

**An Appraisal Report**

**of**

**Lot 1, Lincoln Flats, C.O.S 3242262 (2243 Smiley Road)  
Lot 20, Lincoln Flats, C.O.S. 3242262 (2030 Ponderosa Drive)  
Lincoln, Lewis & Clark County, Montana**

**for**

**Mr. Seth Goodwin  
State of Montana  
Montana State Board of Land Commissioner's  
Department of Natural Resources and Conservation  
P.O. Box 201601  
1539 11<sup>th</sup> Avenue  
Helena, MT 59620-1601**

**as of**

**June 28, 2021**

**by**

**Thomas A. Faulkner  
Certified General Appraiser  
Creekstone Appraisal Services, Inc.  
P.O. Box 9  
Stevensville, MT 59870**

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## INTRODUCTION



July 25, 2021

Mr. Seth Goodwin  
Montana DNRC  
P.O. Box 2016011 Avenue  
Helena, MT 59620-1601

Re: The appraisal of the Lot 1, Lincoln Flats, C.O.S. 3242261 known as 2243 Smiley Road, and Lot 20, Lincoln Flats, C.O.S. 3242262 known as 2030 Ponderosa Drive, Lincoln, Lewis & Clark County, Montana.

Dear Seth:

In accordance with your request for an Appraisal Report setting forth the market value of the property under study, I am submitting the following report containing 72 pages plus Addenda.

The value opinion reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report. I particularly call your attention to the following extraordinary assumptions and hypothetical conditions:

**extraordinary assumptions:** this appraisal employs no extraordinary assumptions; and

**hypothetical conditions:** this appraisal employs the hypothetical conditions that the land and improvements are in fee simple ownership, with one owner. Additionally, this appraisal will include a separate market value for the state-owned cabin site or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements and will allocate a separated market value for the non-state-owned improvements from the total market value derived for fee simple ownership.

Mr. Seth Goodwin

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Based on the information gathered, the property under study is described legally on page 10 of this report.

The property rights appraised are the unencumbered fee simple estate as provided from the hypothetical condition required by the State of Montana. I assume no responsibility for the marketability of the title.

To the best of my knowledge, this report is in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the Montana Department of Natural Resources and Conservation General Requirements/Special Conditions and Instructions.

**An environmental assessment of the property has not been provided and it is assumed there are no environmental concerns related to the subject. I am not qualified to detect hazardous materials or toxic waste. Any environmental risk discovered at a later date may or may not require a revised estimate of value, which may or may not simply be a reduction of the value by the estimated cost-to-cure of the environmental condition. Properties known to have environmental risk may carry a stigma in the marketplace which may or may not affect the value.**

By reason of my investigations, studies, and analyses, an opinion has been formed that the market value of the subject property, as of June 28, 2021, assuming a reasonable marketing period of three to six months, is as follows:

**2243 Smiley Road with  $\pm$  1.794 Acres, Lincoln, Montana**

**Sixty-Five Thousand Dollars**

**(\$65,000)**

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**2030 Ponderosa Drive with  $\pm$  1.015 Acres, Lincoln, Montana**

**Fifty-Five Thousand Dollars**

**(\$55,000)**

**Improvements Situated at 2030 Ponderosa Drive, Lincoln, Montana**

**One Hundred Sixty-Two Thousand Dollars**

**(\$162,000)**

**Land and Improvements at 2030 Ponderosa Drive, Lincoln, Montana**

**Two Hundred Seventeen Thousand Dollars**

**(\$217,000)**

Your attention is invited to the data and discussions that to follow which are the foundations of this conclusion. The information that is retained in my office files, which was used in conjunction with this Appraisal Report, can be provided to you for an additional fee.

I, the undersigned project appraiser, Thomas A. Faulkner, am current in my Continuing Education, further; I am licensed by the State of Montana as a Certified General Real Estate Appraiser. My license number is 866, expires March 31, 2022, and has never been suspended, revoked, canceled, or restricted.

Mr. Seth Goodwin

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I appreciate the opportunity to be of service to you. Please contact me if you have any questions or if I can be of further assistance.

Respectfully submitted,  
Creekstone Appraisal Services, Inc.

A handwritten signature in black ink, appearing to read "T. A. Faulkner". The signature is fluid and cursive, with a large initial "T" and "F".

Thomas A. Faulkner, Project Appraiser

Montana Certified General Real Estate Appraiser No. 866

TAF/dlf

### **Summary of Salient Facts and Conclusions**

Record Owner	:	The State of Montana.
Location of Property	:	Two individual properties known as 2243 Smiley Road and 2030 Ponderosa Drive, Lincoln, Lewis & Clark County, Montana.
Property Rights Appraised	:	Unencumbered fee simple estate.
Historical Use	:	Residential.
Present Use	:	Residential.
Highest and Best Use		
As Though Vacant	:	Residential.
As Improved	:	Residential.
Date of Value	:	June 28, 2021.
Date(s) of Inspection	:	June 28, 2021.
Date of Report	:	August 9, 2021.
Exposure Period (Retrospective)	:	The estimated reasonable exposure period of the subject property is approximately three to six months.
Marketing Period (Prospective)	:	Similar to the estimate of exposure period - approximately three to six months.
Site	:	<p>The subject properties consist of two individual home sites known as:</p> <p>2243 Smiley Road, Lincoln with <math>\pm</math> 1.794 acres and;</p> <p>2030 Ponderosa Drive, Lincoln with <math>\pm</math> 1.015 acres.</p> <p>2243 Smiley Road is rectangular in shape and 2030 Ponderosa Drive is irregular in shape.</p>

The properties are currently un-zoned per the Lewis & Clark County Planning Department.

The subject property sites are situated approximately three miles east of the Town of Lincoln, Lewis & Clark County, Montana.

The topography of the sites is generally level to gently sloped.

Ground cover includes natural grasses and shrubs as well as some standing timber.

Both subject property parcels include electric, telephone, propane gas and private well and septic systems. It is my understanding that the subject property well and septic systems are fully functional and in good working order.

Site Improvements : 2243 Smiley Road is improved with a dirt/gravel shared access road (Smiley Road), as well as a dirt/gravel driveway from Smiley Road. The site also includes the aforementioned utilities and the private well and septic systems.

2030 Ponderosa Drive is improved with a dirt/gravel driveway from Ponderosa Drive. The site also includes the aforementioned utilities and the private well and septic systems.

Structural Improvements : 2243 Smiley Road is improved with a small cabin that is situated on a concrete slab foundation with a detached garage that includes a partial foundation. According to the Montana Department

of Revenue, the cabin was built in 1963 and includes  $\pm 1,176$  sf. of finished living area. The structure appears to have been built in sections over time and the construction is considered to be average to fair in terms of quality with at least some of the construction appearing to be done by the occupants and not a professional contractor. The overall condition of the improvements is considered poor.

According to the Montana Department of Revenue, the garage was built in 1973 and includes  $\pm 336$  sf. with some additional lean-to structures attached on either side. Much like the cabin, the construction is considered to be average to fair and the overall condition of the garage is felt to be poor. Consequently, my highest and best use analysis indicates that the existing improvements provide no measurable contributory value to the subject property and will not be given any value as part of this analysis.

2030 Ponderosa Drive includes a manufactured home that does not appear to be situated on a concrete foundation and is essentially personal property. However, as per the direction by the Montana DNRC, the manufacture home will be given a separate value apart from the value of the underlying site. The property does include a detached single car garage/shop building that will also be valued separately from the site but in conjunction with the manufactured home.

The manufactured home includes  $\pm 1,680$  sf. of gross living area (GLA) and according to the

Montana Department of Revenue, was built in 1988. The manufactured home has been very well maintained and is considered to be in average to good condition relative to its age. The detached garage/shop building includes a concrete foundation, metal siding and a metal roof. The building includes  $\pm 624$  sf. and is considered to be in average to good condition relative to its age.

The property description section of this report will provide more specific details about the size, scope, quality and condition of the subject property sites and improvements.

Estimated value by the Sales Comparison Approach:

2243 Smiley Road, Lincoln with  $\pm 1.794$  acres = \$65,000.

2030 Ponderosa Drive, Lincoln with  $\pm 1.015$  acres = \$55,000.

Improvements situated on 2030 Ponderosa Drive, Lincoln with  $\pm 1,680$  sf.= \$162,000.

Land and Improvements situated on 2030 Ponderosa Drive, Lincoln = \$217,000.

#### **Final Conclusion of Market Value:**

2243 Smiley Road, Lincoln with  $\pm 1.794$  acres = **\$65,000.**

2030 Ponderosa Drive, Lincoln with  $\pm 1.015$  acres = **\$55,000.**

Improvements situated on 2030 Ponderosa Drive, Lincoln with  $\pm 1,680$  sf.= **\$162,000.**

Land and Improvements situated on 2030 Ponderosa Drive, Lincoln = **\$217,000.**



### **Assumptions and Limiting Conditions**

This is to certify that I, in submitting these statements and opinion of value, acted in accordance with and was bound by the following principles, limiting conditions, and assumptions:

- This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the USPAP. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop my opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in my file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. I am not responsible for the unauthorized use of this report.
- No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of land appraised.
- Unless otherwise noted, the property has been appraised as though free and clear of all encumbrances.
- All maps, areas, and other data furnished to me have been assumed to be correct. I have not made, or commissioned, a survey of the property.
- Neither the employment to make this appraisal nor the compensation is contingent upon the amount of valuation reported.
- I, Thomas A. Faulkner, have made a personal inspection of the property that is the subject matter of this report.
- To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analysis, opinions, and conclusions expressed herein are based are true and correct. Furthermore, no important facts have knowingly been withheld or overlooked.

- There shall be no obligation 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.
- This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.
- Disclosure of the contents of this appraisal report is governed by the bylaws and regulations of the Appraisal Institute.
- The liability of the appraisal firm of Creekstone Appraisal Services, Inc. and its employees is limited to the client and to the fee collected. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. I assume no responsibility for any cost incurred to discover or correct any deficiencies of any type present in the property: physically, financially, or legally.
- I have inspected as far as possible, by observation, the land. However, it was not possible to personally observe conditions beneath the soil. The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.
- It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management: neither inefficient nor super-efficient.

- Unless otherwise stated in this report, I have no knowledge concerning the presence or absence of toxic materials on the subject's site. If such are present the value of the property may be adversely affected and re-appraisal at additional cost may be necessary to estimate the effects of such.
- The appraisal is based on the premise that, there is full compliance with all applicable federal, state, and local environmental regulations, and laws unless otherwise stated in the report. Further, that all applicable zoning, building, building codes, use regulations, and restrictions of all types have been complied-with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal, and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
- I have performed no service, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the last three-year period immediately preceding acceptance of this assignment.

Neither all nor any part of the contents of this report (especially the conclusion as to the value, my identity, or the firm with which I am connected) shall be disseminated to the public through advertising media, sales media, news media, public relations media, or any other public means of communication without my prior written consent and approval.

## **Privacy Notice**

Pursuant to the Gramm-Leach-Bliley Act of 1999, effective July 1, 2001, appraisers, along with all providers of personal financial services are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client nonpublic information. As a professional, I understand that privacy is very important and I am pleased to provide this information.

**Types of Nonpublic Personal Information I Collect:** In the course of performing appraisals, I may collect what is known as “nonpublic personal information.” This information is used to facilitate the services that I provide and may include the information provided to me.

**Parties to Whom I Disclose Information:** I do not disclose any nonpublic personal information obtained in the course of my engagement with my clients to non-affiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to my employees, and in certain situations, to unrelated third-party consultants who need to know that information to assist me in providing appraisal services. All of my employees and any third-party consultants I employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by me that is ordered by a court of competent jurisdiction with regard to a legal action.

**Confidentiality and Security:** I will retain records relating to professional services that I have provided for a reasonable time so that I am better able to assist you. In order to protect nonpublic personal information from unauthorized access by third parties, I maintain physical, electronic, and procedural safeguards that comply with my professional standards to insure the security and integrity of information.

Please feel free to call me at any time if you have any questions about the confidentiality of the information that you provide.

## **Description, Analysis, and Conclusion**

### **Owner of Record and Brief Property History**

According to the Montana Department of Revenue and the Lewis & Clark County Clerk and Recorder's Office, the subject properties are owned by the State of Montana. It is important to note that the subject properties as defined by the Department of Natural Resources and Conservation (DNRC) consists of two separate parcels. The first is 2243 Smiley Road, Lincoln and includes  $\pm 1.794$  acres of land. The second parcel is 2030 Ponderosa Drive, Lincoln and includes  $\pm 1.015$  acres of land. Both parcels have been under the ownership of the Montana DNRC for many years. Consequently, the parcels have not sold, conveyed or otherwise changed ownership in the three years prior to the acceptance of this assignment.

The improvements situated on 2243 Smiley Road are owned by Edward D. and Sue Trapp. The assessment number for the improvements is #16706 and the geocode is 05-2337-16-4-02-01-4000. These improvements have also been under the same ownership for many years and have not sold, conveyed or otherwise changed ownership within the three years prior to the acceptance of this assignment.

The improvements situated on 2030 Ponderosa Drive are owned by Marvin and Judith Hagen. The assessment number for the improvements is 93191 and the geocode is 05-2337-16-3-01-19-8001. The assessment number for the garage/shop building is 17743 and the geocode is 05-2337-16-3-01-19-4002. Again, these improvements have been under the same ownership for many years and have not sold, conveyed or otherwise changed ownership within the three years prior to the acceptance of this assignment.

### **Location of the Subject Property**

The subject properties are located approximately three mile east of The Town of Lincoln in Lewis & Clark County. More specifically, the property first property address 2243 Smiley Road which is situated at the intersection of Smiley Road and Montana Highway 200. The property is bordered by private property to the east and Montana DNRC land to the north and west. The southern property boundary borders Highway 200. The second property address is 2030 Ponderosa Drive which is situated just south of Highway 200 at the intersection of Ponderosa Drive and Hi Sign Road. This site is adjacent to Montana DNRC land to the west and south with private property to the north and east.

The location of the subject property sites is illustrated by a Subject Property Location and Neighborhood Map, and an aerial photograph, all in the Addenda of this report.

### **Legal Description**

The subject property parcels are legally described as follow:

Lot 1, Lincoln Flats C.O.S. #3242262, Section 16, Township 14 North, Range 8 West.

Lot 20, Lincoln Flats C.O.S. #3242262, Section 16, Township 14 North, Range 8 West.

A plat provided by the Lewis & Clark Clerk and Recorder's Office which further defines the subject property is included in the Addenda of this report.

### **Definition of an Appraisal**

As recognized by the 14<sup>th</sup> Edition of the Appraisal Institute's The Appraisal of Real Estate, the following definition of an appraisal is hereby presented to aid the reader in understanding exactly what is meant by the term:

**appraisal:** *the act or process of developing an opinion of value.*

### **Intended User of the Appraisal Report**

It is my understanding that the intended user of this product is my client, The State of Montana, The Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC), Edward, Sue & David Trapp and Marvin & Judith Hagen.

### **Intended Use of the Appraisal Report**

The intended use of this appraisal report is to aid my client in the decision making process concerning the potential sale of said subject property.

### **Scope of the Appraisal**

**General Information:** The client in this assignment is The State of Montana, The Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC), Edward, Sue & David Trapp and Marvin & Judith Hagen. Regardless of who pays for this

appraisal, the intended user is the client(s) only. This appraisal may not be appropriate for other users. Therefore, this appraisal may not be used for or relied on by anyone other than the stated intended user(s), regardless of the means of possession of this report, without my express written consent. I, the firm of Creekstone Appraisal Services, Inc., and related parties assume no obligation, liability, or accountability to any third party without such written consent.

The intended use of this appraisal report is to aid my client in the decision making process concerning the potential sale of said subject property. This appraisal and report may be inappropriate for other uses.

I have diagnosed the intended user(s) problem and have generated the following primary appraiser information as a means of assisting in its solution: an opinion of market value, the related exposure time, and the highest and best use.

The property was identified by the client providing the name of the property owner, the property address, and the general location of the site. This information was used to access the State of Montana Department of Revenue property record card (PRC).

The opinion of market value is as of the last date of inspection, June 28, 2021.

The property rights appraised are the unencumbered fee simple estate.

This appraisal is intended to conform to the supplemental standards associated with an "appraisal" as defined by the Federal Banking Regulatory Agencies.

The Cost Approach is developed by estimating the replacement cost of the improvements less accrued depreciation, and then added to the land value. Given the age of the improvements, the Cost Approach is not considered to provide a reliable measure of value. Consequently, the Cost Approach is not developed for this assignment.

An overall dollars per site (\$/site) technique is used in the Sales Comparison Approach to estimate the market value of the sites. The dollars per square foot (\$/sf.) technique is used in the Sales Comparison Approach to estimate the value of the improvements.

A direct capitalization analysis is considered for the Income Capitalization Approach. The Income Capitalization Approach is not developed for this assignment as the subject property is not an income producing property and the necessary data required to develop an income approach is not available in sufficient quantity or quality.

I am competent in terms of training and experience in the type of property and market area that is the subject of this appraisal, the analytical methods used, and the use(s) of the appraisal.

Much of the scope of work is discussed throughout the report (limiting conditions, general assumptions, final reconciliation, etc.).

This appraisal is intended to comply with the Uniform Standards of Professional Appraisal Practice, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and local State laws.

For appraisal purposes, an extraordinary assumption is defined in USPAP as follows:

**extraordinary assumption:** *an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.*

No extraordinary assumptions were utilized in this appraisal.

Per the same source, a hypothetical condition is defined as:

**hypothetical condition:** *that which is contrary to what exists but is supposed for the purpose of analysis.*

this appraisal employs the hypothetical conditions that the land and improvements are in fee simple ownership, with one owner. Additionally, this appraisal will include a separate market value for the state-owned cabin site or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements and will allocate a separated market value for the non-state-owned improvements from the total market value derived for fee simple ownership.



**Subject Property Data Gathering:** The subject property's data was obtained from research, interviews, an on-site property inspection, and from plans and specifications (when available).

The State of Montana Department of Revenue supplied the property record card (PRC) for the subject property and the most recent transferring document was obtained from the Lewis & Clark County Clerk and Recorder's Office. The zoning was obtained and checked from a map published by the Lewis & Clark County Planning office and is reportedly kept current. The flood zone information was supplied from Lewis & Clark County Planning and confirmed with the FEMA website. The local multiple listing service (MLS) was searched for previous sales and listings of the subject property.

**Market Data Gathering:** The data was located through a search of the local MLS and a network of professional associates including real estate agents and brokers and other real estate appraisers. Generally speaking, the data researched is current within the past five years. This data is developed on individual data sheets and summarized in tabulations in the report.

The sales prices, dates of sale, and days on market information were found either on the MLS sheet or through the interview process. Recording documents show buyer and seller information as well as date of sale. As a non-disclosure state, actual sales price information is not available through either the State of Montana or local counties. PRC's, the local MLS system, and office files were checked for the previous sales of the comparable sale properties.

The physical characteristics were gathered from the local MLS system, the PRC, as well as from a visual inspection taken from curb-side of each comparable used in conjunction with this appraisal. In cases where the distance to the comparable sales did not allow for personal inspection, photographs were obtained through the MLS, Realtors, other real estate appraisers, and the internet. In some cases, office files are referenced if this firm has previously appraised on the properties being considered as a comparable in this report.

Most all of the second hand data was collaborated from at least two sources. Transfer documents, PRC's, and the local MLS were used to check completeness and consistency.

**Sales Comparison Approach:** Within the context of the Sales Comparison Approach, sales of similar properties were researched taking into consideration the building size, site size, shape, location, access, topography, utility, quality and condition of the subject property and the limitations of the small market. The sales comparison analysis was based on local data and the

unit of comparison that I considered was the overall dollars per site (\$/site) as it relates to the subject property sites and the overall dollar per square foot (\$/sf.) as it relates to the improvements.

The results of my research efforts culminated in seven closed land sales that were considered to be the most relevant comparable sales in the subject neighborhood as it relates to the site value, and three closed sales of similar improved manufactured homes that were considered to be most relevant comparable sales. Overall, the indication of market value by this approach was felt to be as reasonable as possible with the available market sales data.

