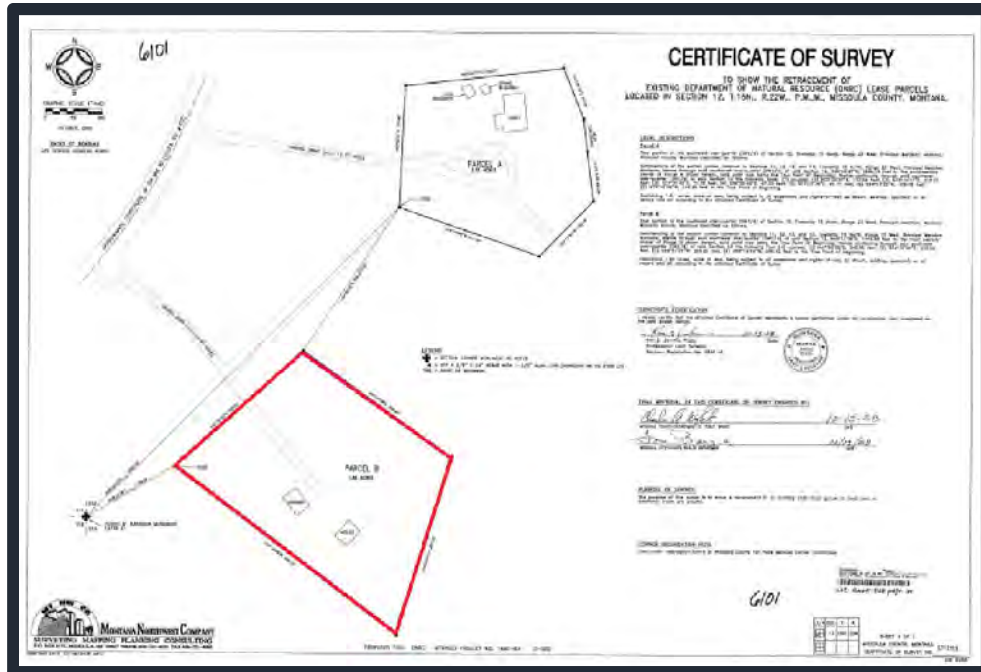


*APPRAISAL REPORT OF:*

**PARCEL B, CERTIFICATE OF SURVEY # 6101  
HUSON, 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. Kelly Motichka, Lands Section Supervisor**

*MARKET VALUES AS OF:*  
**July 17, 2018**

*PREPARED BY:*

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



704-C East 13<sup>th</sup> Street, #509  
Whitefish, Montana 59937

---

## LETTER OF TRANSMITTAL

September 5, 2018

Ms. Kelly Motichka, 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: Parcel B, Certificate of Survey #6101, of Section 12, Township 15 North, Range 22 West,  
Huson, Missoula County, Montana

Dear Ms. Motichka:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced property on July 17, 2018. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. This visual inspection, review and analyses were made in order to prepare the attached summary appraisal report.

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

The values of the fee simple interest in the subject site, 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 described in this report) as of the report effective date.

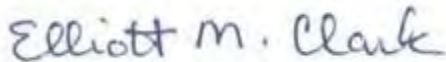
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We were not provided with soil studies for the subject site. We assume that the soils are capable of supporting construction similar to that in similar area subdivisions without unusual soil preparation. We are also unaware of the presence of any hazardous 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

18-025ec

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## SUMMARY OF SALIENT DATA AND CONCLUSIONS

### IDENTIFICATION OF CLIENT/INTENDED USE

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

### SUBJECT PROPERTY

|                                    |   |
|------------------------------------|---|
| <b>Property Identifications</b>    | Parcel B, COS #6101, Section 12, Township 15 North, Range 22 West, Missoula County, Montana |
| <b>Site Sizes</b>                  | See Property Description  |
| <b>Description of Improvements</b> | See Property Description  |
| <b>Assessor Number(s)</b>          | See Property Description  |
| <b>Census Tract</b>                | 30-063-0016.00  |
| <b>Flood Zone</b>                  | Zone X, Flood Map Panel #30063C0875E, Dated July 6, 2015                                    |
| <b>Zoning</b>                      | None  |

### HIGHEST AND BEST USE(S)

|                    |                 |
|--------------------|-----------------|
| <b>As Is</b>       | Residential Use |
| <b>As Improved</b> | Residential Use |

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

|                                   |                   |
|-----------------------------------|-------------------|
| <b>Report Date</b>                | September 5, 2018 |
| <b>Inspection Date(s)</b>         | July 17, 2018     |
| <b>Effective Date of Value(s)</b> | July 17, 2018     |
| <b>Property Rights Appraised</b>  | Fee Simple        |

#### Estimate of Market Values

|                                       |  |
|---------------------------------------|--|
| <b>Individual Site Values</b>         | Property Valuation Section of Report & Page 46 of Report |
| <b>Individual Improvement Values</b>  | Property Valuation Section of Report & Page 46 of Report |
| <b>Individual Total Market Values</b> | Property Valuation Section of Report & Page 46 of Report |

|                                    |                            |
|------------------------------------|----------------------------|
| <b>Extraordinary Assumption(s)</b> | None                       |
| <b>Hypothetical Condition(s)</b>   | See Scope of the Appraisal |

### MARKETING & EXPOSURE TIME

The appraised value for the subject property as if vacant and as improved are based upon 6 to 12 month marketing and exposure times. Estimated marketing and exposure times are addressed in detail in the Subject Market Analysis portion of this report.

### APPRAISER INFORMATION

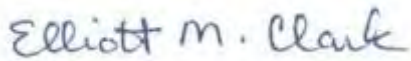
|                     |  |
|---------------------|--|
| <b>Appraiser(s)</b> | Elliott M. Clark, MAI & Christopher D. Clark |
|---------------------|--|

## **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 are the subject of this report and no personal interest with respect to the parties involved.
- We have performed no services, as appraisers or in any other capacity, regarding the property that are the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that are the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of predetermined values or directions in value that favor the cause of the 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: September 5, 2018  
Elliott M. Clark, MAI  
MT REA-RAG-LIC-683



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Date Signed: September 5, 2018  
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 titles, which are assumed to be marketable. All existing liens, encumbrances and assessments have been disregarded and the property are appraised, as though free and clear, under responsible ownership and competent management.
3. Any sketches in this report indicate approximate dimensions and are included to assist the reader in visualizing the property.
4. The appraisers have not made a survey, engineering studies or soil analysis of the property and assume no responsibility in connection with such matters or for engineering, which might be required to discover such factors.
5. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or restriction violations associated with the subject property.
6. Information, estimates and opinions contained in this report are obtained from sources considered reliable and believed to be true and correct; however, no liability for them can be assumed by the appraisers.
7. The appraisers are not required to give testimony or attendance in court by reason of this appraisal, with reference to the property 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 they are 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 are not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the values of the property. Since the appraisers have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the values of the property.
12. The appraisers are not experts at the identification of environmental hazards. This assignment does not cover the presence or absence of such substances. Any visually detected or obviously known environmental problems affecting the property will be reported and their impact on the value will be discussed.
13. This appraisal assignment was not made nor was the appraisal rendered on the basis of a requested minimum valuation or specific valuation.
14. The appraisers are not building inspectors and this report does not constitute building inspections for the subject property. Any obvious defects are noted (if applicable); however, this report is not to be relied upon for detection of unseen defects for 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 Parcel B of COS #6101, Huson, Missoula County, Montana.

The appraisers were asked to provide opinions of the market values of the fee simple interests in the sites 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 July 17, 2018. 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, Missoula County Records, and the area Multiple Listing Service.

Area trends in development were researched based upon information from various offices of Missoula County; inspections of surrounding property 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 2018-2019 version of the Uniform 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 2018-2019 version of the Uniform 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 (as described in this report) 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 conclusion 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 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:

- Missoula County – Various Offices;
- Montana Department of Revenue;
- Various Area Real Estate Agents, Property Managers, Property Owners, 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 Parcel B of Certificate of Survey #6101, Section 12, Township 16 North, Range 22 West, Huson, Missoula 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. The Lessee, Therese M. Keating, is an additional intended user of this report.

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

## **PURPOSE OF THE APPRAISAL**

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

## **DATE OF PROPERTY VIEWING**

July 17, 2018

## **EFFECTIVE DATE OF MARKET VALUE**

July 17, 2018

## **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**

The subject site is owned by the State of Montana. The improvements on the subject site are owned by the lessee, Therese M. Keating. The subject improvements most recently transferred from Jesse Thom and Jodi Thom to Therese M. Keating via Warranty Deed recorded on January 26, 2006 with Missoula County as Document #200601951. According to the area MLS, the improvements sold for \$87,500.

### **USE/MARKETING HISTORY**

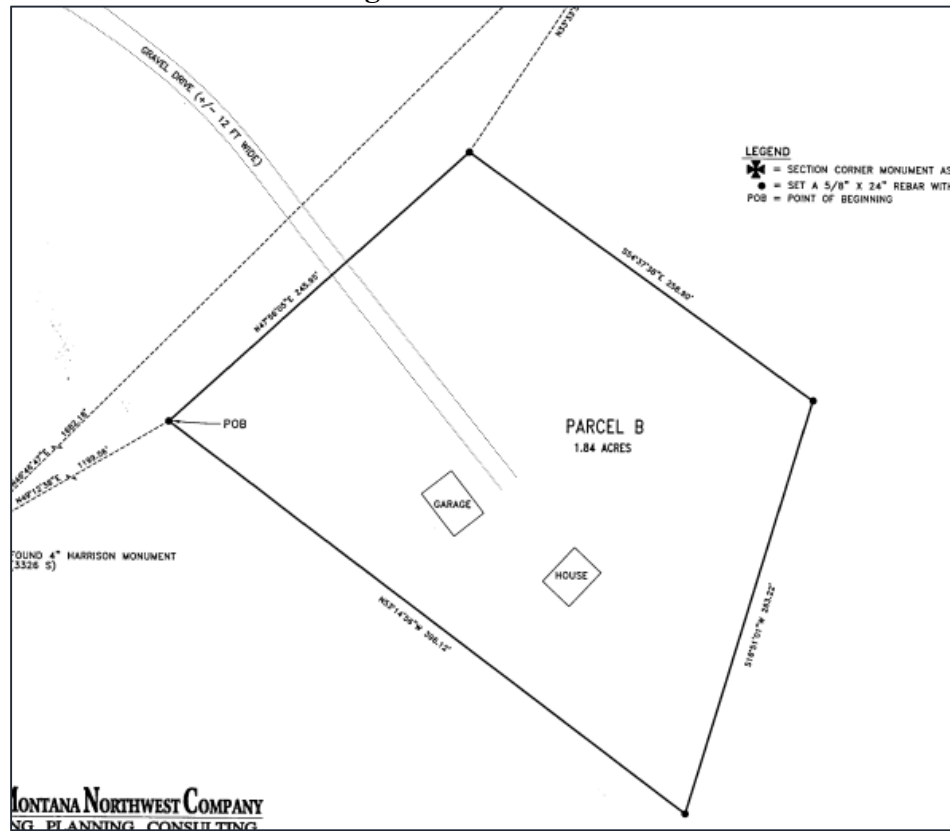
The Montana Department of Natural Resources and Conservation manages hundreds of residential cabin sites which are owned by the State of Montana. The subject site is in this program. According to the available information, the subject site has been used for recreational/residential purposes for the three years prior to the report effective date. The subject site includes a single family residence, garage/storage building, pole shed, and an outhouse. According to the Montana Department of Revenue records, the home was constructed in 1950.

