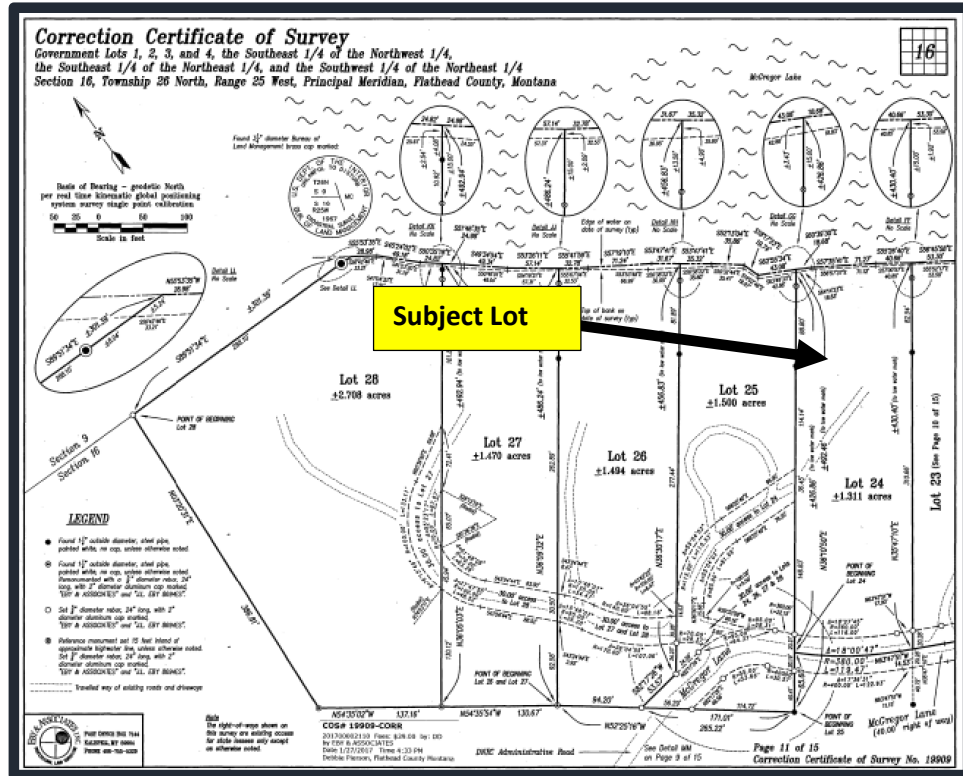


APPRAISAL REPORT OF:

**LOT 24, COS 19909**  
**MARION, FLATHEAD COUNTY, MONTANA**



PREPARED FOR:

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

MARKET VALUE AS OF:

June 24, 2022

PREPARED BY:

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



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

---

## LETTER OF TRANSMITTAL

August 9, 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 24, McGregor Lake, COS 19909 Section 16, Township 26 North, Range 25 West, Marion,  
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 24, 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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## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL .....</b>	<b>2</b>
<b>SUMMARY OF SALIENT DATA AND CONCLUSIONS .....</b>	<b>5</b>
<b>CERTIFICATION OF APPRAISAL.....</b>	<b>6</b>
<b>GENERAL ASSUMPTIONS AND LIMITING CONDITIONS .....</b>	<b>8</b>
<b>SCOPE OF THE APPRAISAL .....</b>	<b>10</b>
<b>IDENTIFICATION OF THE SUBJECT PROPERTY.....</b>	<b>12</b>
<b>INTENDED USE &amp; INTENDED USER OF THE APPRAISAL .....</b>	<b>12</b>
<b>PURPOSE OF THE APPRAISAL .....</b>	<b>12</b>
<b>DATE OF PROPERTY VIEWING .....</b>	<b>12</b>
<b>EFFECTIVE DATE OF MARKET VALUE .....</b>	<b>12</b>
<b>PROPERTY RIGHTS APPRAISED .....</b>	<b>13</b>
<b>DEFINITION OF MARKET VALUE.....</b>	<b>13</b>
<b>STATEMENT OF OWNERSHIP &amp; USE HISTORY.....</b>	<b>14</b>
<b>PROPERTY DESCRIPTION.....</b>	<b>15</b>
GENERAL DESCRIPTION.....	15
ACCESS AND VIEWS .....	17
IMPROVEMENTS.....	17
EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS .....	17
ZONING.....	17
ASSESSMENT/REAL PROPERTY TAXES.....	17
TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE.....	17
UTILITIES .....	18
PUBLIC SAFETY AND SERVICES .....	18
SITE SUITABILITY .....	18
<b>SUBJECT PHOTOGRAPHS.....</b>	<b>19</b>
<b>SUBJECT MARKET ANALYSIS .....</b>	<b>23</b>
<b>HIGHEST AND BEST USE .....</b>	<b>29</b>
<b>THE APPRAISAL PROCESS.....</b>	<b>31</b>
<b>LOT SALES .....</b>	<b>32</b>
<b>PROPERTY VALUATION .....</b>	<b>37</b>
SALES COMPARISON APPROACH .....	38
RECAPITULATION OF VALUE INDICATION.....	42
<b>QUALIFICATIONS OF THE APPRAISERS .....</b>	<b>43</b>
<b>APPRAISERS LICENSES.....</b>	<b>47</b>
<b>ADDENDUM.....</b>	<b>48</b>
NATIONAL ECONOMIC DATA.....	49
STATE ECONOMIC DATA .....	49
FLATHEAD COUNTY DATA .....	51
CITY OF KALISPELL DATA .....	56
SCOPE OF WORK & SUPPLEMENTAL INSTRUCTIONS .....	61

## SUMMARY OF SALIENT DATA AND CONCLUSIONS

### IDENTIFICATION OF CLIENT/INTENDED USE

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

### SUBJECT PROPERTY

<b>Property Identifications</b>	Lot 24, McGregor Lake, COS 19909, Section 16, Township 26 North, Range 25 West, Marion, Flathead County, Montana
<b>Site Size</b>	1.311 Acres
<b>Description of Improvements</b>	See Property Description
<b>Assessor Number(s)</b>	N/A
<b>Census Tract</b>	30-029-0017.00
<b>Flood Zone</b>	The Subject Lot is in an Area of Minimal Flood Hazard, FEMA Map Panel 30029C2175G – Dated September 28, 2007
<b>Zoning</b>	None

### HIGHEST AND BEST USE(S)

<b>As Is</b>	Recreational and/or Residential Use
<b>As Improved</b>	Recreational and/or Residential Use

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

<b>Report Date</b>	August 9, 2022
<b>Inspection Date(s)</b>	June 24, 2022
<b>Effective Date of Value(s)</b>	June 24, 2022
<b>Property Rights Appraised</b>	Fee Simple

#### Estimate of Market Values

<b>Individual Lot Values</b>	Property Valuation Section of Report & Page 42 of Report
<b>Individual Improvement Values</b>	N/A
<b>Individual Total Market Values</b>	Property Valuation Section of Report & Page 42 of Report

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

### MARKETING & EXPOSURE TIME

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

### APPRAISER INFORMATION

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

## **CERTIFICATION OF APPRAISAL**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our unbiased professional analyses, opinions, and conclusions.
- Elliott M. Clark, MAI and Christopher D. Clark have no present or prospective interest in the property that 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.



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Dated Signed: August 9, 2022  
Elliott M. Clark, MAI  
MT REA-RAG-LIC-683



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Date Signed: August 9, 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 24, McGregor Lake, COS 19909 in Section 16 Township 26 North, Range 25 West, Marion, 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 24, 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 24, McGregor Lake, COS 19909 in Section 16, Township 26 North, Range 25 West, Marion, 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 Lessees for the subject lot (Thomas & Barbara Armentrout) are additional intended users of this report. No additional parties may rely upon this report without the express written consent from both the appraisers and the client.

## **PURPOSE OF THE APPRAISAL**

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

## **DATE OF PROPERTY VIEWING**

June 24, 2022

## **EFFECTIVE DATE OF MARKET VALUE**

June 24, 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."*<sup>1</sup>

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.

---

<sup>1</sup> 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 of value on the subject lot. The current lessees are Thomas and Barbara Armentrout. According to the Flathead County online recordation system, the leasehold interest in the subject property most recently transferred from Jane and Chad Pickering to Thomas Armentrout via a Quit Claim Deed recorded on October 10, 2001 as document #200128814250. The consideration for this transfer is not known by the appraisers.

### **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.



Clark Real Estate Appraisal (22-045ec) (06/24/2022)





## **ACCESS AND VIEWS**

The subject property is accessed via a driveway crossing adjacent Lot 25. This driveway is accessed via McGregor Lane.

The subject property is wooded with views of McGregor Lake and surrounding properties.

## **IMPROVEMENTS**

There is an older outhouse on the subject site. The subject property does not include any improvements of value.

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

Reservations and encumbrances affecting the subject lots provided by Montana DNRC are; Right of Way Deed to PTI Communications for buried telephone lines, Road Easements for privately owned lots on McGregor Lane, and Right of Way Deed to Flathead Electric Cooperative for a 14.4 KV Power Line. The subject property includes an approximately 20' wide portion of McGregor Lane within the property boundaries. This is typical for similar area properties.

There do not appear to be any easements that significantly 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.

