McGinnis Real Estate Appraisal Group, LLC

Appraisal Report

2781 Montana Highway 83 North
Seeley Lake, MT 59868

Jennifer L. McGinnis, MAI

Mobile home pad with well and septic on a 2.66 acre cabin site parcel with 242.6' Clearwater River frontage

Date of Valuation
August 24, 2015

FOR

State of Montana
Montana Board of Land Commissioners
Department of Natural Resources and Conservation
Emily Cooper
P.O. Box 201601
Helena, MT 59620-1601

DNRC No.165016

DNRC Sale #765

Our File No. 1541

PO Box 996, Polson, MT 59860 Phone (406)883-1659

McGinnis Real Estate Appraisal Group, LLC

September 15, 2015

Montana DNRC
Emily Cooper
P.O. Box 201601
Helena, MT 59620-1601

RE: Stanley & Carol Wekkin, Lessee
2781 MT Highway 83
Seeley Lake, MT 59868

DNRC No. 165016
DNRC Sale #765
Our File No. 1541

Dear Ms. Cooper,

At your request I have prepared an appraisal on the above described property. The purpose of the appraisal is to develop a ***current fair market value*** **(MCA 70-30-313)** appraisal of the entire property with the ***hypothetical condition*** that land and site improvements are in fee simple ownership, with one owner, including a separate market value for the State-owned land, as if vacant, as well as a separate market value for non-State-owned site improvements.

The appraisal complies with The Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board.

As a result of my investigations, studies and analyses, I have formed the opinion that the ***current fair market value***(s) **(MCA 70-30-313)** of the subject property, with consideration to the ***Hypothetical Condition*** stated in this report and a cash sale, as of August 24, 2015 is:

Segregated value indications

Raw vacant land value	$ 100,000
Site improvement value	$ 10,000
Total Market Value with Hypothetical condition fee simple ownership	$ 110,000

The attached report details among other important factors, appraiser certification, scope of work, definition of ***current fair market value***, the highest and best use of the property, all applicable approaches to value, and assumptions and limiting conditions. Acceptance of this appraisal constitutes an agreement whereby the user acknowledges and accepts all conditions provided herein. I hereby submit the following appraisal report containing 56 pages and Addenda.

I have appraised the property with the ***Hypothetical Condition of fee simple ownership*** subject to easements or restrictions of record. The use of a Hypothetical Condition affects assignment results. I assume no responsibility for the marketability of the title to the property. An exterior site visit was completed August 24, 2015.

A Phase I Environmental Site Assessment was not provided to me; a visual inspection of the property revealed no materials stored on site which would constitute hazardous wastes. However, your appraiser is not an expert in this field and if some questions exist a qualified professional should be contacted.

I have complied with the Competency Provision as required in the Uniform Standards of Professional Appraisal Practice, based on my education and experience in appraising similar properties throughout western Montana.

I direct your attention to the data, discussions and conclusions which follow.

Thank you for the opportunity to be of service.

Respectfully submitted,

Jennifer L. McGinnis, MAI
MT Certified General Appraiser
REA-RAG-LIC-714

Table of Contents

Certification Statement 5
General Assumptions and Limiting Conditions 7
Summary of Conclusions 12
Subject Property Photographs 13
Introduction 19
- Identification of the client, Intended users, Purpose and Intended Use 19
- Significant Dates of Appraisal 19
- Identification of the subject real estate and the property rights appraised 19

Definition of Current Fair Market Value 22
- Scope of Work 23
- Identification of personal property or other items that are not real property 27
- History/Last Sale of the Subject Property 27

General Area Data 27
Market Trends 32
Site Description 35
Taxes and assessment data 38
Highest and Best Use 39
Appraisal Methodology 42
Land Valuation 43
- Methodology 43

Cost Approach 53
Reconciliation 55
- Exposure Period 56

Addenda 57
- Qualifications of Jennifer L. McGinnis, MAI 76

Certification Statement

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report and all comparable sales.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have provided no services as an appraiser or in any other capacity of the subject property within the three years prior to this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, 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, I have completed the continuing education program of the Appraisal Institute.

- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Members.

Jennifer L. McGinnis, MAI
MT Certified General Appraiser
REA-RAG-LIC-714

General Assumptions and Limiting Conditions

This is to certify that the appraiser, in submitting this statement and opinion of the value of subject property, acted in accordance with and was bound by the following principles, limiting conditions and assumptions.

1. No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of property appraised which is assumed to be marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.

2. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

3. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.

4. Unless expressly specified in this Agreement, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of McGinnis Real Estate Appraisal Group, LLC, is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.

5. Where the values of the land and the improvements are shown separately, the value of each is segregated only as an aid to better estimate the value which it lends to the whole parcel, rather than value of that particular item if it were by itself.

6. The dates of value to which the opinions expressed in this report apply are set forth in this report. I assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

7. All maps, areas, plans, specifications, and other data furnished your appraiser are assumed to be correct. No survey of the property was made

by this firm. Furthermore, all numerical references to linear measurements, area, volume or angular measurements should be assumed to be “more or less” (±), and are accurate to a degree consistent with their use for valuation purposes.

8. Neither the employment to make the appraisal nor the compensation for it is contingent upon the amount of valuation reported.

9. The information, estimates and opinions which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

10. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analysis, opinions, and conclusions expressed herein are based are true and correct. Furthermore, no important facts have been withheld or overlooked.

11. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraiser is connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval of the appraiser.

12. This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of McGinnis Real Estate Appraisal Group, LLC and Client. The appraiser assumes no liability for unauthorized use of the appraisal report by a third party.

13. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

14. The value opinion provided herein is subject to any and all predications set forth in this report.

15. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, I have not completed nor have I contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, she makes no guarantees, express or implied, regarding this determination.

16. If the appraisal is for mortgage loan purposes 1) I assume satisfactory condition of improvements if construction is not complete, 2) no consideration has been given rent loss during rent-up unless otherwise noted in the body of this report, and 3) occupancy at levels consistent with my “Income and Expense Projection” are anticipated.

17. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

18. My inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. I inspected the buildings involved and reported damage (if any) as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

19. The appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or nation governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

20. When possible, I have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or “as-built” plans provided to me, I have relied upon my own measurements of the subject improvements. I follow typical appraisal industry methods; however, I recognize that some factors may limit my ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple-story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

21. I have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and /or reliable are used within this report. While the

measurements and any accompanying sketches are considered to be reasonable accurate and reliable, I cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). I reserve the right to use an alternative source of building size and amend the analysis, narrative or concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

22. In the absence of being provided with a detailed land survey, I have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, I reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.

23. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and I reserve the right to amend this appraisal if substantial differences are discovered.

24. The appraiser is not qualified to detect hazardous wastes and/or toxic materials. Any comment by the appraiser that might suggest the possibility of presence of such substances should not be taken as confirmation of the presence of hazardous wastes and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, petroleum products or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover such conditions. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

25. I have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the Americans with Disabilities Act (ADA) which became effective January 26, 1992. It is possible that a compliance survey of the property, together with an 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 could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible

noncompliance with the requirements of ADA in developing an opinion of value.

26. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment or subsurface rights (minerals, gas and oil) were not considered in this appraisal unless specifically stated to the contrary.

27. If any claim is filed against any of McGinnis Real Estate Appraisal, LLC affiliates, partners or employees, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

28. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.

29. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.

30. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from my estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, I strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determining insurance coverage and I make no warranties regarding the accuracy of this estimate.

31. It is your responsibility to read the report and to inform the appraiser of any errors or omissions of which you are aware, prior to utilizing the report.

32. All disputes shall be settled by binding arbitration in accordance with then then-existing commercial arbitration rules of the American Arbitration Association (the “AAA”).

33. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions

Summary of Conclusions

Current Owners Leasehold Improvements Lease #3062299	Land Improvements	State of Montana Stanley & Carol Wekkin
Location of Property		2781 MT Highway 83 Seeley Lake, MT 59868
Legal Description Sale # 765		2.664+/- acres Lot 9A Morrell Flats COS 5840, Section 14, T16N-R15W P.M.M. Missoula, County Montana
Property Rights Appraised	Hypothetical	Fee simple, subject to easements and restrictions of record
Present Use		Single family residence-mobile
Highest and Best Use		Single family residential
Extraordinary Assumptions		none
Hypothetical Conditions		Fee Simple ownership
Site size		2.664 acres 242.6'RF
Date of Valuation		August 24, 2015
Land Value indication		$100,000
Improvement Value indication		$10,000
Total Value indication by the Cost Approach		$108,000
Total Value indication by the Sales Comparison Approach		$110,000
Total Value indication by the Income Capitalization Approach		not developed
Opinion of Current Fair Market Value		**$110,000**

Subject Property Photographs

Subject lot has 242’+/- Clearwater River frontage and driveway easement to adjacent lot 10

SUBJECT PROPERTY PHOTOGRAPHS
Photos taken 8/24/2015 by Jennifer McGinnis

Subject Montana Highway 83 facing north

Subject driveway access and driveway easement to adjacent Lot 10

SUBJECT PROPERTY PHOTOGRAPHS

Subject personal property mobile home on site; not on a permanent foundation
Assessed value is $26,300

Subject well pictured

SUBJECT PROPERTY PHOTOGRAPHS

Subject personal property shed; drain field beyond

Subject interior west side of the lot

SUBJECT PROPERTY PHOTOGRAPHS

Subject 242'+/- Clearwater River frontage

Subject Clearwater River frontage looking south

SUBJECT PROPERTY PHOTOGRAPHS

Subject Clearwater River frontage looking SW

Subject lot facing east from the river frontage

Introduction

Identification of the client, Intended users, Purpose and Intended Use

The report has been prepared for the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC) and Stanley & Carol Wekkin. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties. No other party may use of rely on the information in this report without written consent of the preparer.

Significant Dates of Appraisal

The effective date of the appraisal is August 24, 2015. The report was completed and delivered on September 15, 2015.