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



## Parcel B

### Enlarged View of COS #6101



## Area Topographic Map



## **ACCESS AND VIEWS**

The subject property will have vehicular access from a private driveway accessed via an easement grant across state trust land from Six Mile Road. Six Mile Road is under US Forest Service jurisdiction related to Right of Way Deed No. D-4152.

There are wooded views from the subject property. There is a seasonal creek just outside of the boundaries of the subject site.

## **IMPROVEMENTS**

The improvements on the subject site consist of a 1,288 square foot residence with a 108 square foot deck, a 750 square foot garage/storage building with 200 square feet of open storage, a 110 square foot pole shed, and an outhouse.

According to the Montana Department of Revenue records, the home was constructed in 1950. The home is two stories and is wood framed construction on a concrete slab foundation. The floor plan consists of a living room kitchen and bathroom on the first floor and two bedrooms, one bath, a laundry room, and a sitting area on the second floor. Interior finishes include vinyl, carpet, or tile floor covering, drywall walls, and drywall ceilings. There is a gas stove on the first floor and a soapstone wood stove on the second floor. The residence also includes electric baseboard heat. The windows are vinyl slider type.

The lessee reported that she had made significant improvements to the residence since 2006. These improvements included; addition of the gas stove and wood stove, all new flooring, all new lighting, completion of bathroom on second floor, double doors to master bathroom, wood trim around windows, and kitchen appliances replaced.

The subject residence is considered to be of average quality and in average condition.

## **EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS**

We were provided with a Land Status Report by the Montana Department of Natural Resources. This report details recorded easements relative to the subject property. There is an easement for an overhead electrical distribution line and an easement to Robynn McKinley Marsh for a private access road to a single family residence and associated outbuildings. These easement is for shared road access to Parcel A of COS #6101. There is a Right of Way Deed issued to the United States for a US Forest Service Road.

The easements and Rights-of-Way associated with the subject property are typical for similar area property and are not considered to have an impact on marketability. 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 re in an area of Missoula County that is not zoned.



## ASSESSMENT/REAL PROPERTY TAXES

The subject site is tax exempt; however, the sites is valued by the Montana Department of Revenue to assist with determination of a lease rate. The improvements on the subject site are taxable. The subject improvements are identified as Taxpayer ID #1533904. The improvements were valued at \$108,810 in 2017 for tax purposes and the 2017 tax bill is \$1,469.

## TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

According to the Missoula County GIS flood mapping feature, the subject site is partially within the 100 year flood plain. A flood map image for the subject site from Missoula County is below;



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

The subject site is relatively level. The subject site includes native vegetation and/or landscaping.

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

## UTILITIES

The subject site is connected to electricity and phone lines. The lessee reported that there was a well and septic system on the subject site. We did not find a septic permit during an online search of Missoula County records. There are two water rights associated with the subject site and both will transfer with the property.

**PUBLIC SAFETY AND SERVICES**

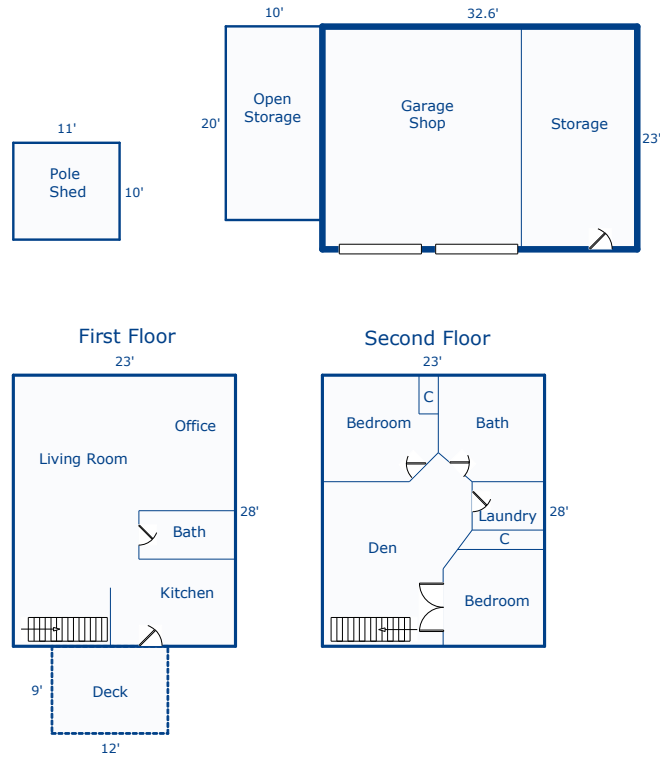
Police, fire protection, and other services are provided by Missoula County and area volunteer emergency services.

**SITE SUITABILITY**

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

# SUBJECT BUILDING SKETCHES & PHOTOGRAPHS

## BUILDING SKETCH



Sketch by Apex Sketch v5 Standard™

Comments:

| AREA CALCULATIONS SUMMARY |                |           |            |
|---------------------------|----------------|-----------|------------|
| Code                      | Description    | Net Size  | Net Totals |
| GLA1                      | First Floor    | 644.00    |            |
|                           | Second Floor   | 644.00    | 1288.00    |
| GAR                       | Garage/Storage | 749.80    | 749.80     |
| P/P                       | Deck           | 108.00    | 108.00     |
| OTH                       | Pole Shed      | 110.00    |            |
|                           | Open Storage   | 200.00    | 310.00     |
| Net LIVABLE Area          |                | (rounded) | 1288       |

| LIVING AREA BREAKDOWN |             |           |
|-----------------------|-------------|-----------|
|                       | Breakdown   | Subtotals |
| First Floor           |             |           |
|                       | 23.0 x 28.0 | 644.00    |
| Second Floor          |             |           |
|                       | 23.0 x 28.0 | 644.00    |
| 2 Items               | (rounded)   | 1288      |