The sale properties were analyzed and compared to the subject property, differences recognized, and adjustments made (to the extent needed and that the available data would allow).

The quality of the data available for the Sales Comparison Approach was felt to be adequate considering the overall condition of the current real estate market throughout the subject property market. Ultimately, the Sales Comparison Approach is felt to be a reasonable indication of current market value.

**Cost Approach:** With each approach to value there must first be a determination as to the relevancy of an individual approach. The Cost Approach is developed by first attempting to value the underlying land of the subject property as though vacant. Then added to the land value is the replacement cost new of the subject improvements, less the accrued depreciation for age and wear and tear of the structure. In this case, the Cost Approach was deemed an unreliable measure of market value based on several factors. Not the least of which is the fact that the improvements situated on 2243 Smiley Road are not felt to provide any contributory value based on my highest and best use analysis.

Additionally, assuming one could find the relevant land sales, the next step is to determine the depreciated value of the improvements. Calculating the depreciated cost is also very difficult to accomplish because structures do not incur straight line depreciation based purely on the passage of time. Depreciation is very subjective from one property to another based on the fact that not all property owners maintain their properties in the same way. Some are very diligent about maintaining their property, others much less so. Consequently, the newer a structure is the more relevant and accurate is the cost approach. Conversely, the further out in time, the more difficult it is to estimate depreciation and the less accurate is the cost approach.

Given the age of the manufactured home, and the lack of reliable cost information as it relates to manufactured homes, the Cost Approach is not considered a reliable measure of value, and will not be employed in this appraisal report.

**Income Capitalization Approach:** The Income Capitalization Approach is not developed for this assignment as the subject property not considered an income producing property and the necessary data needed to adequately develop the income approach is simply not available from the market.

### **Purpose of the Appraisal and Definition of Market Value**

The purpose of this appraisal is to estimate the current market value of the subject property. In order to comply with Title IX of FIRREA, the federal financial institutions regulatory agencies (OCC, FRB, FDIC, OTS, and the NCUA) of the United States have adopted appraisal regulations and guidelines including the following definition of market value:

**market value:** *the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.*

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.

### Date of Valuation

All values are related in time to the date of the on-site property inspection, June 28, 2021.

### Exposure Period

Exposure time is always presumed to precede the effective date of the appraisal. Exposure time is defined as follows in the 4<sup>th</sup> Edition of The Dictionary of Real Estate Appraisal as published by the Appraisal Institute:

**exposure time:** *the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.*

The typical method of estimating exposure periods is to investigate exposure periods of comparable sales. The logic being that if the sales are current and comparable, the exposure period expectation for the subject property should be within the range indicated by the comparable sales. Assuming the subject property is actively marketed and competitively priced.

In this case, based on my sales research, which included not only those sales detailed in the Sales Comparison Approach but also numerous broker and agent interviews, recognizing the functional nature of the site and the local market for similar property in the area, I have concluded that a reasonable exposure period for the subject property would be approximately three to six months assuming that the property would be actively marketed at a reasonable and competitive price.

### **Marketing Period**

Unlike exposure time, the marketing time estimate is prospective in nature. In other words, how long might the subject property be on the market if it were listed for sale as of the date of appraisal. Marketing time is defined as:

**marketing time:** *an opinion of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of an appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.*

This definition is also per the 4<sup>th</sup> Edition of The Dictionary of Real Estate Appraisal as published by the Appraisal Institute.

As I have no evidence to the contrary, my estimate of marketing time closely resembles the estimated exposure period or approximately six to twelve months. Again, assuming that the property would be actively marketed at a reasonable and competitive price.

### **Property Rights Appraised**

The property rights being appraised are the unencumbered fee simple estate. According to the 14<sup>th</sup> Edition of the Appraisal Institute's The Appraisal of Real Estate:

**fee simple estate:** *absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*

No responsibility for the marketability of the title of the subject property in this report is assumed.

### **Regional, City, and Neighborhood Data and Analysis**

The purpose of this section of the report is to identify the pertinent social, economic, governmental, and environmental factors that impact property value and to analyze their affect on the appraised property's current market value. This analysis begins with regional information, moves to relevant information about the city and, ultimately, the subject's neighborhood. The Appraisal Institute, through the 14<sup>th</sup> Edition of The Appraisal of Real Estate, recognizes the following definition of a neighborhood:

**neighborhood:** *a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.*

From an appraisal viewpoint, this is the area where the subject property competes with other properties and where the most comparable market data is obtained.

The other two definitions from this same source which deserve mention here are the market area and the district.

**market area:** *the geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users.*

**district:** *a type of market area characterized by homogeneous land use, e.g., apartment, commercial, industrial, agricultural.*

**Regional Overview:** The subject property is located in Lewis & Clark County, a part of the western Montana region. Scenic and mountainous, the region is known for its outdoor recreation opportunities, proximity to Glacier National Park, and vast federal land ownership.

Lewis & Clark County contains ± 3,461 square miles of land, ± 36.6 square miles of water, and is

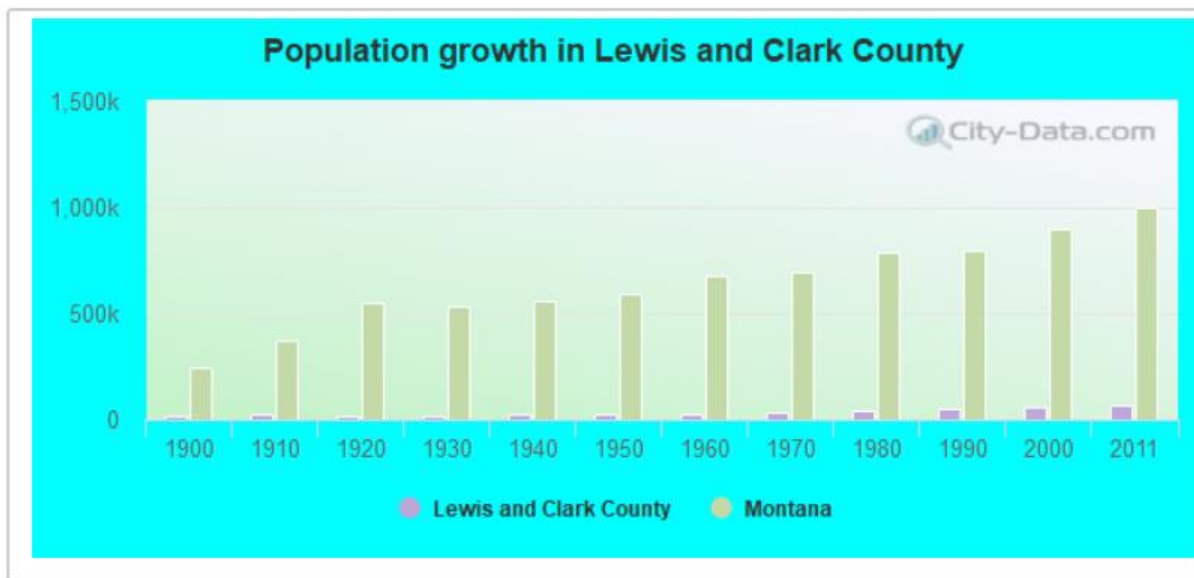
bordered to the south by Teton County to the north, Cascade and Meagher Counties to the east, Jefferson County to the south and Powell and Flathead Counties to the west.

Although primarily rural, the region has gained popularity and population has seen significant growth in urban and rural subdivision development, particularly since the early 1990s. Increasing demand for property in the area has led to increases in value for nearly all types of real estate. U.S. I-15, county, and state roads provide access throughout the region while commercial air, truck, and rail transportation (commercial service only) are adequate. Helena Regional Airport provides air service to Lewis and Clark County with more national and international flight service available in Missoula, Great Falls and Bozeman.

The subject property is located east of the Town of Lincoln. Helena is the county seat of Lewis & Clark County, the largest town in the county.

**Social Factors:** Much of Montana's population increase has occurred in the state's western region which leaders in growth.

Over the past ten years, Lewis & Clark County has shown some growth in population as the following graph depicts.

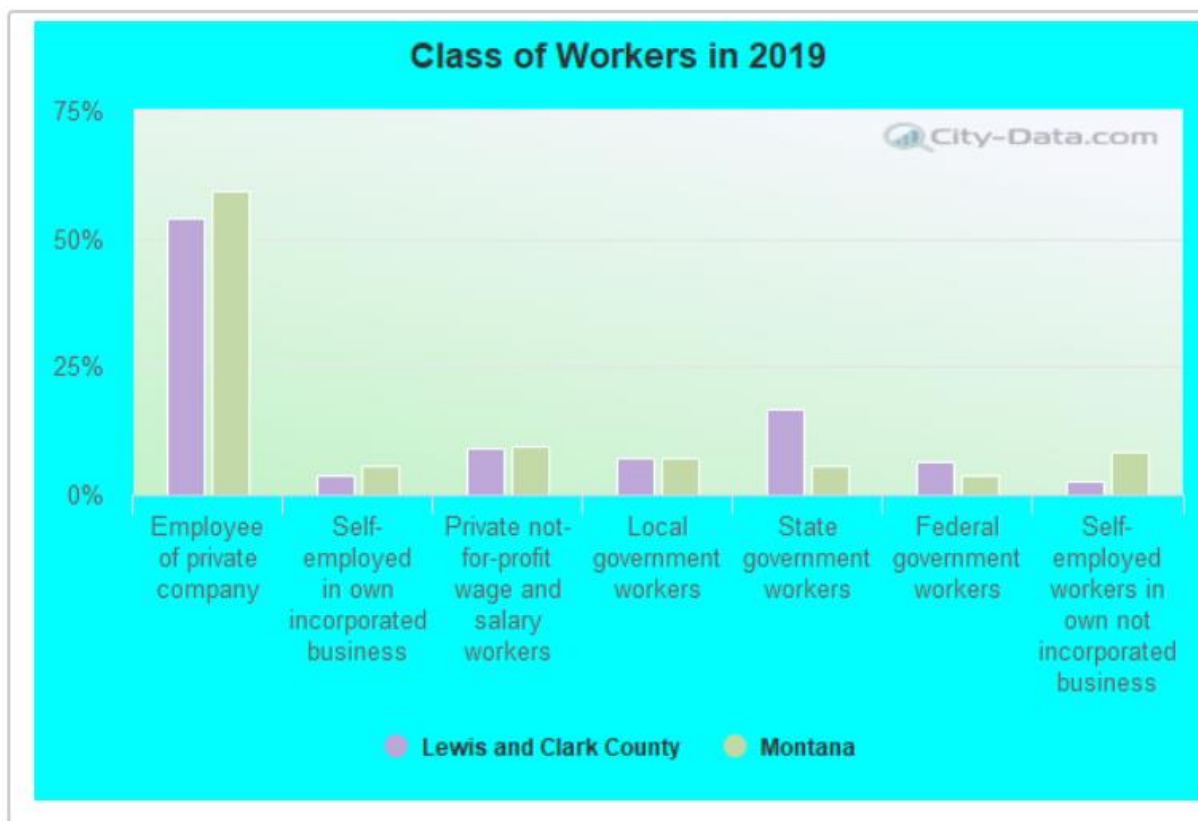




Source: Montana Department of Commerce; Census and Economic Information Center

Population Projections are based on average indications provided by NPA Data Services and Woods and Poole Economics and City-Data.com

**Economic Factors:** The county has a limited payroll structure and is not dependent upon any single source of income for economic stability. The economic base of the area is supported primarily by the forest products industry, some agriculture, government employment, general light manufacturing and distribution, regional medical facilities, typical trade and retail, and the tourist and recreational businesses. This diversification has limited growth based mainly on population and access to most of the county producing slower growth as compared to other parts of the state. It is worth noting that some portion of the population commutes to Missoula for employment.



The economy is strengthened by the tourist industry throughout the state, which likewise, is a major source of income for the Western Montana economy and by extension, the Lewis & Clark County economy. Glacier Park is located about 170 miles northwest of Lincoln and Yellowstone National Park is about 230 miles to the southeast. This location between the parks is a strong

reason that tourists are likely to stop. Also, the large numbers of scenic attractions in western Montana enhance the tourist trade. Any discussion of tourism elicits the fact that a tourist dollar is a "new dollar" earned elsewhere and spent in our economy.

As of March of 2021, per the Research and Analysis Bureau of the State of Montana, the unemployment rate for the State of Montana was  $\pm 3.9\%$  while that of Lewis & Clark County was higher at  $\pm 4.5\%$ , and the national indicator of  $\pm 5.4\%$ .

Prior to the Covid-19 pandemic the national economy was relatively strong in just about every segment and the overall real estate market reflects that fact. The commercial development and values are increased, although varying between neighborhoods the commercial real estate market in Helena is considered to be healthy.

Lincoln rental rates for commercial space is difficult to determine based primarily on the fact that most commercial property in the area is owner occupied. Desirable development sites are in low supply, particularly within the Town of Lincoln, due in part to limited demand. However, given the recent increase in demand for all real estate in Western Montana, Sites along or with access and visibility to the major traffic routes in the town are the most desirable and typically see the most development activity which is reportedly increasing with the uptick in commercial activity, especially as it relates to tourism. As the market absorbs existing sites, new developments typically emerged in and on the outskirts of the town. Consequently, the Lincoln area has become attractive for home buyers as a result of close proximity and the market perception that buyers get more for their money.

**Governmental Factors:** The government of Lewis & Clark County consists of a board of three Commissioners and an administrative Assistant with each Commissioner serving a six year terms

In general, planning and zoning regulations in the area are considered limited mainly as a function of the fact that the majority of the county is rural and/or public land.

The State of Montana assesses an ad valorem property tax to operate public schools and other government agencies. There is also a state-levied income tax in Montana.

**Environmental Factors:** The average annual precipitation for the area is  $\pm 13.7"$  with an average snowfall of  $\pm 45.6"$ . The climate of the county varies according to elevation but is generally characterized by relatively cold winters and warm summers with an average annual growing season of  $\pm 137$  days. The county's agricultural commodities include livestock, dairy products,

small grains, and hay.

According to the 2010 census, the current population of Montana is 989,415, an increase of 9.7% from the 2000 census of 902,195, with most of the population increase taking place in Montana's larger cities. These cities include Billings, Great Falls, Bozeman, Helena, Kalispell and Missoula. The current population of Lewis & Clark County is 69,432.

The population of the City of Helena reflects the documented increase of both the state and county population with a total population of approximately 32,024.

Geographically speaking, Montana has a total land area of 147,042 square miles bordering Canada to the north, Idaho to the west, North and South Dakota to the east, and Wyoming to the south. Western Montana generally consists of forested mountains and river valleys. The eastern portion of the state consists of mainly prairie, making up roughly 60% of the state of Montana.

More specifically, Lewis & Clark County is located in the central-western portion of the state. Major geographic features of Lewis & Clark County include the Clark Fork River. Additionally, Mineral is surrounded by various mountain ranges that provide many recreational opportunities.

The prevailing weather pattern is from the west and southwest in the summer and from the west and northwest in the winter. Because the air passes over the mountains, most of the precipitation falls on the western slopes of Idaho leaving the area with an average of 12 to 15 inches of annual precipitation. Winter temperatures generally average in the 30s and according to the National Weather Service this area receives an average of about 41 inches of snow each year. The continental divide usually protects this part of western Montana from the arctic air that sometimes makes its way from Canada, largely sparing the valley from the sub-zero temperatures that can sweep through the region. However, Lewis & Clark County does occasionally experience such cold on the rare occasion when conditions are right for the arctic air to make its way into the area.

May and June are the counties wettest months after which the remaining summer months are dry with warm days and cool nights. Average summer temperatures are generally in the high 80s with occasional periods when temperatures spike into the 90s.

Major arterial roadways within the state of Montana include Interstates 90, 15, and 94, which generally provide major access to and from Montana for everything from everyday commuting

to the major transport of goods and services produced by Montana's economy. Secondly, some of Montana's State Highways include Highway 2, 12, 83, 93 and 200 which provide more direct access to and from Montana's smaller population areas.

Great Falls provides the closest access to major airlines in this part of the state.

Economically speaking, agriculture still makes up the bulk of the Montana economy. In western Montana, the economic landscape is changing dramatically from our timber, mining and ranching past. As traditional industries have given way to pressure from environmental groups, western Montana's economy is relying more and more on tourism with the Western Montana offering ample opportunity for outdoor recreation through all four seasons. Since the 1980's, the area has been an attractive place to live for the retirement community providing the area with an expanding population.

The expanding retirement population spurred the growth of real estate development and the residential building industry. This industry provided much in the way of employment throughout western Montana. As is often the case with an increase in the population, commercial development has also increased within the same time frame.

The County is also supported by various employers including many state government agencies given that Helena is the state capitol and the county seat of Lewis & Clark County. In addition, there are a multitude of other smaller businesses providing employment throughout the area in various other industries. Employment is obviously more limited in the Lincoln area based on the rural location.

**Supply and Demand:** With regard to supply and demand as it relates specifically to the subject property, my research into the current market suggests that demand for residential properties similar to the subject is fairly strong based primarily the market indications as can be seen from recent sales and activity data. The following pages includes market graphs from the Montana Regional Multiple Listing Service which provide a very good window as to the current state of the residential market.

## Local Market Update – July 2021

A Research Tool Provided by Montana Regional MLS



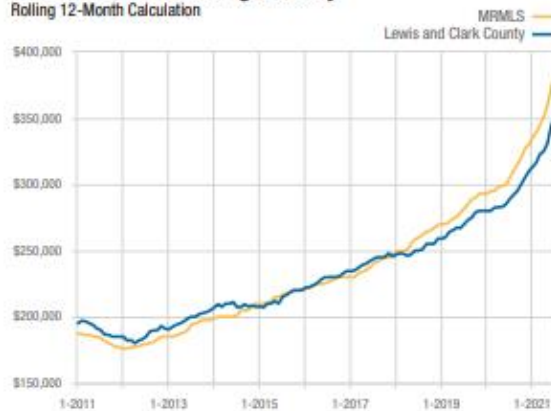
### Lewis and Clark County

Single-Family	July			Year to Date		
Key Metrics	2020	2021	% Change	Thru 7-2020	Thru 7-2021	% Change
New Listings	134	119	- 11.2%	736	676	- 8.2%
Pending Sales	126	104	- 17.5%	675	590	- 12.6%
Closed Sales	114	84	- 26.3%	562	513	- 8.7%
Days on Market Until Sale	30	22	- 26.7%	52	31	- 40.4%
Median Sales Price*	\$321,500	\$394,909	+ 22.8%	\$295,000	\$375,000	+ 27.1%
Average Sales Price*	\$332,125	\$470,526	+ 41.7%	\$311,899	\$412,978	+ 32.4%
Percent of List Price Received*	99.7%	103.0%	+ 3.3%	98.7%	102.0%	+ 3.3%
Inventory of Homes for Sale	154	120	- 22.1%	—	—	—
Months Supply of Inventory	1.8	1.4	- 22.2%	—	—	—

Townhouse/Condo	July			Year to Date		
Key Metrics	2020	2021	% Change	Thru 7-2020	Thru 7-2021	% Change
New Listings	15	13	- 13.3%	84	79	- 6.0%
Pending Sales	15	12	- 20.0%	72	78	+ 8.3%
Closed Sales	14	15	+ 7.1%	60	68	+ 13.3%
Days on Market Until Sale	21	30	+ 42.9%	42	30	- 28.6%
Median Sales Price*	\$254,850	\$272,000	+ 6.7%	\$215,200	\$262,750	+ 22.1%
Average Sales Price*	\$319,707	\$306,043	- 4.3%	\$244,373	\$273,663	+ 12.0%
Percent of List Price Received*	99.4%	101.6%	+ 2.2%	98.5%	102.1%	+ 3.7%
Inventory of Homes for Sale	13	5	- 61.5%	—	—	—
Months Supply of Inventory	1.2	0.5	- 58.3%	—	—	—

\* Does not account for sale concessions and/or downpayment assistance. | Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.

