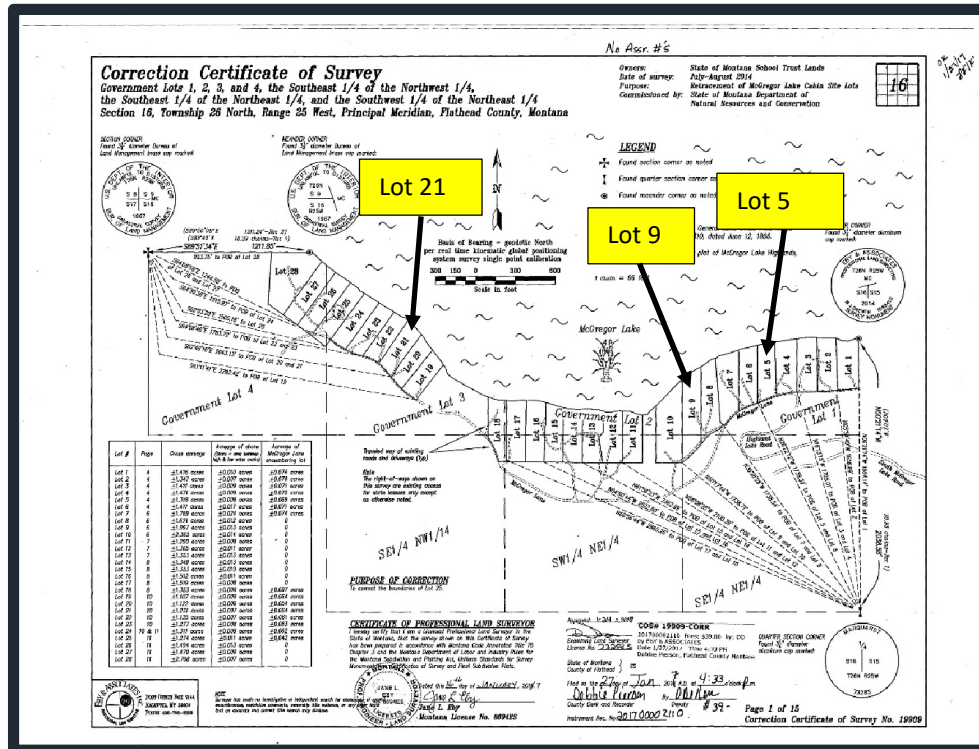


APPRAISAL REPORT OF:

LOTS 5, 9, & 21 OF COS # 19909

MARION, FLATHEAD COUNTY, MONTANA



PREPARED FOR:

**State of Montana, Montana Board of Land Commissioners,
 & Montana Department of Natural Resources and Conservation
 P.O. Box 201601
 Helena, Montana 59620-1601
 Attention: Mr. Seth Goodwin, Real Estate Specialist**

MARKET VALUES AS OF:
 September 23, 2021

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



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

LETTER OF TRANSMITTAL

November 19, 2021

Mr. Seth Goodwin, Real Estate Specialist
State of Montana, Montana Board of Land Commissioners,
& Montana Department of Natural Resources and Conservation
P.O. Box 201601
Helena, Montana 59620-1601

Re: Lots 5, 9, and 21 of COS #19909, Section 16, Township 26 North, Range 25 West, Marion,
Flathead County, Montana

Dear Mr. Goodwin:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced properties on September 23, 2021. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. This visual inspection, review and analyses were made in order to prepare the attached summary appraisal report.

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

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

The values are based on the assumptions that all necessary governmental approvals have been obtained and will be maintained, and that the property owners will exhibit sound management and sales practices. The values are based upon the **Hypothetical Conditions** that the subject properties were legal parcels and that the parcels had legal and adequate access (as described in this report) as of the report effective date.

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

We certify that, to the best of our knowledge and belief, the statements and opinions contained in this appraisal report are full true and correct. We certify that we have no interest in the subject properties and that neither the employment to make this appraisal nor the compensation is contingent upon the value conclusions for the properties. We specifically certify that we are competent (geographically and with regard to the property type) to complete this appraisal report. This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations.

This appraisal is subject to the attached Certification of Appraisal and Statement of Limiting Conditions. We further certify that this appraisal was made in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP).

Respectfully submitted,



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



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

21-066ec

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SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

Client/Intended User	State of Montana, State of Montana Board of Land Commissioners, Montana Department of Natural Resources & Conservation/Client Agencies & Lessees
Purpose/Intended Use	Conclude Market Values/Potential Sale Purposes
Property Owner(s)	Sites: State of Montana/Improvements: State of Montana

SUBJECT PROPERTY

Property Identifications	Lots 5, 9, & 21 of COS #19909, Section 16, Township 26 North, Range 25 West, Flathead County, Montana
Site Sizes	See Property Description
Description of Improvements	See Property Description
Assessor Number(s)	See Property Description
Census Tract	30-029-0017.00
Flood Zone	Zone X FEMA Map Panel 30029C2175G (Dated 9/28/2007)
Zoning	Not Zoned

HIGHEST AND BEST USE(S)

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

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

Report Date	November 19, 2021
Inspection Date(s)	September 23, 2021
Effective Date of Value(s)	September 23, 2021
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Values	Property Valuation Section of Report & Page 85 of Report
Individual Improvement Values	Property Valuation Section of Report & Page 85 of Report
Individual Total Market Values	Property Valuation Section of Report & Page 85 of Report

Extraordinary Assumption(s)	See Scope of the Appraisal
Hypothetical Condition(s)	See Scope of the Appraisal

MARKETING & EXPOSURE TIME

The appraised values for the subject lots, as if vacant, are based upon 6 to 12 month marketing and exposure times. The appraised value for subject lots 5 and 16, as improved, are based upon a 3 to 6 month marketing and exposure times. Estimated marketing and exposure times are addressed in detail in the Subject Market Analysis portion of this report.

APPRAISER INFORMATION

Appraiser(s)	Elliott M. Clark, MAI & Christopher D. Clark
---------------------	--

CERTIFICATION OF APPRAISAL

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

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

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



Dated Signed: November 19, 2021
Elliott M. Clark, MAI
MT REA-RAG-LIC-683



Date Signed: November 19, 2021
Christopher D. Clark
MT REA-RAL-LIC-841

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the following conditions and to such other specific and limiting conditions as are set forth in the appraisal report.

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

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

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

SCOPE OF THE APPRAISAL

The subject properties are Lots 5, 9, and 21 of COS #19909, McGregor Lake, Marion, Flathead County, Montana.

The appraisers were asked to provide opinions of the market values of the fee simple interests in the sites and improvements for the subject properties for decisions regarding potential sale of the properties.

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

Scope of Property Viewing

Elliott M. Clark, MAI and Christopher D. Clark of Clark Real Estate Appraisal viewed the subject properties on September 23, 2021. We measured the improvements on the subject lots and walked the lots.

Scope of Research

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

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

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

Extraordinary Assumption(s)

An **Extraordinary Assumption** is defined in 2020-2021 version of the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*an assumption, directly related to a specific assignment, as of the effective date of the assignment results which, if found to be false, could alter the appraiser's opinions or conclusions.*”

There are no **Extraordinary Assumptions** associated with this appraisal report.

Hypothetical Conditions

A **Hypothetical Condition** is defined in 2020-2021 version of the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.*”

The values concluded in this report for the subject properties are based upon the **Hypothetical Conditions** that the properties were legal parcels as of the report effective date and that there was legal and adequate access (as described in this report) to the properties.

Use of **Hypothetical Conditions** can affect assignment results.

Highest & Best Use

Our opinions of the highest and best uses for the subject properties were developed using the research collected relative to the subject properties, area development trends, and demographics. The information collected is considered comprehensive and provided a credible basis for carefully considered analyses. The appraisal process presented was based upon the highest and best use conclusions for the subject properties.

Appraisal Process

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

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

Environmental

The appraisers do not possess the requisite expertise and experience with respect to the detection and measurement of hazardous substances, unstable soils, or freshwater wetlands. Therefore, this assignment does not cover the presence or absence of such substances as discussed in the Limiting Conditions section of this report. However, any visual or obviously known problems affecting the properties will be reported and any impact on the values will be discussed.

General Data Sources

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

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

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

IDENTIFICATION OF THE SUBJECT PROPERTIES

The subject properties are identified on the table below;

Lot #	Sale #	Certificate of Survey	Section/Township/Range	County
5	1142	19909	S16/T26N/R25W	Flathead
9	1143	19909	S16/T26N/R25W	Flathead
21	1144	19909	S16/T26N/R25W	Flathead

INTENDED USE & INTENDED USERS OF THE APPRAISAL

It is understood that the intended use of this appraisal is for decisions regarding possible sales of the subject properties by the client. This report was prepared for the, the client, (State of Montana, Montana Board of Land Commissioners, & Montana Department of Natural Resources and Conservation) and is their exclusive property. The client and the lessees are the intended user of this report.

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

PURPOSE OF THE APPRAISAL

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

DATES OF PROPERTY VIEWINGS

The property viewing dates are the effective date of market values. The subject properties were all viewed by the appraisers on September 23, 2021.

EFFECTIVE DATE OF MARKET VALUES

September 23, 2021

PROPERTY RIGHTS APPRAISED

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

DEFINITIONS OF MARKET VALUE

At the request of the client, the following definitions of market value are utilized in this report.

Market Value is defined in the following manner:

"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, knowledgeably and assuming the price is not affected by undue stimulus."¹

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 each acting in what he considers his own best interest;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in US 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.

Current Fair Market Value as defined in MCA 70-30-313 is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

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

¹ Office of the Comptroller of the Currency - Comptroller's Manual for National Banks, March 1990, 12CFR, Section 34.42h

STATEMENT OF OWNERSHIP & USE HISTORY

The subject sites and any improvements are owned by the State of Montana. The most recent transfer documents located for the improvements are identified below;

Lot #	Sale #	Lessee	Last Transfer Document
5	1142	Mark Rugland	Personal Representative or Executor's Deed of Distribution Recorded 2/26/2020
9	1143	Jay & Diana Winters	Quit Claim Deed Recorded 9/4/2019
21	1144	Chris Neater	Quit Claim Deed Recorded 10/28/2008

USE/MARKETING HISTORIES

The Montana Department of Natural Resources and Conservation manages hundreds of residential cabin sites which are owned by the State of Montana. The subject lots are in this program. According to the available information, the subject lots have been used for recreational/residential purposes for the three years prior to the report effective date. Houses were constructed on all of the subject lots. The house construction dates and any recent listing information for the improvements via the area MLS for each property are below;

Lot #	Sale #	Lessee	House Built	Listing History of Improvements via Area MLS
5	1142	Mark Rugland	1951	Listed for Sale for \$205,000 from 6/11/2008 through 6/11/2009. Listing Expired 6/11/2009 (MLS #280925)
9	1143	Jay & Diana Winters	1974	Property Improvements sold on 9/4/2019 for \$83,000 (MLS #21911485)
21	1144	Chris Neater	1960	Listed for Sale for \$275,000 from 3/18/2019 through 3/31/2020. Listing Expired 3/31/2020 (MLS #21903049)

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

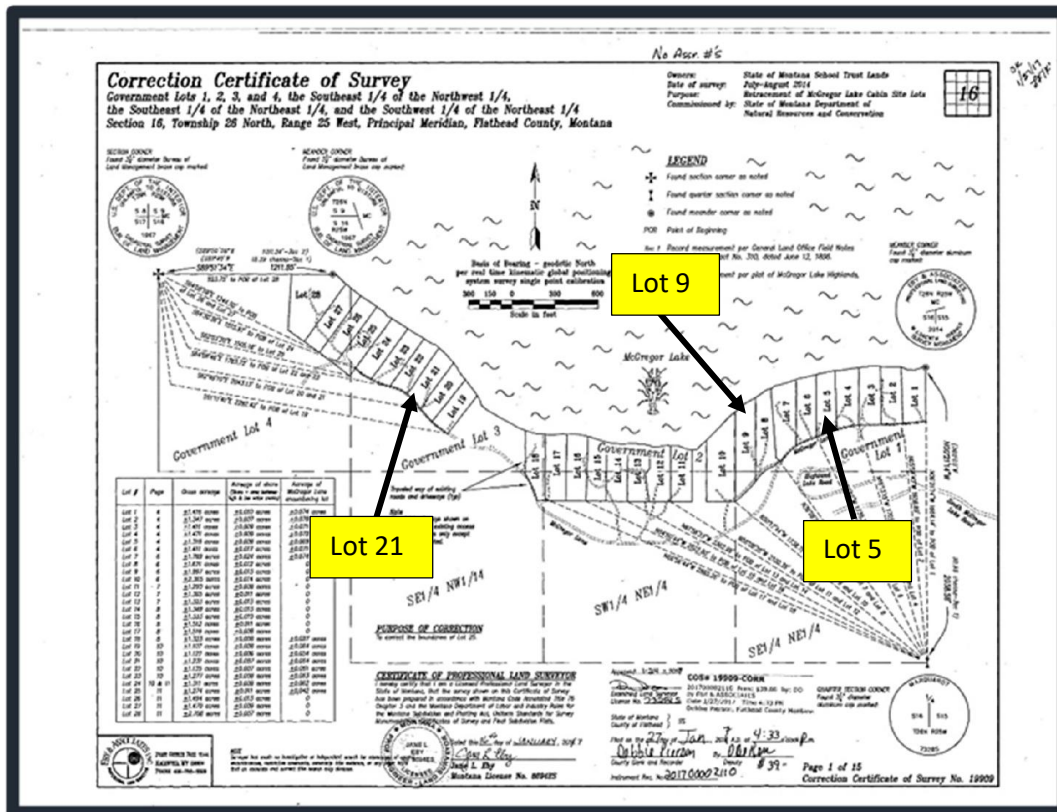
PROPERTY DESCRIPTIONS

GENERAL DESCRIPTIONS

The subject properties are Lots 5, 9, and 21 of Certificate of Survey #19909 in Section 16, Township 26 North, Range 25 West, in Flathead County, Montana. The subject site sizes are below;

Lot #	Sale #	Gross Acres
5	1142	1.318
9	1143	1.997
21	1144	1.231

The locations of the Subject Lots are depicted on the image below;



Enlarged views of each site as part of COS #19909 are included on the following pages.

ACCESS AND VIEWS

The subject properties have vehicular access from driveways off of McGregor Lane (a private road). The subject lots all have frontage along McGregor Lake. Access and water frontage for each site is described on the table below;

Lot #	Sale #	Lessee	Address	Water Frontage	Access
5	1142	Mark Rugland	440 McGregor Lane Marion, MT	133.49 Feet of Frontage Along McGregor Lake	Driveway from McGregor Lane (Portion of McGregor Lane Within Lot)
9	1143	Jay & Diana Winters	480 McGregor Lane Marion, MT	174.39 Feet of Frontage Along McGregor Lake	30' access road from McGregor Lane serving Lots 8, 9, and 10. (Access road crosses south portion of lot 9. Entrance to driveway to Lot 9 is on lot 8)
21	1144	Chris Neater	620 McGregor Lane Marion, MT	146.18 Feet of Frontage Along McGregor Lake	Driveway from McGregor Lane (Portion of McGregor Lane Within Lot)

IMPROVEMENTS

The improvements on the subject lots are described on the tables below and on the following page.

Sale #	1142	Sale #	1143
Lot #	5	Lot #	9
Residence SF	444	Residence SF	854
Construction Type	Wood Frame	Construction Type	Wood Frame
Foundation	Pier	Foundation	Concrete Slab
Quality	Average	Quality	Average
Condition	Average	Condition	Good
Year Built	1951	Year Built	1974
# of Bedrooms	1	# of Bedrooms	1
# of Bathrooms	1	# of Bathrooms	1
Porches	112 SF Deck	Porches	315 SF Stone Patio
Outbuildings	96 SF Storage Building, 128 SF Boat House, & 16 SF Outhouse	Outbuildings	123 SF Storage Building
Well/Septic	Lake Water/Septic	Well/Septic	Lake Water/Septic
Landscaping	Native Vegetation	Landscaping	Native Vegetation
Notes	Water pump needs replacement according to lesee	Notes	Bathroom renovated and septic repaired since 2019 purchase

Sale #	1144
Lot #	21
Residence SF	1,502
Construction Type	Wood Frame
Foundation	Pier
Quality	Average
Condition	Good
Year Built	1960
# of Bedrooms	2
# of Bathrooms	1
Porches	630 SF Deck
Outbuildings	246 SF Bunk House, 104 SF Bathhouse, 170 SF Boat House, & 630 SF Storage Building
Well/Septic	Lake Water/Septic
Landscaping	Native Vegetation
Notes	Original Structure has been enlarged and renovated. Updated bunkhouse has 2 Bedrooms. Bathhouse has toilet and a shower.

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

We were provided with Land Status Reports by the Montana Department of Natural Resources. These reports detail recorded easements relative to each subject property. The easements are summarized on the table below;

Lot #	Sale #	Lessee	Access	Easement Affecting Property
5	1142	Mark Rugland	Driveway from McGregor Lane (Portion of McGregor Lane Within Lot)	Right-of-Way Deed to PTI Communications for buried telephone line; Access Easement to privately owned lots along McGregor Lane. Access Easement area is 0.069 acres.
9	1143	Jay & Diana Winters	30' access road from McGregor Lane serving Lots 8, 9, and 10. (Access road crosses south portion of lot 9. Entrance to driveway to Lot 9 is on lot 8)	Right-of-Way Deed to Flathead Electric Cooperative for a power line; Access Easement to Lot 10 along south property boundary. Approximately 0.14 acres is incumbered by the access easement .
21	1144	Chris Neater	Driveway from McGregor Lane (Portion of McGregor Lane Within Lot)	Right-of-Way Deed to PTI Communications for buried telephone line; Right of Way Deed to Flathead Electric Cooperated for a power line; Access Easement to privately owned lots along McGregor Lane. Access Easement area is 0.069 acres.

All of the subject lots are encumbered with easements that would likely impact value to some degree. If additional easements, restrictions, or encroachments other than those noted in this report are present on the subject properties, the values concluded in this report may be affected.

ZONING

The subject properties are in a portion of Flathead County that is not zoned.

ASSESSMENT/REAL PROPERTY TAXES

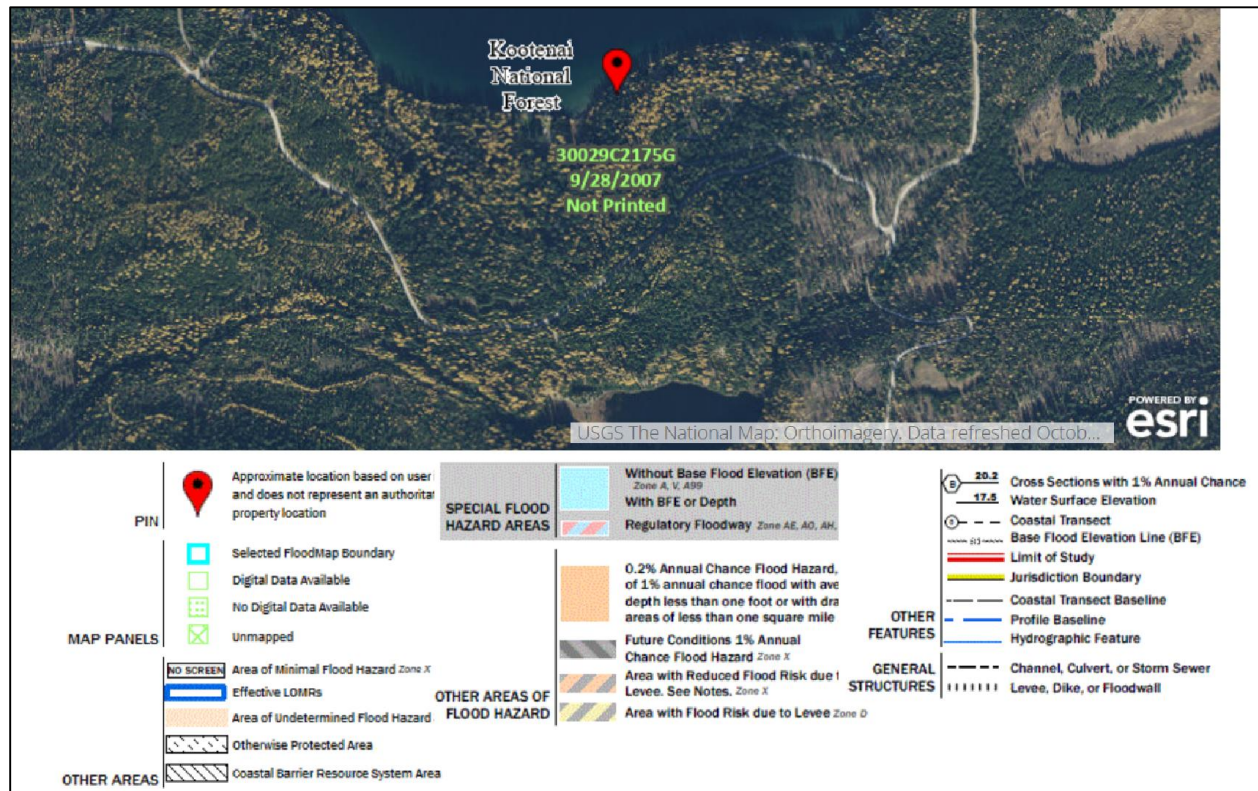
The subject lots are tax exempt; however, the lots are valued by the Montana Department of Revenue to assist with determination of lease rates.