## SUBJECT PHOTOGRAPHS



Front of Residence on Parcel B



Northwest Side of Residence on Parcel B



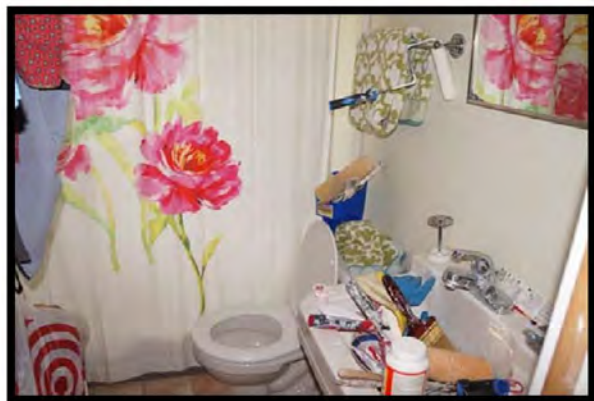
Southeast Side of Residence on Parcel B



Rear of Residence on Parcel B



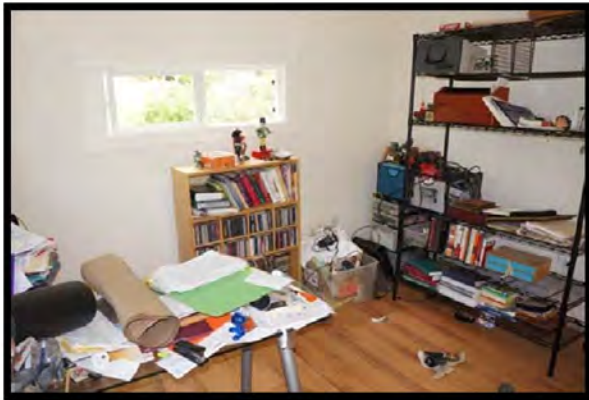
Kitchen



Bathroom



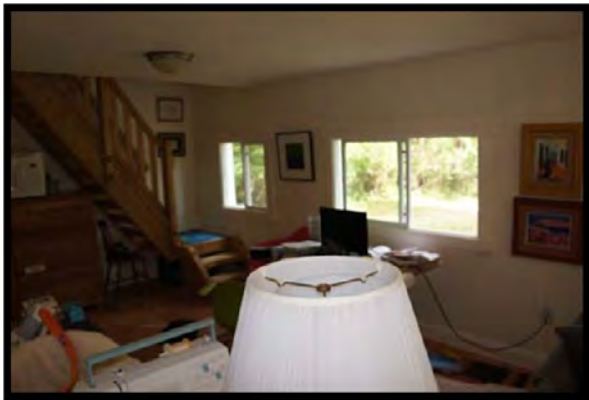
## ADDITIONAL PHOTOGRAPHS



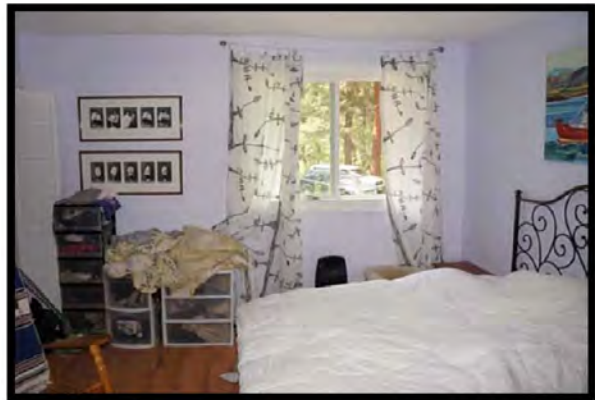
Office Area



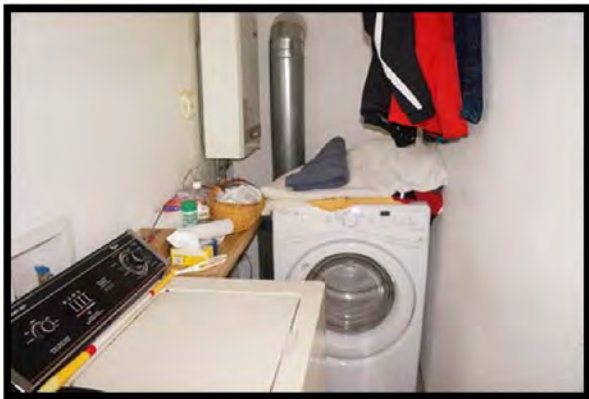
Living Room



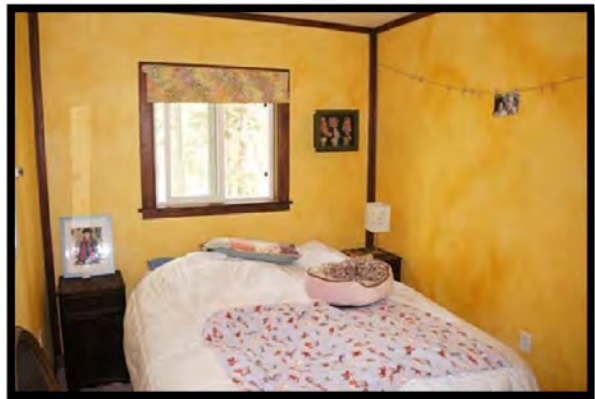
Living Room



Bedroom

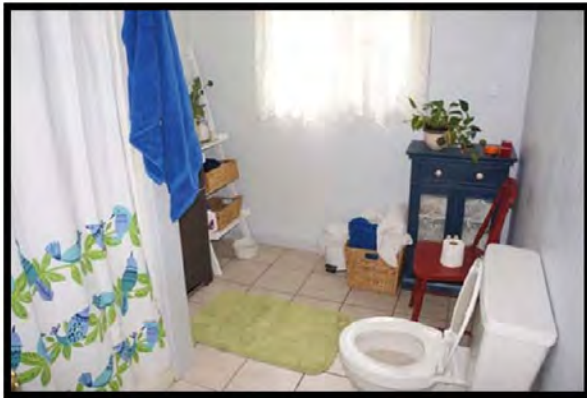


Laundry

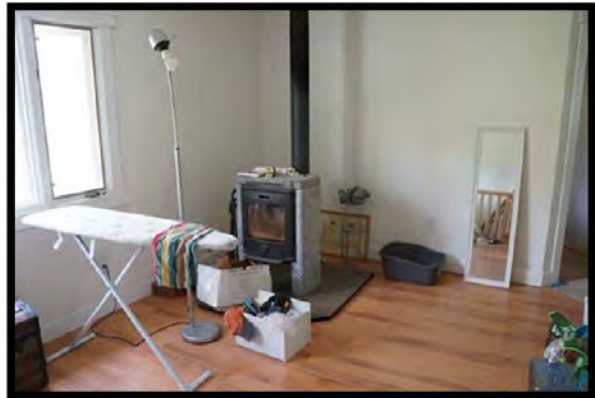


Bedroom

## ADDITIONAL PHOTOGRAPHS



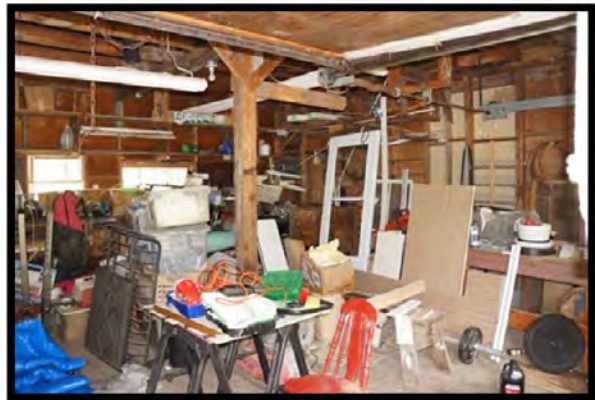
Bathroom



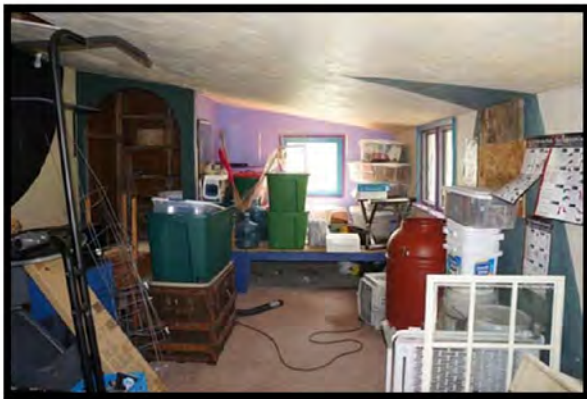
2<sup>nd</sup> Floor Den



Garage/Storage Building



Garage Interior



Finished Storage Area



Improvements from Driveway Looking Southeast



## ADDITIONAL PHOTOGRAPHS



Well



Parcel B Interior Looking Southeast



Outhouse on Parcel B



Seasonal Creek Near Property



Driveway Looking toward Six Mile Road



Driveway Looking toward Residence

## ADDITIONAL PHOTOGRAPHS



Six Mile Road Looking Southwest



Six Mile Road Looking Northeast



## SUBJECT MARKET ANALYSIS

Detailed county 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 property is in Huson, Montana which is a relatively small community approximately 20 northwest of Missoula. The subject site is 1.84 gross acres in size. It includes a single family residence and outbuildings. The subject property is located in a rural area and is over 2.5 miles from US Interstate 90.

#### Area Land Use Trends

The area consists of rural residential property. Parcels range in size from approximately 2 acres to several hundred acres. Land uses are rural residential or small scale agricultural.

### Potential Users of Subject Property

The potential users of the subject site would be market participants seeking ownership of a relatively small site in a rural residential area with proximity to Missoula, Montana. Potential uses of the subject site and improvements would be market participants seeking a residence on a relatively small site in a rural area.

### Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. We conducted a search of the area MLS for sales of vacant residential sites, with no water frontage, and up to 10.00 acres in size. Montana is a non-disclosure state and every sale does not transfer via the area MLS; however, the regional MLS data is considered to provide an accurate depiction of general trends in real estate transfers. The results of this search is below;

| Vacant Land Sales & Listings            |            |               |                                    |                     |                    |                 |                |
|---|------------|---------------|------------------------------------|---------------------|--------------------|-----------------|----------------|
| Huson, Montana - Up to 10 Acres in Size |            |               |                                    |                     |                    |                 |                |
| Year                                    | # of Sales | # of Listings | Average Acres of Sales or Listings | Average Sales Price | Average List Price | % of List Price | Days on Market |
| 2016                                    | 4          |               | 7.07                               | \$82,750            |                    | 62%             | 768            |
| 2017                                    | 1          |               | 10.00                              | \$93,000            |                    | 96%             | 298            |
| 2018 YTD                                | 2          |               | 2.44                               | \$47,625            |                    | 91%             | 145            |
|   |            |               |                                    |                     |                    |                 |                |
| ACTIVES                                 |            | 9             | 4.82                               |                     | \$72,633           |                 | 245            |

Average sales prices have varied considerably. This is attributable in part due to the small data set and the large average acreage difference each year.

We also conducted a search of the area MLS for sales of improved residential property on similar sized sites with no water frontage in Huson. The results of our search are below;

| Single Family Residences Sales & Listings |            |               |                                    |                     |                    |                 |                |
|---|------------|---------------|------------------------------------|---------------------|--------------------|-----------------|----------------|
| Huson, Montana - Up to 10 Acres in Size   |            |               |                                    |                     |                    |                 |                |
| Year                                      | # of Sales | # of Listings | Average Acres of Sales or Listings | Average Sales Price | Average List Price | % of List Price | Days on Market |
| 2016                                      | 12         |               | 4.15                               | \$292,325           |                    | 62%             | 768            |
| 2017                                      | 19         |               | 4.94                               | \$335,021           |                    | 96%             | 298            |
| 2018 YTD                                  | 8          |               | 4.30                               | \$224,613           |                    | 85%             | 163            |
|   |            |               |                                    |                     |                    |                 |                |
| ACTIVES                                   |            | 6             | 3.60                               |                     | \$337,631          |                 | 75             |

This data indicates that the average home price fluctuated during the period studied. Small data sets are often subject to wider swings than larger data sets.

### Competitive Supply

There were 9 active listings of vacant home sites with 10 acres or less (non-waterfront) in Huson as of the report effective date. The average list price for vacant parcels in the size range studied is between the average sales prices received in prior years.

There were 6 active listings of homes on sites with 10 acres or less in Huson as of the report effective date. The average list price is higher than the average sales prices received in prior years.

### Interaction of Supply and Demand

Based upon the average sales volume from 2016, 2017, and 2018 Year-to-Date; there is an over 3 year supply of vacant residential sites, with no water frontage, for sale with 10 acres or less in Huson. Supply exceeds annual inferred demand.

Based upon the average sales volume from 2016 through 2018 Year-to-Date, there is less than 1 year supply of homes for sale on interior sites with 10 acres or less in Huson. Supply and demand are in relative balance. Based upon the average sales prices received in prior years, there may be some downward price pressure on the active listings for them to sell within typical marketing times.

### Subject Marketability Conclusion

The subject site, as if vacant, is considered to have similar marketability to other similar sized, interior sites in Huson.

The subject property, as improved, is considered to have similar marketability compared to other residential property (with improvements of similar quality and condition) on interior sites in Huson.

The most applicable sales of vacant and improved property in Huson during the period studied where selected as comparables for determination of the value of the subject site as if vacant, the value of the subject improvements, and the value of the subject property as improved.

### **Estimated Marketing and Exposure Times**

The 1 interior vacant parcel sale in Huson (in the size parameters selected) that closed in 2017 was marketed for 298 days. The 2 interior site sales in Huson that closed in 2018 Year-to-Date were marketed for an average of 145 days. A **marketing time** between 6 to 12 months is appropriate for the subject property, as if vacant. If the subject property had sold, as if vacant, 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 19 homes sales on interior sites (in the site size parameters selected) in Huson that closed in 2017 were marketed for an average of 298 days. The 8 home sales in Huson that closed in 2018 Year-to-Date were marketed for an average of 163 days. A **marketing time** between 6 to 12 months is appropriate for the subject property, as improved. If this subject property had sold, as improved, on the effective date of this report, at the appraised value concluded in this report, a 6 to 12 month **exposure time** would have been reasonable.

