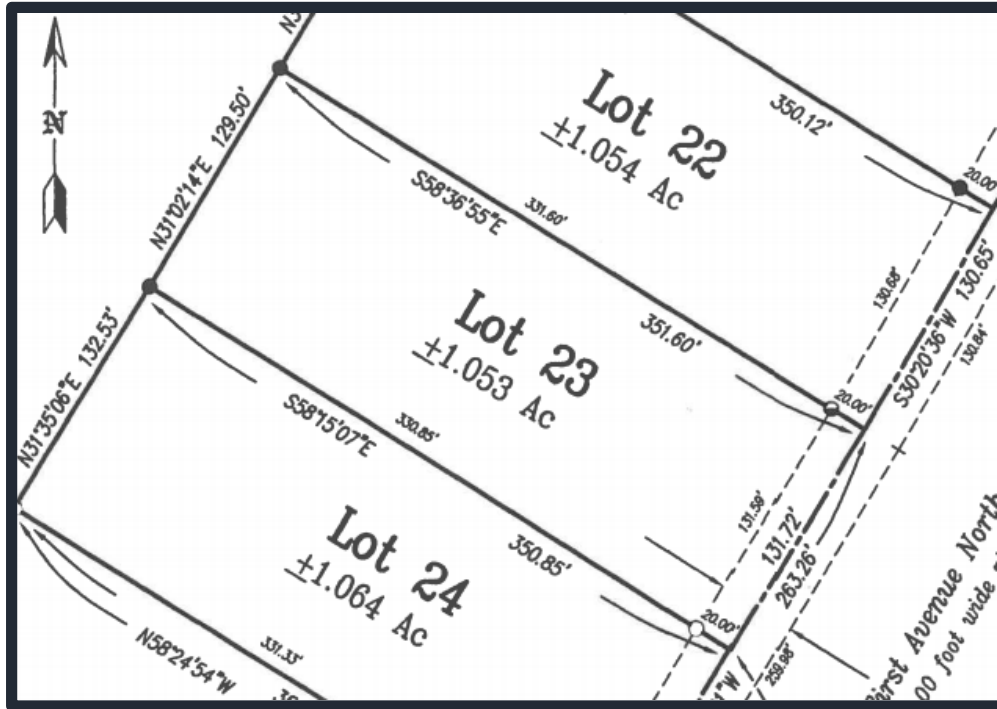


APPRAISAL REPORT OF:

**LOT 23, OLNEY TOWNSITE, COST 21331
OLNEY, 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: Ms. Deidra Klobberdanz, Lands Section Supervisor**

MARKET VALUE AS OF:

June 23, 2022

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

July 28, 2022

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

Re: Lot 23, Olney Townsite, COS 21331 Section 7, Township 32 North, Range 23 West, Olney,
Flathead County, Montana

Dear Ms. Kloberdanz:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced property on June 23, 2022. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. The property viewing, reviews, and analyses were made in order to prepare the attached summary appraisal report.

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

The value of the fee simple interest in the subject site is concluded in this report. This value conclusion was 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 opinion of value.

The value is 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 value is based upon the **Hypothetical Condition** that the subject property was a legal parcel and that the parcel had legal and adequate access (as described in this report) as of the report effective date.

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

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

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SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

Client/Intended User(s)	State of Montana, State of Montana Board of Land Commissioners, Montana Department of Natural Resources & Conservation/Client Agencies & Individual Lessee Noted in the Report
Purpose/Intended Use	Conclude Market Values/Potential Sale Purposes
Property Owner(s)	Site: State of Montana/Improvements: N/A

SUBJECT PROPERTY

Property Identifications	Lot 23, Olney Townsite, COS 21331, Section 7, Township 32 North, Range 23 West, Olney, Flathead County, Montana
Site Size	1.053 Acres
Description of Improvements	See Property Description
Assessor Number(s)	N/A
Census Tract	30-029-0001.00
Flood Zone	The Subject Lot is in an Area of Minimal Flood Hazard, FEMA Map Panel 30029C0740D – Dated September 28, 2007
Zoning	None

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	July 28, 2022
Inspection Date(s)	June 23, 2022
Effective Date of Value(s)	June 23, 2022
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Values	Property Valuation Section of Report & Page 37 of Report
Individual Improvement Values	Property Valuation Section of Report & Page 37 of Report
Individual Total Market Values	Property Valuation Section of Report & Page 37 of Report

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

MARKETING & EXPOSURE TIME

The appraised value for the subject lot is based upon 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
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CERTIFICATION OF APPRAISAL

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

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

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



Dated Signed: July 28, 2022
Elliott M. Clark, MAI
MT REA-RAG-LIC-683



Date Signed: July 28, 2022
Christopher D. Clark
MT REA-RAL-LIC-841

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

SCOPE OF THE APPRAISAL

The subject property is Lot 23 of Olney Townsite, COS 21331 in Section 7, Township 32 North, Range 23 West, Olney, Flathead County, Montana

The appraisers were asked to provide an opinion of the market value of the fee simple interest in the subject site for decisions regarding potential sale of the property. There are no improvements on the subject site.

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

Scope of Property Viewing

Elliott M. Clark, MAI and Christopher D. Clark of Clark Real Estate Appraisal viewed the subject property on June 23, 2022. We walked the subject lot.

Scope of Research

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

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

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

Extraordinary Assumption(s)

An **Extraordinary Assumption** is defined in 2020-2022 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 2020-2022 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 value concluded in this report for the subject property is based upon the **Hypothetical Condition** that the property was a legal parcel as of the report effective date and that there was legal and adequate access (as described in this report) to the property.

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

Highest & Best Use

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

Appraisal Process

The Sales Comparison Approach was developed to determine the value of the subject site. This is typically the most reliable approach for determining values of vacant sites. The Cost and Income Approaches were not applicable to the valuation of the subject site and these approaches were not developed in this report. The omissions of these approaches does not impact the credibility of the value concluded in this report.

Environmental

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

General Data Sources

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

- Flathead County – Various Offices
- Montana Department of Revenue;
- 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 PROPERTY

The subject property is Lot 23 of Olney Townsite, COS 21331 in Section 7, Township 32 North, Range 23 West, Olney, Flathead County, Montana

INTENDED USE & INTENDED USER OF THE APPRAISAL

It is understood that the intended use of this appraisal is for decisions regarding possible sale of the subject property by the client. This report was prepared for the client, (State of Montana, Montana Board of Land Commissioners, & Montana Department of Natural Resources and Conservation) and is their exclusive property. The client is an intended user of this report. The Lessee for the subject lot (Sarah Closson) is an additional intended user of this report. No additional parties may rely upon this report without the express written consent from both the appraisers and the client.

PURPOSE OF THE APPRAISAL

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

DATE OF PROPERTY VIEWING

June 23, 2022

EFFECTIVE DATE OF MARKET VALUE

June 23, 2022

PROPERTY RIGHTS APPRAISED

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

DEFINITION OF MARKET VALUE

At the request of the client, the following definition of market value is 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.

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 site is owned by the State of Montana. There are no improvements on the subject lot. The current lessee is reportedly Sarah Closson. We did not locate any transfers of the subject property via the Flathead County online recordation system.

