



**FIB File # 12881**

**Stevensville Development Land  
North Kootenai Creek Road  
Stevensville, Ravalli County, Montana**

**Date of Inspection: September 12, 2023**

**Date of "As Is" Value: September 12, 2023**

**Date of "As Completed" Value: December 31, 2023**

**Date of Report: October 18, 2023**

**For:**

**First Interstate Bank  
Attn: Terry Driscoll  
401 North 31<sup>st</sup> Street  
Billings, MT 59101**

**By:**

**ROVE Valuations  
Brenda L. McNaney, AI-GRS  
3312 Fourth Avenue North  
Billings, Montana 59101  
406-855-0960**





October 18, 2023

First Interstate Bank  
Attn: Terry Driscoll  
401 N. 31<sup>st</sup> Street  
Billings, MT 59101

RE: Appraisal of development land located on North Kootenai Creek Road, Stevensville, Ravalli County, Montana (FIB File #12881)

Dear Mr. Driscoll:

Pursuant to your request, I have prepared an appraisal of the above-described property. The purpose of this appraisal is to estimate the “As Is” and “As Completed” market value of the fee simple estate. I have personally inspected the site and improvements in this report. I certify that I have no personal interest, present or contemplated, in the subject property and that this appraisal represents my opinion of the market value of the subject property.

As a result of my investigation, the final estimated “As Completed” market value of the fee simple estate, as of the date of completion of construction, estimated to be December 31, 2023, is: **\$1,305,000**. I further certify that the final estimated “As Is” market value of the fee simple estate, as of the date of last inspection, September 12, 2023, is: **\$1,110,000**. The exposure time for the subject property is estimated to be less than 12 months.

This letter must remain attached to the report, which contains 36 pages, plus related exhibits, in order for the value opinions set forth to be considered valid. Further, this letter of transmittal precedes the appraisal report further describing the property and containing the reasoning and most pertinent data leading the final value estimates. Your attention is directed to the Assumptions and Limiting Conditions and Certification, which are considered usual for this type of assignment and have been included within the text of this report.

Sincerely,

ROVE VALUATIONS

A handwritten signature in blue ink that reads "Brenda McNaney, AI-GRS". The signature is written in a cursive style with a blue ink pen.

By: Brenda McNaney, AI-GRS  
Montana Certified General Appraiser #16011

Enclosure: Appraisal Report



## **TABLE OF CONTENTS**

### **REPORT**

Table of Contents.....	i
Summary of Appraisal.....	ii
Client.....	1
Purpose of the Appraisal.....	2
Intended Use of Report.....	3
Intended Users.....	3
Interest Valued.....	3
Effective Date of Value.....	3
Date of Report.....	3
Hypothetical Condition.....	4
Extraordinary Assumption.....	4
Appraisal Development and Reporting Process.....	5
General Area Analysis.....	6
Neighborhood Analysis.....	7
Site Analysis.....	9
Taxes.....	14
Property Ownership.....	15
Highest and Best Use Analysis.....	16
Sales Comparison Approach.....	18
Correlation Analysis and Final Value Estimate.....	26
As Completed Analysis.....	27
Certification.....	31
Qualifications.....	32
Assumptions and Limiting Conditions.....	34

## **ADDENDA**

Aerial Photograph  
Photographs of Subject Property  
Montana Cadastral Detail  
Property Tax Information  
Plat Map  
Proposed Site Plan & Costs  
Land Sales Map  
Letter of Engagement  
Copy of State License

## Summary of Appraisal

<b>FIB File Number:</b>	12881
<b>Interest Appraised:</b>	Fee Simple Estate
<b>Type of Property:</b>	Development Land
<b>Location:</b>	The subject is located along the north side of North Kootenai Creek Road, approximately $\frac{1}{2}$ mile west of Wankatanka Way in Stevensville, Ravalli County, Montana.
<b>Physical Address:</b>	NHN North Kootenai Creek Road, Stevensville, Montana, 59870
<b>Tax ID Number:</b>	401210
<b>Legal Description:</b>	Tract B-1 of COS #739909-R, Ravalli County, Montana
<b>Site:</b>	The subject is irregular in shape and has a total area of 68.56 acres. This location is in Ravalli County, outside the city limits of Stevensville. The land would be considered grazing/recreational land with electricity and a well on site.
<b>Improvements:</b>	There is a 7,089 sf barn that was constructed in 1996 and a 3,648 sf barn with an additional 1,064 sf lean-to that was constructed in 1984. Both of these structures are wood framed pole barns that are minimally constructed with dirt floors and no insulation, heating, electricity, or plumbing. The “as completed” value includes two proposed commercial wells and one proposed septic system.
<b>Highest and Best Use:</b>	“As Vacant”, the highest and best use is concluded to be residential development.  “As Improved”, the highest and best use is its continued use of storage for the two barns, with the proposed wells and septic system to be utilized in the future commercial development of Kootenai Creek Lodge.

<b>Value by Sales Comparison Approach:</b>	\$1,110,000
<b>Final “As Is” Market Value:</b>	<b>\$1,110,000</b>
<b>Final “As Completed” Market Value:</b>	<b>\$1,305,000</b>
<b>Date of “Prospective” Value:</b>	December 31, 2023
<b>Date of “As Is” Value:</b>	September 12, 2023
<b>Date of Report:</b>	October 18, 2023
<b>Estimated Exposure Period:</b>	Less than 12 Months

**CLIENT:** First Interstate Bank  
Attn: Terry Driscoll  
401 North 31<sup>st</sup> Street  
Billings, Montana 59101

**APPRAISER:** Brenda L. McNaney, AI – GRS  
ROVE Valuations  
3312 Fourth Avenue North  
Billings, Montana 59101  
(406) 855-0960

**SUBJECT:** Appraisal of development land located on North Kootenai Creek Road, in Stevensville, Ravalli County, Montana.

**INTRODUCTION:**

This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. This report is in a format similar to what formally was referred to as a summary report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.



## **PURPOSE OF THE APPRAISAL:**

The purpose of this appraisal is to provide the appraisers' best estimate of the market value of the subject real property as of the effective date. *Market value* is defined by the federal financial institutions regulatory agencies as follows:

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

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

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)



**INTENDED USE:** The intended use of this appraisal is to assist First Interstate Bank in making loan underwriting and/or credit decisions.

**INTENDED USERS:** This appraisal report is prepared for the sole and exclusive use of the appraiser's client: First Interstate Bank. There are no other intended users of the report. No unnamed third parties are authorized to rely upon this report without the express written consent of the appraiser.

**INTEREST VALUED:** The fee simple estate in the above described real estate.

**Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

*The Dictionary of Real Estate Appraisal. 4<sup>th</sup> Edition: Appraisal Institute, 2002, p. 113.*

**DATE OF INSPECTION:** September 12, 2023

**EFFECTIVE DATE OF “AS IS” VALUE:** September 12, 2023

**EFFECTIVE DATE OF “PROSPECTIVE” VALUE:** December 31, 2023

**DATE OF REPORT:** October 18, 2023



**EXTRAORDINARY ASSUMPTIONS:**      Defined as:

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions.

*The Appraisal of Real Estate. 14<sup>th</sup> Edition: Appraisal Institute, 2013, p. 53.*

The improvements are proposed, therefore, the value "As Completed" is based on the extraordinary assumption that the improvements are completed as described in this report, as of December 31, 2023. Should the improvements differ materially from those described in this report, I reserve the right to change the final estimate of value accordingly.

Additionally, should the costs of the proposed wells and septic system differ materially from the provided estimate, I reserve the right to change the final estimate of value accordingly.

**HYPOTHETICAL CONDITIONS:**      None



## APPRAISAL DEVELOPMENT AND REPORTING PROCESS

In preparing this appraisal, the appraiser:

- Inspected the subject site and both the interior and exterior of the buildings. Additionally, I have measured each building.
- Gathered information on comparable land sales.
- Interviewed several civil engineers and contractors.
- Interviewed numerous real estate brokers who are familiar with and actively involved in the residential market in Ravalli County.
- Confirmed and analyzed the data and applied the Sales Comparison Approach to value.
- Utilized the Cost Approach to estimate the contributory value of the existing and proposed improvements.
- The Income Approach has not been developed in this analysis. This approach is not a primary method of valuation for this property type as it is not typically purchased for investment purposes. Investors often place significant emphasis on the Income Approach when evaluating a property, as it assesses the property's capacity to generate income. The omission of this approach does not weaken the overall reliability of the final estimate of value.

All information pertinent to the valuation of the subject property is contained in the report. Supporting documentation used in arriving at market value is retained in the appraiser's file.