**Median Sales Price - Single-Family**  
Rolling 12-Month Calculation

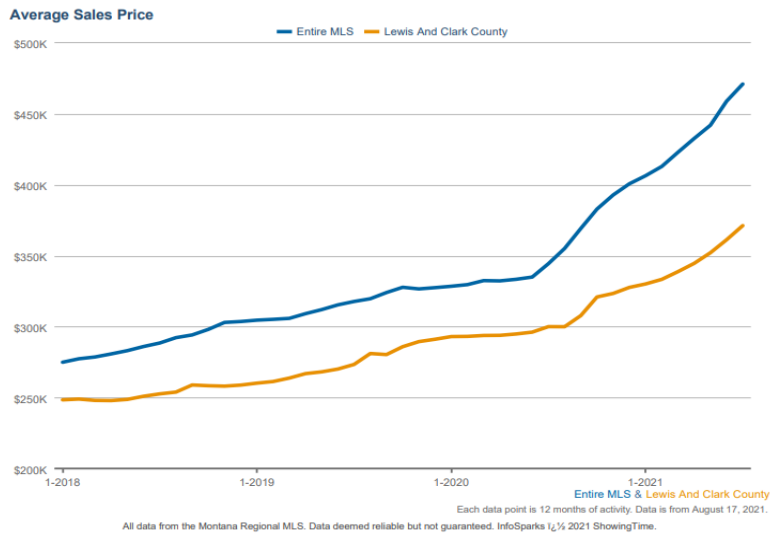


**Median Sales Price - Townhouse/Condo**  
Rolling 12-Month Calculation

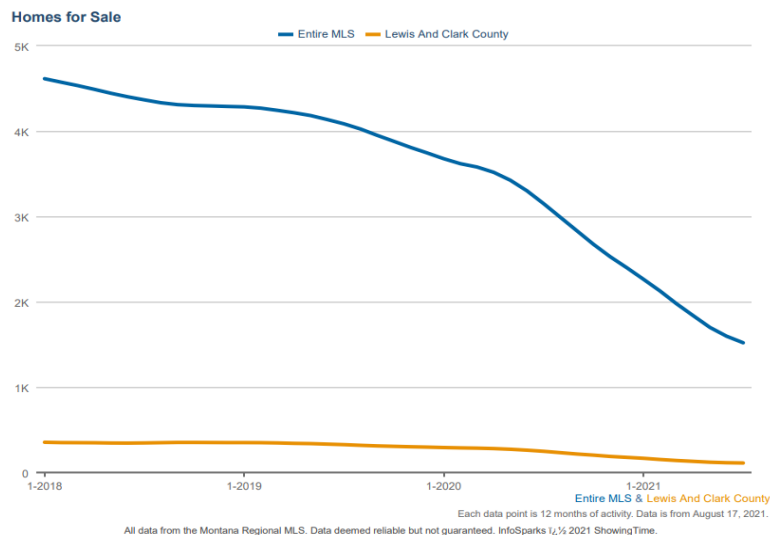


A rolling 12-month calculation represents the current month and the 11 months prior in a single data point. If no activity occurred during a month, the line extends to the next available data point.

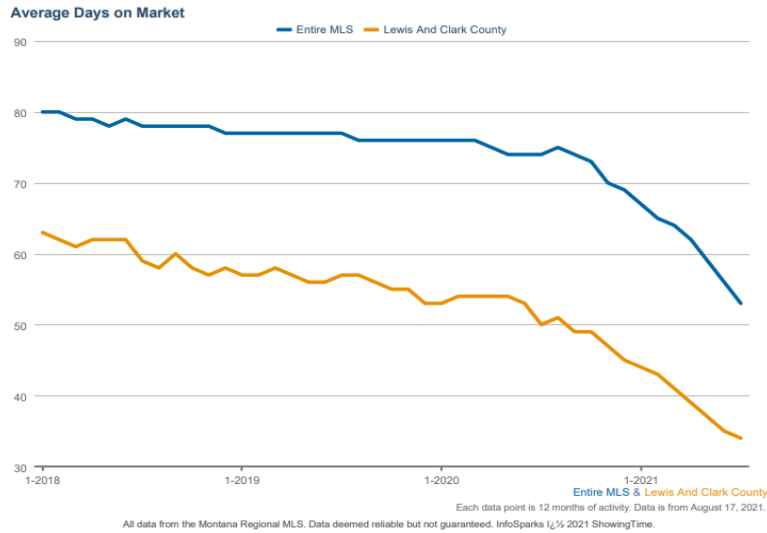
Current as of August 5, 2021. All data from Montana Regional MLS. Report © 2021 ShowingTime.



The above graph indicates the average sale price of residential homes from January 2018 to present. As can be seen, the average sale price was trending upward since about January of 2019 but increased dramatically from about mid-2020 to present.



The above graph depicts the number of properties listed for sale. The graph strongly supports my assertion on the previous graph that the strong demand and decreasing inventory provide upward pressure on price. Obviously, the inventory has continuously declined with increased demand. What may not be as obvious is that the indication of a more dramatic decline over the entire MLS has actually increased demand for the Lewis & Clark County market as buyers are forced to expand their search area.



Given the two previous graphs it should come as no real surprise that the number of days on market for residential property has dramatically decreased with the exception of a relatively short pause at the onset of the Covid-19 Pandemic. However, the market recovered very quickly and in fact appears to be surging. Most real estate professionals I interviewed indicated that demand for all property in the market area has increased dramatically and that the biggest challenge is a shortage of inventory.

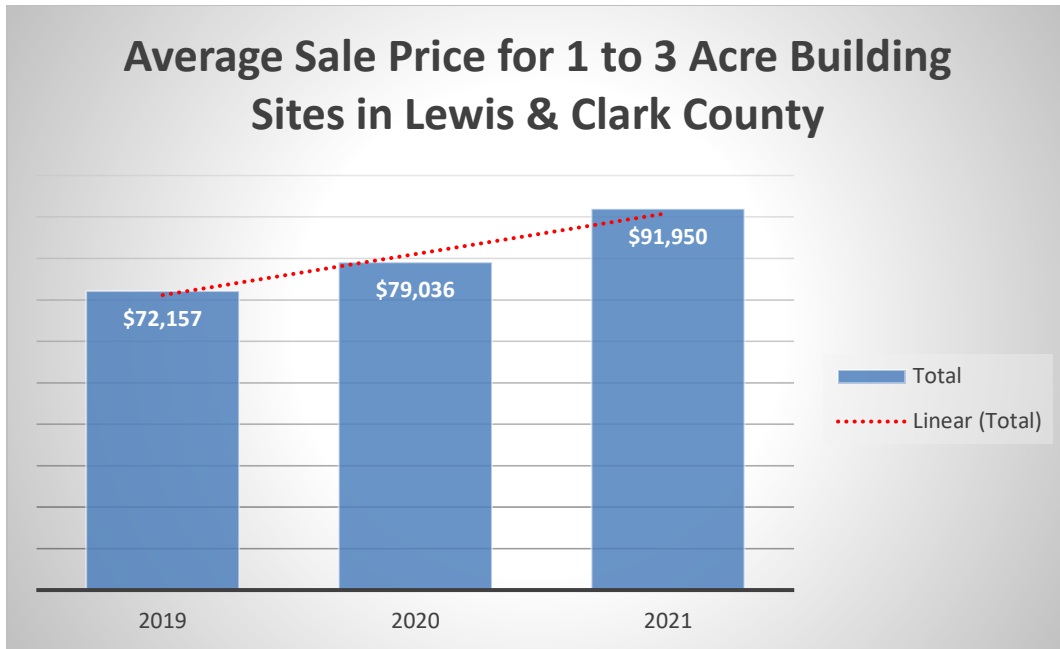
### Sales Activity by Property Type Report

For 1/1/2021 To 8/17/2021

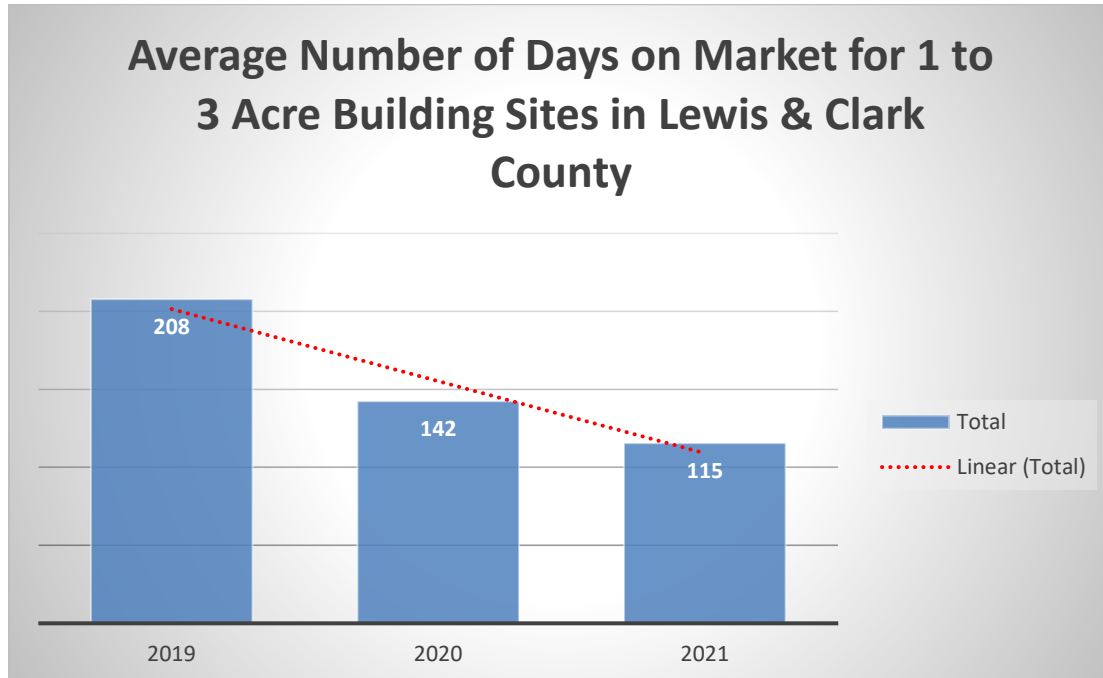
YTD 1/1/2021 To 8/17/2021

	Total # Sales In Range	Total # Sales YTD	Total Volume In Range	Total Volume YTD	Avg \$ Sales in Range	Avg \$ Sales YTD
Agricultural Sales	16	16	13,864,748	13,864,748	866,547	866,547
Business Opportunity Sales	19	19	5,729,594	5,729,594	301,558	301,558
Commercial Sales	293	293	204,712,307	204,712,307	698,677	698,677
Commercial Lease Sales	100	100	123,447	123,447	1,234	1,234
Land Sales	3,000	3,000	651,972,772	651,972,772	217,324	217,324
Misc. Property Sales	123	123	10,229,545	10,229,545	83,167	83,167
Multi-Family Sales	208	208	100,171,276	100,171,276	481,593	481,593
Residential Sales	6,181	6,181	3,077,311,815	3,077,311,815	497,866	497,866
Combined Sales	6,181	6,181	3,077,311,815	3,077,311,815	497,866	497,866
Listings Loaded within Range	12894					

The above statistics provide a window into the broader market as it relates to supply and demand. These statistics are provided by the Regional Multiple Listing Service and include all sales throughout most of Western Montana. As can be seen, the majority of demand is for residential housing with a combined number of sales far exceeding any other category.



As can be seen in the above graph, the average sale price for 1 to 3 acre building sites in Lewis & Clark County has been trending upward. According to most of the Real Estate Agents that interviewed, the dramatic increase is a function of higher demand and more limited inventory.



The above graph reflects the average exposure time or number of days on market before the property sold. It should come as no surprise that with a diminishing supply and an increasing



average sale price, the number of days on market is trending downward.

The two previous graphs reflecting the rising average sale price which strongly suggest a relatively robust market for similar property moving forward. It is important to recognize that the graph includes data for 2021 year to date and these indications are obviously incomplete.

**Conclusion:** The market analysis suggest in that the current market for property like the subject is fairly strong and is expected to remain strong for the foreseeable future. That having been said, it is important to note that the expectations as it relates to the real estate market in the subject market area is contingent upon the continued overall economic trajectory of both the local, state and national economy. Any significant change in the economic picture would likely have a direct impact on the value of real estate in the market area.

## **Property Description**

The following description of the subject property is based on my on-site property inspection, the information provided to me by the Department of Natural Resources and Conservation and Lewis & Clark County and the Montana Department of Revenue.

### **Site Description-2243 Smiley Road**



**Location:** The subject property site is located approximately three miles east of the Town of Lincoln at the intersection of Smiley Road and Montana Highway 200.

The location of the subject property will be further illustrated by a subject property location map and an aerial photograph provided in the addenda of this report.



**Size:** The site consists of  $\pm$  1.794 acres of land.

**Shape:** the subject property is generally rectangular in shape.

**Topography:** The topography of the site is generally level to gently sloped.

**Access:** The subject site is accessed from Smiley Road which runs generally north from Highway 200.



**Landscaping:** The site includes grass lawn and native shrubs and trees with a limited amount of landscaping in the area immediately surrounding the improvements.

**Utilities:** The property includes electric, telephone, propane gas and private well and septic service. It is my understanding that the well and septic systems are in good working order as of the date of inspection.



**Adjacent Property:** The site abuts Highway along the southern property boundary. The property to the west is private and the property to the north and east is DNRC land owned by the State of Montana.

**Zoning:** According to the Lewis & Clark County Planning Department, the property is currently un-zoned. According to the FEMA Flood Maps, the subject property is not in a designated flood zone.

**On the issue of soil degradation, an Environmental Site Assessment Report has not been performed. It is assumed there are no environmental concerns related to the subject property. The project appraiser is not qualified to detect hazardous materials or toxic waste. Any environmental risk discovered at a later date may or may not require a revised estimate of value, which may or may not simply be a reduction of the value based on the estimated cost-to-cure of the environmental condition discovered. Properties known to have environmental risk may carry a stigma in the marketplace, which may or may not affect the value. For more specific environmental site information, it is recommended that, at minimum, a phase one audit be completed by a qualified soils engineer.**



**Site Improvements:** The term site improvements generally refer's to such things as landscaping, asphalt paved parking areas, fencing, etc.

As discussed, the subject site includes a dirt/gravel driveway from Smiley Road to the improvements. Additionally, the site includes grass lawn with natural shrubs and trees and a limited amount of residential landscaping in the area surrounding the improvements. The site also includes the aforementioned electric, telephone and private well and septic service. The property owners report that the existing well and septic systems are in good working order as to the date of inspection.







**Structural Improvements:** The subject site is improved with the aforementioned cabin that was built in 1963 and includes  $\pm$  1,176 sf. and a detached garage. As I discussed previously, my highest and best use analysis indicated that given the age and condition of the improvements, they provide no measurable contributory value to the overall property. In other words, I believe that if the property were listed for

sale on the open market the most likely buyer would be someone who purchased the site in order to build a new home. The existing cabin would be razed to make way for the new home. Consequently, I will not go into a lengthy description of the improvements.

The addenda of this report will include a Subject Property Neighborhood Map, a FEMA flood map, and an aerial photograph to give the reader a much better idea of the size and scope of the subject property site.

### **Taxes and Assessments**

The following tabulation details the property parcel numbers, geocodes, assessed values, and current property taxes.

#### **Tabulation of Subject Property Taxes and Assessment**

<b>Parcel No.</b>	<b>Geocode</b>	<b>Address</b>	<b>Land Area</b>	<b>Improvements</b>	<b>Assessed Value</b>	<b>Property Taxes</b>
65295	05-2337-16-4-02-01-0000	2243 Smiley Road Lincoln	$\pm$ 1.794 acres	None	\$42,508.00	\$0.00
16706	05-2337-16-4-02-01-4000	2243 Smiley Road Lincoln		Residential	\$44,020.00	\$403.45

It should be noted that the subject property is a state-owned parcel and as such, the land is exempt from taxation. It is understood that when the parcel is sold the taxes will obviously be included.

### Site Description-2030 Ponderosa Drive



**Location:** The subject property site is located approximately three miles east of the Town of Lincoln at the intersection of Ponderosa Drive and Hi Sign Road.

The location of the subject property will be further illustrated by a subject property location map and an aerial photograph provided in the addenda of this report.



**Size:** The site consists of  $\pm$  1.015 acres of land.

**Shape:** the subject property is irregular in shape.

**Topography:** The topography of the site is generally level to gently sloped.

**Access:** The subject site is accessed from Ponderosa Drive which runs along the eastern property boundary.



**Landscaping:** The site includes grass lawn and native shrubs and trees with residential landscaping in the area immediately surrounding the improvements.

**Utilities:** The property includes electric, telephone, propane gas and private well and septic service. It is my understanding that the well and septic systems are in good working order as of the date of inspection.



**Adjacent Property:** The site is adjacent to private property to the north and east while the western and southern boundaries are adjacent to DNRC, state land.

**Zoning:** According to the Lewis & Clark County Planning Department, the property is currently un-zoned. According to the FEMA Flood Maps, the



subject property is not in a designated flood zone.

On the issue of soil degradation, an Environmental Site Assessment Report has not been performed. It is assumed there are no environmental concerns related to the subject property. The project appraiser is not qualified to detect hazardous materials or toxic waste. Any environmental risk discovered at a later date may or may not require a revised estimate of value, which may or may not simply be a reduction of the value based on the estimated cost-to-cure of the environmental condition discovered. Properties known to have environmental risk may carry a stigma in the marketplace, which may or may not affect the value. For more specific environmental site information, it is recommended that, at minimum, a phase one audit be completed by a qualified soils engineer.



**Site Improvements:** The term site improvements generally refer's to such things as landscaping, asphalt paved parking areas, fencing, etc.

The subject site includes a dirt/gravel driveway from Ponderosa Drive to the improvements. Additionally, the site includes grass lawn with natural shrubs and trees with residential landscaping in the area surrounding the improvements. The site also includes the aforementioned electric, telephone and private well and septic service. The property owners report that the existing well and septic systems are in good working order as to the date of inspection.





### **Structural Improvements:**

**Year Built:** 1988.

**Construction:** Manufactured.

**Gross Living Area (GLA):**  $\pm$  1,680 sf.

**Main Level GLA:**  $\pm$  1,680 sf.

**Upper Level GLA:**  $\pm$  0 sf.

**Lower Level GLA:**  $\pm$  0 sf.

**Bedrooms:** 3 bedrooms.

**Bathrooms:** 2 bathrooms.

**Foundation:** Pier.

**Exterior Walls:** Composite.

**Interior Walls:** Painted sheetrock, paneling, wallpaper.

**Roof:** Metal.

**Interior Flooring:** Carpet, vinyl.

**HVAC:** Propane, forced air.

**Garage:** 1-stall, detached.



The subject property is single-family manufacture home over a pier foundation. According to the Montana Department of Revenue, the building was constructed in 1988 and includes  $\pm$  1,680 sf. on the one level providing a total of  $\pm$  1,680 sf. of GLA (Gross Living Area). The interior finish of the home is fairly typical for similar properties in the immediate area and the overall market area.



**Interior Configuration:** The interior configuration includes an open room design with living, dining, kitchen area with rear door to the back deck where the laundry area also located. The main level hallway leads to the master bedroom and master bathroom and walk-in closet. There are two additional bedrooms and full bathroom.



The property also includes a detached 1-car garage that includes a shop area. The garage involves a concrete foundation with composite siding and a metal roof. The structure has a single overhead door with an automatic garage door opener. The interior of the garage includes a very basic finish and typical overhead lighting. According to the Montana Department of Revenue, the garage was built in 1978 including  $\pm 624$  sf. and is considered to be in about average condition relative to age.



The interior of the house includes what is fairly typical for manufactured homes in terms of quality and condition. The electrical and plumbing fixtures are also fairly typical as well as the doors and trim. It does appear that the interior of the home has been well maintained and is considered to be in average to good condition relative to age.



The exterior of the house also fairly typical and also appears to have been well maintained. The roof appeared to be in relatively good condition and has likely been replaced at some point since the house was placed on site.

Again, the overall quality and condition of the manufactured home is considered to be in average to good relative to age.



It is important to note that the structure is situated on a pier foundation and not on a permanent concrete foundation. Furthermore, it is my understanding that the manufactured home has not been de-titled and is technically considered personal property and not real estate. However, as the directive of the client indicated in the hypothetical conditions, the structure



is considered real estate and is to be valued separately from the site.