The improvements on each site are taxable. The 2020 tax bills and taxable market values for the applicable **subject improvements** (as per the Montana Department of Revenue) are included on the table below;

Tax Information					
Lot #	Sale #	Lessees	Assessor # for Improvements	2020 Market Value for Improvements	2020 Tax Bill Amount for Improvements
5	1142	Mark Rugland	0934110	\$51,830	\$473.58
9	1143	Jay & Diana Winters	0667022	\$83,040	\$709.84
21	1144	Chris Neater	0562251	\$107,620	\$896.17

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

According to the Flathead County GIS flood mapping feature for the area, the subject lots are not in areas of flood hazard. According to FEMA map panel (30029C2175G), none of the subject lots include any area within the 100 Year Floodplain. We recommend verifying floodplain location prior to construction on the subject lots. An exhibit depicting the FEMA map panel is below;



The subject lots all include level areas with gentle slopes to the lake frontage. The specific topography for each lot is stated on the table below;

Lot #	Sale #	Lessee	Topography
5	1142	Mark Rugland	Gentle Slope to Waterfront, with level areas
9	1143	Jay & Diana Winters	Gentle Slope to Waterfront, with level areas
21	1144	Chris Neater	Gentle Slope to Waterfront, with level areas

It appears that drainage and storm water runoff are adequate and/or properly designed and engineered for the subject sites.

The subject lots include native vegetation and/or landscaping.

We have not been provided with a soil study for the subject sites. We assume the soils can accommodate the type of construction, which is typically seen in the subject area. We have not been provided with environmental audits for the subject sites and assume there are no toxic or hazardous materials and no groundwater contamination on or in the subject lots. Should any of these conditions be present, the values concluded in this report may be affected.

UTILITIES

The subject lots have access to electricity and phone lines. Information regarding septic systems, wells, and water rights for each subject lot is below;

Lot #	Sale #	Lessees	Septic Tank	Water Source	Water Right	Notes
5	1142	Mark Rugland	Yes	McGregor Lake	N/A	2004 Septic Permit #04-162-R
9	1143	Jay & Diana Winters	Yes	McGregor Lake	(1) Surface Water Right	Septic Permit dated 04/09/1971
21	1144	Chris Neater	Yes	McGregor Lake	(2) Water Rights	No Septic Permit listed on Flathead County GIS

PUBLIC SAFETY AND SERVICES

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

SITE SUITABILITY

The subject lots are legally and physically suited for residential improvements.

SUBJECT BUILDING SKETCHES & PHOTOGRAPHS

LOT 5 – BUILDING SKETCH & SUBJECT PHOTOGRAPHS

SKETCH/AREA TABLE ADDENDUM																									
SUBJECT INFO																									
File No.:		Parcel No.:																							
Property Address: McGregor Lake Cabin Sites Lot #5																									
City: Marion	County: Flathead	State: MT	ZipCode: 59925																						
Owner:																									
Client: MT DNRC		Client Address:																							
Appraiser Name: Clark Real Estate Appraisal			Inspection Date: 9/23/21																						
SKETCH																									
Sketch by Apex Sketch																									
AREA CALCULATIONS SUMMARY																									
Code	Description	Factor	Net Size	Perimeter	Net Totals																				
GBA6	Boat House	1.0	128.0	48.0	128.0																				
GLA1	First Floor	1.0	444.0	104.0	444.0																				
GAR	Storage Building	1.0	96.0	40.0	96.0																				
OTH	Outhouse	1.0	16.0	16.0	16.0																				
P/P	Screened Porch	1.0	112.0	44.0	112.0																				
	Covered Stoop	1.0	20.0	18.0	132.0																				
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="background-color: #f2f2f2;">COMMENT TABLE 1</th> </tr> <tr> <th colspan="5" style="height: 100px;"></th> </tr> </thead> <tbody> <tr> <th colspan="3" style="background-color: #f2f2f2;">COMMENT TABLE 2</th> <th colspan="2" style="background-color: #f2f2f2;">COMMENT TABLE 3</th> </tr> <tr> <td colspan="3" style="height: 100px;"></td> <td colspan="2" style="height: 100px;"></td> </tr> </tbody> </table>						COMMENT TABLE 1										COMMENT TABLE 2			COMMENT TABLE 3						
COMMENT TABLE 1																									
COMMENT TABLE 2			COMMENT TABLE 3																						
Net LIVABLE		cnt	1	(rounded)	444																				
Net BUILDING		cnt	1	(rounded)	128																				

SUBJECT PHOTOGRAPHS



Front of Cabin on Lot 5 Looking South



West Side of Cabin



South Side of Cabin



East Side of Cabin



Cabin Looking Northeast from Upper Portion of Lot 5



Screened Porch

ADDITIONAL PHOTOGRAPHS



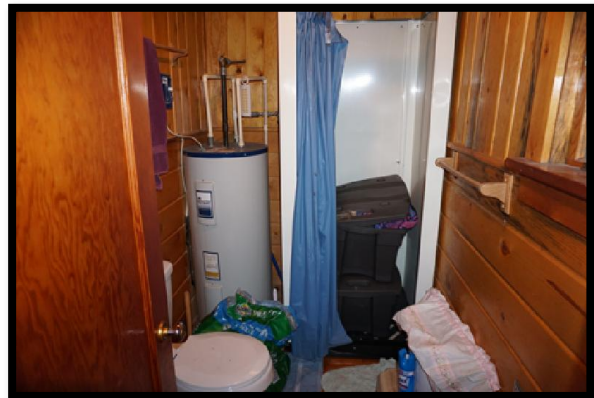
Living Room



Kitchen Area



Bedroom



Bathroom & Water Heater



Post & Pier Foundation



Outhouse

ADDITIONAL PHOTOGRAPHS



Storage Building



Storage Building Interior



Boat House



Boat House Interior



Lot 5 Interior Looking North toward McGregor Lake



View of McGregor Lake from Lot 5

ADDITIONAL PHOTOGRAPHS



Lot 5 Looking South from Lakefront Area



Northeast Property Boundary Marker Looking West



Northeast Property Boundary Marker Looking South



McGregor Lake Frontage Looking West



Northwest Property Boundary Marker Looking East



McGregor Lake Frontage Looking East

ADDITIONAL PHOTOGRAPHS



Northwest Property Boundary Marker Looking South



Southwest Property Boundary Marker Looking East



Southwest Property Boundary Marker Looking North



Southeast Property Boundary Marker Looking West



Southeast Property Boundary Marker Looking North



Driveway on Lot 5 Looking South

ADDITIONAL PHOTOGRAPHS



Driveway on Lot 5 Looking North



Entrance to Driveway to Lot 5



McGregor Lane Looking East



McGregor Lane Looking West

LOT 9 – BUILDING SKETCH & SUBJECT PHOTOGRAPHS

SKETCH/AREA TABLE ADDENDUM					
SUBJECT INFO					
File No.:		Parcel No.:			
Property Address: McGregor Lake Cabin Sites Lot #9					
City: Marion	County: Flathead	State: MT	ZipCode: 59925		
Owner:					
Client: MT DNRC		Client Address:			
Appraiser Name: Clark Real Estate Appraisal		Inspection Date: 9/23/21			
SKETCH					
Sketch by Apex Sketch					
AREA CALCULATIONS SUMMARY					COMMENT TABLE 1
Code	Description	Factor	Net Size	Perimeter	Net Totals
GLA1	First Floor	1.0	601.3	109.2	601.3
GLA2	2nd Floor	1.0	252.9	69.2	252.9
GAR	Storage Building	1.0	123.4	44.6	123.4
P/P	Patio	1.0	315.0	72.0	315.0
<div style="text-align: right; padding-right: 20px;"> Net LIVABLE cnt 2 (rounded) 854 </div>					<div style="text-align: center; background-color: #f2f2f2; font-weight: bold; font-size: small;">COMMENT TABLE 2</div> <div style="text-align: center; background-color: #f2f2f2; font-weight: bold; font-size: small;">COMMENT TABLE 3</div>

SUBJECT PHOTOGRAPHS



South Side of Cabin on Lot 9



North Side of Cabin on Lot 9



West Side of Cabin



East Side of Cabin and Entrance



Kitchen



Kitchen

ADDITIONAL PHOTOGRAPHS



Wood Stove



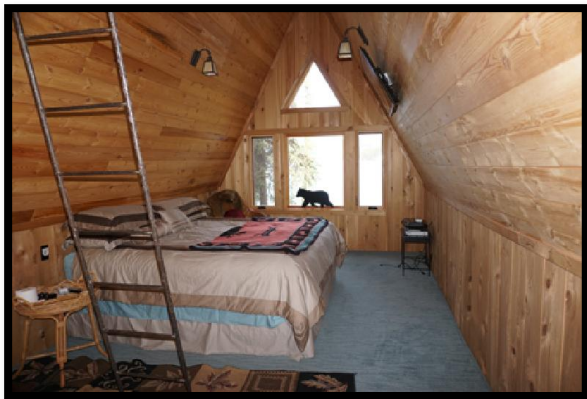
Living Room



Bathroom



Tub and Shower



Loft Bedroom



Loft Bedroom

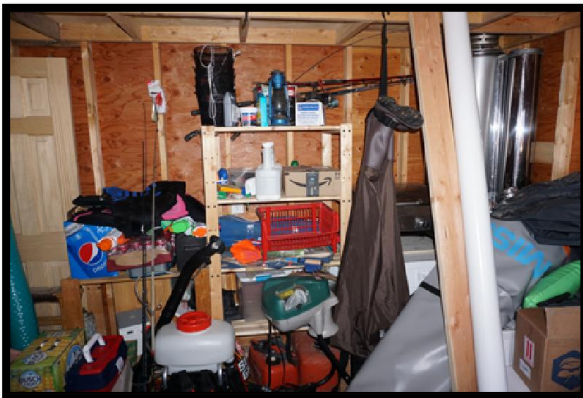
ADDITIONAL PHOTOGRAPHS



Spiral Staircase



Storage Building



Storage Building Interior



Floating Dock



Lot 9 from Floating Dock



Firepit and Cabin on Lot 9

ADDITIONAL PHOTOGRAPHS



Lot 9 Interior Looking South



Northeast Property Boundary Marker Looking West



Northeast Property Boundary Marker Looking South



McGregor Lake Frontage Looking West



McGregor Lake Frontage Looking East



Northwest Property Boundary Marker Looking East

ADDITIONAL PHOTOGRAPHS



Northwest Property Boundary Marker Looking South



Southeast Property Boundary Marker Looking North



Southeast Property Boundary Marker Looking Southwest



View Southwest along Driveway to Lot 10



Lot 9 Interior Looking North



Southwest Property Boundary Marker Looking Northeast

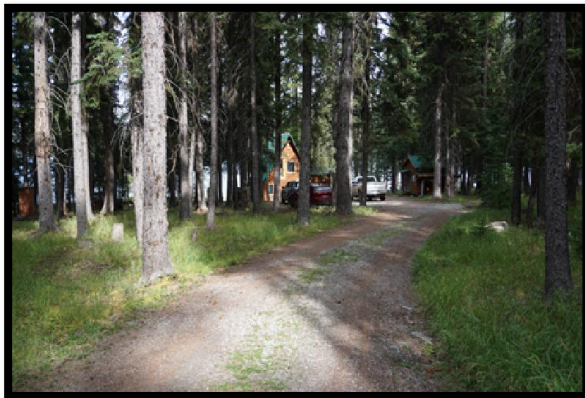
ADDITIONAL PHOTOGRAPHS



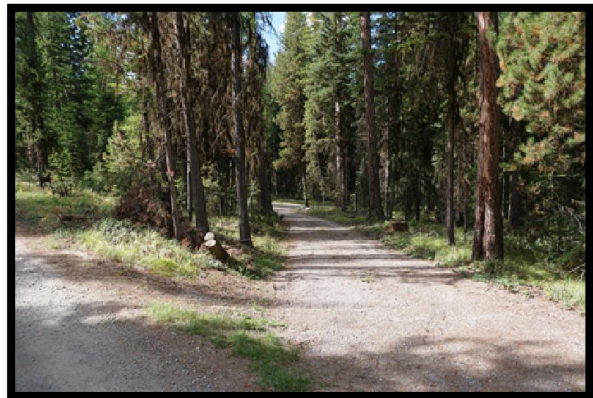
Southwest Property Boundary Marker Looking North



Driveway on Lot 9 Looking South



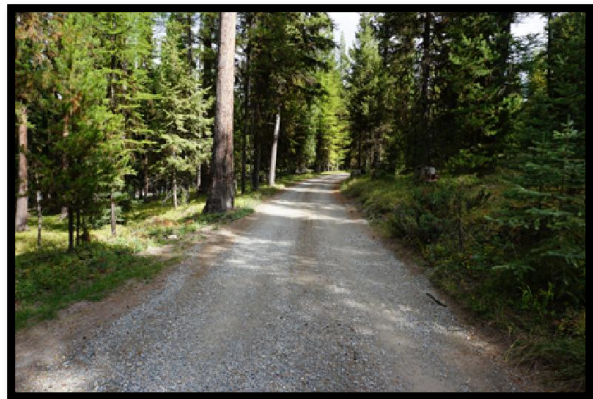
Driveway Looking toward Cabin



McGregor Lane Looking West along Driveway to Lot 9



McGregor Lane Looking Southwest



McGregor Lane Looking East

LOT 21 – BUILDING SKETCH & SUBJECT PHOTOGRAPHS

SKETCH/AREA TABLE ADDENDUM

SUBJECT INFO						
File No.:		Parcel No.:				
Property Address: McGregor Lake Cabin Sites Lot 21						
City: Marion	County: Flathead	State: MT	ZipCode: 59925			
Owner:						
Client: MT DNRC		Client Address:				
Appraiser Name: Clark Real Estate Appraisal		Inspection Date: 09/23/21				
SKETCH						
Sketch by Apex Sketch						
AREA CALCULATIONS SUMMARY					COMMENT TABLE 1	
Code	Description	Factor	Net Size	Perimeter	Net Totals	
GBA0	Bathhouse	1.0	104.0	42.0	104.0	
GBA6	Boat House	1.0	170.0	54.0	170.0	
GLA1	First Floor	1.0	1502.5	188.0	1502.5	
GLA3	Bunk House	1.0	246.0	65.0	246.0	
GAR	Storage Building	1.0	630.0	102.0	630.0	
OTH	Outhouse	1.0	40.0	26.0	40.0	
P/P	Deck	1.0	630.0	106.0		
	Deck	1.0	120.0	46.0		
	Deck	1.0	133.3	54.0		
	Deck	1.0	32.5	31.0	915.8	
	Net LIVABLE	cnt	2	(rounded)	1,749	
	Net BUILDING	cnt	2	(rounded)	274	
						COMMENT TABLE 2
						COMMENT TABLE 3

SUBJECT PHOTOGRAPHS



Improvements on Lot 21 From Driveway



South Side of Cabin on Lot 21



East Side of Cabin



North Side of Cabin and Deck



West Side of Cabin

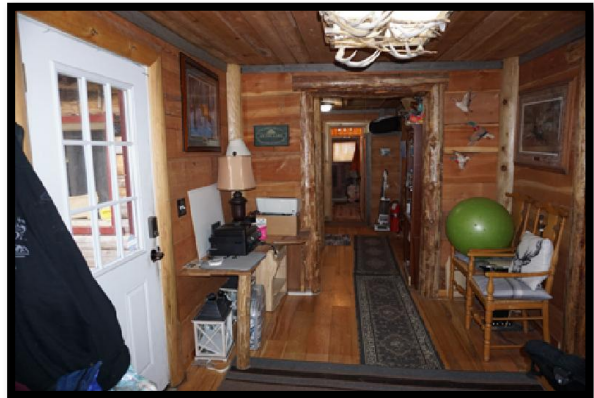


Deck

ADDITIONAL PHOTOGRAPHS



Cabin Living Room



Entry



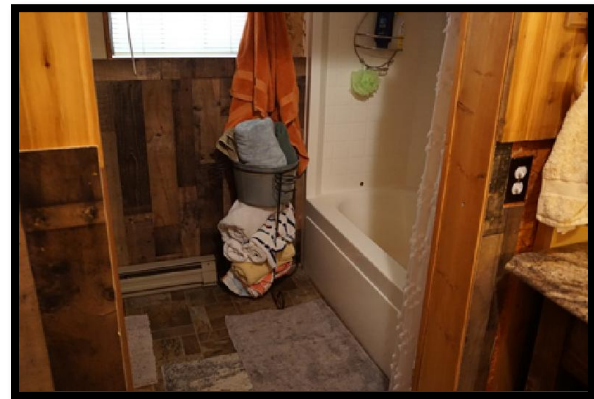
Bedroom



Bedroom 2

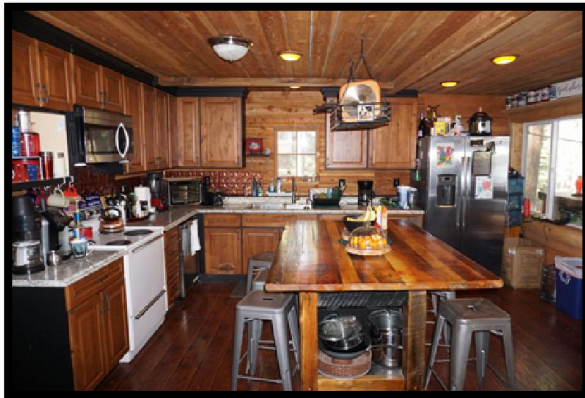


Bathroom



Bathroom

ADDITIONAL PHOTOGRAPHS



Kitchen



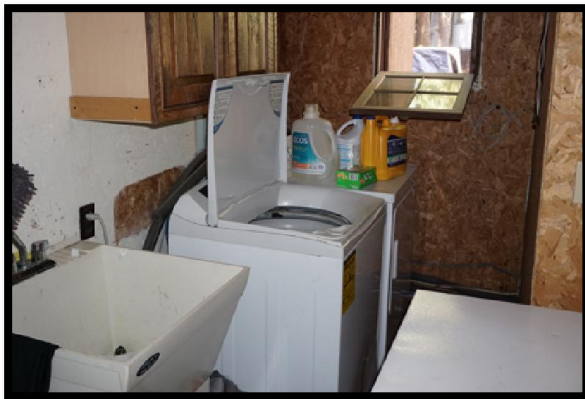
Kitchen Looking toward Deck



Dining Area



Pantry



Laundry Room



Bunk House

ADDITIONAL PHOTOGRAPHS



West Side of Bunk House



South Side of Bunk House



East Side of Bunk House



Covered Porch on front of Bunk House



Bunk House Bedroom 1



Bunk House Bedroom 2

ADDITIONAL PHOTOGRAPHS



Storage Building with Lean-to



Storage Building Interior



Tool Shed



Tool Shed Interior



Bathhouse



Shower and Sink Area in Bathhouse

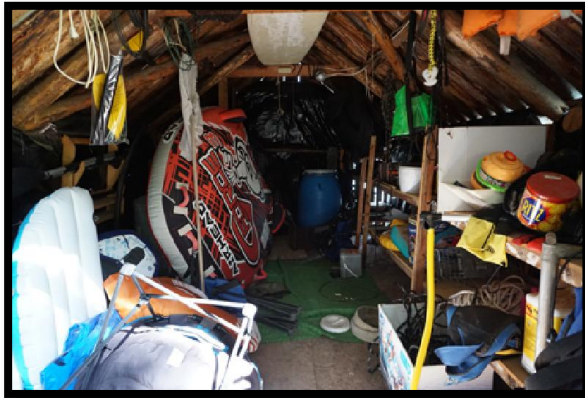
ADDITIONAL PHOTOGRAPHS



Bathroom Area in Bathhouse



Boat House



Boat House Interior



Firepit Area and View of McGregor Lake



View of Lot 21 and Improvements from Floating Dock



McGregor Lake Frontage Looking Southeast

ADDITIONAL PHOTOGRAPHS



McGregor Lake Frontage Looking Northwest



Northeast Property Boundary Marker Looking Northwest



Northeast Property Boundary Marker Looking Southwest



Northwest Property Boundary Marker Looking East



Northwest Property Boundary Marker Looking Southwest



View along Approximate East Property Boundary Looking NE

ADDITIONAL PHOTOGRAPHS



View along Approximate South Property Boundary Looking NW



View along Approximate West Property Boundary Looking NE



View along Approximate South Property Boundary Looking SE



Parking Area Under Power Line Easement



View Southeast along Power Line Easement



Driveway to Lot 21 Looking North

SUBJECT MARKET ANALYSIS

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

Subject Productivity Analysis

General Property Description

The subject properties were described in detail in prior sections of this report. The subject sites range in size from 1.231 up to 1.997 gross acres. All have frontage along McGregor Lake. The subject lot front footages range from 133.49 up to 174.39. The subject lots all include residences.

