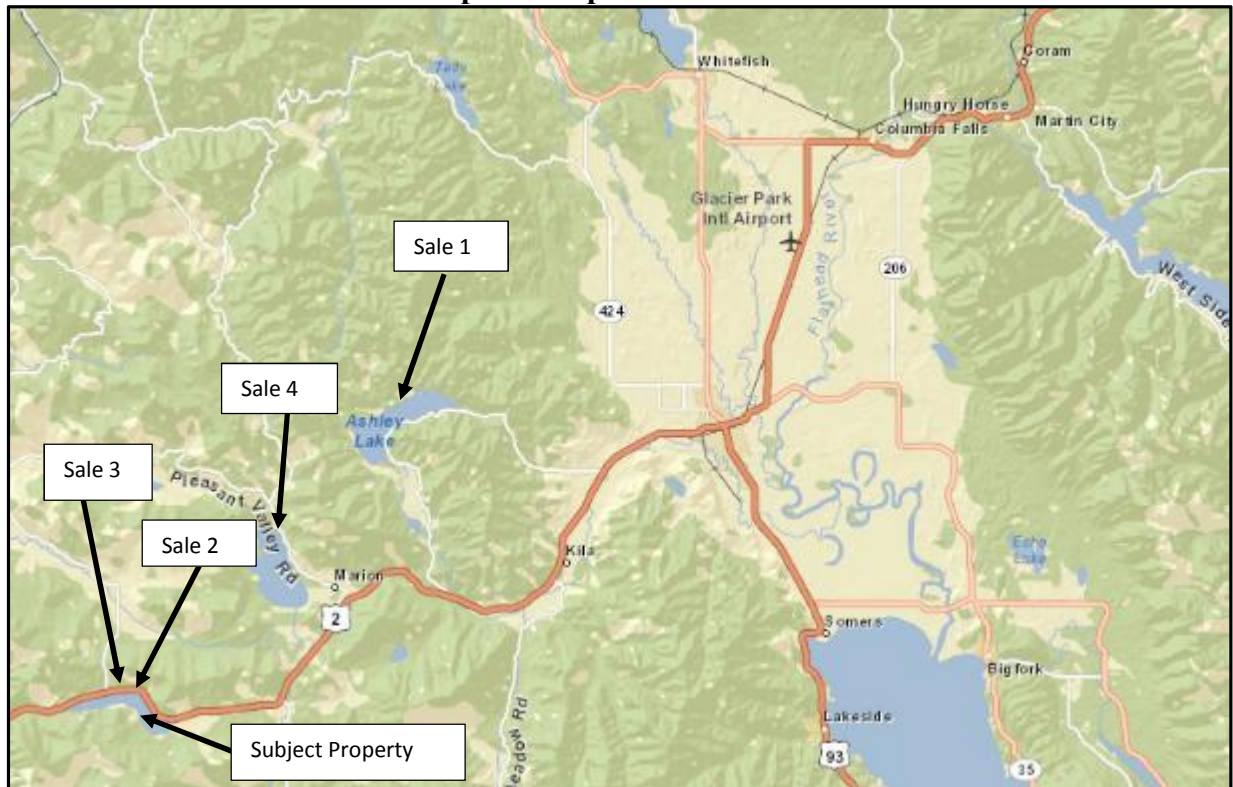
LAKEFRONT LOT SALES

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 26 sales of vacant lakefront sites on somewhat similar lakes in Flathead County from 2014 to 2017 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;

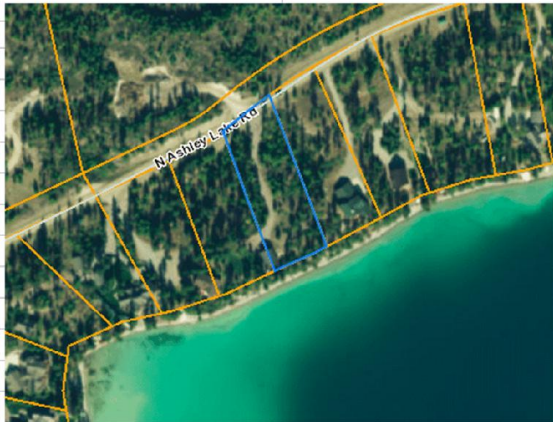
| Sale # | Address | City | Lake | Front Feet | Sale Date | Sales Price | Value of Improvements | Sales Price Less Improvements | Price/FF |
|--------|-----------------------|-----------|-----------------|------------|-----------|-------------|-----------------------|-------------------------------|----------|
| 1 | 4018 N Ashley Lake Rd | Kalispell | Ashley Lake | 135.00 | 2017 | \$295,000 | \$0 | \$295,000 | \$2,185 |
| 2 | NHIN Paradise Loop | Marion | McGregor Lake | 192.44 | 2016 | \$350,000 | \$5,000 | \$345,000 | \$1,793 |
| 3 | 12710 US Hwy 2 | Marion | McGregor Lake | 217.27 | 2016 | \$229,000 | \$0 | \$229,000 | \$1,054 |
| 4 | 68 Bitterroot Cove Ct | Marion | Bitterroot Lake | 131.61 | 2016 | \$330,000 | \$5,000 | \$325,000 | \$2,469 |

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 | 4018 N Ashley Lake Road | | |
| | City/State | Kalispell, Montana | | |
| | County | Flathead | | |
| | Assessor Number | 0003413 | | |
| | Zoning | Ashley Lake Neighborhood Plan | | |
| | Site Size: Acres | 1.354 | | |
| | Square Feet | 58,967 | | |
| | Date of Sale | February 10, 2017 | | |
| | Sales Price | \$295,000 | | |
| | Less Cost of Improvements* | \$0 | | |
| Sales Price Adjusted | \$295,000 | | | |
| MLS # | 21610888 | | | |
| | | | | |
| ANALYSIS OF SALE | | | | |
| | | | | |
| Price per Acre | \$217,921 | Price per Square Foot | \$5.00 | |
| | | Price Per Front Foot | \$2,185 | |
| | | | | |
| TRANSFER INFORMATION | | | | |
| | | | | |
| Grantor | Randall G. Nelson & Jean M. Nelson | Grantee | Michael R. Porter, Richard Porter, & Jennifer Porter | |
| Type of Instrument | Warranty Deed | Document # | 201700002994 | |
| | | Marketing Time | 505 Days on Market | |
| Financing/Conditions | Conventional/Market | Verified By | P.C. Musgove, Listing Agent | |
| Legal Description | Lot 28 of Emerald Point on Ashley Lake No. 2, Flathead County, Montana | Intended Use/Comments | Purchased for Residential / Recreational Use | |
| Section/Township/Range | S1/T28N/R24W | | | |
| | | | | |
| PROPERTY DETAILS | | | | |
| | | | | |
| Access | N Ashley Lake Road | View | Lake, Mountains | |
| Topography | Slopes Down Toward Lake | Lot Dimensions | Various | |
| Flood Plain | According to Flood Map # 30029C1775G, the property is not located in an area of elevated flood risk. | Improvements | None | |
| Water | Ashley Lake | Value of Improvements | \$0 | |
| Water Frontage/Front Feet | 135 | | | |
| Utilities | Electricity & Telephone at road. | Miscellaneous | | |
| | | Report File # 17-013ec | | |


LAND SALE 2

| COMPARABLE SALE INFORMATION | | | |
|---|--|------------------------------|---|
|  | Location | NHN Paradise Loop | |
| | City/State | Marion, Montana | |
| | County | Flathead | |
| | Assessor Number | 0013235 | |
| | Zoning | Scenic Corridor | |
| | Site Size: Acres | 2.054 | |
| | Square Feet | 89,472 | |
| | Date of Sale | October 3, 2016 | |
| | Sales Price | \$350,000 | |
| | Less Cost of Improvements* | \$5,000 | |
| Sales Price Adjusted | \$345,000 | | |
| MLS # | 21610004 | | |
| ANALYSIS OF SALE | | | |
| Price per Acre | \$167,965 | Price per Square Foot | \$3.86 |
| | | Price Per Front Foot | \$1,793 |
| TRANSFER INFORMATION | | | |
| Grantor | K S Marcellus Separate Property Trust | Grantee | Same H. Juede & Joletha Marie Juede |
| Type of Instrument | Warranty Deed | Document # | 2016000021657 |
| Financing/Conditions | Conventional/Market | Marketing Time | 30 Days on Market |
| Legal Description | Tract 2 of Certificate of Survey No. 18436, in Government Lots 7 and 8, Flathead County, Montana | Verified By | Jeremy Feldman, Listing Agent |
| Intended Use/Comments | Purchased for Residential / Recreational Use | | |
| Section/Township/Range | S5/T26N/R25W | | |
| PROPERTY DETAILS | | | |
| Access | Paradise Loop | View | Lake, Mountains |
| Topography | Level area with some slope | Lot Dimensions | Various |
| Flood Plain | According to Flood Map #30029C2175G, this property is in an area of low flood risk. | Improvements | Well |
| Water | McGregor Lake | Value of Improvements | \$5,000 |
| Water Frontage/Front Feet | 192.44 | Miscellaneous | 0.50 acres or 24% of this property is within US Highway 2 or encumbered by access/utility easement. |
| Utilities | Electricity & Telephone at road. Well in place | | |
| Report File # 17-013ec | | | |