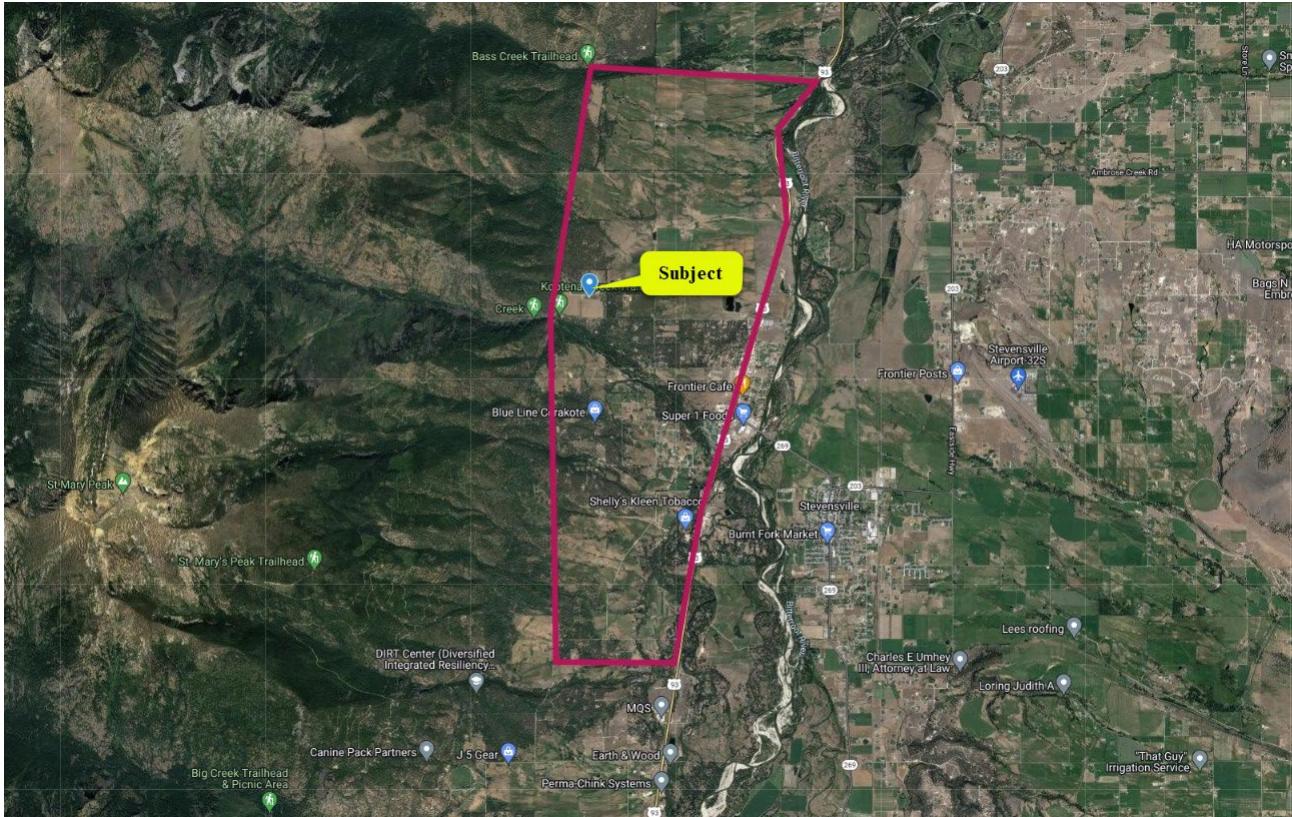
## GENERAL AREA ANALYSIS

The subject is located northwest of the city limits of Stevensville, Montana, and south of Florence, Montana. Stevensville and Florence are bedroom communities of Missoula, Montana, located in the Bitterroot Valley. Missoula is the county seat for Missoula County and is located along the Clark Fork River near its confluence with the Bitterroot and Blackfoot Rivers in western Montana and at the convergence of five mountain ranges, often described as the “hub of five valleys”. Many of the largest employers in Missoula County are located in Missoula and include hospital and medical facilities, financial institutions, manufacturing facilities, federal, county or city government, retail businesses, restaurants, bars, and small locally-owned businesses. The most recent U.S. Census estimate from 2020 reports a population of 117,922 and a median household income of \$42,103. After Billings, Missoula is the second-largest city and metropolitan area in Montana. It is home to the University of Montana.

The Bitterroot Valley extends 95 miles from Lost Trail Pass in Idaho to a point near Missoula along Interstate 90. Communities within the valley include Lolo, Florence, Stevensville, Victor, Corvallis, Hamilton, Darby, Conner, and Sula. The southern end of the valley is split into the East and West Forks of the Bitterroot River, and the northern end has its confluence of the Bitterroot River with the Clark Fork River. U.S. Highway 93 is the primary roadway through the valley. There is a secondary roadway, Highway 269 that also runs through the valley.



## NEIGHBORHOOD ANALYSIS



For appraisal purposes a neighborhood is defined in terms of common characteristics, trends, and groupings of complementary uses. The subject neighborhood is considered to be the area south of Bass Creek Road, north of St Mary's Road, and west of U.S. Highway 93. The western perimeter begins at the west termination point of Bass Creek Road where the Bass Creek Trailhead is located and ends at the southern border (St Mary's Road). The subject is located in the northern half of this defined area.

U.S. Highway 93 comprises of a mixture of unimproved ag land and a scattering of commercial improvements, primarily light industrial and retail. The remainder of the neighborhood consists predominantly of unimproved ag land (irrigated and dryland) and



ranchettes. Additionally, there are several notable recreational sites within the neighborhood including Kootenai Trailhead, Bass Creek Trailhead, Sweeney Trailhead, and Larry Creek Group Campground. The topography is primarily level and wooded with a slight slope from west to east. Additionally, there are multiple creeks and gulches throughout the area.



## SITE ANALYSIS

The following site descriptions are based on inspections of the subject and data gathered from public records.

### **Description of Subject Site:**

Location: The subject is located along the north side of North Kootenai Creek Road, approximately ½ mile west of Wankatanka Way in Stevensville, Ravalli County, Montana.

Address: NHN North Kootenai Creek Road, Stevensville, MT 59870

Tax ID #: 401210

Legal Desc: Tract B-1 of COS #739909-R, Ravalli County, Montana

Size: 68.565 acres

Shape: Irregular – see plat map in addenda

Frontages: 1,944' – North Kootenai Creek Road  
1,192' – East access roadway  
1,969' – North access roadway

Improvments: There are currently two barns located along the north side of the site that were previously used for the storage of hay and equipment. The east structure is 139' x 51' (7,089 sf - appraiser measurements) and was constructed in 1996. This is a wood framed pole barn with metal siding,



metal roof, dirt floors, 17' sidewalls, (2) 9'w x 15'h metal sliding doors on the south elevation, (2) 9'w x 15'h metal sliding doors on the north elevation, and a small concrete apron on the north side. There is no insulation, heating, plumbing, or electricity. This structure was in overall average condition with an estimated effective age of 15 years and remaining economic life of 15 years.

The west structure is 48' x 76' (3,648 sf – appraiser measurements) that was constructed in 1984. This is a wood framed pole barn with wood slat walls, metal roof, dirt floors, and 13' to 17' sidewalls. There is no insulation, heating, plumbing, or electricity. The barn is demised into two spaces. The east side has (1) 10'w x 16'h and (1) 20'w x 16' wooden swing doors on the south elevation and (2) 7'w x 16' h wooden swing doors on the north elevation. The west side has (2) 8'w x 12'h wooden swing doors on the south elevation and (2) 8'w x 12'h wooden swing doors on the north elevation. There is lean-to that is located along the eastern side of this barn and measure 14' x 76' (1,064 sf – appraiser measurements) with 17' sidewalls and one open side. This structure is in overall fair to average condition with an estimated effective age of 25 years and remaining economic life of 5 years.

**Note to reader:** The Cadastral square footage of the two barns differs slightly from my measurements (east barn – 5,500 sf; west barn – 4,365 sf). I have used the square footage taken from my measurements of each building (east barn – 7,089 sf; west barn – 3,648 sf; lean-to – 1,064 sf).



There is a 9' x 10' wood framed well house with concrete floors, wood siding, metal roof, electrical heat, and unfinished drywall walls. (This structure is not included in the scope of this appraisal).

Located along the northern perimeter of the site is an irrigated gravity flow system with a buried main line and risers. This is shared system with the parcel to the north (Tract A).

Easements: There is an existing 20' buried irrigation line easement, 20' well and water line easement, and 30' access and utility easement for the benefit of the parcel to the north (Tract A) located along the northern perimeter of the site. These easements do not adversely impact the value of the property.

There do not appear to be any other easements that have an adverse impact on the value of the property.

Zoning: None

Utilities: There is electricity along the north and south perimeters of the site. Additionally, there is an irrigation well located in the previously mentioned well house. It is reported that this well produces good quality potable water that is approved for private consumption.

There are two proposed commercial wells and one septic system that are included in the “as completed” market value. Please see the proposed site plan in the agenda for the location of the proposed wells and septic.



Access: The primary entrance is a gated entrance located along the south side of the site from North Kootenai Creek Road. This features a metal gate, electronic keypad, and rock pillars and leads to an interior dirt road. This road travels north through the subject to the north perimeter. Additionally, this road travels west along the southern perimeter to the west perimeter of the site. There is a secondary gated access located along the south side of the site, north of the primary gated entrance. There is additional access located along the north and east sides of the site from the respective access roads.

North Kootenai Creek Road is a graveled county roadway. The roads along the north and east sides of the site are graveled private roadways.

Topography: The site is best described as slightly sloped from west to east with areas of level topography. Additionally, along the north, south, and east perimeters and interior road are areas that are lightly wooded.

Adjacent Properties:

- North: Ranchette;
- South: Multiple ranchettes;
- East: Ranchette;
- West: Unimproved grazing land and North Kootenai Trailhead.

Flood Hazard: The subject is not located in an identified flood hazard area.



### **Hazardous or Toxic Materials:**

A visual inspection of the site did not reveal any unusual soil conditions or hazardous waste materials that may be present on or under the site. I am not aware of a Phase I Environmental Assessment that has been made of the site; therefore, I cannot comment on actual soil conditions or the existence of hazardous wastes, if any, on/under the site. I am not an expert in detecting hazardous materials that may be present on/under the site, which materials may affect the value of the property.

The value estimate is predicated upon the assumption there is no such material on the property. Any such environmental risk discovered at a later date may require a revised estimate of value that may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may also carry a stigma in the marketplace that may or may not affect the value. If future soil tests should reveal the existence of any unusual soil conditions or hazardous wastes, I reserve the right to review and adjust this appraisal accordingly.



## TAXES

The subject is assessed and taxed by Ravalli County. The 2023 assessment and taxes are shown below. As of the writing of this report no delinquent taxes are owing on the property.

Assessors Code # – 401210		
2023 Assessed Value	2023 Taxes	
Land: \$ 3,777		\$609.04
Imprvment: <u>63,890</u>		(0.90% of assessed value)
Total: \$ 67,667		

The final estimate of market value “as is” arrived at in this report is \$1,110,000, which is significantly higher than the assessed value by the Ravalli County Department of Revenue (DOR). In all likelihood, the assessed value will be increased in the future to a level that more closely reflects market value.