Area Land Use Trends

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

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

Flathead Valley Area Lakes		
Lake Name	Size/Acres	Elevation/Feet
Abbott Lake	41	3,012
Spoon Lake	60	3,241
Blanchard Lake	143	3,178
Beaver Lake	144	3,257
Lake Five	235	3,261
Rogers Lake	239	3,998
Foys Lake	241	3,300
Lake Blaine	382	2,998
Echo Lake	695	2,998
McGregor Lake	1,522	3,998
Ashley Lake	2,850	3,998
Bitterroot Lake	2,970	3,998
Whitefish Lake	3,315	2,988
Flathead Lake	122,885	2,890

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

Potential Users of Subject Property

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

Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. We conducted searches of the area MLS for sales of vacant and improved properties along area lakes with site sizes of less than 10.00 acres. We removed any sales with frontage along Flathead Lake and Whitefish Lake.

Montana is a non-disclosure state and every sale does not transfer via the area MLS; however, the MLS data is considered to provide an accurate depiction of general trends in real estate transfers. The results of our searches are below and on the following page;

Lakefront Lot Sales

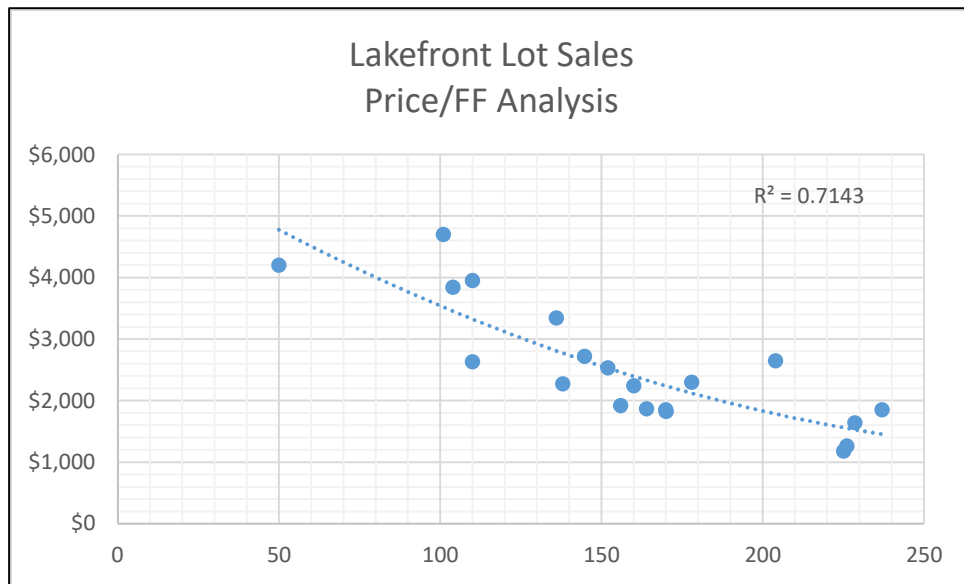
Sales of sites (or sites with minimal improvements) with frontage along similar lakes in Flathead County that closed since 2020 are included on the table on the following page.

Lakefront Lot Sales Analysis										
Address	City	Lake	Front Feet	Site Acres	Sale Date	Sales Price	Value of Improvements	Sales Price Less Improvement Value	Price/FF	Days on Market
3966 N Ashley Lake Rd	Kalispell	Ashley Lake	178.00	2.02	2020	\$430,000	\$20,000	\$410,000	\$2,303	0
3910 N Ashley Lake Rd	Kalispell	Ashley Lake	156.00	0.46	2020	\$320,000	\$20,000	\$300,000	\$1,923	808
4545 Ashley Lake Rd	Kalispell	Ashley Lake	110.00	2.70	2020	\$290,000	\$0	\$290,000	\$2,636	52
5350 N Ashley Lake Rd	Kalispell	Ashley Lake	101.00	0.71	2021	\$475,000	\$0	\$475,000	\$4,703	33
120 Vaughn Dr	Kalispell	Ashley Lake	225.00	1.23	2021	\$265,000	\$0	\$265,000	\$1,178	786
26 Schmid Point Place	Marion	Bitterroot Lake	226.00	1.03	2020	\$290,000	\$5,000	\$285,000	\$1,261	403
104 Bitterroot Cove Ct	Marion	Bitterroot Lake	228.48	1.05	2020	\$385,000	\$10,000	\$375,000	\$1,641	37
1120 N Bitterroot Rd	Marion	Bitterroot Lake	152.00	1.16	2020	\$385,000	\$0	\$385,000	\$2,533	28
1536 Pleasant Valley Rd	Marion	Bitterroot Lake	144.77	0.90	2020	\$399,000	\$5,000	\$394,000	\$2,722	140
1650 Bitterroot Ln	Marion	Bitterroot Lake	50.00	0.34	2020	\$210,000	\$0	\$210,000	\$4,200	450
489 Lodgepole Dr	Marion	Bitterroot Lake	110.00	1.00	2020	\$445,000	\$10,000	\$435,000	\$3,955	32
92 Bitterroot Cove Ct	Marion	Bitterroot Lake	204.00	1.02	2021	\$540,000	\$0	\$540,000	\$2,647	52
795 Lodgepole Dr	Marion	Bitterroot Lake	104.00	0.63	2021	\$450,000	\$50,000	\$400,000	\$3,846	25
1548 Pleasant Valley Rd	Marion	Bitterroot Lake	146.00	1.00	2021	\$525,000	\$5,000	\$520,000	\$3,562	38
583 E Village Dr	Bigfork	Echo Lake	136.00	0.40	2020	\$465,000	\$10,000	\$455,000	\$3,346	30
NHN Jewel Of Echo Trail, Lot 3	Bigfork	Echo Lake	437.00	5.00	2021	\$1,450,000	\$0	\$1,450,000	\$3,318	138
140 McGregor Ln	Marion	McGregor Lake	237.00	3.81	2020	\$450,000	\$10,000	\$440,000	\$1,857	60
840 McGregor Ln	Marion	McGregor Lake	138.00	1.20	2020	\$329,000	\$15,000	\$314,000	\$2,275	2,893
1024 McGregor Ln	Marion	McGregor Lake	170.05	1.10	2020	\$325,000	\$15,000	\$310,000	\$1,823	32
12342 Paradise Loop	Marion	McGregor Lake	160.00	1.20	2020	\$359,000	\$0	\$359,000	\$2,244	51
1026 McGregor Ln	Marion	McGregor Lake	170.00	1.03	2020	\$330,000	\$15,000	\$315,000	\$1,853	121
820 McGregor Ln	Marion	McGregor Lake	164.00	1.00	2020	\$321,500	\$15,000	\$306,500	\$1,869	120

Of the lakes included, there were 16 sales in 2020 and 6 sales in 2021 Year-to-Date. There were 6 sales of lots along McGregor; however, all closed during 2020.

Based upon analysis of available data, the price per front foot typically decreases as the amount of front footage increases. Of the 22 sales on the table above, the median amount of front footage is 156 front feet. Approximately 73% of these sales fall within the frontage footage range of 100 to 178. Based upon analysis of these sales this is considered to be the typical range of front footage.

We have placed the price per front and the amount of front footage on a graph on the following page.



The trendline line of best fit (the type of trendline exhibiting the highest R-Squared) was placed on this graph. This trendline supports the conclusion that price per front foot generally decreases as the amount of front footage increases. This conclusion is utilized in the valuation of the subject sites.

As noted, there were no sales with frontage along McGregor Lake in 2021. Based upon analysis of paired sales data, prices for lakefront properties in Flathead County have increased significantly since 2020. We located two sets of paired sales that reflect changes in market conditions. These are two sets of sales that are adjacent to each other. These paired sales analyses are below;

Paired Lakefront Lot Sales to Determine Changes in Market Conditions							
Paired Sale Set 1							
Sale Address	City	Legal Description	Acres	Front Feet	Sale Date	Sales Price	Sales Price Per Front Foot
1536 Pleasant Valley Rd	Marion	Lot 3, Bitterroot Cove SD	0.90	144.77	8/6/2020	\$399,000	\$2,756
1548 Pleasant Valley Rd	Marion	Lot 2, Bitterroot Cove SD	1.00	146.00	8/6/2021	\$525,000	\$3,596
							30%
Paired Sale Set 2							
Sale Address	City	Legal Description	Acres	Front Feet	Sale Date	Sales Price	Sales Price Per Front Foot
104 Bitterroot Cove Ct	Marion	Lot 14, Bitterroot Cove SD	1.05	228.48	5/22/2020	\$385,000	\$1,685
92 Biterroot Cove Ct	Marion	Lot 13 Bitterroot Cove SD	1.02	204.22	7/9/2021	\$525,000	\$2,571
							53%

Based upon analysis of these two sets of paired sales as well as analysis of changes in prices per front foot for lakes analyzed from 2020 to 2021, an upward adjustment of 40% is reasonable and well supported for lakefront lot sales that closed in 2020.

Lakefront Home Sales

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

Lakefront Home Sales Analysis				
Smaller Recreational Lakes - Flathead County				
Year	# Home Sales	Days on Market	Low Sales Price*	High Sales Price*
2019	28	199	\$290,000	\$1,506,625
2020	28	150	\$269,900	\$5,795,000
2021 Year-to-Date	34	116	\$558,500	\$2,800,000
Actives	5	117	\$600,000	\$1,970,000
*Prices for Actives are List Prices				

Information from the area MLS regarding improved home sale activity for lots with frontage on McGregor Lake is below.

Residential Improved Market Data						
Fee Simple Ownership - McGregor Lake						
Status	Sold Date	Address	List Price	Sales Price	Residence SF	Residence Year Built
Sold	8/31/2020	670 McGregor Ln	\$929,000	\$889,900	2,568	2011
Sold	9/1/2020	12370 Paradise Loop	\$475,000	\$465,000	1,680	1948
Sold	11/5/2020	155 Violet Bay Dr	\$749,950	\$835,500	1,931	2016
Sold	5/7/2021	125 Violet Bay Dr	\$599,900	\$623,000	900	1979
Sold	9/15/2021	330 McGregor Ln	\$1,895,000	\$1,750,000	2,792	2010
Active		12881 US Hwy 2 W	\$600,000		2,688	1997

Although there have been no vacant lot sales on McGregor Lake since 2021, there is a demonstrated demand for residential properties with frontage along McGregor Lake since two residences sold in 2021 year-to-date. The lack of vacant site sales is to some degree due to the fact that many of the single family sites along McGregor Lake are owned by the State of Montana and are not available for sale in any given year.

Competitive Supply

There were 4 active listings of lots with less than 10 acres and frontage along smaller lakes in Flathead County as of the report effective date. The marketing time for the active listings was approximately 202 days.

There were 5 active listings of homes on smaller area lakes in Flathead County and with 10 acres or less for sale as of the report effective date. The marketing time for the active home listings was approximately 117 days.

Interaction of Supply and Demand

Based upon the average sales volume for 2020 and 2021 to date, there is an approximately 4 month supply of vacant lots on smaller area lakes for sale. Marketing time for 2021 year-to-date has averaged approximately 6 months for this property type. Demand exceeds the current supply for this property type. When demand exceeds supply, prices typically increase.

Based upon sales volumes per year in 2020 and 2021 year-to-date there is an approximately 2 month supply of homes for sale on smaller area lakes in the search parameters identified. Marketing time for 2021 year-to-date has averaged approximately 4 months for this property type. Demand exceeds the current supply for this property type. When demand exceeds supply, prices typically increase.

Subject Marketability Conclusion

The subject sites have frontage along McGregor Lake. Overall, the subject sites (as if vacant) are considered to have similar marketability compared to other properties with frontage along other area lakes.

The subject properties (as improved) are also considered to have similar marketability compared to other improved properties of similar quality and in in similar condition with frontage along other area lakes.

Estimated Marketing and Exposure Times

The vacant lakefront lot sales presented that sold in 2020 were marketed for an average of 329 days. The sales in 2021 year-to-date were marketed for an average of 179 days. **Marketing times** of approximately 6 to 12 months are appropriate for the subject sites, as if vacant. If the subject sites, as if vacant, had sold on the effective date of this report, at the appraised values concluded in this report, 6 to 12 month **exposure times** would have been reasonable.

The 34 sales of homes on similar area lakes that sold during 2021 to date were marketed for an average of 116 days. **Marketing times** of approximately 3 to 6 months are appropriate for the subject properties as improved. If the properties, as improved, had sold on the effective date of this report, at the appraised values concluded in this report, 3 to 6 month **exposure times** would have been reasonable.

HIGHEST AND BEST USE

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

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

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

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

Legally Permissible:

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

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

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

Maximally Productive:

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

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

SUBJECT PROPERTIES - AS IF VACANT

Legally Permissible

The subject lots are in are in portion of Flathead County that is not zoned. For that reason, there are many legally permissible uses.

Physically Possible

There is sufficient space on each subject site for a single family residence and/or a manufactured home and related outbuildings. All necessary utilities are available to each site.

Financially Feasible

Many area lots are improved with single family residences. Use of the subject lots for construction of single family residences and/or manufactured homes are financially feasible.

Maximally Productive

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

Highest and Best Use

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

AS IMPROVED

The subject lots include residences. There is market acceptance of many types of residences on lots with frontage on similar area lakes. Alteration of the subject residences on these sites for any use other than as single family homes would require large capital expenditures. Continued use as improved residential properties for recreational and/or residential use is the highest and best use as improved for all three subject properties.

THE APPRAISAL PROCESS

In the foregoing sections of this report, we have examined and discussed the subject properties. To arrive at estimates of market values for the subject properties, it is necessary to collect and analyze all available data in the market which might tend to indicate the values of the subject properties. The subject properties must be compared to similar properties that can be constructed, purchased, or from which a similar monetary return may be received.

APPROACHES IN THE VALUATION OF REAL PROPERTY

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

Cost Approach

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

Sales Comparison Approach

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

Income Capitalization Approach

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

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

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

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

Comparable lot sales and home sales are presented in the following three sections of this report. After presentation of the comparables, the subject sites and improvements are valued for each property.

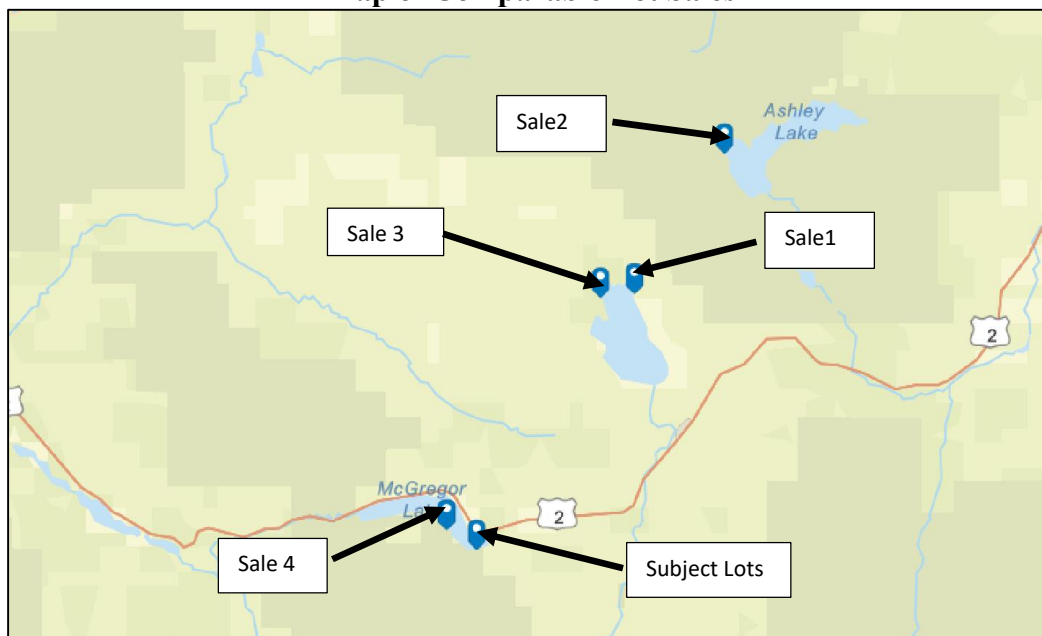
LOT SALES

We conducted a search for sales of sites with frontage along McGregor Lake. Properties with frontage along McGregor Lake that most recently transferred from MT DNRC to Lessees were excluded as these transfers were not considered to meet the definition of an “arms-length” transaction as these properties included leasehold improvements. The most recent sales of vacant sites with frontage along McGregor Lake closed in 2020. We selected the most recently closed sale of a vacant site along McGregor Lake to utilize as a comparable. Due to the limited recent market data located, it was necessary to expand the search to other lakes in Flathead County. A table with sales of lots on smaller lakes in Flathead County is included in the Subject Market Analysis section of this report. The three most similar and most recent sales from this data were selected as comparables for the subject lots. We analyzed price per lot, price per acre, and price per front footage for the sales presented in the Subject Market Analysis. The price per front foot resulted in credible statistical relationship. Anecdotal data also supported the price per front foot as the most applicable unit of comparison. For these reasons, the price per front foot was utilized as the unit of comparison in this analysis. The comparables selected are described on the table below;


Sale #	Address	City	Water Frontage	Sale Date	Acres	Front Feet	Sales Price	Value of Improvements	Sales Price Less Improvements	Price Per Front Foot
1	92 Bitterroot Cove Ct	Marion	Bitterroot Lake	2021	1.020	204.22	\$540,000	\$5,000	\$535,000	\$2,620
2	5350 N Ashley Lake Rd	Kalispell	Ashley Lake	2021	0.710	101.60	\$475,000	\$0	\$475,000	\$4,675
3	795 Lodgepole Dr	Marion	Bitterroot Lake	2021	0.630	103.62	\$450,000	\$17,000	\$433,000	\$4,179
4	1026 McGregor Ln	Marion	McGregor Lake	2020	1.027	170.04	\$330,000	\$15,000	\$315,000	\$1,853

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


Map of Comparable Lot Sales



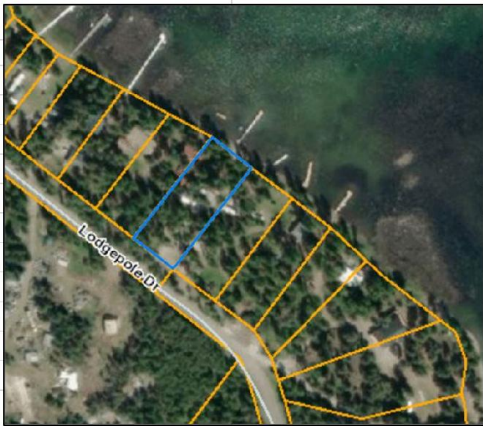
LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location	92 Bitterroot Cove Court	
	City/State	Marion, Montana	
	County	Flathead	
	Assessor Number	0000007781	
	Zoning	Little Bitterroot Lake Zoning District	
	Site Size: Acres	1.020	
	Square Feet	44,431	
	Date of Sale	July 9, 2021	
	Sales Price	\$540,000	
	Less Value of Improvements*	\$5,000	
Sales Price Adjusted	\$535,000		
MLS #	22107420		
ANALYSIS OF SALE			
Price per Acre	\$524,510	Price per Square Foot	\$12.04
		Price Per Front Foot	\$2.620
TRANSFER INFORMATION			
Grantor	Kemp D. Harker & Anh Tram Nguyen	Grantee	Jason Todd Herman
Type of Instrument	Warranty Deed	Document #	202100023267
		Marketing Time	52 Days on Market
Financing/Conditions	Cash/Market	Verified By	Scott Santa, Listing & Selling Agent
Legal Description	Lot 13 of Bitterroot Cove Subdivision, Flathead County, Montana	Intended Use/Comments	Purchased for Residential / Recreational Use
Section/Township/Range	S5/T27N/R24W		
PROPERTY DETAILS			
Access	Bitterroot Cove Court	View	Lake, Mountains
Topography	Level Area with Steep Slope to Lake	Lot Dimensions	Various
Flood Plain	According to FEMA Map Panel 30029C1750G, this property is not in an area of elevated flood risk.	Improvements	Shared Subdivision drainfield.
Water	Bitterroot Lake	Value of Improvements*	\$5,000
Water Frontage/Front Feet	204.22	Miscellaneous	A 0.08 acre portion of Bitterroot Cove Court runs within this property.
Utilities	Electricity & Telephone at road.		
Report File # 21-049ec			