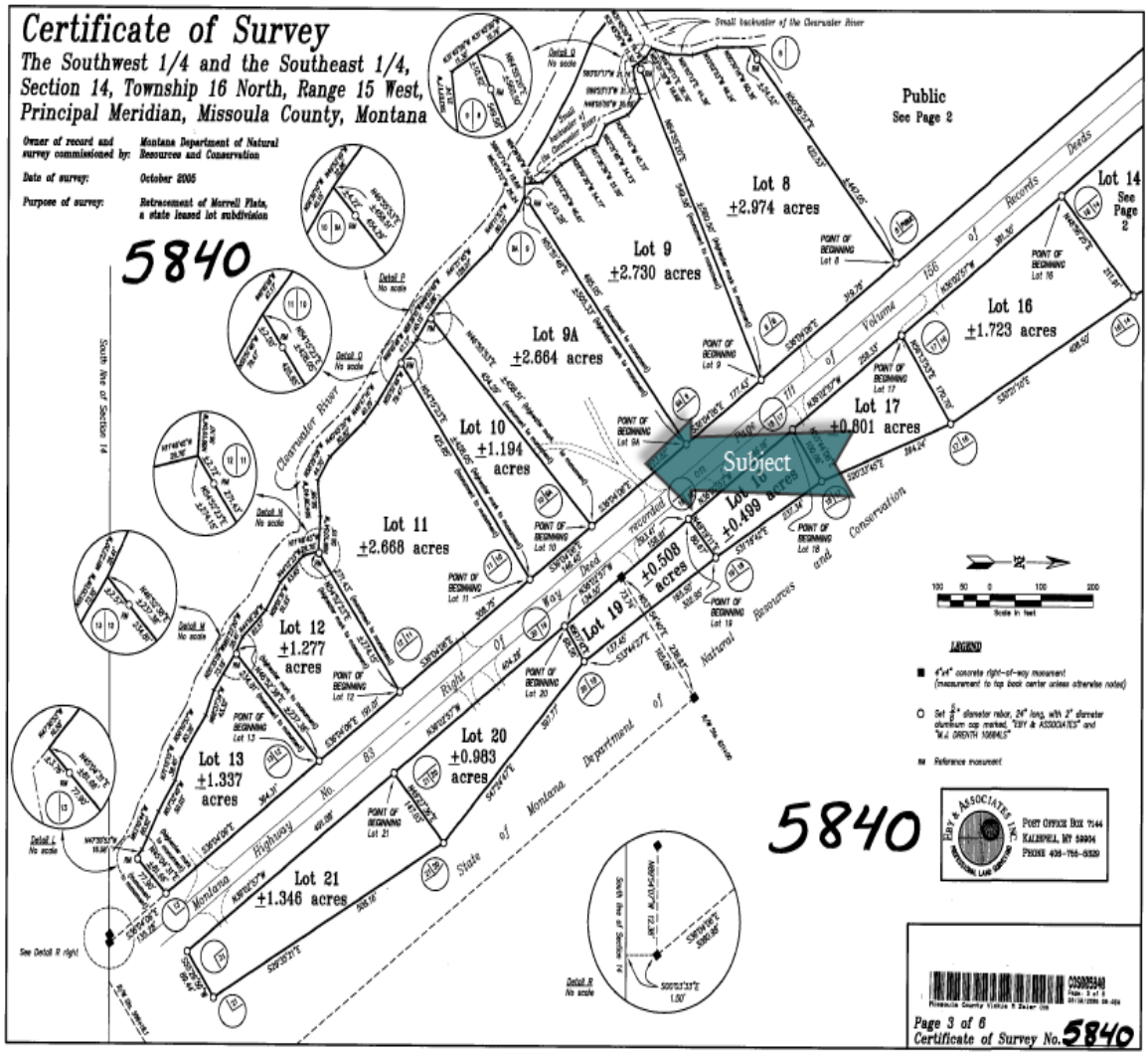
Identification of the subject real estate and the property rights appraised

This appraisal is made with the ***Hypothetical Condition*** that present ownership of the subject property includes all rights that may be lawfully owned, and is, therefore, title in fee simple, subject to all easements and restrictions of record. The use of a ***Hypothetical Condition*** that the lease does not exist affects assignment results.

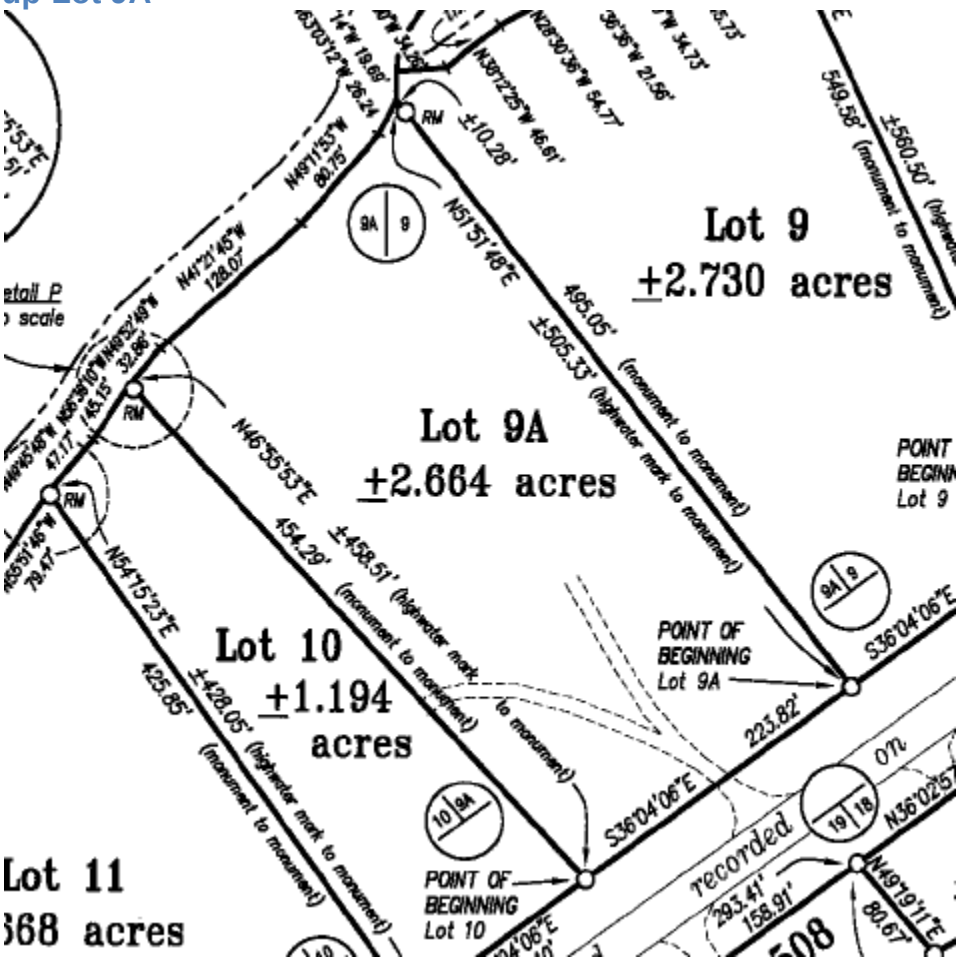
The property is legally described as:

2.664+/- acres Lot 9A Morrell Flats
COS 5840, Section 14, T16N-R15W
P.M.M. Missoula, County Montana