USE/MARKETING HISTORY

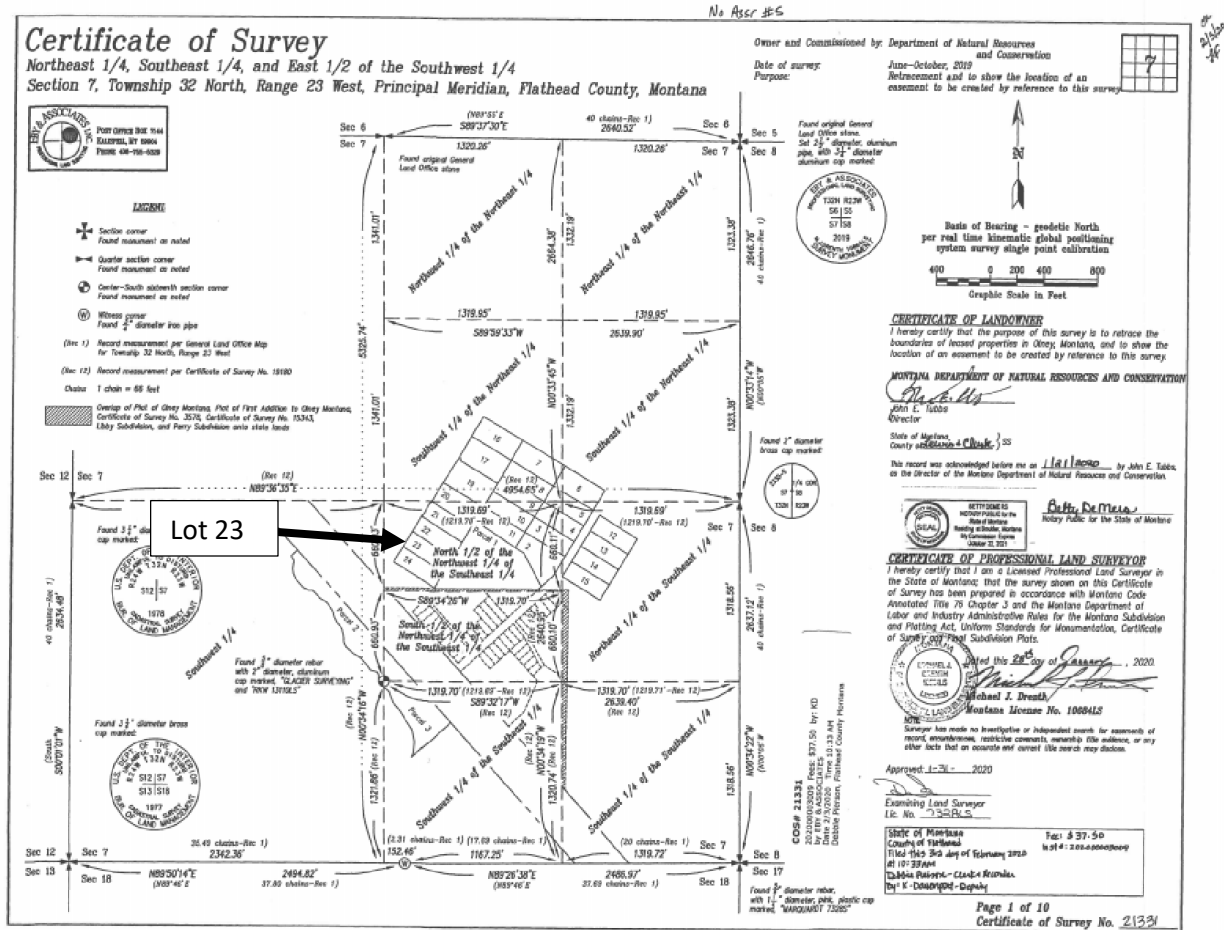
The Montana Department of Natural Resources and Conservation manages hundreds of residential cabin sites which are owned by the State of Montana. The subject lot is in this program. According to the available information, the subject lot has been vacant for the three years prior to the report effective date. We did not locate any marketing history for the subject lot via the area MLS.

PROPERTY DESCRIPTION

GENERAL DESCRIPTION

The subject property is identified as Lot 23, Olney Townsite, Cos 21331, Section 7, Township 32 North, Range 23 West, Olney, Flathead County, Montana. The subject site totals 1.053 acres. Exhibits depicting the subject site are below and on the following page.

Page 1 of the COS 21331 is below.



Clark Real Estate Appraisal (22-043ec) (06/23/2022)



ACCESS AND VIEWS

The subject property is accessed via a First Avenue North in Olney. First Avenue North is an unpaved road.

The subject property is wooded with views of similar properties.

IMPROVEMENTS

The subject property is unimproved.

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

Reservations and encumbrances affecting the subject lots provided by Montana DNRC are; Right of Way Deed to Northwestern Telephone Systems for buried communications lines, Right of Way Deed to Lincoln Electric Cooperative for overhead electrical distribution line, and Right of Way Deed to InterBel Telephone Cooperative for buried fiber optic cable. The subject property includes a 20' wide portion of First Avenue North within the property boundaries. This is typical for similar area properties.

There do not appear to be any easements that impact the marketability of the subject property. If additional easements, restrictions, or encroachments other than those noted in this report are present on the subject property, the value concluded in this report may be affected.

ZONING

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

ASSESSMENT/REAL PROPERTY TAXES

The subject lot is tax exempt; however, the lot is valued by the Montana Department of Revenue to assist with determination of lease rates. We did not locate a property record card with a valuation for the subject lot. The subject property does not include improvements.

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

The subject site has rolling topography with sufficient level areas for construction of improvements. The subject property is wooded. The subject property has been thinned by the prior lessee.

According to the FEMA Map Panel 30029C0740G dated September 28, 2007, the subject property is in an area of minimal flood risk. The subject portion of the referenced map panel is on the following page.



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

UTILITIES

The subject lot has access to overhead electrical and telephone lines. There is not well or septic system on the subject lot.

PUBLIC SAFETY AND SERVICES

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

SITE SUITABILITY

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

SUBJECT PHOTOGRAPHS



Lot 23 Looking NW from Access Road



Lot 23 Interior Looking East



Lot 23 Interior Looking Southwest



Cleared Area on Lot 23 Looking Southwest



Lot 23 Interior Looking Southwest toward Home on Lot 24



Lot 23 Interior Looking Southwest

ADDITIONAL PHOTOGRAPHS



Southwest Property Boundary Marker



Southwest Property Boundary Marker Looking Southeast



Southwest Property Boundary Marker Looking Northeast



Northwest Property Boundary Marker Looking Southwest



Northwest Property Boundary Marker Looking Southeast



Northeast Property Boundary Marker Looking Northwest

ADDITIONAL PHOTOGRAPHS



Northeast Property Boundary Marker Looking SW



View Looking SW along Approximate Property Boundary



Southeast Property Boundary Marker



Southeast Property Boundary Marker Looking Northeast



Southeast Property Boundary Marker Looking Northwest



Access Road to Lot 23 Looking Southwest

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 site is 1.053 acres in size. It is a wooded, interior site in the townsite area of Olney, Montana.

Area Land Use Trends

Olney is a small community in the Northwest portion of Flathead County near the boundary with Lincoln County, Montana. Most lots in the main community area are improved with single family residences. The greater area is attractive for recreational purposes due to the abundance of public land, lakes, rivers, and creeks.

Potential Users of Subject Property

The potential users of the subject properties would be market participants seeking to own recreational/residential property in a rural portion of Flathead County, Montana.

Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. We conducted a search of the area MLS for sales of vacant residential sites, in Flathead County, with no water frontage, and ranging in size from 1.00 to 2.00 acres. Montana is a non-disclosure state and every sale does not transfer via the area MLS; however, the regional MLS data is considered to provide an accurate depiction of general trends in real estate transfers. The results of this search are below.

Flathead County - Vacant Site Sales				
1.00 to 2.00 Acres				
Site Sales (Waterfront Removed)				
Year	# of Sales	Average Sales Price	Percent Price Change	Days on Market
2018	61	\$110,156		323
2019	67	\$133,219	21%	199
2020	109	\$144,027	8%	225
2021	94	\$242,361	68%	136
2022 Year-to-Date	30	\$221,440	-9%	107
Actives	90	\$475,810		106
Avg Price Increase 2018-2021			32%	

This data indicates that the average sales prices within the search parameters selected increased by approximately 32% per year from 2018 through 2021. The average sales price decreased by 9% from 2021 to 2022 year-to-date. According to this data and interviews with market participants, the real estate market in Flathead County was strong through the end of 2021 but has softened somewhat to date in 2022.

Competitive Supply

There were 90 lots in the search parameters identified as active. The average list price for these listings was \$475,810. **This is significant increase 115% from the average price of the closed sales to date in 2022.**

Interaction of Supply and Demand

There is an approximately 12 month supply of lots in the search parameters located. Supply exceeds demand. Balanced supply and demand typically is considered to be 6 months or less. Based upon the large available supply, there will likely be downward price pressure for the active listings for them to sell within typical marketing times.

Subject Marketability Conclusion

Due to the remote location of the subject lot, it is considered to have average or below average marketability compared to the competitive set.