The addenda of this report will include multiple additional photographs to give the reader a much better understanding of the size and scope of the subject property.

### **Taxes and Assessments**

The following tabulation details the property parcel numbers, geocodes, assessed values, and current property taxes.

#### **Tabulation of Subject Property Taxes and Assessment**

<b>Parcel No.</b>	<b>Geocode</b>	<b>Address</b>	<b>Land Area</b>	<b>Improvements</b>	<b>Assessed Value</b>	<b>Property Taxes</b>
65303	05-2337-16-3-01-19-0000	2030 Ponderosa Drive Lincoln	± 1.015 acres	None	\$38,380.00	\$0.00
93191	05-2337-16-3-01-19-8001	2030 Ponderosa Drive Lincoln		Residential	\$27,780.00	\$301.42
17743	05-2337-16-3-01-19-4002	2030 Ponderosa Drive Lincoln		Residential/Garage	\$6,120.00	\$47.36

It should be noted that the subject property is a state-owned parcel and as such, the land is exempt from taxation. It is understood that when the parcel is sold the taxes will obviously be included.

## Highest and Best Use

The following definition of highest and best use is taken from the 14th Edition of the Appraisal Institute's The Appraisal of Real Estate:

**highest and best use:** *the reasonably probable and legal use of vacant land or an unimproved property that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.*

Implied in this definition is the recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners.

Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be most "probable use." In the context of investment value, an alternative term would be most "profitable use."

**Highest and Best Use of the Land as Though Vacant:** In considering the highest and best use of the subject property, as though vacant and available to be developed to its highest and best use, I gave consideration to any and all uses to which the property is capable of being adapted, or developed, if vacant and unimproved.

The five categories of use recognized are residential, commercial, industrial, agricultural, and special-purpose.

The residential classification typically includes single family residences, duplexes, and four-plexes.

Commercial developments generally include such things as office buildings, retail centers, restaurants, hotels, motels and multi-family housing developments.

The industrial classification includes such uses as manufacturing parks, warehouses, etc.

Agricultural land uses include cropland, pastureland, timberland and orchards.

The special-purpose use refers to properties with unique design, or construction, which restricts their utility to the intended use for which they were built and generally includes such things as schools, churches, parks, museums, airports, etc.

Consideration must be given to these uses, recognizing the limitations imposed by the four generally-accepted criteria for highest and best use. These are physically possible, legally permissible, financially feasible and maximally productive.

To elaborate on these, physically possible recognizes such factors as size, shape, area, terrain and utilities available.

Legally permissible involves restrictions such as homeowners associations, zoning regulations, building codes, historic district controls and environmental regulations.

Financially feasible relates to all uses that are expected to produce a positive return.

Maximally productive relates to those uses which satisfy the other three criteria and produce the highest price or value consistent with the return expected by investors in the area.

**Legally Permissible:** This criteria relates to zoning designations or other governmental restrictions for the site, but also recognizes any declaration of covenants, conditions or restrictions. Conservation easements would be included here as legally limiting the potential development of a property.

Currently, both 2243 Smiley Road and 2030 Ponderosa Drive are un-zoned. To the best of my knowledge, there are no other legal considerations that would limit the potential of the site, i.e., covenants, deed restrictions, easements (including conservation easements), etc.

**Physically Possible:** The physical features of a site which may affect the potential use(s) include, but are not limited to, location, frontage, size, shape, access, availability of utilities, easements, soils and subsoils, topography and designated flood hazard considerations.

**2243 Smiley Road**-The subject property involves  $\pm$  1.794 ac. of land located approximately three miles east of Lincoln on the north side of Highway 200. The property involves level to gently sloping topography with good access from Smiley Road just off of Highway 200. The site is situated outside of city services such as sewer and water. Given the size and location of the parcel, as well as the lack of city utilities, it is my opinion that the parcel lends itself to a

residential use.

**2030 Ponderosa Drive**-The subject property involves  $\pm$  1.015 acres of land located approximately three miles east of the Town of Lincoln just south of Highway 200 at the intersection of Hi Sign Road and Ponderosa Drive. The property involves level to gently sloping topography with good access from Ponderosa Drive. The site is situated outside of city services such as sewer and water. Given the size and location of the parcel, as well as the lack of city utilities, it is my opinion that the parcel lends itself to a residential use.

Overall, considering the size of the subject sites, the location, the access and the availability of utilities, the subject property is felt to be best suited to a residential use.

**Financially Feasible and Maximally Productive:** Financial feasibility relates to the investment in the land producing a positive return to the investor, or developer. A positive return to the investment suggests a financially feasible use of the property. This may be a cash return or a return as measured by the utility of the land to the owner.

The highest, or maximum, return on the investment indicates the maximum productivity of the property. This factor is more difficult to measure, as different investors may have differing return requirements. In the case of vacant land, this may be measured by the highest price the land will bring when exposed to the open market.

Given the location and the nature of the local area, as well as the market trends toward similar sites in the area, both 2243 Smiley Road and 2030 Ponderosa Drive appear to be best suited for a residential use.

**Conclusion:** Recognizing the size of the subject parcels, the location in the Lincoln area, the topography, the access and availabilities of utilities, as well as the demand for similar sites in the area, it is my opinion that the highest and best use of the property as if vacant would be for a residential use.

**Highest and Best Use of the Property as Improved:** The highest and best use of property, as improved, is defined in the Dictionary of Real Estate Appraisal, 4th Edition, as:

***highest and best use, as improved:*** *the use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.*

Generally, the only time that the highest and best use of a property as improved will differ from that use for which the property is currently being used, is when the existing improvements no longer contribute to the overall value of the property.

**2243 Smiley Road**- As I discussed previously, the property includes a small cabin and detached garage that was built in 1968 and 1973 respectfully. The structures involve very basic construction that is considered to be in relatively poor condition. My market analysis and Highest and Best Use analysis indicate that the existing improvements do not provide any measurable contributory value to the overall property. This assertion is based on the fact that the most likely buyer is determined to be someone who will raze the existing improvements to make way for a new residential development. Consequently, the highest and best use of the property as improved, is as a residential building site similar to other properties in the area.

**2030 Ponderosa Drive**- In this particular case, the subject property improvements have been well maintained and clearly have value. Consequently, the highest and best use of the property as improved, is in fact improved with a residential structure.

## **Property Valuation**

The appraisal process is a systematic process in which the problem is defined, the work necessary to solve the problem is planned, and the data involved is acquired, classified, analyzed, and interpreted into an estimate of value.

There are three traditional, or generally-accepted, techniques used in estimating the market value of real property. These are generally referred to as the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

The Cost Approach is an estimation of the value of the land, as if vacant and available to be developed to its highest and best use, by market comparisons to which the depreciated, or contributory, value of the improvements is added.

The Sales Comparison Approach is a technique that produces an indication of value by a direct comparison of similar property types that have recently sold, to the subject property; appropriate adjustments for differences are made when and where necessary.

The Income Capitalization Approach produces a value indication by capitalizing the net income, or earning power, of the property by a rate reflected by market transactions or behaviors.

The three approaches to value do not necessarily apply to all types of property. A decision must be made whether a particular approach is applicable in each instance. The key to this decision is whether or not the approach is reliable and therefore a relevant measure of value, or simply a theoretical application. These observations are particularly pertinent in the appraisal of properties in transition to a higher and better use, as well as special use properties where value-in-use is more applicable than market value.

In this case, recognizing the type of property under consideration in this appraisal assignment, I have concluded that the Sales Comparison Approach is the only approach that is pertinent to the process and will result in the most reliable indications of current market value.

## Sales Comparison Approach

According to the 14th Edition of the Appraisal Institute's The Appraisal of Real Estate,

**Sales Comparison Approach:** *the process of deriving a value indication for the subject property by comparing similar properties that have been recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sales prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.*

Inherent to the Sales Comparison Approach is the Principle of Substitution. According to the 14th Edition of the Appraisal Institute's The Appraisal of Real Estate,

**principle of substitution:** *the appraisal principle that states that 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. This is the primary principle upon which the Cost and Sales Comparison Approaches are based.*

**Last Sale of the Subject Property:** At this point, before discussing the comparisons and analyses of the comparable land sales, I first discuss and analyze the most recent sale of the subject property. In this case, both of the subject properties are state owned parcels that to my knowledge has never been offered for sale on the open market.

**Overall \$/site Analysis:** I will now proceed with the land sales analysis. This process involves the comparison, and adjustment for differences, of sales of similar properties. There are several ways to analyze and adjust sales. The most common and preferred method is a matched-pairs analysis, comparing one sale to another to isolate a specific adjustment factor. The two sales compared should be similar in all regards with the exception of the factor for which an adjustment is to be derived. When the sales are not truly comparable, but only similar, this analysis is often much less reliable. The more dissimilar the features between the

properties, the less accurate or meaningful the analysis. With widely varying factors or properties, this comparative analysis is used to show general trends. A bracketing procedure or technique may then be used to derive an overall conclusion of value.

As discussed previously, the analysis of the manufactured home situated on 2030 Ponderosa Drive will include an overall \$/sf. analysis.

Contemporary appraisal texts recognize bracketing as a valuation technique. Overall, I am of the opinion that the bracketing technique recognizes the imperfect data found in the marketplace. The 14th Edition of the Appraisal Institute's The Appraisal of Real Estate defines bracketing as:

**bracketing:** *a process in which an appraiser determines a probable range of values for a property by applying qualitative techniques of comparative analysis to a group of comparable sales. The array of comparables may be divided into three groups - those superior to the subject, those similar to the subject, and those inferior to the subject. The adjusted sale prices reflected by the sales requiring downward adjustment and those requiring upward adjustment refine the probable range of values for the subject and identify a value bracket in which the final value opinion will fall.*

Because of the many variables involved in comparing sale properties to the subject property, the importance of the appraiser's judgment and opinion becomes obvious. In other words, the sales themselves do not alone directly indicate a value for the subject property, but these sales, once totally analyzed and correlated with experience and judgment, do help me in my final value estimate.

Regarding the sales themselves and the adjustment process, it has been my experience that all sales differ somewhat from each other. To the extent possible, the differences should be recognized and adjusted for based on the data available. However, in the market it is often difficult, and sometimes impossible, to accurately isolate a given factor. In short, one very seldom finds sale properties which are identical in all respects but one, and subsequently able to prove conclusively the value, or lack of, for any one factor due to a difference in sale price. Often, there are positive and negative factors which offset each other. Nevertheless, the differences in values are real and an attempt, based on as much fact as can be found, will be



made to determine the value of these factors. Then, the appraiser may call upon his/her experience to make more subjective judgments. The following generalities are cited to acquaint the reader with a background for my reasoning and judgment to follow:

1. value increases per unit of comparison as the size of the parcel decreases;
2. value tends to decrease as distance from an urban center increases (an exception to this generalization might be certain recreational properties);
3. value tends to decrease as the topography becomes steeper, more rocky, more barren, more arid, etc.;
4. value tends to decrease as access becomes more difficult;
5. value tends to increase with amenities such as creek or lake frontage, or a good view;  
and
6. value tends to increase when zoning allows greater density and/or a more optimum use of the land.

Obviously, the opposite may be said of each of these statements.

Moving on to the land sales, the unit of comparison that I have employed in this analysis is the overall dollars per site (overall \$/site), which is the product of the following calculation:

**Confirmed sales price = overall \$/site indication**

The following is a tabulation of the land sales being considered in this analysis and for each of the sales I have calculated the overall \$/site indication. The sales are arranged on the tabulation chronologically with the most recent sale being Land Sale No. 1.

**Tabulation of Comparable Land Sales**

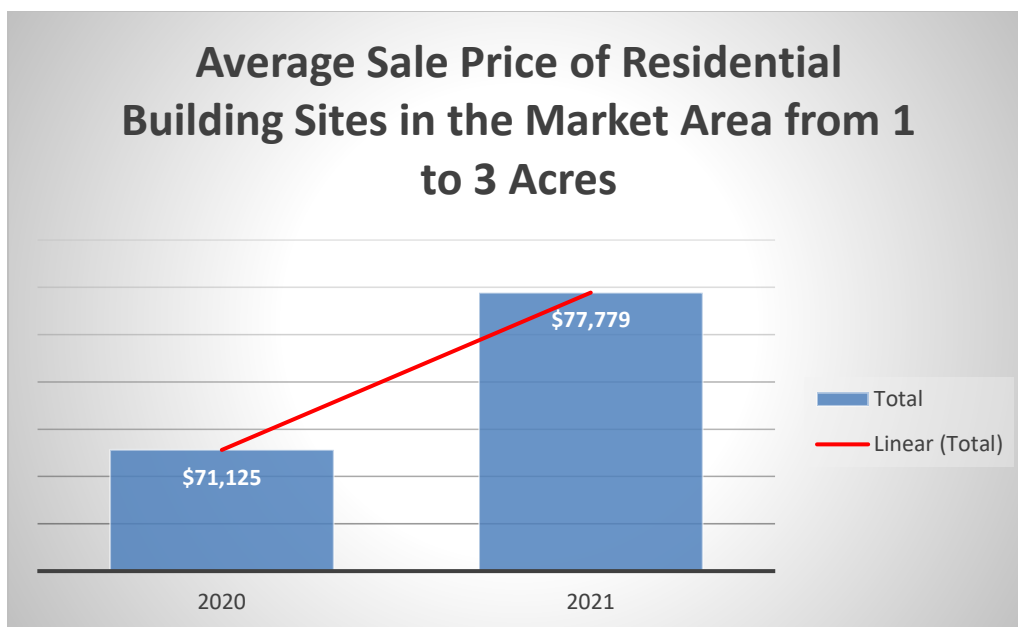
Sale No.	Location	Sale Date	Closing Document	Sale Price	Land Area	Adj. \$/site Indication
LS 1.	Lots 5&6 Salmon Lane Lincoln	5/21	WD 3378902	\$21,500	.92 acres	\$31,500/site
LS 2.	Lots 1&2 Salmon Lane Lincoln	2/21	WD 3373347	\$25,000	.98 acres	\$36,000/site
LS 3.	Lots 3&4 Lincoln	2/21	WD 3373347	\$25,000	.92 acres	\$36,000/site
LS 4.	4217 Asher Court Lincoln	11/20	WD 3366979	\$56,070	2.48 acres	\$70,000/site
LS 5.	4375 Salmon Lane Lincoln	9/20	WD 3362021	\$45,000	.96 acres	\$49,000/site
LS 6.	4331 Abe Lincoln Road Lincoln	9/20	WD 3362929	\$55,000	2.1 acres	\$70,000/site
LS 7.	392 Fourth Avenue Lincoln	7/20	WD 3357672	\$62,500	1.08 acres	\$69,000/site
<b>Low Indication</b>				<b>\$21,500</b>	<b>.92 acres</b>	<b>\$31,500/site</b>
<b>High Indication</b>				<b>\$62,500</b>	<b>2.48 acres</b>	<b>\$70,000/site</b>
<b>Mathematical Mean</b>				<b>\$41,439</b>	<b>1.34 ac.</b>	<b>\$51,643/site</b>
<b>Mathematical Median</b>				<b>\$45,000</b>	<b>.98 ac.</b>	<b>\$49,000/site</b>

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Several other sales and current listings have also been considered. However, those included in the tabulation were felt to be the most comparable to the subject property. Additionally, I intentionally included sales specifically from the Lincoln market area, and exclude sales from outside of Lincoln, based on the fact that these sales are obviously considered to be most comparable to the subject. Because Lincoln is a somewhat limited market in terms of size, I considered sales from similar markets in the broader market area such as Seeley Lake, Ovando and Potomac, etc., however in the end I felt that the Lincoln market provided a sufficient

number of very recent sales to provide the most reasonable and reliable measure of value as compared to the subject parcels.

On the overall \$/site basis, the seven properties in the data set indicated an adjusted range from  $\pm$  \$31,500/site. to  $\pm$  \$70,000/site. with the mean and median indications of  $\pm$  \$51,643/site and  $\pm$  \$49,000/site, respectively.



The above sales were adjusted upward 10% for market conditions (time) based on my analysis of the increase in the average sale price of similar residential building sites in the larger market area as indicated in the above graph. The analysis and graph suggest an approximate increase in value of  $\pm$  10% since June 1, 2020. I specifically excluded sales prior to June 1, 2020 for a specific reason. First, all of the sales utilized in this analysis and included in the tabulation closed after June 1, 2020. I purposely excluded sales prior to June 1 and back into 2019 based on the fact that the market experienced the largest increases in value from 2019 to 2020. Utilizing sales from 2019 would have required a much larger adjustment that is more difficult to support.

It should be noted that within the Lincoln market area, there were two few overall sales within the time frame of the analysis, June 1 to present, to enable a paired sales analysis of sale/re-sale properties that provide further support for my market conditions adjustment. Nevertheless, the broader analysis of the larger market area, as well as my interviews with local

realtors is felt to provides reasonable support for my upward adjustment of  $\pm 10\%$ .

The research and analysis of the comparable sales suggests that the availability and/or whether or not utilities are in place appears to have a significant impact on value.

The comparable sales were not adjusted for the differences in land area (site size) or location based primarily on the fact that with so few sales in the market area, the necessary data needed to calculate an accurate adjustment factor does not exist in the current market.

Obviously, any adjustment factor derived from the very limited number of market sales would provide a misleading indication. That having been said, it is well understood that size and location can have a significant impact on value and both factors are taken into consideration in the final analysis when the aforementioned bracketing technique is applied.

Again, applying the bracketing technique at the end of the overall analysis of the comparable sales allows for the consideration of differences between the subject and the comparable sales that could not be adjusted for utilizing market data. As discussed at the onset of the Sales Comparison Approach, the bracketing technique is felt to be the best way to recognize the differences given the imperfect data that is available in the subject market.

The following is a brief description and discussion of each of the comparable sales and how they relate to the subject property.

### **Land Sale No. 1**



**Date of Sale:** 5/20/2021

**Recording Data:** Warranty Deed Doc. #3378902

**Sale Price:** \$21,500.

**Terms:** Cash

**Parcel No.:** 15907,31151

**Location:** Salmon Lane, Lincoln, MT.

**Legal Description:** Lots 5 & 6, Alpine Meadow No.2 S21, T14N, R 9 W, Lewis & Clark County, MT.

#### **Property Description**

**Area (acres):** .92 acres.

**Frontage:** Salmon Lane, Highway 200.

**Topography:** Level to gently sloped.

**Access:** Salmon Lane, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone available, septic approval.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## **Sale Analysis**

**\$/site:** Adjusted = **\$31,500/site.**

**Comments:** This property is located just south of Highway 200 just southwest of the Town of Lincoln. The site includes  $\pm$  .92 acres of land and is accessed from a dirt/gravel roadway through the Alpine Meadows Subdivision. The site is similar to both subject property parcels in terms of size, access, topography and overall utility or use. The site is situated in an open area and lacks the more green, forested setting that both subject property parcels include. The site is also adjacent to Highway 200 and again, lacks the trees and vegetation that mitigate the impact of highway noise. It is worth noting that the listing agent indicated that this property was the last parcel sold in the subdivision. Furthermore, she indicated that the sellers initially received a low offer on the property but opted to settle for the negotiated price of \$21,500 simply because they want to move on and be done with selling out the subdivision. She also indicated that all of the parcels in this subdivision saw little interest until after June of 2020.

This sale was not adjusted for market conditions (time) based on the fact that the sale was felt to be recent enough that the adjustment was not necessary.

The site has access to electric and telephone service and did not involve a well and septic system that the subject properties include. Consequently, this sale was also adjusted upward \$10,000 for the lack of the well and septic system the subject parcels include. The adjustment was based on what is considered typical in terms of cost for a well,  $\pm$  \$5,000 and a septic,  $\pm$  \$5,000. These costs are considered reasonable as compared to what is typical in the market area.

Overall, this sale indication is felt to be inferior to both of the subject property parcels based primarily on the location lacking the aesthetic appeal and privacy created by trees and shrubs. Additionally, this sale is felt to be inferior to 2243 Smiley Road based on the smaller size of this parcel.