LAND SALE 3

| COMPARABLE SALE INFORMATION | | | | |
|---|---|------------------------------|---|---------|
|  | Location | | 12710 US Highway 2 | |
| | City/State | | Marion, Montana | |
| | County | | Flathead | |
| | Assessor Number | | 0001728 | |
| | Zoning | | Scenic Corridor | |
| | Site Size: Acres | | 1.220 | |
| | Square Feet | | 53,143 | |
| | Date of Sale | | November 28, 2016 | |
| | Sales Price | | \$229,000 | |
| | Less Cost of Improvements* | | \$0 | |
| Sales Price Adjusted | | \$229,000 | | |
| MLS # | | 21606326 | | |
| ANALYSIS OF SALE | | | | |
| Price per Acre | | \$187,705 | Price per Square Foot | \$4.31 |
| | | | Price Per Front Foot | \$1,054 |
| TRANSFER INFORMATION | | | | |
| Grantor | Jesse Remington & Michelle Remington | Grantee | Janice K. Nemers & Brian P. Morris | |
| Type of Instrument | Warranty Deed | Document # | 201600026452 | |
| Financing/Conditions | Cash/Market | Marketing Time | 168 Days on Market | |
| Legal Description | Tract E of COS 14083, Flathead County, Montana | Verified By | Randy Moore, Selling Agent | |
| Intended Use/Comments | Purchased for Residential / Recreational Use | | | |
| Section/Township/Range | S6/T26N/R25W | | | |
| PROPERTY DETAILS | | | | |
| Access | US Hwy 2 & Private Road | View | Lake, Mountains | |
| Topography | Slopes Toward Lake | Lot Dimensions | Various | |
| Flood Plain | According to Flood Map #30029C2175G, this property is in an area of low flood risk. | Improvements | None | |
| Water | McGregor Lake | Value of Improvements | \$0 | |
| Water Frontage/Front Feet | 217.27 | Miscellaneous | Two access roads run through this property. | |
| Utilities | Electricity & Telephone at road. | | | |
| Report File # 17-013ec | | | | |

LAND SALE 4



| | |
|-----------------------------------|--------------------------|
| Location | 68 Bitterroot Cove Court |
| City/State | Marion, Montana |
| County | Flathead |
| Assessor Number | 0001728 |
| Zoning | Little Bitterroot Lake |
| Site Size: Acres | 1.177 |
| Square Feet | 51,270 |
| Date of Sale | September 9, 2016 |
| Sales Price | \$330,000 |
| Less Cost of Improvements* | \$5,000 |
| Sales Price Adjusted | \$325,000 |
| MLS # | 21606290 |

| | | | |
|-----------------------|-----------|------------------------------|---------|
| ANALYSIS OF SALE | | | |
| Price per Acre | \$276,126 | Price per Square Foot | \$6.34 |
| | | Price Per Front Foot | \$2,469 |

| | | | |
|-------------------------------|--|-----------------------|-------------------------------------|
| TRANSFER INFORMATION | | | |
| Grantor | Russell J. Ohm & Darlene L. Ohm | Grantee | Stephen B. Moore & Melanie A. Moore |
| Type of Instrument | Warranty Deed | Document # | 201600020255 |
| Financing/Conditions | Conventional/Market | Marketing Time | 100 Days on Market |
| Legal Description | Lot 11 of Bitterroot Cover Subdivision, Flathead County, Montana | Verified By | Eric Belanger, Selling Agent |
| Intended Use/Comments | Purchased for Residential / Recreational Use | | |
| Section/Township/Range | S5/T27N/R24W | | |

| | | | |
|----------------------------------|---|-------------------------------|---|
| PROPERTY DETAILS | | | |
| Access | Bitterroot Cove Court | View | Lake, Mountains |
| Topography | Level with slope to lake | Lot Dimensions | Various |
| Flood Plain | Property not in an area of elevated flood risk. | Improvements | Well |
| Water | Bitterroot Lake | Value of Improvements | \$5,000 |
| Water Frontage/Front Feet | 131.61 | | |
| Utilities | Electricity & Telephone at road. Well in place | Miscellaneous | A 0.09 acre portion of Bitterroot Cove Court runs within the property boundaries. |
| | | Report File # 17-013ec | |

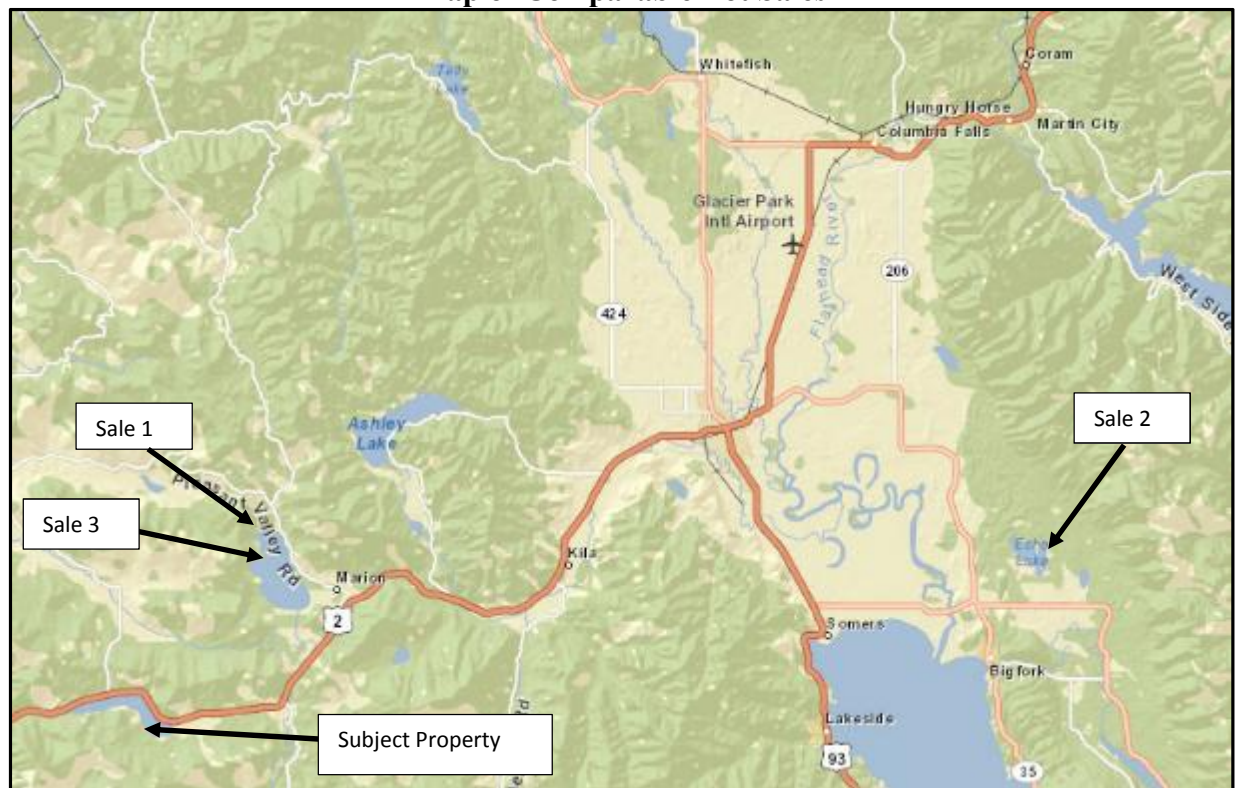
LAKEFRONT HOME SALES

We conducted a search for sales of homes on lakefront sites similar the subject property 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 | 525 Lodgepole Dr | Marion | Bitterroot Lake | 2016 | \$372,500 | \$300,000 | \$72,500 |
| 2 | 930 Echo Lake Rd | Bigfork | Echo Lake | 2016 | \$350,000 | \$290,000 | \$60,000 |
| 3 | 118 Locke Bay Dr E | Marion | Bitterroot Lake | 2017 | \$372,250 | \$250,000 | \$122,250 |

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 | 525 Lodgepole Drive | |
| | City/State | Marion, Montana | |
| | County | Flathead | |
| | Assessor Number | 0929700 | |
| | Zoning | Little Bitterroot Lake | |
| | Site Size: Acres | 1.400 | |
| | Square Feet | 60,984 | |
| | Date of Sale | June 30, 2016 | |
| | Sales Price | \$372,500 | |
| | Adjustment to Sales Price | \$0 | |
| | Adjusted Sales Price | \$372,500 | |
| MLS # | 2163235 | | |
| TRANSFER INFORMATION | | | |
| Grantor | Amber Shuldheisz VanNyhuis & Riley VanNyhuis | Grantee | Gary P. Jackson & Pamela A. Jackson |
| Recording Data | WD #201600012828 | Marketing Time | 77 Days on Market |
| Financing/Conditions | Cash/Market | Verified By | Phyllis Sprunger, Listing Agent |
| Legal Description | Lots 3 & 4 of Blue Grouse SD | Intended Use | Residential |
| Section/Township/Range | S6/T27N/R24W | | |
| DESCRIPTION OF IMPROVEMENTS | | ANALYSIS OF SALE | |
| Body of Water | Bitterroot Lake | Sales Price | \$372,500 |
| Front Footage | 200.00 | Estimated Site Value | \$300,000 |
| Access | County Road - Paved | Sales Price of Improvements | \$72,500 |
| House Square Feet | 690 | Improvement Price/SF | \$105 |
| Bedroom/Bathrooms | 1 BR/1 BA |  | |
| Year Built or Renovated | 1950 | | |
| Construction | Wood Frame | | |
| Quality | Average | | |
| Condition | Good | | |
| Water/Sewer | Well, Septic | | |
| Utilities | Electricity, Telephone, Internet | | |
| Topography | Level, then sloping toward lake. | | |
| Outbuildings | Bunkhouse | | |
| Miscellaneous | This site consists of 2 separate lots; however, septic approval for 1 lot could be problematic. Property is served by a shared well and a private septic system. | | |
| | | Report File # 17-013ec | |

