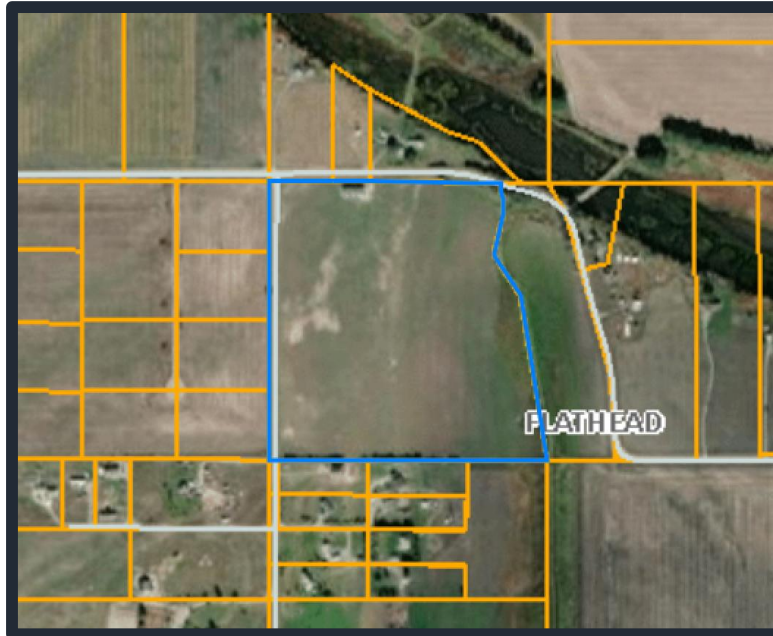


APPRAISAL REPORT OF:

**305 WILEY DIKE ROAD
KALISPELL, MONTANA**



PREPARED FOR:

**Ms. Whitney Aschenwald
Flathead County Commissioners Office
800 South Main Street, Room 302
Kalispell, Montana 59901**

MARKET VALUE AS OF:

May 18, 2023

PREPARED BY:

**Elliott M. Clark, MAI &
Christopher D. Clark
Clark Real Estate Appraisal
PO Box 1531
Seeley Lake, Montana 59868
(406) 862-8151**



PO Box 1531
Seeley Lake, Montana 59868

LETTER OF TRANSMITTAL

May 19, 2023

Ms. Whitney Aschenwald
Flathead County Commissioners Office
800 South Main Street, Room 302
Kalispell, Montana 59901

Re: Appraisal Report of Real Property Identified 305 Wiley Dike Road, Kalispell, Flathead County, Montana (Assessor # 0969640)

Dear Ms. Aschenwald:

In compliance with your request Elliott M. Clark, MAI and Christopher D. Clark with Clark Real Estate Appraisal viewed the above referenced property on May 18, 2023. Information regarding zoning was researched and trends in real estate activity in the immediate and greater subject market areas were analyzed. The property viewing, research, and analysis were conducted in order to prepare the attached narrative 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 Work for the Appraisal section of this report.

The value concluded in this report for the subject property was made after thorough study of available market data and other data felt to be pertinent to this appraisal. The attached appraisal report exhibits the factual data found and reasoning used in forming our opinion of value. The value conclusion is based on the assumptions that all necessary governmental approvals have been obtained and will be maintained and that the property owners will exhibit sound management and sales practices.

The market value for the **fee simple** interest in the subject property was determined in this report. The value conclusion and effective date of value are below;

\$1,520,000 - Value of Fee Simple Interest – May 18, 2023

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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 concluded for the property in this report. We also certify that we possess the geographical and property type competency necessary to prepare this appraisal report.

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

Telephone (406) 862-8151 • www.clarkappraisal.us

TABLE OF CONTENTS

LETTER OF TRANSMITTAL 2
SUMMARY OF SALIENT DATA AND CONCLUSIONS 5
CERTIFICATION OF APPRAISAL 6
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS 8
SCOPE OF WORK FOR THE APPRAISAL 10
IDENTIFICATION OF THE SUBJECT PROPERTY 13
DATE OF PROPERTY VIEWING 13
EFFECTIVE DATE OF MARKET VALUE 13
PROPERTY RIGHTS APPRAISED 13
PURPOSE OF THE APPRAISAL 13
INTENDED USE OF THE APPRAISAL 14
DEFINITION OF MARKET VALUE 14
HISTORY OF SUBJECT PROPERTY & STATEMENT OF OWNERSHIP 15
PROPERTY DESCRIPTION 16
 A. GENERAL SITE DESCRIPTION 16
 B. ACCESS & PARKING 19
 C. ZONING 20
 D. ASSESSMENT/PROPERTY TAXES 20
 E. IMPROVEMENTS 21
 F. EASEMENTS, BUFFERS, AND RESTRICTIONS 21
 G. TOPOGRAPHY, VEGETATION, & ENVIRONMENTAL CONSIDERATIONS 22
 H. UTILITIES 24
 I. PUBLIC SAFETY AND SERVICES 24
 J. SITE SUITABILITY 24
PHOTO LOCATION MAP 25
SUBJECT PHOTOGRAPHS 26
SUBJECT MARKET ANALYSIS 30
HIGHEST AND BEST USE 33
THE APPRAISAL PROCESS 35
SALES COMPARISON APPROACH 36
RECONCILIATION OF VALUE INDICATIONS 47
QUALIFICATIONS OF THE APPRAISERS 48
APPRAISERS LICENSES 52
ADDENDUM 53
 NATIONAL ECONOMIC DATA 54
 STATE ECONOMIC DATA 54
 FLATHEAD COUNTY DATA 56
 CITY OF KALISPELL DATA 61
 LETTER OF ENGAGEMENT 66
 HISTORICAL CHANGES IN CPI-U 68

SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

Client/Intended User	Flathead County/Client
Purpose/Intended Use	Conclude Market Value/Potential Purchase Purposes
Property Owner(s)	Mark Edward Dyer, Jeffrey Lee Dyer, and Ray Robert Dyer

SUBJECT PROPERTY

Property Identifications	305 Wiley Dike Road, Kalispell, Flathead County, Montana
Site Size	36.187 Acres
Description of Improvements	3,000 SF Pole Building
Assessor Number(s)	0969640
Census Tract	30-029-014.01
Flood Zone	Portion of Subject Property in Flood Zones A or B, FEMA Map Panel 30029C2280J, Dated 11/04/2015
Zoning	Not Zoned

HIGHEST AND BEST USE(S)

As If Vacant	Estate Type Residential or Rural Subdivision Use
As Improved	N/A

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

Report Date	May 19, 2023
Inspection Date(s)	May 18, 2023
Effective Date of Value(s)	May 18, 2023
Property Rights Appraised	Fee Simple

Opinion of Market Value	\$1,520,000
Extraordinary Assumption(s)	None
Hypothetical Condition(s)	None

MARKETING & EXPOSURE TIME

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

APPRAISER INFORMATION

Appraiser(s)	Elliott M. Clark, MAI & Christopher D. Clark
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CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our unbiased professional analyses, opinions, and conclusions.
- Elliott M. Clark, MAI and Christopher D. Clark have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Clark Real Estate Appraisal prepared an appraisal of this property for the same client in November of 2022. We have performed no additional services, as appraisers or in any other capacity, regarding the subject property within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, 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: May 19, 2023
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Christopher D. Clark

Date Signed: May 19, 2023
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 use 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 property in question, unless arrangements have been made previously.
8. The division of the land and improvements (if applicable) as valued herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
9. On all appraisals, subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion(s) are contingent upon completion of the improvements in a workmanlike manner.
10. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public

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

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

SCOPE OF WORK FOR THE APPRAISAL

The subject property consists of a single legal parcel at 305 Wiley Dike Road, Kalispell, Flathead County, Montana. The subject property is outside of the incorporated boundaries of the city of Kalispell. The subject property totals 36.187 acres and is in Section 11, Township 27 North, Range 21 West.

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 both of Clark Real Estate Appraisal viewed the subject property on May 18, 2023. We walked representative portions of the subject property. We measured the pole building on the subject property for an appraisal prepared in November of 2022.

Scope of Research

The history of ownership, historical property uses, and current intended uses were researched via Mr. Mark Dyer (one of the property owners), the client and public record.

Area trends in development were researched based upon information from 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, area realtors; developers; area property owners; and local, statewide, and national sales databases. Every effort was made to verify all comparable data with a party involved in the transaction.

Highest & Best Use

Our opinion of the highest and best use for the subject property was developed using the research collected relative to the subject property, area development trends, and demographics. The information collected is considered comprehensive and provides 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.

Extraordinary Assumption(s)

An **Extraordinary Assumption** is defined in 2020-2023 version of the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*an assumption, directly related to a specific assignment, as of the effective date of the assignment results which, if found to be false, could alter the appraiser’s opinions or conclusions.*”

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

Hypothetical Conditions

A **Hypothetical Condition** is defined in 2020-2023 version of the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for purpose of analysis.*”

There are no **Hypothetical Conditions** associated with this appraisal report.

Appraisal Process

There are three recognized approaches in the valuation of real property. They are the Cost, Sales Comparison, and Income Approaches.

The Sales Comparison Approach is the most credible method to determine market value for vacant land. The improvements on the subject property were determined to contribute little or no value to the property. For this reason, the subject property is valued as if vacant in this report. The Sales Comparison Approach is developed to determine the value for the subject property.

The Cost Approach is not applicable to the valuation of the subject property since there are no improvements of value on the property. The omission of the Cost Approach is necessary and does not affect the credibility of the value concluded in this report.

Although the subject property may be leased, leases for similar properties are not a typical in the subject market and/or do not typically result in the highest return to the land. For these reasons, the Income Approach is not applicable to the valuation of the subject property and was not developed in this report. The omission of the Income Approach does not affect the credibility of the value concluded in this report.

Environmental

The appraisers are not experts regarding 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.

General Data Sources

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

- Various Departments of Flathead County, Montana;
- Montana Department of Revenue;
- Montana Regional MLS & Co-Star;
- Various Area Real Estate Agents, Real Estate Appraisers, Property Managers, Property Owners, Tenants, and Builders (Noted as appropriate in this report.)

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property consists of a single legal parcel at 305 Wiley Dike Road, Kalispell, Flathead County, Montana. The subject property is outside of the incorporated boundaries of the city of Kalispell. The subject property totals 36.187 acres and is in Section 11, Township 27 North, Range 21 West. The legal description for the subject property is included in the most recent deed which is in the Addendum of this report.

DATE OF PROPERTY VIEWING

May 18, 2023

EFFECTIVE DATE OF MARKET VALUE

May 18, 2023

PROPERTY RIGHTS APPRAISED

The value for the **fee simple** interest in the subject property is concluded in this report. 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.

PURPOSE OF THE APPRAISAL

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

INTENDED USE OF THE APPRAISAL

It is understood that the intended use of this appraisal is for decisions regarding a possible purchase of the subject property by the client. This report was prepared for the client (Flathead County) and is their exclusive property. The client is the only intended user of this report. No additional parties may rely upon this report without the express written consent from both the appraisers and the client.

DEFINITION OF MARKET VALUE

Market value is defined in the following manner:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus."*¹

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and each acting in what he considers his own best interest;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

¹ Office of the Comptroller of the Currency - Comptroller's Manual for National Banks, March 1990, 12CFR, part 34.

HISTORY OF SUBJECT PROPERTY & STATEMENT OF OWNERSHIP

Statement of Ownership

The subject property is owned by Mark Edward Dyer, Jeffrey Lee Dyer, and Ray Robert Dyer, as Joint Tenants. The property most recently transferred via Quitclaim Deed from Ronnie Glen Dyer and Lony Jo Dyer to the current owners. This transfer was recorded as Document #202000003267 with the Flathead County Clerk and Recorder's Office on February 4, 2020. This transfer was between related parties and there was no payment involved with this transfer.

We did not locate any additional transfers prior to the one noted above during the three years prior to the report effective date.

Use History

According to Mark Dyer, the subject property has historically been used for agricultural purposes. There is a 3,000 square foot pole building constructed in 1998 that has been utilized for storage purposes.

Marketing History

We did not locate marketing activity for the subject property during the three years prior to the report effective date.

Leasing Activity

We are not aware of any leases in place for the subject property. The land was utilized for cattle grazing as of the report effective date; however we were not provided with the details of any use agreement in place. Cattle grazing is considered to be an interim use.

Analysis of Most Recent Sales Price or Contract Price and Appraised Value

We know of no current contract in place for the subject property. There was a Sale and Purchase Agreement for the subject property in place dated October 19, 2022. The seller was listed as Mark Dyer and the buyer was Flathead County. It is our understanding that this purchase was not consummated. Based upon the analysis and value concluded in this appraisal report, the prior contract price was at or near market value.

PROPERTY DESCRIPTION

A. GENERAL SITE DESCRIPTION

The subject property has a street address of 305 Wiley Dike Road, Kalispell, MT, 59901. The property is located at the southeast corner of the intersection of Wiley Dike Road and Cedar Mill Road. The legal description for the subject property is “A tract of land in the South ½ of the Northeast ¼ of Section 11, Township 27 North, Range 21 West, P.M.M., Flathead County, Montana, further shown and described on Certificate of Survey #5607.” The subject property can also be identified with Montana Department of Revenue Tax Assessor #0000969640.