LAND SALE 2

COMPARABLE SALE INFORMATION				
	Location		5350 N Ashley Lake Road	
	City/State		Kalispell, Montana	
	County		Flathead	
	Assessor Number		0000547451	
	Zoning		Ashley Lake Zoning District	
	Site Size: Acres		0.710	
	Square Feet		30,928	
	Date of Sale		June 14, 2021	
	Sales Price		\$475,000	
	Less Value of Improvements*		\$0	
Sales Price Adjusted		\$475,000		
MLS #		22106967		
ANALYSIS OF SALE				
Price per Acre		\$669,014	Price per Square Foot	\$15.36
			Price Per Front Foot	\$4,675
TRANSFER INFORMATION				
Grantor		William Joseph Maloney & Katherine Elaine Maloney	Grantee	Danielle L. Dumm & Christopher M. Dumm
Type of Instrument		Warranty Deed	Document #	202100020191
			Marketing Time	33 Days on Market
Financing/Conditions		Cash/Market	Verified By	Kristen Westland, Listing Agent
Legal Description		Lot 7 of Karow's Ashley Lake Shore Tracts, Flathead County, Montana	Intended Use/Comments	Purchased for Residential / Recreational Use
Section/Township/Range		S10/T28N/R24W		
PROPERTY DETAILS				
Access		N Ashley Lake Road	View	Lake, Mountains
Topography		Level with Gentle Slope to Lake	Lot Dimensions	Various
Flood Plain		According to FEMA Map Panel 30029C1705G, this property is not in an area of elevated flood risk.	Improvements	None
Water		Ashley Lake	Value of Improvements*	
Water Frontage/Front Feet		101.60		
Utilities		Electricity & Telephone at road.	Miscellaneous	There is an easement for a drain field for this property on a neighboring site.
Report File # 21-049ec				

LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location		795 Lodgepole Drive
	City/State		Marion, Montana
	County		Flathead
	Assessor Number		0000076330
	Zoning		Little Bitterroot Lake Zoning District
	Site Size: Acres		0.630
	Square Feet		27,443
	Date of Sale		January 15, 2021
	Sales Price		\$450,000
	Less Value of Improvements*		\$17,000
	Sales Price Adjusted		\$433,000
	MLS #		22019108
ANALYSIS OF SALE			
Price per Acre	\$687,302	Price per Square Foot	\$15.78
		Price Per Front Foot	\$4,179
TRANSFER INFORMATION			
Grantor	Beckman's Properties LPD, LLC	Grantee	Marlon B. Sundh & Michelle Sundh
Type of Instrument	Warranty Deed	Document #	202100001893
		Marketing Time	52 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Stefanie Hanson, Listing Agent
Legal Description	Lot 30 of Blue Grouse Subdivision, Flathead County, Montana	Intended Use/Comments	Purchased for Residential / Recreational Use
Section/Township/Range	S06/T27N/R24W		
PROPERTY DETAILS			
Access	Lodgepole Drive	View	Lake, Mountains
Topography	Level Area with Gentle Slope to	Lot Dimensions	Various
Flood Plain	According to FEMA Map Panel 30029C1750G, this property is not in an area of elevated flood risk.	Improvements	2 Decks & An Outdoor Kitchen Facility
Water	Bitterroot Lake	Value of Improvements*	\$17,000
Water Frontage/Front Feet	103.62	Miscellaneous	An engineered septic system will be necessary in order to construct on this site.
Utilities	Electricity & Telephone at road.		
Report File # 21-049ec			

LAND SALE 4

COMPARABLE SALE INFORMATION				
	Location		1026 McGregor Lane	
	City/State		Marion, Montana	
	County		Flathead	
	Assessor Number		0000007156	
	Zoning		Unzoned Portion of Flathead County	
	Site Size: Acres		1.027	
	Square Feet		44,736	
	Date of Sale		September 23, 2020	
	Sales Price		\$330,000	
	Less Value of Improvements*		\$15,000	
	Sales Price Adjusted		\$315,000	
MLS #		22007182		
ANALYSIS OF SALE				
Price per Acre		\$306,719		
		Price per Square Foot	\$7.04	
		Price Per Front Foot	\$1,853	
TRANSFER INFORMATION				
Grantor		Joan L. Siderius	Grantee	Leo W. Harris & Kimberly C. Harris
Type of Instrument		Warranty Deed	Document #	202000031630
			Marketing Time	121 Days on Market
Financing/Conditions		Conventional/Market	Verified By	Bill Leininger, Listing Agent
Legal Description		Lot 20b of the amended plat of Lots 19, 20, and 21, and common area #4 of McGregor Lake Highlands Phase 3	Intended Use/Comments	Purchased for Residential / Recreational Use
Section/Township/Range		S8/T26N/R25W		
PROPERTY DETAILS				
Access		McGregor Lane	View	Lake, Mountains
Topography		Gradual Slope to Lake	Lot Dimensions	Various
Flood Plain		According to FEMA Map Panel 30029C2175G, this property is not in an area of elevated flood risk.	Improvements	Community Water & Shared Drainfield
Water		McGregor Lake	Value of Improvements*	\$15,000
Water Frontage/Front Feet		170.04		
Utilities		Electricity & Telephone at road. Community Water & Drainfield. Buyer to install septic tank.	Miscellaneous	Property is located in McGregor Lake Highlands, a gated subdivision with a boat launch, a pavillion, and trails.
Report File # 21-066ec				

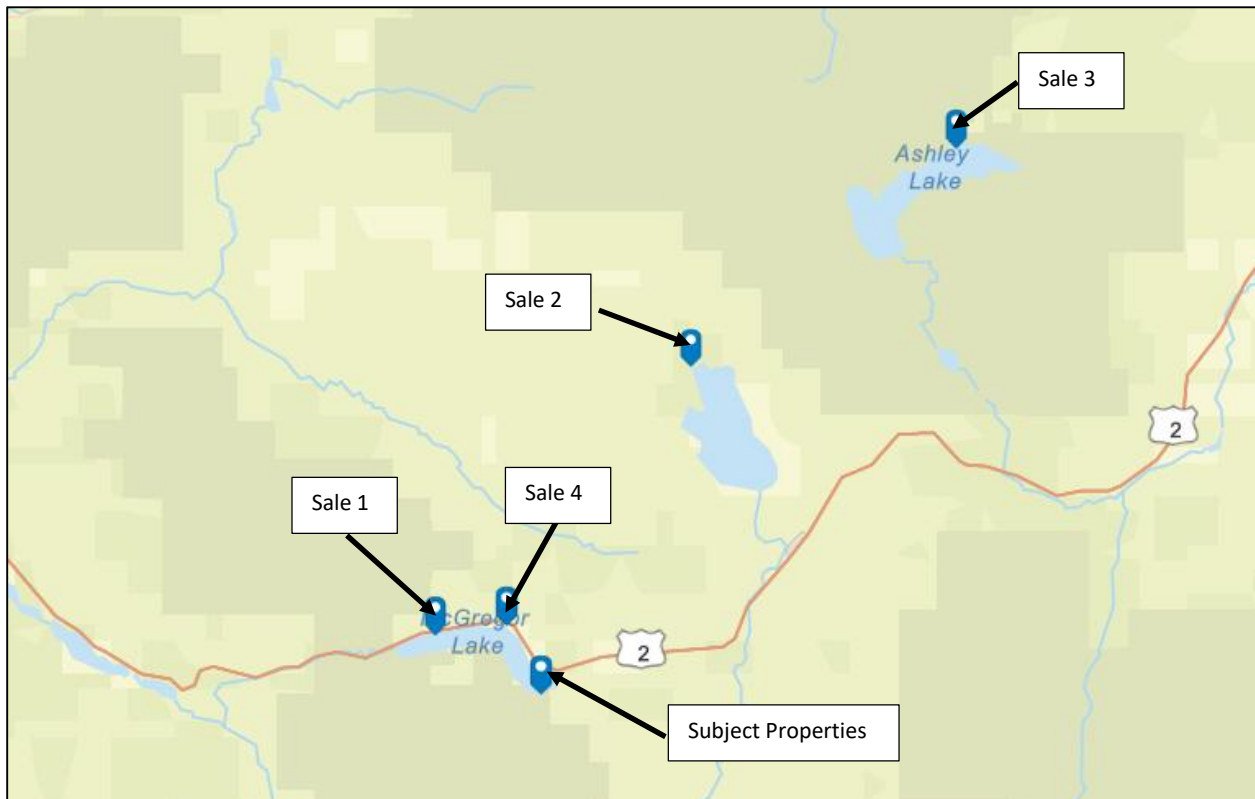
HOME SALES

We conducted a search for sales of homes on sites with frontage along smaller lakes in Flathead County. We located four improved sales that compared reasonably well with the improvements on the subject lots. The most applicable and recent comparable sales located are described on the table below;



Home Sale						
Sale #	Address	City	Sale Date	Sales Price	Less Site Value	Sale Price of Improvements
Home Sale 1	125 Violet Bay Dr	Marion	2021	\$623,000	\$394,000	\$229,000
Home Sale 1	505 Lodgepole Dr	Marion	2021	\$558,500	\$256,000	\$302,500
Home Sale 1	366 Island Dr	Kalispell	2021	\$655,000	\$470,000	\$185,000
Home Sale 1	12370 Paradise Loop	Marion	2020	\$465,000	\$255,000	\$210,000

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



Map of Comparable Home Sale



HOME SALE 1

COMPARABLE SALE INFORMATION			
		Location	125 Violet Bay Drive
		City/State	Marion, Montana
		County	Flathead
		Assessor Number	0000293751
		Zoning	SC, Scenic Corridor
		Site Size: Acres	1.288
		Square Feet	56,105
		Date of Sale	May 7, 2021
		Sales Price	\$623,000
		Adjustment to Sales Price	\$0
		Adjusted Sales Price	\$623,000
		MLS #	22104243
TRANSFER INFORMATION			
Grantor	James D. Roth & Carla A. Roth	Grantee	Marlon B. Sundh & Michelle Sundh
Recording Data	WD #202100016022	Marketing Time	37 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Sherri Sladek, Listing Agent
Legal Description	Lot 1 of the Amended Plat of Lots 8, 9, and 10 of Block 1 of Boisvert Park Summer Homes, Flathead County, Montana	Intended Use	Residential/Recreational
Section/Township/Range	S6/T26N/R25W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	McGregor Lake	Sales Price	\$623,000
Front Footage	175.19	Estimated Site Value	\$394,000
Access	Private Road - Gravel	Sales Price of Improvements	\$229,000
House Square Feet	900	Improvement Price/SF	\$254
Bedroom/Bathrooms	1 BR/1 BA		
Year Built or Renovated	1979		
Construction	Wood Frame		
Quality	Average		
Condition	Average		
Water/Sewer	Lake Water & Septic		
Utilities	Electricity & Telephone		
Topography	Level		
Outbuildings	280 SF Shed	Report File # 21-066ec	
Miscellaneous	Home includes a 3 car garage beneath the residence, a detached shed, and a deck with a stone fireplace.		


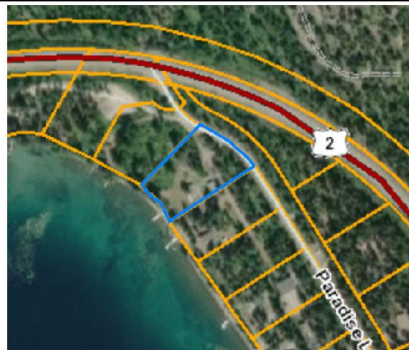
HOME SALE 2

COMPARABLE SALE INFORMATION			
	Location		505 Lodgepole Drive
	City/State		Marion, Montana
	County		Flathead
	Assessor Number		0000012414
	Zoning		LBL, Little Bitterroot Lake
	Site Size: Acres		0.350
	Square Feet		15,246
	Date of Sale		March 12, 2021
	Sales Price		\$558,500
	Adjustment to Sales Price		\$0
	Adjusted Sales Price		\$558,500
	MLS #		22018722
TRANSFER INFORMATION			
Grantor	Darcy L. Gross & Cara Gross	Grantee	Janice L. Lake
Recording Data	WD #202100008671	Marketing Time	93 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Michael Johnson, Listing Agent
Legal Description	Lot 1 of Blue Grouse Subdivision, Flathead County, Montana	Intended Use	Residential/Recreational
Section/Township/Range	S6/T27N/R24W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	Bitterroot Lake	Sales Price	\$558,500
Front Footage	64.33	Estimated Site Value	\$256,000
Access	Public Road - Asphalt	Sales Price of Improvements	\$302,500
House Square Feet	1,756	Improvement Price/SF	\$172
Bedroom/Bathrooms	4 BR/2 BA		
Year Built or Renovated	1976		
Construction	Wood Frame		
Quality	Average		
Condition	Average		
Water/Sewer	Well & Septic		
Utilities	Electricity & Telephone		
Topography	Level & Sloping		
Outbuildings	864 SF Garage		
Miscellaneous	Home includes a deck and a sun room. There is a partially finished detached garage with a room above.	Report File # 21-066ec	

HOME SALE 3

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HOME SALE 4

COMPARABLE SALE INFORMATION				
	Location		12370 Paradise Loop	
	City/State		Marion, Montana	
	County		Flathead	
	Assessor Number		0000976531	
	Zoning		SC, Scenic Corrido	
	Site Size: Acres		1.412	
	Square Feet		61,507	
	Date of Sale		September 1, 2020	
	Sales Price		\$465,000	
	Adjustment to Sales Price		\$0	
	Adjusted Sales Price		\$465,000	
	MLS #		22003690	
TRANSFER INFORMATION				
Grantor		Neil Kurtz & Mamie Flinn	Grantee	Paul Ledum & Bernadette Ledum
Recording Data		WD #202000027416	Marketing Time	49 Days on Market
Financing/Conditions		Owner Financing/Market	Verified By	Trevor Howard, Listing Agent
Legal Description		Lot 1 of McGregor Lake Estates, Flathead County, Montana	Intended Use	Residential/Recreational
Section/Township/Range		S5/T26N/R25W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE		
Body of Water		McGregor Lake		
Front Footage		160.00	Sales Price	\$465,000
Access		Private Road - Gravel	Estimated Site Value	\$255,000
House Square Feet		1,680	Sales Price of Improvements	\$210,000
Bedroom/Bathrooms		2 BR/1 BA	Improvement Price/SF	\$125
Year Built or Renovated		1994		
Construction		Wood Frame		
Quality		Average		
Condition		Average		
Water/Sewer		Well & Septic		
Utilities		Electricity & Telephone		
Topography		Level		
Outbuildings		2 Car Detached Garage		
Miscellaneous		Home includes a large deck and a 2 car detached garage.		
			</	

PROPERTY VALUATIONS

LOT 5

Site Value Estimate

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

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 5, COS #19909, MCGREGOR LAKE, MARION, FLATHEAD COUNTY, MONTANA					
DESCRIPTION		SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	440 McGregor Ln	92 Bitterroot Cove Ct	5350 N Ashley Lake Rd	795 Lodgepole Dr	1026 McGregor Ln
CITY	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT	Marion, MT
SALES PRICE		\$540,000	\$475,000	\$450,000	\$330,000
ADJUSTMENT FOR IMPROVEMENTS		-\$5,000	\$0	-\$17,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		07/09/21	06/14/21	01/15/21	09/23/20
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.40
ADJUSTED PRICE		\$535,000	\$475,000	\$433,000	\$441,000
SITE SIZE/GROSS ACRES	1.318	1.020	0.710	0.630	1.027
FRONT FEET ON LAKE	133.49	204.22	101.60	103.62	170.04
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,620	\$4,675	\$4,179	\$2,594
ADJUSTMENT FOR:					
LOCATION/LAKE NAME & SIZE	McGregor Lake 1,522 Acres	Bitterroot Lake 2,970 Acres	Ashley Lake 2,850 Acres	Bitterroot 2,970 Acres	McGregor Lake 1,522 Acres
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
TOPOGRAPHY	Gentle Slope	Steep Slope	Gentle Slope	Gentle Slope	Gentle Slope
FRONTAGE/ACCESS	Driveway from Private Road	Driveway from Public Road	Driveway from Public Road	Driveway from Public Road	Driveway from Private Road
ZONING	None	LBL	Ashley Lake ZD	LBL	None
EASEMENTS AFFECTING USE	Yes	Yes	No	No	None
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
SITE SIZE/ACRES	1.318	1.020	0.710	0.630	1.027
SITE SIZE/FRONT FEET	133.49	204.22	101.60	103.62	170.04
TOTAL PERCENTAGE ADJUSTMENT		10%	-10%	-10%	-10%
TOTAL ADJUSTMENT ADJUSTMENT		\$262	-\$468	-\$418	-\$259
ADJUSTED PRICE PER FRONT FOOT		\$2,882	\$4,208	\$3,761	\$2,334

Discussion of Adjustments

Adjustment for List Price: All of the comparables utilized in this analysis were closed sales as of the report effective date. For this reason, no adjustments were necessary in this category.

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

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

Financing: The financing for the comparables were cash or cash equivalent; therefore, no adjustments were necessary comparables in category.

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

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

Market Conditions: The comparables sold in late 2020 or 2021. Land Sales 1, 2, and 3 closed in 2021 and no adjustment was necessary for changes in market conditions. Land Sale 4 sold in 2020. An upward adjustment of 40% for changes in market conditions from 2020 to 2021 was supported in the Subject Market Analysis. This adjustment percentage was applied to Land Sale 4.

Location/Lake Name & Size: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. No adjustments were necessary in this category.

Shape: The comparables have shapes suitable for development and no adjustment was made in this category.

Topography: The subject lot includes level areas and is gently sloping toward the lake. Land Sale 1 slopes steeply down to the lake frontage. Some upward adjustment was considered necessary in this category for Land Sale 1. An upward adjustment of 10% was made to this sale in this category. This adjustment percentage is considered reflective of the actions of market participants relative to risk and other issues associated with development and use of sloping sites. Land Sales 2, 3, and 4 are similar to the subject in topography and no adjustments were necessary in this category for these comparables.

Frontage/Access: The subject lot is accessed via a driveway from public road. The comparables have similar access and no adjustment was necessary in this category.

Zoning: The subject site and is in a portion of Flathead County with no zoning. Based upon the highest and best uses for the subject and comparables, no adjustments were necessary in this category.

Easements Affecting Value: The subject site includes a portion of McGregor Lane within the boundaries. This easement limits the usable site area for this property. Land Sale 1 includes a similar easement within the site boundaries. No adjustments were necessary in this category for this sale. Land Sales 2, 3, and 4 do not include similar easements. Downward adjustments of 10% were made to these sales in this category. This adjustment percentage is considered reflective of the actions of market participants relative to similar easements.

Electricity/Telephone: The subject property and comparables have similar access to electricity and telephone service. No adjustments were necessary in this category.

Size/Acres: There is no market data suggesting that an adjustment for size is necessary for lake front sites in the size ranges of the subject and comparables. For this reason, no adjustment was made in this category.

Size/Front Foot: Differences in front footage are addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$2,882, \$4,208, \$3,761, and \$2,334 per front foot, respectively. The subject property includes 133.49 feet of frontage along McGregor Lake. Land Sales 2, 3, and 4 bracket the subject site in the amount of front footage. For this reason, these sales are accorded most weight. Land Sales 2 and 3 are accorded 20% of the weight, respectively and Land Sale 4 is accorded 60% of the weight since it is along McGregor Lake. The resulting value indication is \$2,994 per front foot and we have rounded this to \$3,000 per front foot. The value calculations are below;

133.49 FF @ \$3,000/FF	\$400,470
Rounded To	\$400,000

Improvement Value Estimate

Home Sales 1, 2, 3, and 4 were reasonable comparables for the subject improvements. A sales comparison analysis for the subject property utilizing these comparables is below;

SALES COMPARISON ANALYSIS FOR LOT 5, COS #19909, MCGREGOR LAKE, MARION, MONTANA					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	440 McGregor Ln	125 Violet Bay Dr	505 Lodgepole Dr	366 Island Dr	12370 Paradise Loop
LOCATION	Marion, MT	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT
SALES PRICE		\$623,000	\$558,500	\$655,000	\$465,000
LIST ADJUSTMENT					
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		05/07/21	03/12/21	02/05/21	09/01/20
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.40
ADJUSTED PRICE		\$623,000	\$558,500	\$655,000	\$651,000
LESS SITE VALUE		(\$394,000)	(\$256,000)	(\$470,000)	(\$357,000)
ADJUSTED IMPROVEMENT PRICE		\$229,000	\$302,500	\$185,000	\$294,000
ADJUSTMENT FOR:					
LOCATION/SITE	McGregor Lake	McGregor Lake	Bitterroot Lake	Ashley Lake	McGregor Lake
		\$0	\$0	\$0	\$0
QUALITY	Average	Average	Average	Average	Average
		\$0	\$0	\$0	\$0
CONDITION	Average	Average	Average	Average	Average
		\$0	\$0	\$0	\$0
BATHROOMS	1	1	2	1	1
		\$0	-\$5,000	\$0	\$0
HOUSE SIZE/SF	444	900	1,756	665	1,680
		-\$50,160	-\$144,320	-\$24,310	-\$135,960
FINISHED BASEMENT SIZE/SF	0	0	0	0	0
		\$0	\$0	\$0	\$0
OUTBUILDINGS	Storage Building, Boat House, & Outhouse	Superior	Superior	Inferior	Superior
		-\$13,000	-\$6,000	\$4,000	-\$6,000
TOTAL ADJUSTMENT		-\$63,160	-\$155,320	-\$20,310	-\$141,960
NET ADJUSTMENT PERCENTAGE		-28%	-51%	-11%	-48%
ADJUSTED PRICE INDICATION		\$165,840	\$147,180	\$164,690	\$152,040

Discussion of Adjustments

List Adjustment: The comparable sales closed in 2020 or 2021 and no adjustment was necessary in this category.

