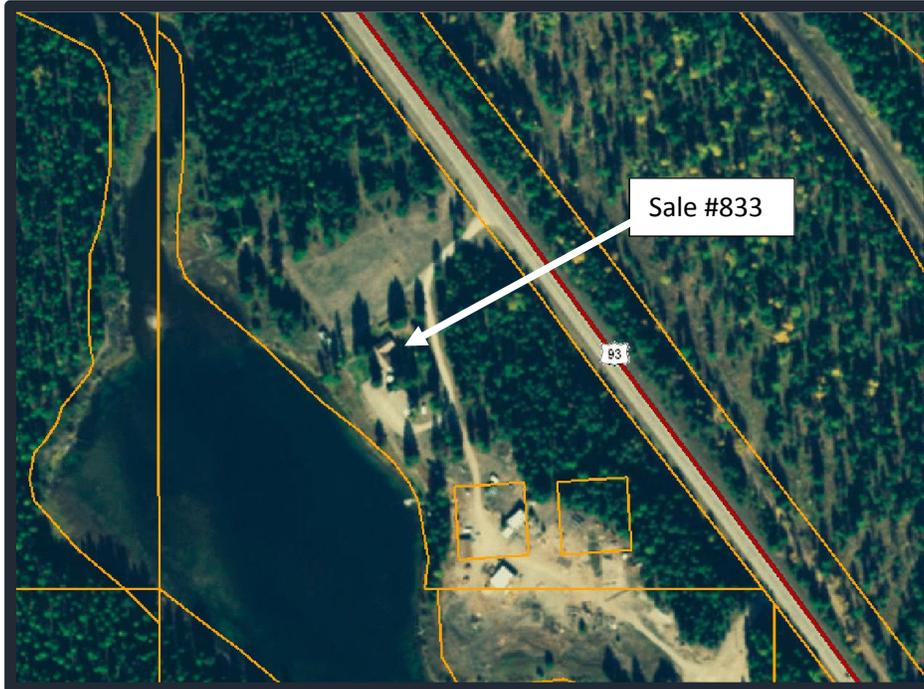


APPRAISAL REPORT OF:

**UNSURVEYED LOT IN SW1/4NW1/4 OF
SECTION 28, TOWNSHIP 32 NORTH, RANGE 23 WEST
FLATHEAD COUNTY, MONTANA
AKA MT DNRC SALE #833**



PREPARED FOR:

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

MARKET VALUES AS OF:

July 7, 2016

PREPARED BY:

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



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

LETTER OF TRANSMITTAL

September 2, 2016

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

Re: Unsurveyed Lot in SW1/4NW1/4 of Section 28, Township 32N, Range 23 West, Flathead County, Montana

Dear Ms. Cooper:

In compliance with your request, Elliott M. Clark, MAI and Christopher D. Clark viewed the above referenced property on July 7, 2016. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. The property viewing, reviews, and analyses were made in order to prepare the attached summary appraisal report.

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

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

The values are based on the assumptions that all necessary governmental approvals have been obtained and will be maintained, and that the property owner will exhibit sound management and sales practices. The values are based upon the **Hypothetical Conditions** that the property is a legal parcel, that the parcel has legal and adequate access, and that a future recorded survey depicts the property as described in this report.

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

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

This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations. This appraisal is subject to the attached Certification of Appraisal and Statement of Limiting Conditions. We further certify that this appraisal was made in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP).

Respectfully submitted,



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



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

16-032ec

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SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

Client/Intended User	State of Montana, State of Montana Board of Land Commissioners, Montana Department of Natural Resources & Conservation/Client Agencies & Individual Lessees Noted in the Report
Purpose/Intended Use	Estimate Market Values/Potential Sale Purposes
Property Owner(s)	Site: State of Montana/Improvements: Neal Franson & Barb Roberts

SUBJECT PROPERTY

Property Identifications	Unsurveyed Lot in SW1/4/NW1/4 of Section 28, Township 32 North, Range 23 West, Flathead County, Montana
Site Size	4.15 Acres
Description of Improvements	See Property Description
Assessor Number(s)	N/A
Census Tract	30-029-0001.00
Flood Zone	Zone X, Map Panel 30029C0745G – Dated 9/28/2007
Zoning	SC, Scenic Corridor

HIGHEST AND BEST USE(S)

As If Vacant	Recreational and/or Residential Use
As Improved	Recreational and/or Residential Use

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

Report Date	September 2, 2016
Inspection Date(s)	July 7, 2016
Effective Date of Value(s)	July 7, 2016
Property Rights Appraised	Fee Simple

Estimate of Market Values

Individual Lot Value	\$150,000
Individual Improvement Value	\$230,000
Individual Total Market Value	\$380,000

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

MARKETING & EXPOSURE TIME

The appraised value for the subject property as improved is based upon a 6 to 10 month marketing time and 6 to 10 month exposure time. Estimated marketing and exposure times are addressed in detail in the Subject Market Analysis portion of this report.

APPRAISER INFORMATION

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

CERTIFICATION OF APPRAISAL

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

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

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

Elliott M. Clark

Dated Signed: September 2, 2016
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Christopher D. Clark

Date Signed: September 2, 2016
Christopher D. Clark
MT REA-RAL-LIC-841

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

SCOPE OF THE APPRAISAL

The subject property is an unsurveyed Lot in SW1/4NW1/4 of Section 28, Township 32N, Range 23 West, Flathead County, Montana

The appraisers were asked to estimate the values of the fee simple interest in the site and improvements for the subject property for decisions regarding potential sale of each property.

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

Scope of Property Viewing

Elliott M. Clark, MAI and Christopher D. Clark of Clark Real Estate Appraisal viewed the subject property on July 7, 2016. We measured the improvements on the property and walked the subject site.

Scope of Research

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

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

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

Extraordinary Assumption(s)

An **Extraordinary Assumption** is defined in 2016-2017 version of the Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be *“an assumption, directly related to a specific assignment, as of the effective date of the assignment results which, if found to be false, could alter the appraiser’s opinions or conclusions.”*

There are no **Extraordinary Assumptions** associated with the values concluded in this report.

Hypothetical Conditions

A **Hypothetical Condition** is defined in 2016-2017 version of the Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis.*”

The values concluded in this report for the subject property are based upon the **Hypothetical Conditions** that the subject property was a legal parcel as described in this report and as of the report effective date and that there was legal and adequate access to the property.

Highest & Best Use

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

Appraisal Process

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

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

Environmental

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

General Data Sources

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

- Flathead & Lincoln Counties - Various Offices;
- Montana Department of Revenue;
- Various Area Real Estate Agents, Property Managers, Property Owners, Tenants, and Builders

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

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property is identified as an Unsurveyed Lot in the SW1/4NW1/4 of Section 28, Township 32 North, Range 23 West, Flathead County, Montana.

INTENDED USE & INTENDED USERS OF THE APPRAISAL

It is understood that the intended use of this appraisal is for decisions regarding possible sale of the subject properties. This report was prepared for the, the client, (State of Montana, Montana Board of Land Commissioners, & Montana Department of Natural Resources and Conservation) and is their exclusive property. The Lessees, Neal Franson and Barb Roberts, are additional intended users of this report.

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

PURPOSE OF THE APPRAISAL

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

DATE OF PROPERTY VIEWING

July 7, 2016

EFFECTIVE DATE OF MARKET VALUES

July 7, 2016

PROPERTY RIGHTS APPRAISED

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

DEFINITION OF MARKET VALUE

At the request of the client, the definition of market value utilized in this report is the Current Fair Market Value as defined in MCA 70-30-313 which is as follows;

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

STATEMENT OF OWNERSHIP & USE HISTORY

STATEMENT OF OWNERSHIP

The subject site is owned by the State of Montana. The improvements on the site are owned by the lessee. According to the lessees (Neal Franson and Barb Roberts), the improvements have been in the same or related ownership for well over 10 years. We did not locate a transfer of the subject improvements via records of Flathead County in the 3 years prior to the report effective date.

USE/MARKETING HISTORIES

The Montana Department of Natural Resources and Conservation manages hundreds of residential cabin sites which are owned by the State of Montana. The subject lot is in this program. According to the available information, the subject lot has been used for recreational/residential purposes for many years prior to the report effective date. According to the Montana Department of Revenue, the home on the subject site was constructed in 1951. As per Mr. Neal Franson, the home was constructed in 1952.

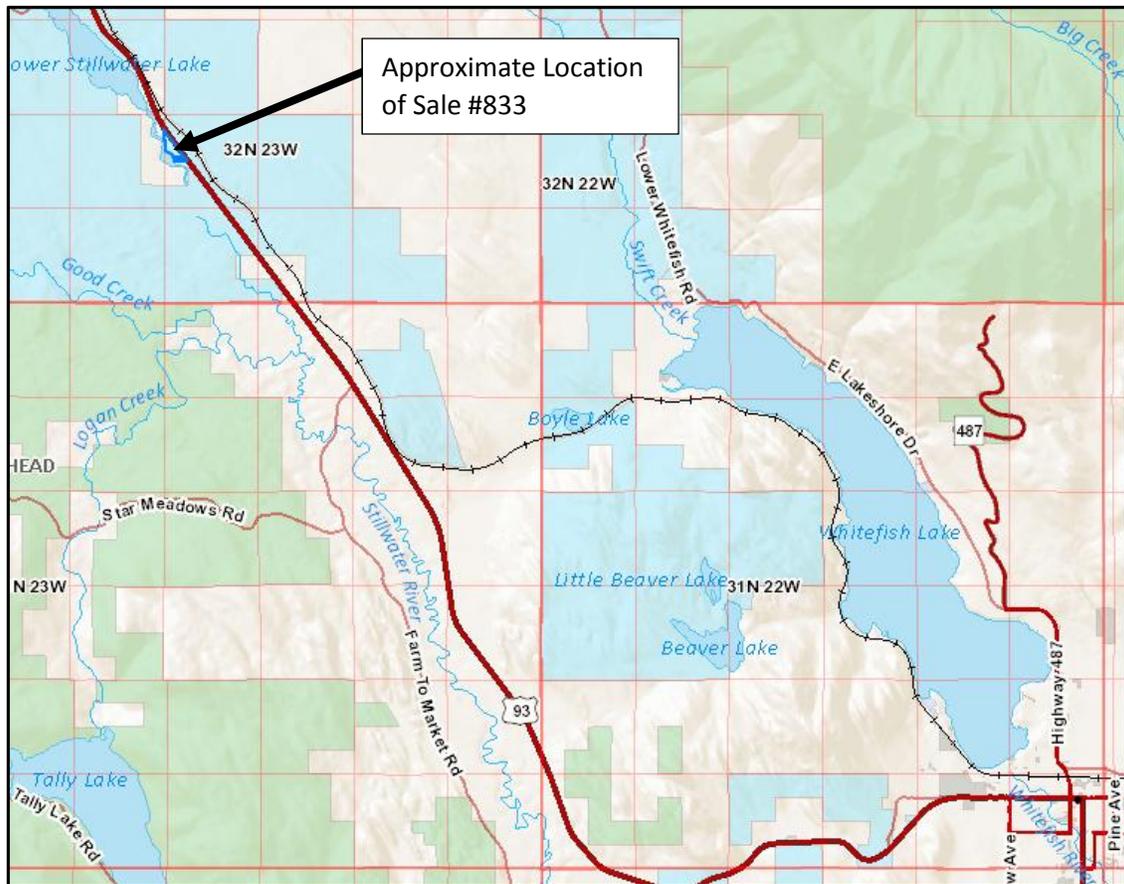
According to our research, the subject improvements have not been marketed via the area MLS during the 3 years prior to the report effective date.