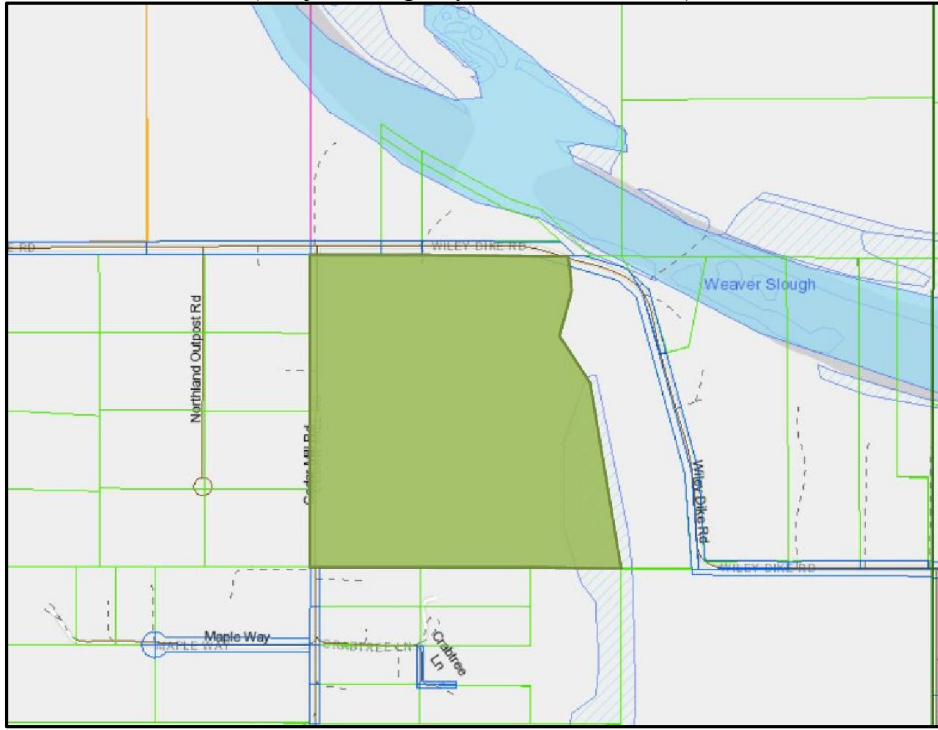
According to Certificate of Survey #5607, which was recorded with Flathead County on April 30, 1980, the property totals 36.187 acres. The property forms an irregular square shape. Property dimensions are 1,096.42’ along the north boundary, 1,320.62’ along the south boundary, 1,376.54’ along an irregular east boundary, and 1,320.17’ along the west boundary. The property has 1,096.42’ along Wiley Dike Road to the north, and 1,320.17’ along Cedar Mill Road to the west. The property is bordered to the north by residential and agricultural parcels, to the south by 7 residential lots approximately 1.77 acres in size, and 1 lot 7.63 acres in size, to the east by a 10.34 acre parcel that is in the flood plain and is utilized for agricultural/grazing use, and to the west by an agricultural parcel that has been subdivided into lots ranging from approximately 2.8 to 3.5 acres in size. The parcel to the east of the subject property is encumbered with a conservation easement. The subject property is currently utilized for cattle grazing purposes.

Exhibits related to the subject property are included below and on the following pages.

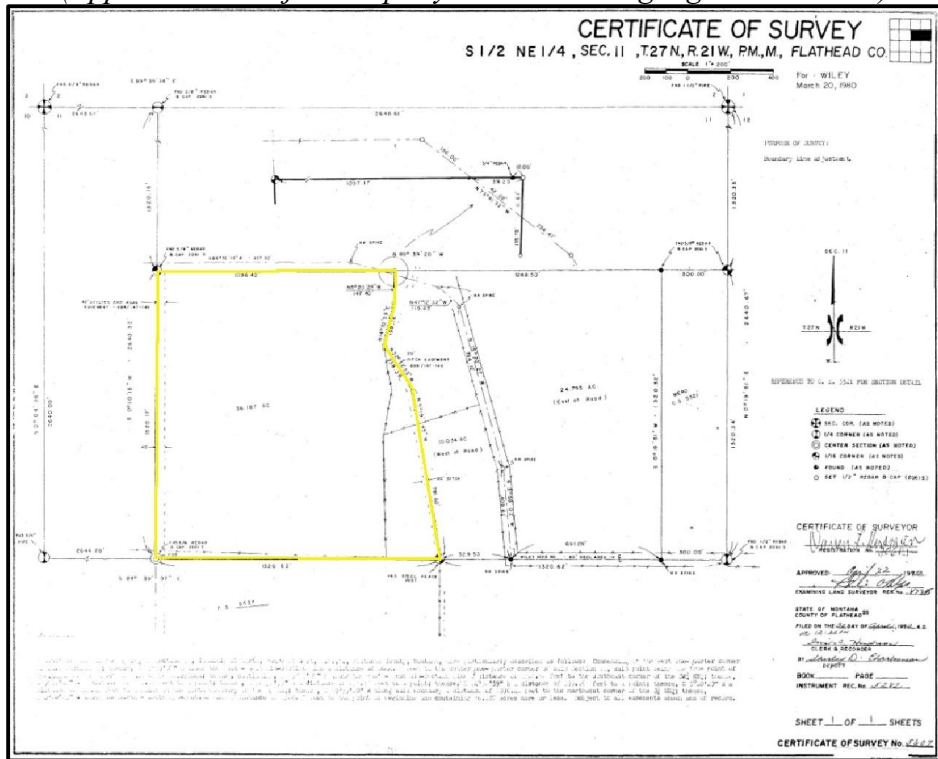
Aerial View from Montana Department of Revenue Cadastral Mapping (Approximate Subject Property Boundaries outlined in Blue)



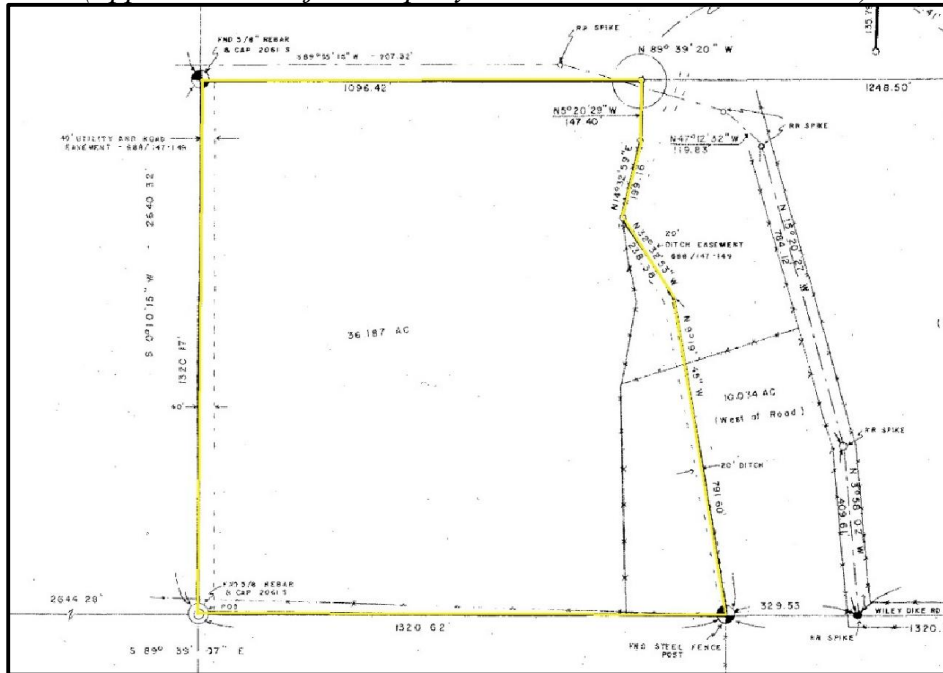
Flathead County GIS Map
(Subject Property Shaded in Green)



Certificate of Survey #5607
(Approximate Subject Property Boundaries Highlighted in Yellow)



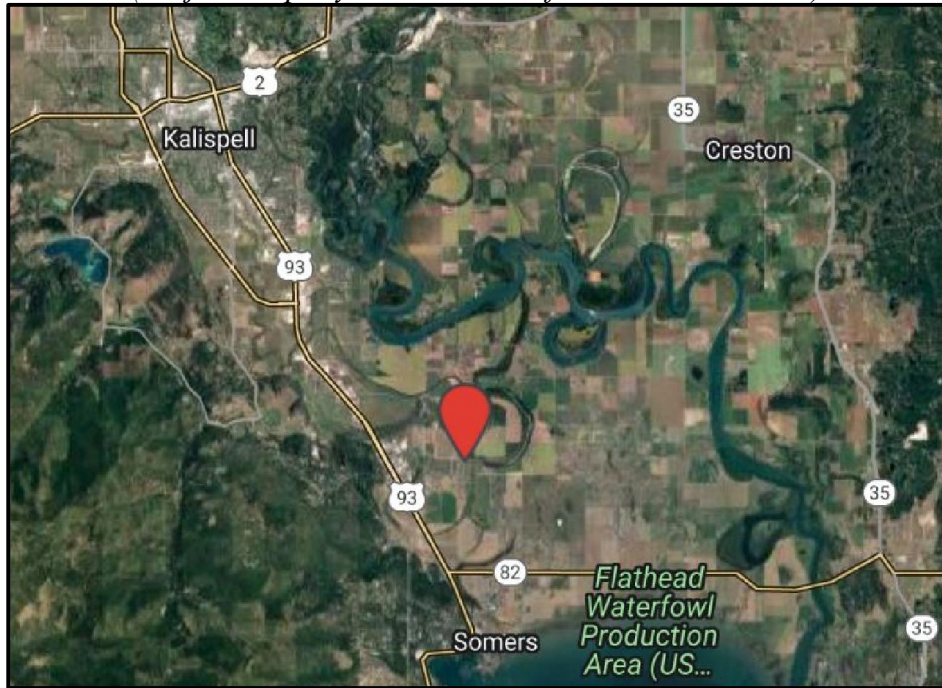
Zoomed in Certificate of Survey #5607
(Approximate Subject Property Boundaries Outlined in Yellow)



Zoomed in Aerial Map
(Subject Property Identified with Red Marker)



Zoomed Out Aerial Map
(Subject Property Location Identified with Red Marker)



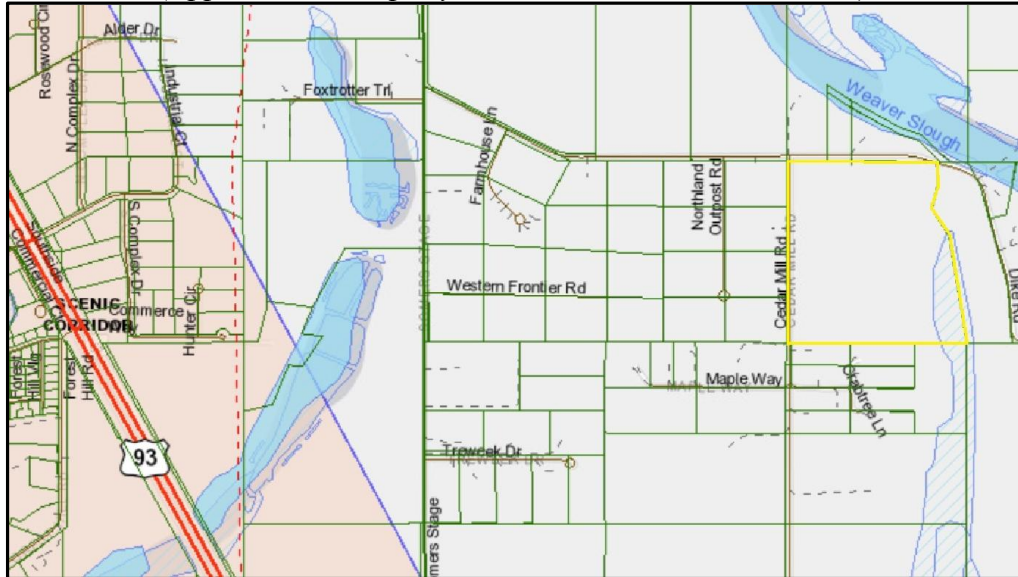
B. ACCESS & PARKING

The subject property is located along the south side of Wiley Dike Road. The property has approximately 0.21 miles of frontage along Wiley Dike Road, and 0.25 miles of frontage along Cedar Mill Road to the west. Wiley Dike Road is a public Flathead County maintained road, and Cedar Mill Road is a private road. Both roads are gravel, and have no sidewalks, curbing, or overhead lights. The subject property has visibility from both roads and has an improved access from Wiley Dike Road via a gated driveway. There is no improved parking on the subject property although there is sufficient size for on-site parking if developed.

C. ZONING

The subject property is located in an un-zoned portion of Flathead County. For questions regarding possible uses for the subject property we recommend contacting the Flathead County Planning and Zoning Department.

Zoning Map
(Approximate Property Boundaries Outlined in Yellow)



D. ASSESSMENT/PROPERTY TAXES

The 2022 real property tax bill for the subject property is \$232.83. Additional tax information is included on the table below. Tax payments in Flathead County are due in two installments (November 30, 2022, and May 31, 2023). As of the effective date of this report, only the payment due by May 31, 2023, was outstanding.

2022 Real Property Tax Bill Information	
#0969640	
Market Value (for Tax Purposes)	\$11,273.00
Taxable Value - 3.8% of Market Value	\$428.00
Total 2022 Tax Bill	\$232.83

Costs for city and county services typically increase over time. Real property taxes for the subject property will likely increase over the coming years.

E. IMPROVEMENTS

The subject site consists of 36.187 acres and is unimproved with the exception of a pole building, gates, and fencing. The pole building is approximately 100' x 30' for a total of approximately 3,000 square feet. The building is wood framed and has metal roofing and exterior walls. The interior ceiling and walls are unfinished, and the floor is dirt. There is a wood utility pole next to the building that appears to have had an exterior light in the past, but it does not appear that there is currently power to the light pole or building. The property exterior is fenced with barbed wire and metal livestock fencing. There are metal tube type gates at the property entrance from Wiley Dike Road, the entrance to the pole building, and at the northeast and northwest corners of the pole building. According to the Montana Department of Revenue, the pole building was constructed in 1998. The building appears to be in average condition and provides utility to the property in its current use as an agricultural property.