Additionally, the concluded “As Completed” market value with the proposed improvements is \$1,305,000. Based on a tax rate of 0.90%, the estimated annual tax liability for this lot is \$11,745 ( $\$1,305,000 \times .009 = \$11,745$ ).

Taxes as a percentage of assessed value is typical for this market.



## **PROPERTY OWNERSHIP**

The subject is under the ownership of Floyd and Leslie Nalls Living Trust (Floyd and Leslie Nalls Trustees), with Kootenai Creek LLC (Gary Peterson Member) as the contract buyer. Kootenai Creek LLC purchased the property via Notice of Purchaser's Interest #750394 recorded on October 16, 2020. The purchase price associated with this transaction is \$885,000. The property was actively listed for sale on 3/10/20 by Judith Porter with TouchPoint Properties for \$895,000. On 09/12/20 this sale went under contract for \$885,000.

Floyd and Leslie Nalls Living Trust acquired ownership from Floyd and Leslie Nalls via Warranty Deed #676623 recorded on April 2, 2014. This is a transaction between related parties. The purchase price associated with this transaction, if any, is unknown.

There are no known listings or sales of the subject outside of the sales listed above within the last 36 months. To the best of my knowledge, the subject property is not listed for sale, nor is it under contract for sale, as of the date of valuation.



## HIGHEST AND BEST USE

In estimating the site's highest and best use, legal controls, such as zoning, must be considered, along with investor attitudes and the financial feasibility of the alternative uses. Major types of real estate uses, consisting of agricultural, residential, recreational, industrial, commercial and public use, were analyzed. It is obvious that several of these uses can be immediately eliminated due to zoning restrictions or unsuitability of the site for such a use.

### **“As Vacant”:**

The subject is located on the outskirts of Stevensville city limits, approximately 1.5 miles west of U.S. Highway 93. North Kootenai Creek Road is a lightly traveled graveled county road that dead ends at the southwest corner of the subject at the Kootenai Creek Trailhead. The topography is slightly sloped with areas of level terrain and slightly wooded areas. The surrounding properties include a mixture of unimproved ag land (grazing and production) and small acreage homesites. Given the location outside city limits, gravel road access, and the topography, commercial development can be eliminated as the highest and best use. This leaves residential development.

Over the last three years the residential market in the Bitterroot Valley has experienced a drastic increase in demand. This is due to the historically low interest rates from mid-2020 to early-2022, paired with the influx of population to the area. This has led to an increase in construction. Along with this increase in construction, there has been a dramatic and continuous increase in the cost of building materials and laborers. This trend has led to a drastic increase in sales prices of all residential properties in the area. As of late-2023, the housing market has stabilized, however, the demand and prices for housing remains high.

Given the current housing market, along with the location and access of the subject, I have concluded that the highest and best use “as vacant” is development with a residential use.



### **“As Improved”:**

There are currently two older barns located on the northern perimeter of the site. These are minimally constructed and have historically been used for equipment and hay storage. These are in overall fair to average condition and are well suited for the continued use of storage.

The proposed improvements consist of (2) commercial wells and (1) septic system. The commercial wells are to be constructed to meet the requirements of public consumption. These requirements are more stringent than private wells, which is the norm in this area. These improvements are part of the early phases of infrastructure for an ultra-luxury resort to be known as Kootenai Creek Lodge. This type of venue has become increasingly popular in recent years in Montana. This is due to the scenic views and recreational activities that Montana offers. The Bitterroot Valley is no exception to this as tourism continues to grow, along with the popularity of destination weddings with scenic outdoor venues. These establishments flourish by blending outdoor adventures with the indulgence of a resort experience. In this specific location, this type of property necessitates the utilization of commercial wells and multiple septic systems due to the absence of city services. Additionally, private wells do not meet the DEQ standards for public consumption.

Based on this information, I have concluded that the highest and best use “as improved” is the continued use of storage for the two barns, with the proposed wells and septic system to be utilized in the future commercial development of Kootenai Creek Lodge.



## **SALES COMPARISON APPROACH – AS IS**

The value of a property tends to be set by the cost of acquiring an equally desirable substitute property. Therefore, in the Sales Comparison Approach market data obtained from sales of properties with a reasonable degree of similarity to the subject property are analyzed and adjusted to arrive at a value indication. The reliability and similarity of comparable sales data tends to determine the reliability and accuracy of this approach. The unit of comparison utilized in this approach is price per acre.

Due to the lack of recent sales with improvements similar to the subject, I have analyzed the land as vacant. The contributory value of the improvements is addressed following this analysis. Five sales have been analyzed in arriving at value for the subject. Each of these sales are located in Ravalli County in the Bitterroot Valley and range in size from 40.76 to 80.00 acres. A map showing their locations is located in the addenda. The chart on the following page lists the pertinent information for each sale. The subject is listed on the left-hand side for comparison purposes.

(Please see the following page for Land Sales Chart)



### Land Sales Chart

<u>Element:</u>	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Sale 4</u>	<u>Sale 5</u>
<b>Date of Sale:</b>	Current	06-2023	07-2022	04-2022	06-2021	02-2021
<b>Location:</b>	N. Side of N. Kootenai Cr. Rd., W. of Wakantanka Way	N. Side of Dry Gulch Rd. W. of Store Ln.	SEC Red Crow Rd. & Wild Rose Ln.	N. of Jenne Ln., E. of Heavens Way	W. Side of Longley Ln. S. of Pat Ln.	W. of Illinois Bench Road
<b>City, St.:</b>	Stevensville, MT	Stevensville, MT	Victor, MT	Florence, MT	Stevensville, MT	Stevensville, MT
<b>Grantor:</b>	N/A	Red Truck Properties LLC	Howard Hardemann LLC	E D A Investments LLP	Amy & James Grassey	Marlee Ostrow
<b>Grantee:</b>	N/A	Cary & Christine Dabbs Trust	Martin & Rene Cook	Judah Development LLC	Gregory & Rebecca Moore	David & Karen Bellaire
<b>H &amp; B Use:</b>	Development Land	Development Land	Development Land	Development Land	Development Land	Development Land
<b>Irrigation:</b>	Irrigated	None	None	None	Irrigated	None
<b>Utilities:</b>	Well/Elec.	Elec.	Well/Septic/Elec.	Elec.	Elec.	Elec.
<b>Topography:</b>	Level/Slightly Sloped	Level/Sloped	Level/Slightly Sloped	Level/Rolling	Level	Level/Slightly Sloped
<b>Zoning:</b>	None	None	None	None	None	CC&R's
<b>Sales Price:</b>	N/A	\$650,000	\$1,270,000	\$560,000	\$690,000	\$415,000
<b>Size/Acres:</b>	68.565	50.15	65.00	80.00	41.25	40.76
<b>Price/Acre:</b>	N/A	<b>\$12,961</b>	<b>\$19,538</b>	<b>\$7,000</b>	<b>\$16,727</b>	<b>\$10,182</b>
<b>Prop. Rights:</b>	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
<b>Financing:</b>	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
<b>Cond. Sale:</b>	Typical	Typical	Typical	Typical	Typical	Typical
<b>Market Cond.:</b>	Current	Similar	Similar	Inferior	Inferior	Inferior
<b>Adjustment:</b>	-	-	-	2.50%	5.00%	7.50%
<b>Adj. \$/Acre:</b>	N/A	<b>\$12,961</b>	<b>\$19,538</b>	<b>\$7,175</b>	<b>\$17,564</b>	<b>\$10,945</b>
<b>Location:</b>	Good	Similar	Superior	Similar	Similar	Inferior
<b>Irrigation:</b>	Irrigated	Inferior	Inferior	Inferior	Similar	Inferior
<b>Utilities:</b>	Well/Elec.	Inferior	Superior	Inferior	Inferior	Inferior
<b>Topography:</b>	Level/Slightly Sloped	Inferior	Similar	Similar	Superior	Similar
<b>Size/SF:</b>	68.565	Similar	Similar	Inferior	Superior	Superior
<b>Zoning:</b>	None	Similar	Similar	Similar	Similar	Inferior
<b>Overall Compar.:</b>	N/A	<b>Inferior</b>	<b>Superior</b>	<b>Inferior</b>	<b>Superior</b>	<b>Inferior</b>



### **Adjustments Made to Sales:**

**Transactional:** No adjustments were necessary to any of the sales for real property rights conveyed, financing terms, conditions of sales, or expenditures made immediately after purchase.

**Market Conditions:** The sales occurred between February, 2021 and June, 2023. The value of all types of real estate in this market had increased measurably from mid-2020 to mid-2022. This is due to the historically low interest rate environment, along with the influx of population to the area. In mid-2022, values began to stabilize as activity in the market slowed due to the increase in interest rates. For this reason, I have adjusted Sale 5 by 7.5%, Sale 4 by 5.0%, and Sale 3 by 2.50% for improving market conditions from early-2021 to mid-2022. Sale 1 occurred in June, 2023 and Sale 2 in July, 2022. Both sales are considered reflective of current market conditions, therefore, an adjustment for market conditions is not warranted.

**Property:** Property adjustments include items such as location, physical characteristics, economic characteristics, legal characteristics, and non-realty components of value. The following six areas have been analyzed for adjustment: location, irrigation, utilities, topography, size, and zoning. Following is a brief discussion of each sale and my determination of overall comparability to the subject.

### **Discussion of Sales:**

**Sale 1:** Sale 1 is located along the north side of Dry Gulch Road, approximately 190' west of Store Lane in Stevensville, MT. This location is approximately two miles east of Highway 203. Dry Gulch Road is an asphalt paved roadway and there is direct access to the site from this road. There is a small, dry creek that runs east/west along the south side of the site. The property has a fairly steep slope from north to south with areas of level topography and a lightly wooded area along the creek. This was used as grazing land at the time of the sale.



This sale is inferior to the subject in irrigation, utilities, and topography and similar in location, size, and zoning. This sale is inferior to the subject in overall comparability.