Estimated Marketing and Exposure Times

The average days on market for lot sales presented was 136 days in 2021 and 107 in 2022 Year-to-Date. Based upon this data, a **marketing time** between 3 to 6 months is appropriate for the subject lot. If the subject lot had sold on the effective date of this report, at the appraised value concluded, a 3 to 6 month **exposure time** would have been reasonable.

HIGHEST AND BEST USE

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

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

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

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

Legally Permissible:

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

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

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

Maximally Productive:

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

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

SUBJECT PROPERTY – AS IS

Legally Permissible

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

Physically Possible

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

Financially Feasible

Most lots similar in size to the subject lot in the area are improved with single family residences or manufactured homes. Use of the subject lot for construction of a single family residence and/or placement of a manufactured home is financially feasible.

Maximally Productive

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

AS IMPROVED

Not applicable.

THE APPRAISAL PROCESS

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

APPROACHES IN THE VALUATION OF REAL PROPERTY

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

Cost Approach

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

Sales Comparison Approach

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

Income Capitalization Approach

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

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

The Sales Comparison Approach is developed to determine the value of the subject site. This is typically the most reliable approach for determining market values of vacant sites. The Cost and Income Approaches are not applicable to the valuation of the subject property and were not developed in this report. The omission of these two approaches does not impact the credibility of the value concluded in this report.

Comparable lot sales are presented in the following section of this report. After presentation of the comparables, the subject site is valued

LOT SALES

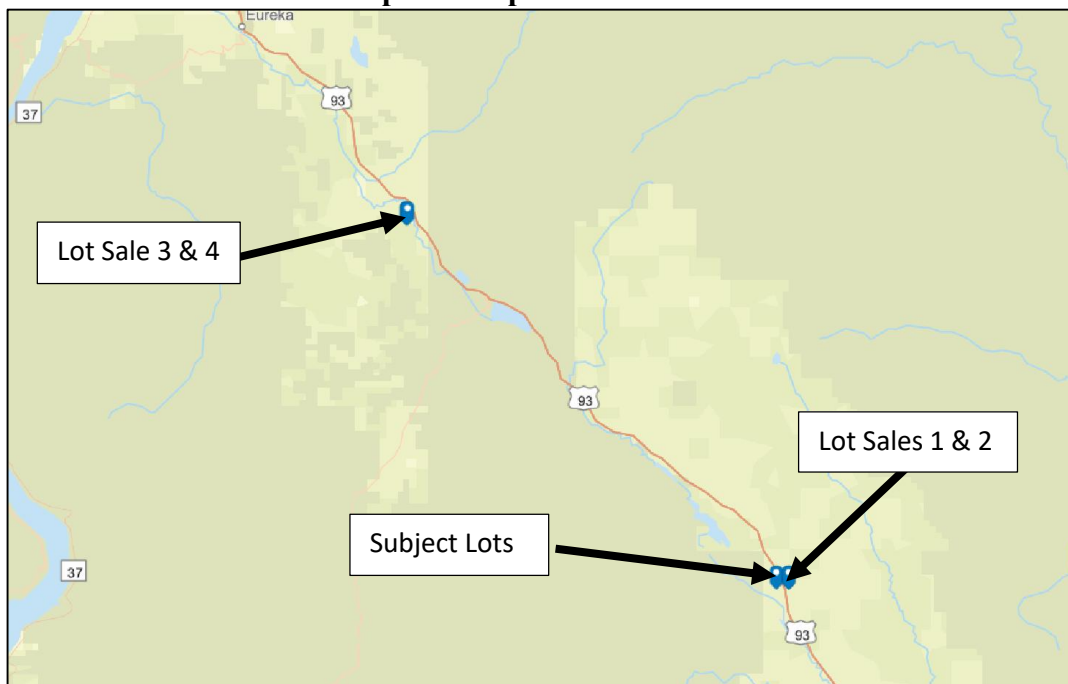
It is important to note that area sales from MT DNRC to lessees are not considered to be appropriate comparable sales for this appraisal. These sales are not generally between disinterested parties because the sales frequently include improvements owned by the lessees who are most often the purchasers for these sales. Additionally, the transfer prices are determined by appraisals with effective dates prior to the actual transfer date.

We conducted a search for sales of sites similar to the subject lot. Due to the limited amount of vacant site sales in Olney, it was necessary to expand the search back to 2021 and to areas further from the subject property. The most applicable sales were selected for the valuation of the subject lot. The sales selected are summarized on the table below.

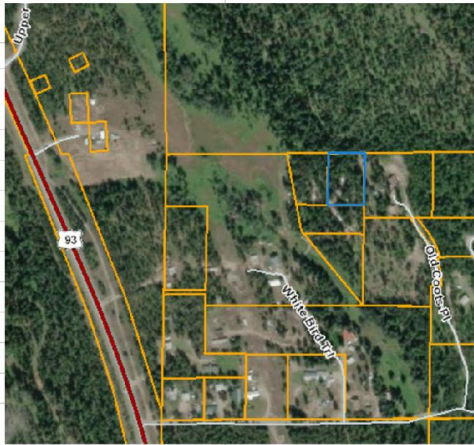
Sale #	Address	City	Site Size/Acres	Water Frontage Name	Sale Date	Sales Price*
1	133 White Bird Trail	Olney	1.060	None	2021	\$117,500
2	125 White Bird Trail	Olney	1.050	None	2021	\$108,000
3	Lot 5, NHN Khaz Rd	Fortine	1.000	None	2021	\$40,000
4	Lot 4, NHN Khaz Rd	Fortine	1.000	None	2021	\$34,999
<i>*Sales Prices for Sales 1 and 2 Adjusted Downward for Site Improvements</i>						

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


Map of Comparable Lot Sales




LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location		133 White Bird Trail
	City/State		Olney, Montana
	County		Flathead
	Assessor Number		0000012252
	Zoning		SC, Scenic Corridor
	Site Size: Acres		1.060
	Square Feet		46,174
	Date of Sale		December 16, 2021
	Sales Price		\$130,000
	Less Cost of Improvements*		\$12,500
Sales Price Adjusted		\$117,500	
MLS #		22115041	
ANALYSIS OF SALE			
Price per Acre	\$110,849	Price per Square Foot	\$2.54
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Rocky L. Gress & Kimberly K. Gress	Grantee	Thomas Cassidy & Morgan Burroughs
Type of Instrument	Warranty Deed	Document #	202100043165
Financing/Conditions	Cash/Market	Marketing Time	86 Days on Market
Legal Description	Parcel B of COS #17713, Olney, Flathead County, Montana	Verified By	Stefanie Hanson, Listing Agent
Intended Use/Comments	Purchased for Residential Use		
Section/Township/Range	S085/T32N/R23W		
PROPERTY DETAILS			
Access	Shared Gravel Road	View	Wooded
Topography	Level	Lot Dimensions	Approximately 182' x 254'
Flood Plain	According to Flood Map # 30029C0740G, this property is not located in an area of elevated flood risk.	Improvements	Shared Well
Feet of Water Frontage	N/A	Value of Improvements	\$12,500
Utilities	Electricity & Telephone Available	Miscellaneous	
Report File #			22-043ec


LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location		125 White Bird Trail
	City/State		Olney, Montana
	County		Flathead
	Assessor Number		0000012251
	Zoning		SC, Scenic Corridor
	Site Size: Acres		1.050
	Square Feet		45,738
	Date of Sale		December 22, 2021
	Sales Price		\$133,000
	Less Cost of Improvements*		\$25,000
Sales Price Adjusted		\$108,000	
MLS #		22115039	
ANALYSIS OF SALE			
Price per Acre	\$102,857	Price per Square Foot	\$2.36
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Rocky L. Gress & Kimberly K. Gress	Grantee	Doug Linder & Wendie Linder
Type of Instrument	Warranty Deed	Document #	202100043657
Financing/Conditions	Cash/Market	Marketing Time	92 Days on Market
Legal Description	Parcel A of COS #17713, Olney, Flathead County, Montana	Verified By	Stefanie Hanson, Listing Agent
Intended Use/Comments	Purchased for Residential Use		
Section/Township/Range	S085/T32N/R23W		
PROPERTY DETAILS			
Access	Shared Gravel Road	View	Wooded
Topography	Level	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30029C0740G, this property is not located in an area of elevated flood risk.	Improvements	Shared Well & Septic
Feet of Water Frontage	N/A	Value of Improvements	\$25,000
Utilities	Electricity & Telephone Available	Miscellaneous	
Report File #			22-043ec

LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location	Lot 5 - NHN Khaz Road	
	City/State	Fortine, MT	
	County	Lincoln	
	Assessor Number	0000014319	
	Zoning	Unzoned Portion of Lincoln County	
	Site Size: Acres	1.000	
	Square Feet	43,560	
	Date of Sale	July 7, 2021	
	Sales Price	\$40,000	
	Less Cost of Improvements*	\$0	
Sales Price Adjusted	\$40,000		
MLS #	22105345		
ANALYSIS OF SALE			
Price per Acre	\$40,000	Price per Square Foot	\$0.92
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Yerramilli, Saran, Bates, Gill	Grantee	Ross Holter & Janet Holter
Type of Instrument	Warranty Deed	Document #	294357
		Marketing Time	126 Days on Market
Financing/Conditions	Cash/Market	Verified By	Jeffrey Loomis, Listing Agent
Legal Description	Lot 5 of Khaz Subdivision	Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S25/T35N/R26W		
PROPERTY DETAILS			
Access	Gravel Subdivision Road	View	Meadow, Trees, Mountains
Topography	Gradual Slope	Lot Dimensions	Approximately 172' x 253'
Flood Plain	According to Flood Map # 3001570425B, this property is not located in an area of elevated flood risk.	Improvements	None
Feet of Water Frontage	N/A	Value of Improvements	\$0
Utilities	Electricity & Telephone Available	Miscellaneous	Property is part of a 5 lot subdivision and is governed by CC&R's. The CC&R's prohibit manufactured homes and establish a road user's agreement for the 5 lot owners.
			Report File # 21-038ec

LAND SALE 4

COMPARABLE SALE INFORMATION			
	Location	Lot 4 - NHN Khaz Road	
	City/State	Fortine, MT	
	County	Lincoln	
	Assessor Number	0000014320	
	Zoning	Unzoned Portion of Lincoln County	
	Site Size: Acres	1.000	
	Square Feet	43,560	
	Date of Sale	June 4, 2021	
	Sales Price	\$34,999	
	Less Cost of Improvements*	\$0	
Sales Price Adjusted	\$34,999		
MLS #	22100299		
ANALYSIS OF SALE			
Price per Acre	\$34,999	Price per Square Foot	\$0.80
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Jaslene Atwal	Grantee	Ross Holter & Janet Holter
Type of Instrument	Warranty Deed	Document #	293734
		Marketing Time	147 Days on Market
Financing/Conditions	Cash/Market	Verified By	Jeffrey Loomis, Listing Agent
Legal Description	Lot 4 of Khaz Subdivision	Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S25/T35N/R26W		
PROPERTY DETAILS			
Access	Gravel Subdivision Road	View	Meadow, Trees, Mountains
Topography	Gradual Slope	Lot Dimensions	Approximately 172' x 253'
Flood Plain	According to Flood Map # 3001570425B, this property is not located in an area of elevated flood risk.	Improvements	None
Feet of Water Frontage	N/A	Value of Improvements	\$0
Utilities	Electricity & Telephone Available	Miscellaneous	Property is part of a 5 lot subdivision and is governed by CC&R's. The CC&R's prohibit manufactured homes and establish a road user's agreement for the 5 lot owners.
			Report File # 21-038ec

PROPERTY VALUATION

SALES COMPARISON APPROACH

Site Value Estimate

Land Sales 1, 2, 3, and 4 were utilized to derive the value of this subject site as if vacant. The price per lot was determined to be the appropriate unit of comparison. 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 23 OLNEY TOWNSITE, OLNEY, MONTANA					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	NHN First Ave	133 White Bird Trail	125 White Bird Trail	Lot 5, Khaz Rd	Lot 4, Khaz Rd
CITY	Olney, MT	Olney, MT	Olney, MT	Fortine, MT	Fortine, MT
SALES PRICE		\$130,000	\$135,000	\$40,000	\$34,999
ADJUSTMENT FOR IMPROVEMENTS		-\$12,500	-\$25,000	\$0	\$0
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		12/16/21	12/22/21	07/07/21	06/04/21
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$117,500	\$110,000	\$40,000	\$34,999
SITE SIZE/ACRES	1.053	1.060	1.050	1.000	1.000
ADJUSTED SALES PRICE		\$117,500	\$110,000	\$40,000	\$34,999
ADJUSTMENT FOR:					
LOCATION	Olney Townsite	Olney Rural	Olney Rural	Fortine	Fortine
		Superior -	Superior -	Inferior +	Inferior +
WATER FRONTAGE	None	None	None	None	None
		Equal =	Equal =	Equal =	Equal =
SHAPE	Rectangular	Rectangular	Irregular	Rectangular	Rectangular
		Equal =	Equal =	Equal =	Equal =
TOPOGRAPHY	Level	Level	Level	Level	Level
		Equal =	Equal =	Equal =	Equal =
FLOOD ZONE	None	None	None	None	None
		Equal =	Equal =	Equal =	Equal =
FRONTAGE/ACCESS	Gravel County Rd	Gravel County Rd	Gravel County Rd	Gravel County Rd	Gravel County Rd
		Equal =	Equal =	Equal =	Equal =
ZONING	Not Zoned	Not Zoned	Not Zoned	Not Zoned	Not Zoned
		Equal =	Equal =	Equal =	Equal =
EASEMENTS AFFECTING USE	No	No	No	No	No
		Equal =	Equal =	Equal =	Equal =
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		Equal =	Equal =	Equal =	Equal =
SITE SIZE/ACRES	1.053	1.060	1.050	1.000	1.000
		Equal =	Equal =	Equal =	Equal =
OVERALL RATING COMPARED TO SUBJECT		Superior -	Superior -	Inferior +	Inferior +
VALUE INDICATIONS		< \$117,500	< \$110,000	> \$40,000	> \$34,999

Discussion of Quantitative 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 all closed in 2021. We prepared an analysis of sales of 1 to 2 acre sites in Flathead County that transferred via the area MLS since 2018. This information is below.

Flathead County - Vacant Site Sales				
1.00 to 2.00 Acres				
Site Sales (Waterfront Removed)				
Year	# of Sales	Average Sales Price	Percent Price Change	Days on Market
2018	61	\$110,156		323
2019	67	\$133,219	21%	199
2020	109	\$144,027	8%	225
2021	94	\$242,361	68%	136
2022 Year-to-Date	30	\$221,440	-9%	107
Actives	29	\$125,290		51
Avg Price Increase 2018-2021			32%	

The verifying party for Land Sales 1 and 2 indicated that the market for properties in rural/residential Flathead County had softened since the end of 2021 (as well as the residential real estate market for the entire county). She indicated that she would not likely receive the prices paid for Land Sales 1 and 2 today. There was an average annual price increase of 32% for the lots analyzed above between 2018 and 2021; however, the average sales price has decreased by 9% in 2022 year-to-date. Based upon data available as of the report effective date, we have opted to make no adjustment for changes in market conditions for the four comparables since they closed in mid

to late 2021. Changes in market conditions are addressed in the Reconciliation of this section of this report.

Discussion of Quantitative Adjustments

The following adjustments are for categories where the comparables are different from the subject property and differences in these categories were considered to potentially affect value; however, there was not sufficient market data available on which to credibly base dollar amount or percentage adjustments. These adjustments are identified as Equal =, Superior -, or Inferior + compared to the subject property. We have used additional minuses or pluses to convey order of magnitude when necessary.

Location: The subject property and Land Sales 1 and 2 are in Olney. The subject property is in the Olney Townsite and near active railroad tracks. Land Sales 1 and 2 are in a more secluded portion of Olney. For these reasons, Land Sales 1 and 2 are identified as Superior – compared to the subject property in this category. Land Sales 3 and 4 are in Fortine which is in Lincoln County. Based upon analysis of average sales prices for vacant land in Fortine compared to prices for vacant land in Olney, Land Sales 3 and 4 are identified as Inferior + compared to the subject property in this category.

Water Frontage: The subject property and comparables do not include water frontage and are identified as Equal = compared to the subject property in this category.