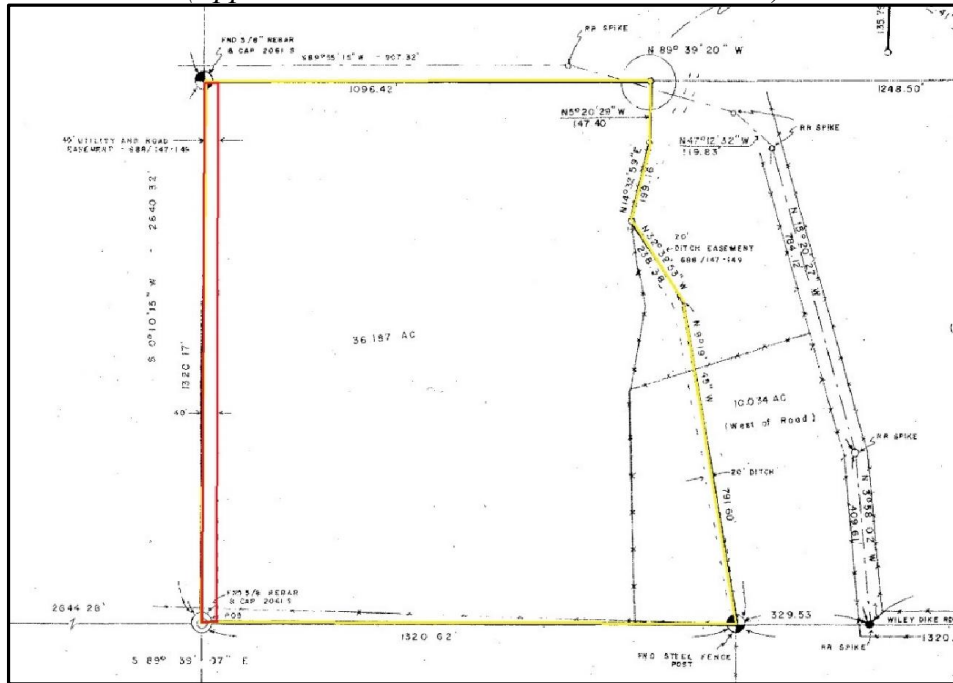
F. EASEMENTS, BUFFERS, AND RESTRICTIONS

Appraisers do not prepare thorough title searches in normal course of business. No specific easements were identified in the most recent deed for the subject property. According to Certificate of Survey #5607, there is a 40' wide road and utility easement along the west boundary of the subject property that is the location of Cedar Mill Road. A search of the Flathead County On-Line Recordation System identified a Pipeline Easement granted from First Interstate Bank of Montana to Montana Power Company on July 19, 1996. The easement is for a buried natural gas line and is 10' wide and runs along the north property boundary of the subject property. A Reciprocal Easement Agreement was also identified between Alexander Wiley, Jr, and John C. Dyer and Pauline C. Dyer, Dale Huntsman, Anastasia M. Randall, and Virginia R. Buckland recorded on March 31, 1995. The agreement is for a common roadway easement for the benefit of all parties and appears to pertain to the creation of Cedar Mill Road.

According to Montana Cadastral Mapping and Flathead County GIS mapping, it appears that Wiley Dike Road may encumber a small portion of the subject property at the northeast property corner. It is assumed that any other easements for utilities are located in the street rights-of-way. If there are additional easements or encroachments in place that the appraisers are not aware of, the value indicated in this report could be affected.

An exhibit identifying the 40' utility and roadway easement on Certificate of Survey #5607 is included on the following page.

Easement Exhibit
(Approximate Easement Area Outlined in Red)



G. TOPOGRAPHY, VEGETATION, & ENVIRONMENTAL CONSIDERATIONS

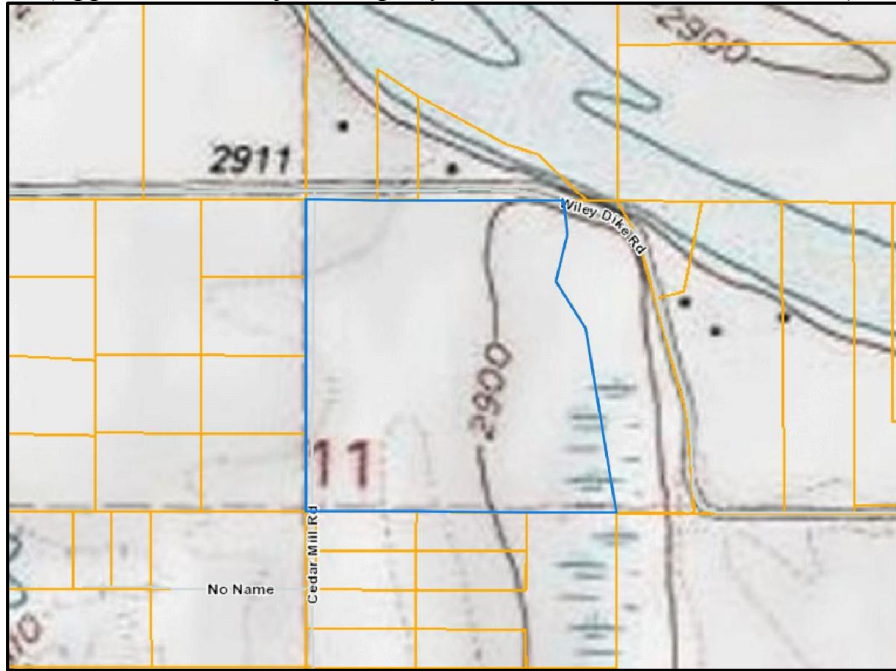
We have not been provided with an environmental audit for the subject property and assume there are no toxic materials or groundwater contamination of the property.

We assume that drainage is adequate for development of the property. We have not been provided with a soil study for the subject site. We assume the soil can accommodate the type of construction that is typically seen in the subject area. Other than the pole building, gates, and fencing, the property is unimproved. There are wetland areas along the east property boundary and at the southeast property corner, and deciduous trees and bushes at the northeast corner along a drainage canal. The majority of the property is crop covered and is currently utilized for cattle grazing.

The topography of the subject property is generally level with a swale that runs from north to south near the property center. The property is level with street grade along Wiley Dike Road and Cedar Mill Road. There are ditches along both roads which border the property to the north and west. A drainage canal or small creek borders the property to the east. A topographic map for the subject property is included on the following page.

Topographic Map

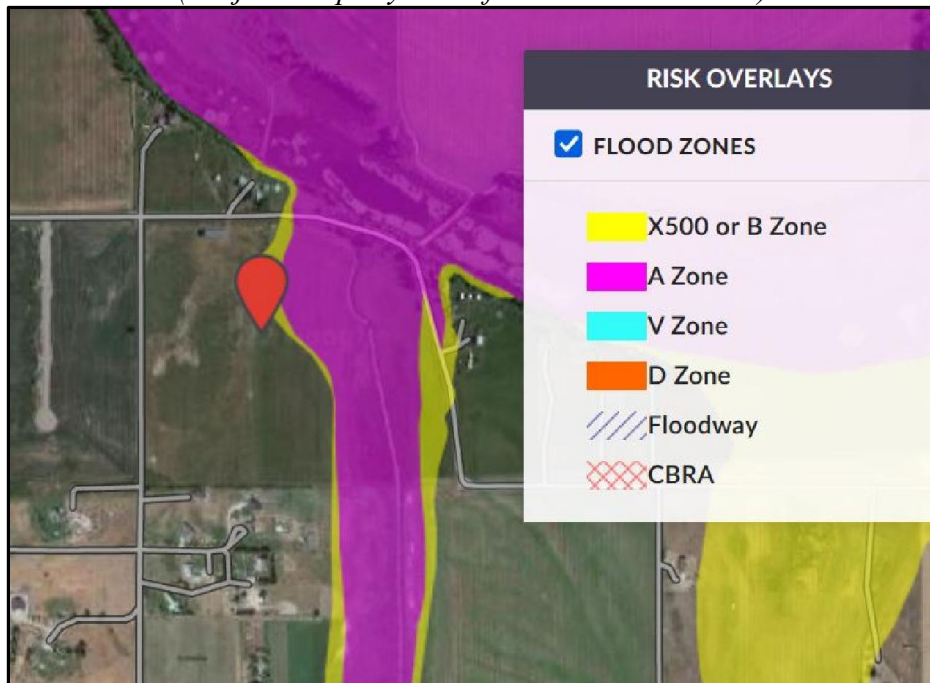
(Approximate Subject Property Boundaries Outlined in Yellow)



According to Federal Emergency Management Flood Zone Map #30029C2280J dated November 4, 2015, approximately 25% of the subject property is located in an area of elevated flood risk. Part of the property is in the 100 Year Flood Zone (A Zone) with a smaller portion in the 500 Year Flood Zone (X Zone). An exhibit with flood risk information is included below.

Flood Map

(Subject Property Identified with Red Marker)



H. UTILITIES

The subject property has access to electricity, natural gas and propane, telephone, cable television, and internet service. If developed, water and sewer service would require a well and septic system.

I. PUBLIC SAFETY AND SERVICES

Police, fire protection, and other services are provided by Flathead County. The subject property is located in the Somers Fire District. The property is approximately 2 miles southeast of the southern end of the City Limits of Kalispell and approximately 6 miles from the central business district of Kalispell. Kalispell offers access to all essential public services such as schools, medical facilities, shopping, and recreational opportunities. Glacier International Airport in Kalispell was the 2nd busiest airport in Montana in 2021 according to FAA statistics. Glacier International Airport is served by Alaska, Allegiant, American, Delta, Frontier, Sun Country, and United airlines.

J. SITE SUITABILITY

The subject property totals approximately 36.187 acres. The subject property has historically been used for agricultural purposes. The property is considered to be suitable for estate type residential use or subdivision development. Property suitability is addressed in the Subject Market Analysis and Highest and Best Use sections of this report.

PHOTO LOCATION MAP



SUBJECT PHOTOGRAPHS



Photo 1
Subject Parcel Interior Looking South



Photo 2
Pole Building on Property

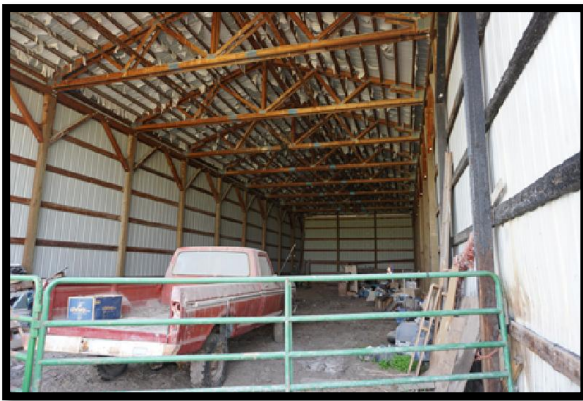


Photo 3
Pole Building Interior



Photo 4
View West along North Property Boundary



Photo 5
View South along East Property Boundary



Photo 6
Property Interior Looking Southwest

ADDITIONAL PHOTOGRAPHS



Photo 7
Property Interior Looking West



Photo 8
View North along East Property Boundary



Photo 9
View West along South Property Boundary



Photo 10
Subject Property Interior Looking Northwest



Photo 11
Subject Property Interior Looking North



Photo 12
View East along South Property Boundary

ADDITIONAL PHOTOGRAPHS



Photo 13
View North along West Property Boundary and Cedar Mill Rd.



Photo 14
Property Interior Looking Northeast



Photo 15
Subject Property Interior Looking East



Photo 16
View South along West Property Boundary and Cedar Mill Rd.



Photo 17
View East along North Property Boundary



Photo 18
Subject Parcel Interior Looking Southeast

ADDITIONAL PHOTOGRAPHS



Photo 19
Driveway and Gated Entrance to Subject Property



Photo 20
Wiley Dike Road Looking West



Photo 21
Wiley Dike Road Looking East



Photo 22 *Taken November 2022
Intersection of Wiley Dike Rd. & Cedar Mill Rd. Looking West



Photo 23 *Taken November 2022
Cedar Mill Road 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.

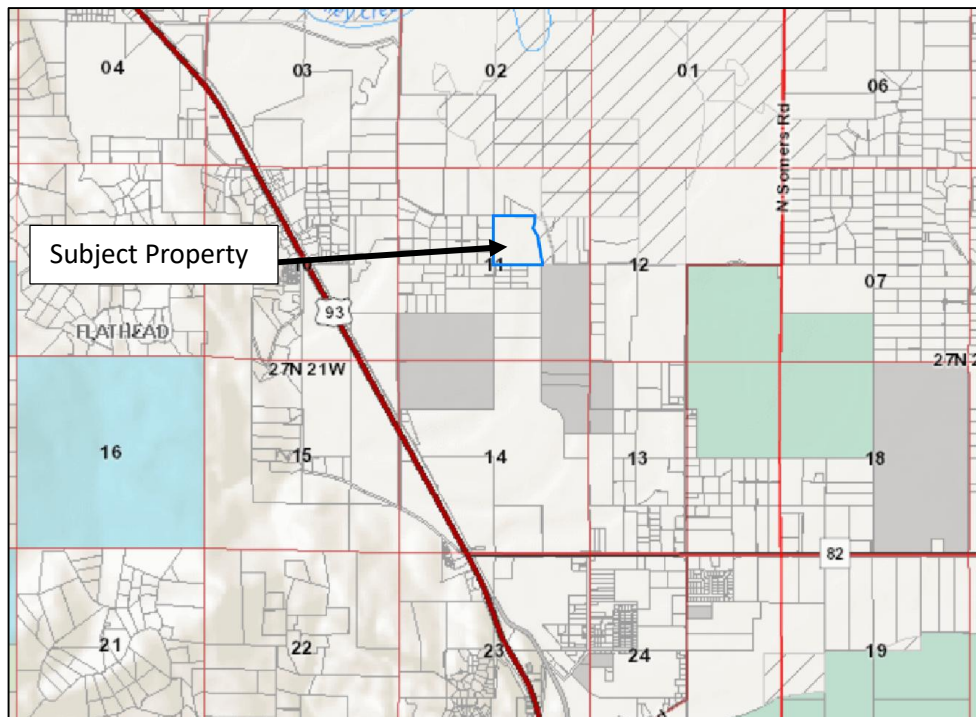
General Property Description

The property has been described in detail in prior sections of this report. It is at 305 Wiley Dike Road in greater Kalispell. It totals 36.187 acres and approximately 25% of the property is within the 100 Year Flood Plain and not suitable for development. The improvements on the subject property are not considered to contribute value to the property. For this reason, this section of the report is based upon the property as if vacant.

Area Land Use Trends

The subject property is located in the Lower Valley area of greater Kalispell. The area includes a mixture of relatively large parcels, predominantly utilized for small scale agriculture and homesteads, and residential properties typically ranging in size from approximately 2 to 5 acres. There are several area parcels encumbered with conservation easements. The Flathead River flows through this area and there are a number of sloughs created by the meandering river. The area is generally changing from agricultural to residential.

The location of the subject property is identified on the Montana Cadastral map below. The properties on this image in white are privately owned, the parcels in blue are owned by the State of Montana, the parcels in green are owned by the United States of America, and the parcels in gray are owned by local governmental agencies. The parcels with hatch marks are encumbered with conservation easements.



Potential Users of Subject Property

The most likely potential users of the subject property would be market participants seeking to purchase a relatively large parcel of land with proximity to a population center and suitable for use as an estate type residential property or for subdivision development.

Demand Analysis

Analysis of historical activity (also known as Inferred Demand Analysis) can shed light on future demand. The subject property totals 36.187 acres in size. We conducted a search of the area MLS for sales of vacant parcels ranging in size from 30 to 45 acres and within 15 miles of the approximate center of the Flathead Valley (between the three cities). Montana is a non-disclosure state and every sale does not transfer via the area MLS; however, the regional MLS data is considered to provide an accurate depiction of general trends in real estate transfers.