PROPERTY DESCRIPTION

GENERAL DESCRIPTION

The subject property is in an unincorporated portion Flathead County, Montana. The subject property is identified as an Unsurveyed Lot in the SW1/4NW1/4 of Section 28, Township 32 North, Range 23 West, Flathead County, Montana. According the Montana Department of Natural Resources, the lot dimensions are 466 feet along US Highway 93 North, 402 feet along the north side lot line, 620 feet along the west side lot line which abuts the Stillwater River, and 333 along the south side lot line. The site size was reported to be 4.15 acres. There is not a recorded survey of the subject site and we were not provided with a survey depicting the subject property.

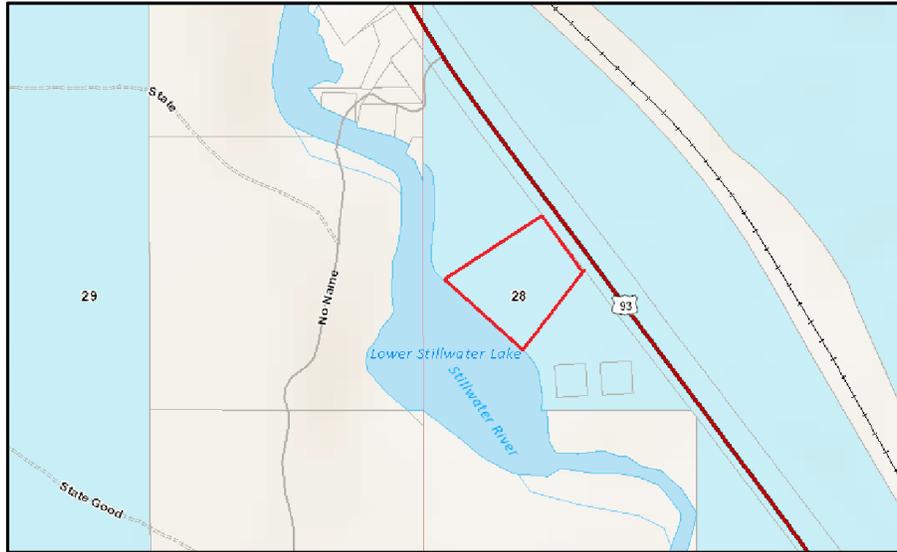
A zoomed out portion of the Montana Department of Revenue Cadastral Mapping street view mapping depicting the portion of Section 28 containing the subject property outlined in blue is below.



The subject property is accessed US Highway 93 North and is approximately 12 miles (as the crow flies) Northwest of the central business district of Whitefish.

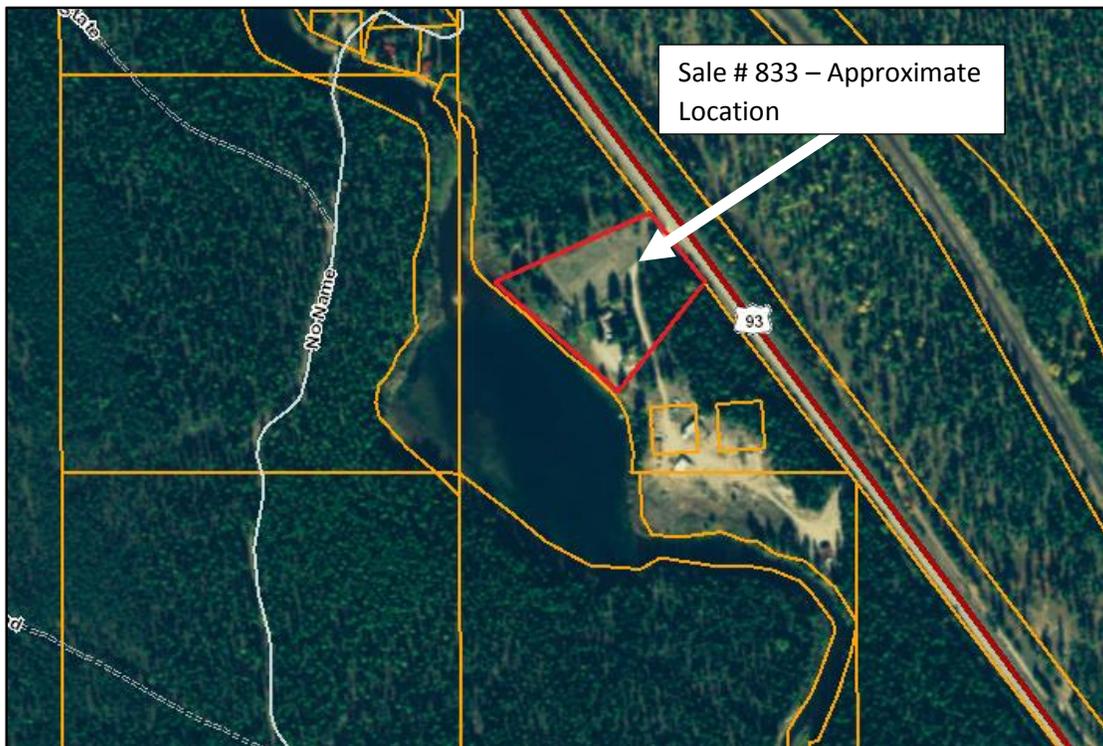
Additional exhibits depicting the subject property are included throughout this section of this report.

A zoomed in portion the Montana Department of Revenue Cadastral Mapping street view mapping depicting the section containing the subject property outlined in red (by the appraisers) is below.



The properties in shaded in light blue are owned by the State of Montana.

An aerial view from the Montana Department of Revenue Cadastral Mapping depicting the approximate location of the subject property is below;



ACCESS AND VIEWS

The subject property is accessed via from US Highway 93 North via an onsite gravel driveway. This driveway also provides access to the adjacent commercial property.

The subject site includes 620 feet of frontage along a relatively wide section of the Stillwater River. There are excellent river views from the subject site. The subject portion of the river is navigable and suitable for various types of small watercraft.

IMPROVEMENTS

The subject site is improved with an approximately 1,980 square foot wood framed residence constructed on a partial basement and partial concrete slab foundation. The original residence was built in 1951 or 1952. According to Mr. Franson (one of the lessees), the residence is the result of the original home and three additions. The residence includes wood exterior siding and has a metal roof covering. The interior floor plan consists of a living room, a dining room, a kitchen, a laundry room/office, three bedrooms, and two bathrooms. The interior floor covering includes wood, vinyl, carpet, and laminate. The wall coverings include wood paneling and painted drywall. The ceilings are painted drywall. The overall quality and condition of the residence are both considered to be good.

There is 1,536 square foot, wood framed, garage/shop building with a 576 square foot second floor area. This building includes 100 amp electrical service and a wood stove. There are lean-to type storage structures on either side of the garage/shop building. There is also a wood framed storage building and a greenhouse. According to Mr. Franson, site improvements include a well and septic system and landscaping which includes a fish pond. We were not able to locate a septic permit or a well log using applicable web searches.

EASEMENTS, RESTRICTIONS, AND ENCROACHMENTS

Easements may be depicted on recorded surveys; however, there is no recorded survey for this property. Since the subject property is not a recorded or legal site, there is no succinct method to conduct a search for easements relating to the property. Mr. Franson noted that the driveway which provides access to the subject from US Highway 93 and crosses the subject site is encumbered with an easement for access to the adjacent commercial site to the south. Mr. Franson reported that trucks and other types of heavy equipment regularly travel this driveway. Based upon our analysis, the easement along this driveway has some negative impact on the marketability of the subject site. If additional easements, restrictions, or encroachments other than those noted in this report are present on the subject property, the values concluded in this report may be affected.

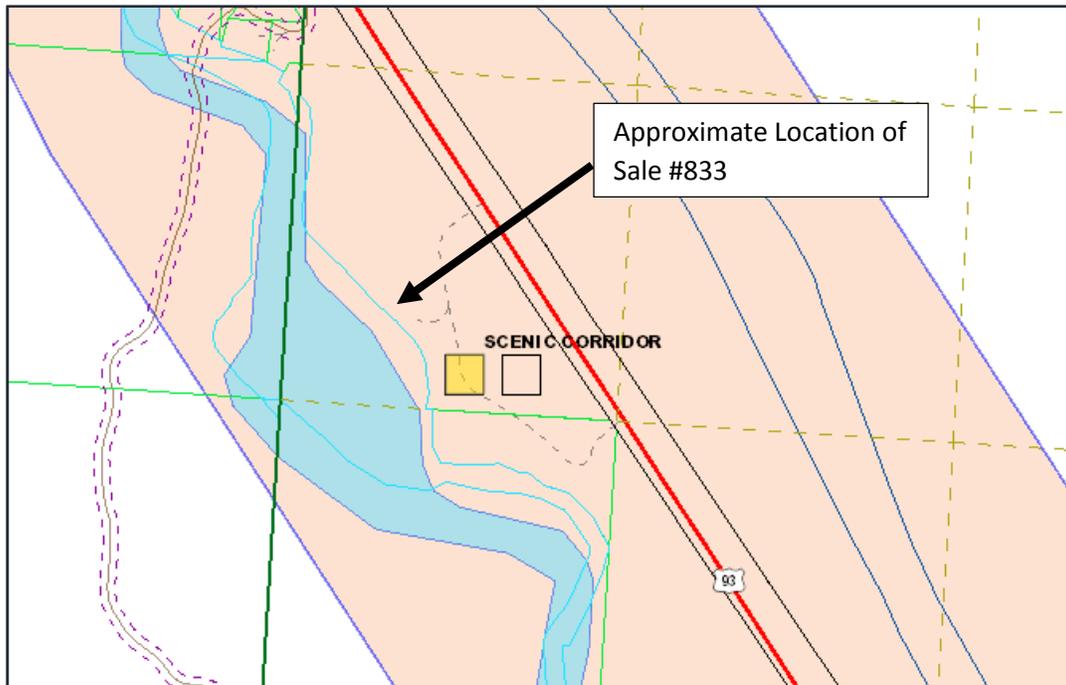
ZONING

The subject property is in the Scenic Corridor zoning district of Flathead County. This district is defined as;

“An overlay or standing district intended to protect the scenic vistas and provide greater traffic safety along the highway corridors by restricting the number, size and location of outdoor advertising signs and billboards. This district can function as a standing district or can be applied to zoned areas. If zoned, this district will only regulate off-premise advertising signs.”

No other land use restrictions apply in this district other than those relating to signs. Although there are no restrictions on land use in this zoning district, any development or subdivision must conform to applicable sanitary and environmental regulations.