HOME SALE 2

[illegible]

HOME SALE 3

| COMPARABLE SALE INFORMATION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------------|--|---------------------------------|--------------------|--------------------------|-----------------------------|-----------------|------------------------------------|-----------|-----------------------------|---------|---------------|------------------------|-------------------------|-------|--------------------|--------|---------------------|----------------|--------------------|-----------|----------------------------------|-----|-----------------------------|-----------|--------------|----------|
|  | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 40%;">Location</td><td>118 Locke Bay Drive East</td></tr> <tr><td>City/State</td><td>Marion, Montana</td></tr> <tr><td>County</td><td>Flathead</td></tr> <tr><td>Assessor Number</td><td>0313921</td></tr> <tr><td>Zoning</td><td>Little Bitterroot Lake</td></tr> <tr><td>Site Size: Acres</td><td>0.550</td></tr> <tr><td style="text-align: center;">Square Feet</td><td>23,958</td></tr> <tr><td>Date of Sale</td><td>March 16, 2017</td></tr> <tr><td>Sales Price</td><td>\$372,250</td></tr> <tr><td>Adjustment to Sales Price</td><td>\$0</td></tr> <tr><td>Adjusted Sales Price</td><td>\$372,250</td></tr> <tr><td>MLS #</td><td>21609475</td></tr> </table> | | Location | 118 Locke Bay Drive East | City/State | Marion, Montana | County | Flathead | Assessor Number | 0313921 | Zoning | Little Bitterroot Lake | Site Size: Acres | 0.550 | Square Feet | 23,958 | Date of Sale | March 16, 2017 | Sales Price | \$372,250 | Adjustment to Sales Price | \$0 | Adjusted Sales Price | \$372,250 | MLS # | 21609475 |
| | | Location | 118 Locke Bay Drive East | | | | | | | | | | | | | | | | | | | | | | | | |
| | | City/State | Marion, Montana | | | | | | | | | | | | | | | | | | | | | | | | |
| | | County | Flathead | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Assessor Number | 0313921 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Zoning | Little Bitterroot Lake | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Site Size: Acres | 0.550 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Square Feet | 23,958 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Date of Sale | March 16, 2017 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Sales Price | \$372,250 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Adjustment to Sales Price | \$0 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Adjusted Sales Price | \$372,250 | | | | | | | | | | | | | | | | | | | | | | | | |
| MLS # | 21609475 | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| TRANSFER INFORMATION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Grantor | Wile E. Lakeside Properties, LLC | Grantee | Micah Sampson & Bethany Sampson | | | | | | | | | | | | | | | | | | | | | | | | |
| Recording Data | WD #201600005496 | Marketing Time | 206 Days on Market | | | | | | | | | | | | | | | | | | | | | | | | |
| Financing/Conditions | Conventional/Market | Verified By | Greg Bauske, Selling Agent | | | | | | | | | | | | | | | | | | | | | | | | |
| Legal Description | Lengthy - in Appraisal Workfile | Intended Use | Residential | | | | | | | | | | | | | | | | | | | | | | | | |
| Section/Township/Range | S6T27N/R24W | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DESCRIPTION OF IMPROVEMENTS | | ANALYSIS OF SALE | | | | | | | | | | | | | | | | | | | | | | | | | |
| Body of Water | Bitterroot Lake | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 40%;">Sales Price</td><td style="text-align: right;">\$372,250</td></tr> <tr><td>Estimated Site Value</td><td style="text-align: right;">\$250,000</td></tr> <tr><td>Sales Price of Improvements</td><td style="text-align: right;">\$122,250</td></tr> <tr><td>Improvement Price/SF</td><td style="text-align: right;">\$114</td></tr> </table> | | Sales Price | \$372,250 | Estimated Site Value | \$250,000 | Sales Price of Improvements | \$122,250 | Improvement Price/SF | \$114 | | | | | | | | | | | | | | | | |
| Sales Price | \$372,250 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Estimated Site Value | \$250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales Price of Improvements | \$122,250 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Improvement Price/SF | \$114 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Front Footage | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Access | Private Road - Gravel | | | | | | | | | | | | | | | | | | | | | | | | | | |
| House Square Feet | 1,075 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bedroom/Bathrooms | 2 BR/1 BA | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Year Built or Renovated | 1974 |  | | | | | | | | | | | | | | | | | | | | | | | | | |
| Construction | Wood Frame | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quality | Average | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Condition | Good | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water/Sewer | Well, Septic | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Utilities | Electricity, Telephone, Internet | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Topography | Level, then sloping toward lake. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbuildings | None | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | Report File # 17-013ec | | | | | | | | | | | | | | | | | | | | | | | | | |

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 25, COS #19909, MCGREGOR LAKE | | | | | |
| DESCRIPTION | SUBJECT | SALE 1 | SALE 2 | SALE 3 | SALE 4 |
| IDENTIFICATION | | 4018 N Ashley Lake Rd | NHN Paradise Loop | 12710 US Hwy 2 | 68 Bitterroot Cove Ct |
| CITY | | Kalispell, MT | Marion, MT | Marion, MT | Marion, MT |
| SALES PRICE | | \$295,000 | \$350,000 | \$229,000 | \$330,000 |
| ADJUSTMENT FOR IMPROVEMENTS | | \$0 | -\$5,000 | \$0 | -\$5,000 |
| PROPERTY RIGHTS | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| PROPERTY RIGHTS ADJUSTMENT | | \$0 | \$0 | \$0 | \$0 |
| FINANCING | Market | Market | Market | Market | Market |
| FINANCING ADJUSTMENT | | \$0 | \$0 | \$0 | \$0 |
| CONDITIONS OF SALE | Market | Market | Market | Market | Market |
| CONDITIONS OF SALE ADJUSTMENT | | \$0 | \$0 | \$0 | \$0 |
| ADJUSTMENTS FOR BUYER EXPENDITURES | | | | | |
| DEMOLITION | | \$0 | \$0 | \$0 | \$0 |
| ENVIRONMENTAL | | \$0 | \$0 | \$0 | \$0 |
| OTHER | | \$0 | \$0 | \$0 | \$0 |
| LEGAL/ZONING | | \$0 | \$0 | \$0 | \$0 |
| DATE OF SALE | | 02/10/17 | 10/03/16 | 11/28/16 | 09/09/16 |
| MARKET CONDITIONS FACTOR | | 1.00 | 1.00 | 1.00 | 1.00 |
| ADJUSTED PRICE | | \$295,000 | \$345,000 | \$229,000 | \$325,000 |
| SITE SIZE/ACRES | 1.274 | 1.354 | 2.054 | 1.220 | 1.177 |
| FRONT FEET ON LAKE | 134.00 | 135.00 | 192.44 | 217.27 | 131.61 |
| ADJUSTED SALES PRICE PER FRONT FOOT | | \$2,185 | \$1,793 | \$1,054 | \$2,469 |
| ADJUSTMENT FOR: | | | | | |
| LOCATION/LAKE NAME | McGregor Lake | Ashley Lake | McGregor Lake | McGregor Lake | Bitterroot Lake |
| SHAPE | Irregular | Rectangular | Irregular | Irregular | Irregular |
| TOPOGRAPHY | Sloping | Sloping | Some Slope | Sloping | Some Slope |
| FRONTAGE/ACCESS | Private Road | Public Road | Public Road | Public Road | Public Road |
| ZONING | None | ALNP | SC | SC | LBL |
| EASEMENTS AFFECTING USE | Yes | No | Yes | Yes | Yes |
| ELECTRICITY/TELEPHONE | Available | Available | Available | Available | Available |
| SITE SIZE/ACRES | 1.274 | 1.354 | 2.054 | 1.220 | 1.177 |
| FRONT FEET | 134.00 | 135.00 | 192.44 | 217.27 | 131.61 |
| TOTAL PERCENTAGE ADJUSTMENT | | -10% | 0% | 0% | 0% |
| TOTAL ADJUSTMENT ADJUSTMENT | | -\$219 | \$0 | \$0 | \$0 |
| FRONT FEET PER ACRE | 105 | 100 | 94 | 178 | 112 |
| ADJUSTED PRICE PER SF | | \$1,967 | \$1,793 | \$1,054 | \$2,469 |

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 2016 and 2017. The available data indicates that market conditions for lakefront home sites have not changed appreciably since the beginning of 2016. 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 right-of-way easement for adjacent sites. Land Sale 1 includes no easements and some upward adjustment was considered necessary. There was little definitive market data available to quantify an exact adjustment. We made a downward adjustment of 10% to this comparable in this category. This adjustment percentage is considered reasonable and indicative of the actions of market participants with regard to easements. Land Sales 2, 3, and 4 all include some type of easement affecting usable area. No adjustments were made to these sales in this category.