**Sale 2:** Sale 2 is located at the southeast corner of Red Crow Road and Wild Rose Lane in Victor, MT. This location is approximately two miles southwest of the western edge of the city limits of Victor. The site features a mixture of level and slightly sloping (from west to east) topography. At the time of the time of the sale there were two older homes on the site with a total estimated contributory value of \$250,000. For analysis purposes, I have deducted the contributory value of these improvements from the initial sales price of \$1,520,000. This equates to an adjusted sales price of \$1,270,000 ( $\$1,520,000 - 250,000 = \$1,270,000$ ). There is electricity, well, and septic on site. Additionally, Gash Creek runs through the northwest quadrant of the site, creating water frontage. This was used as grazing land at the time of the sale.

Due to the water frontage from Gash Creek, this sale is superior to the subject in location. Additionally, this sale is superior to the subject in utilities, inferior in irrigation, and similar in topography, size, and zoning. This sale is superior to the subject in overall comparability.

**Sale 3:** Sale 3 is located on the north side of Jenne Lane, approximately 0.7 miles east of Heavens Way in Florence, MT. The site features mostly level topography with a lightly wooded ravine along the south side of the site. The property is accessed from Jenne Lane, which is a graveled county road. The site has a mixture of level and rolling topography, with access to electricity. This was used as grazing land at the time of the sale.



This sale is inferior to the subject in irrigation and size and similar in location, utilities, topography, and zoning. This sale is inferior to the subject in overall comparability.

**Sale 4:** Sale 4 is located on the west side of Longley Lane, south of Pat Lane in Stevensville, MT. This is a mostly square shaped parcel with an access “finger” located at the southeast corner that provides access from Longley Lane. There is a lightly wooded dry creek that runs through the northern half of the site. The property has level topography and was being used as irrigated ag production and grazing land at the time of sale.

This sale is superior in topography and size, inferior in utilities and similar in location, irrigation, and zoning. This sale is superior to the subject in overall comparability.

**Sale 5:** Sale 5 is located west of Illinois Bench Road in Stevensville, MT. Access is via a right of way that abuts the southwest corner of the site. Topography is primary level with a slight slope from east to west. There is a small dry creek that is lightly wooded located in the northeast corner. The CC&R’s primarily permit single family residence improvements. Commercial use is not permitted. Theis was used as grazing land at the time of the sale.

This sale is superior to the subject in size, inferior in location, irrigation, utilities, and zoning, and similar in topography. This sale is inferior to the subject in overall comparability.



## **Conclusion of Value:**

After adjusting for market conditions, the sales range from \$7,175 to \$19,538 per acre. These sales bracket the subject in overall comparability with two superior and three inferior. Sale 3 represents the low end of the range. Due to the inferior irrigation, utilities, and size of this sale, the subject should command a rate higher than \$7,175 per acre. I have given this sale limited consideration. Sale 2 represents the high end of the range. Due to the superior location and utilities of this site, the subject should command a rate lower than \$19,538 per acre. I have given this sale secondary consideration. I have also given secondary consideration to Sale 5. Due to the inferior location, irrigation, utilities, and zoning of this sale, the subject should command a rate higher than \$10,945 per acre.

Primary consideration has been given to Sales 1 and 4. Due to the inferior irrigation, utilities, and topography of Sale 1, the subject should command a rate higher than \$12,961 per acre. On the other hand, due to the superior topography and size of Sale 3, the subject should command a rate lower than \$17,564 per acre.

Given this information, I have concluded to a market value of \$15,200 per acre for the subject. This is essentially equal to the mid-point of Sales 1 and 4 and considered reasonable given the subjects location, irrigation, utilities, topography, and size.

Based on a value of \$15,200 per acre, the market value of the land is calculated as follows:

$$68.565 \text{ acres} \times \$15,200/\text{acre} = \$1,042,188$$



### **Improvement Value:**

I was unable to find any sales with similar improvements to those of the subject. For this reason, I have used the estimated cost after depreciation in order to conclude to the contributory value of the two barns. The cost factors for the subject have been taken from Marshall Valuation Services (MVS). This is a cost data service providing average construction costs for a variety of improvement types and construction qualities with monthly updates of local and current cost multipliers. These cost factors are adjusted for local conditions.

The cost factor from MVS is taken from *Average Quality*, Farm Utility Building (477), Section 17, Page 26 with a base cost of \$15.70 psf and *Average Quality*, Farm Utility Lean-tos (124), Section 17, Page 27 with a base cost of \$10.75 psf.

I have used the base cost of \$15.70 psf for each barn and \$10.75 psf for the lean-to. I have then estimated depreciation based on the effective age of each structure and a total economic life of 30 years. The following chart details my conclusion of the contributory value of the improvements.

Contributory Value of Improvements									
Type	Yr. Built	SF	RCN \$/Unit	RCN	Age	Effective Age	Physical Depr.	RCN After Phys. Depr.	Improvement Contribution
Farm Utility Building	1996	7,089	\$15.70	\$111,297	27	15	50%	\$55,649	\$55,649
Farm Utility Building	1984	3,648	15.70	57,274	39	25	83%	9,546	9,546
Farm Utility Lean-To	1984	1,064	10.75	11,438	39	25	83%	1,906	1,906
								<b>TOTAL:</b>	<b>\$67,101</b>

Based on the above calculations, the total contributory value of the two barns equates to \$67,101.



In order to concluded to the total “as is” value, the contributory value of the improvements is added to the previously concluded land value as follows:

Land:	=	\$1,042,188
Improvements:	=	<u>67,101</u>
Total:		\$1,109,289
<b>Rounded to:</b>		<b>\$1,110,000</b>



**CORRELATION ANALYSIS  
AND  
FINAL VALUE ESTIMATE**

The Sales Comparison Approach indicates the following “as is” value estimate for the subject property:

**Sales Comparison Approach: \$1,110,000**

The Sales Comparison Approach is the method of valuation almost all buyers and sellers of vacant land use when analyzing a property for acquisition or disposition. The five sales are located in Ravalli County in the Bitterroot Valley within close proximity to the subject. Additionally, these sales bracket the subject in location and size. Overall, these five sales provide excellent support for the estimated market value. Additionally, the estimated contributory value of the improvements, based on a costs after depreciation, has been added to the vacant land value.

Based on the analysis of the data and information presented in this report, the final estimated “as is” market value, as of the date of last inspection, September 12, 2023, is:

**One Million One Hundred Ten Thousand Dollars  
(\$1,110,000)**

A reasonable exposure time for the subject is estimated to be less than 12 months. This is based on a review of sales activity for similar types of property and assumes competitive pricing and competent marketing procedures. The marketing time is also estimated to be less than 12 months.



## **As Completed:**

The “as completed” value is based on the following proposed improvements: (2) commercial wells and (1) septic system. These improvements are part of the first phase for an ultra-luxury resort to be known as Kootenai Creek Lodge. This facility is to feature a main lodge, employee cabins, wedding and event center, glamping cabins, farm to table gourmet dining and numerous activities operating year-round. This type of venue has become increasingly popular in recent years in Montana. This is due to the scenic views and recreational activities that Montana offers. The Bitterroot Valley is no exception to this as tourism continues to grow, along with the popularity of destination weddings with scenic outdoor venues. These establishments flourish by blending outdoor adventures with the indulgence of a resort experience.

The commercial wells are to be constructed to meet the requirements of public consumption. These requirements are more stringent than private wells, which is the norm in this area. In this specific location, this type of property necessitates the utilization of commercial wells due to the absence of city services. Additionally, private wells do not meet the DEQ requirements for public consumption. With that said, there is not a significant demand for commercial wells in this area due to the limited demand for commercial development outside the city limits.

The septic system is to have (1) 2,000 gallon septic tank and (1) 1,000 gallon septic tank with (1) 1,000 gallon dosing tank. This will feature a Champion CPSTEP5 ½ HP pump. The drain field will have (5) 92' long trenches that are 36' wide and 24 - 36' deep. The manifold is to be centered perpendicular to the trenches with (1) 44' long laterals. Additionally, the manifold will consist of 29 feet of 2" solid pipe with (5) 1.5" diameter laterals.



I was provided the following estimated costs for these proposed improvements.

Commercial Septic/Waste Water Systems, Glamping Cabins:	\$ 45,000 (Electrical to the system)
Two (2) Public Water Wells & Flow Tests:	168,000
Electrical Distribution, Public Water Wells	35,000
Surveying:	2,500
General Conditions:	10,000
Contingency:	26,000
Supervision:	15,000
Contractor Fee:	30,000
Prior Consulting Fees (Partial):	<u>32,000</u>
Estimated Costs, this phase:	\$ 363,500

Gary Peterson, the owner, mentioned that he does not have a projected bid from a well driller because it's challenging to provide an estimate without knowing the drilling depth of the well. This typically cannot be determined until drilling has begun. Additionally, a projected bid for the septic system has not been completed as of the date of this report. The above information is based on the owner's estimated costs. Mr. Peterson reports that he is a general contractor in California and has a good understanding of construction costs.

In an interview with Andy Mefford with Professional Consultants, who is the professional engineer for the subject, the cost for this type of well typically ranges from \$50,000 to \$75,000 per well in this area. This includes costs for drilling, pumps, permits, treatment, and testing. Mr. Mefford reports that these costs can vary widely and predominantly depend on the depth of the well and the requirements for treatments and testing.

I have also interviewed Scott Aspenlieder, co-owner of Performance Engineering, a civil engineering firm that works state-wide. Mr. Aspenlieder believed the costs of \$168,000 for the wells seemed very high. He also reiterated that these costs can vary widely depending on the depth and testing requirements, so it is hard to provide an estimated cost.



During my research I also interviewed Mike Gooley, co-owner of Elkhorn Excavating, an excavating contractor located in Lolo. Mr. Gooley was also of the opinion that the estimated cost of \$168,000 for the wells is too high, even with the additional treatment and testing costs that are required for commercial wells.