## HIGHEST AND BEST USE

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

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

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

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

Legally Permissible:

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

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

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

Maximally Productive:

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

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

## **AS IF VACANT**

### *Legally Permissible*

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

### *Physically Possible*

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

### *Financially Feasible*

Most similar interior sites in the area are improved with single family residences. Use of the subject site for construction of a single family residence is financially feasible.

### *Maximally Productive*

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

## **AS IMPROVED**

The subject property is improved with a single family residence and outbuildings. There is market acceptance of many types of residences in Huson. Alteration of the subject residence for any use other than as single family home would require large capital expenditures. Additionally, the vehicular access to the subject property is suitable for a single family residence but not many other uses. Continued use as single family residence for this 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 property that can be constructed, purchased, or from which a similar monetary return may be received.

### APPROACHES IN THE VALUATION OF REAL PROPERTY

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

#### Cost Approach

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

#### Sales Comparison Approach

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

#### Income Capitalization Approach

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

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

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

All three approaches to value were considered for the valuation of subject site as improved. Most market participants interested in purchasing 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 residence on the subject site 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 site 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.

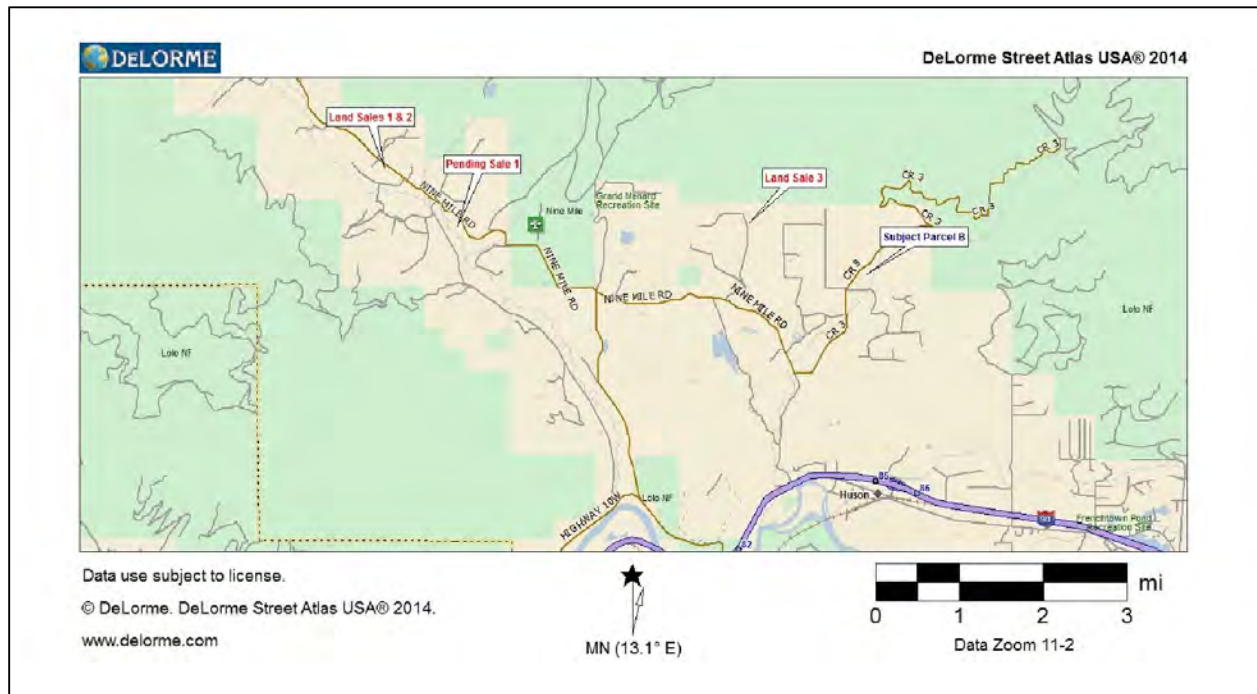
## LAND SALES

We located 4 sales of vacant parcels that compare reasonably well with the subject site as if vacant. These sales are the best and most appropriate comparables available. These comparables are described on the table below;


| Sale # | Address                   | City  | Site Size/Acres | Sale Date | Sales Price |
|--------|---------------------------|-------|-----------------|-----------|-------------|
| 1      | Lot 104 Piney Meadows     | Huson | 2.508           | 2018      | \$50,000    |
| 2      | 22445 W Ninemile Rd       | Huson | 2.371           | 2018      | \$45,250    |
| 3      | Lot 2A Whitetail Ridge Rd | Huson | 10.008          | 2017      | \$93,000    |
| 4      | 21435 Ninemile Creek Rd   | Huson | 4.980           | 2018      | \$65,000    |

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

### Map of Comparable Parcel Sales




## LAND SALE 1

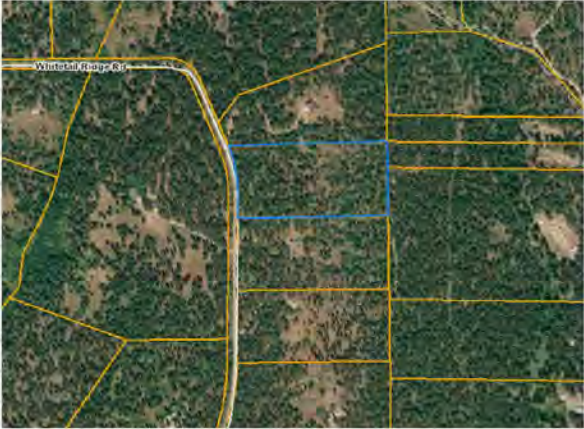
| COMPARABLE SALE INFORMATION   |  |                                 |                                       |
|---|--|---------------------------------|---------------------------------------|
|  | <b>Location</b>  | Lot 104 Piney Meadows           |                                       |
|   | <b>City/State</b>  | Huson, MT                       |                                       |
|   | <b>County</b>  | Missoula                        |                                       |
|   | <b>Assessor Number</b>   | 0612601                         |                                       |
|   | <b>Zoning</b>  | Unzoned Portion of Missoula Co. |                                       |
|   | <b>Site Size: Acres</b>  | 2.508                           |                                       |
|   | <b>Square Feet</b>   | 109,248                         |                                       |
|   | <b>Date of Sale</b>  | June 1, 2018                    |                                       |
|   | <b>Sales Price</b>   | \$50,000                        |                                       |
|   | <b>Less Cost of Improvements*</b>  | \$0                             |                                       |
|   | <b>Sales Price Adjusted</b>  | \$50,000                        |                                       |
|   | <b>MLS #</b>   | 21713718                        |                                       |
| ANALYSIS OF SALE  |  |                                 |                                       |
| <b>Price per Acre</b>   | \$19,936   | <b>Price per Square Foot</b>    | \$0.46                                |
|   |  | <b>Price Per Front Foot</b>     | N/A                                   |
| TRANSFER INFORMATION  |  |                                 |                                       |
| <b>Grantor</b>  | Terry Erhart   | <b>Grantee</b>                  | Benjamin P. Smith                     |
| <b>Type of Instrument</b>   | Warranty Deed  | <b>Document #</b>               | 201808841                             |
|   |  | <b>Marketing Time</b>           | 177 Days on Market                    |
| <b>Financing/Conditions</b>   | Cash/Market  | <b>Verified By</b>              | Bruce Wold, Listing Agent             |
| <b>Legal Description</b>  | Lot 104 of Piney Meadows Subdivision   | <b>Intended Use/Comments</b>    | Purchased for Residential Use         |
| <b>Section/Township/Range</b>   | S1/T15N/R23W   |                                 |                                       |
| PROPERTY DETAILS  |  |                                 |                                       |
| <b>Access</b>   | Ninemile Drive, Gravel County Rd.  | <b>View</b>                     | Meadow, Mountains                     |
| <b>Topography</b>   | Level  | <b>Lot Dimensions</b>           | 212.74' x 500.86' x 214.00' x 528.98' |
| <b>Flood Plain</b>  | According to Flood Map # 30063C0850E, the property is not in an area of Elevated Flood Risk. | <b>Improvements</b>             | None                                  |
| <b>Feet of Water Frontage</b>   | N/A  | <b>Value of Improvements</b>    | \$0                                   |
| <b>Utilities</b>  | Power and Telephone at Rd.   | <b>Miscellaneous</b>            |                                       |
| <b>Report File # 18-025ec</b>   |  |                                 |                                       |