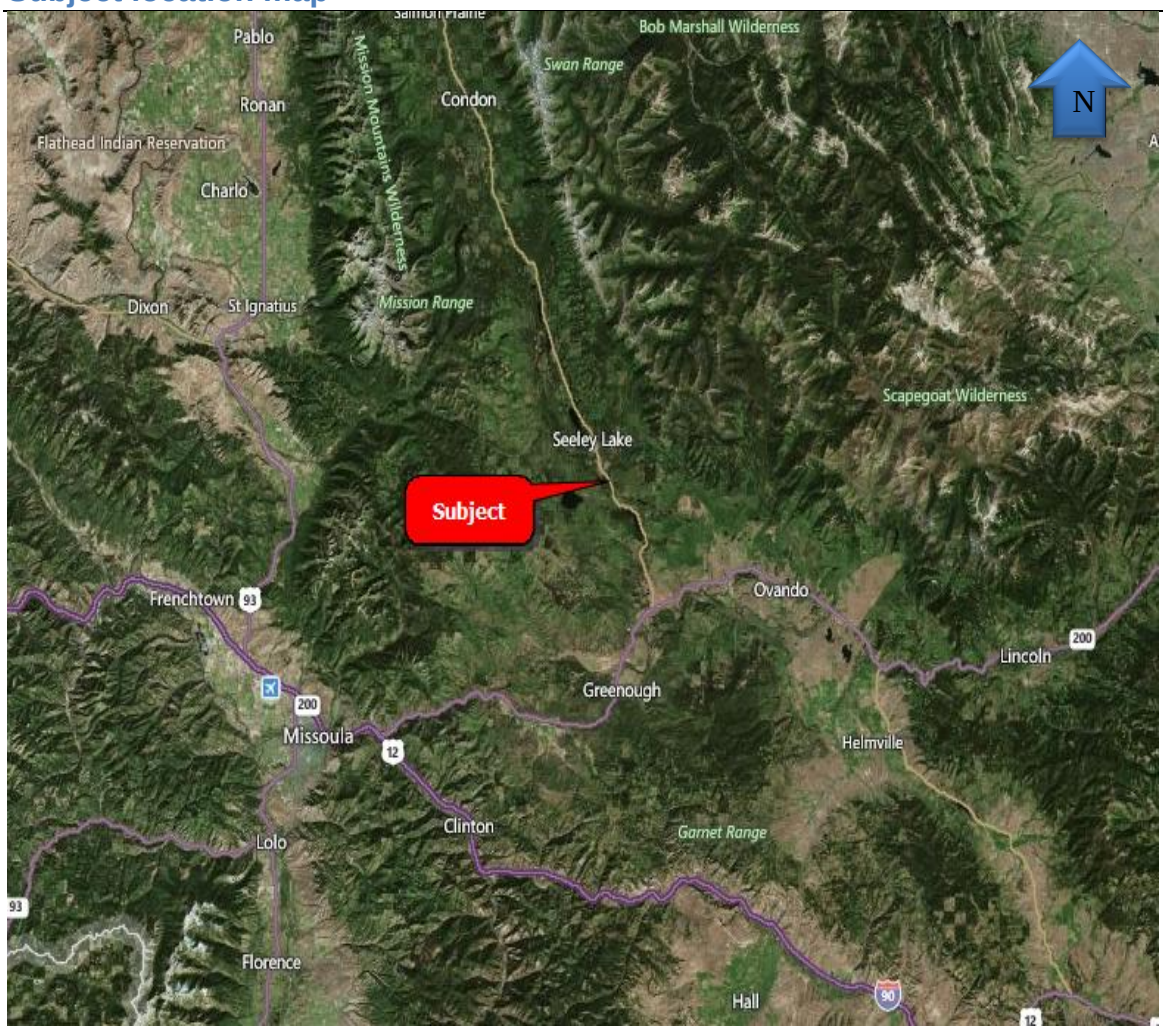
Plat Map


Certificate of Survey
The Southwest 1/4 and the Southeast 1/4, Section 14, Township 16 North, Range 15 West, Principal Meridian, Missoula County, Montana
Owner of record and survey commissioned by: Montana Department of Natural Resources and Conservation
Date of survey: October 2005
Purpose of survey: Retracement of Morrell Flats, a state leased lot subdivision
5840
Public
See Page 2
Lot 8
±2.974 acres
Lot 9
±2.730 acres
Lot 9A
±2.664 acres
Lot 10
±1.194 acres
Lot 11
±2.668 acres
Lot 12
±1.277 acres
Lot 13
±1.337 acres
Lot 14
See Page 2
Lot 16
±1.723 acres
Lot 17
±0.801 acres
Lot 18
±0.499 acres
Lot 19
±0.508 acres
Lot 20
±0.983 acres
Lot 21
±1.346 acres
Subject
Clearwater River
South line of Section 14
Page 3 of 6
Certificate of Survey No. 5840

Close-up-Lot 9A



Subject location map



Definition of Current Fair Market Value

The purpose of this appraisal is to provide the appraiser's best estimate of the current fair market value of the subject real property as of the effective date. Current Fair Market value, as used in this report, is defined in *Montana Code Annotated 2013*, as:

DEFINITIONS:

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

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

Scope of Work

The following is the Scope of Work provided by the client:

Scope of Work for Appraisal of Potential Property Sale through the Cabin & Home Site Sale Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners, the Department of Natural Resources and Conservation (DNRC) and Stanley and Carol Wekkin, John and Elaine Christensen, Lila Davis and Guy Clatterbuck. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties.

DEFINITIONS:

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

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

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

PROPERTY RIGHTS APPRAISED:

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

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

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

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

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

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

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

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

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

The appraisal will be an Appraisal Report as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that included analysis and appraised values of the five (5) cabin sites identified in the Supplemental Appraisal Instructions.

Be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

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

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

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means: all improvements to the raw land including but not limited to: a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks and landscaping.

The appraised market value of state-owned land added to the 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. Include a separate market value for the non-state-owned improvements.
4. Valuation of the improvements must account for all forms of obsolescence.

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 Properties (Located in Missoula County):

Sale #	Acres	Legal Description
765	2.66 ±	Lot 9A Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
766	1.19 ±	Lot 10 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
767	1.67 ±	Lot 11 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
768	2.73 ±	Lot 9 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
769	1.28 ±	Lot 12 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W

Separate values must be supplied for each sale parcel including; total value, land value and improvement value.

DNRC Contact Information:
Liz Mullins, Land Use Planner
1401 27th Avenue
Missoula, MT 59804
Phone: (406) 542-4345
lmullins@mt.gov

Lessees

Sale 765 Stanley & Carol Wekkin 2429 43rd Street Missoula, MT 59803 (406) 251-2564 carolwekkin@gmail.com	**Sale 766** John & Elaine Christensen 1825 Riverside Dr. Missoula, MT 59801 (406)544-4727 vettepeople8@aol.com
Sale 767 Lila Davis & Guy Clatterbuck PO Box 196 Seeley Lake, MT 59868 (406) 677-3221 Mooseraider2003@yahoo.com	**Sale 768 & 769** No Lessee

The following will be located in the body of the contract:
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market
Rev. 7/15

This appraisal report employs the Cost and Sales Comparison Approach to value, which is necessary for credible results given the intended use, property characteristics and type of value sought. The Income Capitalization Approach is not developed, as there is insufficient data due to most properties in the area being owner occupied. The data collection and analysis followed the normal procedures as required by the Uniform Standards of Professional Appraisal Practice, as well as the Code of Ethics and Standards of Professional Practice of the Appraisal Institute.

Data was obtained from the following sources:

- Missoula County website
- Missoula County Treasurer's Office
- Montana Cadastral website
- Federal Reserve Economic Data website
- Community Reports website
- Northwest Montana Multiple Listing Service
- Montana Association of Realtors MLS
- Data files of McGinnis Real Estate Appraisal Group, LLC.
- Real estate brokers and other appraisers in Missoula County.

Upon receiving the assignment, a file was prepared which included: plat map, zoning information, research including owner of record for both land and leasehold site improvements, real estate taxes, legal description, as well as a floodplain map.

An exterior site visit was completed August 24, 2015 with the Lessee and representative from DNRC. The Sales Comparison Approach is employed to estimate the market value of the subject lot. Then, the Cost Approach is developed along with a physical depreciation estimate to reflect the contributory value of the improvements. The Sales Comparison Approach is developed to estimate the overall value of the subject property as improved, by comparing it to similarly improved lots. Comparables were viewed and photographed by the

Appraiser; if the MLS photo is used in the sale data, the Appraiser photograph is included in the addenda.

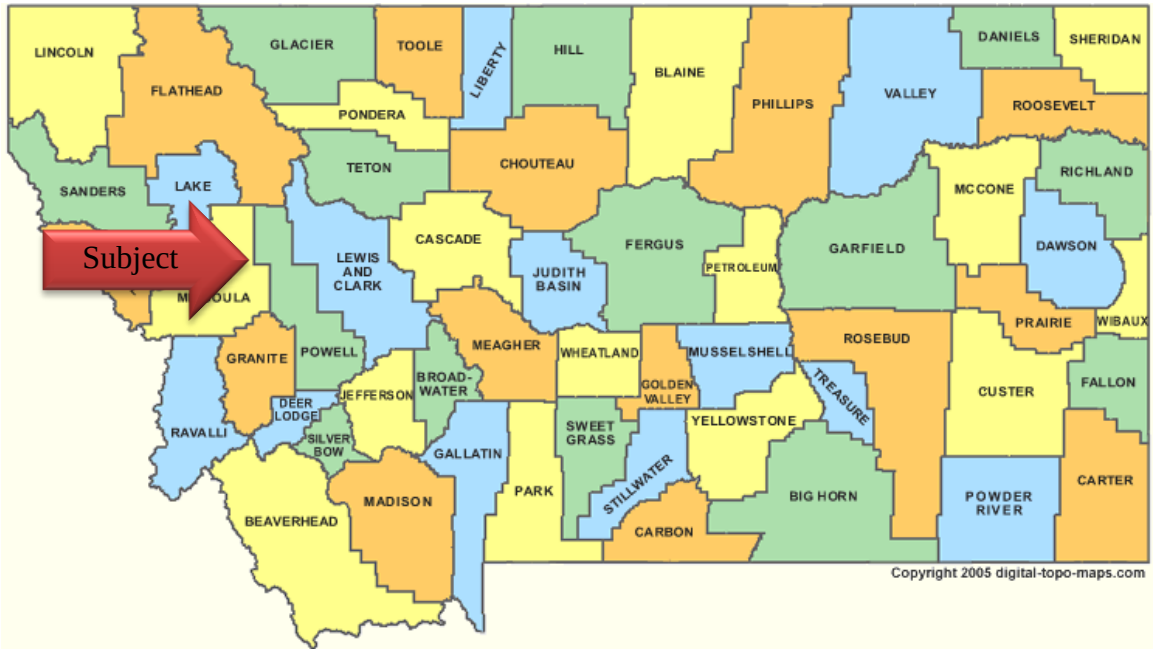
Identification of personal property or other items that are not real property

No personal property is included in this report. The subject has personal property mobile home on site with an assessed value of $26,300.

History/Last Sale of the Subject Property

The subject site has been under the same ownership for over three years. The Lessee is Stanley & Carol Wekkin, who have owned the leasehold improvements for over three years. The subject is not currently listed for sale and there are no known offers to purchase the subject property at this time. The purpose of the appraisal is for decision making purposes concerning a potential sale of the said subject properties.

General Area Data



The subject property is located just south of Seeley Lake, Montana a small recreational community which lies between the Bob Marshall Wilderness and Mission Mountain Wilderness in Missoula County with a population of 1,746 people in the zip code area. Seeley Lake has amenities including shopping, employment and public school for grades K-12. The subject is located approximately 50 miles NE of Missoula, the county seat, which is the home of the University of Montana, regional shopping and two medical centers. Following is the Missoula County and Seeley Lake area profiles:

Missoula County Profile	
Total Population, 2014	112,600
Percent Change in Population, 2010-2014	3.0%
Median Age, 2013	34.3
Percent 65 or Older, 2013	12.0%
Percent of Population with Bachelor's Degree or Higher, 2013	39.1%
Median Household Income, 2013	46,117
Percent of Population without Health Insurance Coverage, 2013	17.2%
Unemployment Rate, November 2014	3.7%
Lived in a Different House in 2013	21.4%

Sources: American Community Survey, U.S. Census Bureau; Research and Analysis Bureau, Montana Department of Labor and Industry.