The portion of the Flathead County GIS zoning map depicting the subject property is below;



ASSESSMENT/REAL PROPERTY TAXES

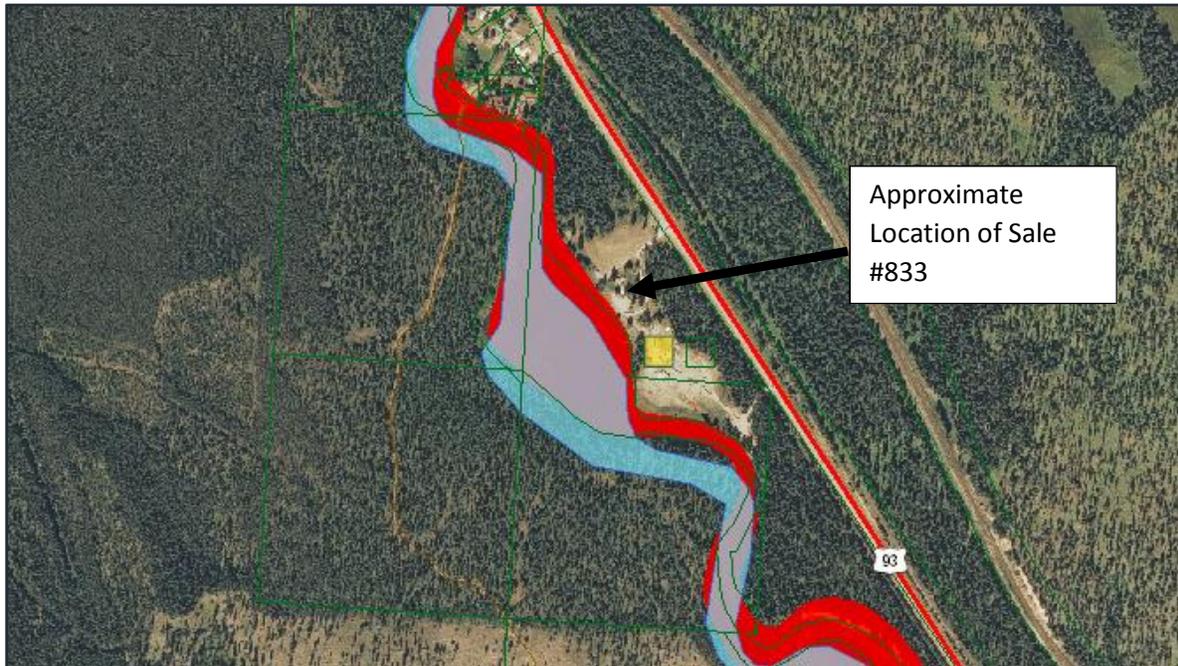
The subject lot was tax exempt as of the report effective date; however, the lot is valued by the Montana Department of Revenue to assist with determination of lease rates. The improvements on the subject site are taxable. The 2015 tax bill was \$1,149.30 and the taxable market value total for the subject improvements (as per the Montana Department of Revenue) was \$91,770 for 2015.

TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

Based upon our observation, the majority of the subject site is relatively level. It appears that the western property boundary is along the Stillwater River. There is a downward slope toward the river; however, it appears this slope begins after the property boundary. The subject lot includes native vegetation with cleared and landscaped areas around the home and outbuildings.

According to the Federal Emergency Management Agency (FEMA) Flood Zone Map (Map Panel #30029C0745G) and the Flathead County GIS flood mapping feature, the subject property appears to be located in an area designated as low to flood risk. It appears that the adjacent Stillwater River is in Flood Zone A which is an area of significant flood hazard. The appraisers are not experts regarding identification of flood zone areas and recommend an elevation certificate for final flood zone determination. **The values concluded in this report are based upon the assumption that our observation regarding the subject property and flood zone is correct.**

An exhibit derived from the Flathead County GIS Flood Mapping Tool is below;



We assume that drainage and storm water runoff is adequate and was properly designed and engineered for the subject site. We have not been provided with a soil study for the subject site. We assume the soils can accommodate the type of construction, which is typically seen in the subject area.

We have not been provided with environmental audit for the subject site and assume there are no toxic or hazardous materials, groundwater contamination or unstable soils that may be on or in the subject lots. Should any of these conditions be present, the values concluded in this report may be affected.

UTILITIES

There is electricity and telephone service at US Highway 93 North which borders the subject property. The subject site includes a well and septic system; however, we found no record of either improvement via applicable web searches.

PUBLIC SAFETY AND SERVICES

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

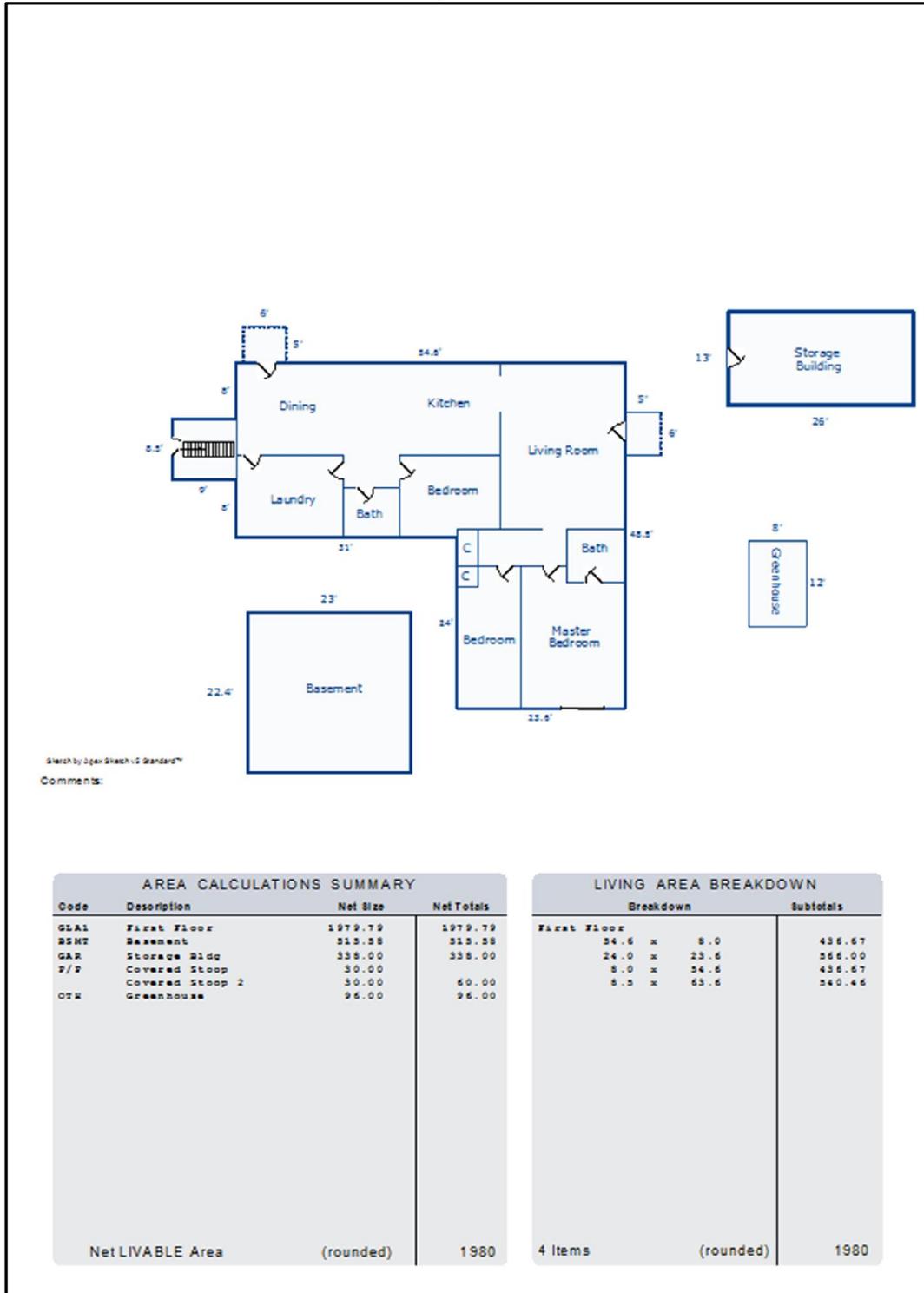
SITE SUITABILITY

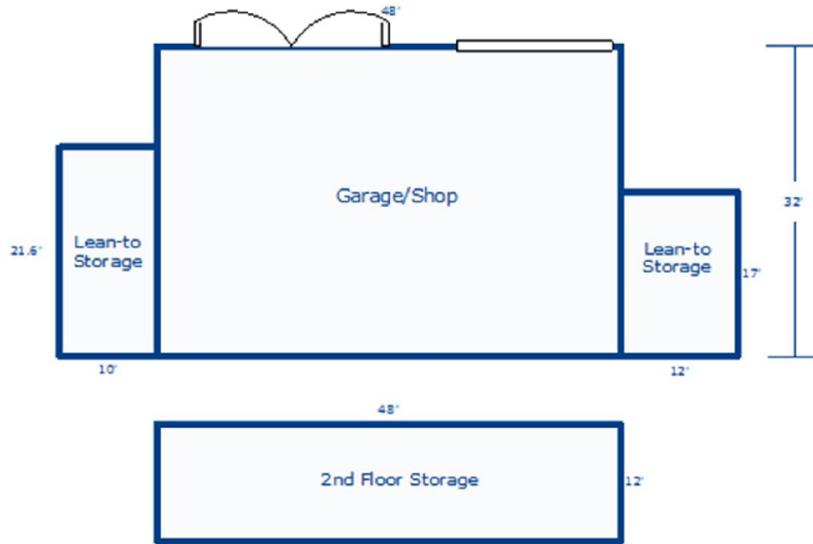
The subject lot is legally and physically suited for residential/recreational type improvements. The adjacent river is has a significant positive effect on the marketability of the subject property. Site suitability and subject marketability is addressed in greater detail in the subject market analysis portion of this report.

SUBJECT BUILDING SKETCHES & PHOTOGRAPHS

SALE 833 – BUILDING SKETCHES

(Page 1 of 2)





Sketch by Open Sketch & Standard™
 Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GAR	Garage/Shop	1536.00	
	Lean-to	216.00	
	Lean-to	204.00	
	Garage 2nd Floor	576.00	2532.00

AREA BREAKDOWN	
Breakdown	Subtotals

SALE 833 - PHOTOGRAPHS



North Side of House



East Side of House



East Side of House



West Side of House



House and Landscaping



House from Lot Interior

ADDITIONAL PHOTOGRAPHS



Dining Room



Dining Room



Living Room



Living Room



Kitchen



Master Bedroom

ADDITIONAL PHOTOGRAPHS



Master Bathroom



Bedroom



Bedroom



Bathroom



Laundry Room



Stairs to Basement

ADDITIONAL PHOTOGRAPHS



Basement



Garage/Shop Building



Garage/Shop Building



Side and Rear of Garage/Shop Building



Garage/Shop Interior



Garage/Shop 2nd Level Storage

ADDITIONAL PHOTOGRAPHS



Former Bunk House / Storage Building



Storage Building Interior



Greenhouse



Lot and View toward Stillwater River



Stillwater River View



Stillwater River View

ADDITIONAL PHOTOGRAPHS



View along River Bank Looking NW



Stillwater River



North Portion of Property Looking West



View North from South Portion of Property



View West from SE Portion of Property



Driveway to Property

ADDITIONAL PHOTOGRAPHS



Driveway and Property Improvements



Driveway Looking NE toward US Highway 93N



Driveway from US Highway 93N



Property Interior Looking Southwest



US Highway 93N Looking North



US Highway 93N Looking South

SUBJECT MARKET ANALYSIS

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

Subject Productivity Analysis

General Property Description

The subject site totals 4.15 acres, borders a relatively wide portion of the Stillwater River, and is located in the Olney community of Flathead County. The subject property includes residential improvements and is best described as a rural residential/recreational property.

Area Land Use Trends

The subject neighborhood consists of large tracts and rural/residential properties located along US Highway 93 North ranging in distances of approximately 5 to 20 miles northwest of Whitefish. The area includes land owned by the State of Montana and the United States of America. Most privately owned parcels along or near the highway range in size from 2.00 to 30.0 acres with some larger parcels or multiple parcels under the same ownership. Historically, the properties with frontage along the Stillwater River have sold for the highest prices.