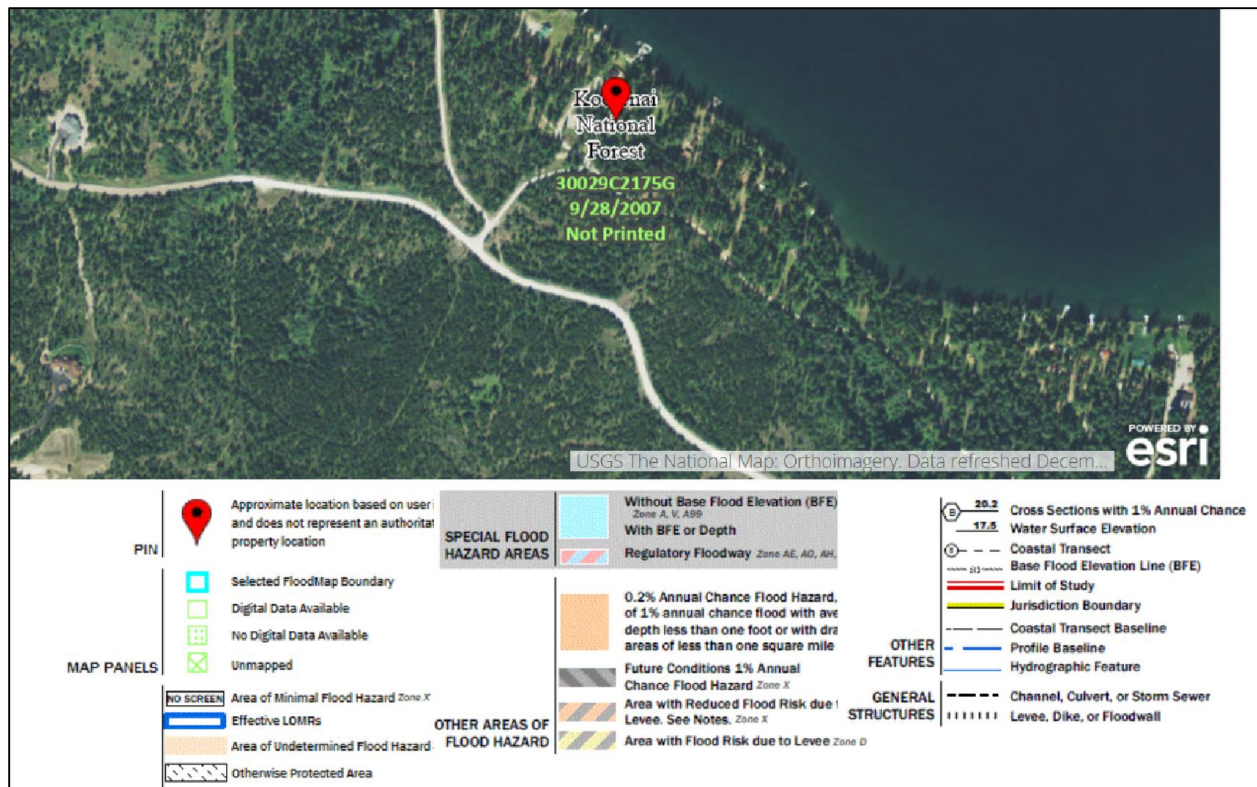
## **ASSESSMENT/REAL PROPERTY TAXES**

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 generally slopes down toward the lake frontage with sufficient level areas for construction of improvements. The subject property is wooded.

According to the Flathead County GIS flood mapping feature for the area, the subject lot is not in areas of flood hazard. According to FEMA map panel (30029C2175G), the subject lot does not include any area within the 100 Year Floodplain. We recommend verifying floodplain location prior to construction on the subject lots. An exhibit depicting the FEMA map panel is 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/or area volunteer emergency services.

## SITE SUITABILITY

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

## SUBJECT PHOTOGRAPHS



Lot 24 Looking NE from Lot Interior



McGregor Lake View from Lot 24



Lot 24 Interior Looking Southwest



Outhouse on Lot 24



Outhouse Interior



View toward Cabin on Adjacent Lot 25



## ADDITIONAL PHOTOGRAPHS



Electrical Pole near Boundary Between Lots 24 & 25



Driveway to Lot 24



Northeast Property Boundary Marker



View Looking Southwest along East Property Boundary



View West along North Property Boundary and Lakeshore



View East along McGregor Lake Frontage



## ADDITIONAL PHOTOGRAPHS



Northwest Property Boundary Marker Looking Southwest



Northwest Property Boundary Marker Looking East



View Northeast along West Property Boundary



View Northeast from Approximate Southwest Boundary Corner



View Southeast along Approximate South Property Boundary



Lot 24 Interior from McGregor Lane

## ADDITIONAL PHOTOGRAPHS



View Northwest along Approximate South Boundary



View Northeast along East Property Boundary



View West along South Portion of Lot 24

## 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 property was described in detail in prior sections of this report. The subject site is 1.311 gross acres and includes 130.61 feet of frontage along McGregor Lake. There are no improvements of value on the subject property.

#### Area Land Use Trends

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

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

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

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

## **Potential Users of Subject Property**

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

## **Demand Analysis**

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

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

## **Lakefront Lot Sales**

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

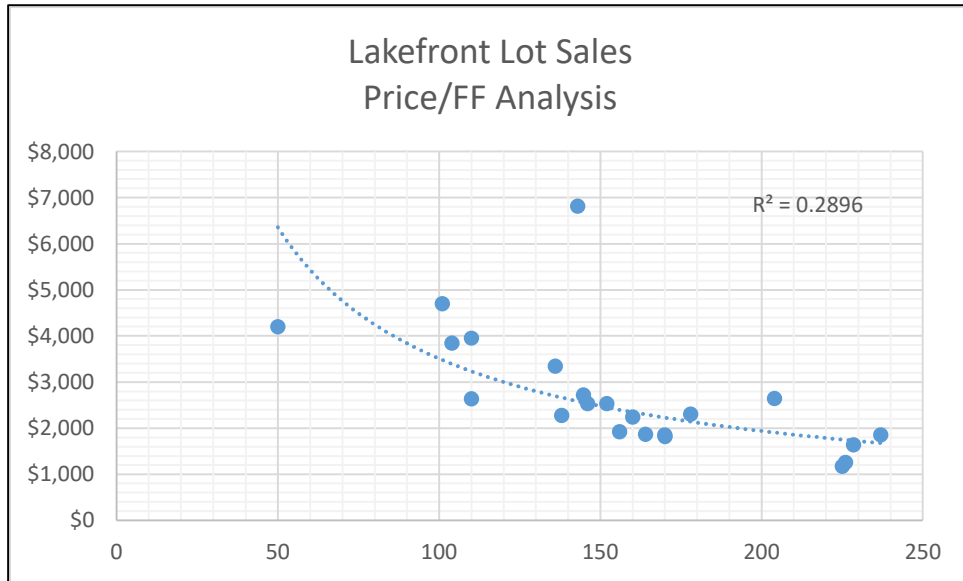


Lakefront Lot Sales Analysis										
Address	City	Lake	Front Feet	Site Acres	Sale Date	Sales Price	Value of Improvements	Sales Price Less Improvement Value	Price/FF	Days on Market
3966 N Ashley Lake Rd	Kalispell	Ashley Lake	178.00	2.02	2020	\$430,000	\$20,000	\$410,000	\$2,303	0
3910 N Ashley Lake Rd	Kalispell	Ashley Lake	156.00	0.46	2020	\$320,000	\$20,000	\$300,000	\$1,923	808
4545 Ashley Lake Rd	Kalispell	Ashley Lake	110.00	2.70	2020	\$290,000	\$0	\$290,000	\$2,636	52
5350 N Ashley Lake Rd	Kalispell	Ashley Lake	101.00	0.71	2021	\$475,000	\$0	\$475,000	\$4,703	33
120 Vaughn Dr	Kalispell	Ashley Lake	225.00	1.23	2021	\$265,000	\$0	\$265,000	\$1,178	786
3986 N Ashley Lake Rd	Kalispell	Ashley Lake	143.00	1.56	2022	\$984,000	\$10,000	\$974,000	\$6,811	39
26 Schmid Point Place	Marion	Bitterroot Lake	226.00	1.03	2020	\$290,000	\$5,000	\$285,000	\$1,261	403
104 Bitterroot Cove Ct	Marion	Bitterroot Lake	228.48	1.05	2020	\$385,000	\$10,000	\$375,000	\$1,641	37
1120 N Bitterroot Rd	Marion	Bitterroot Lake	152.00	1.16	2020	\$385,000	\$0	\$385,000	\$2,533	28
1536 Pleasant Valley Rd	Marion	Bitterroot Lake	144.77	0.90	2020	\$399,000	\$5,000	\$394,000	\$2,722	140
1650 Bitterroot Ln	Marion	Bitterroot Lake	50.00	0.34	2020	\$210,000	\$0	\$210,000	\$4,200	450
489 Lodgepole Dr	Marion	Bitterroot Lake	110.00	1.00	2020	\$445,000	\$10,000	\$435,000	\$3,955	32
92 Bitterroot Cove Ct	Marion	Bitterroot Lake	204.00	1.02	2021	\$540,000	\$0	\$540,000	\$2,647	52
795 Lodgepole Dr	Marion	Bitterroot Lake	104.00	0.63	2021	\$450,000	\$50,000	\$400,000	\$3,846	25
1548 Pleasant Valley Rd	Marion	Bitterroot Lake	146.44	1.00	2021	\$525,000	\$5,000	\$520,000	\$3,551	38
583 E Village Dr	Bigfork	Echo Lake	136.00	0.40	2020	\$465,000	\$10,000	\$455,000	\$3,346	30
NHN Jewel Of Echo Trail, Lot 3	Bigfork	Echo Lake	437.00	5.00	2021	\$1,450,000	\$0	\$1,450,000	\$3,318	138
NHN Jewel Of Echo Trail, Lot 2	Bigfork	Echo Lake	418.00	5.00	2022	\$1,395,000	\$0	\$1,395,000	\$3,337	376
140 McGregor Ln	Marion	McGregor Lake	237.00	3.81	2020	\$450,000	\$10,000	\$440,000	\$1,857	60
840 McGregor Ln	Marion	McGregor Lake	138.00	1.20	2020	\$329,000	\$15,000	\$314,000	\$2,275	2,893
1024 McGregor Ln	Marion	McGregor Lake	170.05	1.10	2020	\$325,000	\$15,000	\$310,000	\$1,823	32
12342 Paradise Loop	Marion	McGregor Lake	160.00	1.20	2020	\$359,000	\$0	\$359,000	\$2,244	51
1026 McGregor Ln	Marion	McGregor Lake	170.00	1.03	2020	\$330,000	\$15,000	\$315,000	\$1,853	121
820 McGregor Ln	Marion	McGregor Lake	164.00	1.00	2020	\$321,500	\$15,000	\$306,500	\$1,869	120