Shape: The subject and comparables have shapes that are suitable for development of residential improvements and are considered Equal = in this category.

Topography: The subject site and comparables have areas suitable for residential improvements. The comparables are identified as Equal = compared to the subject in this category.

Flood Zone: The subject and comparables are not within flood zones. The comparables are identified as Equal = compared to the subject property in this category.

Frontage/Access: The subject and comparables all have access via county roads or shared roads. The comparables are identified as Equal = compared to the subject property in this category.

Zoning: The subject property and comparables are in areas of Flathead County or Lincoln County with no zoning. The comparables are identified as Equal = compared to the subject in this category.

Easements Affecting Value: The subject site and comparables do not include easements that affect value. The comparables are identified as Equal = compared to the subject in this category.

Electricity/Telephone: The subject and comparables have access to electricity and telephone service. The comparables are all identified as Equal = compared to the subject in this category.

Size/Acres: The subject property site totals 1.053 acres in size. The comparables range in size from 1.00 acres up to 1.060 acres. The comparables are identified as Equal = compared to the subject in

this category.

Reconciliation of Sales Comparison Approach for Subject Site as if Vacant

The comparables provide adjusted indications of less than \$117,500, less than \$110,000, greater than \$40,000, and greater than \$34,999. Land Sales 1 and 2 are located ½ mile from the subject property and are considered to have generally similar marketability compared to the subject property. It is important to note that the listing agent for these two sales indicated that she would likely receive lower sales prices for those lots if they sold as of the report effective date. Land Sales 3 and 4 are similar in many respects to the subject lot but are in the community of Fortine which is considered to be inferior compared to the subject location. Based upon our analysis of current market conditions and the locations of the comparables, it is our opinion that approximately equal weight is accorded all four comparables. This weighting takes changes in market conditions into consideration. The average of the adjusted indications from the comparables is \$75,625. We have rounded this to the nearest \$5,000 for a final value conclusion of \$75,000.

Value Indication	\$75,000
Rounded To	\$75,000

Similar lots in the Olney Townsite were valued at \$50,000 by our firm in 2021; however, no sales of truly similar properties were available as of the effective date of the 2021 appraisal. It was necessary to utilize sales located further from the subject property in that appraisal. Land Sales 1 and 2 included in this appraisal report are very similar to the subject property in most respects and are located within 1/2 mile from the subject. For these reasons, it is necessary to accord weight to these two sales in the Reconciliation. These two sales result in a higher value that concluded by our firm for similar lots in the Olney Townsite in 2021.

RECAPITULATION OF VALUE INDICATION

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 Value
Lot 23 COS 21331	2034	\$75,000	N/A	\$75,000	6/23/2022

The value above is based upon the **Hypothetical Conditions** that the subject property was a legal parcel and that the parcel had legal and adequate access (as described in this report) as of the report effective date.

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
2022 – 7 Hour USPAP Update Course
2022 – Analyzing Operating Expenses
2022 – Appraisal of Automobile Dealerships

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

2022 – Appraisal Institute: Introduction of Green Buildings: Principals and Concepts

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
Course REA-CEC-REC-14476 – 7-Hour National USPAP Update – 2022
Course REA-CEC-REC-13680 – Comparative Analysis – 2022
Course REA-CEC-REC-14201 – Analyzing Operating Expenses – 2022
Course REA-CEC-REC-14584 – Appraising Automobile Dealerships – 2022

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

REA-RAG-LIC-683

Status: **Active**
Expires: **03/31/2023**

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER

With endorsements of:
* **REAL ESTATE APPRAISER MENTOR**

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



Montana Department of
LABOR & INDUSTRY
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State of Montana
Business Standards Division
Board of Real Estate Appraisers

REA-RAL-LIC-841

Status: **Active**
Expires: **03/31/2023**

This certificate verifies licensure as:
LICENSED APPRAISER

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

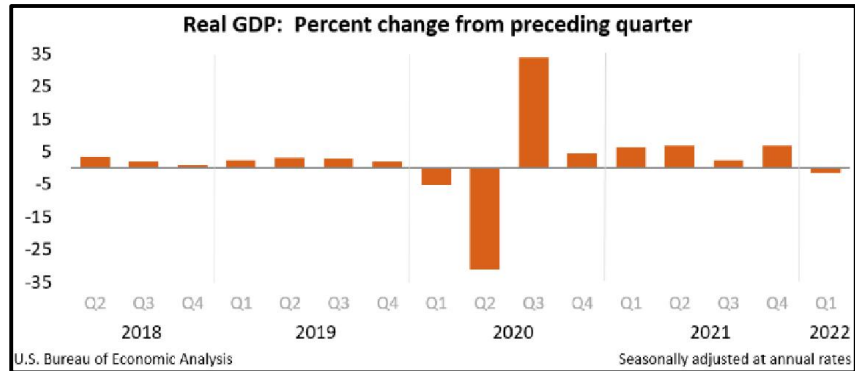


Montana Department of
LABOR & INDUSTRY
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<https://ebiz.mt.gov/pol>

ADDENDUM

NATIONAL ECONOMIC DATA

According to the second estimate from the Bureau of Economic Analysis of the US Department of Commerce (BEA), real GDP decreased by 1.5% in the first quarter of 2022, after increasing by 6.9% in the fourth quarter of 2021. According to the BEA, “The decrease in real GDP reflected decreases in private inventory investment, exports, federal government spending, and state and local government spending, while imports, which are a subtraction in the calculation of GDP, increased. Personal consumption expenditures (PCE), nonresidential fixed investment, and residential fixed investment increased.”



In regard to the COVID-19 impact on 1st quarter 2022 GDP, the BEA reported, “In the first quarter, an increase in COVID-19 cases related to the Omicron variant resulted in continued restrictions and disruptions in the operations of establishments in some parts of the country. Government assistance payments in the form of forgivable loans to businesses, grants to state and local governments, and social benefits to households all decreased as provisions of several federal programs expired or tapered off. The full economic effects of the COVID-19 pandemic cannot be quantified in the GDP estimate for the first 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. A 2021 estimate had the population of Montana at 1,099,333. 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 2021 the median household income was estimated at \$56,296 and is projected to increase to \$61,054 (an increase of about 8.5%) by 2026. This compares to the United States, which has an estimated median household income of \$64,730 as of 2021 and is projected to increase to \$72,932 (an increase of about 12.7%) by 2026.

The following table summarizes unemployment rates in Montana over the past 10 years.

State of Montana					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
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	528,441	506,871	21,570	4.1%
2018	Annual Average	533,821	513,858	19,963	3.7%
2019	Annual Average	542,279	522,898	19,381	3.6%
2020	Annual Average	542,917	511,616	31,301	5.8%
2021	Annual Average	549,743	531,202	18,541	3.4%
2022	Y-T-D Average (through May)	560,156	543,935	16,221	2.9%
2022	May	564,304	550,037	14,267	2.5%
Average (2012-2021)					4.5%