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

Market Conditions: Home Sales 1, 2, and 3 closed in 2021 and no adjustment was necessary in this category. Home Sale 4 closed in 2020 and some upward adjustment was considered necessary in this category. An upward adjustment of 40% for changes in market conditions from 2020 to 2021 was supported in the Subject Market Analysis for vacant site sales. Home Sale 4 is an improved sale; however, the same adjustment percentage is considered reflective of the actions of market participants in this category. An upward adjustment of 40% was applied to Home Sale 4.

Location: The contributory site value for each sale was removed. This results in the comparison of the subject improvements to the improvements associated with the sales. The site sales utilized to determine the site values for the improved sales were presented in the subject market analysis. Note that contributory land value for Home Sale 4 reflects the upward adjustment of 40% for changes in market conditions.

Quality: The subject residence is considered to be of similar quality compared to the comparable. No adjustment was necessary in this category.

Condition: The subject residence is considered to be in similar condition compared to the comparable. No adjustment was necessary in this category.

Bathrooms: The subject residence includes one bathroom. Home Sales 1, 3, and 4 include one bathroom and required no adjustment in this category. Home Sale 2 includes two bathrooms. A downward adjustment of \$5,000 was made in this category to Home Sale 2. This adjustment is considered to reflect the actions of market participants relative to an additional bathroom.

House Size: Based upon the indication of the sale price per residence square footage for the comparable sales, an adjustment for size differences between the comparables and the subject of \$110 per square foot is considered reasonable and appropriate. This equates to approximately half of the averages of the sales prices per square foot for the comparable residences without the contributory site values. Market participants do not typically pay a dollar for dollar price for size differences. This adjustment amount is considered appropriate and indicative of the actions of market participants with respect to house size.

Finished Basement Size: The subject residence and comparables do not include finished basements. No adjustments were necessary in this category.

Outbuildings: The subject property includes outbuildings. The contributory value of the subject outbuildings was developed based upon depreciated costs on the table below;

Building Description	Size/SF	Marshall Valuation	Cost/SF	Total Cost New
Storage	95	Section 17/Page 11	\$25.50	\$2,423
Boat House	128	Section 17/Page 11	\$25.50	\$3,264
Outhouse	16	Lump Sum Estimate		\$2,500
Total Cost New				\$8,187
Less Depreciation - Age/Life - 15/30 Years = 50%				-\$4,093
Depreciated Cost Estimate				\$4,093
Rounded To				\$4,000

Adjustments based upon differences between the contributory values of the subject outbuildings compared to those for the home sales were made to the comparables in this category.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$165,840, \$147,180, \$164,690, and \$152,040. All weight is accorded the adjusted indications from Home Sales 1 and 3 as these required the lowest net adjustment percentages. The average of these two adjusted indications is \$165,265. We have rounded this to \$165,000. A market value of \$165,000 is reasonable and well supported for the subject improvements.

Total Value Conclusion

The total value conclusion is derived by adding the subject site value to the estimated value of improvements. The calculations are below;

Subject Site Value	\$400,000
Subject Improvements Value	<u>\$165,000</u>
Total Value Indication	\$565,000

LOT 9

Site Value Estimate

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

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 9, COS #19909, MCGREGOR LAKE, MARION, FLATHEAD COUNTY, MONTANA					
DESCRIPTION		SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	480 McGregor Ln	92 Bitterroot Cove Ct	5350 N Ashley Lake Rd	795 Lodgepole Dr	1026 McGregor Ln
CITY	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT	Marion, MT
SALES PRICE		\$540,000	\$475,000	\$450,000	\$330,000
ADJUSTMENT FOR IMPROVEMENTS		-\$5,000	\$0	-\$17,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		07/09/21	06/14/21	01/15/21	09/23/20
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.40
ADJUSTED PRICE		\$535,000	\$475,000	\$433,000	\$441,000
SITE SIZE/GROSS ACRES	1.987	1.020	0.710	0.630	1.027
FRONT FEET ON LAKE	174.39	204.22	101.60	103.62	170.04
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,620	\$4,675	\$4,179	\$2,594
ADJUSTMENT FOR:					
LOCATION/LAKE NAME & SIZE	McGregor Lake 1,522 Acres	Bitterroot Lake 2,970 Acres	Ashley Lake 2,850 Acres	Bitterroot 2,970 Acres	McGregor Lake 1,522 Acres
		0%	0%	0%	0%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Gentle Slope	Steep Slope	Gentle Slope	Gentle Slope	Gentle Slope
		10%	0%	0%	0%
FRONTAGE/ACCESS	Driveway from Private Road	Driveway from Public Road	Driveway from Public Road	Driveway from Public Road	Driveway from Private Road
		0%	0%	0%	0%
ZONING	None	LBL	Ashley Lake ZD	LBL	None
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	Yes	No	No	None
		0%	-10%	-10%	-10%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	1.987	1.020	0.710	0.630	1.027
		0%	0%	0%	0%
SITE SIZE/FRONT FEET	174.39	204.22	101.60	103.62	170.04
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		10%	-10%	-10%	-10%
TOTAL ADJUSTMENT ADJUSTMENT		\$262	-\$468	-\$418	-\$259
ADJUSTED PRICE PER FRONT FOOT		\$2,882	\$4,208	\$3,761	\$2,334

Discussion of Adjustments

Adjustment for List Price: All of the comparables utilized in this analysis were closed sales as of the report effective date. For this reason, no adjustments were necessary in this category.

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

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

Financing: The financing for the comparables were cash or cash equivalent; therefore, no adjustments were necessary comparables in category.

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

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

Market Conditions: The comparables sold in late 2020 or 2021. Land Sales 1, 2, and 3 closed in 2021 and no adjustment was necessary for changes in market conditions. Land Sale 4 sold in 2020. An upward adjustment of 40% for changes in market conditions from 2020 to 2021 was supported in the Subject Market Analysis. This adjustment percentage was applied to Land Sale 4.

Location/Lake Name & Size: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. No adjustments were necessary in this category.

Shape: The comparables have shapes suitable for development and no adjustment was made in this category.

Topography: The subject lot includes level areas and is gently sloping toward the lake. Land Sale 1 slopes steeply down to the lake frontage. Some upward adjustment was considered necessary in this category for Land Sale 1. An upward adjustment of 10% was made to this sale in this category. This adjustment percentage is considered reflective of the actions of market participants relative to risk and other issues associated with development and use of sloping sites. Land Sales 2, 3, and 4 are similar to the subject in topography and no adjustments were necessary in this category for these comparables.

Frontage/Access: The subject lot is accessed via a driveway from public road. The comparables have similar access and no adjustment was necessary in this category.

Zoning: The subject site and is in a portion of Flathead County with no zoning. Based upon the highest and best uses for the subject and comparables, no adjustments were necessary in this category.

Easements Affecting Value: The subject site includes a portion of McGregor Lane within the boundaries. This easement limits the usable site area for this property. Land Sale 1 includes a similar easement within the site boundaries. No adjustments were necessary in this category for this sale. Land Sales 2, 3, and 4 do not include similar easements. Downward adjustments of 10% were made to these sales in this category. This adjustment percentage is considered reflective of the actions of market participants relative to similar easements.

Electricity/Telephone: The subject property and comparables have similar access to electricity and telephone service. No adjustments were necessary in this category.

Size/Acres: There is no market data suggesting that an adjustment for size is necessary for lake front sites in the size ranges of the subject and comparables. For this reason, no adjustment was made in this category.

Size/Front Foot: Differences in front footage are addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$2,882, \$4,208, \$3,761, and \$2,334 per front foot, respectively. The subject property includes 174.39 feet of frontage along McGregor Lake. Land Sales 1 and 4 bracket the subject site in the amount of front footage. For this reason, these sales are accorded most weight. Land Sale 1 is accorded 25% of the weight and Land Sale 4 is accorded 75% of the weight since it is along McGregor Lake and more similar to the subject in the amount of front footage. The resulting value indication is \$2,471 per front foot and we have rounded this to \$2,500 per front foot. The value calculations are below;

174.39 FF @ \$2,500/FF	\$435,975
Rounded To	\$436,000

Improvement Value Estimate

Home Sales 1, 2, 3, and 4 were reasonable comparables for the subject improvements. A sales comparison analysis for the subject property utilizing these comparables is below;

SALES COMPARISON ANALYSIS FOR LOT 9, COS #19909, MCGREGOR LAKE, MARION, MONTANA					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	480 McGregor Ln	125 Violet Bay Dr	505 Lodgepole Dr	366 Island Dr	12370 Paradise Loop
LOCATION	Marion, MT	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT
SALES PRICE		\$623,000	\$558,500	\$655,000	\$465,000
LIST ADJUSTMENT					
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		05/07/21	03/12/21	02/05/21	09/01/20
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.40
ADJUSTED PRICE		\$623,000	\$558,500	\$655,000	\$651,000
LESS SITE VALUE		(\$394,000)	(\$256,000)	(\$470,000)	(\$357,000)
ADJUSTED IMPROVEMENT PRICE		\$229,000	\$302,500	\$185,000	\$294,000
ADJUSTMENT FOR:					
LOCATION/SITE	McGregor Lake	McGregor Lake	Bitterroot Lake	Ashley Lake	McGregor Lake
		\$0	\$0	\$0	\$0
QUALITY	Average	Average	Average	Average	Average
		\$0	\$0	\$0	\$0
CONDITION	Good	Average	Average	Average	Average
		\$11,450	\$15,125	\$9,250	\$14,700
BATHROOMS	1	1	2	1	1
		\$0	-\$5,000	\$0	\$0
HOUSE SIZE/SF	854	900	1,756	665	1,680
		-\$5,060	-\$99,220	\$20,790	-\$90,860
FINISHED BASEMENT SIZE/SF	0	0	0	0	0
		\$0	\$0	\$0	\$0
OUTBUILDINGS	Storage Building, Boat House, & Outhouse	Superior	Superior	Inferior	Superior
		-\$14,000	-\$7,000	\$3,000	-\$7,000
TOTAL ADJUSTMENT		-\$7,610	-\$96,095	\$33,040	-\$83,160
NET ADJUSTMENT PERCENTAGE		-3%	-32%	18%	-28%
ADJUSTED PRICE INDICATION		\$221,390	\$206,405	\$218,040	\$210,840

Discussion of Adjustments

List Adjustment: The comparable sales closed in 2020 or 2021 and no adjustment was necessary in this category.

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

Market Conditions: Home Sales 1, 2, and 3 closed in 2021 and no adjustment was necessary in this category. Home Sale 4 closed in 2020 and some upward adjustment was considered necessary in this category. An upward adjustment of 40% for changes in market conditions from 2020 to 2021 was supported in the Subject Market Analysis for vacant site sales. Home Sale 4 is an improved sale; however, the same adjustment percentage is considered reflective of the actions of market participants in this category. An upward adjustment of 40% was applied to Home Sale 4.

Location: The contributory site value for each was removed. This results in the comparison of the subject improvements to the improvements associated with the sales. The site sales utilized to determine the site values for the improved sales were presented in the subject market analysis. Note that contributory land value for Home Sale 4 reflects the upward adjustment of 40% for changes in market conditions.

Quality: The subject residence is considered to be of similar quality compared to the comparable. No adjustment was necessary in this category.

Condition: The subject residence is considered to be in good condition and the comparables are considered to be in average condition. Upward adjustments of 5% of the adjusted improvement purchase price were made to the comparables in this category. This adjustment is considered representative of the actions of market participants with respect to condition.

Bathrooms: The subject residence includes one bathroom. Home Sales 1, 3, and 4 include one bathroom and required no adjustment in this category. Home Sale 2 includes two bathrooms. A downward adjustment of \$5,000 was made in this category to Home Sale 2. This adjustment is considered to reflect the actions of market participants relative to an additional bathroom.

House Size: Based upon the indication of the sale price per residence square footage for the comparable sales, an adjustment for size differences between the comparables and the subject of \$110 per square foot is considered reasonable and appropriate. This equates to approximately half of the averages of the sales prices per square foot for the comparable residences without the contributory site values. Market participants do not typically pay a dollar for dollar price for size differences. This adjustment amount is considered appropriate and indicative of the actions of market participants with respect to house size.

Finished Basement Size: The subject residence and comparables do not include finished basements. No adjustments were necessary in this category.

Outbuildings: The subject property includes an outbuilding. The contributory value of the subject outbuilding was developed based upon depreciated cost on the table below;

Building Description	Size/SF	Marshall Valuation	Cost/SF	Total Cost New
Storage Building	123	Section 17/Page 11	\$25.50	\$3,137
Total Cost New				\$3,137
Less Depreciation - Age/Life - 2/30 Years = 7%				-\$220
Depreciated Cost Estimate				\$2,917
Rounded To				\$3,000

Adjustments based upon differences between the contributory values of the subject outbuilding compared to those for the home sales were made to the comparables in this category.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$221,390, \$206,405, \$218,040, and \$210,840. All weight is accorded the adjusted indications from Home Sales 1 and 3 as these required the lowest net adjustment percentages. The average of these two adjusted indications is \$219,715. We have rounded this to \$220,000. A market value of \$220,000 is reasonable and well supported for the subject improvements.

Total Value Conclusion

The total value conclusion is derived by adding the subject site value to the estimated value of improvements. The calculations are below;

Subject Site Value	\$436,000
Subject Improvements Value	<u>\$220,000</u>
Total Value Indication	\$656,000

LOT 21

Site Value Estimate

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

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 21, COS #19909, MCGREGOR LAKE, MARION, FLATHEAD COUNTY, MONTANA					
DESCRIPTION		SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	620 McGregor Ln	92 Bitterroot Cove Ct	5350 N Ashley Lake Rd	795 Lodgepole Dr	1026 McGregor Ln
CITY	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT	Marion, MT
SALES PRICE		\$540,000	\$475,000	\$450,000	\$330,000
ADJUSTMENT FOR IMPROVEMENTS		-\$5,000	\$0	-\$17,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		07/09/21	06/14/21	01/15/21	09/23/20
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.40
ADJUSTED PRICE		\$535,000	\$475,000	\$433,000	\$441,000
SITE SIZE/GROSS ACRES	1.231	1.020	0.710	0.630	1.027
FRONT FEET ON LAKE	146.18	204.22	101.60	103.62	170.04
ADJUSTED SALES PRICE PER FRONT FOOT		\$2,620	\$4,675	\$4,179	\$2,594
ADJUSTMENT FOR:					
LOCATION/LAKE NAME & SIZE	McGregor Lake 1,522 Acres	Bitterroot Lake 2,970 Acres	Ashley Lake 2,850 Acres	Bitterroot 2,970 Acres	McGregor Lake 1,522 Acres
		0%	0%	0%	0%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Gentle Slope	Steep Slope	Gentle Slope	Gentle Slope	Gentle Slope
		10%	0%	0%	0%
FRONTAGE/ACCESS	Driveway from Private Road	Driveway from Public Road	Driveway from Public Road	Driveway from Public Road	Driveway from Private Road
		0%	0%	0%	0%
ZONING	None	LBL	Ashley Lake ZD	LBL	None
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	Yes	No	No	None
		0%	-10%	-10%	-10%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	1.231	1.020	0.710	0.630	1.027
		0%	0%	0%	0%
SITE SIZE/FRONT FEET	146.18	204.22	101.60	103.62	170.04
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		10%	-10%	-10%	-10%
TOTAL ADJUSTMENT ADJUSTMENT		\$262	-\$468	-\$418	-\$259
ADJUSTED PRICE PER FRONT FOOT		\$2,882	\$4,208	\$3,761	\$2,334

Discussion of Adjustments

Adjustment for List Price: All of the comparables utilized in this analysis were closed sales as of the report effective date. For this reason, no adjustments were necessary in this category.

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

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

Financing: The financing for the comparables were cash or cash equivalent; therefore, no adjustments were necessary comparables in category.

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

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

Market Conditions: The comparables sold in late 2020 or 2021. Land Sales 1, 2, and 3 closed in 2021 and no adjustment was necessary for changes in market conditions. Land Sale 4 sold in 2020. An upward adjustment of 40% for changes in market conditions from 2020 to 2021 was supported in the Subject Market Analysis. This adjustment percentage was applied to Land Sale 4.

Location/Lake Name & Size: As discussed in the Subject Market Analysis portion of this report, the sales are along lakes that are considered to have similar marketability compared to the subject site. No adjustments were necessary in this category.

Shape: The comparables have shapes suitable for development and no adjustment was made in this category.

Topography: The subject lot includes level areas and is gently sloping toward the lake. Land Sale 1 slopes steeply down to the lake frontage. Some upward adjustment was considered necessary in this category for Land Sale 1. An upward adjustment of 10% was made to this sale in this category. This adjustment percentage is considered reflective of the actions of market participants relative to risk and other issues associated with development and use of sloping sites. Land Sales 2, 3, and 4 are similar to the subject in topography and no adjustments were necessary in this category for these comparables.

Frontage/Access: The subject lot is accessed via a driveway from public road. The comparables have similar access and no adjustment was necessary in this category.

Zoning: The subject site and is in a portion of Flathead County with no zoning. Based upon the highest and best uses for the subject and comparables, no adjustments were necessary in this category.

Easements Affecting Value: The subject site includes a portion of McGregor Lane within the boundaries. This easement limits the usable site area for this property. Land Sale 1 includes a similar easement within the site boundaries. No adjustments were necessary in this category for this sale. Land Sales 2, 3, and 4 do not include similar easements. Downward adjustments of 10% were made to these sales in this category. This adjustment percentage is considered reflective of the actions of market participants relative to similar easements.

Electricity/Telephone: The subject property and comparables have similar access to electricity and telephone service. No adjustments were necessary in this category.

Size/Acres: There is no market data suggesting that an adjustment for size is necessary for lake front sites in the size ranges of the subject and comparables. For this reason, no adjustment was made in this category.

Size/Front Foot: Differences in front footage are addressed in the Reconciliation.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$2,882, \$4,208, \$3,761, and \$2,334 per front foot, respectively. The subject property includes 146.18 feet of frontage along McGregor Lake. Land Sales 2, 3, and 4 bracket the subject site in the amount of front footage. For this reason, these sales are accorded most weight. Land Sales 2 and 3 are accorded 17% of the weight, respectively and Land Sale 4 is accorded 66% of the weight since it is along McGregor Lake and more similar to the subject in the amount of front footage. The resulting value indication is \$2,895 per front foot and we have rounded this to \$2,900 per front foot. The value calculations are below;

146.18 FF @ \$2,900/FF	\$423,922
Rounded To	\$424,000

Improvement Value Estimate

Home Sales 1, 2, 3, and 4 were reasonable comparables for the subject improvements. A sales comparison analysis for the subject property utilizing these comparables is below;

SALES COMPARISON ANALYSIS FOR LOT 21, COS #19909, MCGREGOR LAKE, MARION, MONTANA					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	620 McGregor Ln	125 Violet Bay Dr	505 Lodgepole Dr	366 Island Dr	12370 Paradise Loop
LOCATION	Marion, MT	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT
SALES PRICE		\$623,000	\$558,500	\$655,000	\$465,000
LIST ADJUSTMENT					
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		05/07/21	03/12/21	02/05/21	09/01/20
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.40
ADJUSTED PRICE		\$623,000	\$558,500	\$655,000	\$651,000
LESS SITE VALUE		(\$394,000)	(\$256,000)	(\$470,000)	(\$357,000)
ADJUSTED IMPROVEMENT PRICE		\$229,000	\$302,500	\$185,000	\$294,000
ADJUSTMENT FOR:					
LOCATION/SITE	McGregor Lake	McGregor Lake	Bitterroot Lake	Ashley Lake	McGregor Lake
		\$0	\$0	\$0	\$0
QUALITY	Average	Average	Average	Average	Average
		\$0	\$0	\$0	\$0
CONDITION	Good	Average	Average	Average	Average
		\$0	\$0	\$0	\$0
BATHROOMS	1	1	2	1	1
		\$0	-\$5,000	\$0	\$0
HOUSE SIZE/SF	1,502	900	1,756	665	1,680
		\$66,220	-\$27,940	\$92,070	-\$19,580
FINISHED BASEMENT SIZE/SF	0	0	0	0	0
		\$0	\$0	\$0	\$0
OUTBUILDINGS	Bunk House, Bath House, Boat House, & Storage Building	Inferior	Inferior	Inferior	Inferior
		\$20,000	\$27,000	\$37,000	\$27,000
TOTAL ADJUSTMENT		\$86,220	-\$5,940	\$129,070	\$7,420
NET ADJUSTMENT PERCENTAGE		38%	-2%	70%	3%
ADJUSTED PRICE INDICATION		\$315,220	\$296,560	\$314,070	\$301,420

Discussion of Adjustments

List Adjustment: The comparable sales closed in 2020 or 2021 and no adjustment was necessary in this category.