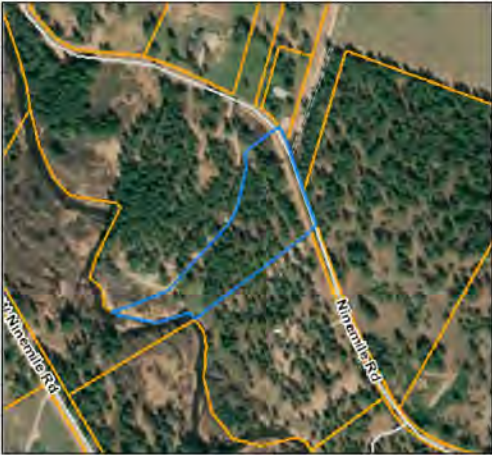
## LAND SALE 2

| COMPARABLE SALE INFORMATION   |  |                                 |                                       |
|---|--|---------------------------------|---------------------------------------|
|  | <b>Location</b>  | 22445 W. Ninemile Rd.           |                                       |
|   | <b>City/State</b>  | Huson, MT                       |                                       |
|   | <b>County</b>  | Missoula                        |                                       |
|   | <b>Assessor Number</b>   | 0612505                         |                                       |
|   | <b>Zoning</b>  | Unzoned Portion of Missoula Co. |                                       |
|   | <b>Site Size: Acres</b>  | 2.371                           |                                       |
|   | <b>Square Feet</b>   | 103,281                         |                                       |
|   | <b>Date of Sale</b>  | March 23, 2018                  |                                       |
|   | <b>Sales Price</b>   | \$45,250                        |                                       |
|   | <b>Less Cost of Improvements*</b>  | \$0                             |                                       |
| <b>Sales Price Adjusted</b>   | \$45,250   |                                 |                                       |
| <b>MLS #</b>  | 21713623   |                                 |                                       |
| ANALYSIS OF SALE  |  |                                 |                                       |
| <b>Price per Acre</b>   | \$19,085   | <b>Price per Square Foot</b>    | \$0.44                                |
|   |  | <b>Price Per Front Foot</b>     | N/A                                   |
| TRANSFER INFORMATION  |  |                                 |                                       |
| <b>Grantor</b>  | Debbie Ellard  | <b>Grantee</b>                  | Anatoly Chinikaylo                    |
| <b>Type of Instrument</b>   | Warranty Deed  | <b>Document #</b>               | 201804494                             |
|   |  | <b>Marketing Time</b>           | 177 Days on Market                    |
| <b>Financing/Conditions</b>   | Cash/Market  | <b>Verified By</b>              | Jack Wade, Listing Agent              |
| <b>Legal Description</b>  | Lot 103 of Piney Meadows Subdivision   | <b>Intended Use/Comments</b>    | Purchased for Residential Use         |
| <b>Section/Township/Range</b>   | S1/T15N/R23W   |                                 |                                       |
| PROPERTY DETAILS  |  |                                 |                                       |
| <b>Access</b>   | Ninemile Drive, Gravel County Rd.  | <b>View</b>                     | Meadow, Mountains                     |
| <b>Topography</b>   | Level  | <b>Lot Dimensions</b>           | 212.74' x 472.74' x 214.00' x 500.86' |
| <b>Flood Plain</b>  | According to Flood Map # 30063C0850E, the property is not in an area of Elevated Flood Risk. | <b>Improvements</b>             | None                                  |
| <b>Feet of Water Frontage</b>   | N/A  | <b>Value of Improvements</b>    | \$0                                   |
| <b>Utilities</b>  | Power and Telephone at Rd.   | <b>Miscellaneous</b>            |                                       |
| <b>Report File # 18-025ec</b>   |  |                                 |                                       |

## LAND SALE 3

| COMPARABLE SALE INFORMATION   |  |                                 |                                       |
|---|--|---------------------------------|---------------------------------------|
|  | <b>Location</b>  | Lot 2A Whitetail Ridge Rd.      |                                       |
|   | <b>City/State</b>  | Huson, MT                       |                                       |
|   | <b>County</b>  | Missoula                        |                                       |
|   | <b>Assessor Number</b>   | 5806635                         |                                       |
|   | <b>Zoning</b>  | Unzoned Portion of Missoula Co. |                                       |
|   | <b>Site Size: Acres</b>  | 10.008                          |                                       |
|   | <b>Square Feet</b>   | 435,948                         |                                       |
|   | <b>Date of Sale</b>  | November 13, 2017               |                                       |
|   | <b>Sales Price</b>   | \$93,000                        |                                       |
|   | <b>Less Cost of Improvements*</b>  | \$0                             |                                       |
|   | <b>Sales Price Adjusted</b>  | \$93,000                        |                                       |
|   | <b>MLS #</b>   | 21700491                        |                                       |
| ANALYSIS OF SALE  |  |                                 |                                       |
| <b>Price per Acre</b>   | \$9,293  | <b>Price per Square Foot</b>    | \$0.21                                |
|   |  | <b>Price Per Front Foot</b>     | N/A                                   |
| TRANSFER INFORMATION  |  |                                 |                                       |
| <b>Grantor</b>  | Richard White & Sandy White  | <b>Grantee</b>                  | Kendra Ralstin & Craig Ralstin        |
| <b>Type of Instrument</b>   | Warranty Deed  | <b>Document #</b>               | 201804494                             |
|   |  | <b>Marketing Time</b>           | 177 Days on Market                    |
| <b>Financing/Conditions</b>   | Cash/Market  | <b>Verified By</b>              | Jack Wade, Listing Agent              |
| <b>Legal Description</b>  | Parcel 2A of COS#179   | <b>Intended Use/Comments</b>    | Purchased for Residential Use         |
| <b>Section/Township/Range</b>   | S10/T15N/R22W  |                                 |                                       |
| PROPERTY DETAILS  |  |                                 |                                       |
| <b>Access</b>   | Whitetail Ridge Rd., Gravel Co. Rd.  | <b>View</b>                     | Trees, Mountains                      |
| <b>Topography</b>   | Rolling  | <b>Lot Dimensions</b>           | 998.70' x 462.41' x 960.73' x 456.86' |
| <b>Flood Plain</b>  | According to Flood Map # 30063C0875E, the property is not in an area of Elevated Flood Risk. | <b>Improvements</b>             | None                                  |
| <b>Feet of Water Frontage</b>   | N/A  | <b>Value of Improvements</b>    | \$0                                   |
| <b>Utilities</b>  | Power and Telephone at Rd.   | <b>Miscellaneous</b>            |                                       |
|   |  |                                 | <b>Report File # 18-025ec</b>         |

## LAND SALE 4

| COMPARABLE SALE INFORMATION   |   |                                 |   |
|---|---|---------------------------------|---|
|  | <b>Location</b>   | 21435 Ninemile Creek Road       |   |
|   | <b>City/State</b>   | Huson, MT                       |   |
|   | <b>County</b>   | Missoula                        |   |
|   | <b>Assessor Number</b>  | 4218599                         |   |
|   | <b>Zoning</b>   | Unzoned Portion of Missoula Co. |   |
|   | <b>Site Size: Acres</b>   | 4.980                           |   |
|   | <b>Square Feet</b>  | 216,929                         |   |
|   | <b>Date of Sale</b>   | July 20, 2018                   |   |
|   | <b>Sales Price</b>  | \$65,000                        |   |
|   | <b>Less Cost of Improvements*</b>   | \$0                             |   |
| <b>Sales Price Adjusted</b>   | \$65,000  |                                 |   |
| <b>MLS #</b>  | 21807367  |                                 |   |
| ANALYSIS OF SALE  |   |                                 |   |
| <b>Price per Acre</b>   | \$13,052  | <b>Price per Square Foot</b>    | \$0.30                                  |
|   |   | <b>Price Per Front Foot</b>     | N/A                                     |
| TRANSFER INFORMATION  |   |                                 |   |
| <b>Grantor</b>  | The Yedvart Tchakerian Revocable Living Trust   | <b>Grantee</b>                  | Kevin C. Gustainis & Amber D. Gustainis |
| <b>Type of Instrument</b>   | Warranty Deed   | <b>Document #</b>               | 201812016                               |
| <b>Financing/Conditions</b>   | Conventional/Market   | <b>Marketing Time</b>           | 38 Days on Market                       |
| <b>Legal Description</b>  | Tract 1A of Certificate of Survey #6531, Missoula County, Montana   | <b>Verified By</b>              | Geoff Oreit, Listing Agent              |
| <b>Section/Township/Range</b>   | S7/T15N/R22W  | <b>Intended Use/Comments</b>    | Purchased for Residential Use           |
| PROPERTY DETAILS  |   |                                 |   |
| <b>Access</b>   | Ninemile Drive, Gravel County Rd.   | <b>View</b>                     | Creek, Meadow, Mountains                |
| <b>Topography</b>   | Level   | <b>Lot Dimensions</b>           | Various                                 |
| <b>Flood Plain</b>  | According to the subject COS, approximately 1/3 of this site along Nine Mile Creek is in an area of elevated flood risk. This area is | <b>Improvements</b>             | None                                    |
| <b>Feet of Water Frontage</b>   | 374.96 Feet on Nine Mile Creek  | <b>Value of Improvements</b>    | \$0                                     |
| <b>Utilities</b>  | Power and Telephone at Rd.  | <b>Miscellaneous</b>            |   |
| <b>Report File # 18-025ec</b>   |   |                                 |   |

**This sale was under contract as of the report effective date. It closed 3 days after the report effective date.**



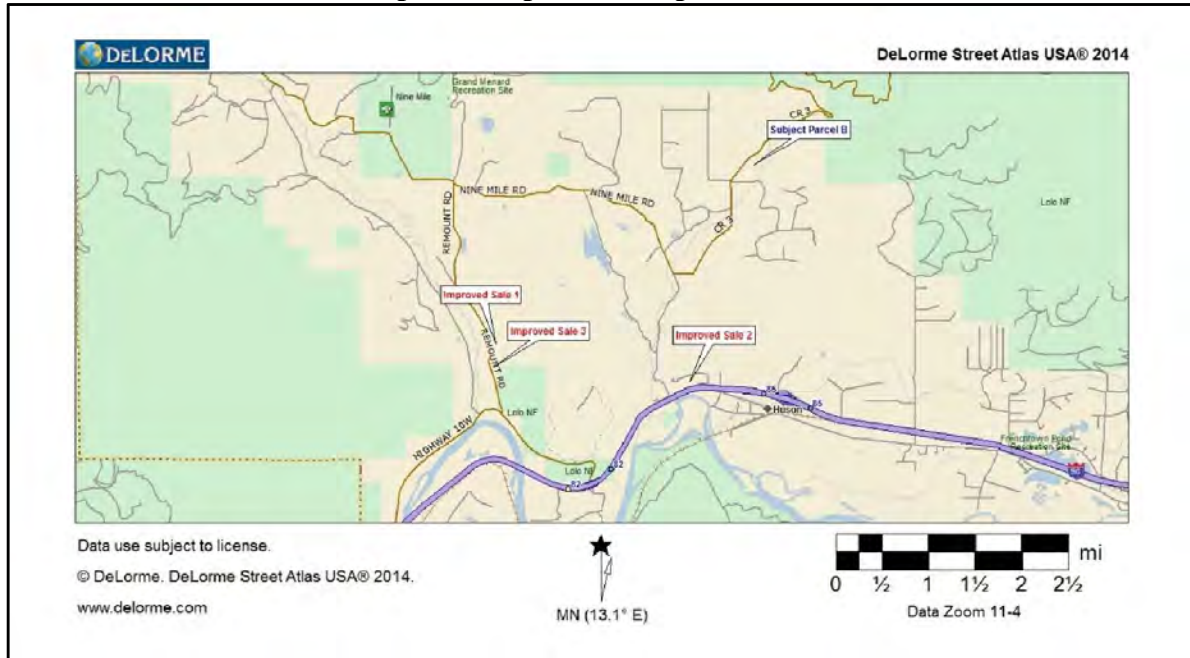
## HOME SALES

We conducted a search for sales of homes in Huson similar to the subject property as improved. The most applicable and recent sales located are described on the table below;

| Home Sales |                              |       |           |             |                 |                            |
|------------|------------------------------|-------|-----------|-------------|-----------------|----------------------------|
| Sale #     | Address                      | City  | Sale Date | Sales Price | Less Site Value | Sale Price of Improvements |
| 1          | 17680 Remount Rd             | Huson | 2018      | \$206,000   | \$60,000        | \$146,000                  |
| 2          | 24780 Frenchtown Frontage Rd | Huson | 2017      | \$234,000   | \$60,000        | \$174,000                  |
| 3          | 17290 Remount Rd             | Huson | 2018      | \$219,900   | \$55,000        | \$164,900                  |