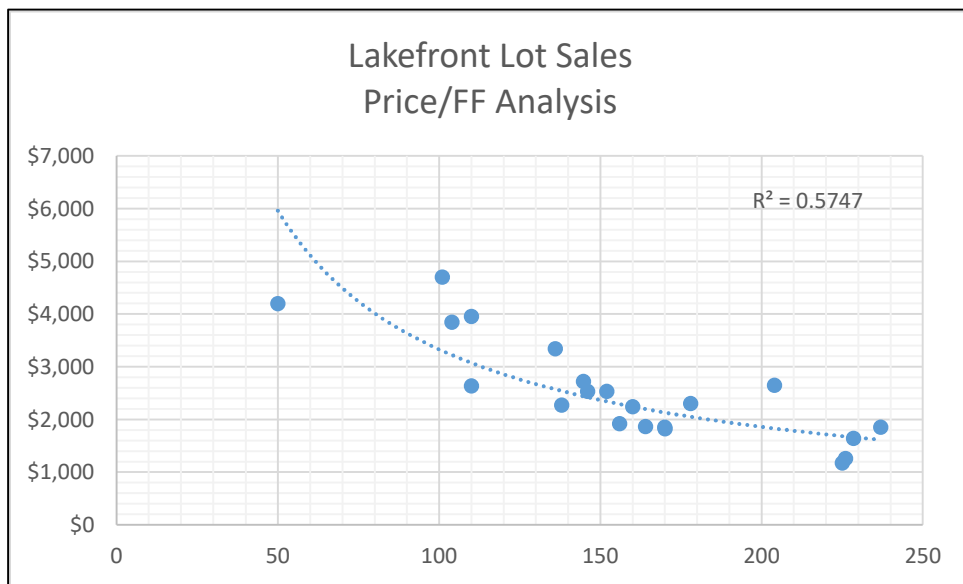
Of the lakes included, there were 16 sales in 2020, 6 sales in 2021, and 2 sales in 2022 Year-to-Date. There were 6 sales of lots along McGregor; however, all closed during 2020. There is one current listing for a vacant lot on McGregor Lake. The property is at 903 McGregor Lane in McGregor Lake Highlands Subdivision. The property was listed on July 6, 2022 (after the property viewing date but prior to the report publish date) and the list price is \$799,000 or \$5,740 per front foot along the lake.

Based upon analysis of available data, the price per front foot typically decreases as the amount of front footage increases. Of the 24 sales on the table above, the median amount of front footage is 158 front feet. Approximately 71% of these sales fall within the frontage footage range of 100 to 178. Based upon analysis of these sales this is considered to be the typical range of front footage.

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



**Graph of Same Data with Sale at 3986 N Ashley Lake Road (\$6,811/FF) Removed**



The trendline line of best fit (the type of trendline exhibiting the highest R-Squared) was placed on these two graphs. This trendline supports the conclusion that price per front foot generally decreases as the amount of front footage increases. This conclusion is utilized in the valuation of the subject sites. One sale was removed for the second graph (as discussed below). Removal of this sale resulted in a significantly higher degree of correlation (R-Squared) between the sales prices per front foot and the amount of front footage.

**Based upon the graphs above, the sale at 3986 N Ashley Lake Road for \$6,811/FF either represents an emerging trend or is an outlier. There is not sufficient market data currently available to discern the best description of this sale. This sale is utilized as a comparable in this report because it is the only 2022 sale of a vacant site on a similar area lake identified.**

**No weight is accorded the adjusted indication from this sale in the Reconciliation due to the lack of conclusive data regarding whether this sale represents an emerging trend or an outlier.**

As noted, there were no sales with frontage along McGregor Lake in 2021 or 2022. Based upon analysis of paired sales data, prices for lakefront properties in Flathead County have increased significantly since 2020. We located three sets of paired sales that reflect changes in market conditions. These are three sets of sales are adjacent to each other and/or are within the same subdivisions. These paired sales analyses are below;

Paired Lakefront Lot Sales to Determine Changes in Market Conditions							
Paired Sale Set 1							
Sale Address	City	Legal Description	Acres	Front Feet	Sale Date	Sales Price	Sales Price Per Front Foot
1536 Pleasant Valley Rd	Marion	Lot 3, Bitterroot Cove SD	0.90	144.77	8/6/2020	\$399,000	\$2,756
1548 Pleasant Valley Rd	Marion	Lot 2, Bitterroot Cove SD	1.00	146.44	8/6/2021	\$525,000	\$3,585
							30%
Paired Sale Set 2							
Sale Address	City	Legal Description	Acres	Front Feet	Sale Date	Sales Price	Sales Price Per Front Foot
104 Bitterroot Cove Ct	Marion	Lot 14, Bitterroot Cove SD	1.05	228.48	5/22/2020	\$385,000	\$1,685
92 Biterroot Cove Ct	Marion	Lot 13 Bitterroot Cove SD	1.02	204.22	7/9/2021	\$525,000	\$2,571
							53%
Paired Sale Set 3							
Sale Address	City	Legal Description	Acres	Front Feet	Sale Date	Sales Price	Sales Price Per Front Foot
3966 N Ashley Lake Rd	Kalispell	Lot 15, Emerald Point on Ashley Lake	2.02	178.00	4/7/2020	\$410,000	\$2,303
3986 N Ashley Lake Rd	Kalispell	Lot 20, Emerald Point on Ashley Lake	1.56	143.00	6/9/2022	\$974,000	\$6,811
							196%

Based upon analysis of Paired Sales Sets 1 and 2, as well as analysis of changes in prices per front foot for lakes analyzed from 2020 to 2021, an upward adjustment of 40% per year is reasonable and well supported for lakefront lot sales that closed in 2020.

Paired Sale Set 3 is accorded little weight since it includes the sale at 3986 N Ashley Lake Road which may be an emerging trend or an outlier. Paired Sale Set 3 does provide support that lake front lot prices increased by at least 40% between 2021 and 2022.

Based upon these analyses, upward adjustments for changes in market conditions of 40% were made to sales that closed in 2021 and upward adjustments of 80% were made to sales that closed in 2020. No adjustments for changes in market conditions were made to the comparable that closed in 2022.

### **Lakefront Home Sales**

No analysis was developed for lakefront home sales since the subject property does not include improvements of value.

### **Competitive Supply**

There were 8 active listings of lots with less than 10 acres and frontage along smaller lakes in Flathead County as of the report publish date. The average marketing time for the active listings was approximately 102 days and the average list price was \$5,408 per front foot.

### **Interaction of Supply and Demand**

Based upon the average sales volume for 2020, 2021, and 2022 year-to-date, there is an approximately 12 month supply of vacant lots on smaller area lakes for sale. Marketing time for 2022 year-to-date has averaged approximately 7 months for the two closed sales of this property type. A balanced market typically includes a 6 month supply or less. Supply exceeds demand for this property type. When supply exceeds demand, prices typically decrease. There may be some downward price pressure on the active listings in order for them to sell within historically typical marketing times.

### **Subject Marketability Conclusion**

The subject site has frontage along McGregor Lake. Overall, the subject site is considered to have similar marketability compared to other properties with frontage along other area lakes.

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

The vacant lakefront lot sales presented that sold in 2021 were marketed for an average of 179 days. The two sales in 2022 year-to-date were marketed for an average of 208 days. A **marketing time** of approximately 6 to 12 months is appropriate for the subject site. If the subject site had sold on the effective date of this report, at the appraised value concluded in this report, a 6 to 12 month **exposure time** would have been reasonable.

## 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 is included on the following pages.

## **SUBJECT PROPERTY – AS IS**

### *Legally Permissible*

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

### *Physically Possible*

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

### *Financially Feasible*

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

### *Maximally Productive*

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

## **AS IMPROVED**

There are no improvements of value on the subject site.