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

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

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

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide indications of value for the subject site of \$1,967, \$1,793, \$1,054, and \$2,469 per front foot respectively. Land Sales 1, 2, and 4 are the most similar to the subject property in the number of front feet per acre. Approximately equal weight is accorded the indications from these three sales. The average of the indications from these sales is \$2,076 per front foot. We have rounded this indication up to \$2,100 per front foot. A value of \$2,100 per front foot is well supported by this analysis. Consequently;

| | |
|------------------------|------------------|
| 134.00 FF @ \$2,100/FF | \$281,400 |
| Rounded To | \$280,000 |

IMPROVEMENT VALUE ESTIMATE

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

| SALES COMPARISON ANALYSIS FOR LOT 25, COS #19909, MCGREGOR LAKE | | | | |
|--|----------------------|------------------------|-------------------|------------------------|
| DESCRIPTION | SUBJECT | SALE 1 | SALE 2 | SALE 3 |
| IDENTIFICATION | | 525 Lodgepole Dr | 930 Echo Lake Rd | 118 Locke Bay Dr E |
| LOCATION | | Marion, MT | Bigfork, MT | Marion, MT |
| SALES PRICE | | \$372,500 | \$350,000 | \$372,250 |
| 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 | | 06/30/16 | 08/15/16 | 03/16/17 |
| MARKET CONDITIONS FACTOR | | 1.00 | 1.00 | 1.00 |
| ADJUSTED PRICE | | \$372,500 | \$350,000 | \$372,250 |
| LESS SITE VALUE | | (\$300,000) | (\$290,000) | (\$250,000) |
| ADJUSTED IMPROVEMENT PRICE | | \$72,500 | \$60,000 | \$122,250 |
| ADJUSTMENT FOR: | | | | |
| LOCATION/SITE | McGregor Lake | Bitterroot Lake | Echo Lake | Bitterroot Lake |
| | | \$0 | \$0 | \$0 |
| QUALITY | Average | Average | Average | Average |
| | | \$0 | \$0 | \$0 |
| CONDITION | Average | Good | Average | Good |
| | | -\$7,250 | \$0 | -\$12,225 |
| BATHROOMS | 1 | 1 | 1 | 1 |
| | | \$0 | \$0 | \$0 |
| HOUSE SIZE/SF | 1,137 | 690 | 522 | 1,075 |
| | | \$22,350 | \$30,750 | \$3,100 |
| OUTBUILDINGS | Outhouse/Shed | Superior | Inferior | Inferior |
| | | -\$5,000 | \$1,000 | \$1,000 |
| TOTAL ADJUSTMENT | | \$10,100 | \$31,750 | -\$8,125 |
| NET ADJUSTMENT PERCENTAGE | | 14% | 53% | -7% |
| ADJUSTED PRICE INDICATION | | \$82,600 | \$91,750 | \$114,125 |

Discussion of Adjustments

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

Market Conditions: The comparable sales closed in 2016 and 2017. The available data indicates that market conditions for lakefront homes have not changed appreciably since 2016. 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 the comparables were all rated as average in overall quality of construction. No adjustment was necessary in this category.

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

Bathrooms: The subject residence and comparables include 1 bathroom. No adjustment was necessary in this category.

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 \$82,600, \$91,750, and \$114,125. 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. A value of \$96,000 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 | \$280,000 |
| Subject Improvements Value | <u>\$ 96,000</u> |
| Total Value Indication | \$376,000 |

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 |
|-------|------------|-----------------------|-------------|---------------------------------|
| 25 | \$280,000 | \$96,000 | \$376,000 | 4/13/2017 |

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: <i>REAL ESTATE APPRAISER MENTOR</i> |
| License #: | REA-RAG-LIC-683 | |
| Status: | Active | |
| Expiration Date: | 03/31/2018 | |
| ELLIOTT M CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937 | | |
| | |  Montana Department of LABOR & INDUSTRY <small>RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/</small> |

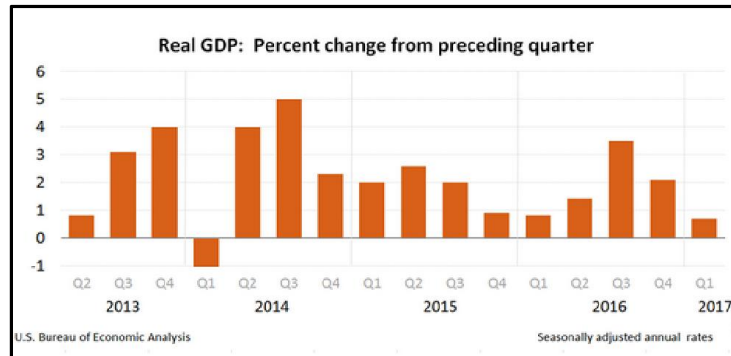
| | | |
|--|--|---|
|  | State of Montana Business Standards Division Board of Real Estate Appraisers | This certificate verifies licensure as: LICENSED APPRAISER |
| License #: | REA-RAL-LIC-841 | |
| Status: | Active | |
| Expiration Date: | 03/31/2018 | |
| CHRISTOPHER D CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937 | | |
| | |  Montana Department of LABOR & INDUSTRY <small>RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/</small> |

ADDENDUM

NATIONAL ECONOMIC DATA

It is estimated that Real GDP increased by 0.7% in the first quarter of 2017 after increasing 2.1% in the fourth quarter of 2016 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the first quarter increase in real GDP reflected positive contributions from nonresidential fixed investment, exports, residential fixed investment, and personal consumption expenditures that were offset by negative contributions from private inventory investment, state, and local government spending and federal government spending.

According to the US Bureau of Labor and Statistics, the seasonally adjusted national unemployment rate for December 2016 was 4.7 %. This is lower than the December 2015 rate of 5.0%. This is the lowest national unemployment rate since July of 2008. Generally, most US economists have forecasted an overall increase in Real GDP for 2017 of 2.0% to 3.0%.



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 Montana Bureau of Business and Economic Development; there may be issues with cattle prices and wheat production in 2017, state production of pulse crops such as lentils and peas greatly increased in 2016, coal production dropped dramatically in 2016, forest industry employment dropped in 2016, manufacturing in the state increased by 2.0% in 2016, high-tech and manufacturing companies projected to grow seven times faster during 2017, state airport boardings were up by 4% in 2016, Medicaid expansion in Montana pushed the uninsured rate downward to 8.7%, and Montana's housing market resembles the market conditions prior to recession.

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 2016 ESRI estimates based upon US Census data, the population of Flathead County was 98,050. The population is forecasted to increase to 104,631 or by approximately 1.34% per year by 2021.

Employment

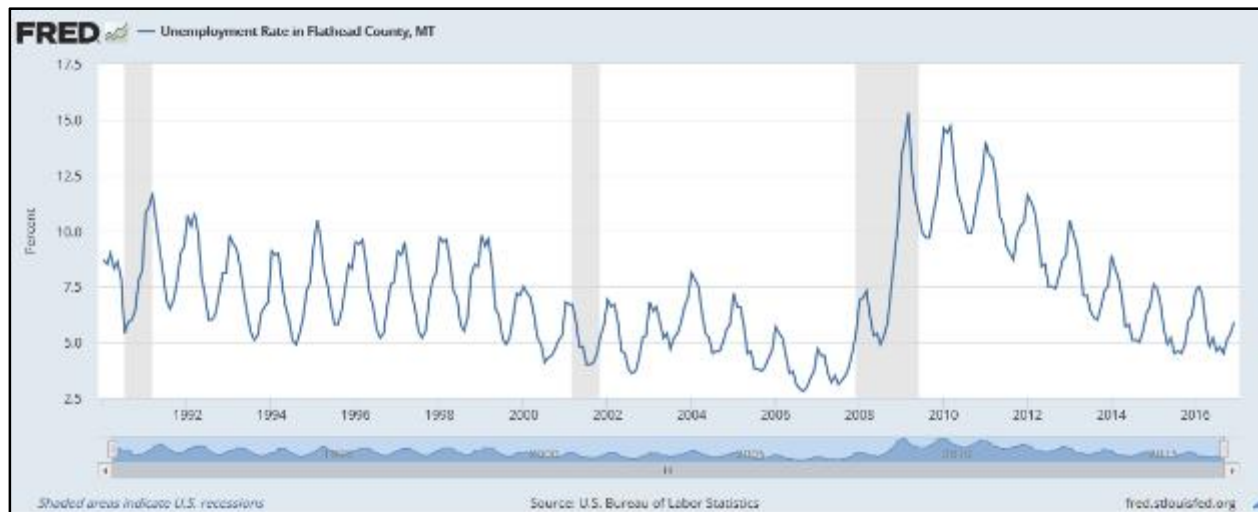
The retail trade industry represents approximately 15% of employment in Flathead County. Approximately 13% of the workforce is employed in the accommodation and food services industries and the healthcare and social assistance industries represents 12% of employment in Flathead County. Some of the largest 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, Teletach, Allied Materials, and BNSF Railway.

Income

The median annual household income for Flathead County was estimated to be \$47,173 in 2016 based upon ESRI forecasts using US Census data. According to ESRI forecasts, the median annual household income is to increase by approximately 2.39% per year through 2021.