Potential Users of Subject Property

The potential users of the subject lot would be market participants seeking to own residential and/or recreational property on the Stillwater River or a similar body of water with some proximity to a population center in Flathead County.

Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. We conducted searches of the area MLS for sales (vacant and improved) in the subject immediate and greater market areas.

Very limited sales were located in the immediate subject area. For this reason, we expanded our search to include all of Flathead County, Montana. We prepared searches for sales of vacant sites ranging in size from 1.00 to 5.00 acres in size in Flathead County along navigable water. We also prepared searches for sales of residential improved properties on sites ranging in size from 1.00 to 5.00 acres along navigable water in Flathead County.

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

Waterfront Home Site Sales & Listings					
1.00 to 5.00 Acres in Size					
Flathead County, Montana					
Year	# of Sales	Median Sales Price	Median List Price	Days on Market	Percentage of Sales Price to List Price
2013	13	\$272,000		256	81%
2014	15	\$307,000		360	88%
2015	9	\$280,000		261	86%
2016 - YTD	4	\$560,000		209	92%
Actives	47		\$365,000	327	

This data indicates that the median sales price per lot per year remained within a relatively tight between 2013 and 2015. The median price per lot in 2016 Year-to-Date is substantially higher than in prior years, however, there have been very sales so far in 2016. The median price for 2016 could be substantially different by the end of the year.

Waterfront Homes on Sites 1.0 to 5.0 Acres					
Flathead County, Montana					
Year	# of Sales	Median Sales Price	Median List Price	Days on Market	Percentage of Sales Price to List Price
2013	23	\$517,000		211	89%
2014	19	\$700,000		269	89%
2015	21	\$613,000		206	87%
2016 - YTD	13	\$580,000		382	85%
Actives	53		\$892,000	244	

The median sales price per home per year fluctuated between 2013 and 2015. The median home price in 2016 Year-to-Date is lower than the median price received in 2014 and 2015.

Competitive Supply

There were 47 active listings of vacant sites ranging in size from 1.00 to 5.00 acres along navigable water in Flathead County as of the report effective date. The median list price at \$365,000 is approximately 35% lower than the median price per lot received in 2016 Year-to-Date.

There were 53 active listings of homes on sites ranging in size from 1.0 to 5.0 acres along navigable water in Flathead County as of the report effective date. The median list price is approximately 54% higher than the median home price received in 2016 Year-to-Date.

Interaction of Supply and Demand

Based upon the average sales volume from 2013 through 2015, there is an approximately 4 year supply of vacant sites available for sale within the search parameters utilized. Supply far exceeds demand for typical vacant home sites on navigable water within the size parameters selected in Flathead County. Downward price pressure is likely for the active listings.

Based upon the average sales volume from 2013 through 2015, there is an approximately 2.5 year supply of homes on sites ranging from 1.0 to 5.0 acres on navigable water in Flathead County as of the report effective date. Supply exceeds annual demand for homes within the search parameters in Flathead County. This oversupply is also evidenced in the longer marketing times and lower percentage of sales price to list price noted in 2016 Year-to-Date. It appears that the opinions of sellers are not sync with the opinions of potential purchasers with regard to price.

It is important to note that homes on navigable water within the site size parameters utilized priced lower than the median have greater marketability. Such homes are more affordable for a larger number of market participants. The subject property fits into this category and is considered to have superior marketability compared to many of the active listings.

Subject Marketability Conclusion

The subject site as if vacant is considered to have relatively similar marketability to riverfront properties available for sale in Flathead County. The subject site may not appeal to market participants seeking lakefront properties.

The subject property is considered to have superior marketability compared to many other homes on navigable water and on similarly sized sites. This superior marketability is due to a market value less than the median list or sale price. More market participants can afford the subject property as improved.

Estimated Marketing and Exposure Times

The nine sales of waterfront home sites ranging in size from 1.0 to 5.0 acres that transferred in Flathead County via the area MLS in 2015 were marketed for 261 days and the four sales as of 2016 Year-to-Date were marketed for 209 days.

The 21 sales of waterfront home on sites ranging in size from 1.0 to 5.0 acres that transferred in Flathead County via the area MLS in 2015 were marketed for 206 days and the 13 home sales as of 2016 Year-to-Date were marketed for 382 days.

A **marketing time** between 6 to 10 months is appropriate for the subject property as vacant and as improved. If the subject property had sold as vacant or as improved on the effective date of this report, at the appraised value indicated in this report, a 6 to 10 month **exposure time** would have been reasonable.

HIGHEST AND BEST USE

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

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

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

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

Legally Permissible:

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

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

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

Maximally Productive:

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

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

AS IF VACANT

Legally Permissible

The subject site is in an area with no significant zoning. There are many legally permissible uses.

Physically Possible

There is electricity and telephone available at the subject property. There is sufficient space on the subject site for a single family residence and related outbuildings.

Financially Feasible

There is limited public land available for potential transfer in the immediate subject area. Market participants pay higher prices for waterfront properties compared to similar but non-waterfront properties. Use of the subject lot for construction of a single family residence for residential and recreational purposes is financially feasible.

Maximally Productive

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

AS IMPROVED

The subject property is improved with a single family residence and related outbuildings. There is market acceptance of similar residences on similar sized sites along navigable water in Flathead County. Alteration of the subject residence for any use other than as a single family home would require large capital expenditures. Continued use as a single family residence for residential and/or recreational purposes is the highest and best use as improved.

THE APPRAISAL PROCESS

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

APPROACHES IN THE VALUATION OF REAL PROPERTY

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

Cost Approach

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

Sales Comparison Approach

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

Income Capitalization Approach

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

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

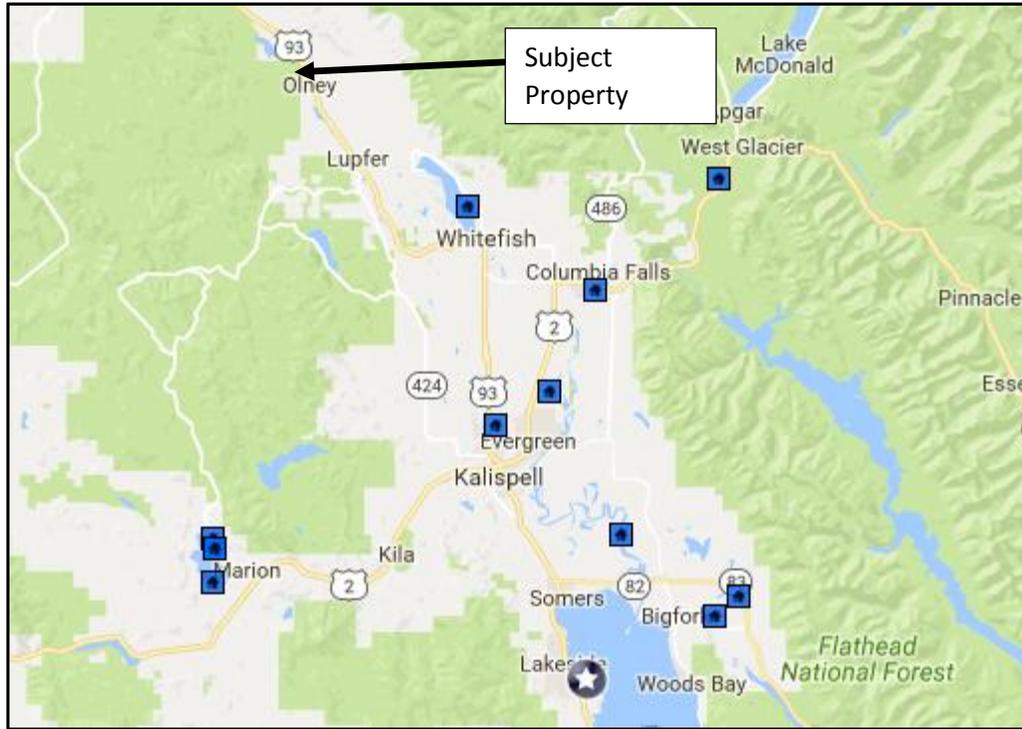
The Sales Comparison Approach is developed to determine the value of the subject site as if vacant. This is typically the most reliable approach for determining values of vacant sites.

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

Comparable lot sales and home sales are presented in the following two sections of this report. After presentation of the comparables, the subject site and improvements are valued.

COMPARABLE SITE SALES

As noted in the Subject Market Analysis, there were a total of 13 site sales in the search parameters noted (1.0 to 5.0 acres in size and on navigable water) from 2015 to 2016 Year-to-Date in Flathead County. These sales are mapped below;



The sales on the map above range in price from \$114,000 (a lot on a spring creek in Evergreen) to \$1,750,000 (a lot on Flathead Lake). As noted on the map above, there have been no recent sales of lots ranging in size from 1.0 to 5.0 acres in the immediate subject area. Additionally, many of these sales have lake frontage rather than river frontage. Lakefront sites typically sell for substantially higher prices than riverfront sites. For these reasons, it was necessary to expand the search for comparable sales further back in time, outside of Olney, and to larger sized sites.

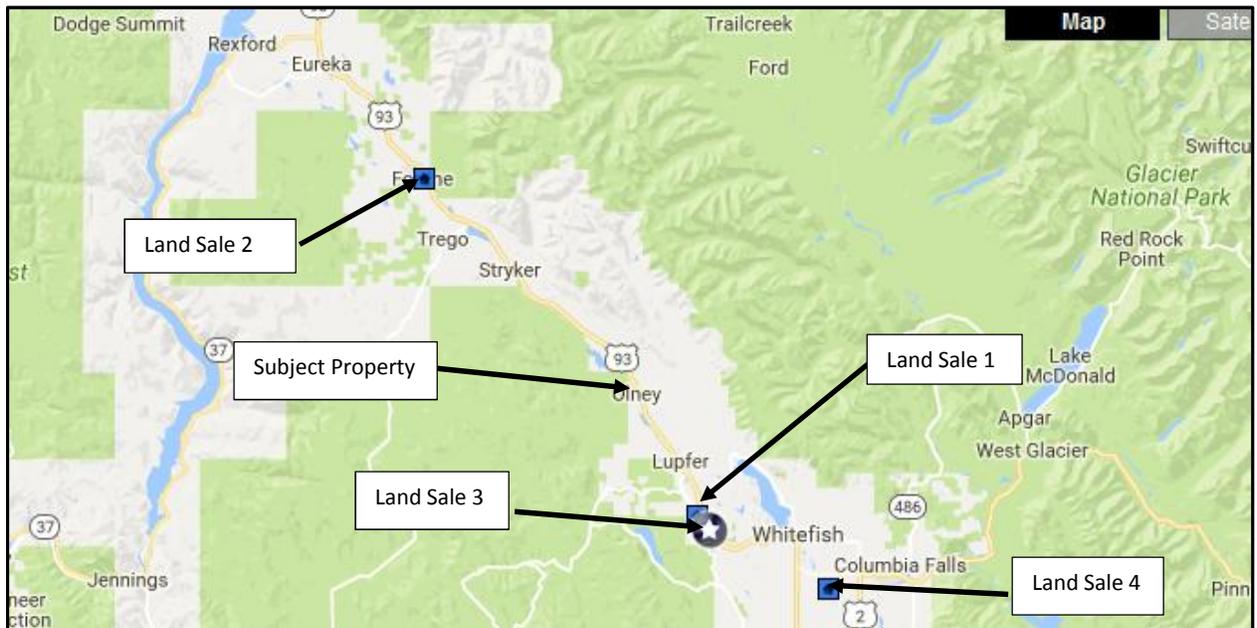
We located 1 sale of a similar sized (4.60 acres) property on the Stillwater River that closed in 2014 and 1 sale of a similar sized (4.59 acres) property on the Whitefish River that closed in 2014. We located 1 sale of a larger sized (10.0 acres) property on the Stillwater River that closed in 2016. We also located 1 sale of a larger sized (6.51 acres) property on Fortine and Deep Creek located in nearby Lincoln County that closed in 2016. **These sales were the best and most appropriate comparables located for determination of the market value for the subject site as if vacant.**

The recognized unit of comparison for riverfront sites is price per lot. The comparables utilized for determination of the value of the subject site as if vacant are described on the following page.