Additionally, while completing several other recent appraisal assignments, I interviewed several realtors in different markets. The consensus from these interviews indicates that total cost for a well (hard and soft costs) generally range between \$50,000 and \$75,000. This provides additional context to the information above.

In regard to the septic system, I have once again referenced my interview with Mr. Aspenlieder who reports that septic system costs are typically \$25,000 for all hard and soft costs. He further reports that due to the dosing system, the cost could potentially go up to \$50,000. Additionally, in my interview with Mr. Gooley, he agreed that the estimated cost of \$45,000 for the septic is within reason for this market.

### **Conclusion:**

Based on this information, I have estimated the market value of each well to be \$75,000. This is equal to the high end of Mr. Mefford's range, as well as the high end of the range from my interviews with realtors throughout Montana. This is considered reasonable given the additional requirements of commercial wells for public consumption and the minimal demand for this type, and number of wells in this area.

Furthermore, I have estimated the market value of the septic system to be \$45,000. This is equal to the owner's estimated cost, which is supported by my interviews with Mr. Gooley and Mr. Aspenlieder.



In order to conclude to the total “as completed” market value the estimated contributory value of the proposed improvements are added to the previously concluded “as is” value of the land and improvements. This is calculated as follows:

“As Is”:	\$1,110,000
Septic System:	45,000
Proposed Wells:	
2 @ \$75,000/well	<u>150,000</u>
Total:	<b>\$1,305,000</b>



## CERTIFICATION

I hereby certify to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- the 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 a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- the analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have personally inspected the site and improvements.
- no one provided significant professional assistance to the person signing this report.
- I have not appraised the subject property, nor supplied appraisal assistance to anyone appraising the subject property, within the past three years.

I further certify that the final estimated "As Is" market value of the fee simple estate, as of the last date of inspection, September 12, 2023, is: **\$1,110,000**. Additionally, I certify that the final estimated "As Completed" market value of the fee simple estate, as of the completion of construction, estimated to be, December 31, 2023, is: **\$1,305,000**. This appraisal was made in accordance with the Codes of Professional Ethics and the Standards of Professional Practice of The Appraisal Institute. The use of this report is subject to the requirements of The Appraisal Institute relating to review by their duly authorized representatives.

### ROVE VALUATIONS

*Brenda McNamey, AI-GRS*

Brenda McNamey, AI-GRS  
Montana Certified General Appraiser #16011



## **QUALIFICATIONS/RESUME FOR BRENDA MCNANEY**

### **Designation & Professional Affiliations**

Appraisal Institute General Review Specialist (AI-GRS) Designation  
Affiliate of the Appraisal Institute  
General Candidate for Designation  
Montana Certified General Appraiser #16011

### **Business Address**

ROVE Valuations	Phone:	406-855-0960
3312 fourth Avenue North	Cell:	406-855-0960
Billings, Montana 59101	E-Mail:	bmcnaney@rovevaluations.com

### **Employment History**

Certified General Appraiser  
Thomas Appraisal Services  
Billings, Montana.... January 2023 to present

Appraiser Trainee.... Thomas Appraisal Services  
Billings, Montana... November 2020 to January 2023

Real Estate Analyst.... NAI Business Properties  
Billings, Montana... January 2020 to November 2020

Commercial Appraisal Specialist.... Western Security Bank  
Billings, Montana... July 2011 to December 2019

Credit Analyst.... Western Security Bank  
Billings, Montana... October 2008 to August 2015

Commercial Lender.... Little Horn State Bank  
Billings, Montana... November 2007 to September 2008

### **Education**

Bachelor of Science, May 2008  
Montana State University, Billings, Montana  
Major: Finance



### **Qualifying and Continuing Education Courses**

2021 – Advanced Income Capitalization	Appraisal Institute
2021 – 15-Hour USPAP Course	Appraisal Institute
2021 – Basic Appraisal Principles	Appraisal Institute
2021 – Supervisory Appraiser/Trainee Appraiser Course	Appraisal Institute
2020 – Valuation Impacts of COVID-19 (webinar)	Appraisal Institute
2020 – 7-Hour National USPAP Update Course	Appraisal Institute
2020 – COVID-19 Rapid Response and Latest Developments (webinar)	Appraisal Institute
2019 – Appraisal Engagement, Appraisal Reviews & Evaluations	Appraisal Institute
2018 – Engagement Letters (webinar)	Appraisal Institute
2018 - 7-Hour National USPAP Update Course	Appraisal Institute
2017 – Review Case Studies – General	Appraisal Institute
2017 – Review Theory - General	Appraisal Institute
2016 – Quantitative Analysis	Appraisal Institute
2016 – General Appraiser Report Writing and Case Studies	Appraisal Institute
2016 – General Appraiser Sales Comparison Approach	Appraisal Institute
2016 – 7-Hour National USPAP Update Course	Appraisal Institute
2015 – General Appraiser Site Valuation and Cost Approach	Appraisal Institute
2015 – Income Approach for Residential Appraisers	Appraisal Institute
2014 – General Appraiser Market Analysis and Highest & Best Use	Appraisal Institute
2014 – 7-Hour National USPAP Update Course	Appraisal Institute
2013 – Real Estate Finance, Statistics, and Valuation Modeling	Appraisal Institute
2013 – General Appraiser Income Approach, Part 2	Appraisal Institute
2013 – General Appraiser Income Approach, Part 1	Appraisal Institute
2012 – 15-Hour USPAP Course	Appraisal Institute
2011 – Basic Appraisal Procedures	Appraisal Institute
2011 – Basic Appraisal Principles	Appraisal Institute



## ASSUMPTIONS AND LIMITING CONDITIONS

This Appraisal Report, the Letter of Transmittal and the Certification of Value are made expressly subject to the following assumptions and limiting conditions, and any special limiting conditions contained in the report which are incorporated herein by reference.

1. The legal description furnished is assumed to be correct. I assume no responsibility for matters legal in character nor do I render any opinion as to the Title, which is assumed to be good. All existing liens and encumbrances, if any, have been disregarded, and the property is appraised as though free and clear, under responsible ownership and competent management.
2. The sketch in this report is included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
3. No responsibility is assumed for accuracy of information furnished by work of others, the client, his designee or public records. I am not liable for such information, nor the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reasonable; all are considered appropriate for inclusion to the best of my factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving, sale, lease or other significant commitment of funds or subject property.
4. This appraisal has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or the applicant, and then only with proper qualification.
5. The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges regardless of issuing party.
6. The distribution of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal, and are invalid if so used.



7. Subsurface rights (minerals and oils) were not considered in making this appraisal.
8. This appraiser very carefully inspected the building involved in this Appraisal Report. No advice is given regarding mechanical equipment or structural integrity or adequacy, nor soils and potential for settlement, drainage, and such (seek assistance from qualified architect and/or engineer), nor matters concerning liens, title status, legal marketability (seek legal assistance), and such. The lender and owner should inspect the property before any disbursement of funds; further, it is likely that the lender or owner may wish to require mechanical or structural inspections by qualified and licensed contractors, civil or structural engineers, architects, or other experts.
9. The appraiser has inspected as far as possible by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components. I have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
10. The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil or structures, nor toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions, nor for any expertise or engineering required to discover them. All mechanical components are assumed to be in operation condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment may be made by the appraiser as to adequacy of insulation, type of insulation or energy efficiency of the improvements or equipment which is assumed standard for subject age and type.
11. All furnishings and equipment, except those specifically indicated and typically considered as a part of real estate, have been disregarded by this appraiser. Only the real estate has been considered.
12. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely on information furnished by others as to said data; therefore, the value conclusions are subject to the correctness and verification of said data.
13. The appraiser assumes no responsibility for any costs or consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.



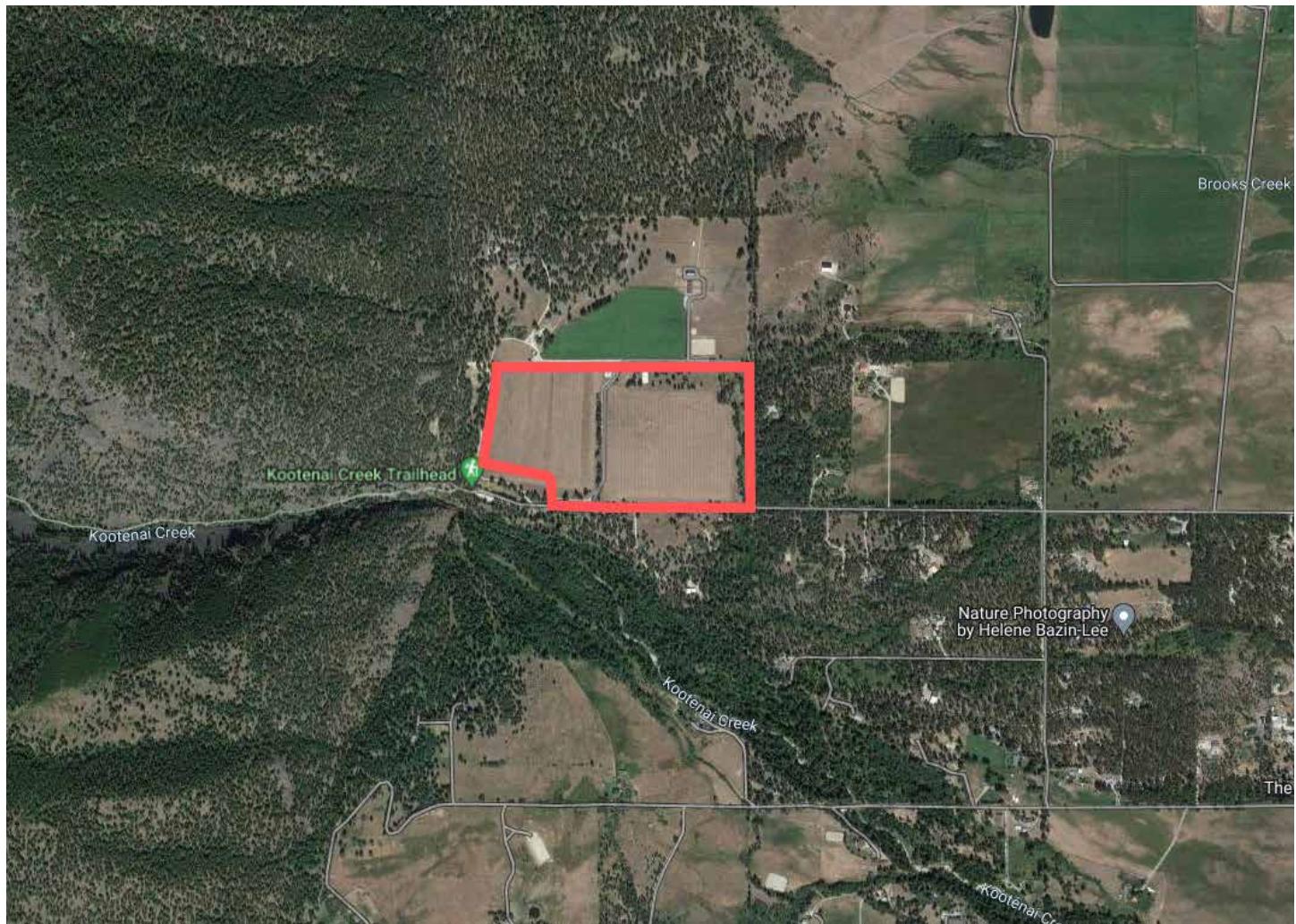
14. Neither all nor any part of the contents of this report shall be conveyed to any person or entity other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute. Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this 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 I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
16. The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report; further that all applicable zoning, building and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Furthermore, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
17. The appraiser reserves the right to re-evaluate statements, analysis, conclusions or any value estimate in the appraisal if facts become known that are pertinent to the appraisal process and which were unknown when the report was finished.
18. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, economically or legally.