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 property in relation to the comparable sales is below;

**Map of Comparable Improved Sales**



## HOME SALE 1

[illegible]



## HOME SALE 2

[illegible]



## HOME SALE 3

COMPARABLE SALE INFORMATION

|                                  |                                 |
|----------------------------------|---------------------------------|
| <b>Location</b>                  | 17290 Remount Rd.               |
| <b>City/State</b>                | Huson, MT                       |
| <b>County</b>                    | Missoula                        |
| <b>Assessor Number</b>           | 0000782501                      |
| <b>Zoning</b>                    | Unzoned Portion of Missoula Co. |
| <b>Site Size: Acres</b>          | 2.400                           |
| <b>Square Feet</b>               | 104,544                         |
| <b>Date of Sale</b>              | February 12, 2018               |
| <b>Sales Price</b>               | \$219,900                       |
| <b>Adjustment to Sales Price</b> | \$0                             |
| <b>Adjusted Sales Price</b>      | \$219,900                       |
| <b>MLS #</b>                     | 21800180                        |

TRANSFER INFORMATION

|                               |                                      |                       |                               |
|-------------------------------|--------------------------------------|-----------------------|-------------------------------|
| <b>Grantor</b>                | Nicholas J. Scholz & Danna K. Scholz | <b>Grantee</b>        | Bret Moore and Lea L. Bossler |
| <b>Recording Data</b>         | Warranty Deed #201802274             | <b>Marketing Time</b> | 38 Days on Market             |
| <b>Financing/Conditions</b>   | Conventional/Market                  | <b>Verified By</b>    | Carrie Hamist, Listing Agent  |
| <b>Legal Description</b>      | A Tract of Land in the NE4 NW4       | <b>Intended Use</b>   | Residential                   |
| <b>Section/Township/Range</b> | S26/T15N/R22W                        |                       |                               |

DESCRIPTION OF IMPROVEMENTS

ANALYSIS OF SALE

|                                |  |
|--------------------------------|--|
| <b>Water Frontage</b>          | N/A  |
| <b>Access</b>                  | Remount Rd., Gravel County Rd.                       |
| <b>House Square Feet</b>       | 1,174  |
| <b>Bedroom/Bathrooms</b>       | 2BR/1BA  |
| <b>Year Built or Renovated</b> | 1962 *Updated  |
| <b>Basement</b>                | N/A  |
| <b>Construction</b>            | Wood Frame   |
| <b>Quality</b>                 | Average  |
| <b>Condition</b>               | Average  |
| <b>Water/Sewer</b>             | Well/Septic  |
| <b>Utilities</b>               | Electricity, Telephone,                              |
| <b>Topography</b>              | Level  |
| <b>Garage</b>                  | None   |
| <b>Outbuildings</b>            | Storage Sheds  |
| <b>Miscellaneous</b>           | Property borders US Forest Service Land to the East. |
|                                |  |
|                                |  |
|                                |  |
|                                |  |
|                                |  |

|                                    |           |
|------------------------------------|-----------|
| <b>Sales Price</b>                 | \$219,900 |
| <b>Estimated Site Value</b>        | \$55,000  |
| <b>Sales Price of Improvements</b> | \$164,900 |
| <b>Improvement Price/SF</b>        | \$140     |

Report File # 18-025ec

# PROPERTY VALUATION

## SITE VALUE

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

| COMPARABLE SALES ANALYSIS FOR SUBJECT SITE |                   |                   |                     |                        |                        |
|--|-------------------|-------------------|---------------------|------------------------|------------------------|
| PARCEL B, COS #6101, HUSON, MONTANA        |                   |                   |                     |                        |                        |
| DESCRIPTION                                | SUBJECT           | SALE 1            | SALE 2              | SALE 3                 | SALE 4                 |
| IDENTIFICATION                             |                   | 104 Piney Meadows | 22445 W Ninemile Rd | Lot 2A Whitetail Ridge | 2435 Ninemile Creek Rd |
| CITY                                       |                   | Huson, MT         | Huson, MT           | Huson, MT              | Huson, MT              |
| SALES PRICE                                |                   | \$50,000          | \$45,250            | \$93,000               | \$65,000               |
| ADJUSTMENT FOR IMPROVEMENTS                |                   | \$0               | \$0                 | \$0                    | \$0                    |
| PROPERTY RIGHTS                            | Fee Simple        | Fee Simple        | Fee Simple          | Fee Simple             | Fee Simple             |
| PROPERTY RIGHTS ADJUSTMENT                 |                   | \$0               | \$0                 | \$0                    | \$0                    |
| FINANCING                                  | Market            | Market            | Market              | Market                 | Market                 |
| FINANCING ADJUSTMENT                       |                   | \$0               | \$0                 | \$0                    | \$0                    |
| CONDITIONS OF SALE                         | Market            | Market            | Market              | Market                 | Market                 |
| CONDITIONS OF SALE ADJUSTMENT              |                   | \$0               | \$0                 | \$0                    | \$0                    |
| ADJUSTMENTS FOR BUYER EXPENDITURES         |                   |                   |                     |                        |                        |
| DEMOLITION                                 |                   | \$0               | \$0                 | \$0                    | \$0                    |
| ENVIRONMENTAL                              |                   | \$0               | \$0                 | \$0                    | \$0                    |
| OTHER                                      |                   | \$0               | \$0                 | \$0                    | \$0                    |
| LEGAL/ZONING                               |                   | \$0               | \$0                 | \$0                    | \$0                    |
| DATE OF SALE                               |                   | 06/01/18          | 03/23/18            | 11/13/17               | 07/20/18               |
| MARKET CONDITIONS FACTOR                   |                   | 1.00              | 1.00                | 1.00                   | 1.00                   |
| ADJUSTED PRICE                             |                   | \$50,000          | \$45,250            | \$93,000               | \$65,000               |
| SITE SIZE/ACRES                            | 1.840             | 2.508             | 2.371               | 10.008                 | 4.980                  |
| ADJUSTED SALES PRICE                       |                   | \$50,000          | \$45,250            | \$93,000               | \$65,000               |
| ADJUSTMENT FOR:                            |                   |                   |                     |                        |                        |
| LOCATION                                   | Interior Site     | Interior Site     | Interior Site       | Interior Site          | Interior Site          |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| SHAPE                                      | Irregular         | Rectangular       | Rectangular         | Rectangular            | Irregular              |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| TOPOGRAPHY                                 | Level             | Level             | Level               | Level                  | Level with Low Area    |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| WATER FRONTAGE                             | None              | None              | None                | None                   | Nine Mile Creek        |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| FRONTAGE/ACCESS                            | Forest Service Rd | County Road       | County Road         | County Road            | County Road            |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| ZONING                                     | Not Zoned         | Not Zoned         | Not Zoned           | Not Zoned              | Not Zoned              |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| EASEMENTS AFFECTING USE                    | No                | No                | No                  | No                     | No                     |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| ELECTRICITY/TELEPHONE                      | Available         | Available         | Available           | Available              | Available              |
|  |                   | 0%                | 0%                  | 0%                     | 0%                     |
| SITE SIZE/ACRES                            | 1.840             | 2.508             | 2.371               | 10.008                 | 4.980                  |
|  |                   | 0%                | 0%                  | -50%                   | 0%                     |
| TOTAL PERCENTAGE ADJUSTMENT                |                   | 0%                | 0%                  | -50%                   | 0%                     |
| TOTAL ADJUSTMENT ADJUSTMENT                |                   | \$0               | \$0                 | -\$46,500              | \$0                    |
| ADJUSTED PRICE                             |                   | \$50,000          | \$45,250            | \$46,500               | \$65,000               |

## Discussion of Adjustments

*Adjustments for Improvements:* There were no improvements noted on the comparables. No adjustments were necessary in this category.

*Property Rights:* The ownership interest in this report for the subject site and for the land sales are the fee simple interests. 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 2017 and 2018. The sales utilized were the most recent located. There is not market data available on which to base an adjustment in this category. For that reason, no adjustment was made.

*Location:* The subject and comparables are in similar locations. No adjustment was necessary in this category.

*Shape:* The subject site and comparables have shapes that are suitable for development and no adjustment was necessary in this category.

*Topography:* The subject site and Land Sales 1, 2, and 3 have similar topography and required no adjustment in this category. Approximately 1/3 of Land Sale 4 is an area of elevated flood risk and cannot accommodate a building. There is not sufficient market data on which to base an adjustment in this category. This issue is addressed in the Reconciliation.

*Water Frontage:* The subject site and Land Sales 1, 2, and 3 do not have water frontage and required no adjustment in this category. Land Sale 4 includes frontage along Nine Mile Creek. There is not sufficient market data on which to base an adjustment in this category. This issue is addressed in the Reconciliation.

*Frontage/Access:* The subject site includes access from a gravel covered US Forest Service Road. The comparables include frontage along and access from gravel covered County roads. Access to the subject and comparables is considered similar. No adjustment was necessary in this category.

*Zoning:* The subject sites and comparables are in areas with no zoning and no adjustment was necessary in this category.

*Easements Affecting Value:* The subject site and comparables do not include easements that adversely affect value. No adjustments were necessary for the comparables 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 subject site and Land Sales 1 and 2 are similar in size and no adjustment was considered necessary. Land Sale 3 is substantially larger than the subject and other comparables. We paired this sale with Land Sales 1 and 2 and a downward adjustment of approximately 50% was suggested. For this reason, a downward adjustment of 50% was made in this category for Land Sale 3. Land Sale 4 is larger than the subject site; however, approximately 1/3 of this sale is not buildable. For this reason, no adjustment was considered necessary for this sale in this category.

#### **Reconciliation of Sales Comparison Approach for Subject Site**

The comparables provide adjusted indications of value for the subject site of \$50,000, \$45,250, \$46,500, and \$65,000. No weight is accorded the adjusted indication from Land Sale 3 due to the large size difference. No weight is accorded the adjusted indication from Land Sale 4 due to the creek frontage. All weight is accorded the indications from Land Sales 1 and 2. The average of these indications is \$47,625. We have rounded this to \$48,000.