Sale #	Address	City	Water Frontage	Acres	Sale Date	Sales Price
1	1149 Eagle View Ranch Rd	Whitefish	Stillwater River	4.60	2014	\$152,000
2	Lot 1, Deep Creek Views	Fortine	Deep Creek & Fortine Creek	6.51	2016	\$90,000
3	173 Buckskin Run	Whitefish	Stillwater River	10.00	2016	\$200,000
4	46 Irish Bend Ln	Columbia Falls	Whitefish River	4.59	2014	\$167,000

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

Map of Comparable Lot Sales



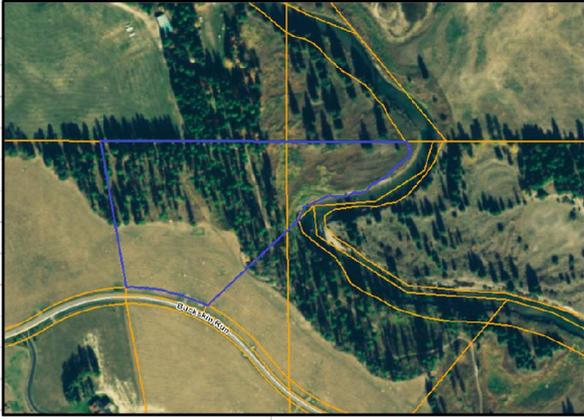
LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location		1149 Eagle View Ranch Road
	City/State		Whitefish, MT
	County		Flathead
	Assessor Number		0504384
	Zoning		Unzoned
	Site Size: Acres		4.600
	Square Feet		200,376
	Date of Sale		March 10, 2014
	Sales Price		\$152,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$152,000
	MLS #		305908
ANALYSIS OF SALE			
Price per Acre	\$33,043	Price per Square Foot	\$0.76
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Whitefish Credit Union	Grantee	Glenn DeHekker
Type of Instrument	Warranty Deed	Document #	201400004247
Financing/Conditions	Cash	Marketing Time	1032 Days on Market
Legal Description	Lot 3 of Eagle View Ranch	Verified By	Ross Pickert, Listing Agent
Section/Township/Range	S25/T31N/R23W	Intended Use/Comments	Purchased for Residential Use
PROPERTY DETAILS			
Access	US Highway 93 N to Eagle View Ranch Rd.	View	River, Meadow, Mountains
Topography	Level, Sloping toward River	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30029C1065J, only the portion of the property directly adjacent to the river is located in a flood plain.	Improvements	None
Water	Stillwater River	Value of Improvements	\$0
Water Frontage	Approximately 278'	Miscellaneous	
Utilities	Electricity & Telephone to Lot		
			Report File # 16-032ec

LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location		Lot 1 Deep Creek Views
	City/State		Fortine, MT
	County		Lincoln
	Assessor Number		0014256
	Zoning		Unzoned
	Site Size: Acres		6.510
	Square Feet		283,576
	Date of Sale		June 9, 2016
	Sales Price		\$90,000
	Less Cost of Improvements*		\$0
Sales Price Adjusted		\$90,000	
MLS #		302581	
ANALYSIS OF SALE			
Price per Acre	\$13,825	Price per Square Foot	\$0.32
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	WWW Venture Group, LLP	Grantee	Konstantina Speropulos
Type of Instrument	Warranty Deed	Document #	263512
		Marketing Time	2020 Days on Market
Financing/Conditions	Owner Financing/Market	Verified By	Gary Mason, Listing Agent
Legal Description	Lot 1 of Deep Creek Views	Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S25/T35N/R26W		
PROPERTY DETAILS			
Access	US Highway 93 N	View	River, Trees, Meadow, Mountains
Topography	Level, Sloping toward River	Lot Dimensions	Various
Flood Plain	According to Flood Map # 3001570425B, only the portion of the property directly adjacent to the creek is located in a flood plain.	Improvements	None
Water	Deep Creek & Fortine Creek	Value of Improvements	\$0
Water Frontage	Approximately 1,885'		
Utilities	Electricity and Telephone at US Highway 93	Miscellaneous	
			Report File # 16-032ec

LAND SALE 3

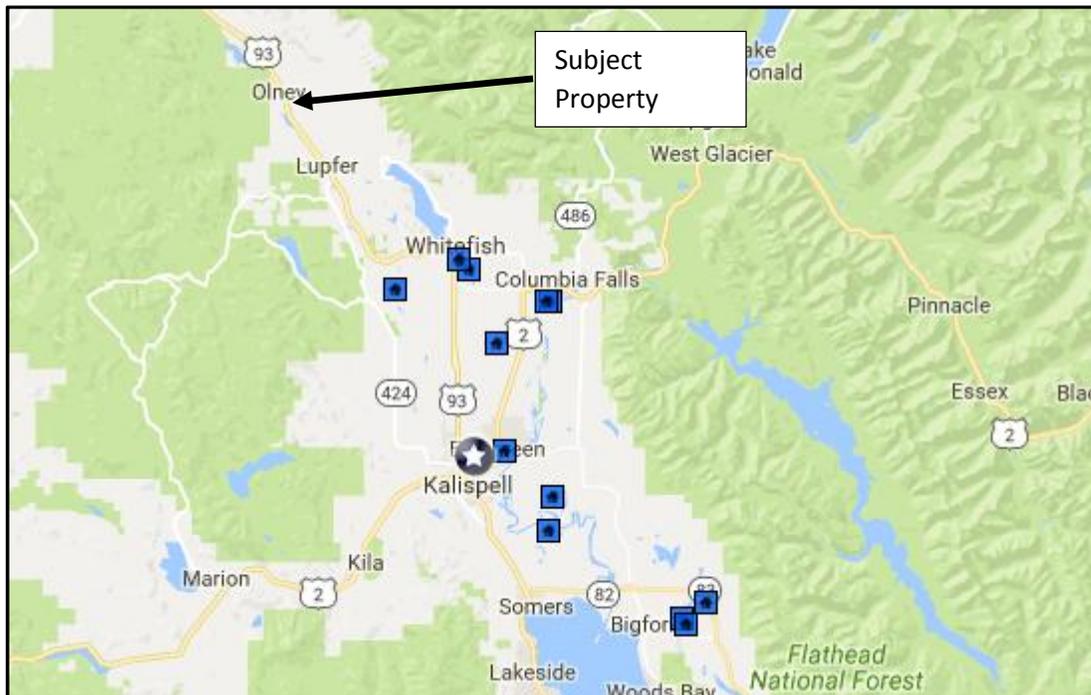
COMPARABLE SALE INFORMATION			
	Location		173 Buckskin Run, Lot 2
	City/State		Whitefish, MT
	County		Flathead
	Assessor Number		0568750
	Zoning		Flathead County SAG-10
	Site Size: Acres		10.001
	Square Feet		435,644
	Date of Sale		February 11, 2016
	Sales Price		\$200,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$200,000
	MLS #		313636
ANALYSIS OF SALE			
Price per Acre	\$19,998	Price per Square Foot	\$0.46
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	DKRW, LLC	Grantee	Tobi Perkins & Kathleen McCune
Type of Instrument	Warranty Deed	Document #	201600002820
Financing/Conditions	Conventional/Market	Marketing Time	1333 Days on Market
Legal Description	Lot 2 of Stillwater at Whitefish	Verified By	Edward Meek, Listing Agent
		Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S26/T31N/R23W		
PROPERTY DETAILS			
Access	Paved Private Road	View	River, Trees, Meadow, Mountains
Topography	Level with slope toward River	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30029C1065J, the low lying portion of the property along the river is located in a flood plain.	Improvements	None
Water	Stillwater River	Value of Improvements	\$0
Water Frontage	Approximately 425'		
Utilities	Electricity and Telephone at Buckskin Run	Miscellaneous	
			Report File # 16-032ec

LAND SALE 4

COMPARABLE SALE INFORMATION			
	Location	46 Irish Bend Lane	
	City/State	Columbia Falls, MT	
	County	Flathead	
	Assessor Number	0500553	
	Zoning	Unzoned	
	Site Size: Acres	4.590	
	Square Feet	199,940	
	Date of Sale	January 17, 2014	
	Sales Price	\$167,000	
	Less Cost of Improvements*	\$0	
Sales Price Adjusted	\$167,000		
MLS #	321256		
ANALYSIS OF SALE			
Price per Acre	\$36,383	Price per Square Foot	\$0.84
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Andre R. Vanterpool & Amy R. Vanterpool	Grantee	Glenn DeHekker
Type of Instrument	Warranty Deed	Document #	201400001104
		Marketing Time	193 Days on Market
Financing/Conditions	Cash/Market	Verified By	Larry Wakefield, Listing Agent
Legal Description	Lot 2 of Irish Bend Subdivision	Intended Use/Comments	Purchased for Residential Use
Section/Township/Range	S21/T30N/R21W		
PROPERTY DETAILS			
Access	Paved Private Road	View	River, Trees, Meadow, Mountains
Topography	Level with gradual slope toward River	Lot Dimensions	Various
Flood Plain	According to Flood Map # 30029C1410J, the low lying portion of the property along the river is located in a flood plain.	Improvements	None
Water	Whitefish River	Value of Improvements	\$0
Water Frontage	Approximately 482'		
Utilities	Electricity and Telephone at Irish Bend Lane	Miscellaneous	
			Report File # 16-032ec

COMPARABLE HOME SALES

As noted in the Subject Market Analysis, there were a total of 34 home sales on navigable water with sites ranging from 1.0 to 5.0 acres in size in 2015 and 2016 Year-to-Date. We sorted these sales and removed those along lakes. There were 13 homes on navigable rivers or sloughs with sites ranging in size from 1.0 to 5.0 acres in 2015 and 2016 Year-to-Date. These sales are mapped below;



The sales on the map above range in price from \$225,000 to \$950,000 with a median price of \$425,000.