Seeley Lake area profile

Demographics near Zip Code 59868

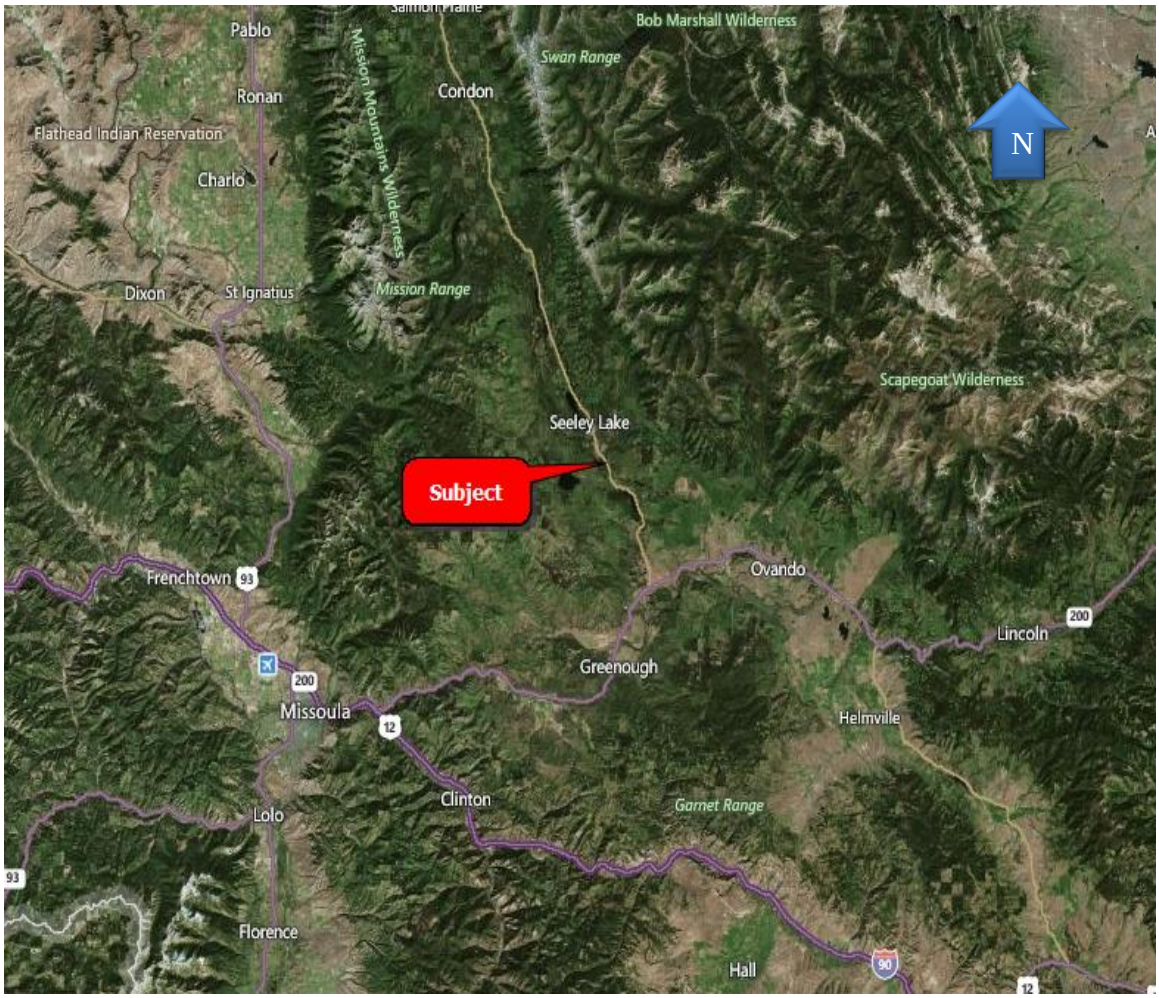
	Zipcode	City	County	National
Neighborhood Type	Suburban	Suburban		
Population	1,746	1,430	109,402	309,138,711
Population Density	9.6	117.0	42.2	87.5
Percent Male	54.1%	53.2%	50.4%	49.2%
Percent Female	45.9%	46.9%	49.6%	50.8%
Median Age	49.1	46.2	34.3	37.2
People per Household	2.2	2.3	2.3	2.6
Median Household Income	$39,265	$39,534	$44,653	$53,046
Average Income per Capita	$23,227	$22,176	$25,548	$28,051

Source: Community reports

Location attributes

Missoula is located in the western part of Montana at the junction of U.S. Interstate 90, U.S. Highway 10, 12 and 93 and Montana Highway 200. Missoula County encompasses 2,600 square miles with five valleys and three rivers winding through this region. The continental divide is approximately 100 miles east, Spokane Washington is 200 miles west and the Canadian border is 175 miles north.

General Area Location Map

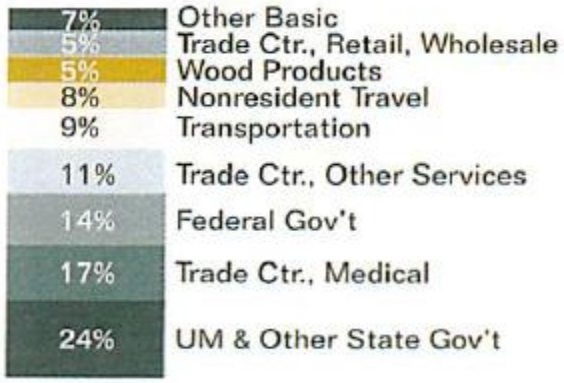


Economic Considerations

There have been long-term structural changes in Missoula's economic base as the wood and paper products industry accounted for the largest share of the basic earnings 25 years ago, which has shifted to the University of Montana and

other state agencies now being the largest basic industry . The University of Montana, trade center and medical have all experienced growth as shown in the following graph:

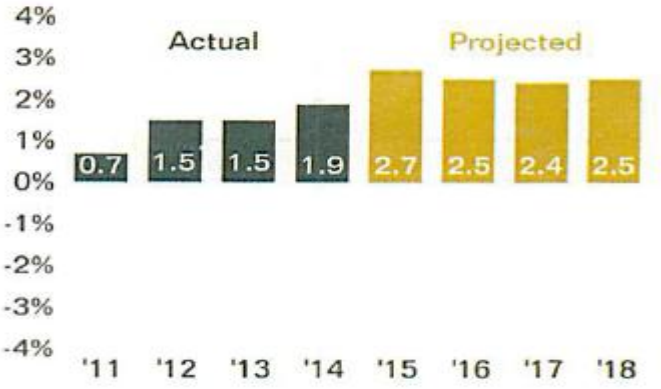
Earnings in Basic Industries, Missoula County, 2012-2014, Percent of Total



Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Overall, the Missoula County economy is projected to grow about 2.5% per year between 2015 and 2018, which is similar to the statewide projections:

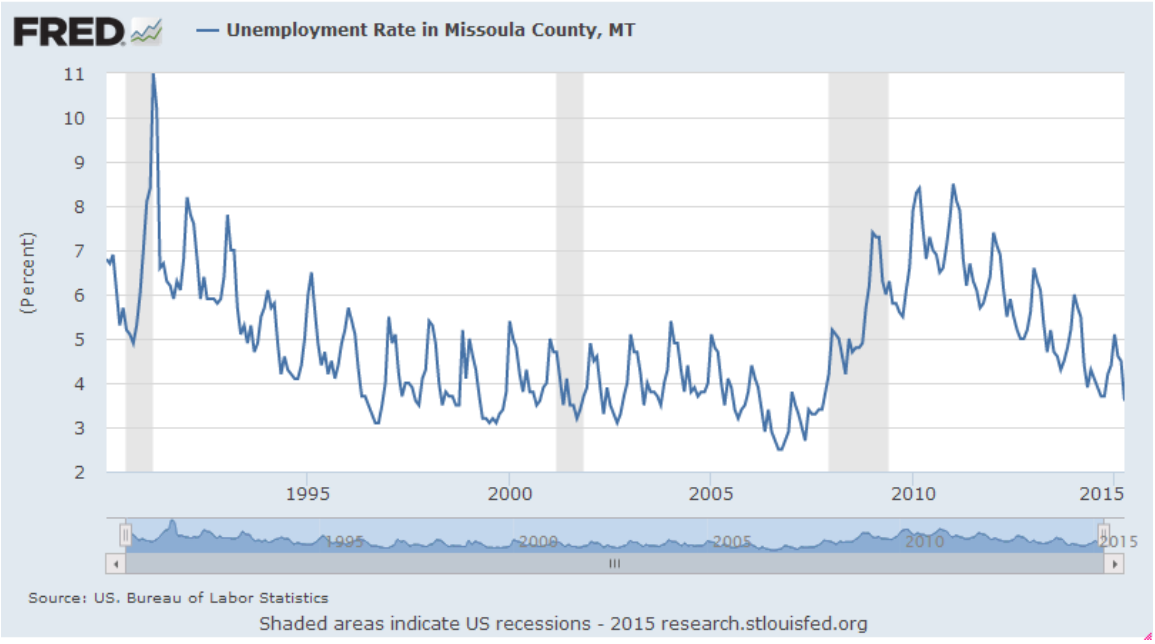
Actual and Projected Change in Nonfarm Earnings, Missoula County, 2011-2018



Sources: Bureau of Business and Economic Research, University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Missoula County Unemployment

Unemployment rate in Missoula County is currently 3.6%; and shows seasonal highs and lows ranging from a low of just under 3% to a high of 8.5% in the following graph:



The unemployment rate in Missoula County is lower than the current State unemployment rate of 3.9%. Overall Missoula's economic base is stable due to being the home of the University of Montana with over 14,500 students, regional retail shopping and two major medical centers.

Social considerations

"Quality of life" is the main reason people relocate to the area to live and work. Missoula is the center for education, medicine, business, retail shopping, culture, entertainment and recreation. The beauty of the area and the seasonal recreational opportunities make Missoula County an ideal place to recreate. The University of Montana provides excellent educational opportunities as well as cultural, athletic and community activities.

There are many seasonal recreational cabins in the Seeley Lake area where Missoula residents have their weekend getaway.

Environmental and geographic considerations

Environmental considerations tie in with social considerations pertaining to quality of life. Seeley Lake is known for the streams, lakes, river, golf course, and Forest Service trail systems. The following table illustrates the climate characteristics of the area:

Climate near Zip Code 59868

	Zipcode	City	County	National
Altitude	4,024	4,030	4,958	1,443
Rainfall (inches annually)	21.4	21.4	16.3	36.5
Snowfall (inches annually)	124.4	124.4	57.9	25.0
January Avg. Low Temp	9.7	9.7	14.4	20.5
July Avg. High Temp	81.0	81.0	83.8	86.5
Days of Precipitation Annually	130	130	118	100
Days Mostly Sunny Annually	158	158	158	205
Comfort Index (during hot weather)	69	69	69	44

(Source: Community Reports)

Geographically, Missoula is the heart of five scenic valleys and the Bitterroot, Clark Fork and Blackfoot rivers. This location makes Missoula the destination for recreation, regional health care, shopping and education.