The results of this search are below.

Flathead County						
15 Mile Radius from Approximate Center of Flathead Valley						
Land Sales/Listings 30 - 45 Acres						
Source: Montana Regional MLS						
Year	Number of Sales/Listings	Average Acres Per Sale	Sale to List Price	Average Price Per Acre	% Price Average Price Change	Days on Market
2020	25	35.96	97%	\$10,231		245
2021	32	36.99	96%	\$23,003	125%	192
2022	10	37.42	97%	\$32,145	40%	202
Actives	12	38.07		\$42,309		138

The average price per acre increased significantly during the period studied for parcels in this size range and location in Flathead County. The peak demand occurred in 2021. Inferred demand slowed in 2022 compared to 2021.

Competitive Supply

There were 12 active listings of parcels in this size range and location as of the report effective date.

Interaction of Supply and Demand

Based upon the number of sales to date in 2022, there is an approximately 1 year supply of parcels within the size range and location analyzed available for sale. A balanced market would typically be a 6 month supply. The average list price is \$42,309 per acre which is approximately 32% greater than the average sales price per acre received in 2022. When supply exceeds demand, there is typically downward price pressure.

Subject Marketability Conclusions

The subject property is in an area with no zoning. It has good proximity to Kalispell and good proximity to necessary services. It does not have a high likelihood of access to public water and sewer service. For that reason, any subdivision of the subject property would require the lots to have sufficient area to accommodate private well and septic systems. The subject property is considered to have average marketability compared to most of the competitive set of similar sized parcels.

Estimated Marketing and Exposure Times

The average days on market for sales of parcels ranging in size from 30 to 45 acres in Flathead County was 192 days in 2021 and 202 in 2022 . Inferred demand for properties like the subject slowed during 2022 compared to 2021. Based upon this data, a **marketing time** between 6 to 12 months is appropriate for the subject property. If the subject property had sold on the effective date of this report, at the appraised value concluded, a 6 to 12 month **exposure time** would have been reasonable.

HIGHEST AND BEST USE

The four basic economic principles of supply and demand, substitution, balance and conformity are considered to be the basic tools of analyzing the relationship between economic trends and an appraisal. Market forces create market value. For this reason, the analysis of highest and best use is very important. When the purpose of an appraisal is to conclude 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.

It is important to recognize the possibility that the Highest and Best Use of the land could differ from the Highest and Best Use of the property. This occurs when a site has existing improvements and the Highest and Best Use of the land differs from the current use. Often, the current property use will continue until the value of the land, under its Highest and Best Use, less existing improvement demolition costs, exceeds the total value of the property in its present use.

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

As If Vacant

Legally Permissible

The subject property is in an area with no zoning. There are many legally permissible uses for the subject property.

Physically Possible

The property totals 36.187 acres in size and approximately 25% of the subject property is not developable due to inclusion in the 100 Year Flood Plain. The remaining acreage is relatively level and suitable for development similar to that found in the area. Electricity, telephone, and natural gas service are available to the subject property and the subject property appears to have suitable areas for wells and septic systems. The subject property is physically suited for estate type residential use or subdivision development.

Financially Feasible

Based upon our analysis, parcels with sizes similar to the subject properties and in the immediate and greater market areas are typically purchased for estate type residential use or for subdivision development. Also, based upon our analysis of current market conditions, either use is financially feasible.

Maximally Productive

Based upon this analysis of the legally permissible, physically possible, and financially feasible uses of the subject property, the maximally productive highest and best use for the subject property is estate type residential use or subdivision development.

Highest and Best Use Conclusion

Based upon this analysis of the legally permissible, physically possible, financially feasible, and maximally productive uses of the subject property, the highest and best use for the subject property is estate type residential use or subdivision development.

As Improved

The improvements on the subject property are not considered to contribute value to the property. For this reason, the highest and best use for the subject property as improved is not applicable.

THE APPRAISAL PROCESS

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

APPROACHES IN THE VALUATION OF REAL PROPERTY

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

Cost Approach

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

Sales Comparison Approach

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

Income Capitalization Approach

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

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

(Source: The Appraisal of Real Estate – 14th Edition by the Appraisal Institute)

The Sales Comparison Approach is the most credible method to determine market value for vacant land. The improvements on the subject property were determined to contribute little or no value to the property. For this reason, the subject property is valued as if vacant in this report. The Sales Comparison Approach is developed to determine the value for the subject property.

The Cost Approach is not applicable to the valuation of the subject property since there are no improvements of value on the property. The omission of the Cost Approach is necessary and does not affect the credibility of the value concluded in this report.

Although the subject property may be leased, leases for similar properties are not typical in the subject market and/or do not typically result in the highest return to the land. For these reasons, the Income Approach is not applicable to the valuation of the subject property and was not developed in this report. The omission of the Income Approach does not affect the credibility of the value concluded in this report.

The Sales Comparison Approach and Reconciliation of Value are presented in the following sections of this report.

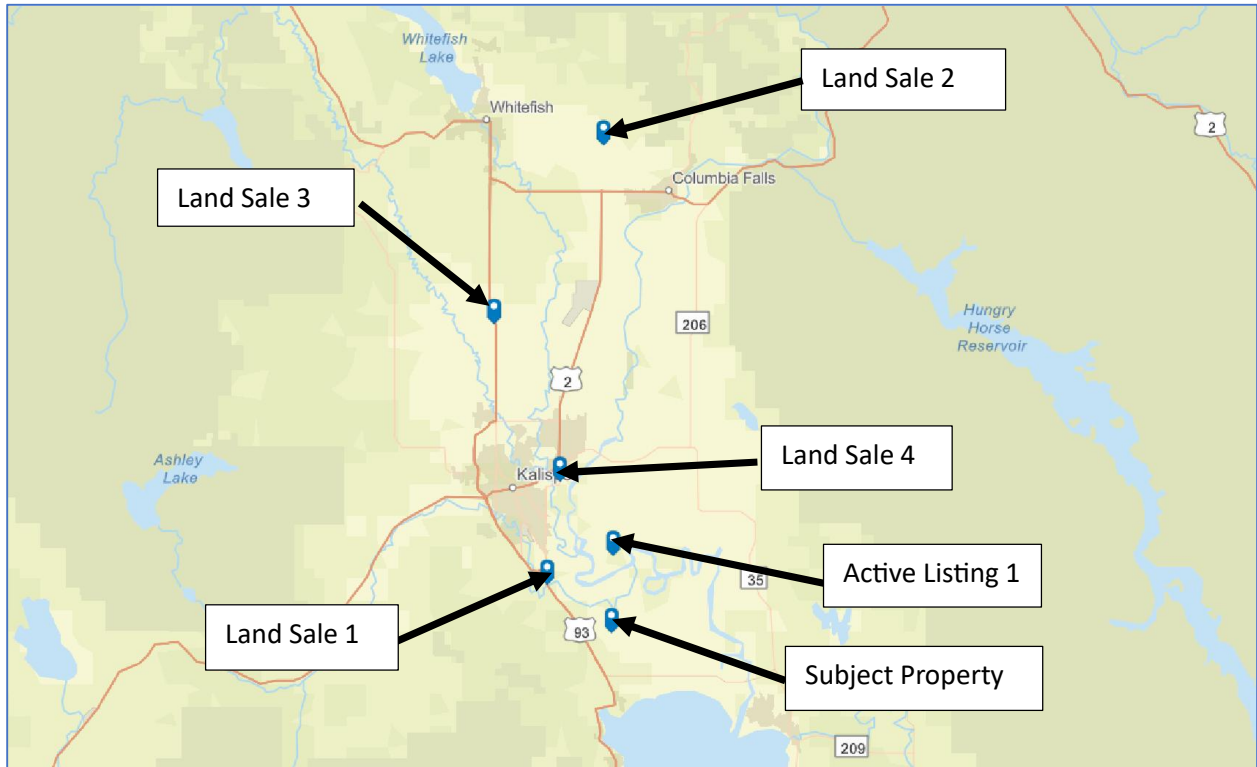
SALES COMPARISON APPROACH

A search was conducted for sales of vacant parcels similar to the subject property. Due to the limited number of comparables located, it was necessary to utilize one sale that closed in 2021, sales outside of the 30 - 45 acre size range analyzed in the Subject Market Analysis, and one active listing. The most recent similar sales and one active listing were selected as comparables and are described on the table below;

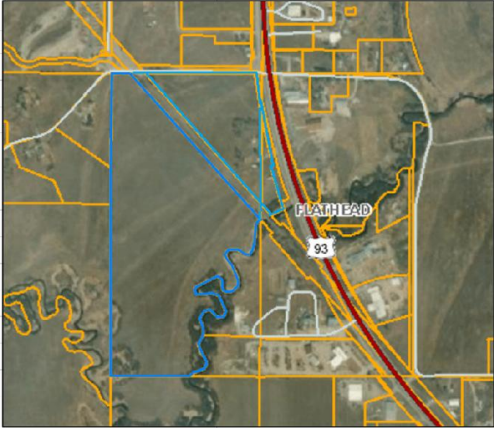
Land Comparable Analysis							
Land Sale #	Address	City	Sale Date	Sales Price	List Price	Acres	\$/Acre
1	3340 US Hwy 93	Kalispell	2023	\$2,600,000		66.061	\$39,358
2	NHN Tamarack Ln	Columbia Falls	2022	\$1,900,000		40.030	\$47,464
3	NHN US Hwy 93	Kalispell	2022	\$2,350,000		50.660	\$46,388
4	NHN Conrad Dr	Kalispell	2021	\$850,000		46.400	\$18,319
Active Listing 1	200 Siberud Ln	Kalispell	ACTIVE		\$1,500,000	23.620	\$63,506

A complete description of each sale is included in the comparable land sale write-ups provided in this section of this report. A map depicting the locations of the subject and comparables is below.


Land Sales Map




LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location		3340 US Highway 93 South
	City/State		Kalispell, MT
	County		Flathead
	Assessor Number		0244780
	Zoning		Flathead County SAG-5 Suburban Agricultural & I-1H, Light Industrial-Highway
	Site Size: Acres		66.608
	Square Feet		2,901,444
	Date of Sale		January 24, 2023
	Sales Price		\$2,600,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$2,600,000
	MLS #		22113850
ANALYSIS OF SALE			
Price per Acre	\$39,034	Price per Square Foot	\$0.90
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Pamela S. Clarke & Barbara L. Domgard, Successors Co-Trustees of the Betty Ann Fields Revocable Inter-Vivos Trust	Grantee	JC & A, LLC
Type of Instrument	Warranty Deed	Document #	202300001265
Financing/Conditions	Cash/Market	Marketing Time	516 Days on Market
Legal Description	Tract 1 of Certificate of Survey #21232, Flathead County, Montana	Verified By	Rod Stell, Selling Agent
Section/Township/Range	S32 & 33/T28N/R21W	Intended Use/Comments	Property marketed as suitable for commercial and/or residential use. The purchaser intends to hold for future development.
PROPERTY DETAILS			
Access	US Highway 93	View	Similar Properties, Mountains, Creek
Topography	Generally Level	Lot Dimensions	Lengthy, Contained in Appraisal Work file
Flood Plain	According to Flood Map #30029C1820J dated November 4, 2015, the majority of the property is located in an area of low flood risk. The portions of this property that border Ashley Creek are located in Flood Zone A, 100-Year Zone.	Improvements	This property included an older home and a lease for a billboard. The billboard lease had a short remaining term. Neither improvement contribute to the value of the property.
Feet of Water Frontage	Approximately 2,700 Feet of Frontage Along Ashley Creek	Value of Improvements	\$0
Utilities	Electricity and Telephone at Highway (Public Water & Sewer May be Available Upon Annexation Into the City Limits of Kalispell)	Miscellaneous	This property is bisected by an easement that was formerly utilized as BNSF railroad tracks and is currently utilized as a pedestrian/bike path.
			Report File # 23-028ec


LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location		2248 Tamarack Lane
	City/State		Columbia Falls, Montana
	County		Flathead
	Assessor Number		0120265
	Zoning		None
	Site Size: Acres		40.030
	Square Feet		1,743,707
	Date of Sale		June 14, 2022
	Sales Price		\$1,900,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$1,900,000
	MLS #		22203221
ANALYSIS OF SALE			
Price per Acre		\$47,464	
		Price per Square Foot	\$1.09
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	KCM Enterprises, Inc.	Grantee	Kurt Surine & Brock Walburger
Type of Instrument	Warranty Deed	Document #	2022000015026
		Marketing Time	107 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Michael Anderson, Listing Agent
Legal Description	Tract 1 of Certificate of Survey #22209, Flathead County, Montana	Intended Use/Comments	Purchased for residential use
Section/Township/Range	S1/T30N/R21W		
PROPERTY DETAILS			
Access	Tamarack Lane	View	Mountains, Similar Properties, & Creek
Topography	Level	Lot Dimensions	1,346' X 1,294' (Approximate)
Flood Plain	According to Flood Map #30029C115J dated November 4, 2015, the majority of the property is located in an area of low flood risk. Approximately 20% of the property is located in Flood Zone A, 100-Year Zone.	Improvements	None
Feet of Water Frontage	Trumbull Creek Frontage (Amount Unknown)	Value of Improvements	\$0
Utilities	Electricity and Telephone at Property	Miscellaneous	0.89 acres of this property is within Tamarack Lane or Half Moon Road. These road easements are along the north and west sides of the property.
		Report File #	22-084ec