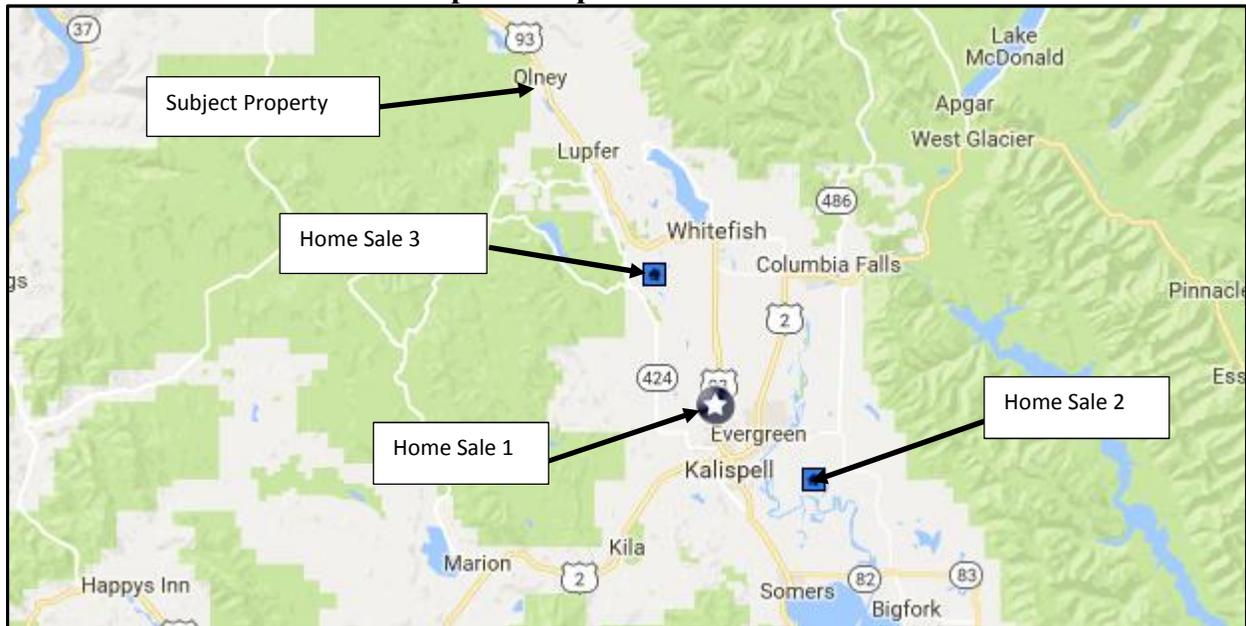
We examined these sales for similarities in home quality, age, and property location compared to the subject property. Two comparable sales were located for the subject property as improved from this sale set. Since only two comparable sales were located, we expanded the search for comparable sales further to larger sized sites. We located 1 sale of a similar home that closed in 2015 on the Stillwater River and on a site totaling 8.54 acres.

These sales were the best and most appropriate comparables located for determination of market value for the subject site as if vacant. The comparables utilized for determination of the value of the subject improvements are described on the following page.

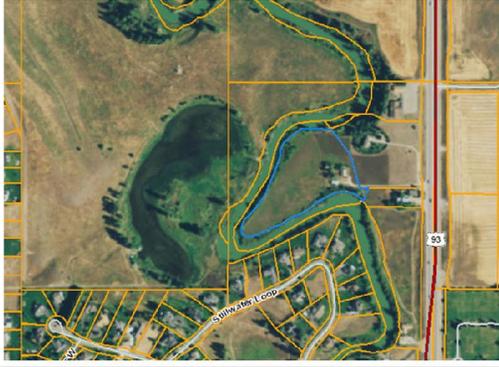
Comparable Home Sales							
Sale #	Address	City	Water Frontage	Sale Date	Sales Price	Less Site Value	Sale Price of Improvements
1	2768 US Hwy 93 N	Kalispell	Stillwater River	2015	\$295,000	\$105,000	\$190,000
2	1177 Montford Rd	Kalispell	Eagan Slough	2015	\$300,000	\$100,000	\$200,000
3	626 Webster Ln	Whitefish	Stillwater River	2015	\$375,000	\$150,000	\$225,000

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

Map of Comparable Home Sales



HOME SALE 1

COMPARABLE SALE INFORMATION			
	Location		2768 Hwy 93 N.
	City/State		Kalispell, MT
	County		Flathead
	Assessor Number		0001006
	Zoning		Flathead County SAG-5
	Site Size: Acres		8.540
	Square Feet		372,002
	Date of Sale		July 8, 2015
	Sales Price		\$295,000
	Adjustment to Sales Price		\$0
	Adjusted Sales Price		\$295,000
	MLS #		326012
TRANSFER INFORMATION			
Grantor	Richard A. Whittet & Ida M. Whittet	Grantee	Henry A. Schnackenberg
Recording Data	Warranty Deed #201500013752	Marketing Time	449 Days on Market
Financing/Conditions	Cash / Market	Verified By	Tony Croteau, Listing Agent
Legal Description	Lot 2 of the Amended Plat of Lots 1 & 2 of Whittet Subdivision	Intended Use	Residential
Section/Township/Range	S25/T29N/R22W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	Stillwater River	Sales Price	\$295,000
Front Footage	Approximately 1,982	Estimated Site Value	\$105,000
Access	US Highway 93 N.	Sales Price of Improvements	\$190,000
House Square Feet	1,232	Improvement Price/SF	\$154
Bedroom/Bathrooms	2BR/1BA		
Year Built or Renovated	1970		
Construction	Log		
Quality	Average		
Condition	Average		
Water/Sewer	Well/Septic		
Utilities	Electricity, Telephone, Propane		
Topography	Level with Gradual Slope to River		
Outbuildings	Metal Shop Building, Barn		
Miscellaneous	House had a 1,232 SF Unfinished Basement.		
		Report File # 16-032ec	

HOME SALE 2

COMPARABLE SALE INFORMATION			
	Location		1177 Montford Rd.
	City/State		Kalispell, MT
	County		Flathead
	Assessor Number		0759376
	Zoning		Unzoned Portion of Flathead County
	Site Size: Acres		3.971
	Square Feet		172,977
	Date of Sale		July 15, 2015
	Sales Price		\$300,000
	Adjustment to Sales Price		\$0
	Adjusted Sales Price		\$300,000
	MLS #		333173
TRANSFER INFORMATION			
Grantor	Janice W. Sanders	Grantee	Thomas Welch
Recording Data	Warranty Deed #201500014423	Marketing Time	98 Days on Market
Financing/Conditions	Conventional / Market	Verified By	Susan Kratt, Listing Agent
Legal Description	Certificate of Survey #2441	Intended Use	Residential
Section/Township/Range	S19/T28N/R20W		
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Body of Water	Eagan Slough	Sales Price	\$300,000
Front Footage	Approximately 368'	Estimated Site Value	\$100,000
Access	Montford Road *Gravel	Sales Price of Improvements	\$200,000
House Square Feet	2,554	Improvement Price/SF	\$78
Bedroom/Bathrooms	2BR/2BA		
Year Built or Renovated	1978		
Construction	Wood Frame		
Quality	Average		
Condition	Average		
Water/Sewer	Well/Septic		
Utilities	Electricity, Telephone, Gas		
Topography	Level with Gradual Slope to Slough		
Outbuildings	Shop, Garden Shed		
Miscellaneous	House is 2,362 SF on Main Level and 192 SF in an upper loft		
		Report File # 16-032ec	

PROPERTY VALUATION

SITE VALUE ESTIMATE

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

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE					
UNSURVEYED LOT - SW1/4NW1/4 SECTION 28, T32N, R23W, FLATHEAD COUNTY, MONTANA					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
IDENTIFICATION		149 Eagle View Ranch Rd	Lot 1, Deep Creek Views	173 Buckskin Run	46 Irish Bend
CITY		Whitefish, M T	Fortine, M T	Whitefish, M T	Columbia Falls, M T
SALES PRICE		\$152,000	\$90,000	\$200,000	\$167,000
ADJUSTMENT FOR LIST PRICE		\$0	\$0	\$0	\$0
ADJUSTMENT FOR IMPROVEMENTS		\$0	\$0	\$0	\$0
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES					
DEMOLITION		\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0
ADJUSTED PRICE		\$152,000	\$90,000	\$200,000	\$167,000
DATE OF SALE		03/10/14	06/09/16	02/11/16	01/17/14
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$152,000	\$90,000	\$200,000	\$167,000
SITE SIZE/ACRES	4.150	4.600	6.510	10.000	4.590
ADJUSTMENT FOR:					
LOCATION	Whitefish	Whitefish	Fortine	Whitefish	Columbia Falls
		0%	0%	0%	0%
RIVER FRONTAGE	Stillwater	Stillwater	Creeks	Stillwater	Whitefish
		0%	70%	0%	0%
SHAPE	Irregular	Irregular	Irregular	Rectangular	Irregular
		0%	0%	0%	0%
TOPOGRAPHY	Some Slope	Some Slope	Some Slope	Some Slope	Some Slope
		0%	0%	0%	0%
FRONTAGE/ACCESS	Public Road	Public Road	Public Road	Private Road	Private Road
		0%	0%	0%	0%
ZONING	SC, Scenic Corridor	None	None	SAG-10	None
		0%	0%	0%	0%
EASEMENTS AFFECTING USE	Yes	No	No	No	No
		-5%	-5%	-5%	-5%
ELECTRICITY/TELEPHONE	Available	Available	Available	Available	Available
		0%	0%	0%	0%
SITE SIZE/ACRES	4.150	4.600	6.510	10.000	4.590
		0%	0%	-25%	0%
TOTAL PERCENTAGE ADJUSTMENT		-5%	65%	-30%	-5%
TOTAL ADJUSTMENT		-\$7,600	\$58,500	-\$60,000	-\$8,350
ADJUSTED PRICE PER SF		\$144,400	\$148,500	\$140,000	\$158,650

Discussion of Adjustments

Adjustments for Improvements: None of the comparables included improvements that required adjustment.

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

Financing: All sales were cash or cash equivalent; therefore, no adjustments were necessary in this category.

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

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

Market Conditions: The comparable sales closed in 2014 or 2016. There are typically few similar lot sales with river frontage per year. There is no market data suggesting that market conditions for sites like the subject changed appreciably since 2014.

Location: The subject and all 4 comparables are in relatively rural areas of Flathead or Lincoln County with similar proximity to population centers. No adjustment was necessary in this category.

River Frontage: The subject and Sales 1, 3, and 4 all have frontage along area rivers and are considered to have similar marketability in this category. Sale 2 has frontage along two creeks. When this sale is paired with Sale 1 an upward adjustment for lack of river frontage of 70% is supported in this category for Sale 2. This is a large adjustment. For this reason, less weight is placed on this sale in the Reconciliation.

Shape: The subject and comparables all have shapes suitable for development. No adjustment was necessary in this category.

Topography: The subject and comparables were all considered similar in this category. No adjustments were necessary.

Frontage/Access: The subject lot and all of the comparables have sufficient vehicular access. The subject and Land Sale 4 include frontage along US Highway 93. Highway frontage is not typically considered desirable for residential properties. It is important to note that overall Land Sale 4 is considered inferior to the subject in this category as it includes a significantly greater amount of highway frontage than the subject. There is not sufficient market data to determine whether or not an adjustment is necessary for any of the comparables due to highway frontage. For these reasons, no adjustment was made to any of the sales in this category.

Zoning: The subject and Land Sales 1, 2, and 4 are in areas with no or very few limitations due to zoning. Land Sale 3 is in an agricultural zoning district; however, the highest and best use is similar to the subject. For these reasons, no adjustments were necessary in this category.

Easements Affecting Value: The subject includes a driveway which accesses an adjacent property. This easement is considered to impact the usable area of the subject property. The comparables do not include any easements. There is little market data on which to base an adjustment in this category; however, based upon anecdotal information, limitations on usable area typically impact value in a negative manner. We have made downward adjustments of 5% to the comparables in this category. This adjustment is subjective but considered reasonable, appropriate, and indicative of the actions of market participants.

Electricity/Telephone: The subject property and all of the comparables have similar access to all necessary utilities. No adjustment was necessary in this category.

Size/Acres: Sales 1, 2, and 4 are similar in size to the subject and no adjustments were considered necessary. Sale 3 is significantly larger than the subject. Land Sales 1 and 3 are considered similar in most categories other than size. Based upon pairing this sale with Land Sale 1, a downward adjustment of 25% is supported in this category. For this reason, a downward adjustment was made to Land Sale 3 in this category.