## 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

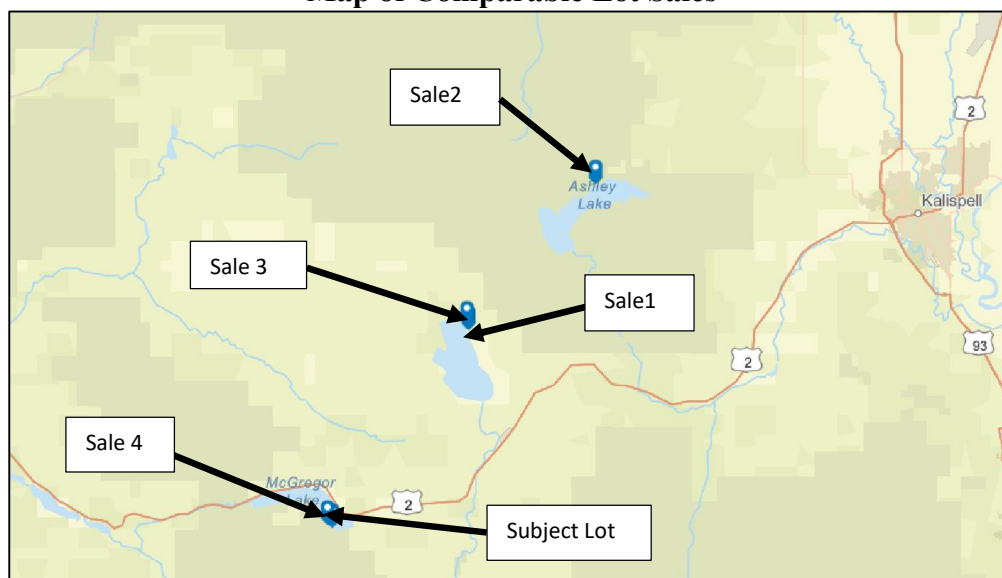
**It is important to note that area sales from MT DNRC to lessees are not considered to be appropriate comparable sales for this appraisal. These sales are not generally between disinterested parties because the sales frequently include improvements owned by the lessees who are most often the purchasers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

The most recent sales of vacant sites with frontage along McGregor Lake closed in 2020. We selected the most recently closed sale of a vacant site along McGregor Lake that was most similar in front footage to the subject site to utilize as a comparable. Due to the limited recent market data located, it was necessary to expand the search to other lakes in Flathead County. A table with sales of lots on smaller lakes in Flathead County is included in the Subject Market Analysis section of this report. The three most similar and most recent sales from this data were selected as comparables for the subject property. We analyzed price per lot, price per acre, and price per front footage for the sales presented in the Subject Market Analysis. The price per front foot resulted in a credible statistical relationship. Anecdotal data also supported the price per front foot as the most applicable unit of comparison. For these reasons, the price per front foot was utilized as the unit of comparison in this analysis. The comparables selected are described on the table below;

Sale #	Address	City	Water Frontage	Sale Date	Acres	Front Feet	Sales Price	Value of Improvements	Sales Price Less Improvements	Price Per Front Foot
1	92 Bitterroot Cove Ct	Marion	Bitterroot Lake	2021	1.020	204.22	\$540,000	\$5,000	\$535,000	\$2,620
2	3986 N Ashley Lake Rd	Kalispell	Ashley Lake	2022	1.556	143.00	\$984,000	\$10,000	\$974,000	\$6,811
3	1548 Pleasant Valley Rd	Marion	Bitterroot Lake	2021	1.002	146.44	\$525,000	\$5,000	\$520,000	\$3,551
4	840 McGregor Ln	Marion	McGregor Lake	2020	1.199	137.96	\$329,000	\$15,000	\$314,000	\$2,276


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

**Map of Comparable Lot Sales**

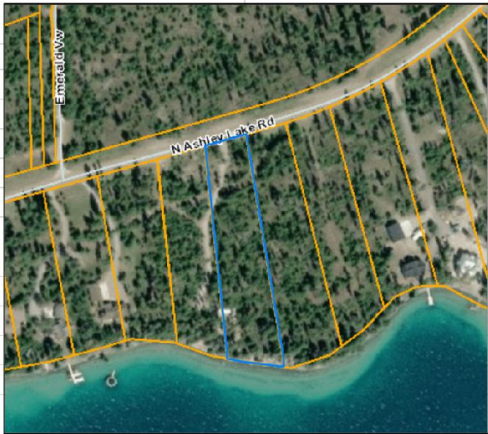





## LAND SALE 1

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

## LAND SALE 2


COMPARABLE SALE INFORMATION			
	<b>Location</b>	3986 N Ashley Lake Road	
	<b>City/State</b>	Kalispell, Montana	
	<b>County</b>	Flathead	
	<b>Assessor Number</b>	0000003405	
	<b>Zoning</b>	Ashley Lake Zoning District	
	<b>Site Size: Acres</b>	1.556	
	<b>Square Feet</b>	67,779	
	<b>Date of Sale</b>	June 9, 2022	
	<b>Sales Price</b>	\$984,000	
	<b>Less Value of Improvements*</b>	\$10,000	
<b>Sales Price Adjusted</b>	\$974,000		
<b>MLS #</b>	22202472		
ANALYSIS OF SALE			
<b>Price per Acre</b>	\$625,964	<b>Price per Square Foot</b>	\$14.37
		<b>Price Per Front Foot</b>	\$6,811
TRANSFER INFORMATION			
<b>Grantor</b>	Michael David Borovac & Jacqueline Marie Borovac, Trustees of the Borovac Family Trust	<b>Grantee</b>	Donald B. Harkins & Kathrin A. Weller
<b>Type of Instrument</b>	Warranty Deed	<b>Document #</b>	202200014614
		<b>Marketing Time</b>	39 Days on Market
<b>Financing/Conditions</b>	Cash/Market	<b>Verified By</b>	Brandon Trust, Listing Agent
<b>Legal Description</b>	Lot 20 of Emerald Point on Ashley Lake No.2, Flathead County, Montana	<b>Intended Use/Comments</b>	Purchased for Residential / Recreational Use
<b>Section/Township/Range</b>	S10/T28N/R24W		
PROPERTY DETAILS			
<b>Access</b>	N Ashley Lake Road	<b>View</b>	Lake, Mountains
<b>Topography</b>	Level	<b>Lot Dimensions</b>	Various
<b>Flood Plain</b>	According to FEMA Map Panel 30029C1705G, this property is not in an area of elevated flood risk.	<b>Improvements</b>	Access to Community Water System
<b>Water</b>	Ashley Lake	<b>Value of Improvements*</b>	\$10,000
<b>Water Frontage/Front Feet</b>	143.00	<b>Miscellaneous</b>	
<b>Utilities</b>	Electricity & Telephone at road. Property has access to a community water system.		
<b>Report File # 22-045ec</b>			

## LAND SALE 3

COMPARABLE SALE INFORMATION			
	<b>Location</b>	1548 Pleasant Valley Road	
	<b>City/State</b>	Marion, Montana	
	<b>County</b>	Flathead	
	<b>Assessor Number</b>	0000007770	
	<b>Zoning</b>	Little Bitterroot Lake Zoning District	
	<b>Site Size: Acres</b>	1.002	
	<b>Square Feet</b>	43,647	
	<b>Date of Sale</b>	August 5, 2021	
	<b>Sales Price</b>	\$525,000	
	<b>Less Value of Improvements*</b>	\$5,000	
<b>Sales Price Adjusted</b>	\$520,000		
<b>MLS #</b>	22107420		
ANALYSIS OF SALE			
<b>Price per Acre</b>	\$518,962	<b>Price per Square Foot</b>	\$11.91
		<b>Price Per Front Foot</b>	\$3,551
TRANSFER INFORMATION			
<b>Grantor</b>	Keith R. Kirkwood & Janet L. Kirkwood	<b>Grantee</b>	Michael Fredrick Simmons
<b>Type of Instrument</b>	Warranty Deed	<b>Document #</b>	202100027583
<b>Financing/Conditions</b>	Cash/Market	<b>Marketing Time</b>	38 Days on Market
<b>Legal Description</b>	Lot 2 of Bitterroot Cove Subdivision, Flathead County, Montana	<b>Verified By</b>	Linda Pistoresse, Listing Agent
<b>Intended Use/Comments</b>	Purchased for Residential / Recreational Use		
<b>Section/Township/Range</b>	S5/T27N/R24W		
PROPERTY DETAILS			
<b>Access</b>	Pleasant Valley Road	<b>View</b>	Lake, Mountains
<b>Topography</b>	Level Area with Steep Slope to Lake	<b>Lot Dimensions</b>	Various
<b>Flood Plain</b>	According to FEMA Map Panel 30029C1750G, this property is not in an area of elevated flood risk.	<b>Improvements</b>	Shared Subdivision drainfield.
<b>Water</b>	Bitterroot Lake	<b>Value of Improvements*</b>	\$5,000
<b>Water Frontage/Front Feet</b>	146.44	<b>Miscellaneous</b>	A 30' wide portion of Pleasant Valley Road runs within this property.
<b>Utilities</b>	Electricity & Telephone at road.		
<b>Report File #</b> 22-045ec			