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

Market Conditions: Home Sales 1, 2, and 3 closed in 2021 and no adjustment was necessary in this category. Home Sale 4 closed in 2020 and some upward adjustment was considered necessary in this category. An upward adjustment of 40% for changes in market conditions from 2020 to 2021 was supported in the Subject Market Analysis for vacant site sales. Home Sale 4 is an improved sale; however, the same adjustment percentage is considered reflective of the actions of market participants in this category. An upward adjustment of 40% was applied to Home Sale 4.

Location: The contributory site value for each sale was removed. This results in the comparison of the subject improvements to the improvements associated with the sales. The site sales utilized to determine the site values for the improved sales were presented in the subject market analysis. Note that contributory land value for Home Sale 4 reflects the upward adjustment of 40% for changes in market conditions.

Quality: The subject residence is considered to be of similar quality compared to the comparable. No adjustment was necessary in this category.

Condition: The subject residence is considered to be in good condition and the comparables are considered to be in average condition. Upward adjustments of 5% of the improvement purchase price were made to the comparables in this category. This adjustment is considered representative of the actions of market participants with respect to condition.

Bathrooms: The subject residence includes one bathroom. Home Sales 1, 3, and 4 include one bathroom and required no adjustment in this category. Home Sale 2 includes two bathrooms. A downward adjustment of \$5,000 was made in this category to Home Sale 2. This adjustment is considered to reflect the actions of market participants relative to an additional bathroom.

House Size: Based upon the indication of the sale price per residence square footage for the comparable sales, an adjustment for size differences between the comparables and the subject of \$110 per square foot is considered reasonable and appropriate. This equates to approximately half of the averages of the sales prices per square foot for the comparable residences without the contributory site values. Market participants do not typically pay a dollar for dollar price for size differences. This adjustment amount is considered appropriate and indicative of the actions of market participants with respect to house size.

Finished Basement Size: The subject residence and comparables do not include finished basements. No adjustments were necessary in this category.

Outbuildings: The subject property includes outbuildings. The contributory value of the subject outbuildings was developed based upon depreciated costs on the table below;

Building Description	Size/SF	Marshall Valuation	Cost/SF	Total Cost New
Bunk House	246	Section 12/Page 29	\$57.50	\$14,145
Storage	630	Section 17/Page 11	\$25.50	\$16,065
Bathhouse	170	Section 12/Page 29	\$103.00	\$17,510
Boat House	288	Section 17/Page 11	\$25.50	<u>\$7,344</u>
Total Cost New				\$55,064
Less Depreciation - Age/Life - 10/30 Years = 33%				<u>-\$18,171</u>
Depreciated Cost Estimate				\$36,893
Rounded To				\$37,000

Adjustments based upon differences between the contributory values of the subject outbuildings compared to those for the home sales were made to the comparables in this category.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$315,220, \$296,560, \$314,070, and \$301,420. All weight is accorded the adjusted indications from Home Sales 2 and 4 as these required the lowest net adjustment percentages. The average of these two adjusted indications is \$298,990. We have rounded this to \$300,000. A market value of \$300,000 is reasonable and well supported for the subject improvements.

Total Value Conclusion

The total value conclusion is derived by adding the subject site value to the estimated value of improvements. The calculations are below;

Subject Site Value	\$424,000
Subject Improvements Value	<u>\$300,000</u>
Total Value Indication	\$724,000

RECAPITULATION OF VALUE INDICATIONS

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

Lot #	Sale #	Site Value	Value of Improvements	Total Value	Effective Date of Market Values
5	1142	\$400,000	\$165,000	\$565,000	9/23/2021
9	1143	\$436,000	\$220,000	\$656,000	9/23/2021
21	1144	\$424,000	\$300,000	\$724,000	9/23/2021

QUALIFICATIONS OF THE APPRAISERS

ELLIOTT (ELLIE) M. CLARK, MAI

PROFESSIONAL DESIGNATIONS

MAI Designated Member of the Appraisal Institute (2004)

FORMAL EDUCATION

College of Charleston, Charleston, SC - Bachelor of Science – Geology (1985)

REAL ESTATE EDUCATION

Appraisal Institute

1990 - Basic Valuation Procedures
1990 - Real Estate Principles
1992 - Capitalization Theory and Technique
1994 - Advanced Income Capitalization
2001 - Highest and Best Use and Market Analysis
2001 - Advanced Sales Comparison and Cost Approaches
2002 - Standards of Professional Practice, Part A
2002 - Standards of Professional Practice, Part B
2002 - Report Writing and Valuation Analysis
2002 - Advanced Applications
2003 - Comprehensive Exam
2003 - Separating Real & Personal Property from Intangible Business Assets
2004 - Demonstration Appraisal
2006 - 7 Hour National USPAP Update Course
2006 - Business Practices and Ethics
2006 – Uniform Appraisal Standards for Federal Land Acquisitions
2008 - 7 Hour National USPAP Update Course
2010 - 7 Hour National USPAP Update Course
2012 – 7 Hour National USPAP Update Course
2012 – Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
2012 – Valuation of Conservation Easements
2014 – 7 Hour National USPAP Update Course
2015 – Real Estate Finance Statistics and Valuation Modeling
2016 – 7 Hour National USPAP Update Course
2016 – Eminent Domain & Condemnation
2017 – Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications
2018 – 7 Hour National USPAP Update Course
2019 – 7 Hour National USPAP Update Course
2019 – Business Practice & Ethics
2020 – Small Hotel/Motel Valuation
2020 – Appraisal of Medical Office Buildings

Institute of Financial Education

1985 - Real Estate Law I
1986 - Real Estate Law II

IAAO

1991 - Standards of Practice and Professional Ethics

Citadel Evening College

1993 - Residential Appraisal Reports Using URAR Form

William H. Sharp & Associates

1995 - The Home Inspection

Trident Technical College

1997 - Uniform Standards of Appraisal

Historic Preservation Consulting

1998 - Appraising Historic Property

The Beckman Company

2004 - The Technical Inspection of Real Estate

APPRAISAL SEMINARS ATTENDED

2000 – JT&T Seminars: Financial Calculator HP-12C

2000 – Appraisal Institute: Highest and Best Use Applications

2004 – Appraisal Institute: Evaluating Commercial Construction

2005 – Appraisal Institute: Scope of Work: Expanding Your Range of Services

2006 – Appraisal Institute: Subdivision Valuation

2006 – Appraisal Institute: Appraising from Blueprints and Specifications

2007 – Appraisal Institute: Analyzing Commercial Lease Clauses

2007 – Appraisal Institute: Condominiums, Co-ops, and PUDs

2008 – Appraisal Institute: Spotlight on USPAP

2008 – Appraisal Institute: Quality Assurance in Residential Appraisals: Risky Appraisals = Risky Loans

2008 – Appraisal Institute: Office Building Valuation: A Contemporary Perspective

2009 – Appraisal Institute: Appraisal Curriculum Overview (2-Day General)

2010 – Appraisal Institute: Hotel Appraising – New Techniques for Today's Uncertain Times

2010 – Appraisal Institute: The Discounted Cash Flow Model: Concepts, Issues & Applications

2011 – Appraisal Institute: Understanding & Using Investor Surveys Effectively

2011 – Appraisal Institute: Advanced Spreadsheet Modeling for Valuation Applications

2012 – Appraisal Institute: Appraising the Appraisal: Appraisal Review-General

2013 – Appraisal Institute: Business Practices and Ethics

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

2019 – Appraisal Institute: The Cost Approach: Unnecessary or Vital to a Healthy Practice

WORK EXPERIENCE

2003 - Present Clark Real Estate Appraisal – Owner/Commercial Real Estate Appraiser

1995 - 2003 Sass, Herrin & Associates, Inc. – Commercial Real Estate Appraiser

1990 - 1995 Charleston County Assessor's Office – Sr. Staff Real Estate Appraiser

1986 - 1989 First Sun Capital Corporation - Mortgage Loan Officer

1985 - 1986 First National Bank of Atlanta - Mortgage Loan Processor

1984 - 1985 South Carolina Federal Savings Bank - Mortgage Loan Processor

STATE LICENSES/CERTIFICATIONS

Montana State Certified General Real Estate Appraiser - REA-RAG-LIC-683

PARTIAL LIST OF CLIENTS

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

CHRISTOPHER D. CLARK

FORMAL EDUCATION

Millikin University, Decatur, Illinois
Bachelor of Arts in Political Science

REAL ESTATE EDUCATION

Appraisal Institute

Course 110 – Appraisal Principles, 2005
Course 120 – Appraisal Procedures, 2005
Course 410 – 15- Hour National USPAP Course, 2005
Course 203R – Residential Report Writing & Case Studies, 2006
Course REA070513 – Analyzing Commercial Lease Clauses, 2007
Course 06RE0638 – Condominiums, Co-ops, PUD's, 2007
Course REA071154 – Hypothetical Conditions, Extraordinary Assumptions, 2008
Course 07RE0734 – 7-Hour National USPAP Update, 2008
Course 06RE0641 – Quality Assurance in Residential Appraisals, 2008
Course 06RE1286 – Office Building Valuation: A Contemporary Perspective, 2008
Course 430ADM 0 Appraisal Curriculum Overview – 2009
Course I400 - 7-Hour National USPAP Update – 2010
Course OL-202R - Online Residential Sales Comparison and Income Approach – 2011
Course OL-200R - Online Residential Market Analysis and Highest & Best Use – 2011
Course OL-201R - Online Residential Site Valuation & Cost Approach – 2011
Course I400 – 7-Hour National USPAP Update Course – 2012
Course REA110436 – Appraising the Appraisal: Appraisal Review General – 2012
Course 08REO643 – Business Practices and Ethics -2013
Course I400 – 7-Hour National USPAP Update – 2014
Course REA4380 – Online Introduction to Green Buildings: Principles and Concepts
Course REA120108 – Online Cool Tools: New Technology for Real Estate Appraisers
Course REA6260 – Real Estate Finance Statistics & Valuation Modeling 2015
Course REA-REC-REC-7415 – 2016-2017 7-Hour USPAP Update – 2016
Course REA-CEC-REC-7494 – Eminent Domain and Condemnation - 2016

WORK EXPERIENCE

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

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES



State of Montana
Business Standards Division
Board of Real Estate Appraisers

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER
With endorsements of:
* *REAL ESTATE APPRAISER MENTOR*

REA-RAG-LIC-683
Status: **Active**
Expires: **03/31/2022**

CLARK REAL ESTATE APPRAISAL
ELLIOTT M CLARK
CLARK REAL ESTATE APPRAISAL
P.O. BOX 1531
SEELEY LAKE, MT 59868



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




State of Montana
Business Standards Division
Board of Real Estate Appraisers

This certificate verifies licensure as:
LICENSED APPRAISER

REA-RAL-LIC-841
Status: **Active**
Expires: **03/31/2022**

CLARK REAL ESTATE APPRAISAL
CHRISTOPHER D CLARK
CLARK REAL ESTATE APPRAISAL
P.O. BOX 1531
SEELEY LAKE, MT 59868

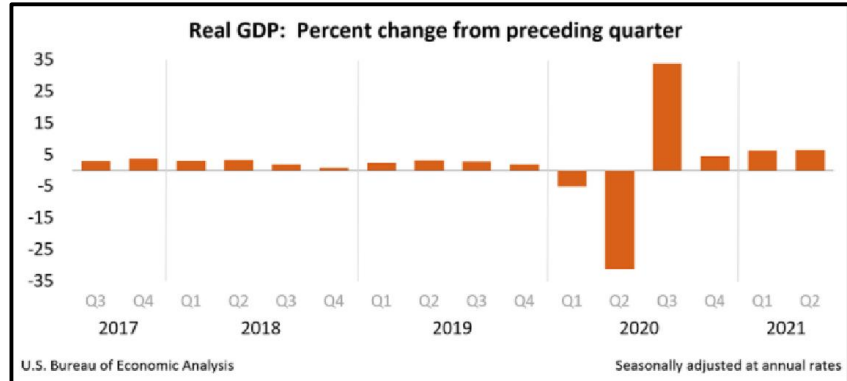


Montana Department of
LABOR & INDUSTRY
RENEW OR VERIFY YOUR LICENSE AT:
<https://ebiz.mt.gov/pol>

ADDENDUM

NATIONAL ECONOMIC DATA

According to an advance estimate from the Bureau of Economic Analysis of the US Department of Commerce (BEA), real GDP increased by 6.5% in the second quarter of 2021 after increasing by 6.3% in the first quarter of 2021. According to the BEA, “The increase in real GDP in the first quarter reflected increases in personal consumption expenditures (PCE), nonresidential fixed investment, exports, and state and local government spending that were partly offset by decreases in private inventory investment, residential fixed investment, and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased. ”



In regard to the COVID-19 impact on second quarter 2021 GDP, the BEA reported, “the increase in second quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. In the second quarter, government assistance payments in the form of loans to businesses and grants to state and local governments increased, while social benefits to households, such as the direct economic impact payments, declined. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the second quarter because the impacts are generally embedded in source data and cannot be separately identified.”

STATE ECONOMIC DATA

Montana is the 44th most populous state in the US. As of 2010, US Census data estimated a population of 989,415 indicating a growth in population of 9.7% from 2000 to 2010. According to ESRI estimates using US Census data, the 2020 population of Montana was estimated to be 1,096,002. This estimate shows a 10.8% increase since the 2010 census. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

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

These industries employ from 11% to 16% of the workforce in Montana per category. The remaining categories employ less than 10% each. According to ESRI, as of 2020 the median household income was estimated at \$54,754 and is projected to increase to \$58,261 (an increase of about 10.1%) by 2025. This compares to the United States, which has an estimated median household income of \$62,203 as of 2020 and is projected to increase to \$67,325 (an increase of about 8.2%) by 2025.

The following tables summarize unemployment rates in Montana over the past 10 years.

State of Montana					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
2011	Annual Average	501,065	467,786	33,279	6.6%
2012	Annual Average	506,441	477,056	29,385	5.8%
2013	Annual Average	511,199	483,798	27,401	5.4%
2014	Annual Average	512,613	488,738	23,875	4.7%
2015	Annual Average	517,901	495,725	22,176	4.3%
2016	Annual Average	521,736	499,266	22,470	4.3%
2017	Annual Average	525,395	503,885	21,510	4.1%
2018	Annual Average	529,812	509,857	19,955	3.8%
2019	Annual Average	537,145	517,793	19,352	3.6%
2020	Annual Average	539,883	508,095	31,788	5.9%
2021	Y-T-D Average (through March)	528,383	502,986	25,397	4.8%
2021	March	530,458	507,029	23,429	4.4%
Average (2011-2020)					4.8%

Source: United States Department of Labor, Bureau of Labor Statistics

State of Montana - Trailing 12 Months					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
2020	April	538,926	474,310	64,616	12.0%
2020	May	528,665	481,745	46,920	8.9%
2020	June	556,096	515,632	40,464	7.3%
2020	July	552,688	518,212	34,476	6.2%
2020	August	547,995	519,460	28,535	5.2%
2020	September	540,272	515,783	24,489	4.5%
2020	October	535,846	513,849	21,997	4.1%
2020	November	532,562	509,738	22,824	4.3%
2020	December	524,275	500,363	23,912	4.6%
2021	January	525,782	499,290	26,492	5.0%
2021	February	528,910	502,640	26,270	5.0%
2021	March	530,458	507,029	23,429	4.4%

Source: United States Department of Labor, Bureau of Labor Statistics

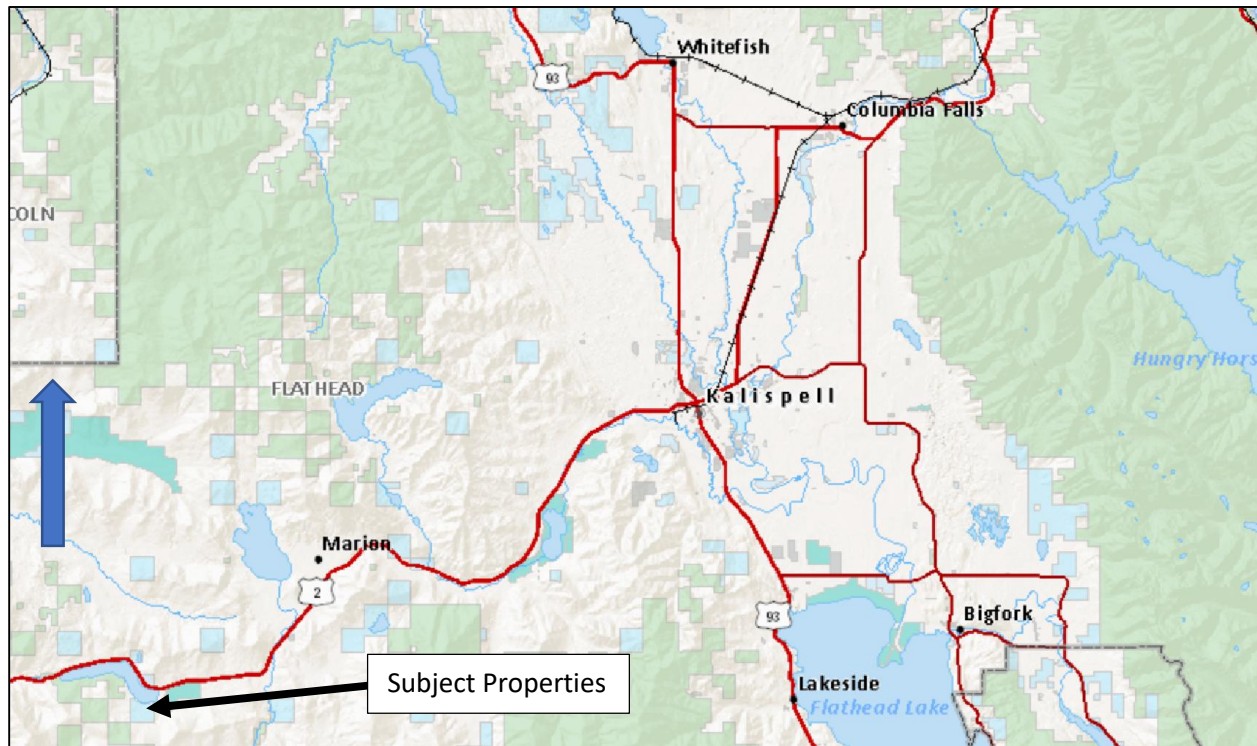
As shown in the previous tables, the annual average unemployment rate decreased every year from 2011 through 2019. However, due in large part to the coronavirus pandemic (which began in March 2020), the unemployment rate in Montana spiked to 12.0% in April. Since then, the rate has generally trended down to the rate of 4.4% as of March 2021.

The real estate market in portions of Montana was strong in 2020 despite the COVID-19 pandemic; however, many businesses have suffered, and it is too soon to discern long term impacts to the state economy.

FLATHEAD COUNTY DATA

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

Map Depicting the Three Municipalities in Flathead County



Geographical Information

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

Population

According to 2020 ESRI estimates based upon US Census data, the population of Flathead County was 106,689. The population is forecasted to increase to 114,954 by 2025, or by approximately 1.50% per year.