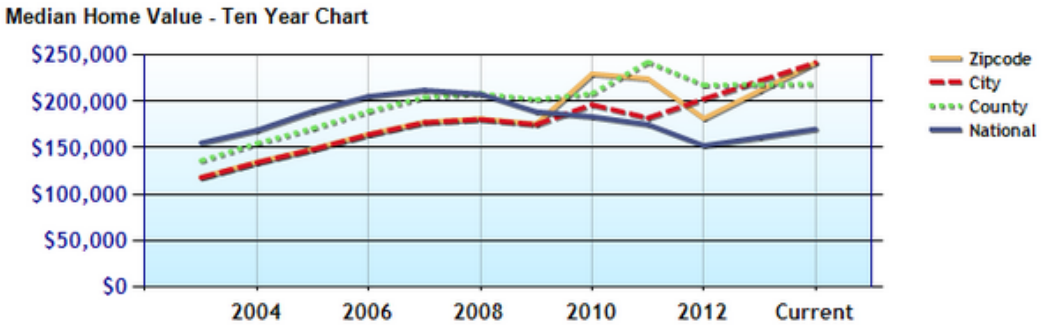
Market Trends

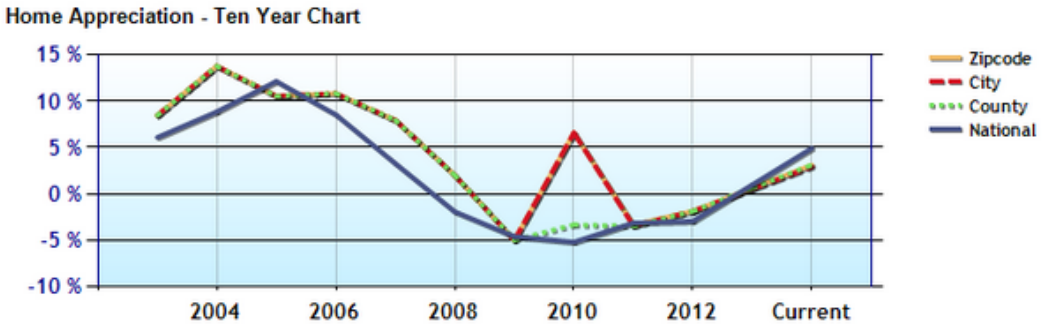
Residential

The median home value in the Seeley Lake zip code area is $241,500 which is higher than the National median of $170,100. Median home value in Missoula County increased since 2010, then declined slightly and stabilized in the past two years as illustrated in the following graphs from Community Reports:

Home Values near Zip Code 59868

	Zipcode	City	County	National
Median Home Value	$241,500	$241,500	$218,400	$170,100
Home Appreciation	3.1%	2.9%	3.1%	4.9%





Homes Statistics near Zip Code 59868

	Zipcode	City	County	National
Median Age of Home	35.0	31.0	34.0	37.0
Homes Owned	38.6%	49.1%	54.4%	57.3%
Homes Rented	4.3%	5.3%	36.8%	30.2%
Homes Vacant	57.2%	45.7%	8.9%	12.5%

Source: Community Reports

Inventory Analysis (MOR MLS)

Following is the residential inventory analysis for the Seeley Lake area, according to the Missoula Association of Realtors MLS:

Base/List Date/Current: 9/9/2015

Inventory Analysis	Prior 7 - 12 Months	Prior 4 - 6 Months	Current - 3 Months
Total # of Comparable Sales (Settled)	14	11	20
Absorption Rate (Total Sales/Months)	2.33	3.67	6.67
Total # of Comparable Active Listings	60	87	97
Months of Housing Supply (Total Listings/Ab.Rate)	25.71	23.73	14.55
Median Sale & ListPrice, DOM, Sale/List%	**Prior 7 - 12 Months**	**Prior 4 - 6 Months**	**Current - 3 Months**
Median Comparable Sale Price	$205,250.00	$237,900.00	$243,500.00
Median Comparable Sales Days on Market	121	82	144
Median Comparable List Price	$249,900.00	$250,000.00	$263,500.00
Median Comparable Listings Days on Market	370	213	157
Median Sale Price as % of List Price	94.30%	94.19%	96.97%

The inventory analysis indicates that there is an oversupply with 97 active listings and 20 sales in the past three months. The median sale price in the past three months was $243,500 with 144 median days on market for sales. The median comparable list price is higher at $263,500. Overall, residential values in the Seeley Lake area appear to have stabilized in the past year, with an oversupply and marketing times of over four months.

Vacant Land

Following is the vacant inventory analysis for the Seeley Lake area, according to the Missoula Association of Realtors MLS:

Base/List Date/Current: 9/9/2015

Inventory Analysis	Prior 7 - 12 Months	Prior 4 - 6 Months	Current - 3 Months
Total # of Comparable Sales (Settled)	4	3	10
Absorption Rate (Total Sales/Months)	0.67	1	3.33
Total # of Comparable Active Listings	69	104	112
Months of Housing Supply (Total Listings/Ab.Rate)	103.50	104	33.60
Median Sale & ListPrice, DOM, Sale/List%	**Prior 7 - 12 Months**	**Prior 4 - 6 Months**	**Current - 3 Months**
Median Comparable Sale Price	$61,000.00	$150,000.00	$49,000.00
Median Comparable Sales Days on Market	442	293	107
Median Comparable List Price	$99,000.00	$89,900.00	$89,000.00
Median Comparable Listings Days on Market	499	354	217
Median Sale Price as % of List Price	92.01%	91.76%	93.77%

The inventory analysis indicates that there is an oversupply with 112 active vacant land listings and 10 land sales in the past three months. The median sale price in the past three months was $49,000 with 107 median days on market for sales. The median comparable list price is much higher at $89,000 which could be due to the various lot sizes and amenities. Overall, land values in the Seeley Lake area appear to have stabilized in the past year, with an oversupply and marketing times of over three months.

Site Description

General Data

Location	Seeley Lake, Montana 59868
Street Address	2781 MT Highway 83 North
Assessor Parcel #	Land #4259251
	Improvements #M422420
Legal Description	2.664+/- acre, Lot 9A Morrell Flats
	COS 5840, Section 14, T16N-R15W
	P.M.M. Missoula, County Montana

Adjacent Land Uses

North	MT State Lands-vacant lot
South	MT State Lands-SF residential

East	MT State Lands-SF residential
West	Clearwater River

Physical Characteristics

Site Area	2.664 acres
Shape	irregular, mostly rectangular
Topography	Mostly level, slightly below grade from highway
Parcel Type	Single family residential with 242.6' +/- river frontage

Access

Street Name	MT Highway 83
Street Type	Public, paved
Curb Cuts	one, and easement to adjacent property south
Alley Access	none
Signalized Intersections	none

Site Improvements

Utilities	well 60', individual septic , u.g. public power
Asphalt Paving	none
Parking Spaces	3+
Sidewalks	none
Landscaping	grass lawn, trees

Flood Zone Data

FEMA MAP No.	30063C0740E
Date	07/06/15
Flood zone	Western boundary is in an area of 100 year flooding Homesite is in zone X

Other Site Conditions

Soils	No formal soil survey provided. Appears to be adequate based on surrounding development
Environmental Issues	Environmental site assessment not provided Assumption that no contamination exists
Easements & Encroachments	Typical utility easements, and road easement to adjacent lot (S)

Site Ratings

Location	Good; Clearwater River frontage
Size, Shape, Topography	Average size and shape, level topography
Access	Good
Exposure	Good

Site Improvements	Average
Overall Site Rating	Good

Zoning Designation

Zoning Code	No Zoning-Development must meet DEQ requirements
Zoning Designation	No zoning

Legal/Conforming Status

Legally Permitted Use	Yes
Conforms to Parking Standards	Yes
Conformity Conclusion	No zoning, assumption that development meets DEQ standards

Flood Map

Strengths, Weaknesses, Opportunities and Threats

Strengths and weaknesses are internal to the subject; opportunities and threats are external to the subject.

Strengths of the subject are that it is located near Seeley Lake with good access from MT Highway 83 and has Clearwater River frontage. The site improvements are in average condition with no necessary repairs needed.

A weakness is there is some highway noise due to the proximity to MT Highway 83 and that the area near the river is in the 100-year flood plain, therefore any improvements would have to be built away from the river frontage.

Opportunities exist due to buyers purchasing recreational homes and vacant lots for both primary and secondary vacation residences.

Threats mainly have to do with current economic conditions, as there is an oversupply of residential and vacant land in the Seeley Lake area of Missoula County with increasing demand.

In summary, the subject location has Clearwater River frontage and easy access, but also includes highway noise. The site improvements are average in quality and condition, and there is increasing demand with an oversupply of available properties in the area.

Taxes and assessment data

Assessor #	Description	Taxes	AV Land	AV Imps.	AV Total
M422420	improvements	$351.55		$26,300	$68,485
4259251	land	$0	$42,185		
Total		$351.55	$42,185	$26,300	$68,485

This tax amount is based on a total assessed personal property improvement value of $26,300 with no taxes assessed on the State land which has an assessed value of $42,185. Total assessed value of improvements and land is $68,485 which is lower than current fair market value possibly due to the differing effective dates of appraisal and County assessors don't typically visit the river frontage. The subject improvement real estate taxes total $351.55 and is within the comparable properties tax amounts therefore is considered reasonable.

Highest and Best Use

The highest and best use of a property is 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.
Improved properties may have a highest and best use that is different than the existing use. The existing use will generally continue until land value exceeds the total value of the property in its existing use plus demolition costs.

Analysis of Highest & Best Use as Vacant

In determining the highest and best use of the property as though vacant, an appraiser focuses on: 1) the existing use, 2) a projected development, 3) a subdivision, 4) an assemblage, or 5) holding the land as an investment.

Legally Permissible

A threshold of highest and best use is what is legally permissible. This analysis considers private restrictions, existing zoning, likely zoning, building codes, historic district controls, urban renewal ordinances, and other encumbrances because they may preclude many potential uses. The subject is located in the Missoula County where there is no zoning, and according to Todd Klietz at Missoula County planning shoreline regulations do not apply; therefore it is legally permissible to develop the subject lot with a single family residence.