**ACCEPTANCE OF, AND/OR USE OF THIS APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.**



***A D D E N D A***

## Aerial View of Subject Property



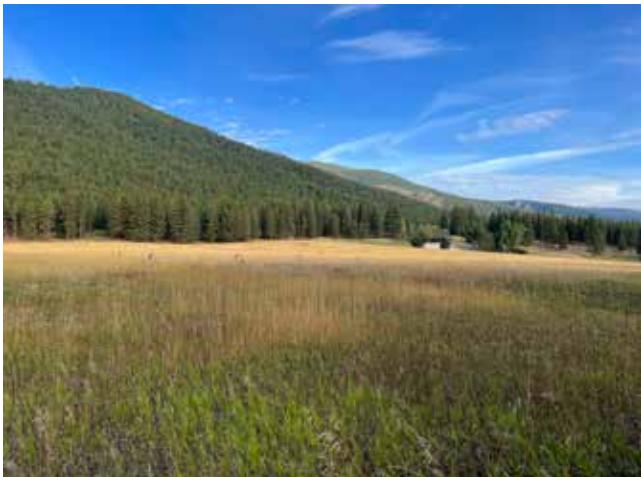
## Subject Property Photos



Subject Property Facing West



Subject Property Facing West



Subject Property Facing Northwest



Subject Property Facing Northwest



Subject Property Facing North



Subject Property Facing Northeast

Taken By: Brenda McNaney, AI-GRS, 9/12/2023

## Subject Property Photos



Subject Property Facing Northwest



Subject Property Facing East



Subject Property Facing South



Gated Entrance Facing South



Gated Entrance Facing North



Secondary Gated Entrance Facing North

Taken By: Brenda McNaney, AI-GRS, 9/12/2023

## Subject Property Photos



East Barn - North Elevation



East Barn - North and East Elevations



East Barn - East Elevation



East Barn - West and South Elevations



East Barn Interior



East Barn Interior

Taken By: Brenda McNaney, AI-GRS, 9/12/2023

## Subject Property Photos



East Barn Interior



West Barn - North and East Elevations



Lean-To - East Elevation



West Barn - West and North Elevations



West Barn Interior



West Barn Interior

Taken By: Brenda McNaney, AI-GRS, 9/12/2023

## Subject Property Photos



West Barn Interior



West Barn Interior



North Kootenai Creek Rd. - Facing West



North Kootenai Creek Rd. - Facing East



Access Road - Facing South



Access Road - Facing North

Taken By: Brenda McNaney, AI-GRS, 9/12/2023

## Subject Property Photos



Interior Roadway - Facing South



Interior Roadway - Facing North



Access Road - Facing West



Access Road - Facing East

# Montana Cadastral Property Card

10/2/23, 4:44 PM

[PrintPropertyRecordCard](#)

## Property Record Card

### Summary

#### Primary Information

**Property Category:** RP      **Subcategory:** Non-Qualified Ag  
**Geocode:** 13-1764-17-1-01-21-0000      **Assessment Code:** 0000401210  
**Primary Owner:**  
NALLS FLOYD & LESLIE LIVING TRUST  
C/O KOOTENAI CREEK LLC NPI  
MALIBU, CA 90265-3112      **COS Parcel:**

*NOTE: See the Owner tab for all owner information*

**Certificate of Survey:**

**Subdivision:**

**Legal Description:**

S17, T09 N, R20 W, ACRES 68.565, SENW IN SWNW INDEX 22 CS #739909-R TRACT B-1  
(SUBJ TO USFS EASE)

**Last Modified:** 9/27/2023 7:07:13 PM

#### General Property Information

**Neighborhood:** 213.870.D      **Property Type:** VAC\_R - Vacant Land - Rural

**Living Units:** 0      **Levy District:** 13-2732-2-3

**Zoning:**      **Ownership %:** 100

**Linked Property:** No linked properties exist for this property

**Exemptions:** No exemptions exist for this property

**Condo Ownership:**

**General:** 0      **Limited:** 0

#### Property Factors

**Topography:**      **Fronting:**

**Utilities:**      **Parking Type:**

**Access:**      **Parking Quantity:**

**Location:**      **Parking Proximity:**

#### Land Summary

Land Type	Acres	Value
Grazing	0.000	00.00
Fallow	0.000	00.00
Irrigated	0.000	00.00
Continuous Crop	0.000	00.00
Wild Hay	0.000	00.00
Farmsite	0.000	00.00
ROW	0.000	00.00
NonQual Land	68.565	3,777.00
Total Ag Land	68.565	3,777.00
Total Forest Land	0.000	00.00
Total Market Land	0.000	00.00

#### Deed Information:

Deed Date	Book	Page	Recorded Date	Document Number	Document Type
10/15/2020			10/16/2020	750394	Notice of Purchaser's Interest
10/11/2018			10/22/2018	725645	Quit Claim Deed

# Montana Cadastral Property Card

10/2/23, 4:44 PM

[PrintPropertyRecordCard](#)

4/2/2014 11/3/2005	562	362
-----------------------	-----	-----

4/2/2014

676/623

[Warranty Deed](#)

## Owners

Party #1

**Default Information:** NALLS FLOYD & LESLIE LIVING TRUST  
C/O KOOTENAI CREEK LLC NPI

**Ownership %:** 100

**Primary Owner:** "Yes"

**Interest Type:** Notice of Purchaser's Interest

**Last Modified:** 1/14/2021 11:12:06 AM

Other Names

Other Addresses

Name	Type	
KOOTENAI CREEK LLC NPI	CB Contract Buyer	No other address
PETERSON GARY MEMBER	C - Contact Name	No other address

## Appraisals

### Appraisal History

Tax Year	Land Value	Building Value	Total Value	Method
2023	3777	63890	67667	COST
2022	3795	54310	58105	COST
2021	3795	54310	58105	COST

## Market Land

### Market Land Info

No market land info exists for this parcel

## Dwellings

### Existing Dwellings

No dwellings exist for this parcel

## Other Buildings/Improvements

Outbuilding/Yard Improvement #1

Type: Ag	Description: AAP2 - Pole Frame Bldg, 4 sides closed, wood		
Quantity: 1	Year Built: 1984	Grade: A	
Condition:	Functional:	Class Code:	3110
Dimensions			
Width/Diameter:	Length:	Size/Area:	4365
Height:	Bushels:	Circumference:	

Outbuilding/Yard Improvement #2

Type: Ag	Description: AAP2 - Pole Frame Bldg, 4 sides closed, wood		
Quantity: 1	Year Built: 1996	Grade: G	
Condition:	Functional:	Class Code:	3110
Dimensions			
Width/Diameter:	Length:	Size/Area:	5500
Height:	Bushels:	Circumference:	

# Montana Cadastral Property Card

10/2/23, 4:44 PM

[PrintPropertyRecordCard](#)

## Commercial

### Existing Commercial Buildings

No commercial buildings exist for this parcel

## Ag/Forest Land

Ag/Forest Land Item #1

**Acre Type:** NQ - Non Qualified Ag Land

**Irrigation Type:**

**Class Code:** 1701

**Timber Zone:**

Productivity

**Quantity:** 0

**Commodity:**

**Units:** Non Qual

Valuation

**Acres:** 68.565

**Per Acre Value:** 55.08

**Value:** 3777

# Ravalli County Tax Detail

10/2/23, 4:44 PM

Search

## Ravalli County | Detail

Date: 10/02/23  
Time: 03:44:36 pm

RAVALLI COUNTY TREASURER  
215 S 4TH ST STE H

Tax ID: 401210  
Type: Real

Name and Address  
NALLS FLOYD & LESLIE LIVING  
TRUST % KOOTENAI CREEK LLC  
NPI  
5665 TRANCAS CANYON RD  
MALIBU CA 90265-3112

Tax Roll Information TW Range SC Description  
9 20 17 SENW IN SWNW INDEX 22 Geocode: 1764-17-1-01-21-0000 CS  
#739909-R TRACT B-1 (SUBJ TO USFS EASE) 68.565 AC

Class	Dist	Quantity	Market	Taxable/\$	Assessed Tax
31701 Non-Qualified Ag Land 20-160 A	2-3	68.57	3,777	571.00	236.66
43110 Improvements on Ag Land	2-3	0.00	63,890	863.00	357.69
990079 NORTH VALLEY LIBRARY (STEV)	79	0.00	0	863.00	10.25
999302 2014 OPEN SPACE	RO14	0.00	0	863.00	1.05
990279 NORTH VALLEY LIBRARY PERMISSIV	279	0.00	0	863.00	0.25
999304 2020 OPEN SPACE	RO20	0.00	0	863.00	1.92
999305 2022 OPEN SPACE	RO22	0.00	0	863.00	1.22
Totals for 23				1,434.00	609.04

© Copyright 2023. All Rights Reserved.