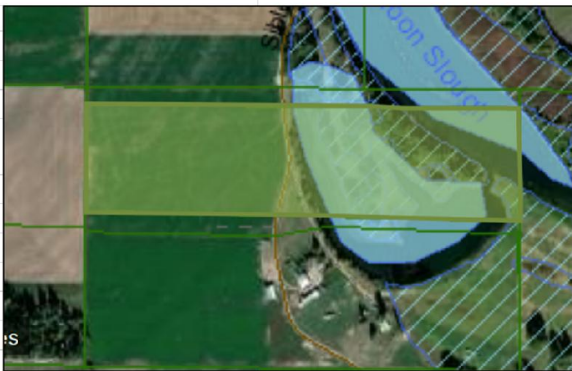
LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location		NHN US Highway 93
	City/State		Kalispell, MT
	County		Flathead
	Assessor Number		0011420, 0983545
	Zoning		Flathead County SAG-5 Suburban Agricultural
	Site Size: Acres		50.660
	Square Feet		2,206,750
	Date of Sale		March 25, 2022
	Sales Price		\$2,350,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$2,350,000
	MLS #		22019131
ANALYSIS OF SALE			
Price per Acre	\$46,388	Price per Square Foot	\$1.06
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Winter Park Ventures, LLC	Grantee	MSK Majestic 50, LLC
Type of Instrument	Warranty Deed	Document #	202200007865
Financing/Conditions	Cash/Market	Marketing Time	458 Days on Market
Legal Description	Tract 1 of Certificate of Survey #20242 & Tract 2A of Patterson Tracts Revisited	Verified By	Brian Murphy, Listing Agent
Section/Township/Range	S12/T29N/R22W	Intended Use/Comments	Purchased for future development of mixed-use commercial/residential.
PROPERTY DETAILS			
Access	US Highway 93	View	Meadow, Mountains
Topography	Generally Level	Lot Dimensions	Lengthy, Contained in Appraisal Workfile
Flood Plain	According to Flood Map #30029C1415J dated November 4, 2015, the majority of the property is located in an area of low flood risk. A portion of the northern part of the property is located in Flood Zone A, 100-Year Zone.	Improvements	None
Feet of Water Frontage	N/A	Value of Improvements	\$0
Utilities	Electricity and Telephone at Highway	Miscellaneous	50.66 acres marketed for future development opportunity. This property is within the Riverdale Neighborhood plan in an area slated for mixed use development. This property includes approximately 20' of McDemot Lane within the north property boundary. It also includes a 60' wide private road and utility easement running east and west across the center of the property.
			Report File # 22-076ec

LAND SALE 4

COMPARABLE SALE INFORMATION			
	Location		NHN Conrad Drive
	City/State		Kalispell, Montana
	County		Flathead
	Assessor Number		0802675
	Zoning		R-1,
	Site Size: Acres		46.400
	Square Feet		2,021,184
	Date of Sale		May 3, 2021
	Sales Price		\$850,000
	Less Value of Improvements*		\$0
	Sales Price Adjusted		\$850,000
	MLS #		21903793
ANALYSIS OF SALE			
Price per Acre	\$18,319	Price per Square Foot	\$0.42
Price per Lot	N/A	Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	William T. Lincoln	Grantee	Jon T. Middlemore & Elizabeth K. Middlemore
Type of Instrument	Warranty Deed	Document #	202100015320
Financing/Conditions Legal Description	Owner Financing/Market Tract 1 of Certificate of Survey # 20452, Flathead County, Montana	Marketing Time	761 Days on Market
		Verified By/Phone # Intended Use/Comments	Karen Thomas, Listing Agent Property was purchased for use as a family compound
Section/Township/Range	Section 9, T28N/R21W		
PROPERTY DETAILS			
Access	County Road	Traffic Count	N/A
Topography	Level with Low Areas	Lot Dimensions	Various
Flood Plain	According to Flood Map #30029C1810J, this property is all within the 100 Year Flood Plain or 500 Year Flood Plain.	Improvements	None
Water Frontage	Stillwater River (1,289 FF Approx.)	Value of Improvements	N/A
View	Valley, Mountains, River		
Utilities	Electricity and Telephone at Property.	Miscellaneous	Based upon the Flood Map, approximately 10% of this property is within the 100 Year Flood Plain and approximately 90% is within the 500 Year Flood Plain; however, approximately 70% of this property is considered to be wetlands.
Report File # 21-039ec			

ACTIVE LISTING 1

COMPARABLE LISTING INFORMATION			
	Location		200 Siberud Lane
	City/State		Kalispell, Montana
	County		Flathead
	Assessor Number		0790112
	Zoning		AG-80, Agricultural 80 Acre Minimum Property Size
	Site Size: Acres		23.620
	Square Feet		1,028,887
	Date of Sale		N/A - ACTIVE LISTING
	List Price		\$1,500,000
	Less Cost of Improvements*		\$0
	List Price Adjusted		\$1,500,000
MLS #		30004677	
ANALYSIS OF SALE			
Price per Acre	\$63,506	Price per Square Foot	\$1.46
		Price Per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	N/A - ACTIVE LISTING	Grantee	N/A - ACTIVE LISTING
Type of Instrument	N/A - ACTIVE LISTING	Document #	N/A - ACTIVE LISTING
		Marketing Time	List Date April 28, 2023
Financing/Conditions	N/A - ACTIVE LISTING	Verified By	Wayne Heaton, Listing Agent
Legal Description	Tract B of Certificate of Survey #21679, Flathead County, Montana	Intended Use/Comments	Marketed for residential use
Section/Township/Range	S1/T30N/R21W		
PROPERTY DETAILS			
Access	Tamarack Lane	View	Mountains, Similar Properties, & Slough
Topography	Level	Lot Dimensions	504' X 2,041' (Approximate)
Flood Plain	According to Flood Map #30029C840J dated November 4, 2015, the majority of the property is located in Flood Zone A or AE (100 Year Flood Plain) and the remainder is located in Flood Zone B (500 Year Flood Plain)	Improvements	None
Feet of Water Frontage	Unknown Amount of Frontage Along Halfmoon Slough	Value of Improvements	\$0
Utilities	Electricity and Telephone at Property	Miscellaneous	This property includes a 40' wide road and utility easement (Siberud Lane) that bisects the property. This easement runs along the east side of the most level area of the property. The portion to the east of the road is wetlands.
		Report File #	22-084ec

Sales Comparison Analysis for Subject Property

Adjustments have been considered for differences between the comparables and the subject property. Any adjustments made to the comparables are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS						
305 WILEY DIKE ROAD, KALISPELL, MONTANA						
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	ACTIVE LISTING 1
IDENTIFICATION	305 Wiley Dike Rd	3340 US Hwy 93	NHN Tamarack Ln	NHN US Hwy 93	NHN Conrad Dr	200 Sibelrud Ln
CITY	Kalispell, MT	Kalispell, MT	Columbia Falls, MT	Kalispell, MT	Kalispell, MT	Kalispell, MT
SALES PRICE		\$2,600,000	\$1,900,000	\$2,350,000	\$850,000	\$0
LIST PRICE		\$0	\$0	\$0	\$0	\$1,500,000
ADJUSTMENT FOR LIST PRICE TO REFLECT SALES PRICE		\$0	\$0	\$0	\$0	-\$225,000
QUANTITATIVE ADJUSTMENTS						
ADJUSTMENT FOR IMPROVEMENTS		\$0	\$0	\$0	\$0	\$0
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
FINANCING	Market	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
CONDITIONS OF SALE	Market	Market	Market	Market	Market	Market
CONDITIONS OF SALE ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES						
DEMOLITION		\$0	\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0	\$0
DATE OF SALE		01/25/23	06/14/22	03/25/22	05/03/21	ACTIVE LISTING
MARKET CONDITIONS FACTOR		1.015	1.046	1.057	1.815	1.000
ADJUSTED SALES PRICE		\$2,639,890	\$1,987,712	\$2,484,562	\$1,543,041	\$1,275,000
ADJUSTED SALES PRICE PER ACRE		\$39,633	\$49,643	\$49,044	\$33,255	\$53,980
QUALITATIVE ADJUSTMENTS						
LOCATION	Lower Valley of Kalispell	Kalispell	Rural Columbia Falls	Kalispell	Kalispell	Lower Valley of Kalispell
ACCESS/FRONTAGE	County Road	US Highway	County Road	US Highway	County Road	County Road
SHAPE	Irregular	Superior - -	Irregular	Superior - -	Irregular	Rectangular
TOPOGRAPHY	Level (75%) & Low Areas (25%)	Level (85%) & Low Areas (15%)	Level (80%) & Low Area (20%)	Level (80%) & Low Area (20%)	Level (30%) & Low/Wetland/Riparian Areas (70%)	Level (50%) & Low/Wetland Areas (50%)
WATER FRONTAGE	None	Ashley Creek	Trumbull Creek	None	Stillwater River	Slough
FLOOD PLAIN	25% 100 Yr Flood Plain & Small Portion in 500 Yr Flood Plain	10% in 100 Year Flood Plain	20% in 100 Year Flood Plain	20% in 100 Year Flood Plain	10% 100 Yr Flood Plain & 90% in 500 Yr Flood Plain	75% 100 Yr Flood Plain & 25% in 500 Yr Flood Plain
SIZE/ACRES	36.187	66.608	40.040	50.660	46.400	23.620
EASEMENTS/USE LIMITATIONS AFFECTING VALUE	None	Yes	None	None	None	None
ZONING	None	SAG-5 & I-1H	None	SAG-5 & NH Plan	R-1	AG-80
WATER/SEWER	None	Potential Access to Public Water & Sewer	None	Potential Access to Public Water & Sewer	None	None
UTILITIES	Access to Electricity & Telephone	Access to Electricity & Telephone	Access to Electricity & Telephone	Access to Electricity & Telephone	Access to Electricity & Telephone	Access to Electricity & Telephone
OVERALL RATING COMPARED TO SUBJECT		Equal =	Superior -	Superior - -	Inferior + +	Inferior +
VALUE INDICATIONS - PRICE PER ACRE		= \$39,633	< \$49,643	<< \$49,044	>> \$33,255	> \$53,980

Discussion of Quantitative Adjustments

Adjustment for List Price: Land Sales 1, 2, 3, and 4 are closed sales and no adjustment were required in this category. Active Listing 1 is an active listing. Based upon our analysis of market conditions, this listing will likely sell for less than the list price. The average discount from list for parcels in the size ranged of the subject property and comparables and in a similar location within the Flathead Valley in 2022 was 3%. The average discount from list price for the 4 closed comparables was 14.68%. For this reason, we have made a downward adjustment of 15% in this category for Active Listing 1.

Property Rights: The ownership interest concluded in this report for the subject property and for all of the comparables 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: There were no atypical conditions of sale reported by the verifying parties for any of the comparables. No adjustments were made to the comparables in this category.

Buyer Expenditures: There were no specific buyer expenditures noted for the comparables utilized in this analysis. For this reason, no adjustments were necessary in this category.

Market Conditions: The closed comparables sold in 2021, 2022, or 2023. The effective date of the value is May 18, 2023. There were not a sufficient number of sales and re-sales of similar parcels to prepare credible paired sales analyses to determine the appropriate adjustment in this category. The MLS study of sales and listings of similar properties is below.

Flathead County						
15 Mile Radius from Approximate Center of Flathead Valley						
Land Sales/Listings 30 - 45 Acres						
Source: Montana Regional MLS						
Year	Number of Sales/Listings	Average Acres Per Sale	Sale to List Price	Average Price Per Acre	% Price Average Price Change	Days on Market
2020	25	35.96	97%	\$10,231		245
2021	32	36.99	96%	\$23,003	125%	192
2022	10	37.42	97%	\$32,145	40%	202
Actives	12	38.07		\$42,309		138

Based upon analysis of this data, we have made an upward adjustment in this category of 40% for Land Sale 4 since it closed in 2021. The market for similar parcels has softened in 2022. Some upward adjustment is considered necessary for Land Sales 1, 2, and 3. For this reason, we analyzed changes in CPU-I for 2021 and 2022. A table with changes in CPI-U is included in the Addendum section of this report. The average annual change in CPI-U for 2021 was 3.6% and the average annual change for 2022 was 6.2%. The average of these changes is 4.9%. Based upon analysis of

this data, upward adjustments of 5.0% per year were considered appropriate and necessary for Land Sales 1, 2, and 3.

Discussion of Qualitative Adjustments

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

Location: The subject property and comparables all have relatively similar proximity to population centers. The comparables are identified as Equal = compared to the subject property in this category.

Access/Frontage: The subject property is accessed by a county road. Land Sales 2 and 4 and Active Listing 1 are accessed by county roads or private roads. These comparables are identified as Equal = compared to the subject property in this category. Land Sales 1 and 3 include frontage along and access from US Highway 93. Highway access is a positive attribute for property with development potential. These sales are identified as Superior - - compared to the subject property in this category.

Shape: The subject and comparables have shapes suitable for similar development. The comparables are identified as Equal = compared to the subject property in this category.

Topography: Based upon our estimates, the majority of the subject property is level. The subject property includes approximately 75% level area and approximately 25% low or undevelopable area. Land Sales 1, 2, and 3 are level or predominantly level. These comparables are identified as Equal = compared to the subject property in this category. Additional adjustments are considered in the Flood Plain category that account for the limited development of the subject property. Land Sale 4 and Active Listing 1 both include far less level areas than the subject property and are identified as Inferior + compared to the subject property in this category.

Water Frontage: The subject and Land Sale 3 do not include water frontage. This comparable is identified as Equal = compared to the subject property in this category. Land Sales 1, 2, and 4 and Active Listing 1 include frontage along creeks, a river, and a slough, respectively. These comparables are identified as Superior – compared to the subject property in this category.

Flood Plain: Approximately 25% of the subject parcel area is within the 100 Year Flood Plain.. Land Sales 1, 2, and 3 include a relatively similar percentage of acreage within the 100 Year Flood compared to the subject property and these sales are identified as Equal = compared to the subject property in this category. Land Sale 4 and Active Listing 1 are 100% within the 100 Year Flood Plain or the 500 Year Flood Plain. These comparables are identified as Inferior + compared to the subject property in this category.

Size/Acres: The subject property totals 36.187 acres. The comparables bracket the subject property in size. Land Sale 2 is similar enough in size compared to the subject property that it is identified as Equal = compared to the subject property in this category. Land Sales 1, 3, and 4 and Active Listing 1 differ sufficiently in size compared to the subject property that some adjustment was considered necessary. Based upon our research, larger but otherwise similar parcels typically sell for lower prices per acre compared to smaller parcels. Conversely, smaller but otherwise similar parcels typically sell for higher prices per acre compared to larger parcels. Land Sale 1 is almost two times larger than the subject property and this sale is identified as Inferior ++ compared to the subject property in this category. Land Sales 3 and 4 are identified as Inferior + compared to the subject property in this category and Active Listing 1 is identified as Superior – compared to the subject property in this category.