Unemployment

According to the US Bureau of Labor and Statistics, the non-seasonally adjusted unemployment rate for Flathead County was 5.9% in December of 2016. This is below the December 2015 unemployment rate of 6.2%. 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 | 2016 | % Change: 2015-2016 |
| Kalispell | 233 | 170 | 146 | 78 | 46 | 50 | 42 | 54 | 106 | 81 | 72 | 104 | 44% |
| Whitefish | 80 | 60 | 22 | 26 | 14 | 19 | 36 | 51 | 75 | 72 | 48 | 49 | 2% |
| Columbia Falls | 52 | 38 | 68 | 8 | 6 | 4 | 9 | 8 | 8 | 21 | 17 | 15 | -12% |
| Total | 365 | 268 | 236 | 112 | 66 | 73 | 87 | 113 | 189 | 174 | 137 | 168 | 23% |

The twelve 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) during the early and mid 2000's. 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 1.8 to over 2.9 million visitors each year over the last 10 years. 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

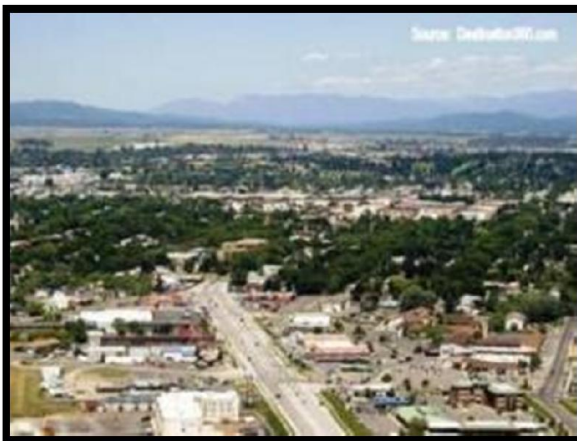
Attractions such as Glacier National Park, Flathead Lake, and Whitefish Mountain Ski Resort will continue to be a draw for second home buyers, nonresident travelers, and Montana residents to the Flathead Valley. The short and long term outlooks for the area are positive due to the abundance of natural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

CITY AND NEIGHBORHOOD 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 the US Census the 2016 population of the city of Kalispell was estimated to be 21,235. The population is forecasted to increase to 22,343 by 2021. This represents a forecasted increase of approximately 1.04% per year. The median household income was estimated to be \$40,147 in 2016. This is lower than the estimated 2016 median household income for Flathead County of \$47,173 and for the state of Montana of \$47,161. Approximately 17.1% of Kalispell residents were below the poverty line from 2010-2015 as opposed to 14.6% in the state for the same period.



Employment

According to US Census Bureau statistics, there were 10,399 persons over the age of 16 employed in Kalispell. The categories of Healthcare & Social Assistance, Retail Trade, Accommodation & Food Services, and Public Administration make up approximately 61% of the job market. Healthcare & Social Assistance is the largest employment sector with 27.4% of the job market. Other significant employment categories in Kalispell include Education Services, Professional, Scientific, and Tech Services, Finance & Insurance, Real Estate, and Construction. Remaining sectors provide less than 2.0% of total employment. The Montana Department of Labor & Industry indicates that the unemployment rate for Flathead County in December 2016 was 5.9% of a total labor force of 45,084. This compares to an unemployment rate of 4.0% for the State of Montana, and 5.7% for the US.

Linkages & Transportation

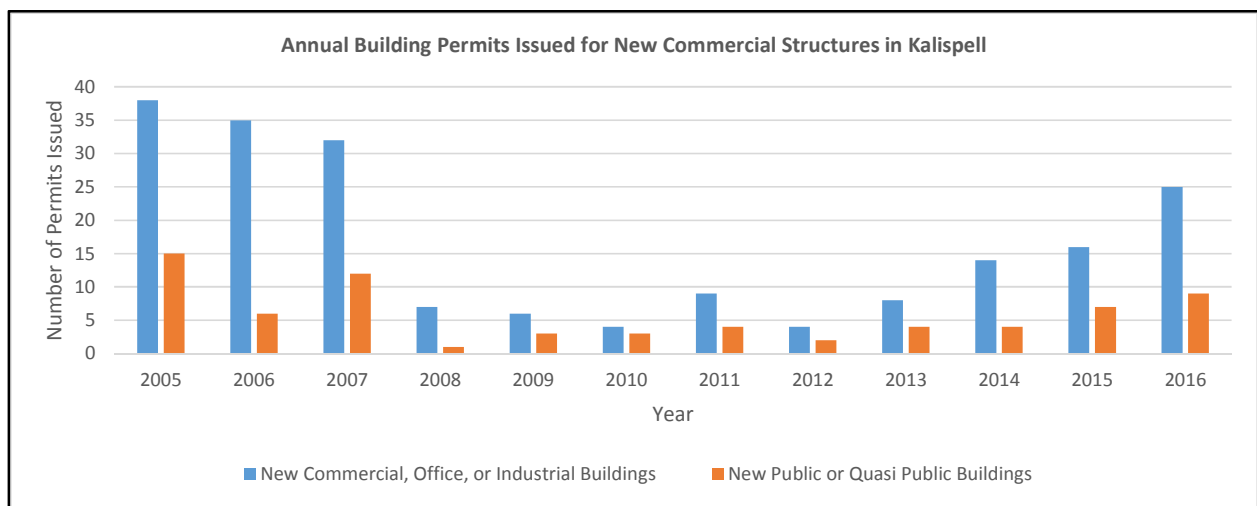
US Highway 93 runs north to south through the city of Kalispell and is labeled as the “Main Street” of the central business district. US Highway 93 provides access to Flathead Lake to the south of Kalispell and Whitefish to the north of Kalispell. There is a by-pass for US Highway 93 that is west of the city that was completed in 2016. 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 few years has been concentrated in the area north

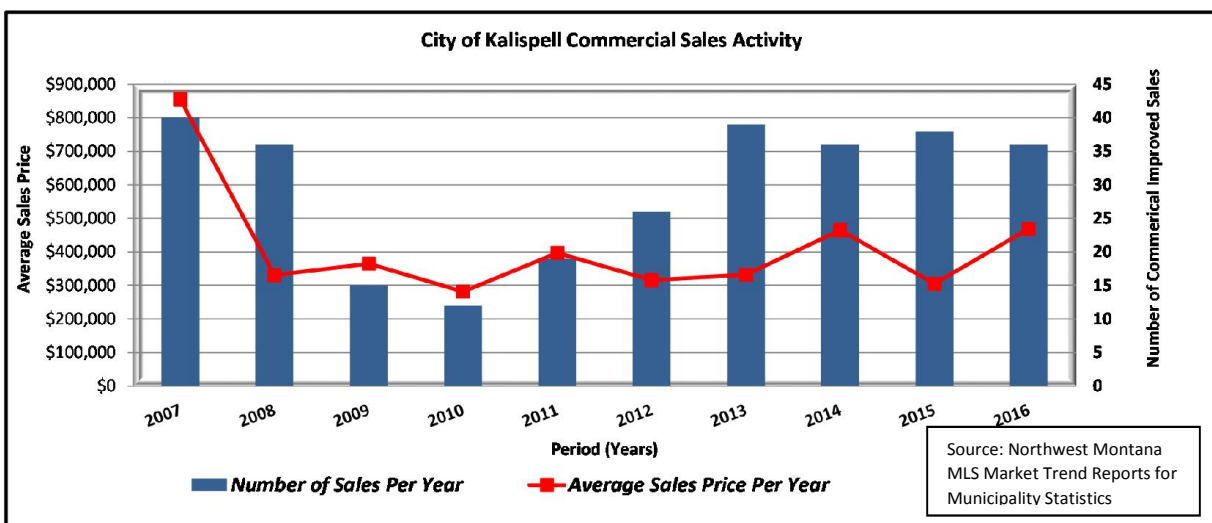
of Kalispell on US Highway 93 at Reserve Drive. This area has become the retail hub for the greater Flathead Valley area with the development of 3 neighborhood shopping centers. Additionally, the expansion of US Highway 93 to 4 lanes on the southern portion of Kalispell helped spur commercial development in that area over the past few years. The 2 lane, Kalispell By-pass was completed in 2016. The by-pass begins on the south side of Kalispell and ends near the intersection of US Highway 93 and Reserve Drive. The by-pass is expected to shorten travel times and alleviate large truck traffic in the central business district of Kalispell.