**Marketing Period:** 395 days.

## **Land Sale No. 2**



**Date of Sale:** 2/24/2021

**Recording Data:** Warranty Deed Doc. #3373347

**Sale Price:** \$25,000.

**Terms:** Cash

**Parcel No.:** 31120,15604

**Location:** Salmon Lane, Lincoln, MT.

**Legal Description:** Lots 1 & 2, Alpine Meadow No.2 S21, T14N, R 9 W, Lewis & Clark County, MT.

### **Property Description**

**Area (acres):** .98 acres.

**Frontage:** Salmon Lane, Highway 200.

**Topography:** Level to gently sloped.

**Access:** Salmon Lane, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone available, septic approval.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## **Sale Analysis**

**\$/site:** Adjusted = **\$36,000/site.**

**Comments:** This property is also located just south of Highway 200 just southwest of the Town of Lincoln. The site includes  $\pm$  .98 acres of land and is accessed from a dirt/gravel roadway through the Alpine Meadows Subdivision. The site is similar to both subject property parcels in terms of size, access, topography and overall utility or use. The site is situated in an open area and lacks the more green, forested setting that both subject property parcels include. The site is also adjacent to Highway 200 and again, lacks the trees and vegetation that mitigate the impact of highway noise.

Again, this sale was adjusted upward 10% for market conditions (time) based on my analysis of the market area.

The site has access to electric and telephone service and did not involve a well and septic system that the subject properties include. Consequently, this sale was also adjusted upward \$10,000 for the lack of the well and septic system the subject parcels include. The adjustment was based on what is considered typical in terms of cost for a well,  $\pm$  \$5,000 and a septic,  $\pm$  \$5,000. These costs are considered reasonable as compared to what is typical in the market area.

Overall, this sale indication is felt to be inferior to both of the subject property parcels based primarily on the location lacking the aesthetic appeal and privacy created by trees and shrubs. Additionally, this sale is felt to be inferior to 2243 Smiley Road based on the smaller size of this parcel.

**Marketing Period:** 314 days.



### **Land Sale No. 3**



**Date of Sale:** 2/24/2021

**Recording Data:** Warranty Deed Doc. #3373347

**Sale Price:** \$25,000.

**Terms:** Cash

**Parcel No.:** 31122,31121

**Location:** Salmon Lane, Lincoln, MT.

**Legal Description:** Lots 3 & 4, Alpine Meadow No.2 S21, T14N, R 9 W, Lewis & Clark County, MT.

#### **Property Description**

**Area (acres):** .92 acres.

**Frontage:** Salmon Lane, Highway 200.

**Topography:** Level to gently sloped.

**Access:** Salmon Lane, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone available, septic approval.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## **Sale Analysis**

**\$/site:** Adjusted = **\$36,000/site.**

**Comments:** This property is also located just south of Highway 200 just southwest of the Town of Lincoln. The site includes  $\pm$  .98 acres of land and is accessed from a dirt/gravel roadway through the Alpine Meadows Subdivision. The site is similar to both subject property parcels in terms of size, access, topography and overall utility or use. The site is situated in an open area and lacks the more green, forested setting that both subject property parcels include. The site is also adjacent to Highway 200 and again, lacks the trees and vegetation that mitigate the impact of highway noise.

Again, this sale was adjusted upward 10% for market conditions (time) based on my analysis of the market area.

The site has access to electric and telephone service and did not involve a well and septic system that the subject properties include. Consequently, this sale was also adjusted upward \$10,000 for the lack of the well and septic system the subject parcels include. The adjustment was based on what is considered typical in terms of cost for a well,  $\pm$  \$5,000 and a septic,  $\pm$  \$5,000. These costs are considered reasonable as compared to what is typical in the market area.

Overall, this sale indication is felt to be inferior to both of the subject property parcels based primarily on the location lacking the aesthetic appeal and privacy created by trees and shrubs. Additionally, this sale is felt to be inferior to 2243 Smiley Road based on the smaller size of this parcel.

**Marketing Period:** 314 days.

#### **Land Sale No. 4**



**Date of Sale:** 11/13/2020

**Recording Data:** Warranty Deed Doc. #3366979

**Sale Price:** \$56,070.

**Terms:** Cash

**Parcel No.:** 38770

**Location:** 4217 Asher Court, Lincoln, MT.

**Legal Description:** Lot 2E, Asher Acres Minor Subdivision, C.O.S. #3079107, S21, T14N, R9W, Lewis & Clark County, MT.

#### **Property Description**

**Area (acres):** 2.48 acres.

**Frontage:** Asher Court, High Chapparal Drive.

**Topography:** Level to rolling.

**Access:** Asher Court, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone available, septic approval.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## **Sale Analysis**

**\$/site:** Adjusted = **\$70,000/site.**

**Comments:** This property is also located north of Highway 200 just west of the Town of Lincoln. The site includes  $\pm$  2.48 acres of land and is accessed from a dirt/gravel roadway. The site is similar to both subject property parcels in terms of access, topography and overall utility or use. Much like both subject property parcels, this sale is situated in a forested setting that provides a similar aesthetic appeal as compared to the subject properties. The most significant difference between this sale and the subject parcels is the size.

Again, this sale was adjusted upward 10% for market conditions (time) based on my analysis of the market area.

The site has access to electric and telephone service and did not involve a well and septic system that the subject properties include. Consequently, this sale was also adjusted upward \$10,000 for the lack of the well and septic system the subject parcels include. The adjustment was based on what is considered typical in terms of cost for a well,  $\pm$  \$5,000 and a septic,  $\pm$  \$5,000. These costs are considered reasonable as compared to what is typical in the market area.

Overall, this sale indication is felt to be superior to both of the subject property parcels based primarily on the larger size.

**Marketing Period:** 155 days.

### **Land Sale No. 5**



**Date of Sale:** 9/3/2020

**Recording Data:** Warranty Deed Doc. #3362021

**Sale Price:** \$45,000.

**Terms:** Cash

**Parcel No.:** 31107

**Location:** 4375 Salmon Lane, Lincoln, MT.

**Legal Description:** Lot 4A, Alpine Meadow Block 2, C.O.S. #3268604 S21, T14N, R 9 W, Lewis & Clark County, MT.

### **Property Description**

**Area (acres):** .96 acres.

**Frontage:** Salmon Lane.

**Topography:** Level to gently sloped.

**Access:** Salmon Lane, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone, well and septic in place.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## **Sale Analysis**

**\$/site:** Adjusted = **\$49,000/site.**

**Comments:** This property is also located just south of Highway 200 just southwest of the Town of Lincoln. The site includes  $\pm .96$  acres of land and is accessed from a dirt/gravel roadway through the Alpine Meadows Subdivision which is the same subdivision as Sales 1, 2 and 3. The site is similar to both subject property parcels in terms of size, access, topography and overall utility or use. The site is situated in an open area and lacks the more green, forested setting that both subject property parcels include. The site also lacks the trees and vegetation Like Sales 1, 2 and 3 however, this site is located in the next block of the subdivision and does not front on Highway 200 providing some level mitigation from the highway noise.

This sale was adjusted upward 10% for market conditions (time) based on my analysis of the market area.

Overall, this sale indication is felt to be most similar to 2030 Ponderosa Drive based primarily on the similar size. However, this site is still felt to be situated in an inferior location as compared to the green, forest site of 2030 Ponderosa Drive. That having been said, this sale is clearly inferior to 2243 Smiley Road based not only on the location but also the fact that Smiley Road is larger.

**Marketing Period:** 137 days.



## **Land Sale No. 6**



**Date of Sale:** 9/17/2020

**Recording Data:** Warranty Deed Doc. #3362929

**Sale Price:** \$55,000.

**Terms:** Cash

**Parcel No.:** 43679

**Location:** 4331 Abe Lincoln Road, Lincoln, MT.

**Legal Description:** Lot a-19, Mountain View Estates, C.O.S. #3121365, S15, T14N, R 8 W, Lewis & Clark County, MT.

### **Property Description**

**Area (acres):** 2.1 acres.

**Frontage:** Abe Lincoln Road, Patterson Loop.

**Topography:** Level to gently sloped.

**Access:** Abe Lincoln Road, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone available, septic approval.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## **Sale Analysis**

**\$/site:** Adjusted = **\$70,000/site.**

**Comments:** This property is also located west of the Town of Lincoln, on Abe Lincoln Road just south of Highway 200 and very close proximity to both subject property parcels. The site includes  $\pm$  2.1 acres of land which is obviously much larger than 2030 Ponderosa Drive and just slightly larger than 2243 Smiley Road. The site is similar to both subject property parcels in terms of access, topography and overall utility or use. The site also includes the more green, forested setting similar to both subject property parcels. The site also lacks the trees and vegetation Like Sales 1, 2 and 3 however, this site is located in the next block of the subdivision and does not front on Highway 200 providing some level mitigation from the highway noise.

This sale was adjusted upward 10% for market conditions (time) based on my analysis of the market area.

The site has access to electric and telephone service and did not involve a well and septic system that the subject properties include. Consequently, this sale was also adjusted upward \$10,000 for the lack of the well and septic system the subject parcels include. The adjustment was based on what is considered typical in terms of cost for a well,  $\pm$  \$5,000 and a septic,  $\pm$  \$5,000. These costs are considered reasonable as compared to what is typical in the market area.

Overall, this sale indication is felt to be most similar to 2243 Smiley Road based primarily on the similar size. However, this site is still felt to be superior to 2030 Ponderosa Drive based primarily on the larger size of this sale.

**Marketing Period:** 105 days.



### **Land Sale No. 7**



**Date of Sale:** 7/1/2020

**Recording Data:** Warranty Deed Doc. #3357672

**Sale Price:** \$62,500.

**Terms:** Cash

**Parcel No.:** 16477

**Location:** 392 Fourth Avenue, Lincoln, MT.

**Legal Description:** Lot 87, Block 8, Lincoln Villa Sites, S24, T 14 N, R 9 W, Lewis & Clark County, MT.

### **Property Description**

**Area (acres):** 1.08 acres.

**Frontage:** Fourth Avenue.

**Topography:** Level to gently sloped.

**Access:** Fourth Avenue, two-lane dirt/gravel roadway.

**Utilities:** Electric, telephone, well and community septic system in place.

**Zoning:** Un-zoned.

**Improvements, if any:** None.

**Improvements Value, if any:** None.

## Sale Analysis

**\$/site:** Adjusted = **\$69,000/site.**

**Comments:** This property is also located at the end of Fourth Street at the south end of the Town of Lincoln. The site includes  $\pm$  1.08 acres of land which is similar in size to 2030 Ponderosa Drive and smaller than 2243 Smiley Road. The site is similar to both subject property parcels in terms of access, topography and overall utility or use, however this site is connected to a community sewer system which provides for superior utility or use based on the fact that the entire is usable because there is no septic tank or drain-field. Additionally, the system is maintained by the municipality and not the individual property owner. The site also includes the more green, forested setting similar to both subject property parcels.

This sale was adjusted upward 10% for market conditions (time) based on my analysis of the market area.

Overall, this sale indication is felt to be most superior to both subject property parcels based primarily on the fact that this sale includes a community sewer system that provides superior overall utility.

**Marketing Period:** 373 days.

**Correlation and Conclusion of the Sales Comparison Approach:** I have taken into consideration the tabulation and discussion of the above sales data, especially as it relates to site size, location, access, topography, availability of utilities, and the overall utility of the comparable sales as compared to the subject property.

Next, I applied the bracketing technique to the comparable sales in the form of a graph to provide an easy to follow visualization. The sales are arranged with the inferior sales first and then the sales that were considered to be superior.

## Bracketed Sales

Sale No.	Location/Address	Inferior/Similar/Superior	\$/Site Indication
LS 1.	Lots 5&6 Salmon Lane, Lincoln	Inferior	\$31,500/site
LS 2.	Lots 1&2 Salmon Lane, Lincoln	Inferior	\$36,000/site
LS 3.	Lots 3&4 Salmon Lane, Lincoln	Inferior	\$36,000/site
LS 5.	4375 Salmon Lane, Lincoln	<b>Inferior</b>	<b>\$49,000/site</b>
LS 7.	392 Fourth Avenue, Lincoln	<b>Superior</b>	<b>\$69,000/site</b>
LS 6.	4331 Abe Lincoln Road, Lincoln	Superior	\$70,000/site
LS 4.	4217 Asher Court, Lincoln	Superior	\$70,000/site

The comparable sales utilized in this analysis are a mix of properties that are inferior and superior to the subject property. The differences that have the most significant impact on value appear to be location, availability of utilities such as electric, telephone and well & septic, and overall utility or use of the property. The location of the properties was especially impactful with those sales being situated west of Lincoln along the highway with little or no trees, shrubs or grass, and within earshot of Highway 200 provided the lowest sale indications. Conversely, those sales that were located in more wooded settings away from the highway, and included all utilities in place provided the highest sale indications. In the case of Sale 7, the property included community sewer which provides for superior utility or use of the site. The indications provided by Sales 4, 6 and 7 were considered superior to the subject parcels and Sales 1, 2, 3 and 5 were considered inferior. It is worth noting that Sale 5 was considered most similar to 2030 Ponderosa Drive, while Sale 6 was considered most similar to 2243 Smiley Road.

The highest inferior sale indication is  $\pm$  \$49,000 and the lowest superior sale indication is  $\pm$  \$69,000.

It is important to note that several other sales were considered but ultimately eliminated from the tabulation based on more significant differences that would have required very large adjustments that could not be supported with market data.

As I discussed earlier in this report, the challenge in most markets throughout western Montana is finding comparable sales that are truly comparable to the subject. Unlike large metropolitan areas, we rarely see large subdivisions where hundreds of almost identical building sites are created. Instead, we tend to see unique properties with widely differing sizes, shapes, views, access, topography, etc. Nevertheless, the data researched and analyzed for this analysis is felt to be sufficiently similar to the subject to arrive at a reasonable conclusion of current market value, taking into consideration all of the discussion and analysis.

Considering such things as size, access, availability of utilities, topography, location, utility (use), view, etc., the discussion and analysis of the tabulated sales is felt to provide reasonable support for the following conclusions of current market value of the subject property parcels.

Final estimation of value by the Sales Comparison Approach;

2243 Smiley Road, Lincoln with  $\pm$  1.794 acres = **\$65,000.**

2030 Ponderosa Drive, Lincoln with  $\pm$  1.015 acres = **\$55,000.**

Moving on to the improved sales, the unit of comparison that I have employed in this analysis is the overall dollars per square foot (overall \$/sf.), which is the product of the following calculation:

#### Confirmed sales price

\_\_\_\_\_ = overall \$/sf. indication

#### Gross Living Area

For this analysis, I searched for sales that were similar to the subject in terms of building size, age, location, utility, quality, condition within the subject market area.

Next, I addressed the value of the improvements situated at 2030 Ponderosa Drive. I estimated the value of the improvements by researching the market for sales of similar manufactured home properties and then extracting the land value to arrive at a dollar per square foot (\$/sf.) sale indication for remaining improvements. The value of the land was estimated utilizing not only the land sales from the previous analysis of the site value, but also included additional smaller land sales in the immediate area around Lincoln.

The following is a tabulation of the comparable sales being considered in this analysis and for each of the sales I have calculated the overall \$/sf. indication. The comparable sales are arranged in the tabulation chronologically with the most recent sale being Land Sale No. 1.

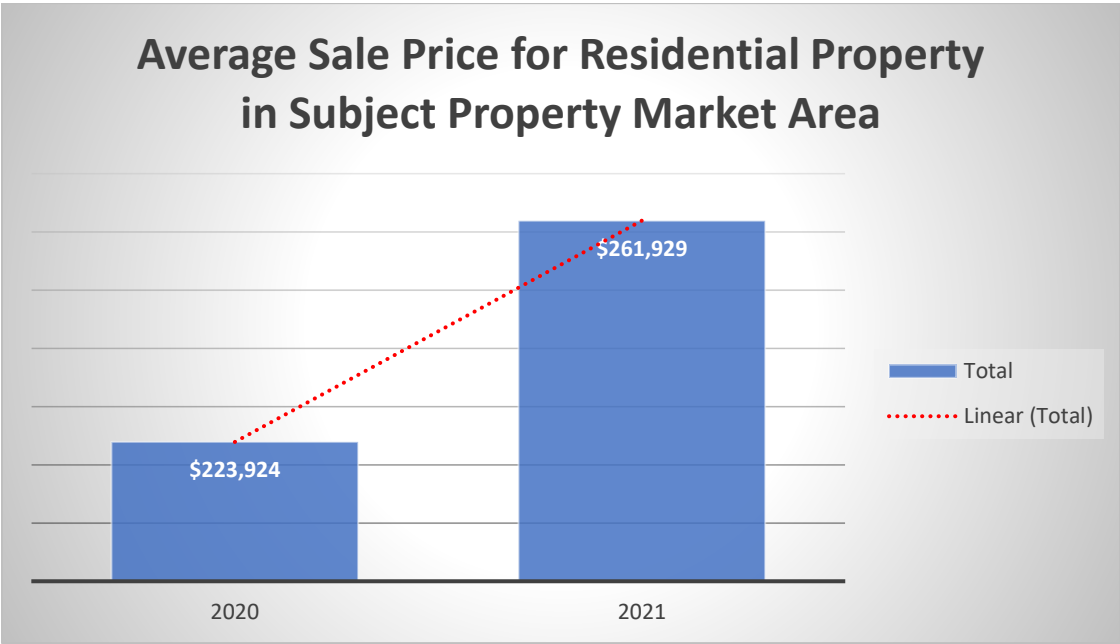
#### Tabulation of Manufactured Home Sales

Sale No.	Location	Sale Date	Sale Price	Est. Land Value	GLA	# of Bds	# of Bths	Garage	Year Built	Land Area	Adj. Sale Indication
IS 1.	39 B Street Lincoln	7/21	\$210,000	\$60,000	1,560 sf.	3	2	2 det.	1982	.68 ac.	\$96.15/sf.
IS 2.	3348 Blackfoot Rd. Lincoln	2/21	\$156,000	\$50,000	1,058 sf.	3	1	4 det.	1961	1.03 ac.	\$100.19/sf.
IS 3.	812 2 <sup>nd</sup> Street N. Lincoln	12/20	\$135,000	\$45,000	960 sf.	2	2	2 det.	1979	.33 ac.	\$110.42/sf.
<b>Low Indication</b>			<b>\$135,000</b>		<b>960 sf.</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1961</b>	<b>.33 ac.</b>	<b>\$96.15/sf.</b>
<b>High Indication</b>			<b>\$210,000</b>		<b>1,560 sf.</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1982</b>	<b>1.03 ac.</b>	<b>\$110.42/sf.</b>
<b>Mathematical Mean</b>			<b>\$167,000</b>		<b>1,193 sf.</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>1974</b>	<b>.68 ac.</b>	<b>\$102.25/sf.</b>
<b>Mathematical Median</b>			<b>\$156,000</b>		<b>1,058 sf.</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1979</b>	<b>.68 ac.</b>	<b>\$100.19/sf.</b>

**GLA=Gross Living Area**

Several other sales and current listings have also been considered. However, those included in the tabulation were felt to be the most comparable to the subject property.

On the overall \$/sf. basis, the three properties included in the tabulation provide an adjusted sale indication range from  $\pm$  \$96.15/sf. to  $\pm$  \$110.42/sf. with the mean and median indications of  $\pm$  \$102.25/sf. and  $\pm$  \$100.19/sf., respectively.



Comparable sales 2 and 3 were adjusted upward for market conditions (time) based primarily market analysis and paired sales analysis suggesting an adjustment of  $\pm$  17% per year or  $\pm$  1.4% per month. Sale 1 was recent enough that the adjustment is not considered necessary.

The comparable sales were not adjusted for age based primarily on the lack of necessary data needed to make an accurate adjustment. Additionally, the market demand for property in subject market is considered fairly strong and differences such as age become much less important to buyers unless the overall condition of the property is vastly inferior.

The comparable sales were not adjusted for differences in Gross Living Area (GLA) based on the fact that not enough market data exist to definitively determine what the adjustment factor should be. Instead, the aforementioned bracketing technique is applied, and the differences are taken into consideration in the final analysis.