**Subject Site Value**

**\$48,000**

## VALUE OF IMPROVEMENTS

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

| SALES COMPARISON ANALYSIS FOR<br>PARCEL B, COS #6101, HUSON, MONTANA |  |                      |                              |                      |
|--|--|----------------------|------------------------------|----------------------|
| DESCRIPTION  | SUBJECT  | SALE 1               | SALE 2                       | SALE 3               |
| IDENTIFICATION   |  | 17680 Remount Rd     | 24780 Frenchtown Frontage Rd | 17290 Remount Rd     |
| LOCATION   |  | Huson, MT            | Huson, MT                    | Huson, MT            |
| SALES PRICE  |  | \$206,000            | \$234,000                    | \$219,900            |
| LIST ADJUSTMENT  |  |                      |                              |                      |
| <b>PROPERTY RIGHTS</b>   | <b>Fee Simple</b>  | <b>Fee Simple</b>    | <b>Fee Simple</b>            | <b>Fee Simple</b>    |
| PROPERTY RIGHTS ADJUSTMENT   |  | \$0                  | \$0                          | \$0                  |
| <b>FINANCING</b>   | <b>Market</b>  | <b>Market</b>        | <b>Market</b>                | <b>Market</b>        |
| FINANCING ADJUSTMENT   |  | \$0                  | \$0                          | \$0                  |
| <b>CONDITIONS OF SALE</b>  | <b>Market</b>  | <b>Market</b>        | <b>Market</b>                | <b>Market</b>        |
| CONDITIONS OF SALE ADJUSTMENT  |  | \$0                  | \$0                          | \$0                  |
| <b>ADJUSTMENTS FOR BUYER EXPENDITURES</b>                            |  |                      |                              |                      |
| DEMOLITION   |  | \$0                  | \$0                          | \$0                  |
| ENVIRONMENTAL  |  | \$0                  | \$0                          | \$0                  |
| OTHER  |  | \$0                  | \$0                          | \$0                  |
| LEGAL/ZONING   |  | \$0                  | \$0                          | \$0                  |
| DATE OF SALE   |  | 06/29/18             | 04/24/17                     | 02/12/18             |
| <b>MARKET CONDITIONS FACTOR</b>                                      |  | <b>1.00</b>          | <b>1.00</b>                  | <b>1.00</b>          |
| ADJUSTED PRICE   |  | \$206,000            | \$234,000                    | \$219,900            |
| LESS SITE VALUE  |  | (\$60,000)           | (\$60,000)                   | (\$55,000)           |
| ADJUSTED IMPROVEMENT PRICE   |  | \$146,000            | \$174,000                    | \$164,900            |
| <b>ADJUSTMENT FOR:</b>   |  |                      |                              |                      |
| <b>LOCATION/SITE</b>   | <b>Interior Site</b>   | <b>Interior Site</b> | <b>Interior Site</b>         | <b>Interior Site</b> |
|  |  | \$0                  | \$0                          | \$0                  |
| <b>QUALITY</b>   | <b>Average</b>   | <b>Average</b>       | <b>Average</b>               | <b>Average</b>       |
|  |  | \$0                  | \$0                          | \$0                  |
| <b>CONDITION</b>   | <b>Average</b>   | <b>Fair</b>          | <b>Average</b>               | <b>Average</b>       |
|  |  | \$14,600             | \$0                          | \$0                  |
| <b>BATHROOMS</b>   | <b>2</b>   | <b>3</b>             | <b>2</b>                     | <b>1</b>             |
|  |  | -\$5,000             | \$0                          | \$5,000              |
| <b>HOUSE SIZE/SF</b>   | <b>1,288</b>   | <b>1,248</b>         | <b>1,200</b>                 | <b>1,174</b>         |
|  |  | \$2,400              | \$5,280                      | \$6,840              |
| <b>FINISHED BASEMENT SIZE/SF</b>                                     | <b>0</b>   | <b>1,248</b>         | <b>1,200</b>                 | <b>0</b>             |
|  |  | -\$37,440            | -\$36,000                    | \$0                  |
| <b>OUTBUILDINGS</b>  | <b>Garage/Storage, Pole Shed, Open Storage, &amp; Outhouse</b> | <b>Superior</b>      | <b>Superior</b>              | <b>Superior</b>      |
|  |  | \$12,000             | \$12,000                     | \$12,000             |
| <b>TOTAL ADJUSTMENT</b>  |  | <b>-\$13,440</b>     | <b>-\$18,720</b>             | <b>\$23,840</b>      |
| <b>NET ADJUSTMENT PERCENTAGE</b>                                     |  | <b>-9%</b>           | <b>-11%</b>                  | <b>14%</b>           |
| <b>ADJUSTED PRICE INDICATION</b>                                     |  | <b>\$132,560</b>     | <b>\$155,280</b>             | <b>\$188,740</b>     |

## 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 2017 and 2018. There is little relevant market data on which to base an adjustment in this category and the sales selected were the most recent available. For these reasons, no adjustments were made 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. The site sales utilized to determine the contributory site values for the improved sales are retained in the appraisal work file.

*Quality:* The subject residence and comparables are similar in overall quality of construction. No adjustment was necessary in this category.

*Condition:* The subject residence and Improved Sales 2 and 3 are similar in overall condition. No adjustment was necessary in this category for these sales. Improved Sale 1 was in inferior condition compared to the subject residence. There was little market data available on which to base an adjustment in this category. An upward adjustment of 10% was made to this sale. This adjustment is considered indicative of actions of market participants with regard to condition.

*Bathrooms:* The subject residence and comparables included the same number of bathrooms and 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 \$60 per square foot is considered reasonable and appropriate. This equates to approximately half of the averages of the sales prices per square foot for the comparable residences without the contributory site values. Market participants do not typically pay dollar for dollar for size differences. This adjustment amount is considered appropriate and indicative of the actions of market participants with respect to house size.

*Finished Basement Size:* The subject residence and Improved Sale 3 do not include finished basements areas. Improved Sales 1 and 2 include finished basements. Downward adjustments of \$30 per square foot are considered reasonable and appropriate for the finished basement areas of Improved Sales 1 and 2. This equates to approximately half of the adjustment utilized for differences in above grade square footage. Market participants typically pay less for finished basement area compared to above grade square footage.

*Outbuildings/Amenities:* Adjustments were made for any differences between our estimates of contributory values of outbuildings for the comparables compared to the subject property. The contributory values of the subject outbuildings were estimated based upon depreciated costs calculated on the table on the following page.



| Building Description                             | Size/SF                | Marshall Valuation | Cost/SF | Total Cost New   |
|--|------------------------|--------------------|---------|------------------|
| Pole Shed  | 110                    | Section 17/Page 11 | \$7.62  | \$838            |
| Open Shed  | 200                    | Section 17/Page 11 | \$10.75 | \$2,150          |
| Garage   | 750                    | Section 12/Page 35 | \$60.50 | \$45,375         |
| Outhouse   | Lump Sum Cost Estimate |                    |         | \$2,000          |
| Total Cost New                                   |                        |                    |         | \$50,363         |
| Less Depreciation - Age/Life - 15/20 Years = 75% |                        |                    |         | <u>-\$37,772</u> |
| Depreciated Cost Estimate                        |                        |                    |         | \$12,591         |
| Rounded To                                       |                        |                    |         | \$13,000         |

### Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$132,560, \$155,280, and \$188,740. The comparables all required adjustment; however, considered together they provide a well supported value indication for the subject improvements. Approximately equal weight is accorded the adjusted indications from all three comparable sales. The average of the indications is \$158,860. A value of \$159,000 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            | \$ 48,000        |
| Subject Improvements Value    | <u>\$159,000</u> |
| <b>Total Value Indication</b> | <b>\$207,000</b> |

## RECAPITULATION OF VALUE INDICATION

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

| Lot Identification | Site Value | Value of Improvements | Total Value | Effective Date of Market Values |
|--------------------|------------|-----------------------|-------------|---------------------------------|
| Parcel B           | \$48,000   | \$159,000             | \$207,000   | 7/17/2018                       |

# **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  
2006 - Uniform Appraisal Standards for Federal Land Acquisitions  
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  
2017 - Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications  
2018 - 7 Hour National USPAP Update Course

#### **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  
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  
2018 – Appraisal Institute: Real Estate Finance, Value, and Investment Performance

**PARTIAL LIST OF CLIENTS**

United States Department of Interior  
United States Government Services Administration  
State of Montana Department of Natural Resources  
Montana Department of Transportation  
City of Whitefish  
City of Kalispell  
Flathead County  
Glacier Bank  
Rocky Mountain Bank  
Whitefish Credit Union  
Parkside Credit Union  
First Interstate Bank  
Three Rivers Bank  
Stockman Bank

## **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  
Course REA-CEC-REC-8806–Uniform Standards for Federal Land Acquisitions – 2017  
Course REA-CEC-REC-9788 – 7 Hour National USPAP Update – 2018  
Course REA-CEC-REC- Real Estate Finance, Value, & Investment Performance – 2018

### **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)–Tech. Marketing |


### **STATE LICENSES/CERTIFICATIONS**

Montana Licensed Appraiser # REA-RAL-LIC-841



## APPRAISERS LICENSES

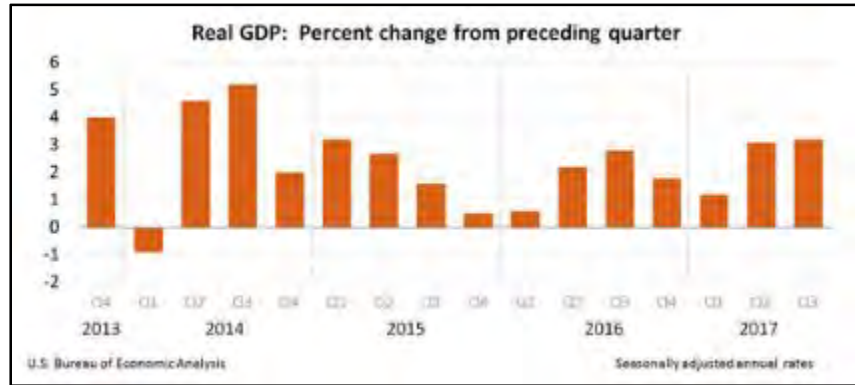
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|   | State of Montana<br>Business Standards Division<br>Board of Real Estate Appraisers | This certificate verifies licensure as:<br><b>CERTIFIED GENERAL APPRAISER</b><br>With endorsements of:<br><i>REAL ESTATE APPRAISER MENTOR</i>  |
| License #:   | <b>REA-RAG-LIC-683</b>   |  |
| Status:  | <b>Active</b>  |  |
| Expiration Date:   | <b>03/31/2019</b>  |  |
| <b>ELLIOTT M CLARK</b><br><b>CLARK REAL ESTATE APPRAISAL</b><br><b>704C E 13TH STREET #509</b><br><b>WHITEFISH, MT 59937</b> |  |  |
|  |  | <br>Montana Department of<br><b>LABOR &amp; INDUSTRY</b><br><small>RENEW OR VERIFY YOUR LICENSE AT:<br/><a href="https://biz.mt.gov/pol/">https://biz.mt.gov/pol/</a></small> |