There has been an increase in commercial building permits issued in the City of Kalispell from 2012 through 2016; 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 2016 in Kalispell is included on the table below;



Source: City of Kalispell Building Department

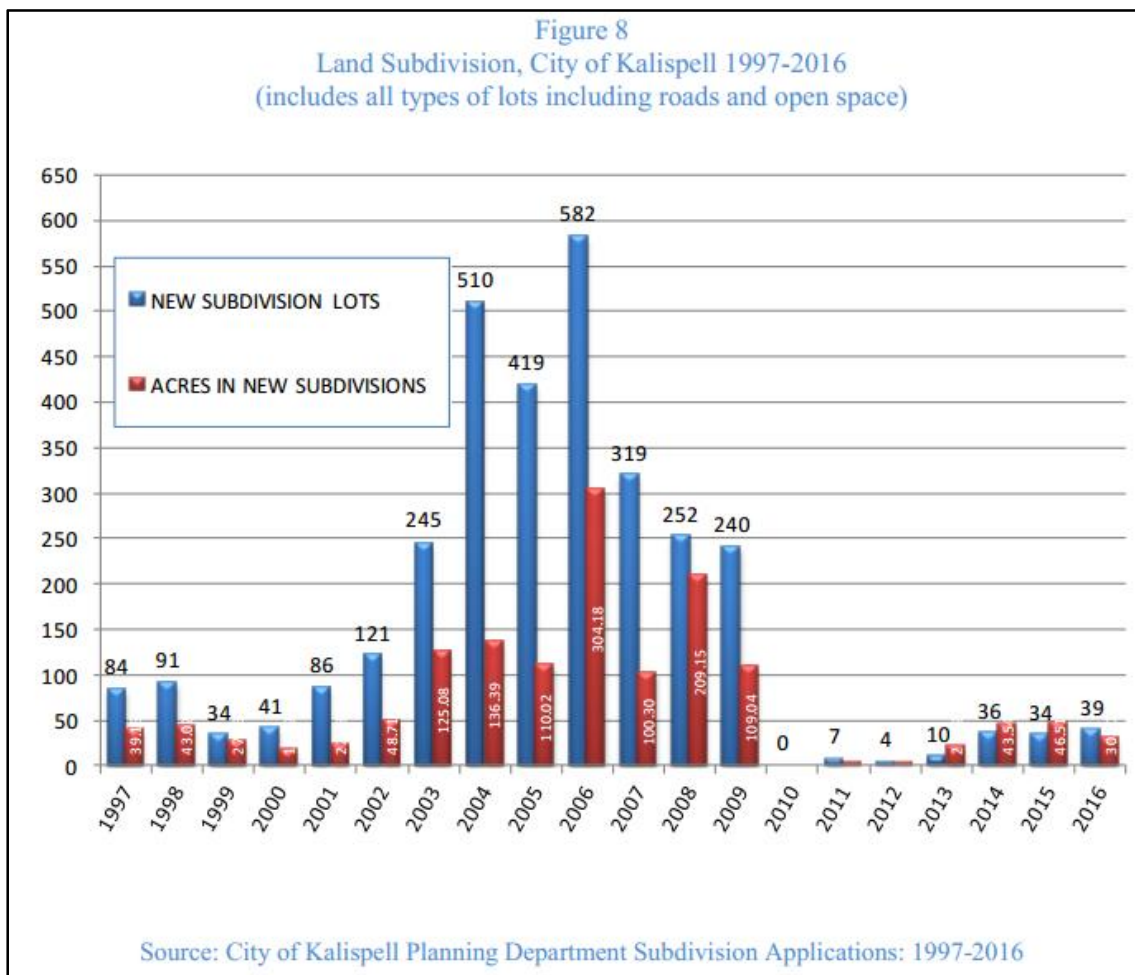
The chart below depicts sales volume and median price per property for improved commercial sales for the past ten years in Kalispell;



The most recent peak in sales volume for improved commercial occurred in 2007, followed by a decline in demand. Demand increased each year between 2010 and 2013. Demand and Sales Price has fluctuated between 2013 and 2016. The average sales price decreased 35% from 2014 to 2015 but increased again in 2016 by 53.77%. Demand increased somewhat from 2014 to 2015 but decreased slightly in 2016. Foreclosed properties comprised a percentage of the commercial sales in the years immediately after the national recession. The inventory of foreclosed commercial properties has continued to decrease from 2012 to 2016.

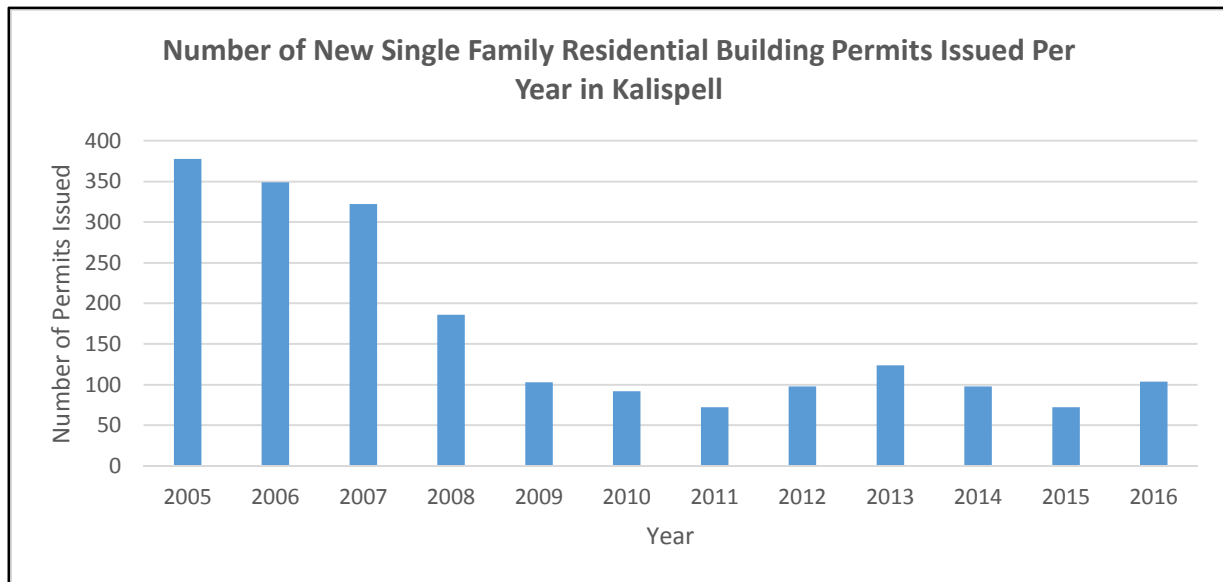
Residential Real Estate

New residential lots and acres in new subdivisions for the City of Kalispell between 1997 and 2016 are on the table below;



There was a total 941 new lots created in Kalispell since 2007 and 2016. 2010, for the first time since the 1973 when this information was reported by the City of Kalispell, there were no new lots created.

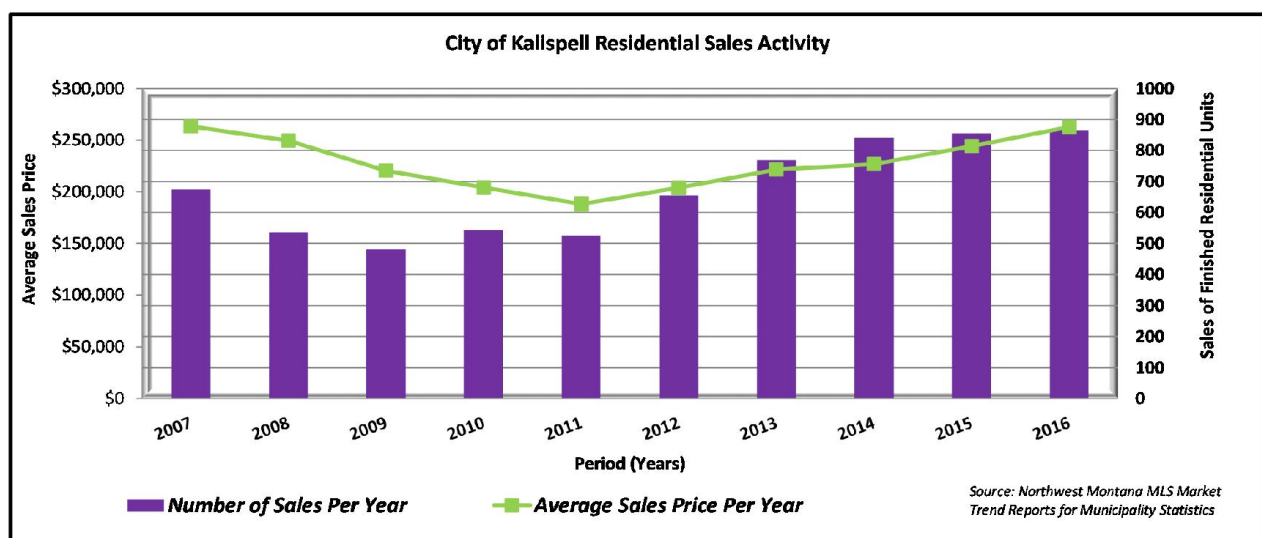
The table on the following page depicts the annual number of new single-family residential construction permits issued in the city of Kalispell between 2005 and 2016.



Source: City of Kalispell

This data indicates that construction of single-family residential properties in Kalispell decreased each year between 2005 and 2011. The number of permits increased from 2011 to 2013, decreased again from 2013 to 2015, but have rebounded somewhat in 2016. Absorption of new residential lots in Kalispell became a problem during the national recession. An analysis of MLS data for residential lots 0.50 acres or lower in size in the Kalispell market area indicates that there were 42 sales in 2016 and there are currently 63 active listings. This is an indication that Supply and Demand are closer to being in balance in Kalispell, and market conditions are continuing to improve.