Applying the bracketing technique at the end of the overall analysis of the comparable sales allows for the consideration of differences between the subject and the comparable sales that

could not be adjusted for utilizing market data. As discussed at the onset of the Sales Comparison Approach, the bracketing technique is felt to be the best way to recognize the differences given the imperfect data that is available in the subject market.

The following is a brief discussion of each of the comparable sales and how they relate to the subject property:



**Improved Sale No. 1**

**Sale Price:** \$210,000.

**Sale Date:** 7/21.

**DOM:** 71 Days on Market.

**Above Grade SF.:**  $\pm$  1,560 sf.

**Basements SF.:**  $\pm$  0 sf.

**Total Square Ft.:**  $\pm$  1,560 sf. (GLA)

**Year Built:** 1982.

**Land Area:**  $\pm$  .68 acres, est. \$60,000 value.

**Zoning:** Un-zoned.

**Adjusted \$/sf. Indication:** **\$96.15/sf.**

**Summary:** This property is located on B Street in Lincoln. The home includes  $\pm$  1,560 sf. and was built in 1982. The structure is similar in age and appears to have an updated exterior and is situated on a permanent foundation. However, the interior of the home is fairly dated and felt to be inferior to the subject property. The property also includes a similar detached garage that is slightly larger than the subject garage and is significantly newer having been built in 2005.

This property sold in July of 2021 for a reported sale price of  $\pm$  \$210,000. The value of the land is estimated to be  $\pm$  \$60,000 which is felt to be reasonable and well supported with the available data. The property conveyed by **Warranty Deed document no. 3372110**.

Overall, this sale indication is felt to be most similar to the subject property based on the size, age and location of the property. Additionally, although this sale includes a somewhat newer garage that is slightly larger than the subject, the interior of the house is felt to be inferior to the subject which offsets the benefit of the garage.





### **Improved Sale No. 2**

**Sale Price:** \$156,000.

**Sale Date:** 2/21.

**DOM:** 145 Days on Market.

**Above Grade SF.:**  $\pm$  1,058 sf.

**Basements SF.:**  $\pm$  0 sf.

**Total Square Ft.:**  $\pm$  1,058 sf. (GLA)

**Year Built:** 1961.

**Land Area:**  $\pm$  1.03 acres.

**Zoning:** Un-zoned.

**Adjusted \$/sf. Indication:** \$100.19/sf.

**Summary:** This property is located on Blackfoot Valley Ranch Road west of Lincoln. The home includes  $\pm$  1,058 sf. and was built in 1961. The structure is much older and smaller than the subject though it appears to have had some updates over the year and is felt to have been well maintained. The house is not situated on a permanent foundation and also appears to have had some subsequent additions to the structure. The property also includes some small outbuildings as well as a large garage/shop building that was built in 1980. The building appears to have been well maintained and includes two overhead doors.

This property sold in February of 2021 for a reported sale price of  $\pm$  \$156,000 and adjusted upward for market conditions to  $\pm$  \$169,000. The value of the land is estimated to be  $\pm$  \$50,000 which is felt to be reasonable and well supported with the available data. The property conveyed by **Warranty Deed document no. 3372116**.

Overall, this sale indication is considered to be superior to the subject based primarily on the above discussion as it relates to the smaller size of the home and the large garage/shop building that is superior to the subject.



### **Improved Sale No. 3**

**Sale Price:** \$135,000.

**Sale Date:** 12/20.

**DOM:** 40 Days on Market.

**Above Grade SF.:**  $\pm$  960 sf.

**Basements SF.:**  $\pm$  320 sf (unfinished).

**Total Square Ft.:**  $\pm$  960 sf. (GLA)

**Year Built:** 1979.

**Land Area:**  $\pm$  .33 acres.

**Zoning:** Un-zoned.

**Adjusted \$/sf. Indication:** \$110.42/sf.

**Summary:** This property is located on 2<sup>nd</sup> Street in Lincoln. The home includes  $\pm$  960 sf. and was built in 1979. The structure is older and smaller than the subject though it appears to have had some updates over the year and is felt to have been well maintained. The house is situated on a permanent foundation and also includes a small unfinished basement area for storage. The basement area is accessed from outside and the entrance is somewhat narrow, but nevertheless it is superior to the subject. The property also includes a detached garage similar to the subject both in terms of size and age. The garage also appears to have been well maintained and includes a single overhead door and a shop area.

This property sold in December of 2020 for a reported sale price of  $\pm$  \$135,000. The property was adjusted upward for market conditions to  $\pm$  \$151,000. The value of the land is estimated to be  $\pm$  \$45,000 which is felt to be reasonable and well supported with the available data. The property conveyed by **Warranty Deed document no. 3368194.**

Overall, this sale indication is considered to be inferior to the subject property based primarily on the above discussion as it relates to the inferior quality of the finish and the inferior site.

**Correlation and Conclusion of the Sales Comparison Approach:** After considering the data presented here, recognizing the similarities and differences between the comparable sales and the subject property, I felt that the Sales Comparison Approach provided for as reasonable a conclusion of current market value as possible with the sales data currently available from the market.

The three sales included in the tabulations were considered the most similar sales available in



terms of building size or gross living area (GLA), age, quality, condition, location and overall utility.

Next, I applied the bracketing technique to the comparable sales in the form of a graph to provide an easy to follow visualization. The sales are arranged with the inferior sales first and then the sales that were considered to be superior.

### **Bracketed Sales**

Sale

No.	Location/Address	Inferior/Similar/Superior	\$/Site Indication
LS 1.	39 B Street, Lincoln	Similar	<b>\$96.15/sf.</b>
LS 2.	3348 Blackfoot Valley Rd., Lincoln	Superior	\$100.19/sf.
LS 3.	812 2 <sup>nd</sup> Street N., Lincoln	Superior	\$110.42/sf.

Sales 2 and 3 were considered to be superior to the subject property based primarily on the smaller size (economy of scale) and based on superior amenities such as the large shop that is included with Sale 2. Sale 1 was considered to be most similar to the subject based on the size, age, quality and condition.

As I discussed throughout the Sales Comparison Approach, the differences that could not be adjusted for with good market data were taken into consideration when the sales were bracketed.

The sales utilized in the tabulation are felt to be the best sales available for this analysis from the current market. Given the above discussion and analysis it is my opinion that given the size of the subject as it relates to the economy of scale, the sales data provides reasonable support for a value indication at the lower end of the range which is  $\pm$  \$97.00/sf. providing the following conclusion:

2030 Ponderosa Drive with  $\pm$  1,680 sf. (GLA) X \$97.00/sf= \$161,960 rounded to **\$162,000.**

### **Reconciliation and Final Estimate of Value**

The Sales Comparison Approach has resulted in the following indications of market value for the subject property:

2243 Smiley Road, Lincoln with  $\pm 1.794$  acres = \$65,000.

2030 Ponderosa Drive, Lincoln with  $\pm 1.015$  acres = \$55,000.

Improvements situated on 2030 Ponderosa Drive, Lincoln with  $\pm 1,680$  sf.= \$162,000.

Land and Improvements situated on 2030 Ponderosa Drive, Lincoln = \$217,000.

**Sales Comparison Approach:** The sales utilized in this approach are felt to provide a fairly reasonable measure of value for the subject property sites and improvements based on the fact that the seven tabulated land sales were as similar as could be found, to varying degrees, in terms of size, location, availability of utilities, access, topography, and overall utility. The three improved sales were also felt to be as similar as could be found in terms of size, age, quality and condition. Despite the recent uptick in sales activity and market prices, the market in the Lincoln area is still limited in the number of available market sales and making adjustments for differences is challenging. This of course exemplifies the importance of the bracketing technique which with experience, allows for the consideration of differences between the subject property and the comparable sales that cannot be adjusted for based on the lack of good market sales data. The tabulated sales provided for a reasonable range of value, for both the valuation of the individual sites and the improvements, from which I could then apply the aforementioned bracketing technique. After applying the bracketing technique and analyzing the sales that were determined to be superior to the subject, similar to the subject, and the sales that I deemed inferior to the subject, I felt that \$/site and the \$/sf. estimations seemed reasonable and as well supported as possible with the available market data.

**Reconciliation:** After weighing the strengths and weaknesses of the data that was analyzed and presented in this report, this analysis is felt to provide the most reasonable estimation of market value of the subject property sites and improvements, considering a fee simple estate, with a date of value of June 28, 2021, and a marketing period of approximately three to six months is estimated to be:

2243 Smiley Road, Lincoln with  $\pm 1.794$  acres = **\$65,000.**

2030 Ponderosa Drive, Lincoln with  $\pm 1.015$  acres = **\$55,000.**

Improvements situated on 2030 Ponderosa Drive, Lincoln with  $\pm 1,680$  sf.= **\$162,000.**

Land and Improvements situated on 2030 Ponderosa Drive, Lincoln = **\$217,000.**

**Certification:** I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
- I have made a personal inspection of the property that is the subject of this report;
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment; and

By reason of my investigations, studies, and analyses, an opinion has been formed that the market value of the subject property as of June 28, 2021, assuming a reasonable marketing period of approximately three to six months, is as follows:

**2243 Smiley Road with  $\pm$  1.794 Acres, Lincoln, Montana**

**Sixty-Five Thousand Dollars**

**(\$65,000)**

**2030 Ponderosa Drive with  $\pm$  1.015 Acres, Lincoln, Montana**

**Fifty-Five Thousand Dollars**

**(\$55,000)**

**Improvements Situated at 2030 Ponderosa Drive, Lincoln, Montana**

**One Hundred Sixty-Two Thousand Dollars**

**(\$162,000)**

**Land and Improvements at 2030 Ponderosa Drive, Lincoln, Montana**

**Two Hundred Seventeen Thousand Dollars**

**(\$217,000)**



Thomas A. Faulkner, Project Appraiser

Montana Certified General Real Estate Appraiser No. 866

Creekstone Appraisal Services, Inc.

## **ADDENDA**

**Subject Property Photographs-2243 Smiley Road**



Street scene looking generally west on Highway 200.



Street scene looking generally east on Highway 200.



View of the subject property looking generally west from the southeast corner of the property.



**Subject Property Photographs-2243 Smiley Road**



View of the subject property looking generally south from the northern portion of the property.



View of the subject property looking generally southeast from the northwest corner of the property.



View of the subject property cabin.



**Subject Property Photographs-2030 Ponderosa Drive**



Street scene looking generally south along Ponderosa Drive.



Street scene looking generally north along Ponderosa Drive.



Street scene looking generally west along High Sign Road.



**Subject Property Photographs-2030 Ponderosa Drive**



View of the subject property looking generally southwest from the northeast portion of the site.



View of the subject property looking generally south from near the northwest corner of the site.



View of the subject property looking generally north from near the southwest corner of the site.



**Subject Property Photographs-Improvements at 2030 Ponderosa Drive**



Front view of the subject property manufactured home.



Rear view of the subject property manufactured home.



Side view of the subject property manufactured home.

**Subject Property Photographs-Improvements at 2030 Ponderosa Drive**



Front view of the subject property garage/shop building.



Interior view of the subject property garage/shop building.



View of the subject property well.



**Subject Property Photographs-Improvements at 2030 Ponderosa Drive**



Kitchen.



Living room.



Master bedroom.

**Subject Property Photographs-Improvements at 2030 Ponderosa Drive**



Master bathroom.



Bedroom.



Bedroom.

**Subject Property Photographs-Improvements at 2030 Ponderosa Drive**



Main bathroom.



Dining room.



Laundry.



**Subject Property Photographs-Improvements at 2030 Ponderosa Drive**



Main bathroom.



Dining room.

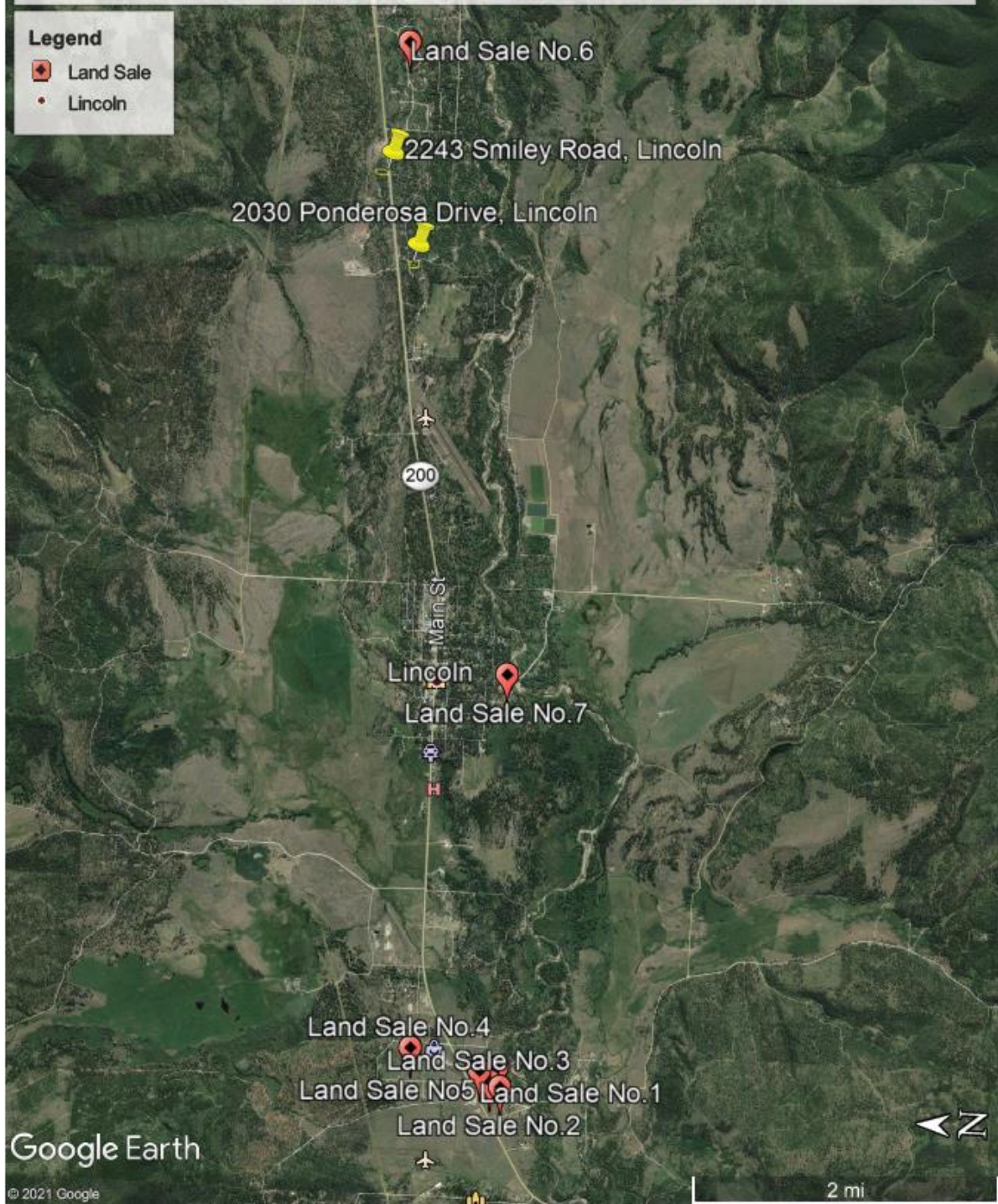


Laundry.