Reconciliation of Sales Comparison Approach for Subject Site

The comparables provide adjusted indications of value for the subject site of \$144,400, \$148,500, \$140,000, and \$158,650. No weight is accorded the indication from Land Sale 2 as this sale required significant adjustment. Approximately equal weight is accorded the indications from Land Sales 1, 3, and 4. A value of \$150,000 is well supported by this analysis. Consequently;

Subject Site Value as if Vacant	\$150,000
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IMPROVEMENT VALUE ESTIMATE

A sales comparison analysis for the subject property utilizing the comparables selected is below;

SALES COMPARISON ANALYSIS FOR UNSURVEYED LOT - SW1/4NW1/4 SECTION 28, T32N, R23W, FLATHEAD COUNTY, MONTANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		2768 US HWY 93 N	177 Montford Rd	628 Webster Ln
LOCATION		Kalispell, M T	Kalispell, M T	Whitefish, M T
SALES PRICE		\$295,000	\$300,000	\$375,000
SALE CONCESSIONS				
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0
FINANCING	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES				
DEMOLITION		\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0
OTHER		\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0
DATE OF SALE		07/08/15	07/15/15	03/18/15
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$295,000	\$300,000	\$375,000
LESS SITE VALUE		(\$105,000)	(\$100,000)	(\$150,000)
ADJUSTED IMPROVEMENT PRICE		\$190,000	\$200,000	\$225,000
ADJUSTMENT FOR:				
LOCATION/SITE	Olney	Kalispell	Kalispell	Whitefish
		\$0	\$0	\$0
QUALITY	Good	Average	Average	Good
		\$19,000	\$20,000	\$0
CONDITION	Good	Average	Average	Good
		\$19,000	\$20,000	\$0
AGE/YEARS	64	45	38	31
		-\$18,050	-\$26,000	-\$37,125
BATHROOMS	2	1	2	2
		\$5,000	\$0	\$0
HOUSE SIZE/SF	1,975	1,232	2,554	1,200
		\$52,010	-\$40,530	\$54,250
FINISHED BASEMENT/SF	0	0	0	0
		\$0	\$0	\$0
OUTBUILDINGS	Garage-Shop/Storage	Similar	Similar	Inferior
		\$0	\$0	\$10,000
TOTAL ADJUSTMENT		\$76,960	-\$26,530	\$27,125
NET ADJUSTMENT PERCENTAGE		41%	-13%	12%
ADJUSTED PRICE INDICATION		\$266,960	\$173,470	\$252,125

Discussion of Adjustments

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

Market Conditions: The comparable sales closed in 2015. The available data indicates that market conditions for waterfront homes have not changed appreciably since 2015. For this reason, no adjustment is necessary in this category.

Location: The contributory site values for the sales were removed. This results in the comparison of the subject improvements to the improvements associated with each sale.

Quality: The subject was rated as good in overall quality. The comparables are rated as average or good in overall quality. Upward adjustments of 10% were made to the comparables rated as average in this category. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Condition: The subject was rated as good in this category. The comparables are rated as average of good in condition. Upward adjustments of 10% were made to the comparables rated as average in this category. This adjustment percentage is subjective but is considered reasonable and indicative of the actions of market participants.

Age: Adjustments were considered necessary for differences in age between the subject and the comparables. The comparables were adjusted by 0.5% per year of age difference between the subject residences. This adjustment is reasonable based upon our analysis of annual physical depreciation typically found in single family residences.

Bathrooms: The subject residence and Sales 2 and 3 include 2 bathrooms. These sales required no adjustment in this category. Sale 1 included 1 bathroom and an upward adjustment of \$5,000 was made in this category. There was little specific market data on which to base an adjustment in this category; however, the adjustment utilized is considered reasonable and indicative of the actions of market participants.

House Size: Based upon the indications of sales prices per residence square footage for each sale, an adjustment for size differences between the comparables and the subject of \$70 per square foot is considered reasonable and appropriate.

Outbuildings: Adjustments were made for any differences between our opinions of the contributory values of the outbuildings for the comparables compared to the subject property.

Reconciliation of Sales Comparison Approach for Subject Improvements

The comparables provided adjusted indications of market value for the subject improvements of \$266,960, \$173,470, and \$252,125. Approximately equal weight is accorded the indications from all three comparables. Considered together, the comparables provide a reasonable estimate of market value for the subject residence. A value of \$230,000 is reasonable and well supported for the subject improvements.

Total Value Conclusion

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

Subject Site Value	\$150,000
Subject Improvements Value	<u>\$230,000</u>
Total Value Indication	\$380,000

RECAPITULATION OF VALUE INDICATIONS

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

Sale #	Site Value	Value of Improvements	Total Value	Effective Date of Market Values
833	\$150,000	\$230,000	\$380,000	7/7/2016

QUALIFICATIONS OF THE APPRAISERS

ELLIOTT (ELLIE) M. CLARK, MAI

PROFESSIONAL DESIGNATIONS

MAI Designated Member of the Appraisal Institute (2004)

FORMAL EDUCATION

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

REAL ESTATE EDUCATION

Appraisal Institute

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

Institute of Financial Education

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

IAAO

1991 - Standards of Practice and Professional Ethics

Citadel Evening College

1993 - Residential Appraisal Reports Using URAR Form

William H. Sharp & Associates

1995 - The Home Inspection

Trident Technical College

1997 - Uniform Standards of Appraisal

Historic Preservation Consulting

1998 - Appraising Historic Property

The Beckman Company

2004 - The Technical Inspection of Real Estate

WORK EXPERIENCE

2003 - Present Clark Real Estate Appraisal – Owner/Commercial Real Estate Appraiser
1995 - 2003 Sass, Herrin & Associates, Inc. – Commercial Real Estate Appraiser
1990 - 1995 Charleston County Assessor’s Office – Sr. Staff Real Estate Appraiser
1986 - 1989 First Sun Capital Corporation - Mortgage Loan Officer
1985 - 1986 First National Bank of Atlanta - Mortgage Loan Processor
1984 - 1985 South Carolina Federal Savings Bank - Mortgage Loan Processor

STATE LICENSES/CERTIFICATIONS

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

APPRAISAL SEMINARS ATTENDED

2000 – JT&T Seminars: Financial Calculator HP-12C
2000 – Appraisal Institute: Highest and Best Use Applications
2004 – Appraisal Institute: Evaluating Commercial Construction
2005 – Appraisal Institute: Scope of Work: Expanding Your Range of Services
2006 – Appraisal Institute: Subdivision Valuation
2006 – Appraisal Institute: Appraising from Blueprints and Specifications
2006 – Appraisal Institute: Uniform Appraisal Standards for Federal Land Acquisitions
2007 – Appraisal Institute: Analyzing Commercial Lease Clauses
2007 – Appraisal Institute: Condominiums, Co-ops, and PUDs
2008 – Appraisal Institute: Spotlight on USPAP
2008 – Appraisal Institute: Quality Assurance in Residential Appraisals: Risky Appraisals = Risky Loans
2008 – Appraisal Institute: Office Building Valuation: A Contemporary Perspective
2009 – Appraisal Institute: Appraisal Curriculum Overview (2-Day General)
2010 – Appraisal Institute: Hotel Appraising – New Techniques for Today’s Uncertain Times
2010 – Appraisal Institute: The Discounted Cash Flow Model: Concepts, Issues & Applications
2011 – Appraisal Institute: Understanding & Using Investor Surveys Effectively
2011 – Appraisal Institute: Advanced Spreadsheet Modeling for Valuation Applications
2012 – Appraisal Institute: Appraising the Appraisal: Appraisal Review-General
2013 – Appraisal Institute: Business Practices and Ethics

PARTIAL LIST OF CLIENTS

Rocky Mountain Bank
State of Montana Department of Natural Resources
United States Government Services Administration

CHRISTOPHER D. CLARK

FORMAL EDUCATION

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

REAL ESTATE EDUCATION

Appraisal Institute

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

WORK EXPERIENCE

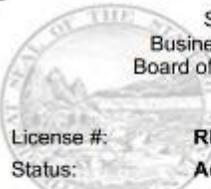
2005 - Present Clark Real Estate Appraisal, Inc. – Real Estate Appraiser
2003 - 2005 IKON Office Solutions – Technology Marketing
2002 - 2003 Relational Technology Services – Technology Marketing
1998 - 2003 IKON Office Solutions – Technology Marketing
1988 – 1998 CMS Automation (Formerly Entré Computer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

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES

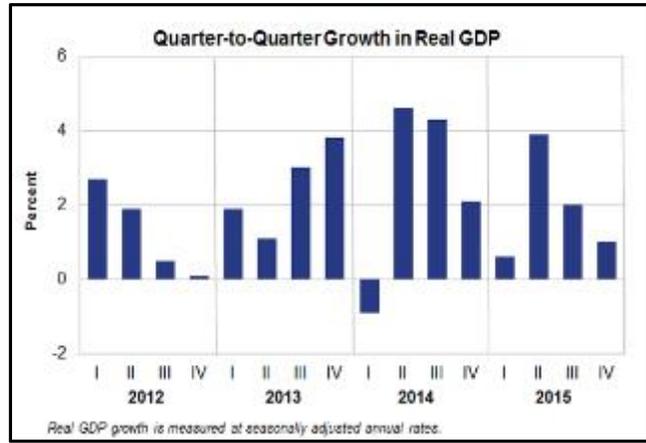
	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: CERTIFIED GENERAL APPRAISER With endorsements of: REAL ESTATE APPRAISER MENTOR
License #:	REA-RAG-LIC-683	
Status:	Active	
Expiration Date:	03/31/2017	
ELLIOTT M CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: LICENSED APPRAISER
License #:	REA-RAL-LIC-841	
Status:	Active	
Expiration Date:	03/31/2017	
CHRISTOPHER D CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

ADDENDUM

NATIONAL ECONOMIC DATA

Real GDP increased by 1.0% in the fourth quarter of 2015 after increasing 2.1% in the third quarter of 2015 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the fourth quarter increase in real GDP reflected positive contributions from personal consumption expenditures, residential fixed investment, and federal government spending that were partly offset by negative contributions from exports, nonresidential fixed investment, state and local government spending, and private inventory investment.



According to the US Bureau of Labor and Statistics, the seasonally adjusted national unemployment rate for February 2016 was 4.9%. This is the same as the January 2016 rate but down from the October, November, December 2015 unemployment rate of 5.0%. This is the lowest national unemployment rate since July of 2008. Generally, continued slow growth is forecasted for the US economy during 2016.

STATE ECONOMIC DATA

Montana is the 44th most populous state in the US. 2010 US Census data estimated a population of 989,415 indicating a growth in population of 9.7% from 2000 to 2010. According to ESRI using US Census data, the 2015 population of Montana was forecasted to be 1,027,698. This estimate shows a 3.87% increase since the 2010 census. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

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

These industries employ from 11% to 16% of the workforce in Montana per category. The remaining categories employ less than 10% each.

According to the Federal Reserve Minneapolis economic models, employment growth is forecasted to slow in 2016 for the region; however, consumer spending and tourism expenditures are forecasted to increase. Specific to Montana, the Federal Reserve Minneapolis forecasts the following for 2016; nonfarm employment in Montana is projected to increase by 0.7%, unemployment for the state is projected to decrease to 3.8%, and personal income is projected to increase by 4.5%.