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;

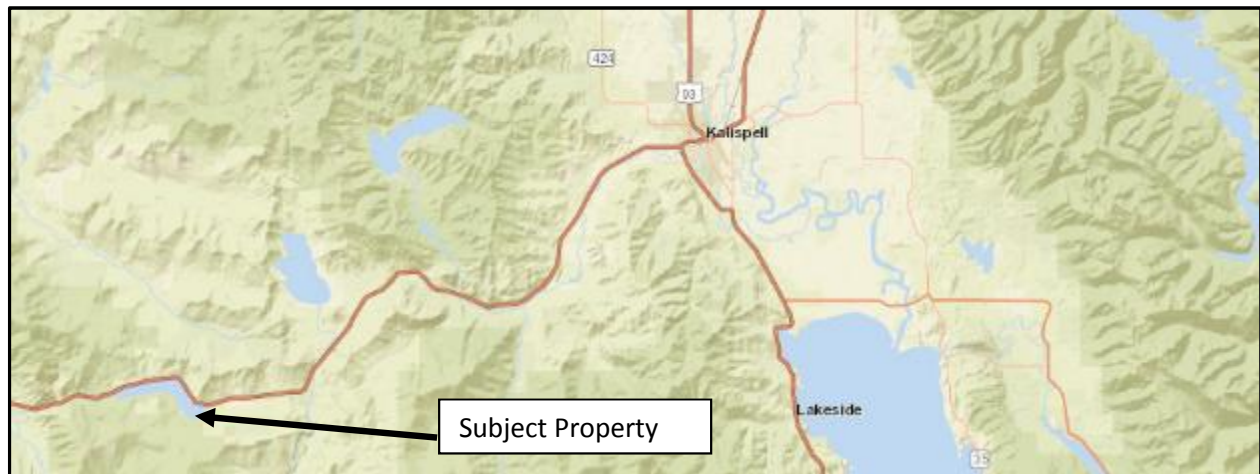


The volume of home sales in 2016 represents the peak for the decade. Peak pricing occurred in 2007; however, the average sales price in 2016 of \$262,872 is only \$655 lower than the peak of 2007.

Conclusion

General market conditions for commercial properties in the Kalispell area continue to improve. Commercial sales volume only changed slightly from 2015 to 2016; however, the average sales price increased significantly. The residential market sector has also continued to improve. Sales volume and pricing increased for improved residential properties in Kalispell from 2011 through 2016. Supply and Demand for residential and commercial properties in the greater Kalispell area is in relative balance. List prices for commercial properties far exceed historical sales prices which could result in a lower number of commercial sales in the coming year; however, building permits issued for commercial new construction increased in 2016 compared to 2015. In spite of high list prices in the commercial sector, future growth and expansion for the greater Kalispell area is considered likely in the long term.

Greater Kalispell Area Map



SCOPE OF WORK & SUPPLEMENTAL INSTRUCTIONS

(Page 1 of 12)

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), Ray & Shawn Christiaens, Bradley & Debbie Nay, Helen Brown, Barbara Armenstrout, Mary Burgess, Jeanne Olmsted, Thomas & Debbie Beaudette, Ron & Merna Terry, Jeffrey & Kathleen Cunniff, Harold Rapley, Clifford Schmutzler, Bret & Sandra Bandt, Roger & Julee Kranz, Barbara & Charles Davies, Larry Sheppard, Wayne & Rachael Sherrill, Russell Fuller & Taz Harvey, Linda Hamilton, Ray, Kevin, & Kylie Pancich, Lisa & Jim Reynolds, Gene & Shirley Smith, and Morris & Nanette Wheatley. 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

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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 three (3) 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:

| Sale # | Acres | Legal Description |
|--------|-------|---|
| 847 | 1.699 | Lots 18 & 19, Echo Lake , T27N-R19W, Sec. 5 |
| 848 | 2.111 | Lots 1 & 2, Echo Lake , T27N-R19W, Sec. 5 |
| 802 | 4.292 | Lot 26, Echo Lake , T27N-R19W, Sec. 5 |
| 850 | 1.16 | Lot 25, McGregor Lake , T26N-R25W, Sec. 16 |
| 864 | 1.247 | Lot 11, Placid Lake , T16N-R15W, Sec. 28 |
| 865 | 1.132 | Lot 6, Placid Lake , T16N-R15W, Sec. 28 |
| 866 | 1.001 | Lot 5, Placid Lake , T16N-R15W, Sec. 28 |
| 852 | 1.00 | Lot 9, Lincoln Flats , T14N-R8W, Sec. 16 |
| 853 | 1.00 | Lot 11, Lincoln Flats , T14N-R8W, Sec. 16 |
| 855 | 0.85 | Lot 28, Lincoln Flats , T14N-R8W, Sec. 16 |
| 856 | 1.00 | Lot 26, Lincoln Flats , T14N-R8W, Sec. 16 |
| 857 | 1.385 | Lot 2, Lincoln Flats , T14N-R8W, Sec. 16 |
| 858 | 1.00 | Lot 12, Lincoln Flats , T14N-R8W, Sec. 16 |
| 859 | 0.78 | Lot 8, Lincoln Flats , T14N-R8W, Sec. 16 |
| 860 | 1.00 | Lot 29, Lincoln Flats , T14N-R8W, Sec. 16 |
| 861 | 1.00 | Lot 6, Lincoln Flats , T14N-R8W, Sec. 16 |
| 862 | 1.00 | Lot 27, Lincoln Flats , T14N-R8W, Sec. 16 |
| 863 | 1.00 | Lot 21, Lincoln Flats , T14N-R8W, Sec. 16 |
| 898 | 1.719 | Lot 5, Lincoln Flats , T14N-R8W, Sec. 16 |
| 899 | 1.003 | Lot 51, Lincoln Flats , T14N-R8W, Sec. 16 |

DNRC Contact Information:

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

Lessees:

| | | |
|--|--|---|
| Sale 847 Ray & Shawn Christiaens 12 East Main Street Cut Bank, MT P: (406) 337-2151 | Sale 848 Bradley & Debbie Nay Box 29, Site 10 RR2 Cardston, Alberta TOK OK0 CANADA P: (403) 653-2192 | Sale 802 No lessee |
| Sale 850 Helen Brown, et al. P.O. Box 3726 Sunriver, OR 97707 P. (541) 593-7728 | Sale 864 Thomas & Debbie Beaudette 1627 Pokey Ln. Missoula, MT 59804 P. (406) 273-6407 | Sale 865 Ron & Merna Terry 7 Meridan Court Kalispell, MT 59901 P. (406) 253-6627 |
| Sale 866 Jeffrey L. & Kathleen B. Cunniff Living Trust c/o Jeffrey & Kathleen Cunniff 3628 8 th Avenue South Great Falls, MT 59405 P. (406) 727-6267 | Sale 852 Harold Rapley 7 Foxborro Ln. Helena, MT 59602 P. (406) 458-9439 | Sale 853 Clifford Arthur Schmutzler Trust Agreement c/o Clifford Schmutzler PO Box 576 Lincoln, MT 59639 P. (406) 761-3473 |
| Sale 855 Bret & Sandra Bandt 8627 Sparr Road Gaylord, MI 49735 P. (989) 705-7011 | Sale 856 Roger & Julee Kranz 128 Sharon Drive Great Falls, MT 59405 P. (406) 781-0267 | Sale 857 Barbara & Charles Davies 2901 Phillips Street Butte, MT 59701 P. (406) 723-3727 |
| Sale 858 Larry Sheppard PO Box 1909 Havre, MT 59501 P. (406) 265-9418 | Sale 859 Wayne & Rachael Sherrill PO Box 492 Lincoln, MT 59639 | Sale 860 Russell Fuller & Taz Harvey 8220 Northern Lights Dr. Helena, MT 59602 P. (406) 362-4887 |
| Sale 861 Linda Hamilton 3570 Highway 200 Lincoln, MT 59639 P. (406) 362-4687 | Sale 862 Ray, Kylie, & Kevin Pancich #23 Pine Ridge Circle Clancy, MT 59634 P. (406) 933-8259 | Sale 863 Jim & Lisa Reynolds 5251 Walton Drive Klamath Falls, OR 97603 P. (541) 331-3330 |
| Sale 898 Gene & Shirley Smith 9090 Palomar Avenue Atascadero, CA 93422 P. (805) 462-9090 | Sale 899 Morris & Nanette Wheatley 1090 Sunvalley Road Helena, MT 59602 P. (406) 458-6449 | |

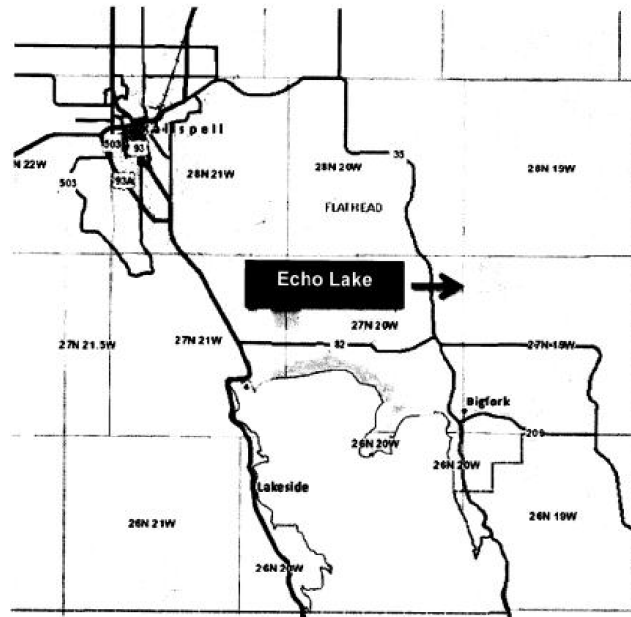
The following will be located in the body of the contract:

The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

The definition of market value is that as defined in 70-30-313 M.C.A.