Easements/Use Limitations Affecting Value: The subject property includes a 40 wide road easement within the west side property line and may include a small portion of Wiley Dike Road within the northeast corner. Land Sale 1 is bisected by a bike/pedestrian path. This bisection results in significant limitations in the potential development of this property. For this reason, this sale is identified as Inferior ++ compared to the subject property in this category. Land Sale 2 includes a portion of a road easement within but at the border of the property. Land Sale 3 includes a road easement at the north boundary and is bisected by a road and utility easement. Land Sale 4 includes a 30' portion of Conrad Drive within the east side lot boundary. Active Listing 1 includes a road easement that bisects the property; however, the area to the east of this easement is not developable and this easement is necessary to access this property. Overall, the easements associated with the subject property, Land Sales 2, 3, and 4 and Active Listing 1 are considered typical for similar properties and do not significantly impact marketability. For this reason, these comparables were identified as Equal = compared to the subject property in this category. no adjustments were necessary for these easements.

Zoning: The subject property and Land Sales 1, 2, 3, and 4 are either not zoned or are in Zoning Districts or Neighborhood Plans that allow development. Land Sales 1, 2, 3, and 4 are identified as Equal = compared to the subject property in this category. Active Listing 1 is in a zoning district that would not allow further subdivision due to minimum site area requirements. Active Listing 1 is identified as Inferior + compared to the subject property in this category.

Water/Sewer: The subject property and Land Sales 2 and 4 and Active Listing 1 do not have potential access to public water and sewer systems. These comparables are identified as Equal = compared to the subject property in this category. Land Sales 1 and 3 are sufficiently near municipal water and sewer service and the city limits of Kalispell that access to these services is considered somewhat likely (annexation into the city limits may be required). The subject and remaining comparables are all further from such services. Land Sales 1 and 3 have superior access to such services compared to the subject property. Land Sales 1 and 3 are identified as Superior – compared to the subject property in this category.

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

Reconciliation of Sales Comparison Approach for Subject Property

The comparables provided adjusted indications of equal to \$39,633, less than \$49,643, far less than \$49,044, far greater than \$33,255, and greater than \$53,980. No weight is accorded Active Listing 1 as it is not a closed sale. No weight is accorded Land Sale 4 as it closed in 2021 and required a relatively high adjustment for changes in market conditions. All weight is accorded Land Sales 1 and 2 as they are the most recent closed sales and both resulted in the least overall adjustment compared to the subject property. We have placed most weight on Land Sale 1 as it is identified as Equal = compared to the subject property. This sale is not accorded all weight because most of the adjustments were qualitative rather than quantitative. Land Sale 1 is accorded 75% weight and Land Sale 2 is accorded 25% weight. Based upon the described weighting, a market value of \$42,136 is indicated. A market value of \$42,000 (the rounded weighted average of the adjusted indications from Land Sales 1 and 2) is our opinion of the market value for the subject property. The calculations are below.

36.187 Acres @ \$42,000/Acre	\$1,519,854
Rounded To	\$1,520,000
Value Conclusion	\$1,520,000

Demolition Costs for Subject Improvements

There may be demolition costs associated with the improvements on the subject property since the improvements are not considered to contribute value. The subject pole building has minimal finish and would not likely be costly to demolish. Demolition costs are typically negotiated between the buyer and seller when they are not considered to be substantial.

RECONCILIATION OF VALUE INDICATIONS

The value indication for the **Fee Simple** interest in the subject property is below;

	Fee Simple Interest
Cost Approach	Not Developed
Sales Comparison Approach	\$1,520,000
Income Capitalization Approach	Not Developed

Cost Approach

There are no improvements of value on the subject property. For this reason, the Cost Approach was not applicable to the valuation of the subject property and was not developed in this report

Sales Comparison Approach

The Sales Comparison Approach was the only approach developed to determine the value for the subject property. Sufficient comparable sales were located to prepare a credible Sales Comparison Approach and this approach is accorded all weight.

Income Approach

The Income Approach was not applicable to the valuation of the subject property as properties like the subject are not typically leased and/or leases do not result in the highest return to the land. For these reasons, this approach was not developed in this report.

Conclusion

All weight is accorded the value indication from Sales Comparison Approach for determination of the market value for the subject property. After careful analysis, our conclusion for the market value for the fee simple interest in the subject property, as of May 19, 2023, is;

\$1,520,000

QUALIFICATIONS OF THE APPRAISERS

ELLIOTT (ELLIE) M. CLARK, MAI

PROFESSIONAL DESIGNATIONS

MAI Designated Member of the Appraisal Institute (2004)

FORMAL EDUCATION

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

REAL ESTATE EDUCATION

Appraisal Institute

1990 - Basic Valuation Procedures
1990 - Real Estate Principles
1992 - Capitalization Theory and Technique
1994 - Advanced Income Capitalization
2001 - Highest and Best Use and Market Analysis
2001 - Advanced Sales Comparison and Cost Approaches
2002 - Standards of Professional Practice, Part A
2002 - Standards of Professional Practice, Part B
2002 - Report Writing and Valuation Analysis
2002 - Advanced Applications
2003 - Comprehensive Exam
2003 - Separating Real & Personal Property from Intangible Business Assets
2004 - Demonstration Appraisal
2006 - 7 Hour National USPAP Update Course
2006 - Business Practices and Ethics
2006 – Uniform Appraisal Standards for Federal Land Acquisitions
2008 - 7 Hour National USPAP Update Course
2010 - 7 Hour National USPAP Update Course
2012 – 7 Hour National USPAP Update Course
2012 – Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
2012 – Valuation of Conservation Easements
2014 – 7 Hour National USPAP Update Course
2015 – Real Estate Finance Statistics and Valuation Modeling
2016 – 7 Hour National USPAP Update Course
2016 – Eminent Domain & Condemnation
2017 – Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications
2018 – 7 Hour National USPAP Update Course
2019 – 7 Hour National USPAP Update Course
2019 – Business Practice & Ethics
2020 – Small Hotel/Motel Valuation
2020 – Appraisal of Medical Office Buildings
2022 – 7 Hour USPAP Update Course
2022 – Analyzing Operating Expenses
2022 – Appraisal of Automobile Dealerships

Institute of Financial Education

1985 - Real Estate Law I

1986 - Real Estate Law II

IAAO

1991 - Standards of Practice and Professional Ethics

Citadel Evening College

1993 - Residential Appraisal Reports Using URAR Form

William H. Sharp & Associates

1995 - The Home Inspection

Trident Technical College

1997 - Uniform Standards of Appraisal

Historic Preservation Consulting

1998 - Appraising Historic Property

The Beckman Company

2004 - The Technical Inspection of Real Estate

APPRAISAL SEMINARS ATTENDED

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

2000 – Appraisal Institute: Highest and Best Use Applications

2004 – Appraisal Institute: Evaluating Commercial Construction

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

2006 – Appraisal Institute: Subdivision Valuation

2006 – Appraisal Institute: Appraising from Blueprints and Specifications

2007 – Appraisal Institute: Analyzing Commercial Lease Clauses

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

2008 – Appraisal Institute: Spotlight on USPAP

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

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

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

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

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

2011 – Appraisal Institute: Understanding & Using Investor Surveys Effectively

2011 – Appraisal Institute: Advanced Spreadsheet Modeling for Valuation Applications

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

2013 – Appraisal Institute: Business Practices and Ethics

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

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

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

WORK EXPERIENCE

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

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

1990 - 1995 Charleston County Assessor's Office – Sr. Staff Real Estate Appraiser
1986 - 1989 First Sun Capital Corporation - Mortgage Loan Officer
1985 - 1986 First National Bank of Atlanta - Mortgage Loan Processor
1984 - 1985 South Carolina Federal Savings Bank - Mortgage Loan Processor

STATE LICENSES/CERTIFICATIONS

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

PARTIAL LIST OF CLIENTS

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

CHRISTOPHER D. CLARK

FORMAL EDUCATION

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

REAL ESTATE EDUCATION

Appraisal Institute

Course 110 – Appraisal Principles, 2005
Course 120 – Appraisal Procedures, 2005
Course 410 – 15- Hour National USPAP Course, 2005
Course 203R – Residential Report Writing & Case Studies, 2006
Course REA070513 – Analyzing Commercial Lease Clauses, 2007
Course 06RE0638 – Condominiums, Co-ops, PUD's, 2007
Course REA071154 – Hypothetical Conditions, Extraordinary Assumptions, 2008
Course 07RE0734 – 7-Hour National USPAP Update, 2008
Course 06RE0641 – Quality Assurance in Residential Appraisals, 2008
Course 06RE1286 – Office Building Valuation: A Contemporary Perspective, 2008
Course 430ADM 0 Appraisal Curriculum Overview – 2009
Course I400 - 7-Hour National USPAP Update – 2010
Course OL-202R - Online Residential Sales Comparison and Income Approach – 2011
Course OL-200R - Online Residential Market Analysis and Highest & Best Use – 2011
Course OL-201R - Online Residential Site Valuation & Cost Approach – 2011
Course I400 – 7-Hour National USPAP Update Course – 2012
Course REA110436 – Appraising the Appraisal: Appraisal Review General – 2012
Course 08REO643 – Business Practices and Ethics -2013
Course I400 – 7-Hour National USPAP Update – 2014
Course REA4380 – Online Introduction to Green Buildings: Principles and Concepts
Course REA120108 – Online Cool Tools: New Technology for Real Estate Appraisers
Course REA6260 – Real Estate Finance Statistics & Valuation Modeling - 2015
Course REA-REC-REC-7415 – 2016-2017 7-Hour USPAP Update – 2016
Course REA-CEC-REC-7494 – Eminent Domain and Condemnation – 2016
Course REA-CEC-REC-14476 – 7-Hour National USPAP Update – 2022
Course REA-CEC-REC-13680 – Comparative Analysis – 2022
Course REA-CEC-REC-14201 – Analyzing Operating Expenses – 2022
Course REA-CEC-REC-14584 – Appraising Automobile Dealerships – 2022

WORK EXPERIENCE

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

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES

 **State of Montana**
Business Standards Division
Board of Real Estate Appraisers

REA-RAG-LIC-683
Status: **Active**
Expires: **03/31/2024**

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

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

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

 **State of Montana**
Business Standards Division
Board of Real Estate Appraisers

REA-RAL-LIC-841
Status: **Active**
Expires: **03/31/2024**

This certificate verifies licensure as:
LICENSED APPRAISER

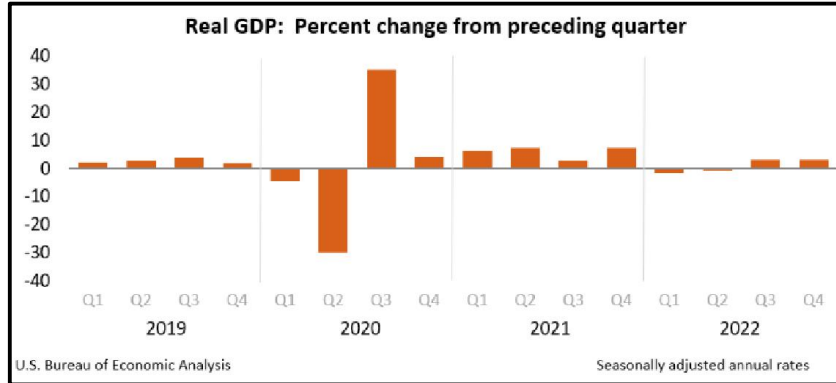
CLARK REAL ESTATE APPRAISAL
CHRISTOPHER D CLARK
CLARK REAL ESTATE APPRAISAL
P.O. BOX 1531
SEELEY LAKE, MT 59868

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

ADDENDUM

NATIONAL ECONOMIC DATA

According to an advance estimate from the Bureau of Economic Analysis of the US Department of Commerce (BEA), real GDP increased 2.9% in the fourth quarter of 2022 after increasing by 3.2% in the third quarter of 2022. According to the BEA, “The increase in real GDP reflected increases in private inventory investment, consumer spending, federal government spending, state and local government spending, and nonresidential fixed investment that were partly offset by decreases in residential fixed investment and exports. Imports, which are a subtraction in the calculation of GDP, decreased.”



STATE ECONOMIC DATA

Montana is the 44th most populous state in the US. As of 2010, US Census data estimated a population of 989,415 indicating a growth in population of 9.7% from 2000 to 2010. According to ESRI estimates using US Census data, the 2020 population of Montana was estimated to be 1,096,002. This estimate shows a 10.8% increase since the 2010 census. A 2021 estimate had the population of Montana at 1,099,333. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

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

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

According to ESRI, as of 2021 the median household income was estimated at \$56,296 and is projected to increase to \$61,054 (an increase of about 8.5%) by 2026. This compares to the United States, which has an estimated median household income of \$64,730 as of 2021 and is projected to increase to \$72,932 (an increase of about 12.7%) by 2026.

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

State of Montana					
Year	Month	Labor			Unemployment
		Force	Employment	Unemployment	Rate
2013	Annual Average	511,199	483,798	27,401	5.4%
2014	Annual Average	512,613	488,738	23,875	4.7%
2015	Annual Average	517,901	495,725	22,176	4.3%
2016	Annual Average	521,736	499,266	22,470	4.3%
2017	Annual Average	528,441	506,871	21,570	4.1%
2018	Annual Average	533,821	513,858	19,963	3.7%
2019	Annual Average	542,279	522,898	19,381	3.6%
2020	Annual Average	542,917	511,616	31,301	5.8%
2021	Annual Average	549,743	531,202	18,541	3.4%
2022	Y-T-D Average (through December)	565,779	550,678	15,100	2.7%
2022	December	566,515	553,036	13,479	2.4%
Average (2013-2022)					4.2%

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

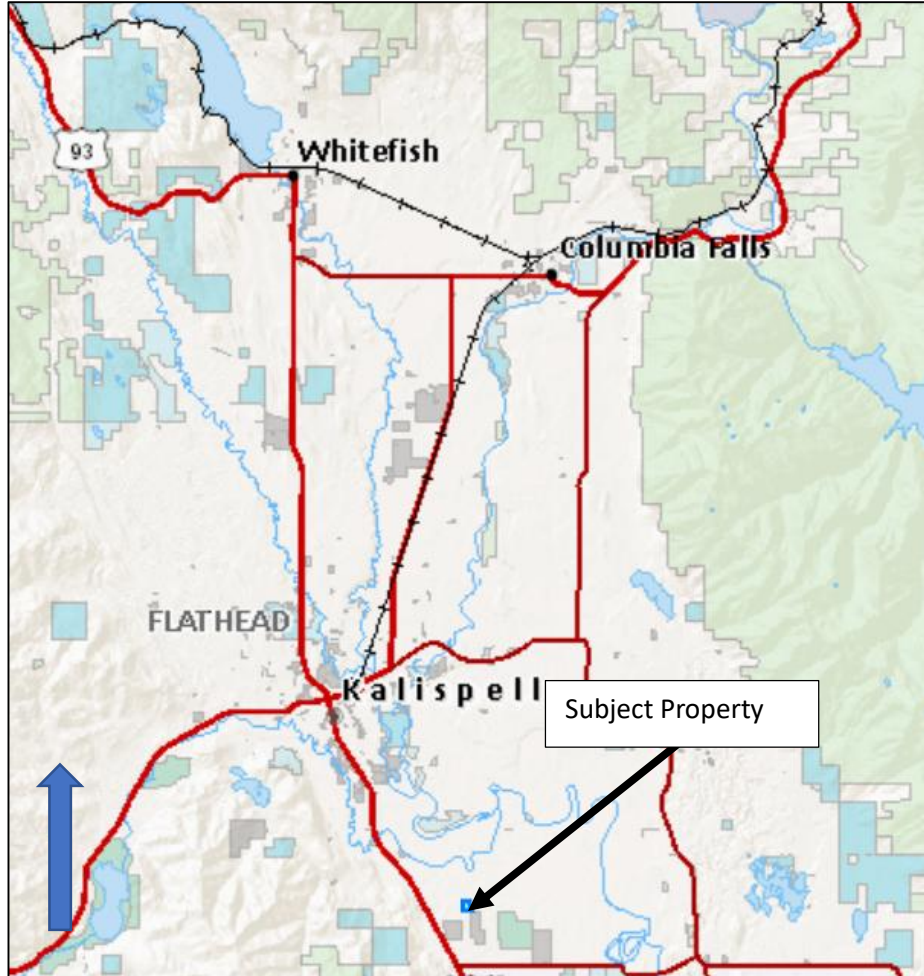
As shown in the previous table, the annual average unemployment rate decreased every year from 2011 through 2019. However, due in large part to the coronavirus pandemic (which began in March 2020), the overall unemployment rate in Montana increased in 2020. However, since approximately mid-2020 the rate began to trend down, and it was reported at 2.4% as of December 2022.