LEGALLY PERMISSABLE	
Characteristic	**Conclusion**
Classification:	No zoning
Permitted Uses:	Must meet DEQ standards
Regulations:	Must meet DEQ standards
Probability of Change:	Unlikely

Physically Possible

Multiple factors affect the uses with which the land may be developed. These factors are considered in the following table, followed by a conclusion of the legally permissible uses that are also physically possible.

PHYSICALLY POSSIBLE	
Characteristic	**Conclusion**
Size	2.664 acres with 242.6' river frontage
Shape	irregular
Utilities	well, septic system, public power
Visibility	Good
Flood Plain	partial
Soil Conditions	Good for development
Environmental Concerns	None noted
Other	mostly level
Physically possible uses	single family residential

Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment. All uses that yield a positive return are financially feasible. Feasibility is tested through a cost/benefit analysis or through direct market observation. Based on the recent similar sales and listings, and surrounding use of developed sites, it appears that owner occupied residential use is both feasible and maximally productive. There is increasing demand and an oversupply of available residential homesites. The use that indicates financial feasibility is single family residential development based on current use of similar properties in the area.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. The subject consists of one residential lot. Therefore, single family residential development use is maximally productive.

Conclusion of Highest and Best Use as though Vacant

The conclusion of the highest and best use as though vacant, as analyzed in the previous section, is as follows:

CONCLUSION AS THOUGH VACANT	
Characteristic	**Conclusion**
Use:	residential
Timing:	Now
Participants (User):	owner occupied
Participants (Buyer):	owner occupied

Analysis of Highest & Best Use as improved

After taking into consideration the four tests of highest and best use, it is physically possible to occupy the subject improved property as a single family residence, permissible since there is no zoning, financially feasible based on development of surrounding sites, therefore this use will be maximally productive. Highest and best use as improved is the continued use as a mobile home site.

Conclusion of Highest and Best Use as improved

The current use as a mobile home site meets the general tests for highest and best use and is considered maximum site utilization. Given the attributes of the subject real estate, the conclusion of highest and best use is based on logic and observed evidence. Therefore, the highest and best use, as improved, is a continuation of the existing use.

Most Probable Buyer/User

As of the date of value, the most probable buyer of the subject property is an owner occupant.

Appraisal Methodology

The following definitions were taken from *The Dictionary of Real Estate Appraisal, fifth addition, 2010* sponsored by The Appraisal Institute.

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Income Capitalization Approach

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Methods and/or Techniques Employed

Whenever possible, all three basic approaches to value are employed. The resulting indications of value are then correlated into a final estimate of market value. In the course of investigating the marketplace where this analysis is made, sufficient data was found to employ the sales comparison approach and the cost approach; however, there was insufficient data to complete the income capitalization approach.

Land Valuation

Methodology

Land is valued using the Sales Comparison Approach. This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same utility. In the Sales Comparison Approach, the opinion of market value is based on closed sales, listings, and pending sales of properties similar to the subject property.

A systematic procedure for applying the Sales Comparison Approach includes the following steps:

- Researching and verifying transactional data
- Selecting relevant units of comparison
- Analyzing and adjusting the comparable sales for differences in various elements of comparison
- Reconciling the adjusted sales into a value indication for the subject site.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison for the site analysis is price per homesite or economic unit.

Elements of Comparison

Elements of comparison are property characteristics that cause the prices of real estate to vary. The following are the main elements of comparison:

Transaction adjustments

- Real property rights conveyed
- Financing terms
- Condition of sale
- Expenditures immediately after purchase
- Market conditions

Property adjustments

- Location
- Physical characteristics
- Economic characteristics
- Zoning/use
- Non-realty components of value

Comparable Land Sales Data

In searching for comparable land sales, all land sales and listings, lot to 5 acres in size in the Seeley/Swan area are reviewed that occurred since 01/01/2014. The 22 land sales analyzed ranged from a low of $27,500 for a 2.66 acre site at NHN Bobcat Lane, Seeley Lake, MT which closed 06/25/2014(MLS# 20141831) to a high of $400,000 for a 1.379 acre site with 200 lineal feet of Placid Lake frontage at Placid View Place, Seeley Lake, MT that closed 07/31/2014 (MLS# 20144292).

The following three sales and one listing bracket the subject lot in size, water amenity, topography and location, and are analyzed for the purpose of indicating what a well-informed buyer or seller would consider in forming an opinion of value for a site. The most pertinent data and value indications from these sales are shown on the Land Sales Synopsis Chart to follow.

Adjustments

All comparables differ somewhat from each other and from the subject in a number of different ways. The usual differences are time of sale, size, availability of utilities, access, physical characteristics, amenities, general location, and specific location. All these factors, in varying degrees, are applicable in the appraisal of the subject property. When dissimilarities are found in comparable properties, they should be adjusted for by adding to the comparable price when the dissimilar factor is inferior to the same factor found in the subject property. Likewise, a minus adjustment should be made when the comparable sale has a factor which is superior to that found in the subject property. The sale properties, then, are adjusted to the subject property.

However, in the market it is often difficult, and sometimes impossible to accurately isolate a given factor. In short, one very seldom finds sales which are identical in all respects but one, and thus is able to prove conclusively the value, or lack of it, for any one factor due to a difference in sale price. Often, there are plus and minus factors which offset each other. Nevertheless, the differences in values are real, and an attempt, based on as much fact as can be found, will be made to determine the value of these factors. Then, the appraiser may call upon her experience to make subjective judgments. The following generalities are cited to acquaint the reader with a background for the appraiser's reasoning and judgment to follow:

1. Value increases per unit of comparison as the size of the parcel decreases.
2. Value tends to decrease as distance from an urban center increases. An exception to this generalization might be certain recreational properties.
3. Value tends to decrease as the topography becomes steeper, more rocky, more barren, more arid, etc.
4. Value tends to decrease as access becomes more difficult.
5. Value tends to increase with amenities such as creek or lake frontage, or a good view.

6. Value tends to increase when zoning allows greater density and/or a more optimum use of the land.

The opposite may be said of each of the above illustrations.

Analysis of Sales

Market Conditions/Active listing

Adjustments employed in this analysis recognize changing market conditions, or the passage of time. All of the sales have occurred in the past 12 months, with limited information to extract an adjustment for time, therefore no adjustment is applied. List to sale price ratio adjustment of -8% is based on the average list to sale price ratio of all land sales in the Seeley Lake area from the past year.

Property Rights/ Condition of Sale/Financing Terms of Sale

All sales were fee simple ownership, arms-length transactions with typical cash or cash equivalent financing terms with no adjustment necessary.

Size

The next adjustment indicates a size/price relationship. This relationship reflects that larger tracts of land tend to sell for less while smaller tracts will sell for more per unit of comparison. In this analysis, the unit of comparison is value, or dollars per site. The sales bracket the subject lot in size, with site utility of one homesite, therefore no adjustment is indicated.

Location/topography

The final adjustment is for location/and locational amenities, where the sales bracket the subject's water/river amenity with adjustments ranging from 0% to 75% for the lot without water amenity, based on paired sales.

Site Improvements

Only Sale No. 1 had similar site improvements consisting of a well and driveway, but no septic system at the time of sale, requiring a 5% upward adjustment, all other sales only had power to the site, with a 15% upward adjustment made for the subject's site improvements consisting of well, septic and power.

Following is the comparable sale adjustment grid showing adjustments to each comparable as it relates to the subject property:

Comparable Sale Adjustment Grid

Element	Subject	Sale 1	Sale 2	Sale 3	Listing 4
Sale Price		$60,000	$70,000	$100,000	$109,000
Real property rights	fee simple	fee simple	fee simple	fee simple	fee simple
Financing terms	Assumes cash	cash	cash	cash	na
Conditions of sale	assumes none	AL	AL	AL	AL
Immediate expenses	none	none	none	none	none
Market conditions	Aug-15	Jan-15 0%	Aug-14 0%	Jul-15 0%	active -8%
Prelim. Adj. price per site		$60,000	$70,000	$100,000	$100,280
Size	2.66	3.00 0%	3.27 0%	2.60 0%	1.46 0%
Location/amenity	242.6'RF	inf./none 75%	inferior 25%	similar 0%	similar 0%
Site improvements	well/septic/power	well/power 5%	power 15%	power 15%	power 15%
Net Adjustment %		80%	40%	15%	15%
Final adjusted price per SF		**$108,000**	**$98,000**	**$115,000**	**$115,322**
			average median	$109,081 $111,500	

The four comparable sales/listing analyzed have unadjusted values ranging from $60,000 as shown by Sales No. 1 without river amenity, to the highest unadjusted indication of $109,000 shown by Listing No. 4 which has similar Clearwater River frontage. Adjusted value indications for the subject lot consisting of 2.66 acres with 242.6' Clearwater River frontage are from a low of $98,000 to as high as $115,322. The mathematical median or central tendency of the adjusted comparables is $111,500/site and the average is $109,081/site. Equal weight is placed on all four comparables as adjusted because they bracket the subject lot characteristics. Based on this analysis, the estimated value indication of the subject lot 9A with site improvements is $110,000 (R).

Land Value indication by the Sales Comparison Approach: $110,000

Cost Approach

The Cost Approach to value consists of estimating the replacement cost new of the site improvements and deducting therefrom any loss in value as a result of physical deterioration, functional and external economic obsolescence. The cost approach is developed to estimate the contributory value of the site improvements.

The following is replacement cost new estimate from *Marshall & Swift Valuation Service,* a cost service which is based on the subject's site improvements which consist of a well and septic. Power is not included in this calculation as all comparable land sales have power to the site. Calculations follow:

ITEM	UNITS	RATE	COST	Sub-Total	TOTAL
Site Improvements					
Marshall Valuation pg. C-13					
Well			$5,000		
Septic			$5,000		
Total Site Improvements Cost New					**$10,000**

Depreciation Estimates

Based on the observation of the subject's site improvements, physical depreciation is estimated to be typical for its age due to the average condition of the site improvements. Physical depreciation is estimated at roughly 20%.