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

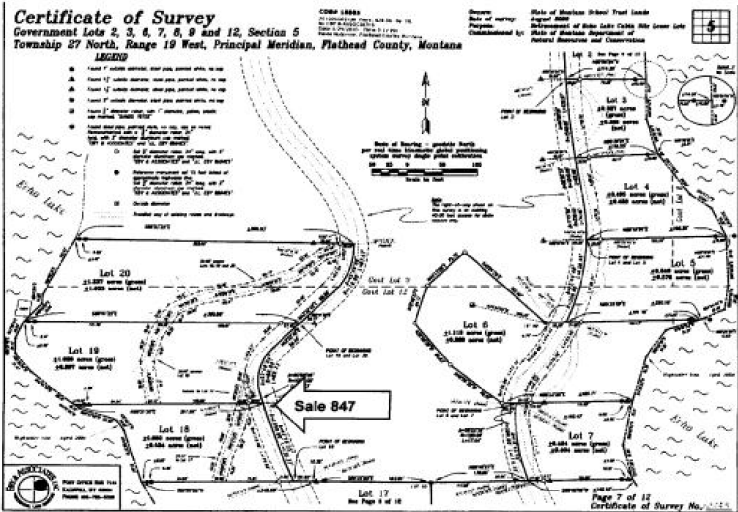
Echo Lake (Flathead County) Sale Location Map



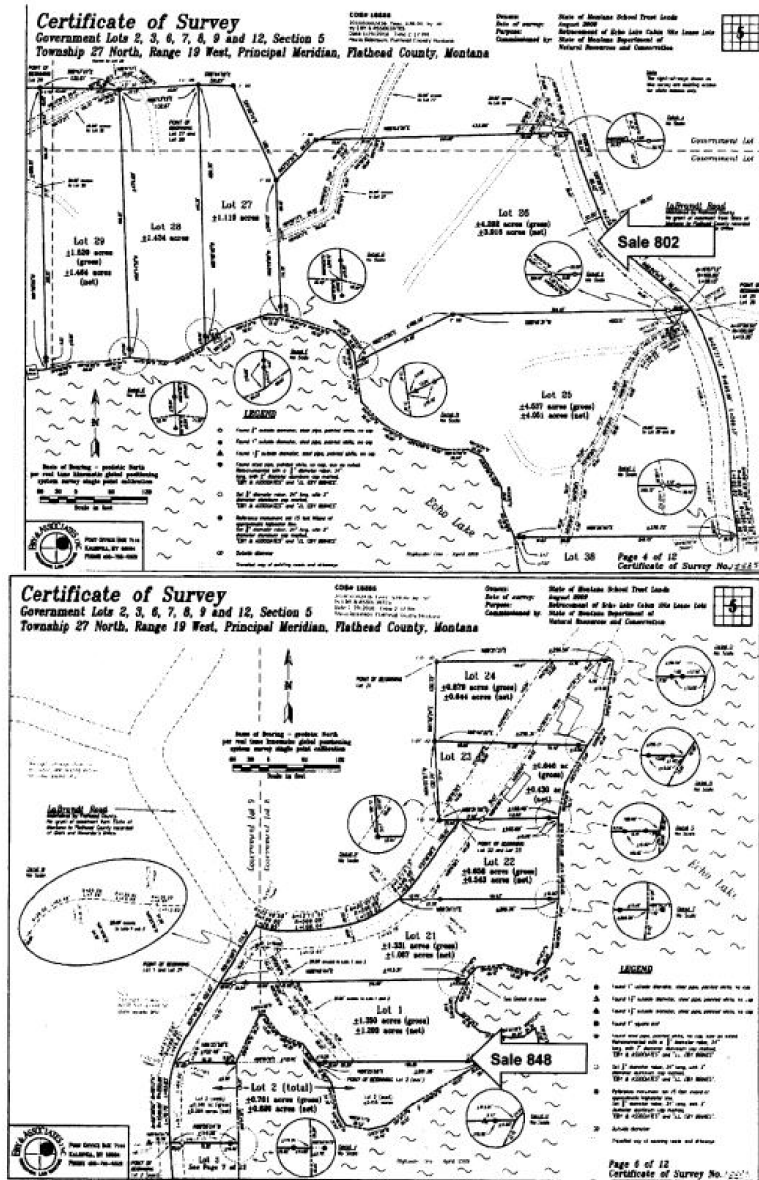
Echo Lake Lots



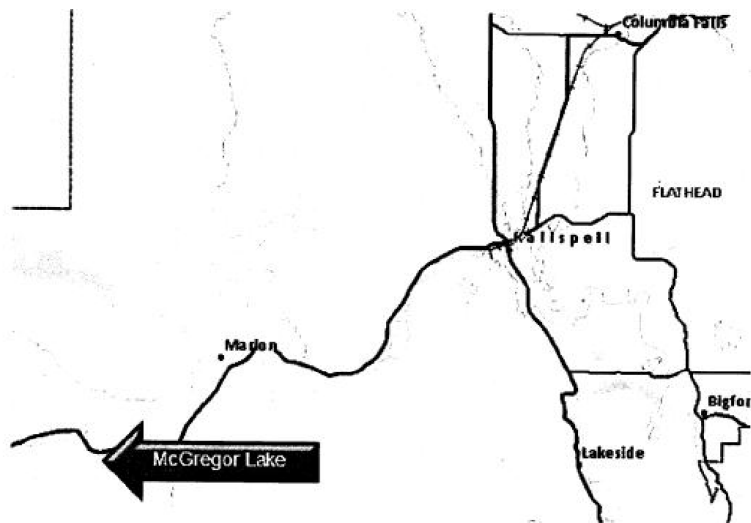
Echo Lake Sale Parcels Survey



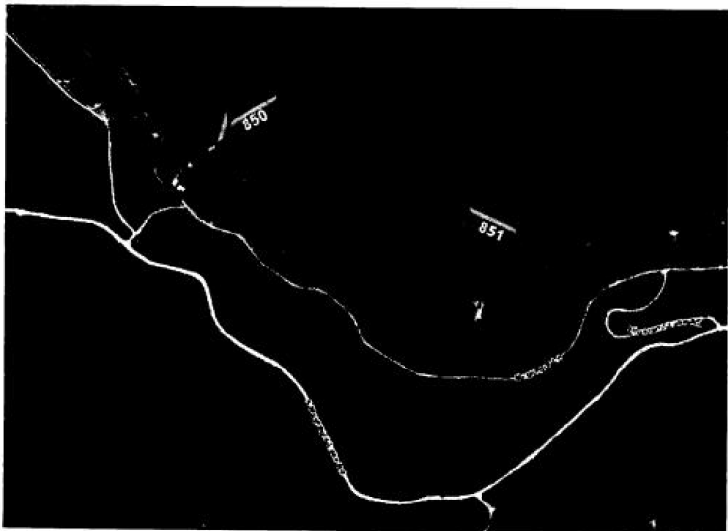
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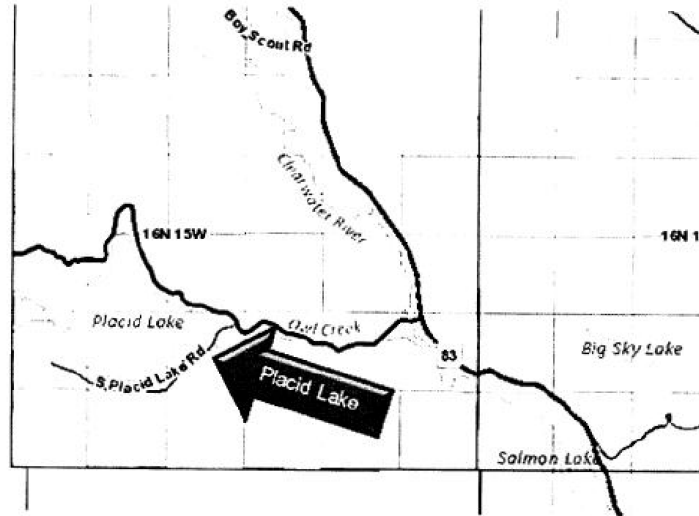
McGregor Lake (Flathead County) Sale Location Map



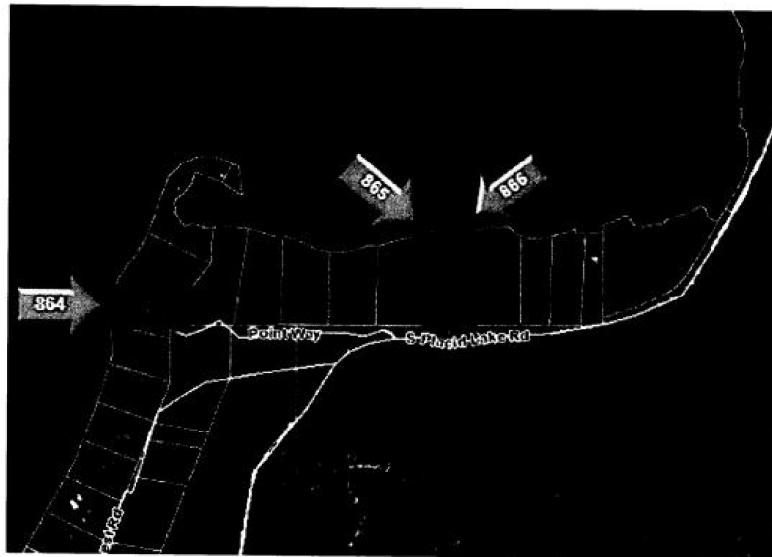
McGregor Lake Lots



Placid Lake (Missoula County) Sale Location Map



Placid Lake Lots



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