The real estate market in portions of Montana has been strong from 2020 through YTD 2023 despite the COVID-19 pandemic; however, it is too soon to discern long term impacts to the state economy.

FLATHEAD COUNTY DATA

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

Map Depicting the Three Municipalities in Flathead County



Geographical Information

Flathead County is located in northwest Montana and is 5,098 square miles in size. Flathead Lake is a significant geographical feature of the Flathead Valley. Glacier National Park is located in the Flathead Valley area and is a major area tourist attraction. Additional attractions include; Bob Marshall Wilderness, Hungry Horse Dam, 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 2022 ESRI estimates based upon US Census data, the population of Flathead County was estimated at 107,949. The population is forecasted to increase to 114,129 by 2027, or by approximately 1.1% per year. **However, it is noted that according to an article published by the Montana Free Press in April 2022, Flathead County became the fastest-growing county in Montana from July 2020 through June 2021. The article cited a U.S. Census Bureau estimate, which reported an estimated increase of 3,681 people in Flathead County within that timeframe, or an increase of 3.5%. The driving factor of this increase was attributed to shifting migration patterns related to the COVID-19 pandemic.**

Employment

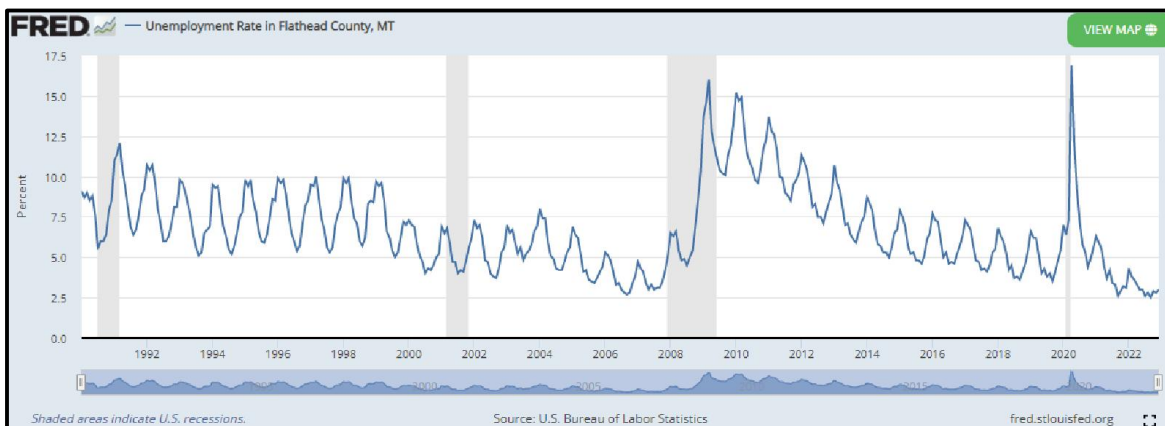
The retail trade industry represents approximately 15% of employment in Flathead County. Approximately 13% of the workforce is employed in the accommodation and food services industries and the healthcare and social assistance industries represents 12% of employment in Flathead County. Some of the largest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

Income

The median annual household income for Flathead County was estimated to be \$69,797 in 2022 based upon ESRI forecasts using US Census data. According to ESRI forecasts, the median annual household income is to increase by approximately 2.5% per year through 2027.

Unemployment

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



The US recessions are noted in gray. Flathead County was labeled as the “epicenter” of the recession for the state of Montana by statewide economists for the 2008 recession.

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

Flathead County					
Year	Month	Labor Force	Employment	Unemployment	Unemployment Rate
2013	Annual Average	43,860	40,529	3,331	7.6%
2014	Annual Average	43,773	40,954	2,819	6.4%
2015	Annual Average	44,861	42,228	2,633	5.9%
2016	Annual Average	45,960	43,298	2,662	5.8%
2017	Annual Average	47,092	44,581	2,511	5.3%
2018	Annual Average	48,229	45,895	2,334	4.8%
2019	Annual Average	48,862	46,513	2,349	4.8%
2020	Annual Average	49,750	45,934	3,816	7.7%
2021	Annual Average	51,167	49,112	2,055	4.0%
2022	Y-T-D Average (through December)	52,240	50,609	1,631	3.1%
2022	December	51,041	49,534	1,507	3.0%
Average (2013-2022)					5.5%

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

As shown in the previous table, the annual average unemployment rate generally decreased from 2011 through 2019. However, due in large part to the COVID-19 pandemic (which began in March 2020), the overall unemployment rate in Flathead County increased in 2020. However, since approximately mid-2020 the rate began to trend down, and it was reported at 3.0% as of December 2022.

Construction & Development

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

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

The 15-year high for residential single-family permits in the three municipalities is 369 permits issued in 2007. Thousands of new residential lots within subdivisions were created in Flathead County (incorporated and unincorporated areas) during the early and mid-2000's. Supply exceeded demand for the years immediately following the national recession. According to research by Clark Real Estate Appraisal, supply and demand moved closer to a balanced level in the municipalities in Flathead County over the past 5-10 years. However, since the onset of the COVID-19 pandemic in early 2020, demand has increased significantly, and is currently outpacing supply.

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 approximately 1.8 to over 3.3 million visitors each year over the last 10 years. There are many area recreational opportunities that draw resident and nonresident travelers. These include natural amenities such as the numerous lakes, rivers, and mountain ranges and manmade amenities such as ski and mountain biking areas.

Linkages & Transportation

The three 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 is ongoing commercial development along Montana Highway 40.

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

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

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

City and Communities

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

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

**Note that due to the significant influx of out-of-state people moving into the Flathead Valley starting in 2020 in response to the COVID-19 Pandemic, the 2020 census figures likely understate actual population levels.*

County Economic Data Conclusion

Attractions such as Glacier National Park, Flathead Lake, and 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.

The real estate market in Flathead County has been strong from 2020 through YTD 2023 despite the COVID-19 pandemic; however, it is too soon to discern long term impacts to the state economy.

CITY OF KALISPELL DATA

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

Population & Income

According to ESRI data, the 2022 population in the city of Kalispell was estimated to be 25,030. The population is forecasted to increase to 25,999 by 2027. This represents a forecasted increase of approximately 0.76% per year. The median household income was estimated to be \$60,215 in 2022. This is lower than the estimated 2022 median household income for Flathead County of \$69,797, and for the state of Montana of \$61,456.



Employment

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

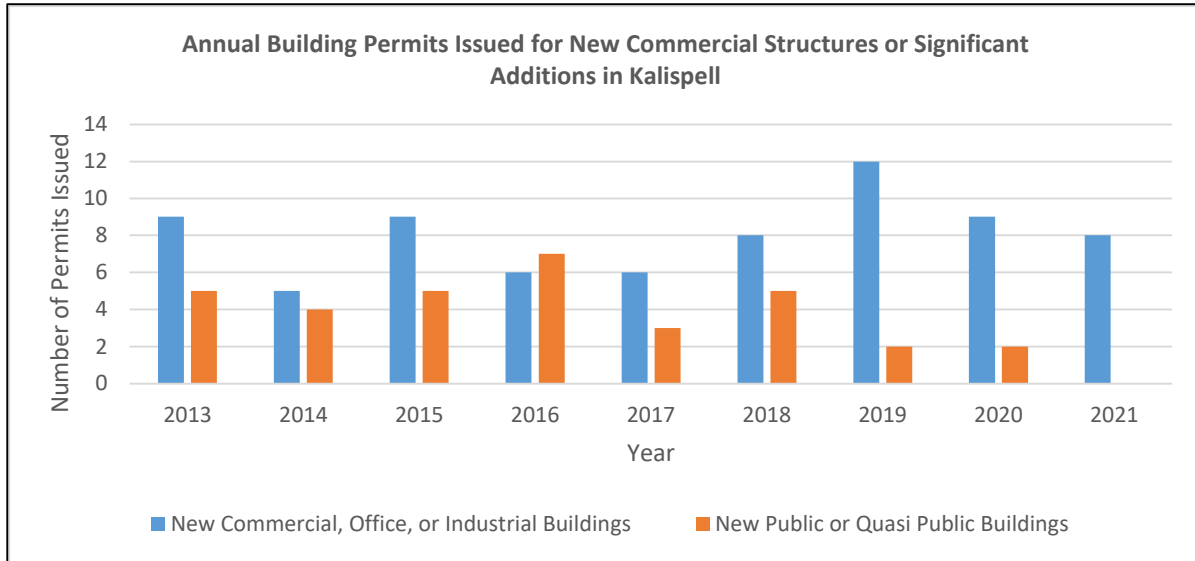
Linkages & Transportation

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

Commercial Real Estate

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

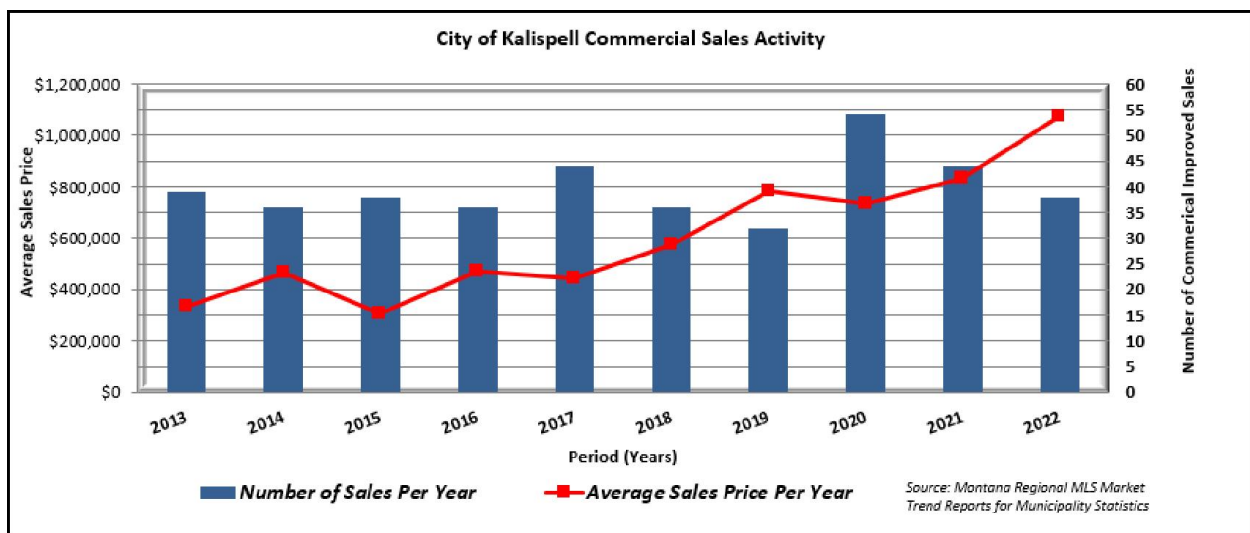
The City of Kalispell issued an average of approximately 8 new permits per year for commercial new construction or significant additions between 2013 and 2021. The number of new commercial construction permits, as well as permits issued for significant additions issued each year from 2013 through 2021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



Source: City of Kalispell Building Department

There were 8 permits issued for construction of new commercial, office, or industrial buildings (or for significant additions) during 2021. This is within the range and at the average for the time period of 2013-2021. There were 2 permits issued in 2021 for construction of new public or quasi-public buildings (or for significant additions).