## LAND SALE 4

COMPARABLE SALE INFORMATION			
		<b>Location</b>	840 McGregor Lane
		<b>City/State</b>	Marion, Montana
		<b>County</b>	Flathead
		<b>Assessor Number</b>	0000006542
		<b>Zoning</b>	Unzoned Portion of Flathead County
		<b>Site Size: Acres</b>	1.199
		<b>Square Feet</b>	52,228
		<b>Date of Sale</b>	July 30, 2020
		<b>Sales Price</b>	\$329,000
		<b>Less Value of Improvements*</b>	\$15,000
	<b>Sales Price Adjusted</b>	\$314,000	
	<b>MLS #</b>	21901829	
ANALYSIS OF SALE			
<b>Price per Acre</b>	\$261,885	<b>Price per Square Foot</b>	\$6.01
		<b>Price Per Front Foot</b>	\$2,276
TRANSFER INFORMATION			
<b>Grantor</b>	Tonya Lee Rash Trust	<b>Grantee</b>	Shar Grimes & Christian Grimes
<b>Type of Instrument</b>	Warranty Deed	<b>Document #</b>	202000021440
		<b>Marketing Time</b>	2,893 Days on Market
<b>Financing/Conditions</b>	Cash/Market	<b>Verified By</b>	Scott Hollinger, Listing & Selling Agent
<b>Legal Description</b>	Lot 3 of McGregor Lake Highlands Phase 2, Flathead County, Montana	<b>Intended Use/Comments</b>	Purchased for Residential / Recreational Use
<b>Section/Township/Range</b>	S9/T26N/R25W		
PROPERTY DETAILS			
<b>Access</b>	McGregor Lane	<b>View</b>	Lake, Mountains
<b>Topography</b>	Gradual Slope to Lake	<b>Lot Dimensions</b>	Various
<b>Flood Plain</b>	According to FEMA Map Panel 30029C2175G, this property is not in an area of elevated flood risk.	<b>Improvements</b>	Community Water & Shared Drainfield
<b>Water</b>	McGregor Lake	<b>Value of Improvements*</b>	\$15,000
<b>Water Frontage/Front Feet</b>	137.96		
<b>Utilities</b>	Electricity & Telephone at road. Community Water & Drainfield. Buyer to install septic tank.	<b>Miscellaneous</b>	Property is located in McGregor Lake Highlands, a gated subdivision with a boat launch, a pavilion, and trails.
		<b>Report File #</b> 22-045ec	

## **PROPERTY VALUATION**

## SALES COMPARISON APPROACH

### Site Value Estimate

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

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
LOT 21, COS #19909, MCGREGOR LAKE, MARION, FLATHEAD COUNTY, MONTANA					
DESCRIPTION		SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION	650 McGregor Ln	92 Bitterroot Cove Ct	3986 N Ashley Lake Rd	1548 Pleasant Valley Rd	840 McGregor Ln
CITY	Marion, MT	Marion, MT	Kalispell, MT	Marion, MT	Marion, MT
SALES PRICE		\$540,000	\$984,000	\$525,000	\$329,000
ADJUSTMENT FOR IMPROVEMENTS		-\$5,000	-\$10,000	-\$5,000	-\$15,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
DATE OF SALE		07/09/21	06/09/22	08/06/21	07/30/20
MARKET CONDITIONS FACTOR		1.40	1.00	1.40	1.80
ADJUSTED PRICE		\$749,000	\$974,000	\$728,000	\$565,200
SITE SIZE/GROSS ACRES	1.311	1.020	1.560	1.002	1.200
FRONT FEET ON LAKE	130.61	204.22	143.00	146.44	137.96
ADJUSTED SALES PRICE PER FRONT FOOT		\$3,668	\$6,811	\$4,971	\$4,097
ADJUSTMENT FOR:					
LOCATION/LAKE NAME & SIZE	McGregor Lake 1,522 Acres	Bitterroot Lake 2,970 Acres	Ashley Lake 2,850 Acres	Bitterroot 2,970 Acres	McGregor Lake 1,522 Acres
		0%	0%	0%	0%
SHAPE	Irregular	Irregular	Irregular	Irregular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Gentle Slope	Steep Slope	Level	Gentle Slope	Gentle Slope
		10%	0%	0%	0%
FRONTAGE/ACCESS	Driveway from Private Road	Driveway from Public Road	Driveway from Public Road	Driveway from Public Road	Driveway from Private Road
		0%	0%	0%	0%
ZONING	None	LBL	Ashley Lake ZD	LBL	None
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	Yes	No	Yes	No
		0%	-10%	0%	-10%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	1.311	1.020	1.556	1.002	1.200
		0%	0%	0%	0%
SITE SIZE/FRONT FEET	130.61	204.22	143.00	146.44	137.96
		0%	0%	0%	0%
TOTAL PERCENTAGE ADJUSTMENT		10%	-10%	0%	-10%
TOTAL ADJUSTMENT ADJUSTMENT		\$367	-\$681	\$0	-\$410
ADJUSTED PRICE PER FRONT FOOT		\$4,034	\$6,130	\$4,971	\$3,687

## Discussion of Adjustments

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

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

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

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

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

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

*Market Conditions:* The comparables sold in late 2020, 2021, or 2022. Land Sales 2 closed in 2022 and no adjustment was necessary for changes in market conditions. Land Sales 1 and 3 sold in summer of 2021. Upward adjustments of 40% for changes in market conditions from 2021 to 2022 was supported in the Subject Market Analysis. Land Sale 4 closed in summer of 2020. An upward adjustment of 80% was supported in the Subject Market Analysis for Land Sale 4.

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

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

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

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

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

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

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

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

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

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

The comparables provide adjusted indications of value for the subject site of \$4,034, \$6,130, \$4,971, and \$3,687 per front foot, respectively. Land Sale 2 is possibly an outlier or the sign of an emerging trend. Due to lack of confirmation in identifying which description best fits this sale, no weight is accorded the indication from this sale. Land Sale 2 was utilized because it was the most similar sale to the subject property that closed in 2022.

The subject property includes 130.61 feet of frontage along McGregor Lake. Of the remaining land sales, Land Sales 3 and 4 are most similar to the subject in the amount of front footage. For this reason, these sales are accorded all weight. Land Sale 3 is accorded 30% of the weight. Land Sale 4 is accorded 70% of the weight since it is along McGregor Lake and more similar to the subject in the amount of front footage. The resulting value indication is \$4,072 per front foot and we have rounded this to \$4,100 per front foot. The value calculations are below;

130.61 FF @ \$4,100/FF	\$535,501
<b>Rounded To</b>	<b>\$536,000</b>

### **Check of Reasonableness**

There is one current listing (list date July 6, 2022) of a vacant lot on McGregor Lake. The property is at 903 McGregor Lane in McGregor Lake Highlands Subdivision. This property is 1.34 acres in size and has 139.19 feet of frontage along McGregor Lake. The property was listed on July 6, 2022 (after the property viewing date but prior to the report publish date) and the list price is \$799,000 or \$5,740 per front foot along the lake.

This listing is indicative of an opinion of a property owner along McGregor Lake; however, sales prices are typically lower than list prices. Additionally, some downward adjustment would be



necessary for the location within McGregor Lake Highlands and access to community water, a shared drain field, and subdivision amenities. Also, possible downward price pressure was forecasted for the active listings in the Subject Market Analysis section of this report. For these reasons, this listing supports a market value of less than \$5,740 per front foot for the subject site.

## 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 24 COS 19909	2034	\$536,000	N/A	\$536,000	6/24/2022

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: Principles 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  
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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**



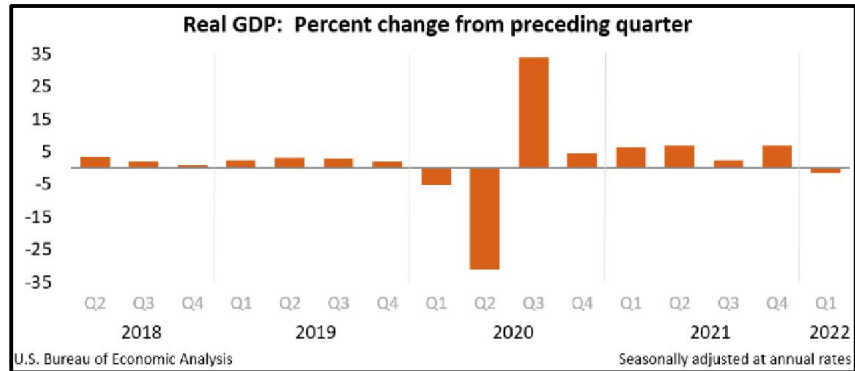
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## **ADDENDUM**



## 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 1<sup>st</sup> 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 44<sup>th</sup> 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.