## Subject Property General Area Map-Comparable Land Sale Map

### Legend

- Land Sale
- Lincoln

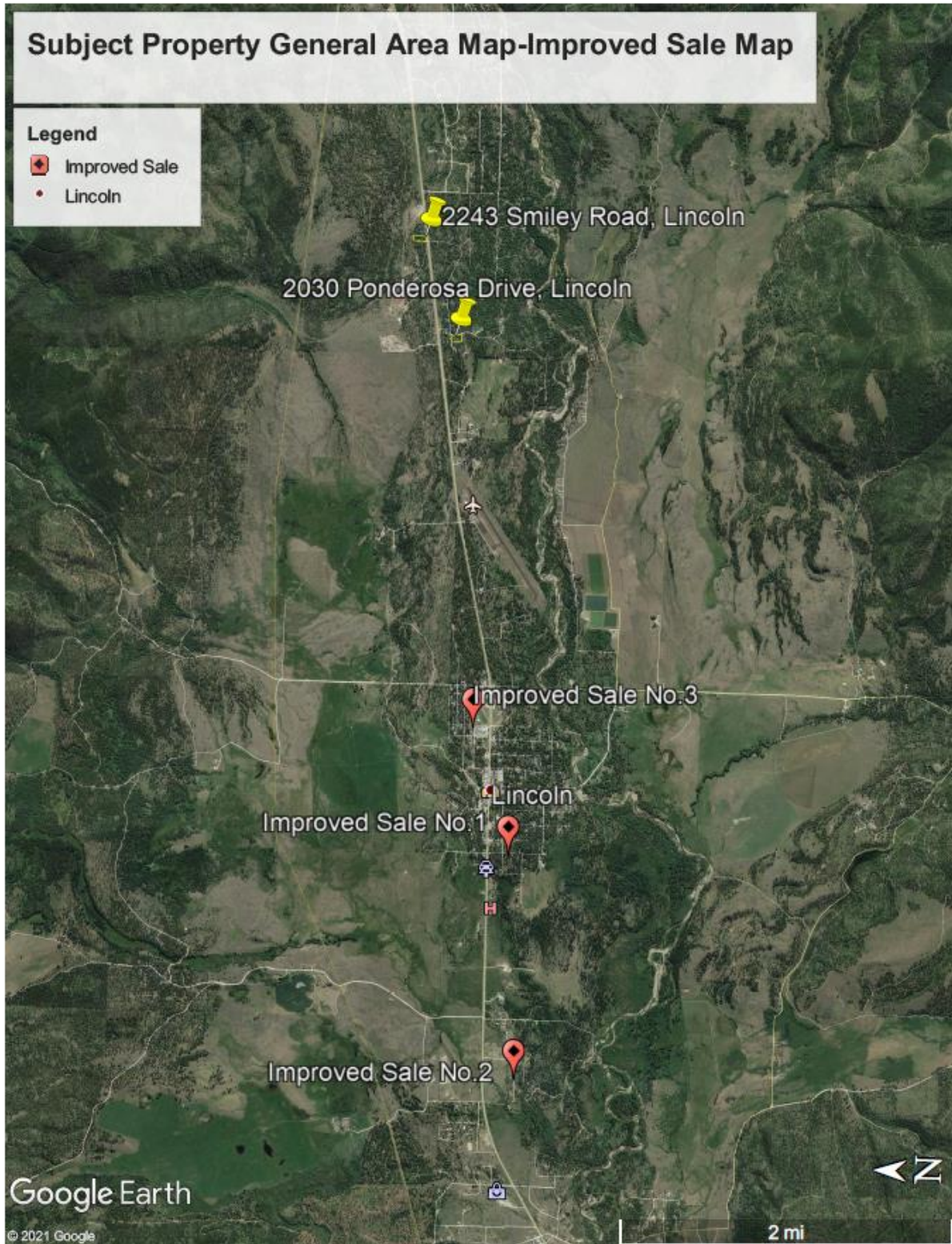




## Subject Property General Area Map-Improved Sale Map

### Legend

- Improved Sale
- Lincoln

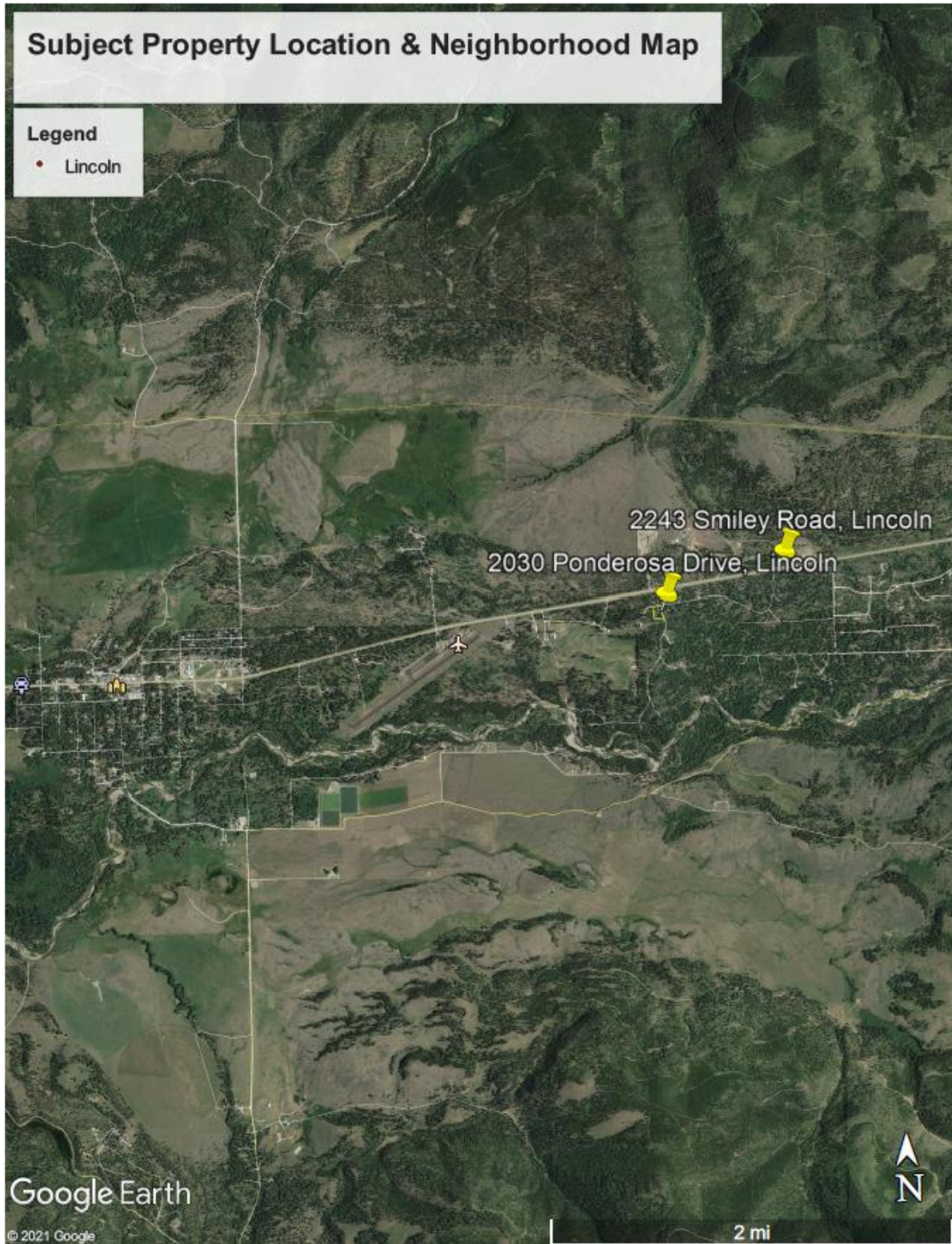




## Subject Property Location & Neighborhood Map

### Legend


• Lincoln





## Subject Property Aerial Photograph- 2243 Smiley Road

### Legend

 Subject Property 2243 Smiley Road, Lincoln

Subject Property 2243 Smiley Road, Lincoln

Smiley Rd

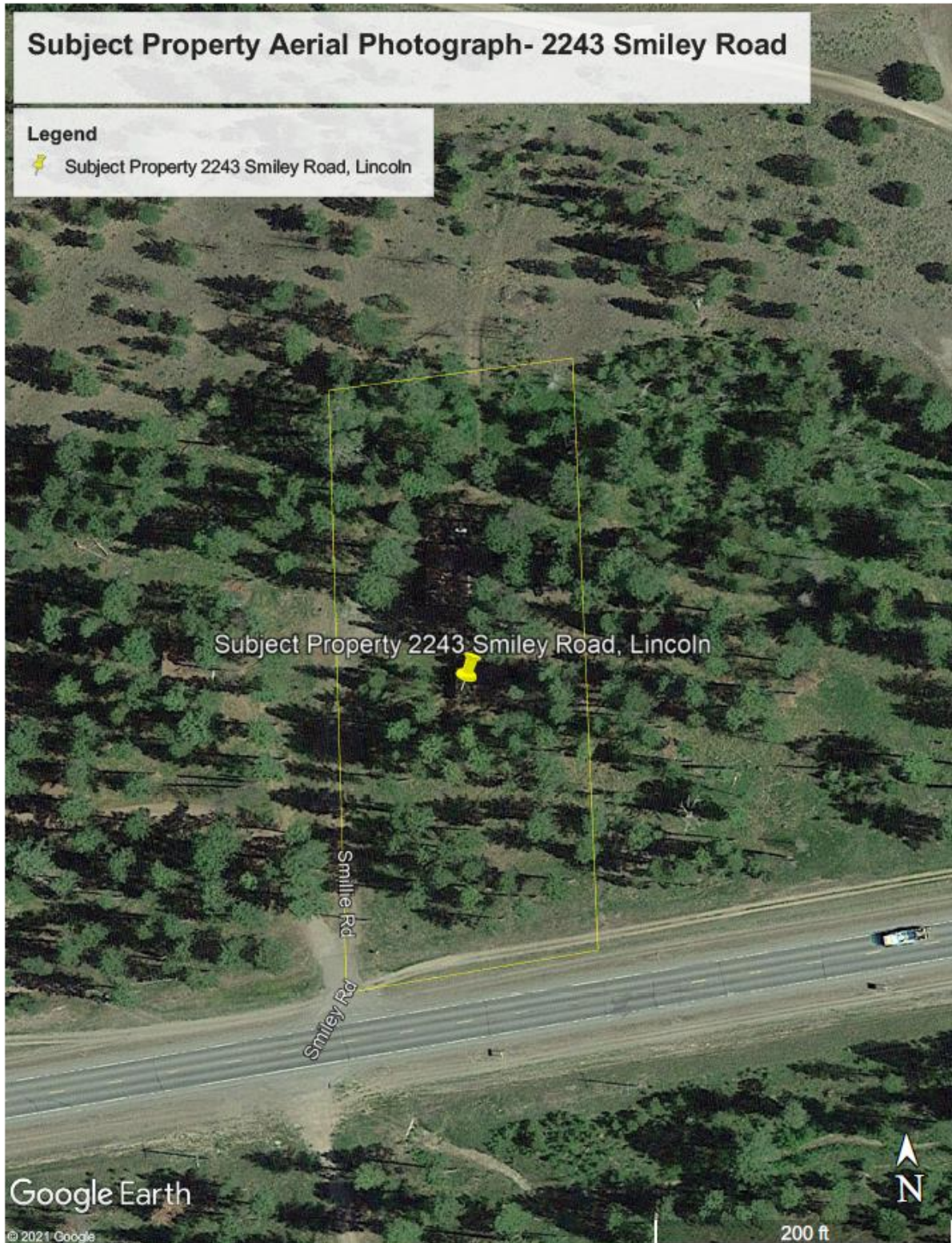
Smiley Rd

Google Earth

© 2021 Google

N


200 ft





## Subject Property Aerial Photograph- 2030 Ponderosa Drive

### Legend

 Subject Property 2030 Ponderosa Drive, Lincoln



Google Earth

© 2021 Google

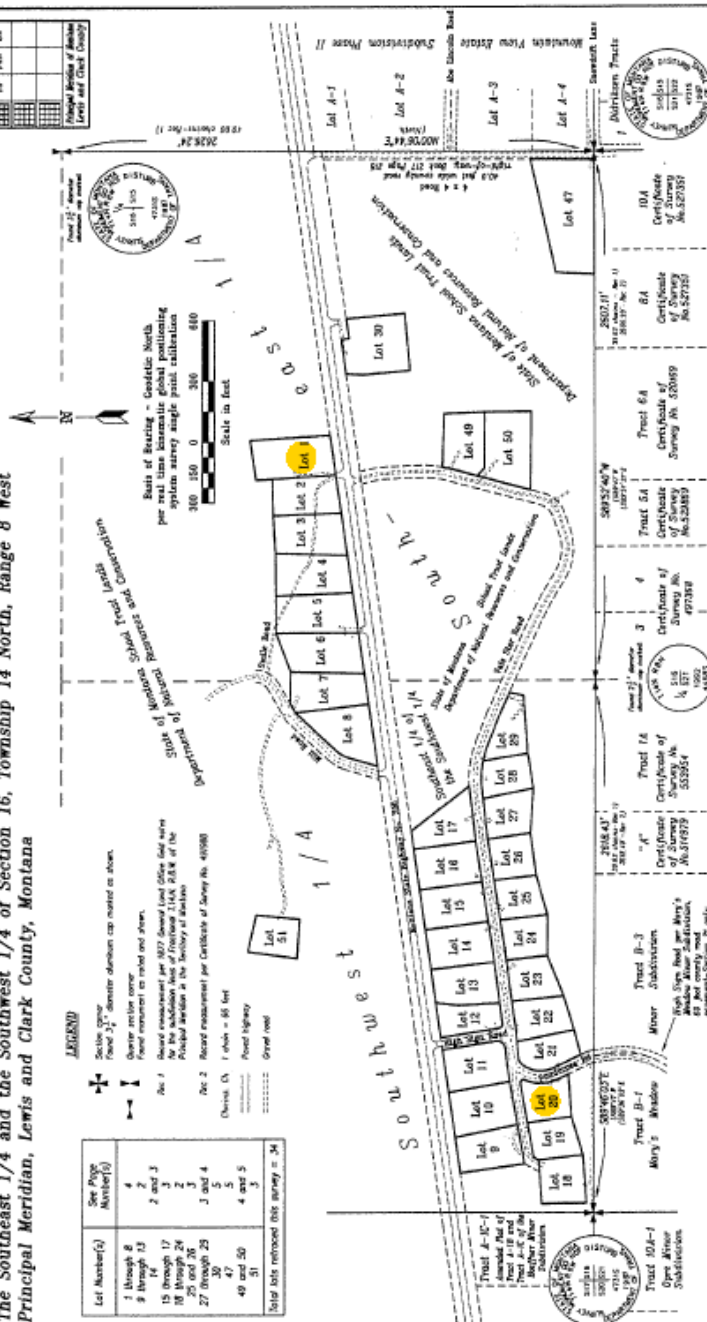
200 ft

N

The Southeast 1/4 and the Southwest 1/4 of Section 16, Township 14 North, Range 8 West  
Principal Meridian, Lewis and Clark County, Montana

1/4	Sec	T	R
	15	14N	2W

Principal Members of Assembly  
Lewis and Clark County



**ROAD RIGHT-OF-WAY NOTE:**  
At Road, Swale Road, High Sign Road,  
Henderson Road, and Moss Star Road as shown  
on the Certificate of Survey.  
These roads are not public right-of-ways. No  
road right-of-ways for state taxes only.  
These roads are not public right-of-ways. No  
road right-of-ways for state taxes only.  
These roads are not public right-of-ways. No  
road right-of-ways for state taxes only.

**CERTIFICATE OF PROFESSIONAL LAND SURVEYOR**  
I hereby certify that I am a Licensed Professional Land Surveyor in the State of  
Florida, that the survey shown on this Certificate of Survey has been prepared  
in accordance with Standards Code Annotated Title 25, Chapter 3 and the Standards  
of Licensure and Accuracy Rules for the Maritime Subdivision and Platting  
and Surveying, Uniform Standards for Survey Monumentation, Certificate of Survey and  
Subdivision Plats.

**LAND OWNER**  
State of Montana Department of Natural Resources and Conservation

**SURVEY COMMISSIONED BY**  
State of Montana Department of Natural Resources and Conservation

**CERTIFICATE OF EXAMINING LAND SURVEYOR**  
 I warrant for errors and omissions in calculations and drafting this  
 23 day of NOV, 2013, pursuant to 78-3-812(2)(c), WCA.  
Michael S. Goff License No. 2262-15

DATE OF SURVEY  
May 2012 - January 2015

*Expiring last survey* )  
**CERTIFICATE OF CLERK AND RECORDER**  
*State of Missouri* ) *SS*

**PURPOSE OF SURVEY**  
The purpose of this survey is to re-plate Jesse Hts. This survey does cover (nearly) all appearing in county clerk and recorder. There has been request passed to 76-100 land is hereby created. Therefore the subdivision rules provisions at

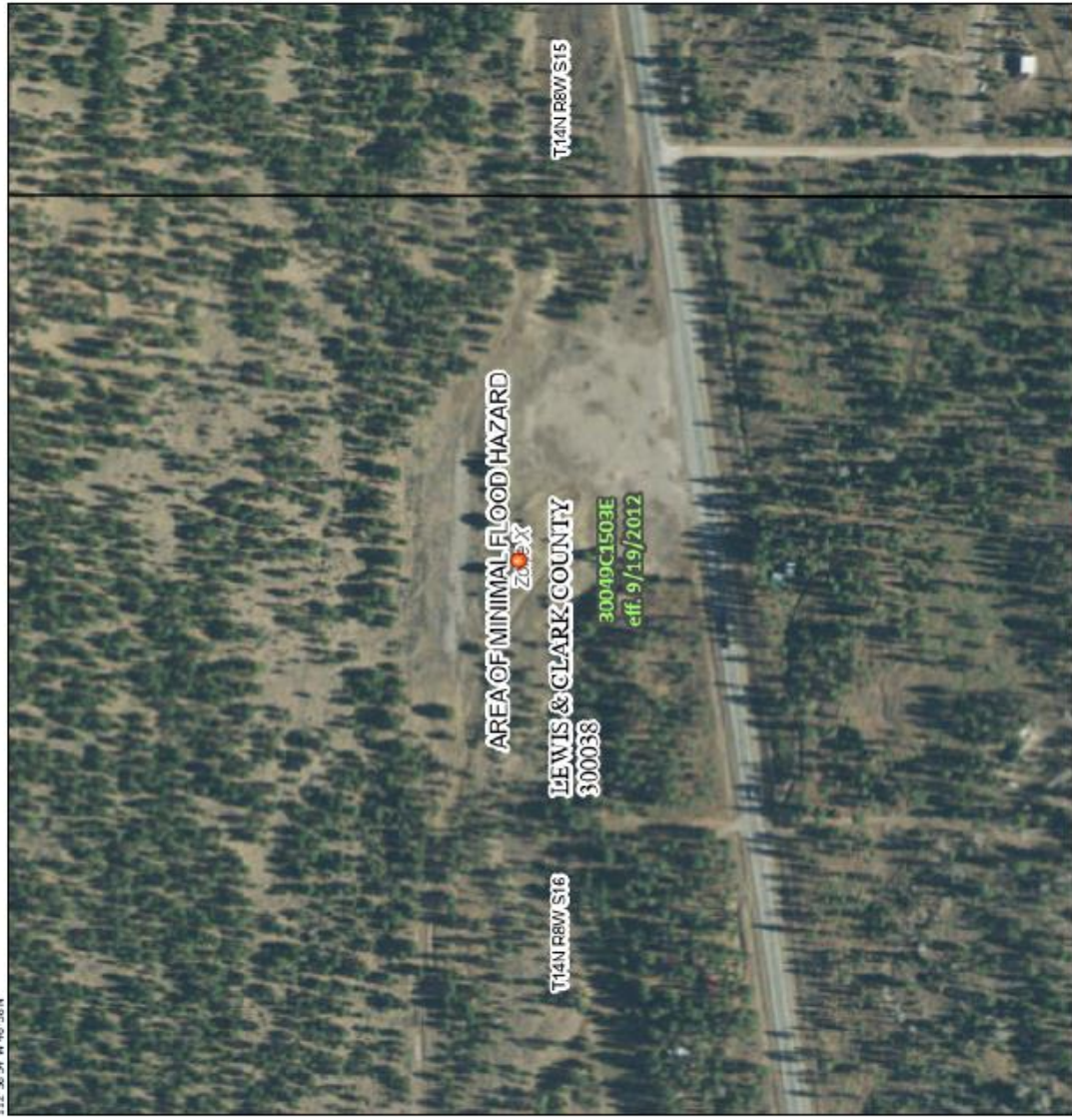
County of Lewis and Clark ) ss  
3042282 005  
Notary Public for the State of Montana  
My Comm. Expires 09/15/2011  
I, \_\_\_\_\_, County Clerk and Recorder  
do hereby certify that \_\_\_\_\_, Deputy  
Instrument Rec. No. \_\_\_\_\_

Page 1 of 10. CERTIFICATE OF SURVEY NO. \_\_\_\_\_  
(FOOTNOTES ARE HERE) \_\_\_\_\_



# National Flood Hazard Layer FIRMette

11°2'30.59"W 46°52'38"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Basemap: USGS National Map: Orthimagery: Data refreshed October, 2020

## Legend

SEE FB REPORT FOR DETAILED LEGEND AND INDIVIDUAL MAP FOR FIRM PANEL LAYOUT

	Without Base Flood Elevation (BFE)
	With BFE or Depth Zone AE, AO, AH, VE, AP
	Regulatory Floodway

0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with a average depth less than one foot or with drainage areas of less than one square mile Zone X

	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levees. See Notes, Zone X
	Area with Flood Risk due to Levee Zone D

## OTHER AREAS OF FLOOD HAZARD

	NO SCREEN Area of Minimal Flood Hazard Zone X
	Effective LOMRs
	Area of Undetermined Flood Hazard Zone D
	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Flood Wall

## OTHER AREAS

## GENERAL STRUCTURES

	Cross Sections with 1% Annual Chance
	Water Surface Elevation
	Coastal Transient
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary
	Coastal Transient Baseline
	Profile Baseline
	Hydrographic Feature

## OTHER FEATURES

	Digital Data Available
	No Digital Data Available
	Unmapped

## MAP PANELS

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps. If it is not valid as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFPA web services provided by FEMA. This map was exported on 8/17/2021 at 2:28 PM and does not reflect changes or amendments subsequent to this date and time. The NFPA and effective information may change or become superseded by new data over time.

This map image is valid if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmapped areas shall not be used for regulatory purposes.



# National Flood Hazard Layer FIRMette

11°23'48"W 46°52'45"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

Basemap: USGS National Map: Orthimagery: Data refreshed October, 2020

## Legend

SEE FB REPORT FOR DETAILED LEGEND AND INDIVIDUAL MAP FOR FIRM PANEL LAYOUT

Without Base Flood Elevation (BFE) Zone A, X, AP	With BFE or Depth Zone AE, AO, AH, VE, AP	Regulatory Floodway
---	---	---------------------

0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X	Future Conditions 1% Annual Chance Flood Hazard Zone X	Area with Reduced Flood Risk due to Levees. See Notes, Zone X	Area with Flood Risk due to Levee Zone D
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NO SCREEN	Area of Minimal Flood Hazard Zone X	Effective LOMRs	Area of Undetermined Flood Hazard Zone D
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Channel, Culvert, or Storm Sewer	Levee, Dike, or Flood Wall	Coastal Sections with 1% Annual Chance	Water Surface Elevation	Coastal Transect	Base Flood Elevation Line (BFE)	Limit of Study	Jurisdiction Boundary	Coastal Transect Baseline	Profile Baseline	Hydrographic Feature
----------------------------------	----------------------------	--	-------------------------	------------------	---------------------------------	----------------	-----------------------	---------------------------	------------------	----------------------

Digital Data Available	No Digital Data Available	Unmapped
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The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps. If it is not valid as described below, the basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFPA web services provided by FEMA. This map was exported on 8/17/2021 at 2:34 PM and does not reflect changes or amendments subsequent to this date and time. The NFPA and effective information may change or become superseded by new data over time.

This map image is valid if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodified areas cannot be used for regulatory purposes.

FEMA Flood Map-2030 Ponderosa Drive

<b>FOR DNRC USE ONLY</b>			<div style="margin-bottom: 10px;">Approved</div> <div style="margin-bottom: 5px;">No. <u>215107</u></div> <div style="margin-bottom: 5px;">Division <u>LA</u></div> <div style="margin-bottom: 5px;">Legal <u>MP</u></div> <div style="margin-bottom: 5px;">F.S.O. <u>GU</u></div> 
Amount under this Agreement: <u>\$1,500</u>			
<u>Source of Funds</u>			
<u>Fund Name</u>	<u>Fund No.</u>		
Cabin Site Sale Private Closing Costs	02031		
Trust Administration Account	02938		
<u>Subclass</u>	<u>Org. No.</u>	<u>Percent</u>	
555HA	6049-59	50%	
	6048DR-01	50%	

**TRUST LANDS MANAGEMENT DIVISION  
APPRAISAL OF POTENTIAL CABIN/HOME SITE SALES  
LINCOLN FLATS**

**THIS CONTRACT** is entered into by and between the State of Montana, Department of Natural Resources and Conservation, (hereinafter referred to as "the State"), whose address and phone number are 1539 Eleventh Avenue, Helena, MT 59620-1601, (406) 444-4289 and, Tom Faulkner Creekstone Appraisal Services, Inc., (Contractor), whose address and phone number are PO Box 9 Stevensville, MT 59870, (406) 544-2186.