## Plat Map

C5739909-K

**CERTIFICATE OF SURVEY**  
BOUNDARY RELOCATION  
LOCATED IN THE NW 1/4 OF SECTION 17 AND  
THE NEA 1/4 OF SECTION 18, TON P.M.  
RAVALLI COUNTY, STATE OF MONTANA  
SURVEY COMMISSIONED BY FLOYD AND LESLIE WALLS



PROJECT #: 9206-22  
REVISON: 0  
PROGRAM: AS/SDC  
CHECKED: MA  
REVISION: 0  
REVISION: 0  
REVISION: 0  
REVISION: 0  
REVISION: 0  
REVISION: 0  
REVISION: 0

RAVALLI COUNTY, MT STEVENSVILLE

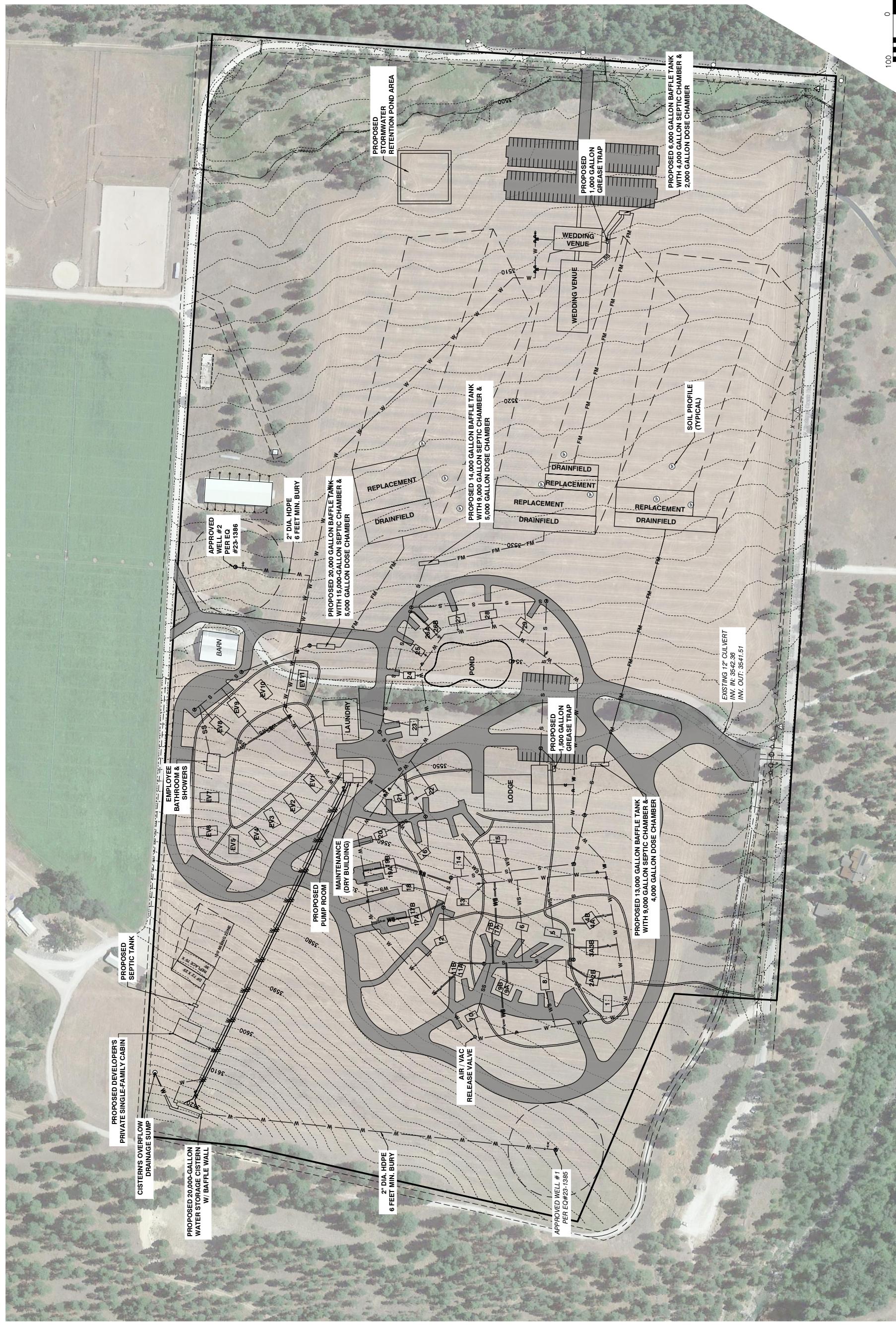
## KOOTENAI CREEK LODGE

GARY PETERSON

PCI

JAN. 25, 2023  
SITE LAYOUT  
**C1.0**

# Proposed Site Plan



SCALE IN FEET  
2' CONTOUR INTERVAL



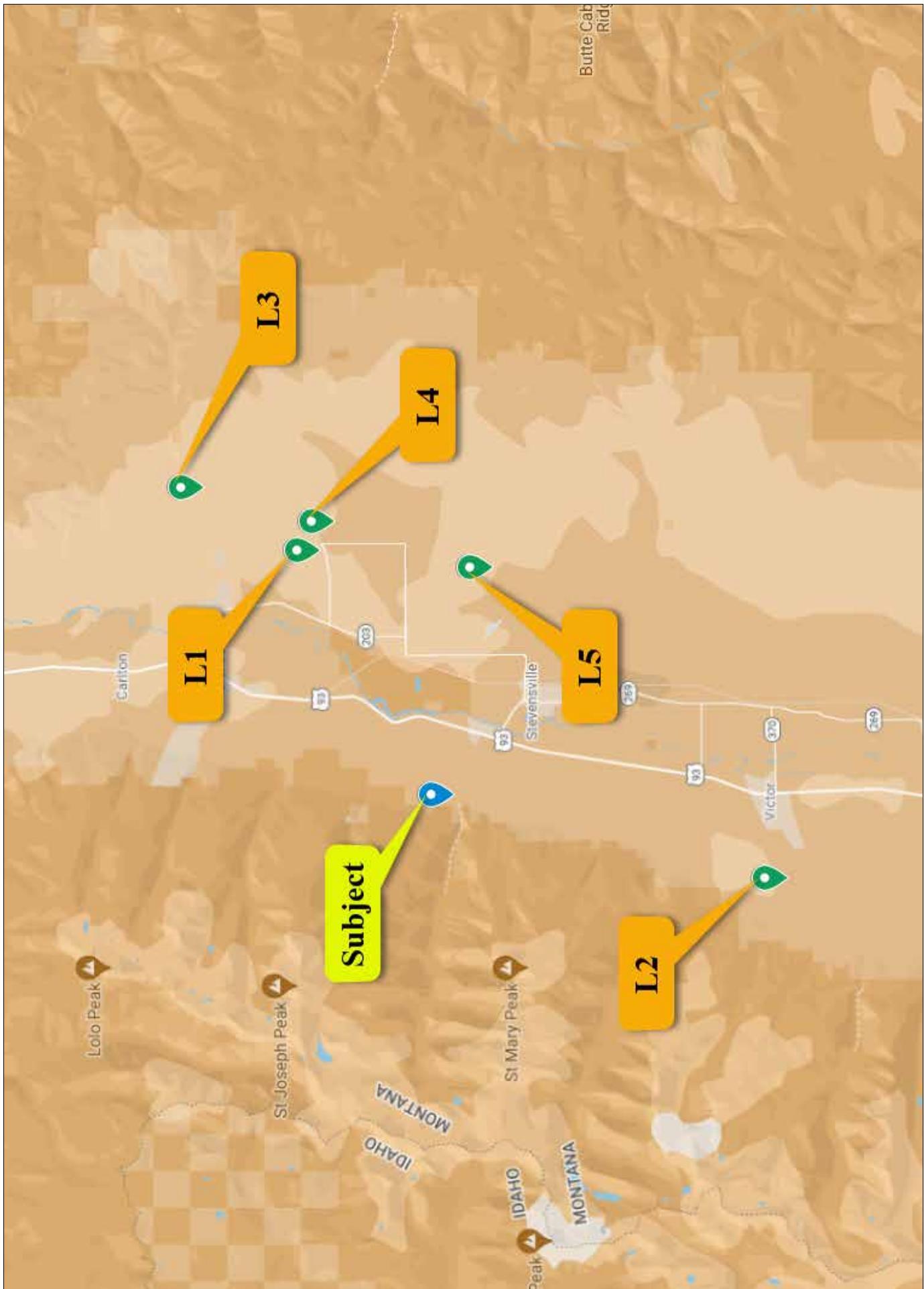
10-15-2023

Kootenai Creek Lodge  
436 N. Kootenai Creek Road  
Stevensville, MT

**Re:** Preliminary Estimates:  
Commercial Septic System & Power – Glamping Cabins  
Public Water Wells

Commercial Septic/Waste Water Systems, Glamping Cabins:	\$ 45,000	(Electrical to the system)
Two (2) Public Water Wells & Flow Tests:	168,000	
Electrical Distribution, Public Water Wells	35,000	
Surveying:	2,500	
General Conditions:	10,000	
Contingency:	26,000	
Supervision:	15,000	
Contractor Fee:	30,000	
Prior Consulting Fees (Partial):	<u>32,000</u>	
Estimated Costs, this phase:	\$ 363,500	