FLATHEAD COUNTY DATA

The subject property is located approximately 12 miles northwest of the central business district of Whitefish, in Flathead County, Montana. The general area is known as the Flathead Valley. The Flathead Valley is surrounded by various ranges of the Rocky Mountains. The three incorporated cities in Flathead County are Kalispell, the county seat, Whitefish, and Columbia Falls. There are also several unincorporated communities in the county which include; Kila, Marion, Evergreen, Bigfork, Lakeside, Somers, Hungry Horse, and Martin City.

Geographical Information

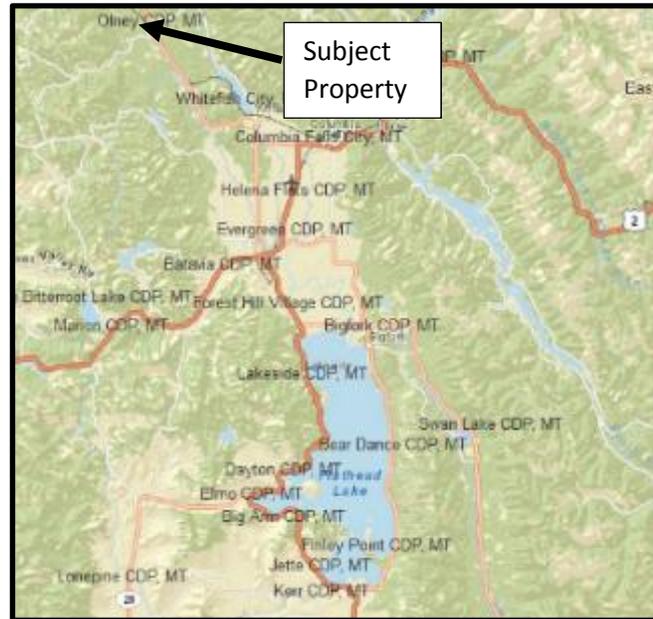
Flathead County is located in northwest Montana and is 5,098 square miles in size. Flathead Lake is a significant geographical feature of the Flathead Valley. Glacier National Park is located in the Flathead Valley area and is a major area tourist attraction. Additional attractions include; Bob Marshall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

Population

According to 2015 ESRI estimates based upon US Census data, the population of Flathead County was 95,501. The population is forecasted to increase to 100,526 or by approximately 5.26% by 2020.

Employment

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



Income

The median annual household income for Flathead County was estimated to be \$45,750 in 2015 based upon ESRI forecasts using US Census data. According to ESRI forecasts, the median annual household income is to increase by approximately 3.27% per year through 2020.

Unemployment

The non-seasonally adjusted unemployment rate for Flathead County was 4.4% in September of 2015. This is below the September 2014 unemployment rate of 6.8%. Unemployment fluctuations for the county since 1990 are included on the graph below.



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

Construction & Development

Historical data for building permits issued for single family residences of all types in the three municipalities of Flathead County is on the table below;

Single Family Building Permits Issued Per Year												
City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Change: 2014-2015
Kalispell	233	170	146	78	46	50	42	54	106	81	72	-11%
Whitefish	80	60	22	26	14	19	36	51	75	72	48	-33%
Columbia Falls	52	38	68	8	6	4	9	8	8	21	17	-19%
Total	365	268	236	112	66	73	87	113	189	174	137	-21%

The eleven year high for residential single family permits in the three municipalities is 365 permits issued in 2005. Thousands of new residential subdivision lots were created in Flathead County (incorporated and unincorporated areas) over the past decade. Supply exceeded demand for the years immediately following the national recession. According to research by Clark Real Estate Appraisal, supply and demand moved closer to a balanced level in the municipalities in Flathead County over the past three years.

Healthcare

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

Tourism

Glacier National Park is a significant draw in Flathead County with 1.5 to 2.2 million visitors each year. There are many area recreational opportunities that draw resident and nonresident travelers. These include natural amenities such as the numerous lakes, rivers and mountain ranges and manmade amenities such as ski and mountain biking areas.

Linkages & Transportation

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

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

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

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

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

City and Communities

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

FLATHEAD COUNTY - CITIES AND COMMUNITIES				
	Population		% Change 2000 - 2010	Market Overview
	2000 Censu	2010 Censu		
Kalispell	14,223	19,927	40.1%	County Seat. Regional Business Center including Medical Center, Retail Hub & Community College. Centrally located with convenient access to many recreational opportunities.
Columbia Falls	3,645	4,688	28.6%	Gateway to Glacier National Park. Located along Flathead River. Historically industrial in nature. Meadow Lake Resort is located in Columbia Falls.
Whitefish	5,032	6,357	26.3%	Resort community located near Whitefish Lake, Whitefish River and Whitefish Mountain Ski Resort. Population increases in summer due to numerous vacation and second home owners.
Evergreen	6,215	7,616	22.5%	Unincorporated area adjacent to the city limits of Kalispell. Area consists of residential, retail and light industrial type properties.
Somers and Lakeside Area	2,235	3,778	69.0%	Communities located along Flathead Lake primarily bedroom communities for Kalispell. Population increases in summer months due to numerous vacation and second home owners.
Bigfork Area	1,421	4,270	200.5%	Resort community located along Flathead Lake featuring numerous restaurants, specialty shops, art galleries and a theater. There is an 18 hole championship golf course in this area. Main economic base is tourism.

County Economic Data Conclusion

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

SCOPE OF WORK
(Page 1 of 5)

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), Risen Family Trust, and Smeby Family, LLC for the Sperry Grade parcels; Bruce & Louise Stiegler, Ellen Spurlock, Rick DeAcetis & Anee Tafoya, Jason & Suzanne Moe, David & Margaret Yuhas, Bruce & Peggy Graving, and Robin Castle Mikkelsen for the Seeley Lake Outlet East parcels; Justun & Stacy Juelfs, Fred Garipey, Denise Epler, Christopher & Debbie Slater, and Maura Stobie for the Seeley Lake Development parcels; Jessica Brown for the Seeley Lake North parcel; Patti Sue Stachofsky for the Lincoln County parcel; Neal Franson & Barb Roberts for the Flathead County parcel; Susan Hutz, Ronald Gibb, and Robert Farren for the Echo Lake parcels; Michael & Pamela Mower for the McGregor Lake parcel; and John Weber for the Sanders County parcel. 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. Comparables sales used should preferably be most recent sales available or be adjusted for market trends if appropriate. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county. Use comparable sales of like properties.

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

The appraisal report must list all real property improvements that were considered when arriving at the appraised value for the improvements. Improvements means a home or residence, outbuildings and structures, sleeping cabins, utilities, water systems, septic systems, docks, landscaping or any other improvements to the raw land.

The appraised value of state-owned land added to the allocated market value of the non-state-owned improvements value will not be greater than total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.

Appraised Values Required:

The appraisal for each cabin and home site must:

1. Include a total market value of the property, with the hypothetical condition that land and improvements are in fee simple ownership, with one owner.
2. Include a separate market value for the state-owned cabin or home site (land), under the hypothetical condition of it being vacant raw land exclusive of real property improvements.
3. Allocate a separate market value for the non-state-owned improvements, from the total market value derived in 1 above.
4. Valuation of the improvements must account for all forms of obsolescence.

ATTACHMENT B

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

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

Subject Properties:

SPERRY GRADE		
Sale #	Acres	Legal Description
845	2.851±	Lot 2, Sperry Grade Cabin Sites COS 5714, Section 36, T15N-R14W
846	1.807 ±	Lot 1, Sperry Grade Cabin Sites COS 5714, Section 36, T15N-R14W
SEELEY LAKE OUTLET (EAST)		
838	1.803 ±	Lot 3, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
839	1.173 ±	Lot 4, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
840	1.241 ±	Lot 13, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
842	1.463 ±	Lot 22, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
844	1.571 ±	Lot 24, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
890	0.646 ±	Lot 5A, Seeley Lake Outlet East Cabin Sites, COS 4875, Section 4, T16N-R15W
SEELEY LAKE DEVELOPMENT		
834	1.25 ±	Lot 39, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
835	1.363 ±	Lot 43, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
836	1.407 ±	Lot 29, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
837	1.682 ±	Lot 12, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
894	1.131 ±	Lot 44, Seeley Lake Development Cabin Sites, COS 6161, Section 4, T16N-R15W
SEELEY LAKE NORTH		
843	1.304 ±	Lot 2, Seeley Lake Development North Cabin Sites, COS 6787, Section 16, T17N-R15W
LINCOLN COUNTY		
832	0.32 ±	Unsurveyed lot in the NW¼NW¼NW¼NE¼, Section 36, T34N-R25W

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FLATHEAD COUNTY		
833	4.15 ±	Unsurveyed lot in the SW¼NW¼, Section 28, T32N-R23W
BEAVER LAKE		
764	2.238 ±	Lot 5, Beaver Lake, COS 18353, Section 5, T27N-R19W
ECHO LAKE		
828	0.879 ±	Lot 24, Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
829	1.54 ±	Lot 34, Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
892	1.999 ±	Lot 33, Echo Lake Cabin Sites, COS 18885, Section 5, T27N-R19W
MCGREGOR LAKE		
830	2.68 ±	Lot 28, McGregor Lake Cabin Sites, COS 19909, Section 16, T26N-R25W
SANDERS COUNTY		
831	0.7 ±	Unsurveyed lot in the NW¼NW¼, Section 36, T23N-R27W

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

DNRC Contact Information:

Emily Cooper, Lands Section Supervisor
P.O. Box 201601
1625 11th Avenue
Helena, MT 59620-1601
Phone: (406) 444-4165
ecooper@mt.gov

828 Susan Hutz 1898 LaBrant Rd #24 Bigfork, MT 59911	829 Ronald Gibb 10447 21 Ave NW Edmonton, AB T6J-5E9 CANADA	830 Michael & Pamela Mower PO Box 8234 Kalispell, MT 59904
831 John Weber 55740 Fish Hatchery Road St. Ignatius, MT 59901	832 Patti Sue Stachofsky PO Box 49 Stryker, MT 59933-0049	833 Neal Franson & Barb Roberts PO Box 107 Olney, MT 59927
834 Justun & Stacy Juelfs 195 Meadow Vista Loop Kalispell, MT 59901	835 Fred Gariepy PO Box 783 St. Ignatius, MT 59865	836 Denise Epler PO Box 1750 Helena, MT 59624
837 Christopher & Debbie Slater 5205 Goodan Lane Missoula, MT 59802	838 Bruce & Louise Stiegler 15621 W. White Horse Dr. Sun City West, AZ 85375	839 Ellen Spurlock PO Box 17422 Missoula, MT 59808

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840 Rick DeAcetis & Amee Tafoya 2324 Hess Dr. Crest Hill, IL 60435	841 Jason & Suzanne Moe PO Box 57 Park City, MT 59063	842 David & Margaret Yuhas PO Box 1179 Florence, MT 59833
843 Jessica Brown 10328 302 nd Way NE Carnation, WA 98014	844 Bruce & Peggy Graving 1140 West Platinum St. Butte, MT 59701	845 Risen Family Trust C/O Larry Risen 805 Brighton Ave Southlake, TX 76092
846 Smeby Family, LLC 15533 Broadway Avenue Snohomish, WA 98296	890 Robin Castle Mikkelsen 700 3 rd Ave. N. Great Falls, MT 59401	892 Robert Farren C/O Dale Russell Box 15 Diamond City, AB T0K-0T0 CANADA
894 Maura Stobie 6930 Linda Vista Blvd. Missoula, MT 59803	764 DNRC 1625 11 th Avenue Helena, MT 59620-1620	

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 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.