**1. EFFECTIVE DATE, DURATION, AND RENEWAL**

**1.1 Contract Term.** The contract's initial term is **upon contract execution**, through September 15, 2021, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 34. **The appraisal report is to be completed and forwarded to DNRC, Seth Goodwin, Real Estate Specialist at P.O. Box 201601, 1539 11<sup>th</sup> Avenue, Helena, MT 59620-1601 by August 1, 2021.**

**1.2 Contract Renewal.**

N/A

**2. COST ADJUSTMENTS – N/A**

**2.1 Cost Increase by Mutual Agreement. – N/A**

**3. SERVICES AND/OR SUPPLIES**

Contractor shall provide the State the following: the contractor shall be responsible for providing a credible appraisal, for the parcels in Lewis and Clark County, as described in Attachment B, Supplemental Appraisal Instructions: 2021 Lincoln Flats Appraisals. The appraisal will be an Appraisal Report, conducted and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately, the information analyzed, appraisal methods and



techniques employed, and reasoning that support the analyses, opinions and conclusions. Attachments A and B are attached hereto and incorporated herein by reference. The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales Through the Cabin/Home Site Sales Program: 2021 Lincoln Flats Appraisals, and all provisions in the body of this contract including the following:

- 1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. 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 can 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.
- 2) Each sale parcel listed in Attachment B, Supplemental Appraisal Instructions: 2021 Lincoln Flats Appraisals must be assigned separate values.
- 3) The definition of market value is that as defined in 12 C.F.R 34.42(h).

#### **4. WARRANTIES**

**4.1 Warranty of Services.** Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. The State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, the State may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

#### **5. CONSIDERATION/PAYMENT**

**5.1 Payment Schedule.** In consideration of the successful submission of the appraisal report to be provided, the State shall pay Contractor \$1,500.00.

The contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made.

In No case shall the State's total cumulative payment under this contract exceed ONE THOUSAND FIVE HUNDRED dollars and No/100 (\$1,500.00).

##### **5.2 Withholding of Payment N/A**

**5.3 Payment Terms.** Unless otherwise noted in the solicitation document, the State has thirty (30) days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of contract execution in order to facilitate the State's electronic funds transfer payments.

**5.4 Reference to Contract.** The contract number **MUST** appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, the State is not obligated to pay the invoice.

##### **5.5 Fuel Surcharge - N/A**

#### **6. PREVAILING WAGES REQUIREMENTS – N/A**

**7. ACCESS AND RETENTION OF RECORDS**

**7.1 Access to Records.** Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under section 21, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

**7.2 Retention Period.** Contractor shall create and retain all records documenting the appraisal report for a period of eight years after either the completion date of this contract or termination of the contract.

**8. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING**

Contractor may not assign, transfer, or subcontract any portion of this contract without the State's prior written consent. (18-4-141, MCA.) Contractor is responsible to the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and the State under this contract. Contractor is responsible to ensure that any assignee, transferee or subcontractor is subject to all of the terms and conditions of this Contract as fully set forth. Consent of the State to assign, transfer or subcontract any portion of this Contract does not relieve the Contractor in any manner of its responsibilities under this Contract.

**9. HOLD HARMLESS/INDEMNIFICATION**

**9.1** Claims under this provision also include any claim arising out of or in any way connected with Contractor's breach of this contract, including any claims asserting that any of the Contractor's employees are actually employees of the state or common law employees of the state or any of its agencies or political subdivisions, including but not limited to excise taxes or penalties imposed on the State under Internal Revenue Code §§ 4980H, 6055 or 6056 and any subsequent amendments or additions to these Sections. Contractor shall be responsible for implementation of all aspects of the Affordable Care Act as this Act may apply to Contractor and shall be responsible for any violations including any sanction, penalty, fee or tax and shall indemnify the State and hold harmless and defend the State for any omission or failure of Contractor to meet its obligations under Sections 13 and 14.

**9.2** Contractor agrees to protect, defend, and save State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of State, under this Contract.

**10. CONTRACTOR REGISTRATION (for construction) – N/A**

**11. CONTRACTOR WITHHOLDING (for construction) – N/A**

**12. REQUIRED INSURANCE**

**12.1 General Requirements.** Contractor shall maintain for the duration of this contract, at its cost and expense, insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the work by

Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

**12.2 Primary Insurance.** Contractor's insurance coverage shall be primary insurance with respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees, or volunteers shall be in excess of Contractor's insurance and shall not contribute with it.

**12.3 Specific Requirements for Commercial General Liability. – N/A**

**12.4 Specific Requirements for Automobile Liability.** Contractor shall purchase and maintain coverage with split limits of \$500,000 per person (personal injury), \$1,000,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$1,000,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

The State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for automobiles leased, hired, or borrowed by Contractor.

**12.5 Specific Requirements for Professional Liability.** Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of **\$500,000 per occurrence and \$500,000 aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.** Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

**12.6 Deductibles and Self-Insured Retentions.** Any deductible or self-insured retention must be declared to and approved by the State. At the request of the State either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as pertain to the State, its officers, officials, employees, or volunteers; or (2) at the expense of Contractor, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

**12.7 Certificate of Insurance/Endorsements.** A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State, PO Box 201601, Helena, MT 59620-1601.

Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

**13. COMPLIANCE WITH WORKERS' COMPENSATION ACT**

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent

contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to the State, PO Box 201601, Helena, MT 59620-1601.

#### **14. COMPLIANCE WITH LAWS**

**14.1 Federal, State, or Local laws, Rules, and Regulations.** Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The State may audit or request from Contractor at any time a statement that it is fully compliant with all requirements of this Section.

**14.2 Contractor as Employer under the Patient Protection and Affordable Care Act and this Contract.** The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Contractor represents and warrants that all individuals who perform services for an agency of the State for Contractor under this Contract are without exception Contractor's common law employees at all times and that Contractor acknowledges that Contractor has the responsibility and retains the obligation to direct and control its employees providing services under this Contract for the term of this Contract. Contractor is responsible for providing healthcare benefits for its employees under the Patient Protection and Affordable Care Act.

**14.2.1 State Benefits Plans.** Contractor acknowledges and agrees that it, its agents or employees are not employees of the State and that its agents or employees have no nexus with the State to participate in any of the State's benefits plans or programs that the State offers its employees and maintains for its employees.

**14.2.2 Contractor Provided Health Care Coverage.** Contractor shall, if required by the Patient Protection and Affordable Care Act, offer to all its agents or employees who perform services for the State under this contract for 30 or more hours a week and for employee's or agent's dependents under age 26 health care coverage under its health care plans. Such coverage must provide minimum essential coverage and minimum value, and be affordable for purposes of the employer responsibility provisions under Section 4980H of the Code and otherwise satisfy the requirements of Code 4980H if provided by the State. It shall be contractor's sole responsibility to determine applicability and compliance requirements that may apply to Contractor under the Patient Protection and Affordable Care Act.

**14.2.3 Contractor Reporting Requirements.** Contractor acknowledges that if it is subject to any reporting requirements under Code §§ 6055 and 6066 that Contractor will fully comply with any required reporting with respect to individuals who perform services for the State.

**14.3** Any partial or whole assignment, transfer or subletting or subcontracting by Contractor subjects subcontractors to the same provisions of this Section and it is the responsibility of the Contractor to ensure any agreement to assign, transfer, sublet or subcontract binds any successor to this Contract in whole or in part or binds any subcontractor to all the terms and conditions of this Contract as if a party to the Contract from inception..

**14.4** In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no

discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin of the persons performing this contract.

**15. DISABILITY ACCOMMODATIONS**

The State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

**16. REGISTRATION WITH THE SECRETARY OF STATE**

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

**17. INTELLECTUAL PROPERTY/OWNERSHIP**

**17.1 Mutual Use.** Contractor shall make available to the State, on a royalty-free, non-exclusive basis, all patent and other legal rights in or to inventions first conceived and reduced to practice, or created in whole or in part under this contract, if such availability is necessary for the State to receive the benefits of this contract. Unless otherwise specified in a statement of work, both parties shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use copyrightable property created under this contract. This mutual right includes (i) all deliverables and other materials, products, modifications that Contractor has developed or prepared for the State under this contract; (ii) any program code, or site- related program code that Contractor has created, developed, or prepared under or primarily in support of the performance of its specific obligations under this contract; and (iii) manuals, training materials, and documentation. All information described in (i), (ii), and (iii) is collectively called the "Work Product".

**17.2 Title and Ownership Rights.** The State retains title to and all ownership rights in all data and content, including but not limited to multimedia or images (graphics, audio, and video), text, and the like provided by the State (the "Content"), but grants Contractor the right to access and use Content for the purpose of complying with its obligations under this contract and any applicable statement of work.

**17.3 Ownership of Work Product.** Contractor shall execute any documents or take any other actions as may reasonably be necessary, or as the State may reasonably request, to perfect the State's ownership of any Work Product.

**17.4 Copy of Work Product.** Contractor shall, at no cost to the State, deliver to the State, upon the State's request during the term of this contract or at its expiration or termination, a current copy of all Work Product in the form and on the media in use as of the date of the State's request, or such expiration or termination.

**17.5 Ownership of Contractor Pre-Existing Materials.** Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by Contractor in connection with the services provided to the State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, Contractor fails to disclose to the State such Contractor Pre-Existing Materials, Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided for in **Section 17.3** or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware it provides under this contract.

**18. PATENT AND COPYRIGHT PROTECTION – N/A**

**19. CONTRACT PERFORMANCE ASSURANCE – N/A**

**20. CONTRACT TERMINATION**

**20.1 Termination for Cause with Notice to Cure Requirement.** The State may terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this contract after giving Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

**20.2 Termination for Cause with Notice to Cure Requirement.** Contractor may terminate this contract for the State's failure to perform any of its duties under this contract after giving the State written notice of the failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

**20.3 Reduction of Funding.** The State must by law terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, the State shall terminate this contract as required by law. The State shall provide Contractor the date the State's termination shall take effect. The State shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, the State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date the State's termination takes effect. This is Contractor's sole remedy. The State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

## **21. EVENT OF BREACH – REMEDIES**

**21.1 Event of Breach by Contractor.** Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- Products or services furnished fail to conform to any requirement;
- Failure to submit any report required by this Contract;
- Failure to perform any of the other terms and conditions of this Contract, including but not limited to beginning work under this Contract without prior State approval or breaching Section 26.1, obligations; or
- Voluntary or involuntary bankruptcy or receivership.

**21.2 Event of Breach by State.** The State's failure to perform any material terms or conditions of this contract constitutes an event of breach.

**21.3 Actions in Event of Breach.** Upon Contractor's material breach, the State may:

- Terminate this contract under section 20.1; or
- Treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon the State's material breach, the Contractor may:

- Terminate this Contract under Section 20.2 and pursue any of its remedies under this Contract, at law, or in equity; or
- Treat this Contract as materially breached and, except as the remedy is limited in this Contract, pursue any of its remedies under this Contract, at law, or in equity.

## **22. FORCE MAJEURE**

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than 5 working days after the onset. If the notice is not provided within the 5 day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

## **23. WAIVER OF BREACH**

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

## **24. CONFORMANCE WITH CONTRACT**

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State prior written consent. Product or services provided that do



not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

## **25. LIAISONS AND SERVICE OF NOTICES**

**25.1 Contract Liaisons.** All project management and coordination on the State's behalf must be through a single point of contact designated as the State's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed under this contract must be coordinated between the State's liaison and Contractor's liaison.

Seth Goodwin, Real Estate Specialist, is the State's liaison.  
Address: 1539 Eleventh Avenue  
City, State, Zip: Helena, MT 59620-1601  
Telephone: (406) 444-4289  
Fax: (406) 444-2684  
E-mail: [seth.goodwin2@mt.gov](mailto:seth.goodwin2@mt.gov)

Tom Faulkner, Creekstone Appraisal Inc., is Contractor's liaison.  
Address: PO Box 9  
City, State, Zip: Stevensville, MT 59870  
Telephone: (406) 544-2186  
Fax: N/A  
E-mail: [alanfaulkner@gmail.com](mailto:alanfaulkner@gmail.com)

**25.2 Notifications.** The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three (3) business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

**25.3 Identification/Substitution of Personnel.** – N/A

## **26. MEETINGS**

**26.1 Technical or Contractual Problems.** Contractor shall meet with the State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and the State in the performance of their respective obligations, at no additional cost to the State. The State may request the meetings as problems arise and will be coordinated by the State. The State shall provide Contractor a minimum of three full working day notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings, two consecutive missed or rescheduled meetings, or failure to make a good faith effort to resolve problems, may result in termination of the contract.

**26.2 Progress Meetings.** – N/A

**26.3 Failure to Notify.** – N/A

**26.4 State's Failure or Delay.** – N/A

**27. TRANSITION ASSISTANCE**

If this contract is not renewed at the end of this term, if the contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this contract or particular work under this contract. The purpose of this assistance is to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. The parties agree that such transition assistance is governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The State shall pay Contractor for any resources utilized in performing such transition assistance at the most current contract rates. If the State terminates a project or this contract for cause, then the State may offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages the State may have sustained as a result of Contractor's breach.

**28. CHOICE OF LAW AND VENUE**

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (18-1-401, MCA.)

**29. TAX EXEMPTION**

State of Montana is exempt from Federal Excise Taxes (#81-0302402) except as otherwise provided in the federal Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119].

**30. AUTHORITY**

This contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

**31. SEVERABILITY CLAUSE**

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

**32. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT**

**32.1 Contract.** This contract consists of (16) numbered pages, Attachment A, Scope of Work, and Attachment B, Supplemental Appraisal Instructions. In the case of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

**32.2 Entire Agreement.** These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by all the parties.

**33. WAIVER**

The State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

**34. EXECUTION**

The parties through their authorized agents have executed this contract on the dates set out below.

A scanned copy or facsimile copy of the original has the same force and effect as the original document.

**STATE OF MONTANA**  
**Dept. of Natural Resources & Conservation**  
**Trust Lands Management Division**  
**1539 Eleventh Avenue**  
**Helena, MT 59620-1601**

**CONTRACTOR**  
**Tom Faulkner**  
**Creekstone Appraisal Services, Inc.**  
**PO Box 9**  
**Stevensville, MT 59870**  
**FEDERAL ID #: \_\_\_\_\_**

BY: LISA Axline Acting Bureau Chief  
(Name/Title)

Lisa Axline  
(Signature)

DATE: 6-29-2021

BY: Thomas A. Faulkner APPRAISER  
(Name/Title)

T. A. Faulkner  
(Signature)

DATE: 6-28-21

## **ATTACHMENT A**

### **Scope of Work for Appraisals of Potential Property Sales through the Cabin/Home Site Sale Program**

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

Scope of Work for the Appraisal of Potential Property Sale Through the Cabin/Home Site Sales Program: 2021 Lincoln Flats, Lewis & Clark County 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 the State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC), Edward, Sue, & David Trapp, and Marvin & Judith Hagen. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision making process concerning the potential sale of said subject property.

#### **DEFINITIONS:**

**Current fair market value.** (12 C.F.R. § 34.42 (h)) Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**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 2 (two) cabin sites identified in the Supplemental Appraisal Instructions.

The subject property must be valued with the actual or hypothetical condition that the 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**

**MONTANA DNRC TRUST LAND MANAGEMENT DIVISION**  
**Supplemental Appraisal Instructions**

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

**Subject Property Located in Lewis & Clark County:**

Sale #	Acres	Legal Description	Site Address (if known)
1118	1.794±	Lot 1, Lincoln Flats COS #3242262, T14N-R8W, Sec. 16	2243 Smiley Rd, Lincoln, MT
1119	1.015±	Lot 20, Lincoln Flats COS #3242262 T14N-R8W, Sec. 16	2030 Ponderosa Dr, Lincoln, MT

<b><u>DNRC Contact Information:</u></b> Seth Goodwin, Real Estate Specialist PO Box 201601 Helena, MT 59620-1601 Telephone: (406) 444-4289 Fax: (406) 444-2684 <a href="mailto:Seth.Goodwin2@mt.gov">Seth.Goodwin2@mt.gov</a>	<b><u>Lessees:</u></b> Sale 1118: Edward, Sue, & David Trapp, (406) 761-6755 Sale 1119: Marvin & Judith Hagen, (406) 459-1357
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***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(s). 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 may be returned to the appraiser for retention in his/her files upon request. 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 12 C.F.R. § 34.42 (h).

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







**State of Montana**  
Business Standards Division  
Board of Real Estate Appraisers

This certificate verifies licensure as:

**CERTIFIED GENERAL APPRAISER**

**REA-RAG-LIC-866**

Status: **Active**  
Expires: **03/31/2022**

**THOMAS FAULKNER**  
**PO BOX 9**  
**STEVENSVILLE, MT 59870**



Montana Department of  
**LABOR & INDUSTRY**  
RENEW OR VERIFY YOUR LICENSE AT:  
<https://ebiz.mt.gov/pol>

## **Appraisers' Qualifications-Thomas A. Faulkner**

### ***Experience:***

January 2011 to present – President of Creekstone Appraisal Services, Inc., providing real estate valuation and consulting services for various clients including lending institutions, attorneys, government entities, the business community and the general public. These services include the valuation of a multitude of real estate property types including: commercial, agricultural, timberland and residential property.

November 2002 to December 2010 – staff appraiser at Kembel, Kosena & Co., Missoula, MT  
Project appraiser responsible for developing appraisal assignments for the following types of real estate: commercial, litigation, eminent domain, ranch, timberland, agricultural land and residential property. The development of these projects included all subject property research and inspections, determination of the specific valuation problem to be solved, collection of all necessary sale, income and cost data required to analyze, adjust and ultimately value the subject property. The various appraisal assignments were located throughout Montana and Eastern Idaho.

July 1996 to present – Realtor

Licensed Real Estate Agent within the states of Pennsylvania (July 1996-Dec. 2000) and Montana (Jan. 2001-present). During this time I was assisting clients by providing real estate services including the listing and selling of property as well as working as a Buyer's Agent. Real estate companies included: Colleen Christy Better Homes and Gardens in Warren, PA, Clark Fork Realty Better Homes and Gardens in Missoula, MT, The Dwelling Place Real Estate in Missoula, MT and Coldwell Banker Western States in Hamilton, MT.

### ***Education:***

The following is a summary of Real Estate Appraisal Education that I have attended:

AI Course 100GR Basic Appraisal Principles

AI Course 101GR Basic Appraisal Procedures

AI Course 400G General Market Analysis and Highest and Best Use

AI Course 401G General Appraiser Sales Comparison Approach

AI Course 402G General Appraiser Site Valuations and Cost Approach

AI Course 1310 Basic Income Capitalization

AI Course 1320 General Applications  
AI Course 1410 National USPAP Course  
AI Course National USPAP Update Course  
AI Course Evaluating Commercial Construction  
AI Course Advanced Spreadsheet Modeling for Valuation Applications  
AI Course Effective Appraisal Writing  
AI Course Valuation of Green Properties  
AI Course Income Capitalization Approach for Multi-Unit Residential Properties  
Attacking and Defending an Appraisal in Litigation  
BVBOR Montana Water Rights

Complete listing of all appraisal and real estate continuing education courses available upon request.

***Community Involvement:***

Former Volunteer, Salvation Army, Warren, Pennsylvania  
Former Member, Tidioute Business Association  
Former Volunteer, Tidioute Library Fund Committee  
Former Volunteer, Warren County Board of Realtor Community Service Committees  
Former Member, Stevensville Main Street Association  
Volunteer, Habitat for Humanity, Missoula Montana