There does not appear to be any functional obsolescence or negative off-site influences which impact value. Therefore, no other forms of obsolescence will be estimated. Entrepreneurial incentive is not indicated in the current market, and is not included in the Cost Approach.

Following is the summary of the Cost approach, applying physical depreciation to the site improvements and adding the estimated site value without site improvements, resulting in the overall value indication by the Cost approach, separating the land value from the contributory value of the site improvements.

COST APPROACH SUMMARY

ITEM	UNITS	RATE	COST
Total Cost New Site Improvements			$10,000
Depreciation			
Physical			
Site Improvements	20%		($2,000)
Functional Obsolescence	0%		0%
External Obsolescence	0%		0%
Total Depreciation	-20%		**($2,000)**
Depreciated Value of Improvements (R)			**$8,000**
Anticipated Entrepreneurial incentive 0%			$0
Land Value (without site improvements)			$100,000
TOTAL VALUE AS INDICATED BY COST APPROACH			**$108,000**

Reconciliation

The two approaches employed in this report have produced the following results with the hypothetical condition of whole fee simple ownership:

Cost Approach	**$108,000**
Sales Comparison Approach	**$110,000**

Segregated as follows:

Site	**$ 100,000 (R)**
Improvements	**$ 10,000 (R)**

Both approaches as they are developed have support from the available market data. The Cost Approach is developed by estimating the replacement costs of the site improvements less all forms of depreciation. To that has been added the underlying value of the land as it equates to its highest and best use.

The Sales Comparison Approach is developed by analyzing three sales and one listing of similar single family residential lots in Seeley Lake that have occurred within 12 months. The sales are adjusted to reflect the subject's size, location, amenities and site improvements. The value indication from this approach is reasonably indicative of the investor attitudes in the Seeley Lake influence area.

Based on the data contained in this report, the final estimate of market value for the subject property leans equally on the Sales Comparison and Cost approaches. Final current fair market value estimate with the hypothetical condition of whole fee simple ownership as of August 24, 2015 with consideration to the hypothetical condition within this report and a cash sale is:

ONE HUNDRED TEN THOUSAND DOLLARS

($110,000.00)

Exposure Period

Based on the Highest and Best use of the subject, market evidence indicates an exposure period of up to six months may be required to sell the subject improved property as a whole. Comparable land sales had days on market ranging from a low of 67 days to the highest indication of 350 days. The median days on market of all residential sales in the Seeley Lake area from the past three months is 107 days. A six month exposure period assumes an aggressive marketing effort, and similar economic conditions to the current real estate market. An additional 30 to 60 days may be required for sale consummation. Exposure period and marketing time are synonymous in this discussion.

Addenda

- Contract
- Appraiser comparable photographs if MLS photo is used in comp data
- Qualifications of Jennifer L. McGinnis, MAI
- Privacy Notice

FOR DNRC USE ONLY

Amount under this Agreement: $ 10,000.00

Source of Funds

Fund Name		Fund No.
Land Banking Private Closing Costs		02031
Trust Administration Account		02938
Subclass	**Org. No.**	**Percent**
555HA	6043-51	36%
	6044-03	64%

Approved

No. 165016
Division
Legal
F.S.O.

TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL CABIN/HOME SITE SALE PROPERTIES IN MISSOULA COUNTY

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation, (hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, 1625 11th Avenue, Helena, MT 59620-1601, (406) 444-2074 and Jennifer McGinnis, McGinnis Real Estate Appraisal Group, LLC, (Contractor), whose address and phone number are P.O. Box 996, Polson, MT 59860 and (406) 883-1659.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon contract execution, through September 30, 2015, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 29. **The appraisal report is to be completed and forwarded to DNRC, Emily Cooper, P.O. Box 201601, Helena, MT 59620-1601 by September 2, 2015.**

2. SERVICES AND/OR SUPPLIES

Contractor shall provide the State the following: the contractor shall be responsible for providing a credible appraisal, for the five parcels in Missoula County as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions. The appraisal will be an Appraisal Report, conducted and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions.

FSO-PC-013
Rev 7/15

The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales through the Cabin & Home Site Sale Program, and all provisions in the body of this contract including the following:

1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.
2) Each sale parcel listed in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions must be assigned separate values.
3) The definition of market value is that as defined in 70-30-313, M.C.A.

3. WARRANTIES

3.1 Warranty of Services.

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

4. CONSIDERATION/PAYMENT

4.1 Payment Schedule. In consideration of the contractor's successful submission of the appraisal report to be provided as described herein above in Section 2 of this agreement, the State shall pay Contractor **Ten Thousand Dollars ($10,000.00)**. Upon the successful completion of all tasks and services described herein above, the Contractor shall submit an invoice with the submission of the final appraisal report to the DNRC for payment for services rendered. The contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made.

In No case shall the State's total cumulative payment under this contract exceed Ten Thousand Dollars ($10,000.00).

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

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

5. ACCESS AND RETENTION OF RECORDS

5.1 Access to Records. Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under section 16, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA)

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

6. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

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

7. HOLD HARMLESS/INDEMNIFICATION

7.1 Claims under this provision also include any claim arising out of or in any way connected with Contractor's breach of this contract, including any claims asserting that any of the Contractor's employees are actually employees of the state or common law employees of the state or any of its agencies or political subdivisions, including but not limited to excise taxes or penalties imposed on the State under Internal Revenue Code §§ 4980H, 6055 or 6056 and any subsequent amendments or additions to these Sections. Contractor shall be responsible for implementation of all aspects of the Affordable Care Act as this Act may apply to Contractor and shall be responsible for any violations including any sanction, penalty, fee or tax and shall indemnify the State and hold harmless and defend the State for any omission or failure of Contractor to meet its obligations under Sections 9 and 10.

7.2 To the fullest extent permitted by law, the Contractor shall indemnify and hold harmless the State, its elected and appointed officials, officers, agents, directors, and employees from and against all claims, damages, losses and expenses, including the cost of defense thereof, to the extent caused by or arising out of Contractor's negligent acts, errors, or omissions in work or services performed under this Contract, including but not limited to, the negligent acts, errors, or omissions of any subcontractor or anyone directly or indirectly employed by any subcontractor for whose acts subcontractor may be liable.

8. REQUIRED INSURANCE

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

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

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

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

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

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

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

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

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

9. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its

employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to the State, PO Box 201601, Helena, MT 59620-1601.

10. COMPLIANCE WITH LAWS

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

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

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

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

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

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

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

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

11. DISABILITY ACCOMMODATIONS

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

12. REGISTRATION WITH THE SECRETARY OF STATE

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

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

13. INTELLECTUAL PROPERTY/OWNERSHIP

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

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

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

14.4 Copy of Work Product. Contractor shall, at no cost to the State, deliver to the State, upon the State's request during the term of this contract or at its expiration or termination, a current

copy of all Work Product in the form and on the media in use as of the date of the State's request, or such expiration or termination.

14.5 Ownership of Contractor Pre-Existing Materials. Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by Contractor in connection with the services provided to the State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, Contractor fails to disclose to the State such Contractor Pre-Existing Materials, Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided for in **Section 13.3** or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware it provides under this contract.

15. CONTRACT TERMINATION

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

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

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

16. EVENT OF BREACH – REMEDIES

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

- products or services furnished fail to conform to any requirement;
- failure to submit any report required by this contract;
- failure to perform any of the other terms and conditions of this contract, including but not limited to beginning work under this contract without prior State approval and breaching Section 22 obligations; or
- voluntary or involuntary bankruptcy or receivership.

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

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

- terminate this contract under section 16; or
- treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

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

- terminate this contract after giving the State written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period; or
- treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

17. WAIVER OF BREACH

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

18. FORCE MAJEURE

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

19. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

20. LIAISONS AND SERVICE OF NOTICES

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

Emily Cooper, Lands Section Supervisor is the State's liaison.
(Address): P.O. Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406) 444-4165
Fax: (406) 444-2684
E-mail: ecooper@mt.gov

Jennifer L. McGinnis is Contractor's liaison.
(Address): P.O. Box 996
(City, State, ZIP): Polson, MT 59860
Telephone: (406) 883-1659
Cell Phone: (406) ~~212-1017~~ 546-1906
Fax: (406) 883-1649
E-mail: jennifer@mreag.com

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

21. MEETINGS

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

22. TRANSITION ASSISTANCE

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

23. CHOICE OF LAW AND VENUE

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

24. TAX EXEMPTION

The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

25. AUTHORITY

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

26. SEVERABILITY CLAUSE

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

27. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

27.1 Contract. This contract consists of eleven (11) numbered pages, Attachment A – Scope of Work and Attachment B – Supplemental Appraisal Instructions, pages 12-16. In the event of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same order as this contract.

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

28. WAIVER

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

29. EXECUTION

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

STATE OF MONTANA
Dept. of Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
Helena, MT 59620-1601

BY: John Grimm, Chief, Real Estate Mgt. Bureau
(Name/Title)

(Signature)

DATE: 8/17/15

McGinnis Real Estate Appraisal Group, LLC
P.O. Box 996
Polson, MT 59860

FEDERAL ID #: 46-3596360

BY: Jennifer McGinnis, MAI
(Name/Title)

(Signature)

DATE: 8-11-15

Dear John,
Mobile homes not on a permanent foundation are considered to be personal property and are not included in Real Estate Appraisals. I will report the assessed value of any personal property mobile home.
Please call me with any questions.
Thank you, J. G.
Jennifer

Rev. 7/15

11

ATTACHMENT A

Scope of Work for Appraisal of Potential Property Sale through the Cabin & Home Site Sale Program

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The intended users are State of Montana, the Montana Board of Land Commissioners, the Department of Natural Resources and Conservation (DNRC) and Stanley and Carol Wekkin, John and Elaine Christensen, Lila Davis and Guy Clatterbuck. The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject properties and is intended for use in the decision making process concerning the potential sale of said subject properties.

DEFINITIONS:

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

(1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;

* (2) the machinery, equipment, and fixtures forming part of the real estate taken; and mobile homes

(3) any other relevant factors as to which evidence is offered. not on permanent foundations are considered personal property

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

PROPERTY RIGHTS APPRAISED:

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

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

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

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

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

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

Rev. 7/15

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

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

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

The appraisal will be an Appraisal Report as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted. The appraiser will provide one appraisal report that included analysis and appraised values of the five (5) cabin sites identified in the Supplemental Appraisal Instructions.