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

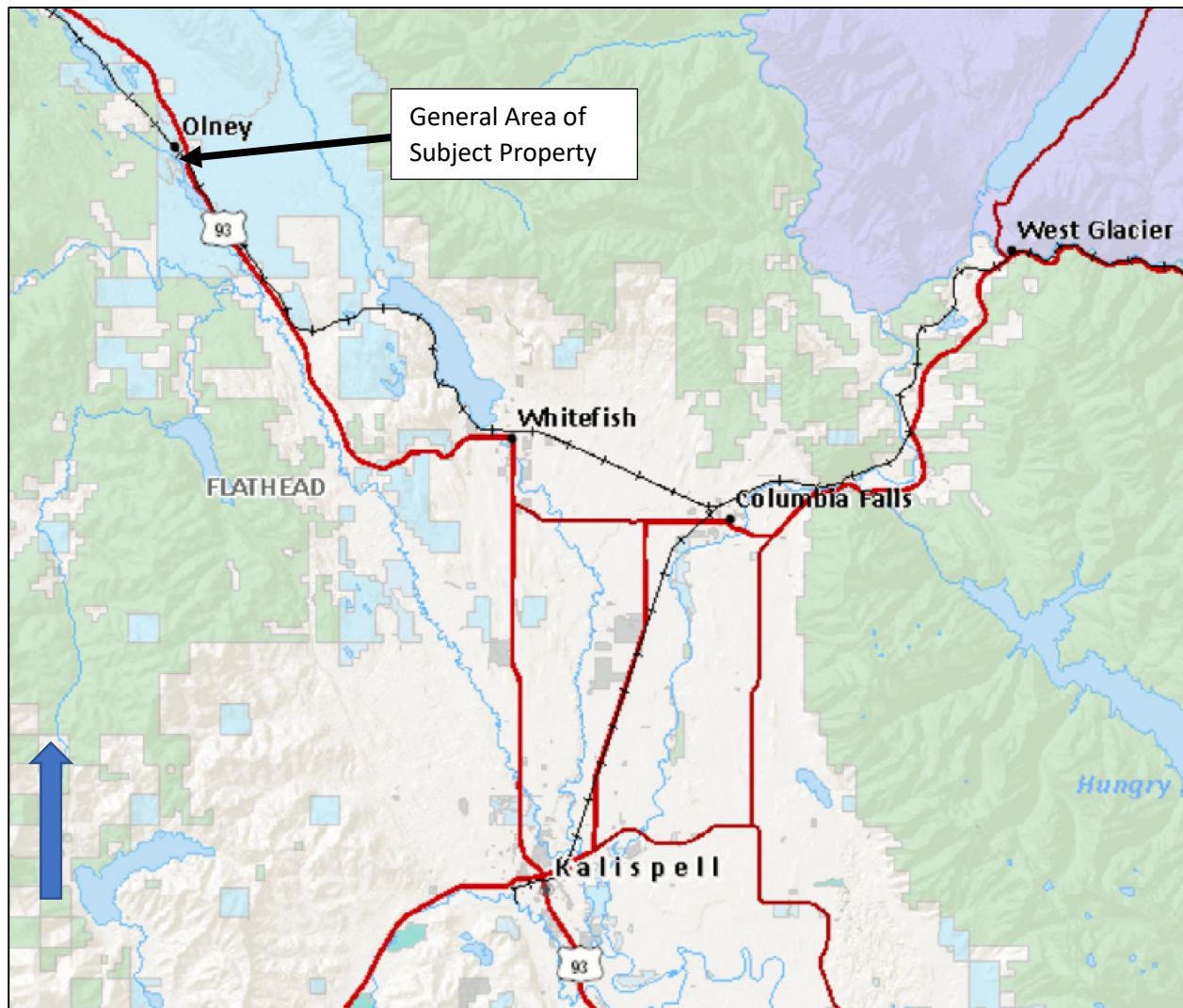
As shown in the previous table, the annual average unemployment rate decreased every year from 2011 through 2019. However, due in large part to the coronavirus pandemic (which began in March 2020), the overall unemployment rate in Montana increased in 2020. However, since approximately mid-2020 the rate began to trend down, and it was reported at 2.5% as of May 2022.

The real estate market in portions of Montana was strong in 2020, 2021 and YTD 2022 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 property is located in an unincorporated portion of Flathead County, Montana known as Olney. 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 2021 ESRI estimates based upon US Census data, the population of Flathead County was 107,684. The population is forecasted to increase to 115,903 by 2026, or by approximately 1.48% per year. **However, it is noted that according to an article published by the Montana Free Press in April 2022, Flathead County became the fastest-growing county in Montana from July 2020 through June 2021. The article cited a U.S. Census Bureau estimate, which reported an estimated increase of 3,681 people in Flathead County within that timeframe, or an increase of 3.5%. The driving factor of this increase was attributed to shifting migration patterns related to the COVID-19 pandemic and the resulting ability to work remotely.**

Employment

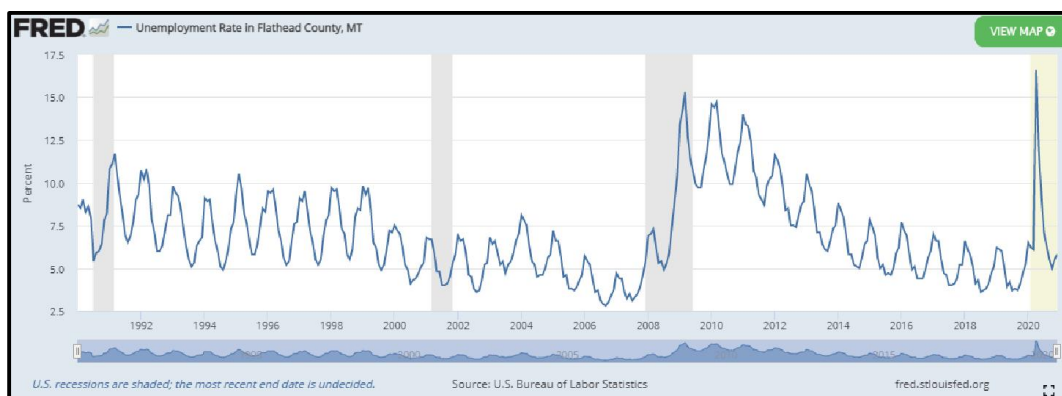
The retail trade industry represents approximately 15% of employment in Flathead County. Approximately 13% of the workforce is employed in the accommodation and food services industries and the healthcare and social assistance industries represents 12% of employment in Flathead County. Some of the largest 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, Teletech, 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 table summarizes unemployment rates in Flathead County over the past 10 years.

Flathead County					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
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	Annual Average	50,115	48,163	1,952	3.9%
2022	Y-T-D Average (through February)	51,421	49,345	2,076	4.0%
2022	February	51,686	49,728	1,958	3.8%
Average (2012-2021)					6.1%

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

As shown in the previous table, the annual average unemployment rate generally decreased from 2011 through 2019. However, due in large part to the COVID-19 pandemic (which began in March 2020), the overall unemployment rate in Flathead County increased in 2020. However, since approximately mid-2020 the rate began to trend down, and it was reported at 3.8% as of February 2022.

Construction & Development

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

Single Family Building Permits Issued Per Year																
City	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	% Change: 2020-2021
Kalispell	322	186	103	92	72	98	124	98	72	104	115	91	94	175	170	-3%
Whitefish	22	26	14	23	36	51	75	72	48	49	57	64	95	92	129	40%
Columbia Falls	25	12	5	5	1	4	9	20	17	15	10	19	14	21	11	-48%
Total	369	224	122	120	109	153	208	190	137	168	182	174	203	288	310	8%

The high for residential single-family permits in the three municipalities is 369 permits issued in 2007. 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 each year from 2019 through 2021.

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 on the following page.

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 and 2021 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 WHITEFISH DATA

The subject property is located in the Olney area of Flathead County. The City of Whitefish is the nearest population center in the same county. All necessary services are located in Whitefish.

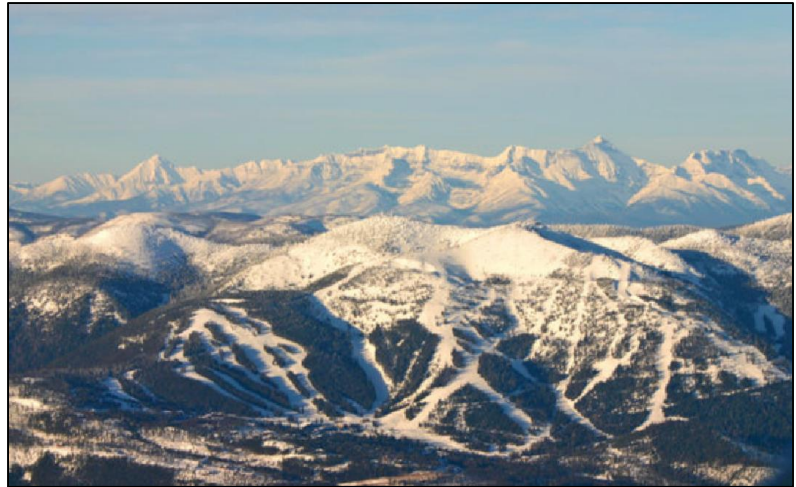
Whitefish Economic Data

Whitefish began as a railroad and logging community and has developed into a resort community due to proximity of Big Mountain Ski Resort, Whitefish Lake, Glacier National Park and other area recreation attractions. Many local businesses are hospitality oriented.