<b>State of Montana</b>					
<b>Year</b>	<b>Month</b>	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
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

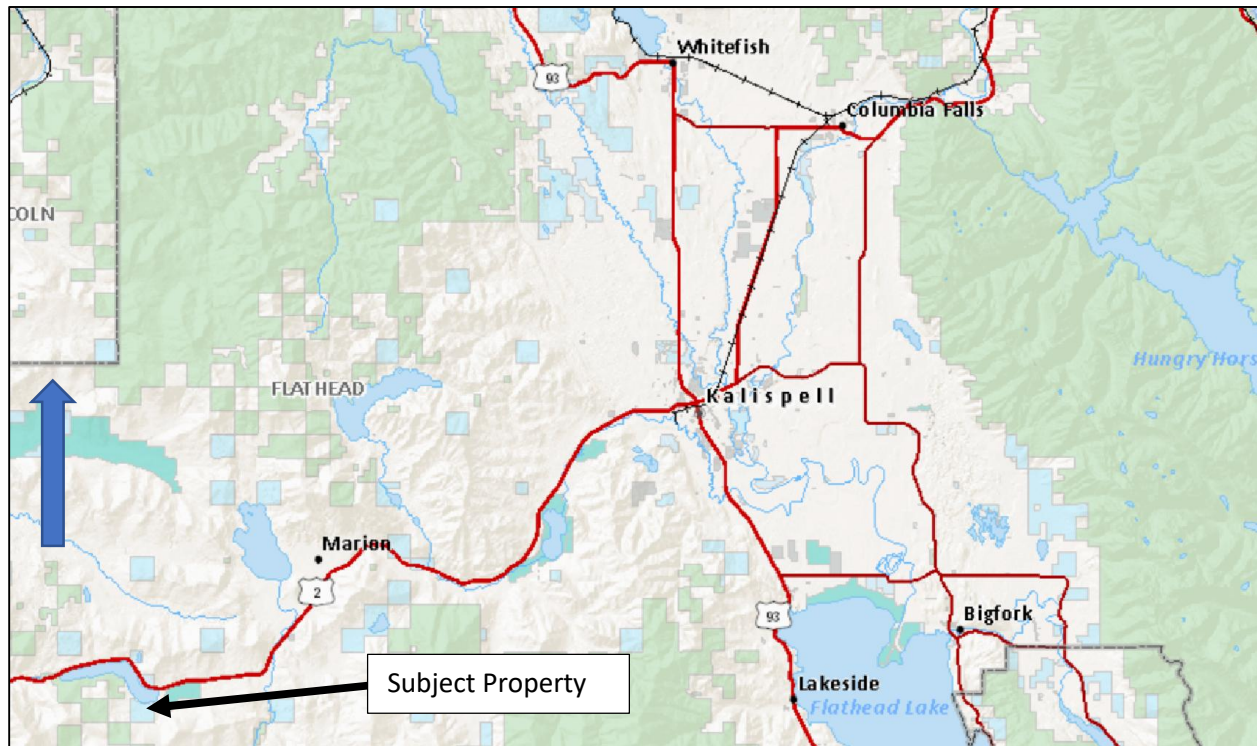
As shown in the previous table, the annual average unemployment rate decreased every year from 2011 through 2019. However, due in large part to the coronavirus pandemic (which began in March 2020), the overall unemployment rate in Montana increased in 2020. However, since approximately mid-2020 the rate 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 Marion. 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

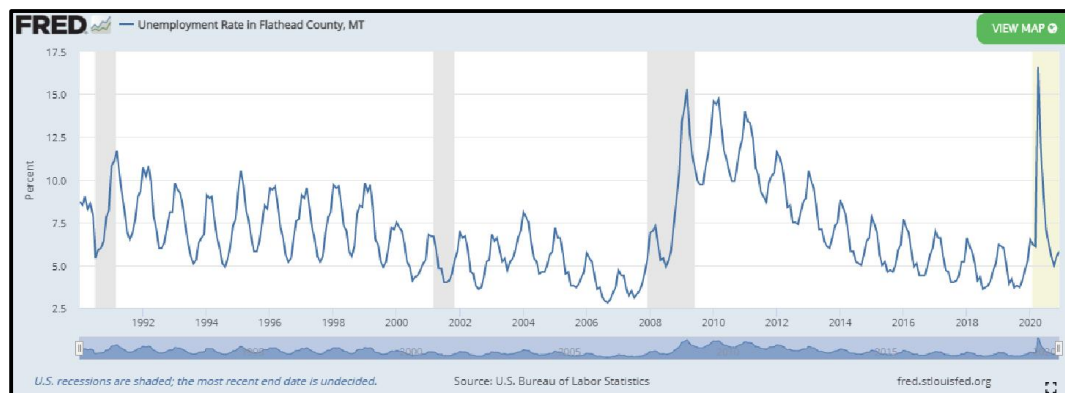
The retail trade industry represents approximately 15% of employment in Flathead County. Approximately 13% of the workforce is employed in the accommodation and food services industries and the healthcare and social assistance industries represents 12% of employment in Flathead County. Some of the largest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

## Income

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

## Unemployment

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



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

The following 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%
<b>Total</b>	<b>369</b>	<b>224</b>	<b>122</b>	<b>120</b>	<b>109</b>	<b>153</b>	<b>208</b>	<b>190</b>	<b>137</b>	<b>168</b>	<b>182</b>	<b>174</b>	<b>203</b>	<b>288</b>	<b>310</b>	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 KALISPELL DATA

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

### Population & Income

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



### Employment

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

### Linkages & Transportation

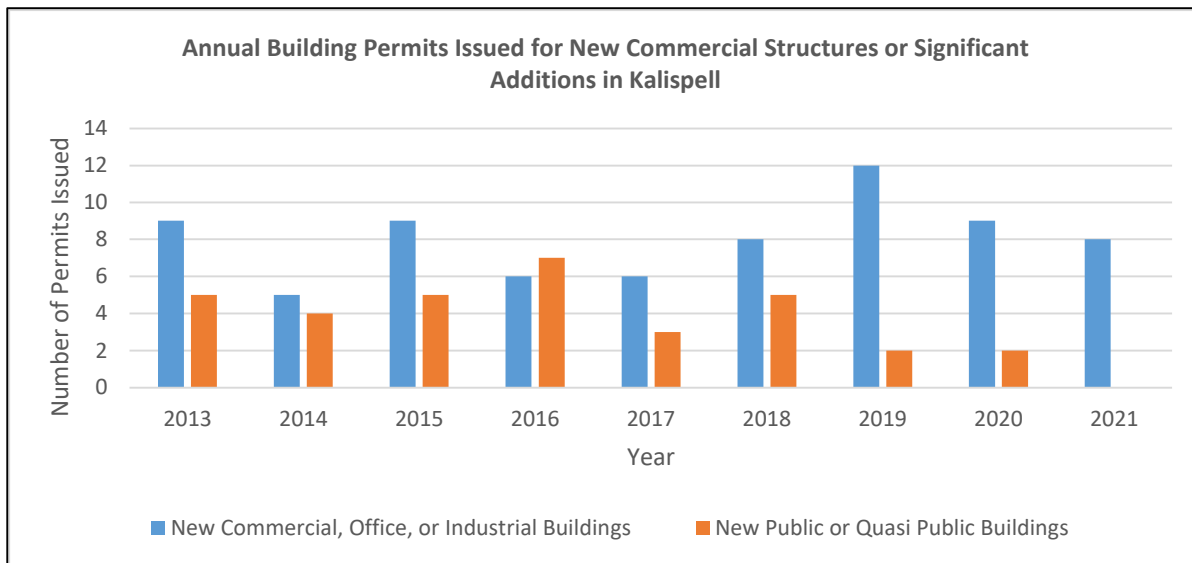
US Highway 93 runs north to south through the city of Kalispell and is labeled as the “Main Street” of the central business district. US Highway 93 provides access to Flathead Lake to the south of Kalispell and Whitefish to the north of Kalispell. There is a By-pass for US Highway 93 that is west of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

### Commercial Real Estate

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



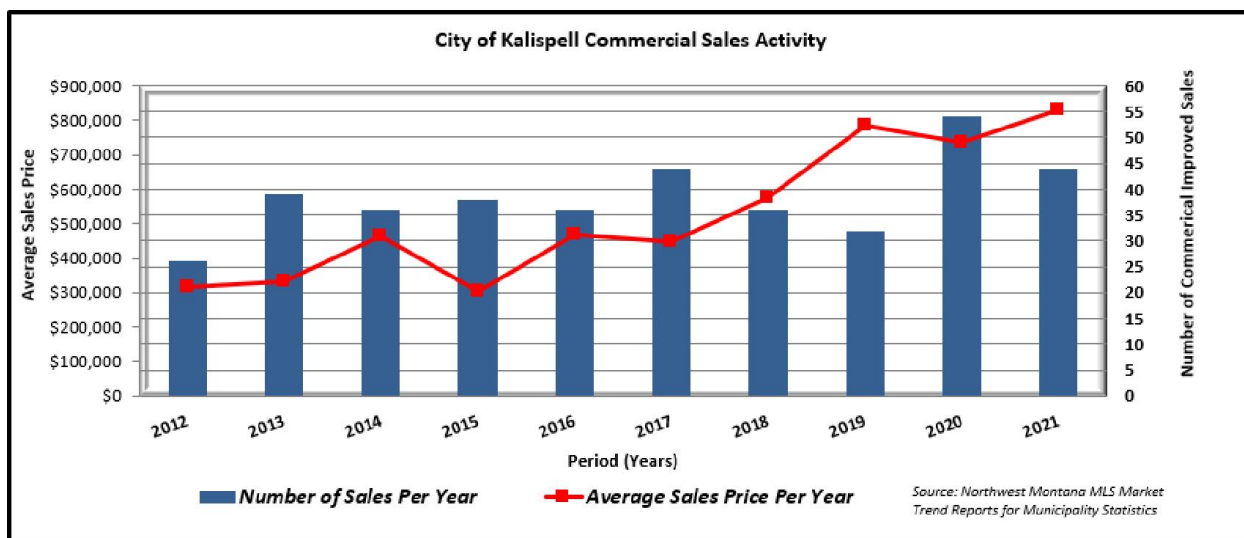
The City of Kalispell issued an average of approximately 8 new permits per year for commercial new construction or significant additions between 2013 and 2021. The number of new commercial construction permits and permits issued for significant additions issued each year from 2013 through 2021 in Kalispell is included on the table below;



*Source: City of Kalispell Building Department*

There were 8 permits issued for construction of new commercial, office, or industrial buildings (or for significant additions) during 2021. This is within the range and at the average for the time period of 2013-2021. There were 0 permits issued in 2020 for construction of new public or quasi-public buildings (or for significant additions).