Employment

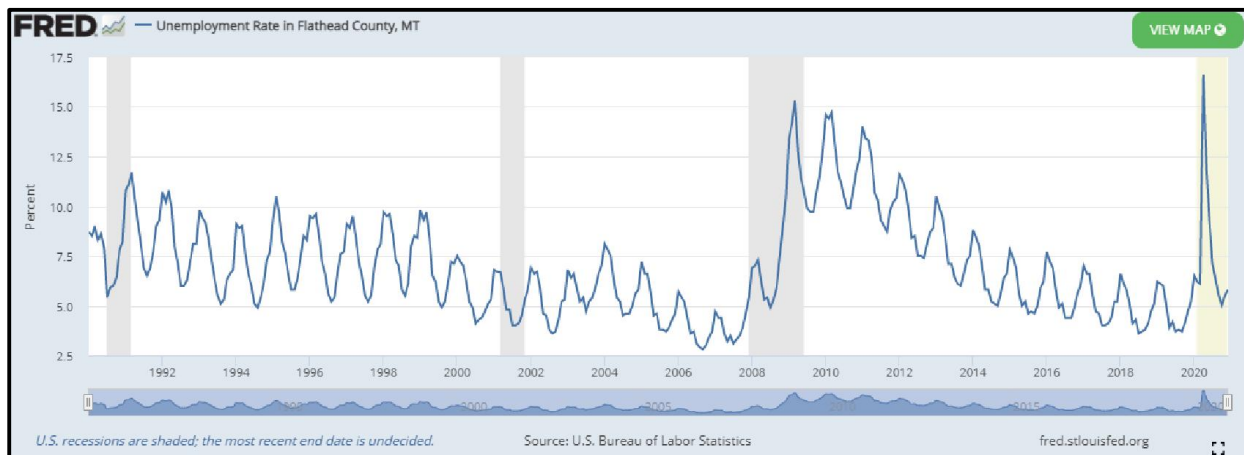
The retail trade industry represents approximately 15% of employment in Flathead County. Approximately 13% of the workforce is employed in the accommodation and food services industries and the healthcare and social assistance industries represents 12% of employment in Flathead County. Some of the largest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

Income

The median annual household income for Flathead County was estimated to be \$53,949 in 2020 based upon ESRI forecasts using US Census data. According to ESRI forecasts, the median annual household income is to increase by approximately 1.19% per year through 2025.

Unemployment

Unemployment fluctuations for the county since 1990 are included in the following graph.



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

The following tables summarize unemployment rates in Flathead County over the past 10 years.

Flathead County					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
2011	Annual Average	43,506	38,933	4,573	10.5%
2012	Annual Average	43,283	39,490	3,793	8.8%
2013	Annual Average	43,860	40,529	3,331	7.6%
2014	Annual Average	43,773	40,954	2,819	6.4%
2015	Annual Average	44,861	42,228	2,633	5.9%
2016	Annual Average	45,960	43,298	2,662	5.8%
2017	Annual Average	46,823	44,318	2,505	5.3%
2018	Annual Average	47,875	45,538	2,337	4.9%
2019	Annual Average	48,408	46,059	2,349	4.9%
2020	Annual Average	49,357	45,499	3,858	7.8%
2021	Y-T-D Average (through March)	48,563	44,858	3,706	6.2%
2021	March	48,247	45,533	2,714	5.6%
Average (2011-2020)					6.8%

Source: United States Department of Labor, Bureau of Labor Statistics

Flathead County - Trailing 12 Months					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
2020	April	47,788	39,852	7,936	16.6%
2020	May	48,287	42,531	5,756	11.9%
2020	June	50,438	45,788	4,650	9.2%
2020	July	50,971	47,368	3,603	7.1%
2020	August	50,019	46,882	3,137	6.3%
2020	September	48,453	45,804	2,649	5.5%
2020	October	47,731	45,341	2,390	5.0%
2020	November	47,556	44,924	2,632	5.5%
2020	December	47,602	44,833	2,769	5.8%
2021	January	47,725	44,563	3,162	6.6%
2021	February	47,940	44,871	3,069	6.4%
2021	March	48,247	45,533	2,714	5.6%

Source: United States Department of Labor, Bureau of Labor Statistics

As shown in the previous tables, the annual average unemployment rate decreased every year from 2011 through 2018. However, due in large part to the coronavirus pandemic (which began in March 2020), the unemployment rate in Flathead County spiked to 16.6% in April 2020. The rate began trending down in May and was reported at 5.6% as of March 2021.

Construction & Development

Historical data for building permits issued for single family residences of all types in the three municipalities of Flathead County is shown in the following table.

Single Family Building Permits Issued Per Year																
City	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	% Change: 2019-2020
Kalispell	349	322	186	103	92	72	98	124	98	72	104	115	91	94	175	86%
Whitefish	60	22	26	14	23	36	51	75	72	48	49	57	64	95	92	-3%
Columbia Falls	38	25	12	5	5	1	4	9	20	17	15	10	19	14	21	50%
Total	447	369	224	122	120	109	153	208	190	137	168	182	174	203	288	66%

The 15-year high for residential single-family permits in the three municipalities is 447 permits issued in 2006. Thousands of new residential subdivision lots were created in Flathead County (incorporated and unincorporated areas) during the early and mid-2000's. Supply exceeded demand for the years immediately following the national recession. According to research by Clark Real Estate Appraisal, supply and demand has moved closer to a balanced level in the municipalities in Flathead County over the past 5-10 years. More recently, it is noted that the total number of single-family building permits has increased fairly significantly in both 2019 and 2020.

Healthcare

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

Tourism

Glacier National Park is a significant draw in Flathead County with 1.8 to over 3.0 million visitors each year over the last 10 years. There are many area recreational opportunities that draw resident and nonresident travelers. These include natural amenities such as the numerous lakes, rivers and mountain ranges and manmade amenities such as ski and mountain biking areas.

Linkages & Transportation

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

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

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

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

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

City and Communities

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

FLATHEAD COUNTY - CITIES AND COMMUNITIES						
City/ Community	Population			% Change		Market Overview
	2000 Census	2010 Census	2020 Census*	2000- 2010	2010- 2020	
Kalispell	14,223	19,615	22,741	37.9%	15.9%	County seat. Regional business center including medical center, retail hub & community college. Centrally located with convenient access to many recreational opportunities.
Columbia Falls	3,645	4,688	5,270	28.6%	12.4%	Gateway to Glacier National Park. Located along Flathead River. Historically industrial in nature. Meadow Lake Resort is located in Columbia Falls.
Whitefish	5,032	6,470	7,733	28.6%	19.5%	Resort community located near Whitefish Lake, Whitefish River and Whitefish Mountain Ski Resort at Big Mountain. Population increases in summer and winter ski season due to numerous vacation and second home owners.
Evergreen	6,215	7,701	8,641	23.9%	12.2%	Unincorporated area adjacent to the east of Kalispell city limits. Area consists of residential, retail and light industrial type properties.
Somers and Lakeside Area	2,235	3,778	4,337	69.0%	14.8%	Communities located along Flathead Lake; primarily bedroom communities to Kalispell. Population increases in summer months due to numerous vacation and second home owners.
Bigfork Area	1,421	4,270	5,599	200.5%	31.1%	Resort community located along Flathead Lake featuring numerous restaurants, specialty shops, art galleries and a theater. There is an 18-hole championship golf course in this area. Main economic base is tourism.
*Note that due to the significant influx of out-of-state people moving into the Flathead Valley starting in 2020 in response to the COVID-19 Pandemic, the 2020 census figures likely understate actual population levels.						

County Economic Data Conclusion

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

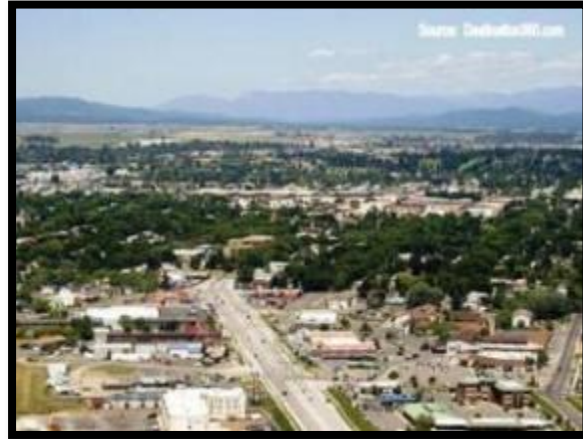
The real estate market in Flathead County was strong in 2020 despite the COVID-19 pandemic; however, many businesses have suffered, and it is too soon to discern long term impacts to the county economy.

CITY OF KALISPELL DATA

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

Population & Income

According to ESRI data, the 2020 population in the city of Kalispell was estimated to be 22,741. The population is forecasted to increase to 24,153 by 2025. This represents a forecasted increase of approximately 1.21% per year. The median household income was estimated to be \$45,257 in 2020. This is lower than the estimated 2020 median household income for Flathead County of \$53,949, and for the state of Montana of \$54,754.



Employment

The categories of Services and Retail Trade make up approximately 67% of the job market. Other significant employment categories in Kalispell include Finance & Insurance, Real Estate at 8% and Construction at 7.8%. The remaining sectors comprise less than 5% per category.

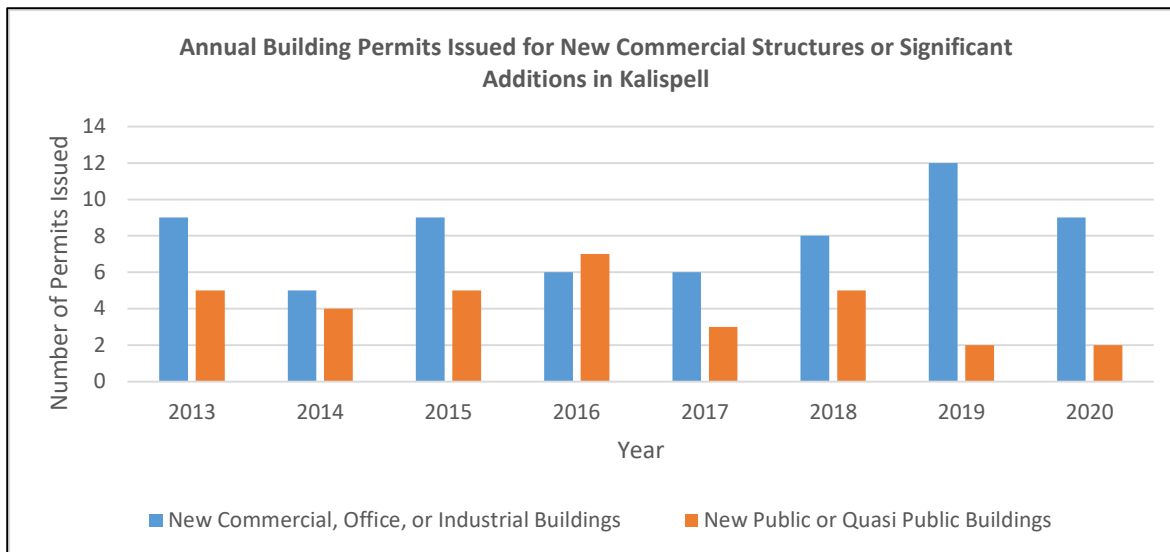
Linkages & Transportation

US Highway 93 runs north to south through the city of Kalispell and is labeled as the “Main Street” of the central business district. US Highway 93 provides access to Flathead Lake to the south of Kalispell and Whitefish to the north of Kalispell. There is a By-pass for US Highway 93 that is west of the city that was completed in 2016. US Highway 2 is an east to west arterial road through Kalispell and provides access to Columbia Falls and Glacier National Park. There is public transportation in Kalispell. There is a municipal airport in Kalispell which can accommodate small airplanes.

Commercial Real Estate

Properties improved with medical and/or general offices and retail spaces are located throughout the Kalispell area. Most of the growth in the past few years has been concentrated in the area north of Kalispell on US Highway 93 at Reserve Drive. This area has become the retail hub for the greater Flathead Valley area with the development of 3 neighborhood shopping centers. Additionally, the expansion of US Highway 93 to 4 lanes on the southern portion of Kalispell helped spur commercial development in that area over the past decade years. A two-lane bypass of US Highway 93 was completed in 2016. The by-pass has shortened travel times and alleviated large truck traffic in the central business district of Kalispell.

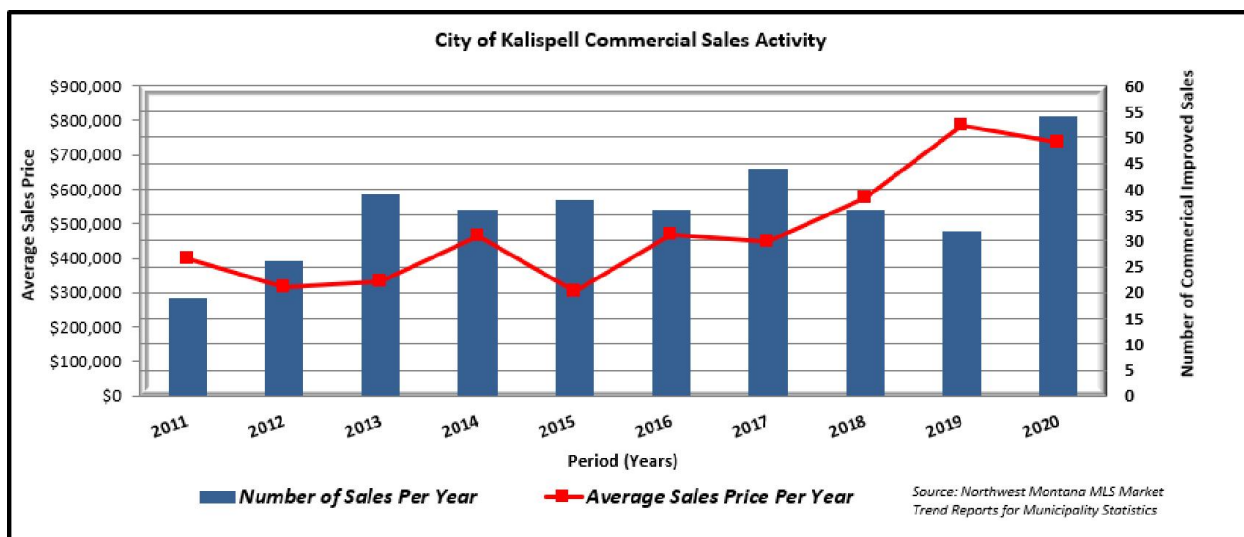
The City of Kalispell issued an average of approximately 8 new permits per year for commercial new construction or significant additions between 2013 and 2020. The number of new commercial construction permits and permits issues for significant additions issued each year from 2013 through 2020 in Kalispell is included on the table below;



Source: City of Kalispell Building Department

There were 9 permits issued for construction of new commercial, office, or industrial buildings (or for significant additions) during 2020. This is greater than the average between 2013-2020. There were 2 permits issued in 2020 for construction of new public or quasi-public buildings (or for significant additions).

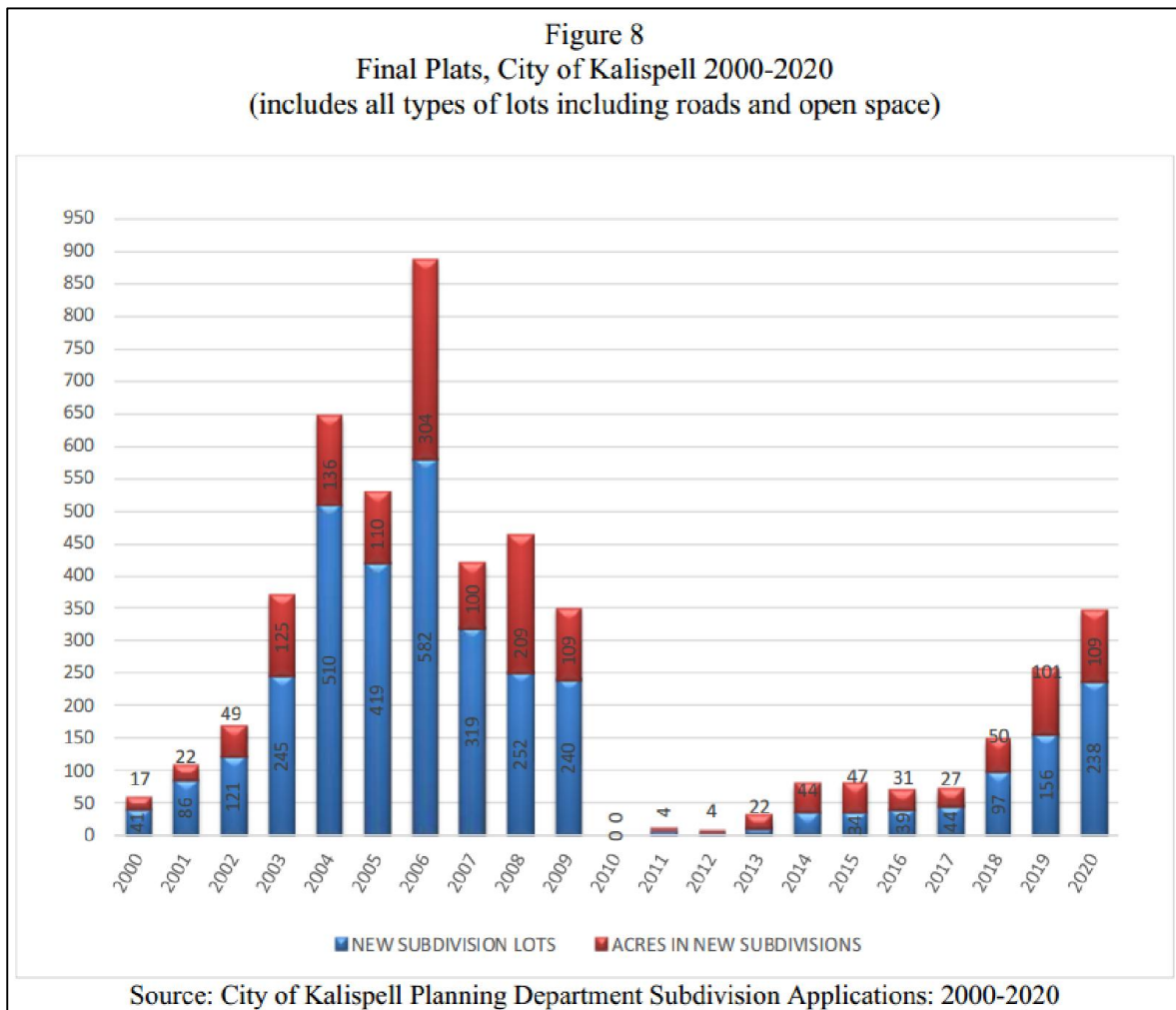
The following chart depicts sales volume and median price per property for improved commercial sales for the past 10 years in Kalispell;



The peak in pricing occurred in 2019, and the peak in sales volume occurred in 2020.

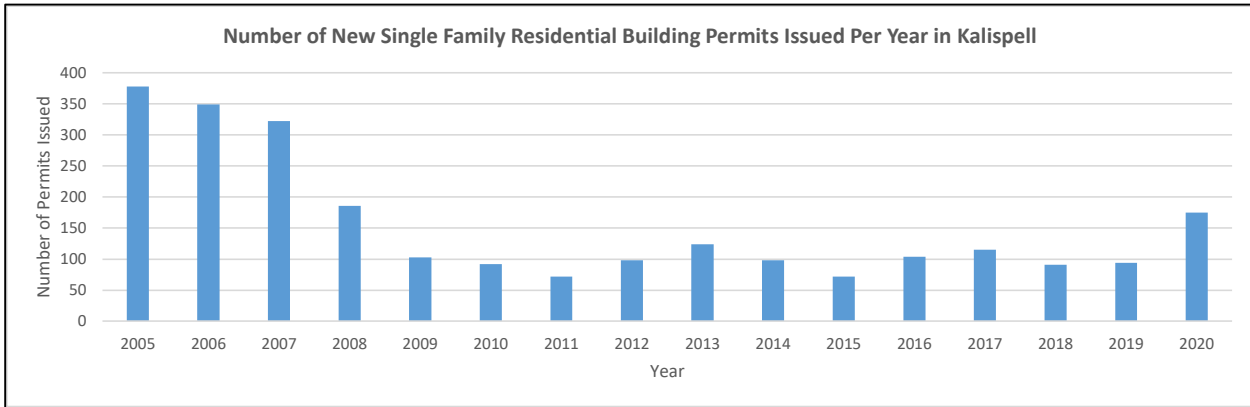
Residential Real Estate

New residential lots and acres in new subdivisions for the City of Kalispell between 2000 and 2020 are on the following table;



There was a total of 665 new lots were created in Kalispell between 2011 and 2020.