Population and Income

According to ESRI estimates based upon US Census data, the population of the city of Whitefish in 2020 was 7,733. The population is forecasted to increase to 8,351 by 2025, or at rate of approximately 1.55% per year.

Also, according to ESRI estimates based upon US Census data, the median household income in 2020 for Whitefish was \$57,277, with annual increases of approximately 1.03% per year projected through 2025. The 2020 median household income in Whitefish is approximately 6.2% higher than the median household income in Flathead County.



Employment

Area employers include financial institutions; federal, county or city government; retail businesses; restaurants; bars; and small locally owned businesses. Some area residents commute to Kalispell or surrounding areas for employment.

Approximately 40% of the employed civilian population 16 years or older is in service, sales or office occupations. The service sectors employ the largest number of individuals, which provides an indication of the importance of tourism to the Whitefish economy.

Linkages & Transportation

US Highway 93 is considered a primary corridor in Whitefish providing access to Kalispell to the south. East of the central business district, US Highway 93 runs north/south and is known as Spokane Avenue. At the corner of 2nd Street West and Spokane Avenue, US Highway 93 turns west. It continues to the southwest through Lincoln County and on to the Canadian border which is approximately 60 miles northwest of Whitefish. Montana Highway 40 runs east from Whitefish to US Highway 2, which provides access to Glacier National Park.

A train depot is located on the north side of Whitefish and provides public transportation via Amtrak. The Burlington Northern Santa Fe Railroad freight rail service also runs through Whitefish.

Commercial Real Estate

The central business district was developed over the last century. Most businesses along Central Avenue have “western” style facades. The look of the area has basically remained unchanged as buildings are periodically purchased and renovated. Small local shops, bars and restaurants are mixed with professional and governmental offices and financial institutions.

There are a relatively large number of local businesses that cater to seasonal residents and tourists. The central business district has generally been in the revitalization stage of development since 2004.

In 2009 work began on publicly funded street renovations for Central Avenue, which included installation of curbing and landscaping. These street renovations are part of a long-term beautification plan for the central business district.



A new City Hall building was completed in 2017 in downtown Whitefish. The new building is approximately 20,000 square feet in size and includes spaces for municipal offices, a parking garage, and retail spaces.

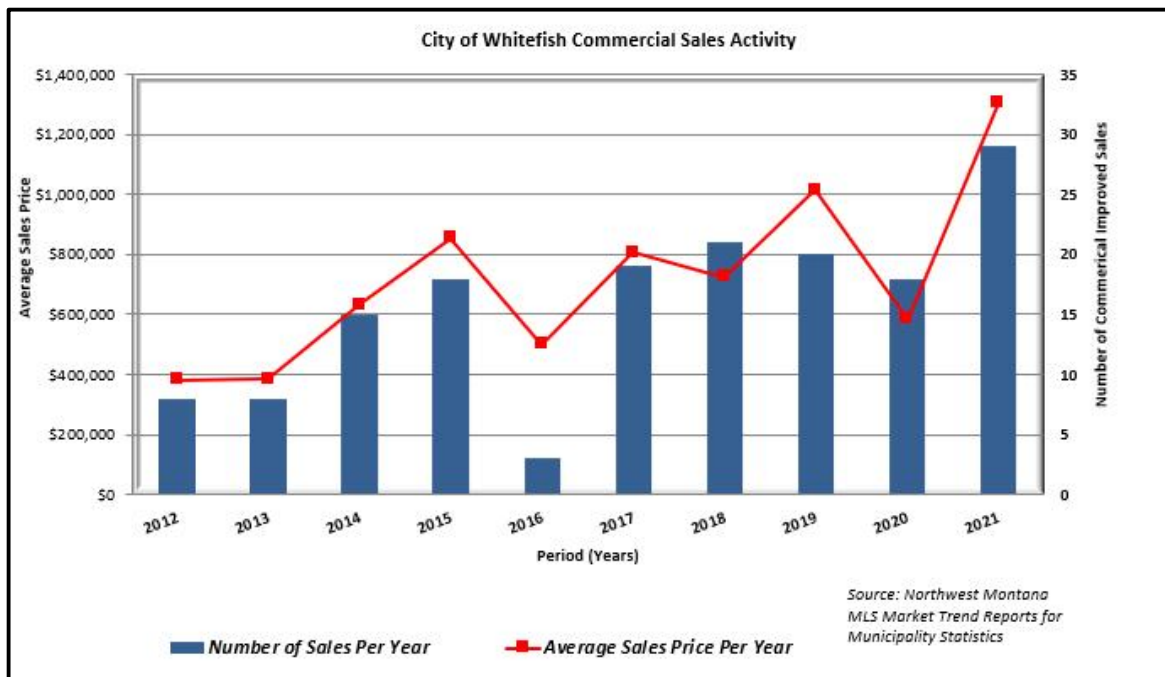
The “Railway District” is located west of the central business district. This area was also undergoing revitalization in recent years. It was growing in popularity due to the commercial zoning and close proximity to the central business district. The property in this area have typically offered a more affordable option than Central Avenue for business owners requiring retail and office space.

Baker Avenue is a secondary commercial thoroughfare of Whitefish. There are various offices, retail buildings, and light industrial businesses along Baker Avenue. Other commercial improvements along Baker Avenue include an aquatic and fitness center completed in 2004, and a recently completed emergency services center.

There are also businesses along the US Highway 93 corridor on the south side of Whitefish. These include professional offices, banks, grocery stores, car dealerships, gas stations, hotels/motels, restaurants and retail businesses. The new North Valley Hospital facility and a medical campus with a number of physician’s offices was recently completed along this corridor.

There were 34 commercial building permits issued in 2021 in Whitefish, which is an decrease from 2020 when 52 permits were issued. These totals include commercial renovations, alterations as well as new construction.

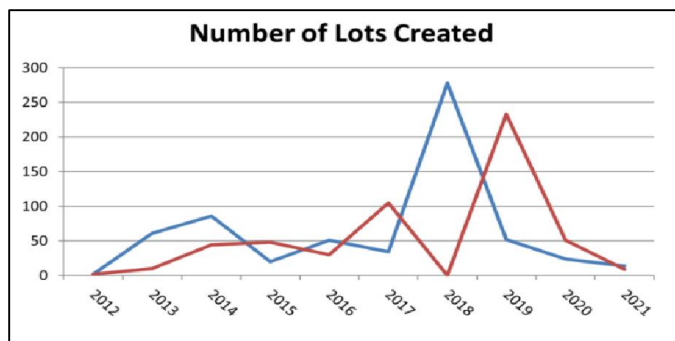
The chart below depicts sales volume and average sales price per year for improved commercial sales for the past ten years in the municipal areas of Whitefish;



The peak in volume and sales prices for improved commercial property occurred in 2021. Annual Demand increased from a low of 3 sales in 2016 to 29 in 2021. Annual demand and pricing has appeared to fluctuate over the past several years in Whitefish. However, this data only represents existing commercial property that transferred via the area MLS. There are relatively few commercial sales in Whitefish each year. Due to the small data set, statistical analysis is difficult, and the data is subject to wide swings. The number of commercial building permits issued in Whitefish was 42 in 2019, 52 in 2020, and 34 in 2021. The building permit data is also an indicator of demand.

Residential Development & Absorption

According to the City of Whitefish Planning and Building Department 2021 Annual Report, the city expanded its boundaries by approximately 2.00 acres in 2021. Over the past decade, the city has increased in size approximately 336 acres due to annexation. A chart depicting the number of subdivision lots awarded preliminary (blue) and final (red) plat approval in the city is to the right.



The annual total number of lots in subdivisions awarded preliminary plat approval decreased in 2021 compared to 2019 and 2020.

Residential construction permits issued in Whitefish from 2012 through 2021 are detailed on the table below.

Residential Construction Permits - Whitefish										
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Single Family	51	75	72	48	49	57	64	95	92	129
Townhouse/Duplex	6	6	6	12	16	22	40	77	67	57
Multi-Family	3	0	15	7	91	24	54	68	138	27
Manufactured Home	0	0	0	0	0	0	0	0	0	0
Total	60	81	93	67	156	103	158	240	297	213

The total number of residential construction permits has fluctuated but increased overall since 2012. The number of permits issued in 2020 is the highest for the period. The total number of new residential construction units in 2020 surpassed the previous high of 292 in 2005.