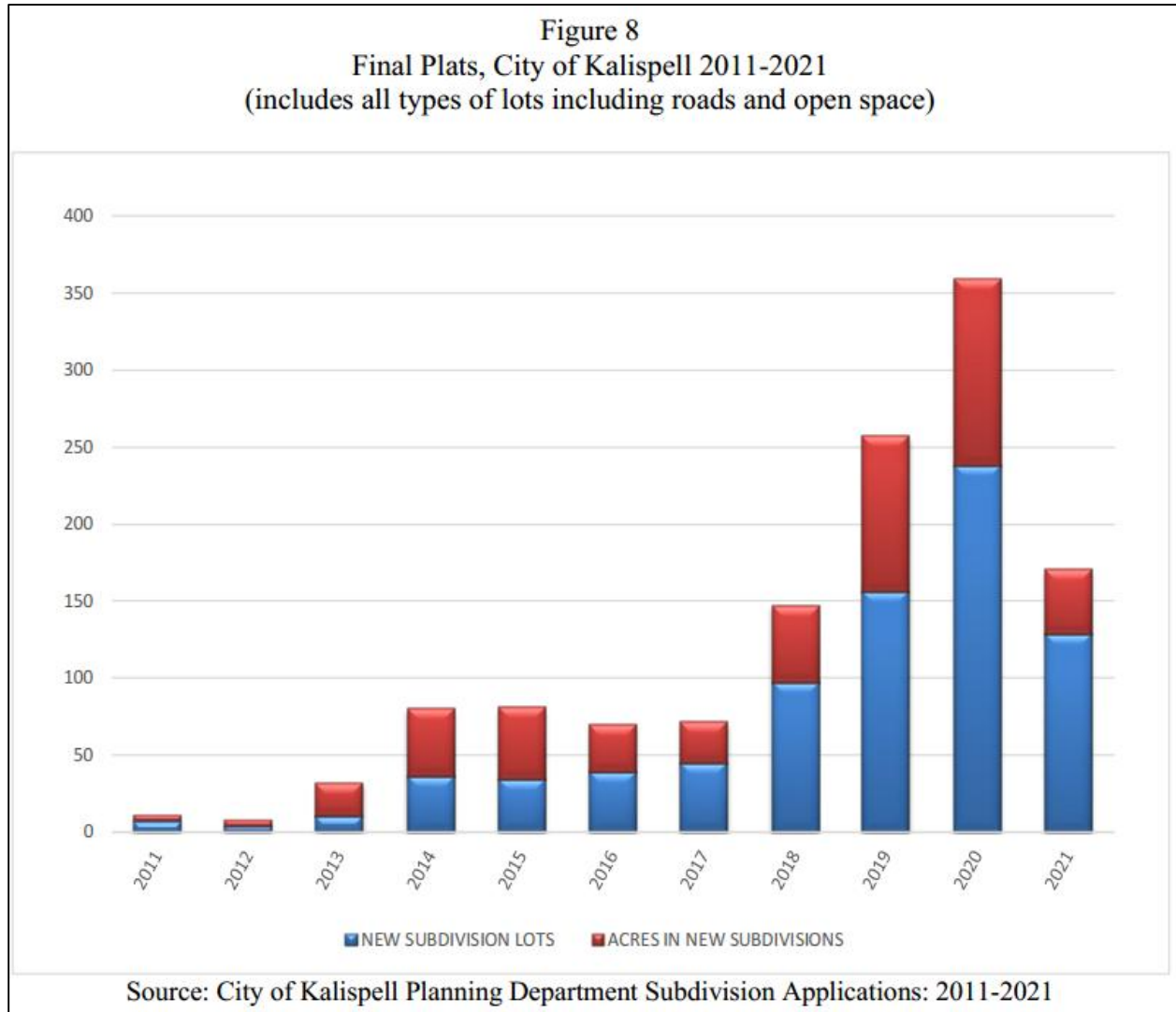
The following chart depicts sales volume and average price per year for improved commercial sales for the past 10 years in Kalispell;



The peak in pricing occurred in 2021, and the peak in sales volume occurred in 2020.

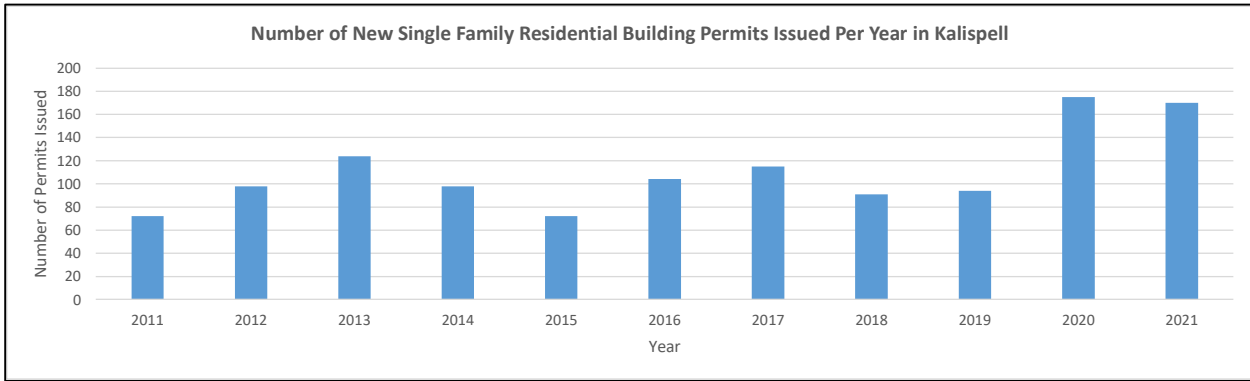
### Residential Real Estate

New residential lots and acres in new subdivisions for the City of Kalispell between 2011 and 2021 are on the following table;



There was a total of 786 new lots were created in Kalispell between 2012 and 2021.

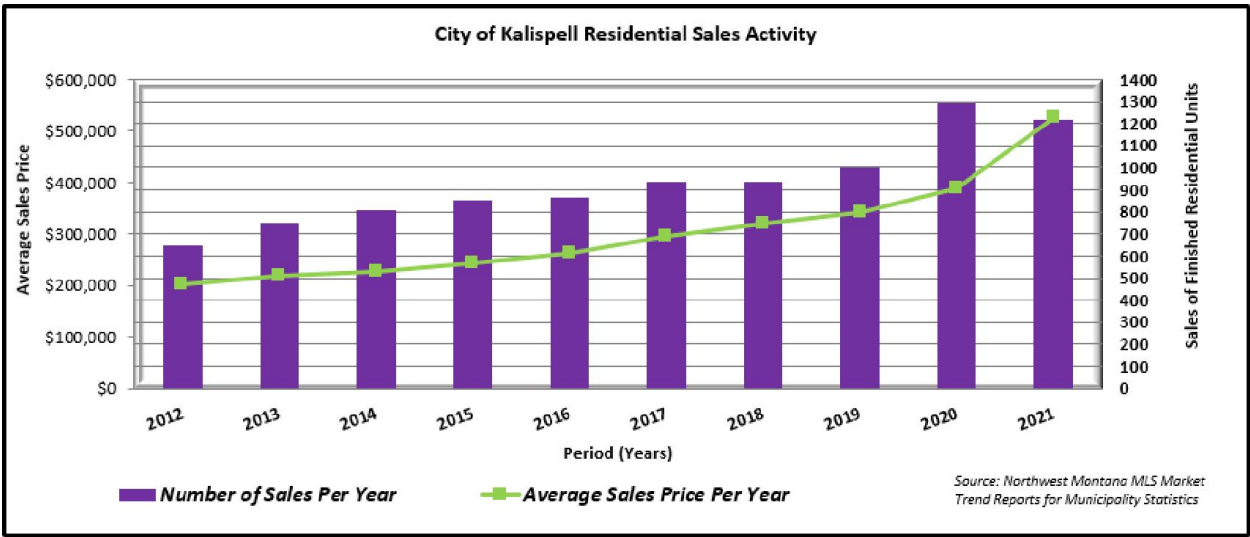
The following table depicts the annual number of new single-family residential construction permits issued in the city of Kalispell between 2005 and 2021.



Source: City of Kalispell

This data indicates that construction of single-family residential properties in Kalispell varied each year during the period studied. The number of permits increased from 2018 to 2019 and from 2019 to 2020 but decreased slightly from 2020 to 2021. The average annual single family residential building permits during this period was 114.