Be valued with the actual or hypothetical condition that the cabin site or home site has legal access.

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

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

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means: all improvements to the raw land including but not limited to: a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks and landscaping.

The appraised market value of state-owned land added to the 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. Include a separate market value for the non-state-owned improvements.
4. Valuation of the improvements must account for all forms of obsolescence.

Rev. 7/15

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 Properties (Located in Missoula County):

Sale #	Acres	Legal Description
765	2.66 ±	Lot 9A Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
766	1.19 ±	Lot 10 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
767	1.67 ±	Lot 11 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
768	2.73 ±	Lot 9 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W
769	1.28 ±	Lot 12 Morrell Flats Cabin Sites, COS 5840, Section 14, T16N-R15W

Separate values must be supplied for each sale parcel including; total value, land value and improvement value.

DNRC Contact Information:
Liz Mullins, Land Use Planner
1401 27th Avenue
Missoula, MT 59804
Phone: (406) 542-4345
lmullins@mt.gov

Lessees

Sale 765 Stanley & Carol Wekkin 2429 43rd Street Missoula, MT 59803 (406) 251-2564 carolwekkin@gmail.com	**Sale 766** John & Elaine Christensen 1825 Riverside Dr. Missoula, MT 59801 (406)544-4727 vettepeople8@aol.com
Sale 767 Lila Davis & Guy Clatterbuck PO Box 196 Seeley Lake, MT 59868 (406) 677-3221 Mooseraider2003@yahoo.com	**Sale 768 & 769** No Lessee

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

Rev. 7/15

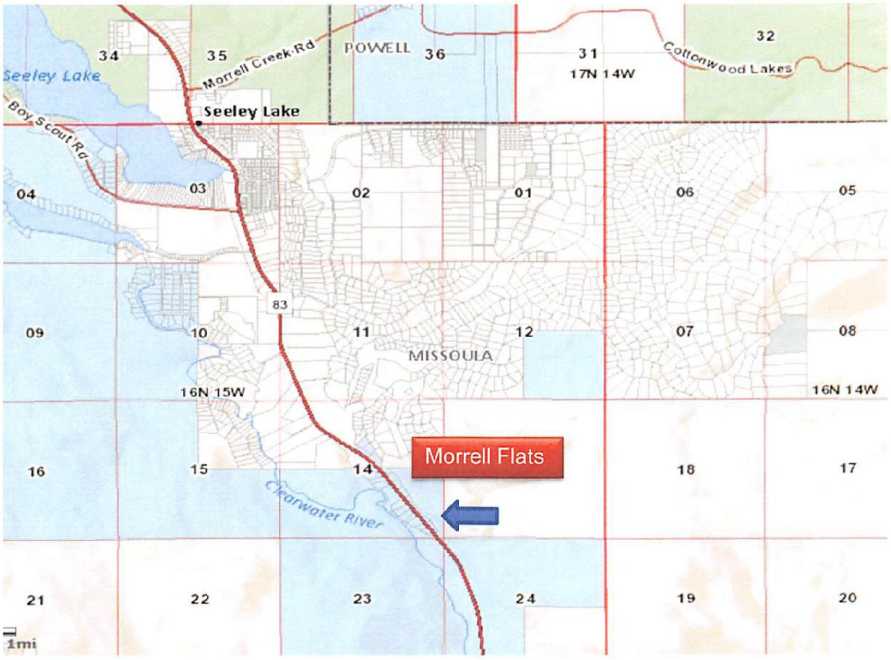
14

data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

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

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

Sale # 765, 766, 767, 768 & 769 Location Map

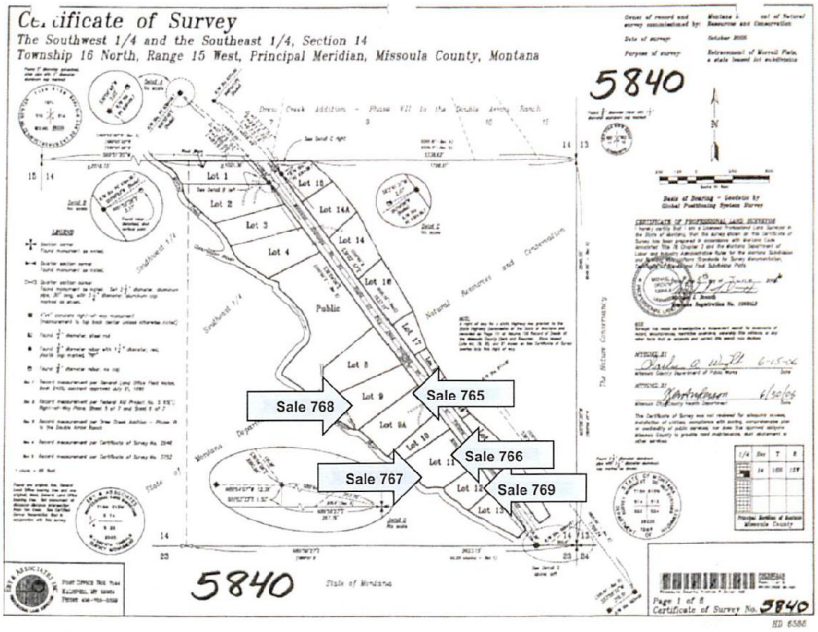


Rev. 7/15

15

Morrell Flats Lots

Sale # 765, 766, 767, 768 & 769 Survey



Rev. 7/15

Appraiser Comparable Photographs

180 Spring Creek, Seeley Lake MLS#20145960

NHN Cutthroat Ct., Seeley Lake MLS#20144070

Appraiser Comparable Photographs

263 Cutthroat Ct., Seeley Lake MLS#20145846

218 Overland Trail, Seeley Lake MLS #20146260

McGinnis Real Estate Appraisal Group, LLC

Qualifications of Jennifer L. McGinnis, MAI

Partner, McGinnis Real Estate Appraisal Group, LLC

P.O. Box 996
Polson, Montana 59860
(406)883-1659 Office
(406)883-1649 Fax
Jennifer@mreag.com

Montana State Certification
Mt Certified General Appraiser
REA-RAG-LIC-714
State of Montana Appraiser Mentor

Membership/Affiliations:

Member:	Appraisal Institute- MAI Designation
Vice President:	Montana Chapter- Appraisal Institute 2014-15
Past Board Chair:	Montana Board of Real Estate Appraisers Appointed by Governor Brian Schweitzer (2007-2013)

EDUCATION:

University of Montana

B.A. Communication Studies-1991

Appraisal Institute Courses & Seminars

-Real Estate finance, statistics, & valuation modeling-2015
-Uniform Standards of Professional Appraisal Practice Update-2014
-Business Practices and Ethics -2013
-Standards of Professional Practice -2012
-Valuation of Conservation Easements -2012
-Appraising the Appraisal: Appraisal Review-2012
-Fundamental of Separating Real Property, Personal Property, & Intangible Business Assets-2012
-Advanced Spreadsheet Modeling for Valuation Applications-2011
-The Discounted Cash Flow Model: Concepts, Issues & Applications-2010
-Hotel Appraising-New techniques for today's uncertain times-2010
-Valuation by Comparison-2010
-Using Spreadsheet Programs in Real Estate Appraisals-2010
-Report Writing & Valuation Analysis-2009
-General Demonstration Report Writing-2009
-Advanced Applications-2009

-Advanced Income Capitalization-2008
-Uniform Appraisal Standards for Federal Land Acquisitions-2007
-Advanced Sales Comparison and Cost Approaches-2006
-Highest & Best Use and Market Analysis-2005
-The Professional's Guide to the URAR-2005
-General Applications-2004
-Basic Income Capitalization-2004
-Advanced Residential Form & Narrative Report Writing-2003
-Appraisal Procedures-2002
-Standards of Professional Practice, Part A & B-2002
-Appraisal Principles-2002
-15 Hour USPAP Course 2002, 2006

Additional Seminars

-Annual Montana Economic Outlook Seminar-Bureau of Business & Economic Research, University of Montana
-The Technical Inspection of Real Estate –Beckman Group
-Spring AARO Conference-San Francisco, CA, 2008
-AARO Conference- Washington DC 2008, 2009, 2011
-Ted Whitmer's Comprehensive Exam seminar
-Managing and Procuring Commercial Appraisal Reports
-Appraisal Review: Sales Comparison and Cost Approaches
-Appraisal Review: Income Capitalization Approach
-Distressed and Depressed- Are Values Repressed? CRE Foreclosure/Workout Valuation
-Land, Condos and Subdivisions; Solutions to Hard to Value Assets
-How to Use Market Data: Solutions for Hard to Value CRE Assets

EXPERIENCE:

2013-Present
Partner, McGinnis Real Estate Appraisal Group, LLC
P.O. Box 996, Polson, MT 59860
(406)883-1659
Appraisal/valuation and consulting assignments include: commercial/retail buildings, office buildings, commercial/industrial properties, warehouse buildings, medical office buildings, development land, residential and commercial subdivisions, residential and commercial condominiums, high-end residential properties, apartment buildings, low income housing tax credit apartments, retirement homes, rural acreage, waterfront properties, Federal land acquisition (Yellow Book) appraisal reports, leased fee and leasehold valuations.

2003 - 2013
Real Estate Appraiser
Serving clients throughout the State of Montana.
Stevens & Company
P.O. Box 8287
Missoula, MT 59807

PRIVACY NOTICE

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

Types of Nonpublic Personal Information We Collect

In the course of performing appraisals, we may collect what is known as "nonpublic personal information" about you. This information is used to facilitate the services that we provide to you and may include the information provided to us by you directly or received by us from others with your authorization.

Parties To Whom We Disclose Information

We do not disclose any nonpublic personal information obtained in the course of our engagement with our clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to our employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in providing appraisal services to you. All of our employees and any third party consultants we employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by us that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

Confidentiality and Security

We will retain records relating to professional services that we have provided to you for a reasonable time so that we are better able to assist you with your needs. In order to protect your nonpublic personal information from unauthorized access by third parties, we maintain physical, electronic and procedural safeguards that comply with our professional standards to insure the security and integrity of your information.

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