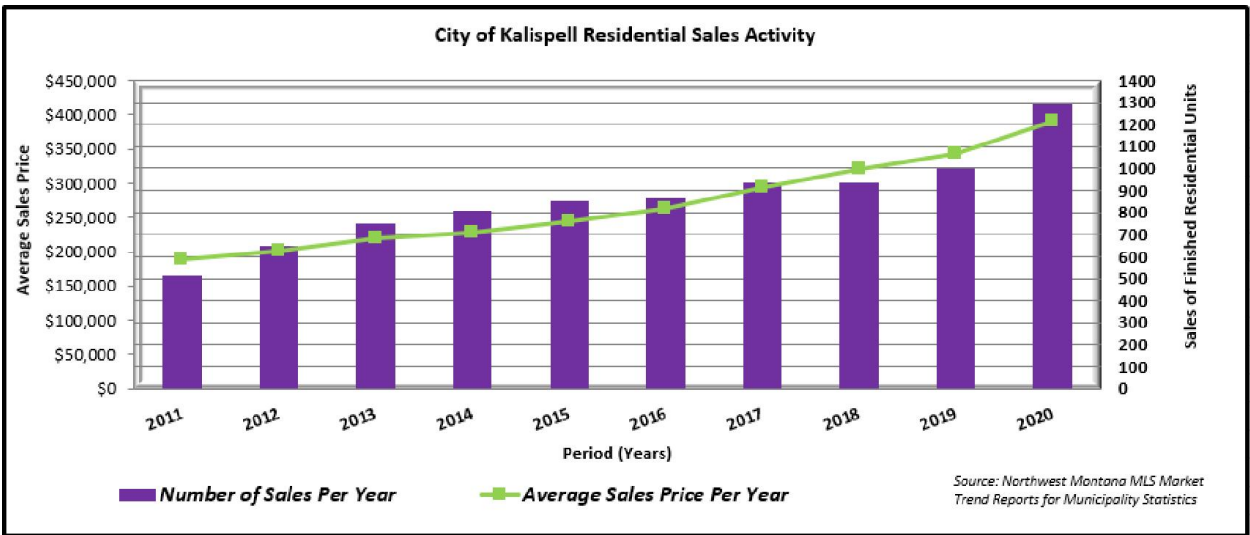
The following table depicts the annual number of new single-family residential construction permits issued in the city of Kalispell between 2005 and 2020.



Source: City of Kalispell

This data indicates that construction of single-family residential properties in Kalispell decreased each year between 2005 and 2011. Between 2012 and 2019, the number of permits generally fluctuated between about 72–124 each year with an average of approximately 100 building permits issued per year for new single family residences. There were 175 building permits issued for single family residences in Kalispell in 2020. This far exceeds the average for the most recent prior years.

The following chart depicts sales volume and median price per property for improved residential sales for the past 10 years in the municipal areas of Kalispell;



It is noted that prior to 2020, 2019 was a record year in terms of both volume and pricing. However, from 2019 to 2020 the number of sales increased 30%, and the average price increased 13%. This significant increase was likely heavily influenced by the coronavirus pandemic, as it appears a large number of out-of-state buyers purchased real estate throughout the Flathead Valley in response to the pandemic.

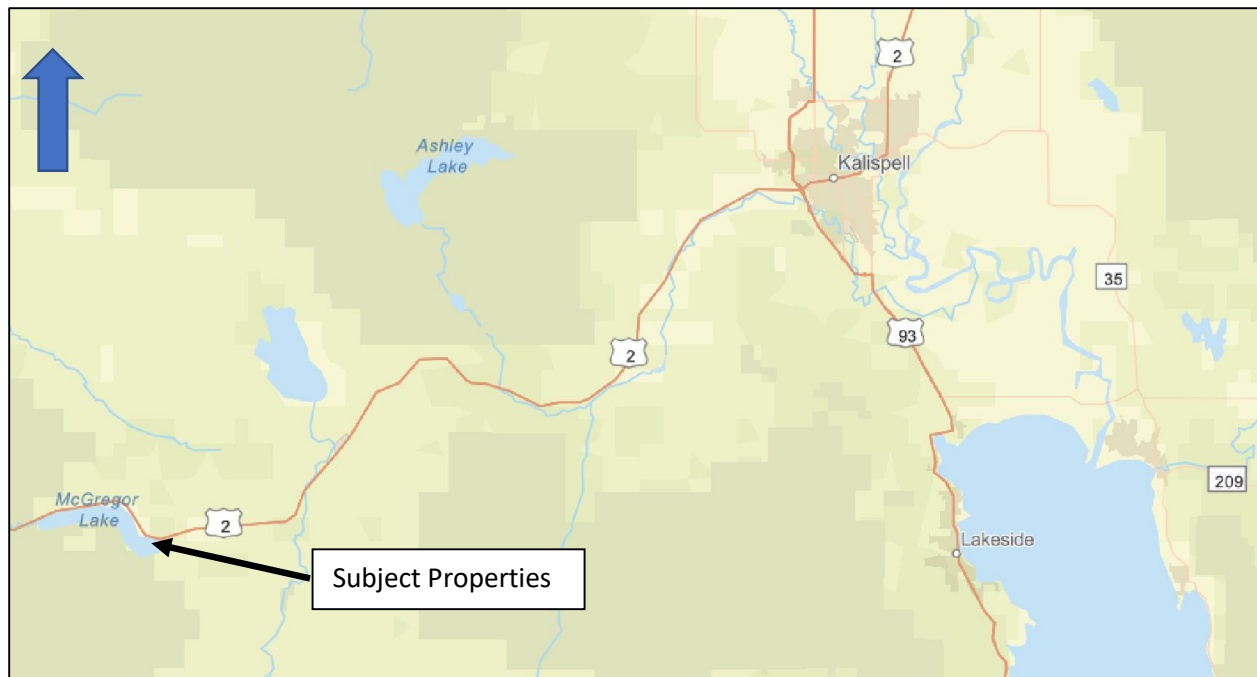
Conclusion

List prices for commercial properties far exceed historical sales prices, which could result in a lower number of commercial sales in the coming year. However, building permits issued for general commercial new construction have been relatively stable for the past several years. Additionally, the number of sales of commercial properties increased significantly from 2019 to 2020.

The residential market sector has continued to grow in volume and pricing. Sales volume and pricing increased for improved residential properties in Kalispell from 2010 through 2019. Supply and Demand for residential and commercial properties in the greater Kalispell area have been in relative balance over the past several years. From 2019 to 2020, the number of residential sales increased 43%, and the average price increased 33%. This significant increase was likely heavily influenced by the coronavirus pandemic, as it appears a large number of out-of-state buyers purchased real estate throughout the Flathead Valley in response to the pandemic.

Future growth and expansion for the greater Kalispell area is considered likely in the long term due to forecasted population growth.

Kalispell Area Map



SCOPE OF WORK & SUPPLEMENTAL INSTRUCTIONS

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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 McGregor Lake, Flathead 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), Mark Rugland, Jay & Diana Winters, and Chris Neater. 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.

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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

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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 3 (three) 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.

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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 Flathead County:

Sale #	Acres	Legal Description	Site Address (if known)
1142	1.318±	Lot 5, McGregor Lake, T26N-R25W, Sec. 16	440 McGregor Ln, Marion, MT
1143	1.997±	Lot 9, McGregor Lake T26N -R25W, Sec. 16	480 McGregor Ln, Marion, MT
1144	1.231±	Lot 21, McGregor Lake T26N-R25W, Sec. 16	620 McGregor Ln, Marion, MT

DNRC Contact Information:

Seth Goodwin, Real Estate
Specialist
PO Box 201601
Helena, MT 59620-1601
Telephone: (406) 444-4289
Fax: (406) 444-2684
Seth.goodwin2@mt.gov

Lessees:

Sale 1142: Mark Rugland, (952) 470-2051
Sale 1143: Jay & Diana Winters, (406) 253-1262
Sale 1144: Chris Neater, (406) 274-7154

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

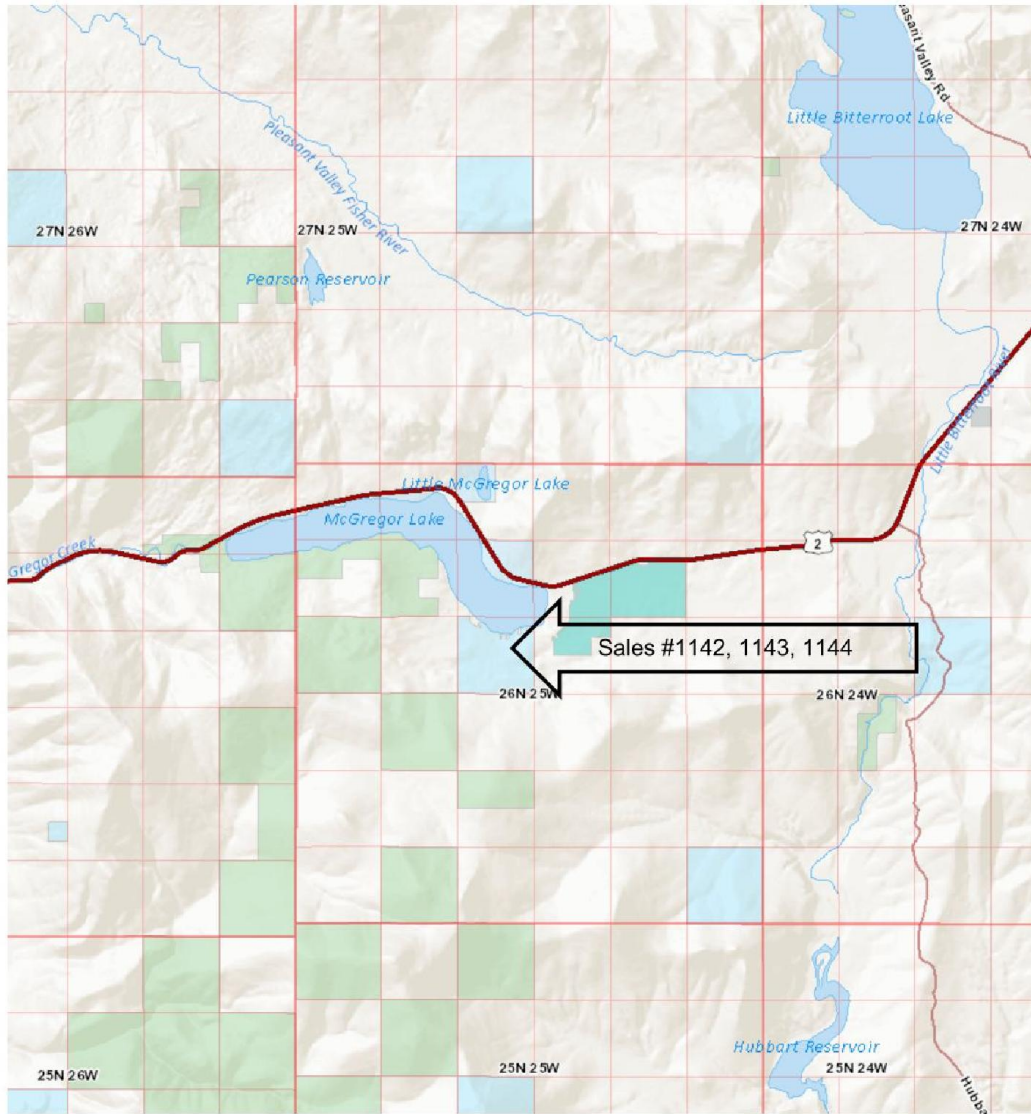
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel(s). If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing 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

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Location Map of Parcels



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Cabin Site Sale Parcel Maps

McGregor Lake T26N-R25W, Sec. 16, Flathead County



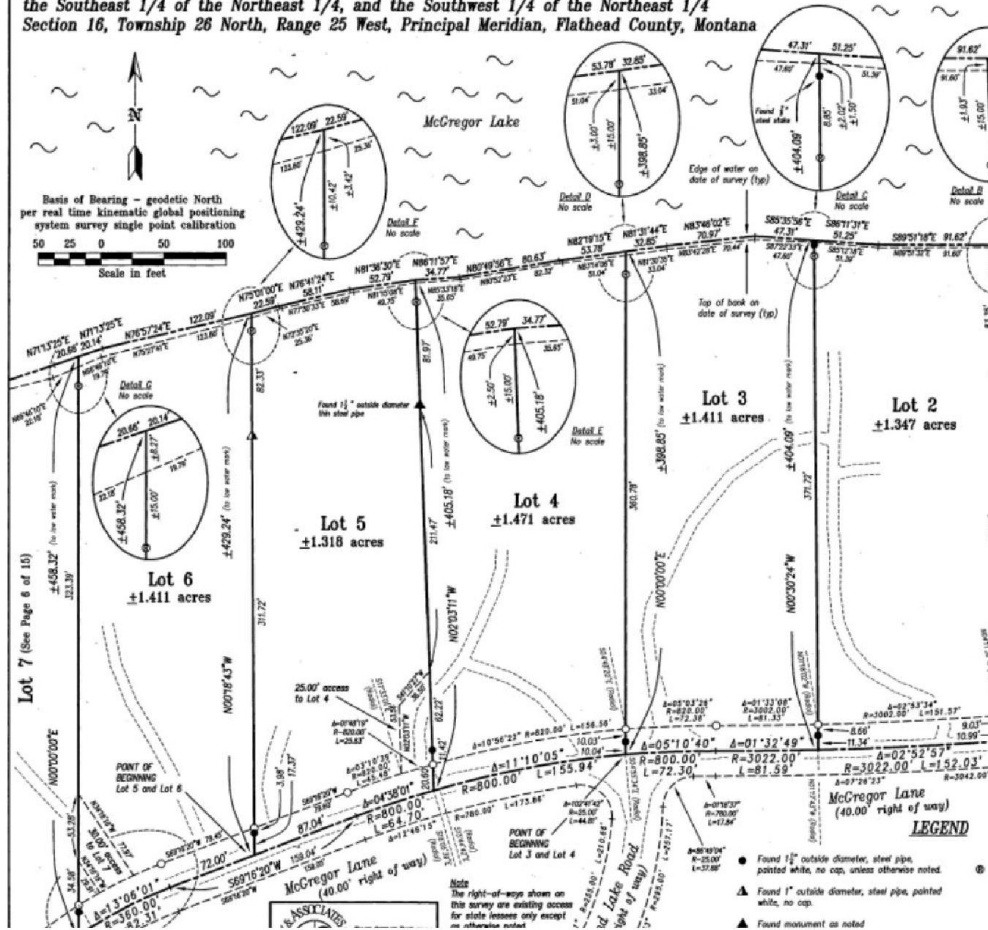
(Sale # 1146 and 1145 not included)

Cabin Site Sale Parcel Maps

Sale #1142 Lot 5

Correction Certificate of Survey

Government Lots 1, 2, 3, and 4, the Southeast 1/4 of the Northwest 1/4, the Southeast 1/4 of the Northeast 1/4, and the Southwest 1/4 of the Northeast 1/4 Section 16, Township 26 North, Range 25 West, Principal Meridian, Flathead County, Montana

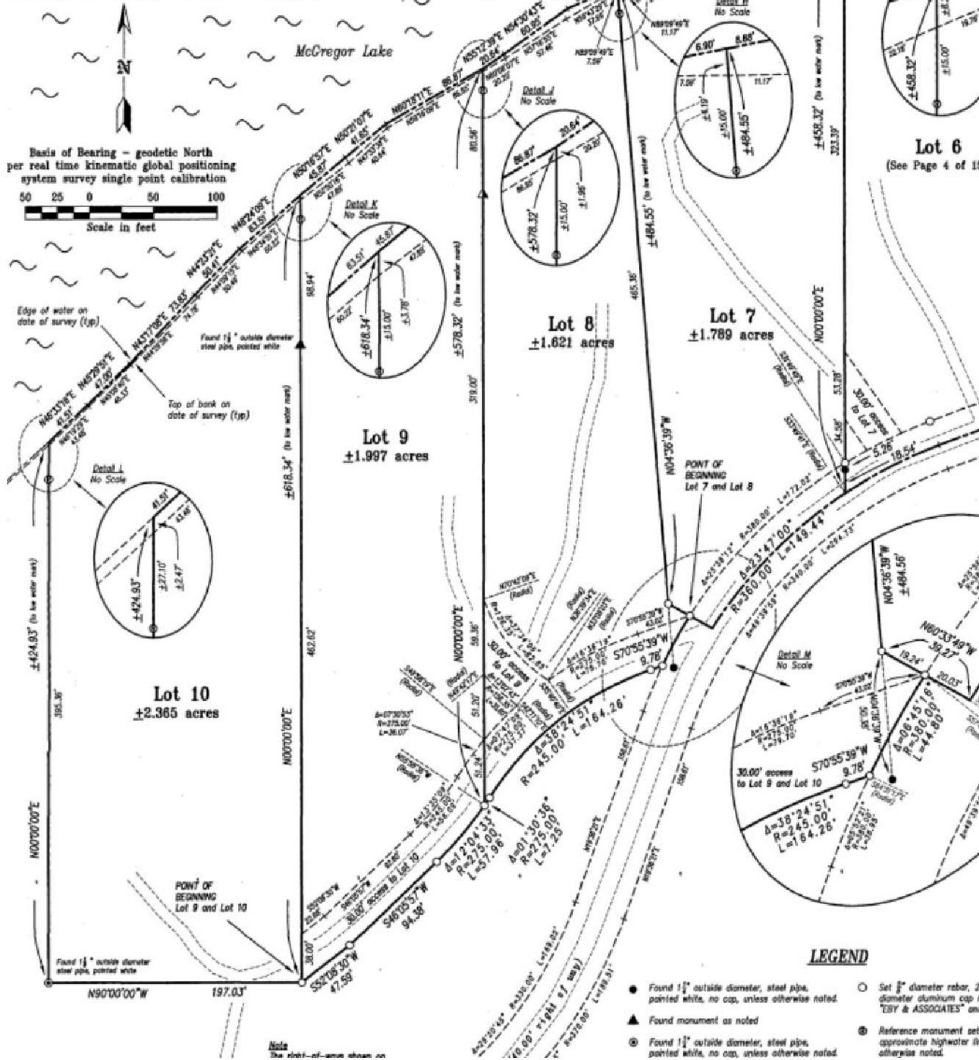


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Cabin Site Sale Parcel Maps

Sale #1143 Lot 9

Section 10, Township 20 North, Range 20 West,
Principal Meridian, Flathead County, Montana



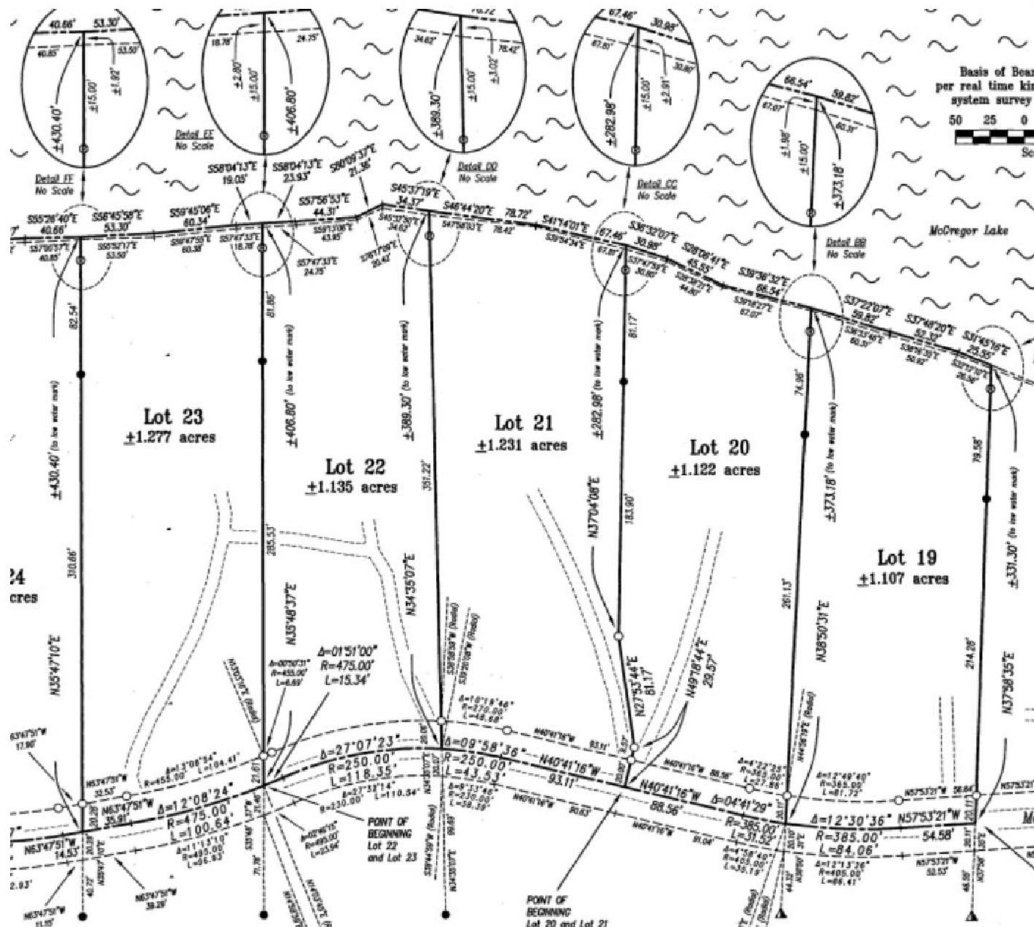
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Cabin Site Sale Parcel Maps

Sale #1144 Lot 21



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