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



Source: Northwest Montana MLS Market Trend Reports for Municipality Statistics

It is noted that prior to 2020, 2019 was a record year in terms of both volume and pricing. However, from 2019 to 2020 the number of sales increased 30%, and the average price increased 13%. This significant increase was likely heavily influenced by the coronavirus pandemic, as it appears a large number of out-of-state buyers purchased real estate throughout the Flathead Valley in response to the pandemic. Although the number of sales decreased by 6% from 2020 to 2021, the average sales price increased significantly (35%).

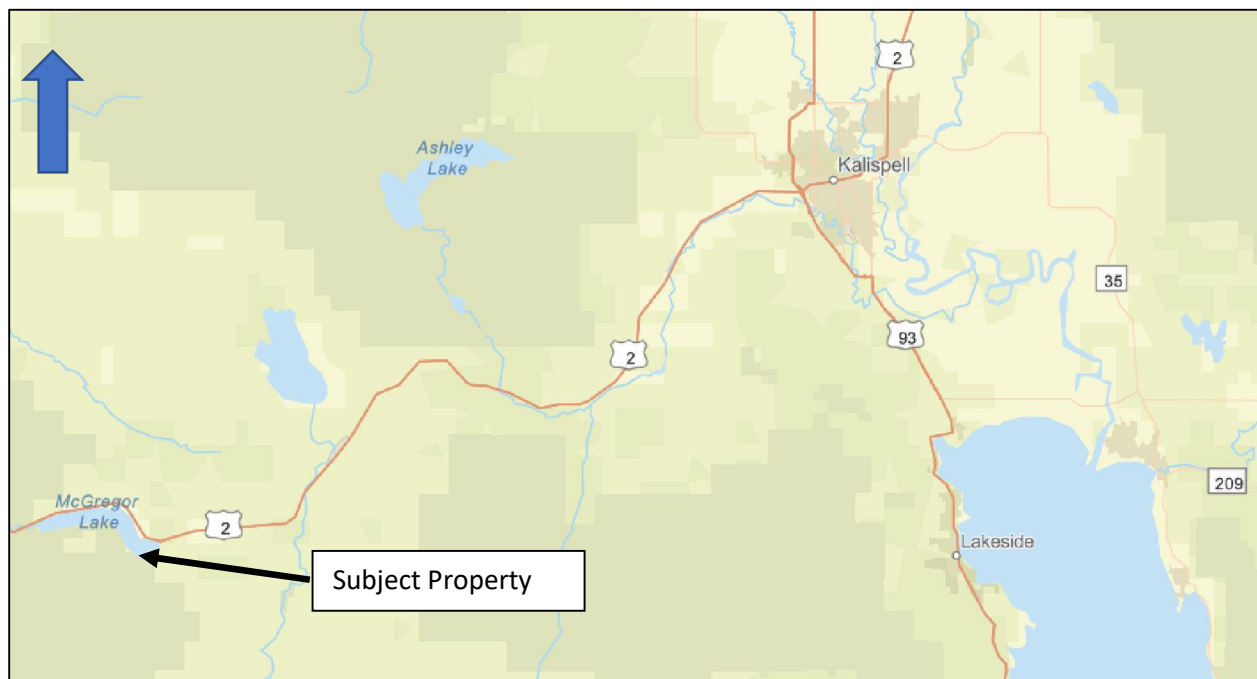
## Conclusion

List prices for commercial properties far exceed historical sales prices, which could result in a lower number of commercial sales in the coming year. However, building permits issued for general commercial new construction have been relatively stable for the past several years. Although the number of sales of commercial properties decreased from 2020 to 2021, the average sales price increased.

The residential market sector has continued to grow in volume and pricing. Sales volume and pricing steadily increased for improved residential properties in Kalispell from 2010 through 2019. Supply and Demand for residential and commercial properties in the greater Kalispell area have been in relative balance over the past several years. From 2019 to 2020, the number of residential sales increased by 30%, and the average price increased 13%. This significant increase in the number of sales was likely heavily influenced by the coronavirus pandemic, as it appears a large number of out-of-state buyers purchased real estate throughout the Flathead Valley in response to the pandemic. Although the number of sales decreased by 6% from 2020 to 2021, the average sales price increased significantly (35%).

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

### Kalispell Area Map



# SCOPE OF WORK & SUPPLEMENTAL INSTRUCTIONS

(Page 1 of 6)

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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 McGregor Lake, Flathead County Appraisal

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

The clients are the State of Montana, the Montana Board of Land Commissioners (Land Board) and the Department of Natural Resources and Conservation (DNRC). The intended users are the State of Montana, the Montana Board of Land Commissioners (Land Board), the Department of Natural Resources and Conservation (DNRC) and Lessee Thomas & Barbara Armentrout. 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,

Rev 2021021

13 | Page



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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

Rev 2021021

14 | Page

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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)
2031	1.311±	Lot 24, McGregor Lake, COS 19909, Section 16, T26N-R25W	650 McGregor Lane Marion, 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](mailto:Deidra.Klobberdanz@mt.gov)

Lessees:  
Sale 2031: Thomas & Barbara Armentrout - (206) 437-7816

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

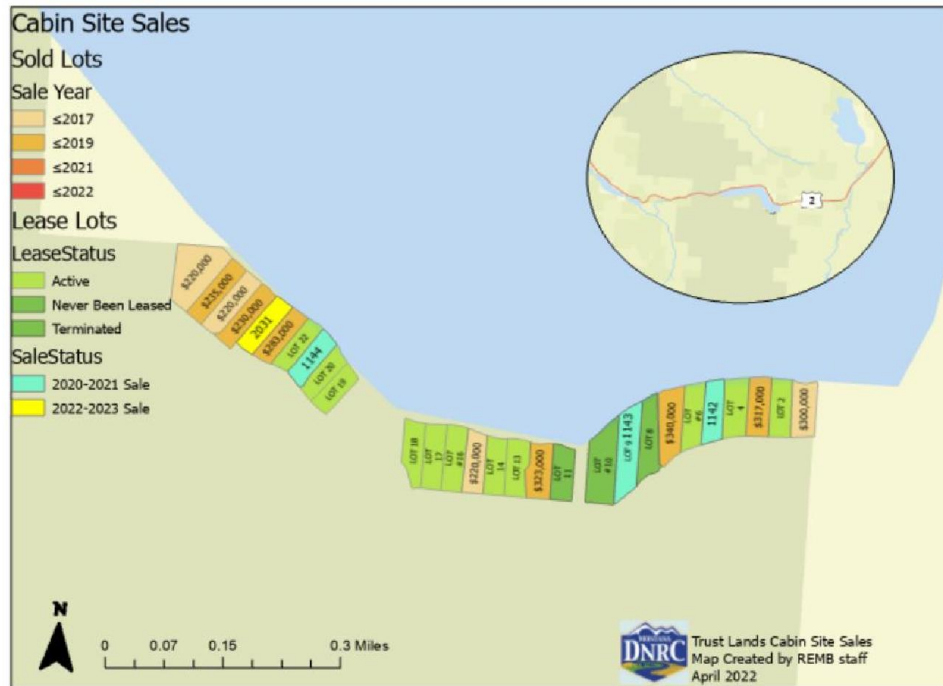
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel(s). If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing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

The definition of market value is that as defined in 12 C.F.R. § 34.42 (h).

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

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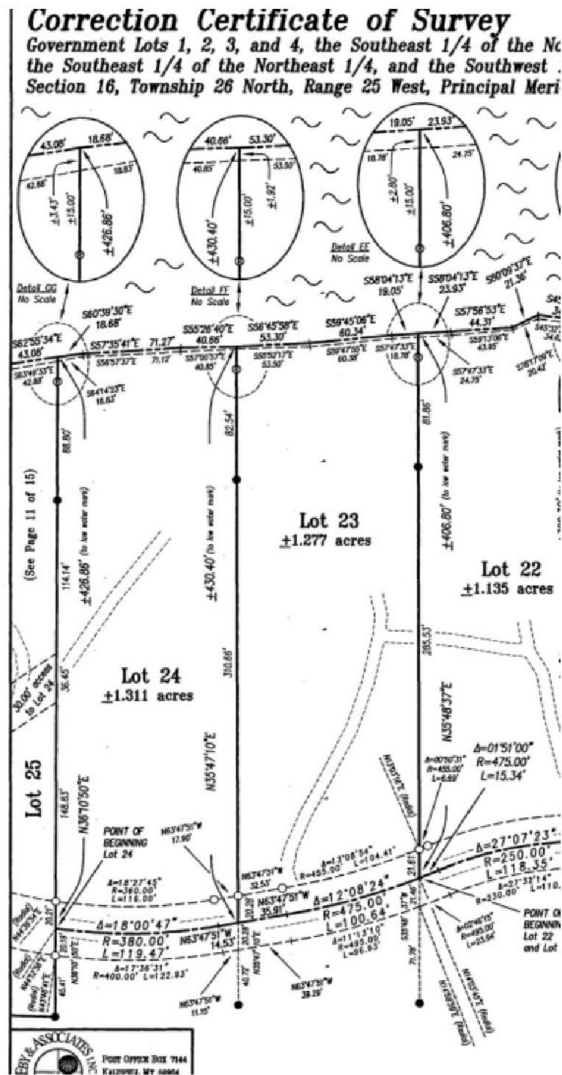
## Location Map of Parcel Flathead County



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## Cabin Site Sale Parcel Map

### Sale 2031 Lot 24



Rev 2021021

18 | Page