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|    | State of Montana<br>Business Standards Division<br>Board of Real Estate Appraisers | This certificate verifies licensure as:<br><b>LICENSED APPRAISER</b>   |
| License #:   | <b>REA-RAL-LIC-841</b>   |  |
| Status:  | <b>Active</b>  |  |
| Expiration Date:   | <b>03/31/2019</b>  |  |
| <b>CHRISTOPHER D CLARK</b><br><b>CLARK REAL ESTATE APPRAISAL</b><br><b>704C E 13TH STREET #509</b><br><b>WHITEFISH, MT 59937</b> |  |  |
|  |  | <br>Montana Department of<br><b>LABOR &amp; INDUSTRY</b><br><small>RENEW OR VERIFY YOUR LICENSE AT:<br/><a href="https://biz.mt.gov/pol/">https://biz.mt.gov/pol/</a></small> |

## **ADDENDUM**

## NATIONAL ECONOMIC DATA

Real GDP increased by 3.2% in the third quarter of 2017 after increasing 3.1% in the second quarter of 2017 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the increase in real GDP reflected positive contributions from personal consumption expenditures, private inventory investment, nonresidential fixed investment, exports, federal government spending, and state and local government spending that were partly offset by a negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.



According to the US Bureau of Labor and Statistics, the seasonally adjusted national unemployment rate for December 2017 was 4.1 %. This is lower than the December 2016 rate of 4.7%. This is the lowest national unemployment rate for the prior ten years.

## STATE ECONOMIC DATA

Montana is the 44<sup>th</sup> 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

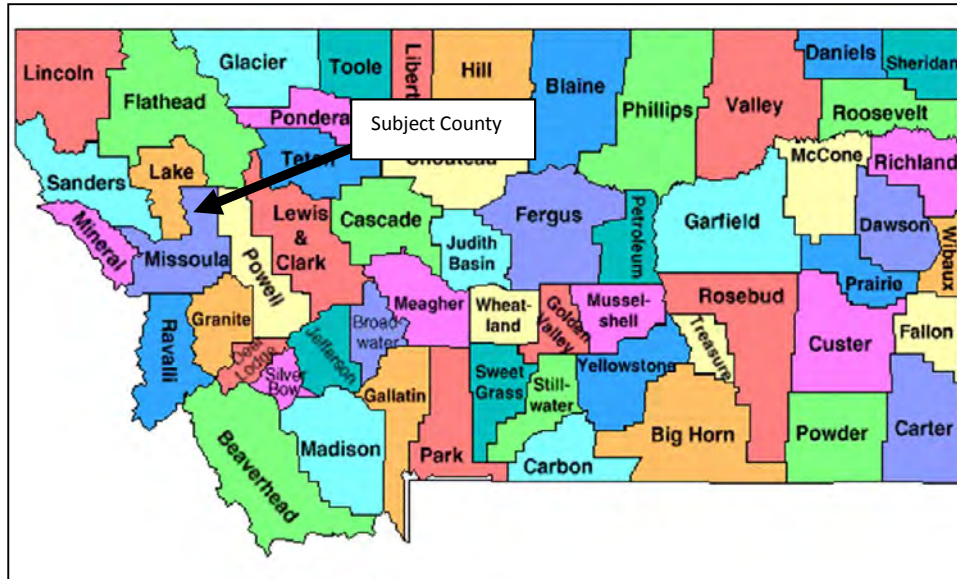
These industries employ from 11% to 16% of the workforce in Montana per category. The remaining categories employ less than 10% each.

The Montana Bureau of Business and Economic Development forecasted issues with cattle prices and wheat production for 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 were projected to grow seven times faster during 2017. State airport deboardings were up by 4% in 2016, Medicaid expansion in Montana pushed the uninsured rate to 8.7%, and Montana's housing market resembles the market conditions prior to recession.

## MISSOULA COUNTY DATA

The subject property is in the unincorporated community of Huson. The community is located off of US Interstate 90 and approximately 19 miles northwest of Missoula, Montana. It includes less than 1 square mile of land area and had a population of 210 as per the 2010 US Census.

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



### Geographical Information

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

### City and Communities

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

### Population

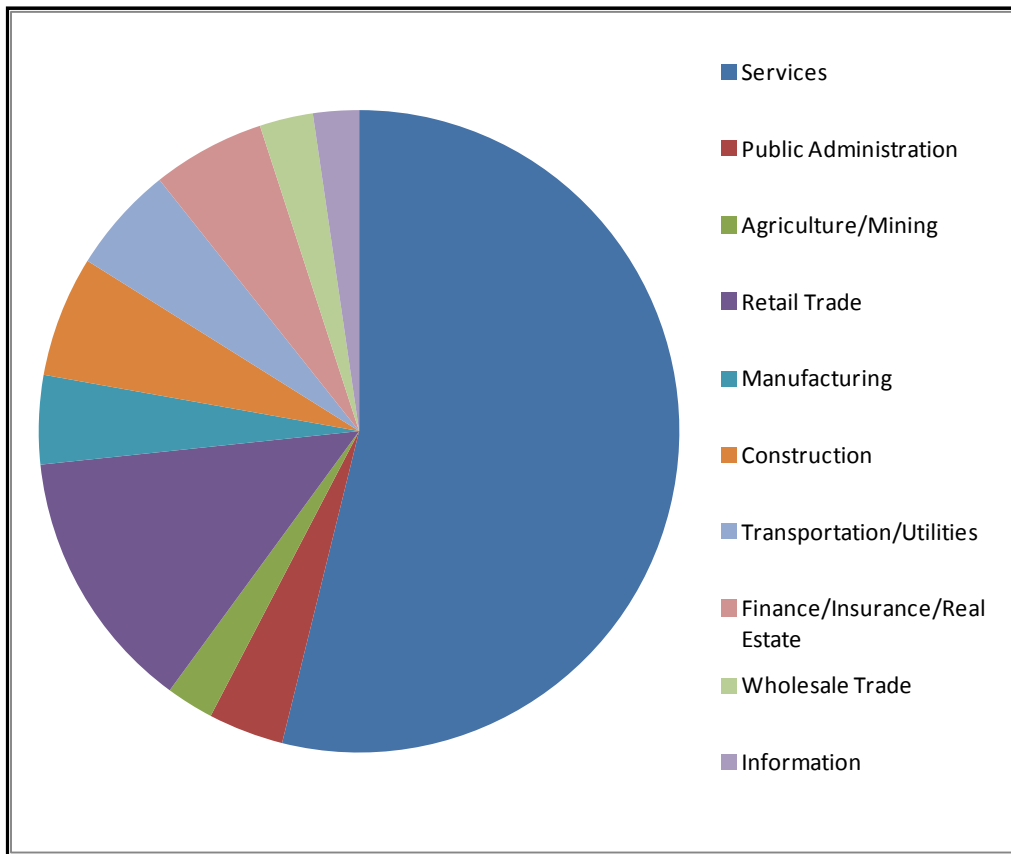
Missoula County is the 2nd most populous county in Montana. The 2015 county population estimate from ESRI based upon US Census Bureau data was 113,665. The population is projected to increase to 118,223 by 2020 or 0.8% per year.

## Income

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

## Employment

According to ESRI there were 56,415 people over 16 years of age in the workforce in Missoula County in 2010. The workforce percentages by industry are included on the chart below;



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

## Real Estate

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

**Education & Healthcare**

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

**Linkages & Transportation**

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

**County Data Conclusion**

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



## SCOPE OF WORK & SUPPLEMENTAL INSTRUCTIONS

(Page 1 of 5)

### **ATTACHMENT A**

#### **DNRC TLMD Real Estate Management Bureau Cabin/Home Site Sale Program**

*Scope of Work for the Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program:  
2018 Six Mile Appraisal*

#### **CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:**

The clients are the State of Montana, the Montana Board of Land Commissioners (Land Board), and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC), and Lessee Therese M. Keating. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision-making process concerning the potential sale of said subject properties.

#### **DEFINITIONS:**

**Current fair market value. (MCA 70-30-313)** Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

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

**Highest and best use.** The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

#### **PROPERTY RIGHTS APPRAISED:**

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

#### **EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:**

The latest date of inspection by the appraiser will be the effective date of the valuation.

#### **SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:**

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood, and market, those conditions shall be communicated to the clients and may change the scope of work required.

The legal descriptions and other characteristics of the Lessee's property that are known by the Lessee will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

#### **ASSIGNMENT CONDITIONS:**

The appraiser must be a Montana certified general appraiser and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through

either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: It may be possible that because of the characteristics of a subject property or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

Along with using the sales comparison approach to value in this appraisal (using comparable sales of like properties in the subject's market or similar markets), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable.

The appraisal will be an Appraisal Report, as per USPAP, that will describe adequately the information analyzed, appraisal methods, and techniques employed, and reasoning that support the analyses, opinions, and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that includes analysis and appraised values of the one (1) cabin sites identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

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

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

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means 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**

### **DNRC TLMD Real Estate Management Bureau Cabin/Home Site Sale Program**

*Supplemental Appraisal Instructions: 2018 Six Mile Appraisal*

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

#### **Subject Properties Located in Six Mile in Missoula County:**

| <b>Sale #</b> | <b>Acres</b> | <b>Legal Description</b>                                 |
|---------------|--------------|--|
| 969           | 1.84         | Lot B, Six Mile<br>T15N-R22W, Sec. 12<br>Missoula County |

#### **DNRC Contact Information:**

Kelly Motichka, Lands Section Supervisor  
PO Box 201601  
Helena, MT 59620-1601  
Phone: (406) 444-4165  
[kmotichka@mt.gov](mailto:kmotichka@mt.gov)

#### **Lessees:**

|  |
|--|
| <b>Sale 969</b><br>Therese M. Keating<br>20500 Sixmile Road<br>Huson, MT 59846<br>(406) 662-5220 |
|--|

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

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

The definition of market value is that as defined in 70-30-313 MCA.

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

**MISSOULA COUNTY SALE LOCATION MAP**



**Six Mile**

Lot B, Six Mile, T15N-R22W, Sec. 12, Missoula County