The chart below depicts sales volume and average price per property for all improved residential sales since 2012 in the municipal areas of Whitefish;



The sales volume increased by 57% from 2019 to 2020. The average sales price increased from 32% from 2019 to 2020. The sales volume decreased from 2020 to 2021 but the average price increased by 29% from 2020 to 2021. The price and volume increases during these periods is in large part due to an increase in population as a result of the COVID-19 pandemic.

Whitefish Mountain Resort at Big Mountain

Big Mountain is located approximately 7 miles north of the central business district of Whitefish. It was developed as a ski area in the 1940's and has become one of the nation's 10 largest ski areas with 3,000 acres of terrain. The ski area is currently known as Whitefish Mountain Resort at Big Mountain, and is owned by Winter Sports, Inc. Holdings. The resort includes 11 chairlifts (3 high speed quad type lifts), a day lodge, restaurants, shops and vacant land. The ski runs are comprised of acreage owned by Winter Sports, Inc. and acreage owned by the US Forest Service. Winter Sports, Inc. has permits to utilize area public lands for ski runs.

There is privately owned real property in and around the ski village, including several condominium complexes. Commercial uses on the ground floor are typical with residential units on upper floors. There are a number of single and multi-family subdivisions at Big Mountain as well. Development escalated beginning in 2000 and continued at a rapid pace through 2006. A number of single-family subdivisions were created during this period as well as several new condominium complexes. There has been some recent development activity in the area.

Conclusion

In conclusion, continued growth and expansion for the greater Whitefish area is considered likely in the long term. In 2020, the City of Whitefish did not annex any new land into the city limits. However, 2020 saw an increase from 2019 in the number of residential building permits issued, and 2020 surpassed the previous record high from 2005. From 2019 to 2020, the number of residential sales increased 57%, and the average price increased 32%. The average price also increased significantly in 2021.

These significant increases are likely heavily influenced by the COVID-19 pandemic, as it appears a large number of out-of-state buyers purchased real estate throughout the Flathead Valley in response to the pandemic. The demand for workforce and multi-family type housing is expected to spur growth in the commercial and residential sectors. A Workforce Housing Needs Assessment conducted by the City of Whitefish in 2016 concluded that there would be a need for 980 new residential units by 2020.

While the current state of the Whitefish real estate market appears strong, the economies of local markets are tied to overall national economic health. Challenges like workforce housing and growth in the residential and commercial real estate markets are dependent on the health of the national economy, local job creation, and housing affordability. Overall, the outlook for Whitefish is positive, but guarded.

Map of Subject Property in Relation to Whitefish



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: 2022 Olney Townsite, 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) and Lessee Nathan & Patti Conkle. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision making process concerning the potential sale of said subject property.

DEFINITIONS:

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

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

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

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple Interest. For analysis purposes,

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

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

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

The appraisal will be an Appraisal Report as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the

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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 1 (one) cabin site 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 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)
2034	1.053±	Lot 23, Olney Townsite, COS 21331, Section 7, T32N-R23W	First Avenue N. Olney, MT

DNRC Contact Information:
Deidra Klobberdanz, Lands
Section Supervisor
PO Box 201601
Helena, MT 59620-1601
Phone: (406) 444-4165
Fax: (406) 444-2684
Deidra.Klobberdanz@mt.gov

Lessees:
Sale 2034: Nathan & Patti Conkle - (406) 881-2242

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

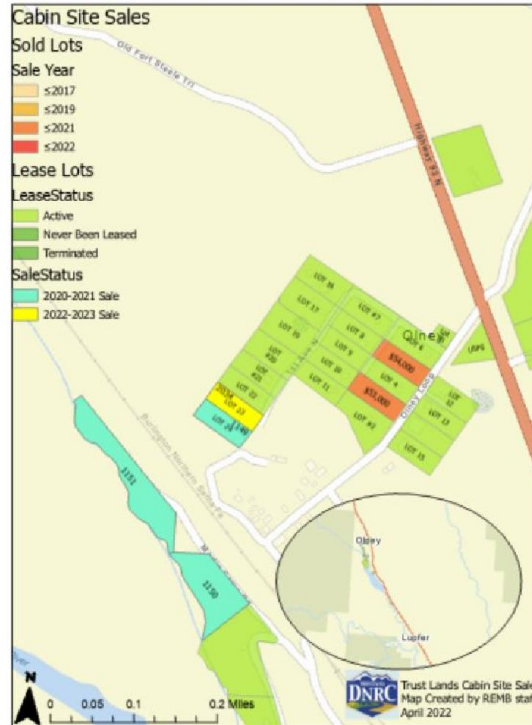
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel(s). If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing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

DocuSign Envelope ID: F5847AAB-4D5F-42A1-8804-4F49E298BE37

Location Map of Parcel Flathead County



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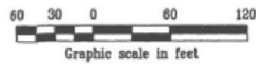
DocuSign Envelope ID: F5847AAB-4D5F-42A1-8804-4F49E298BE37

Cabin Site Sale Parcel Map

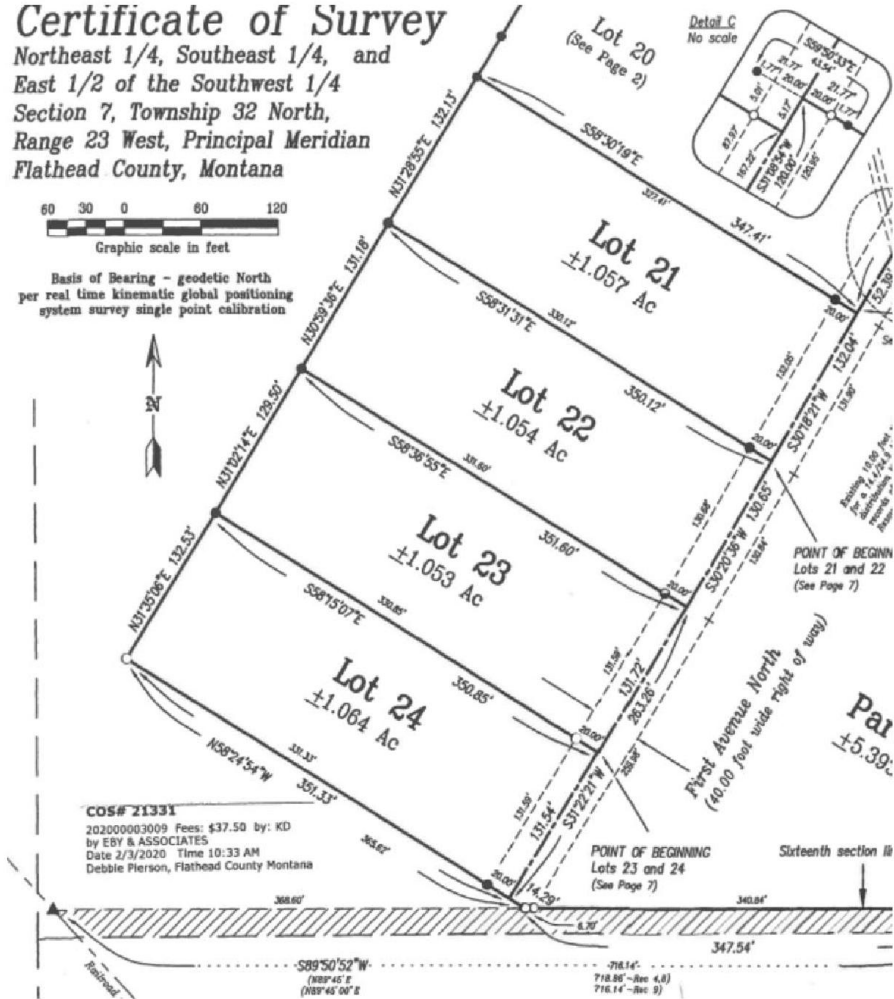
Sale 2034 Lot 23

Certificate of Survey

Northeast 1/4, Southeast 1/4, and
East 1/2 of the Southwest 1/4
Section 7, Township 32 North,
Range 23 West, Principal Meridian
Flathead County, Montana



Basis of Bearing - geodetic North
per real time kinematic global positioning
system survey single point calibration



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