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

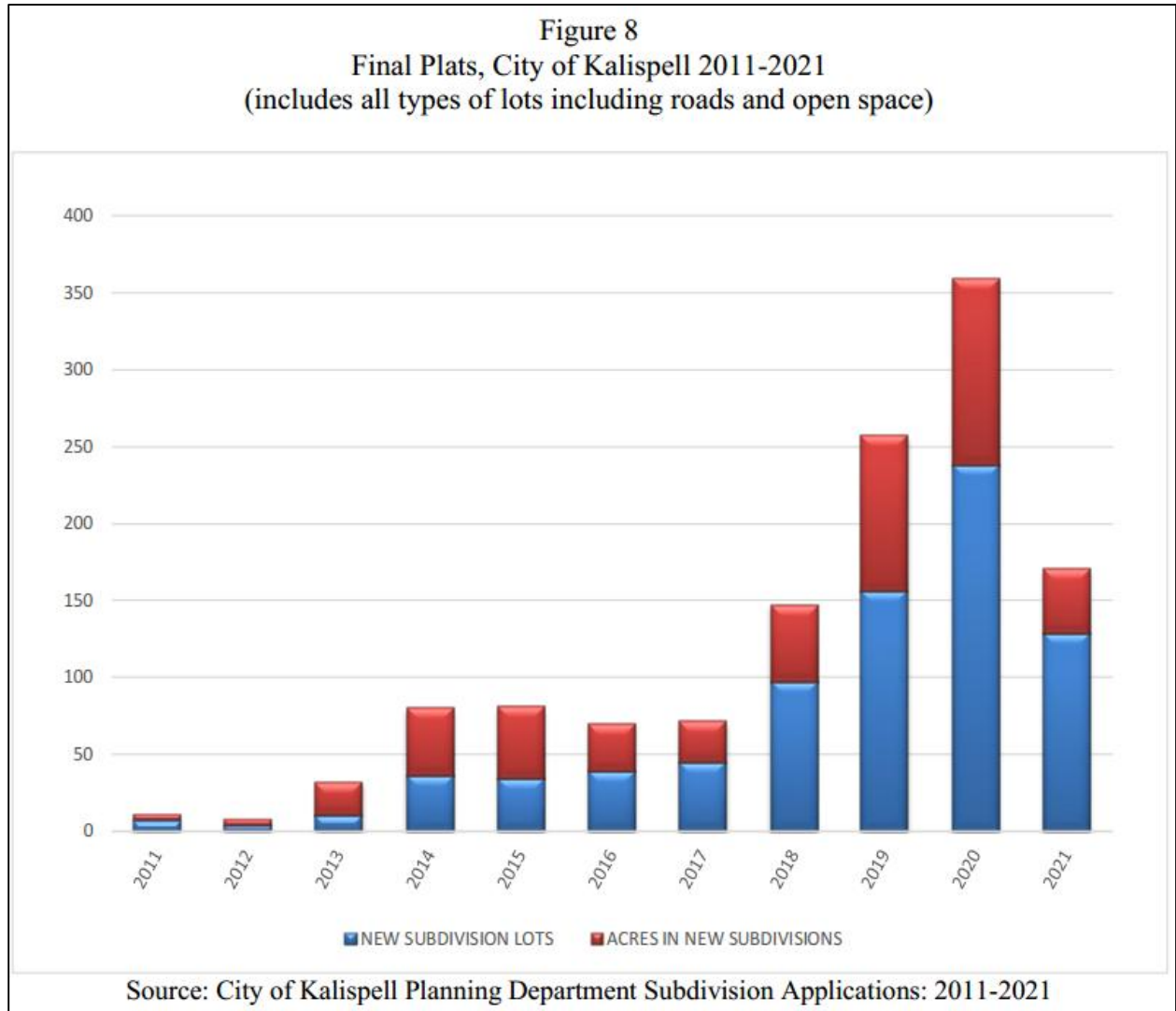


Source: Montana Regional MLS Market Trend Reports for Municipality Statistics

The peak in pricing occurred in 2022, and the peak in sales volume occurred in 2020.

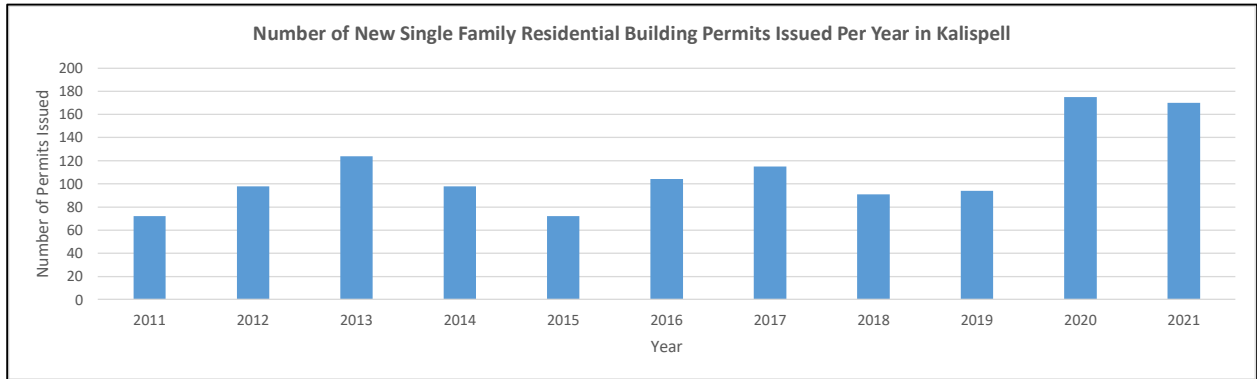
Residential Real Estate

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



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

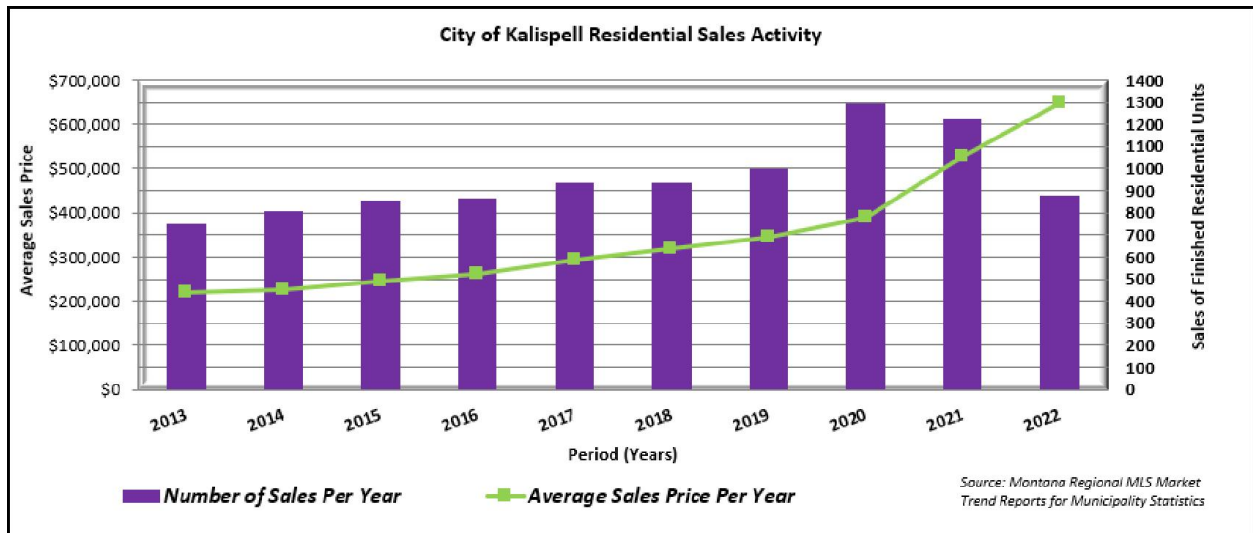
The following table depicts the annual number of new single-family residential construction permits issued in the city of Kalispell between 2005 and 2021.



Source: City of Kalispell

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

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



Source: Montana Regional MLS Market Trend Reports for Municipality Statistics

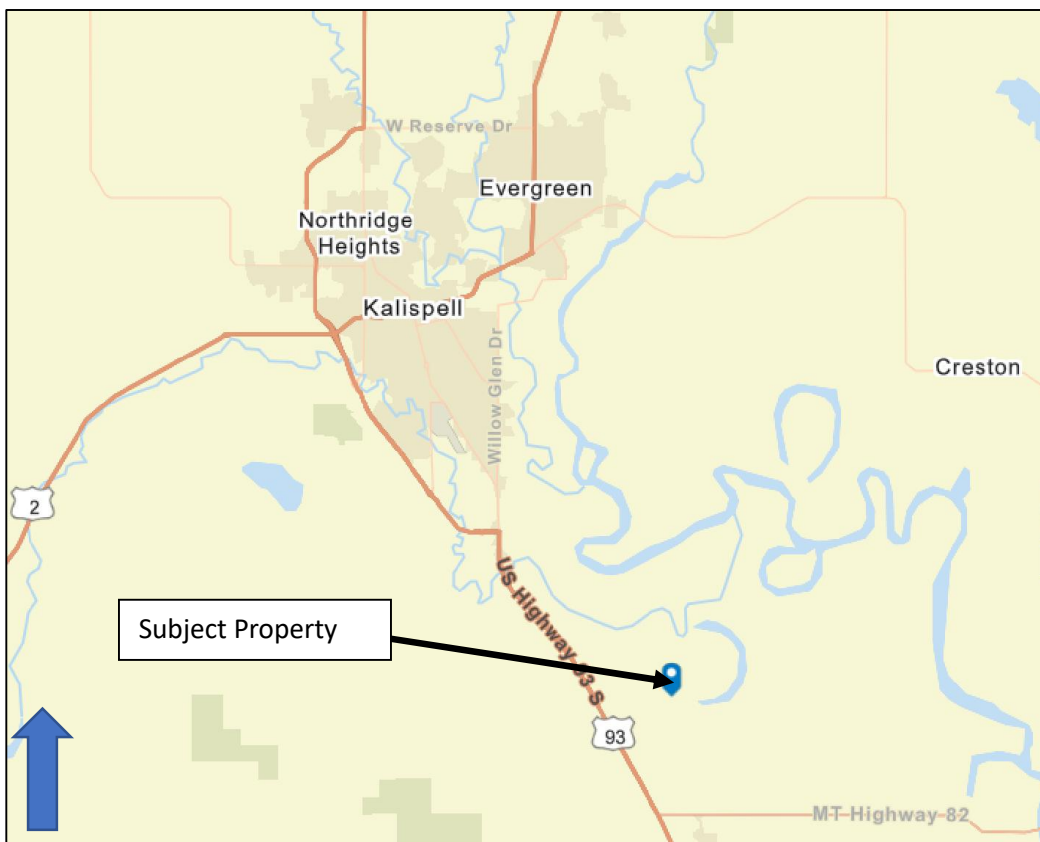
The peak in pricing occurred in 2022, and the peak in sales volume occurred in 2020. It is noted that the significant increases beginning in 2020 were heavily influenced by the COVID-19 pandemic, which began in March 2020.

Conclusion

List prices for commercial properties exceed historical sales prices, which could result in a lower number of commercial sales in the coming year. However, building permits issued for general commercial new construction have been relatively stable for the past several years. Although the number of sales of commercial properties decreased each year from 2020 to 2022, the average sales price increased in each of those years.

The residential market sector has continued to grow in pricing; however, sales volume slowed in 2022 compared to 2021. Sales volume and pricing steadily increased for improved residential properties in Kalispell from 2010 through 2020. As previously mentioned, the significant increases beginning in 2020 were heavily influenced by the COVID-19 pandemic, which began in March 2020. Future growth and expansion for the greater Kalispell area is considered likely in the long term due to forecasted population growth.

Kalispell Area Map



LETTER OF ENGAGEMENT
(Page 1 of 2)

CLARK
REAL ESTATE APPRAISAL

PO Box 1531
Seeley Lake, Montana 59868

May 3, 2023

Ms. Whitney Aschenwald
Flathead County Commissioners Office
800 South Main Street, Room 302
Kalispell, Montana 59901

Re: Summary Type Narrative Appraisal Report for a property located at 305 Wiley Dike Road,
Kalispell, Montana. Identified as Assessor # 0969640

Dear Ms. Aschenwald,

This letter is intended to describe the Scope of Work, fee, and time frame for a summary type, narrative appraisal report for the real property identified above. The client and intended user for this report is Flathead County. The intended use is for the determination of market value for possible purchase purposes.

The Scope of Work for the assignment will include examination of chain of title and use history for the subject property; examination of economic and market forces that affect the subject property; interviews with appropriate government officials, land owners, property managers, real estate agents and developers; determination of highest and best use for the subject property; search for and selection of applicable comparable sales, leases, and cost information; and determination of fair market value.

The appraisal report will be prepared in compliance with the Uniform Standards of Professional Appraisal Practice as promulgated by The Appraisal Foundation and the Code of Professional Ethics and Certification Standards of the Appraisal Institute.

An electronic copy of the appraisal will be provided to you. I will also provide up to two hard copies of the appraisal report upon request. The report will be delivered on or before May 29, 2023. The total fee for this report is \$2,000. Payment is due upon your receipt of the appraisal report.

Telephone (406) 862-8151 • www.clarkappraisal.us • FAX (406) 612-2000

Our engagement will commence once I have received this letter with your signature. Please sign below and return via e-mail if the terms are agreeable to you. Please let me know if you have questions or need more information.

Sincerely,

Elliott M. Clark

Elliott (Ellie) M. Clark, MAI

[Handwritten Signature]
Client Signature

5/7/23
Date

Telephone (406) 862-8151 • www.clarkappraisal.us • FAX (406) 612-2000

HISTORICAL CHANGES IN CPI-U

Consumer Price Index - All Urban Consumers													
12-Month Percentage Change													
Not Seasonally Adjusted													
Area:	U.S. city average												
Item:	All items less food and energy												
Base Period:	1982-84=100												
Years:	2013 through 2022												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2013	1.9%	2.0%	1.9%	1.7%	1.7%	1.6%	1.7%	1.8%	1.7%	1.7%	1.7%	1.7%	1.8%
2014	1.6%	1.6%	1.7%	1.8%	2.0%	1.9%	1.9%	1.7%	1.7%	1.8%	1.7%	1.6%	1.7%
2015	1.6%	1.7%	1.8%	1.8%	1.7%	1.8%	1.8%	1.8%	1.9%	1.9%	2.0%	2.1%	1.8%
2016	2.2%	2.3%	2.2%	2.1%	2.2%	2.2%	2.2%	2.3%	2.2%	2.1%	2.1%	2.2%	2.2%
2017	2.3%	2.2%	2.0%	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	1.7%	1.8%	1.8%
2018	1.8%	1.8%	2.1%	2.1%	2.2%	2.3%	2.4%	2.2%	2.2%	2.1%	2.2%	2.2%	2.1%
2019	2.2%	2.1%	2.0%	2.1%	2.0%	2.1%	2.2%	2.4%	2.4%	2.3%	2.3%	2.3%	2.2%
2020	2.3%	2.4%	2.1%	1.4%	1.2%	1.2%	1.6%	1.7%	1.7%	1.6%	1.6%	1.6%	1.7%
2021	1.4%	1.3%	1.6%	3.0%	3.8%	4.5%	4.3%	4.0%	4.0%	4.6%	4.9%	5.5%	3.6%
2022	6.0%	6.4%	6.5%	6.2%	6.0%	5.9%	5.9%	6.3%	6.6%	6.3%	6.0%	5.7%	6.2%
Average Annual Change (2013-2022):													2.5%

Source: US Department of Labor, Bureau of Labor Statistics