## Land Sales Map



# Engagement Letter

09/07/2023

Brenda McNaney  
ROVE Valuations  
3312 Fourth Avenue North  
Billings, Montana 59101

**RE: Engagement For Commercial Appraisal Report**

Property Location: NHN North Kootenai Creek Rd, Stevensville, Montana 59870  
FIB File No: 12881 (Please display the FIB File No. prominently in your Report)

Dear Brenda McNaney, :

*This is an important document which should be carefully read in its entirety before signing. Please accept this letter of engagement as authorization to perform an appraisal completed in conformity with, and subject to, the requirements of regulated institutions under FIRREA and USPAP as provided by the Appraisal Foundation, the Interagency Appraisal and Evaluation Guidelines ("IA & EG"), and in compliance with the Master Commercial Appraisal Services Agreement.*

*By accepting this engagement, you (the addressee) or another qualified appraiser within your company selected by you, agree to review and sign the report. Both you (the addressee) and the selected appraiser must sign the Letter of Engagement. At least one signature on the report must be that of an appraiser actively licensed within the state where the subject property is located.*

**Property Details:**

Property Type: Land, Commercial  
Assessor's Parcel ID #(s): 0000401210  
Legal Description: S17, T09 N, R20 W, ACRES 68.565, SENW IN SWNW INDEX 22 CS #739909-R TRACT B-1 (SUBJ TO USFS EASE)

Site Size: 68.56 (Acres)

Number of Lots, If Applicable:

Site Comments: Property is currently held in a Contract for Deed between Gary Peterson (Borrower) and previous owners.

Bldg Sq. Footage: 0 (SF)

Percent Occupied: 100

Number of Occupants: 1

Number of Units, If Applicable:

Property Status: Vacant Land

Building Comments: Pole frame building - built 1984, 4365 sf  
Pole frame building - built 1996, 5500 sf

Marketing Status: Not on the Market

Is Borrower Contact OK? Yes

Inspection Requirements: Full Inspection (An interior and exterior inspection of the subject property in sufficient detail to determine marketability)

The appraisal should include clear commentary as to what has or has not been inspected. If any notable interior area remains uninspected, an interview with an appropriate informed party (owner, manager, broker, tenant, etc.) is expected in order to determine the nature, quality and condition of said area(s). This interview should be more in-depth than typically conducted were the appraiser able to complete their own interior inspection; and cogent details in this regard should be provided within the appraisal document. To address matters of uncertainty, the use of an Extraordinary Assumption is allowed regarding the nature, quality, and condition of any uninspected interior area(s). However, please provide clear commentary as to the basis of the assumption(s) made (i.e., reliance upon third party sources, interviews, and/or photos; inclusive of those provided from owners, managers, tenants, the internet, etc.) and properly disclaim that the employment of said assumption(s) may affect assignment results.

# Engagement Letter

**Purpose & Use:** The purpose of the appraisal is to provide your written results of an independent appraisal of the subject property. The appraisal report will be used to assist First Interstate Bank in making loan underwriting and/or credit decisions specific to the Request Purpose below.

**Scope of Work:** Unless specified otherwise in the following text, employ all applicable approaches supportive of the subject's highest and best use and necessary to provide credible assignment results. Pertaining to scope of work, please consider the following:

1. **Property Information** - It is your responsibility to obtain all property specific information, unless otherwise provided, directly from the designated property representative listed below in order to credibly value the subject property (i.e., leases, operating statements, etc.). If problems persist in the receipt of information that could jeopardize accuracy and/or timely completion of this assignment, please contact the Commercial Valuation Department (CVD) immediately.
2. **Estate Valued** - For valuations involving a scope of work relevant to a "fee simple" analysis, discovery of any rental agreements in place or assumed to be in place upon completion (pre-leasing) and/or stabilization, beyond a month-to-month tenancy, requires modification of the requested estate valued from "fee simple" to "leased fee"; which should be reflected throughout the appraisal report. Alternatively, if no independent 3rd party lease encumbrances are in place on an assignment engaged as "leased fee", a valuation of the "fee simple" estate should be undertaken. Changes in this regard can be accomplished without a revised engagement contract.
3. **Extraordinary Assumptions and/or Hypothetical Conditions** - If you find the need to employ an atypical Extraordinary Assumption or Hypothetical Condition within the appraisal that is not identified or implied within this engagement, you must first contact the Commercial Valuation Department. Contact must be made in writing, (e-mail preferred) describing the rational for additionally employed assumption/condition. First Interstate Bank will not accept an appraisal that includes use of an atypical Extraordinary Assumption or Hypothetical Condition that the Bank has not previously approved.
4. **Owner Occupied Space** - If the improvements encompass owner occupied or owner related leased space that could be vacated upon the date of value, the appraiser must identify the most probable buyer of the subject property (investor and/or owner occupant) and reflect in the valuation process likely market reaction regarding potential deductions (rent loss, tenant improvements, expenses, leasing commissions, etc.) for this space.
5. **Discounted Bulk Wholesale Analysis** - If a Discounted Bulk Wholesale value is requested, the appraiser is to include analysis for the retail value of each unit/lot within the report and provide an electronic copy of said DCF if completed in an Excel workbook. If there is any reason this proves to not be applicable to a certain assignment, please contact a Commercial Valuation Department representative.
6. **Allocated Values** - ALL reported values or interests (e.g., business value, going concern, fractional interest, FF&E, etc.) should be clearly labeled and segregated in conformance with the value definitions section of the Master Commercial Appraisal Services Agreement (the business value allocation must be derived based upon a depreciated Marshall & Swift & analysis, or some other empirical data). All values, inclusive of any component parts, are to be delineated within BOTH your letter of transmittal and the body of the appraisal report.
7. **Marijuana** - If in the inspection/appraisal process, there is discovery of any marijuana or illegal drug related activity relevant to the subject property (i.e., tenancy, growing/manufacturing operations, etc.), it is required that the engaged appraiser immediately provide written notification to a Commercial Valuation Department representative. If this situation occurs, all work on the assignment should be stopped as the file will be put on hold until further instructions are received from CVD on how to proceed.
8. **Report/Addendum Supplements** – Within your report, please provide the following items:
  - a. Location maps for all selected comparables within each applied approach (in relationship to the subject), with photos included for all lease and sale comparables (please provide street level photos for improved commercial/industrial properties).
  - b. Letter of Engagement (signed by engaged appraiser AND selected appraiser completing the report, if applicable)
  - c. Appraisal License and Qualifications/Resume
9. **Additional Scope of Work**, if applicable:

**If you determine that a change in scope is required, please notify a CVD representative in writing (email preferred) describing the rationale for the needed change in scope.**

**First Interstate Bank will not accept an appraisal that includes a change in scope that the Bank has not previously approved.**

**Confidentiality/Fiduciary Duty:** Personal and confidential information may be provided during this assignment. This information is not to be shared without the approval by a representative of the Commercial Valuation Department at FIB, unless required by law. Please refer to Master Commercial Appraisal Services Agreement regarding Confidentiality Clause of nonpublic bank customer and property information.

**Release of Appraisal Information:** The Appraiser shall not provide a draft copy, finished product, or distribution/disclosure of the contents or completion date of the appraisal report(s) to any other party other than a representative of the Commercial Valuation Department. First Interstate Bank, at its sole discretion, may release a copy of the Appraisal Report.

**Fee:** Not to exceed \$3,000. No adjustment to the fee shall be made without prior written consent by a Commercial Valuation Department representative. Payment for appraisal services will be processed as soon as practical upon receipt of the report. The Commercial Valuation Department will review the report completed under this agreement. Additional data/analysis may be required, and identified deficiencies must be corrected in a timely manner, not to exceed 48 hours.

**Due Date:** 10/09/2023. This delivery date was a primary consideration in engaging you and your firm for this appraisal assignment. Please notify us immediately if this deadline will be jeopardized. If for any reason the appraisal will not be delivered on or near this date, we require notification in writing as soon as possible, but no later than seven (7) calendar days prior to the delivery date.

**Penalties:** The Commercial Valuation Department reserves the right to deduct \$200 per day for late delivery of the report. A late fee will not apply if arrangements are agreed to between CVD and the appraiser after issuance of the engagement letter.

**Cancellation:** The Commercial Valuation Department reserves the right to cancel the assignment at any time prior to the delivery date. The appraiser will be compensated for any work completed prior to the cancellation date.

# Engagement Letter

**Copies and Address:** One electronic copy to be uploaded using the [Submit Report](#) link in your Vendor Report Submission email. Please address the appraisal to: First Interstate Bank, 401 North 31st Street, Billings, Montana 59101 ATTN: Terry Driscoll.

**Intended Use:** The intended use of the appraisal report will be used to assist First Interstate Bank in making loan underwriting and/or credit decisions specific to the Request Purpose below:

**Request Purpose:** First Interstate Bank

**Intended User(s):** First Interstate Bank

**Is US Small Business Administration an Additional Intended User?**

No

(Please include the Local SBA Lending Partner if listed)

**Report Format:** Appraisal Report

*See Report Format Definition Comparison Table for guidance (attached to the Report Submission email)*

**Approach(es) to Value:** All Applicable Approaches to Value

<b>Value Premise</b>	<b>Interest Appraised</b>	<b>Comments</b>
Market Value - As Is	Fee Simple	
Prospective Market Value - At Completion	Fee Simple	Value as completed with Wells (But not Septics)

**Contacts:** For access to the property and ALL property information, please contact the designated Property Representative listed below.

**If issues arise regarding completion of this assignment, please limit communication of all questions or concerns to a CVD representative or designated property representative (as appropriate).**

Name/Title	Tel #	Email
FIB CVD Rep: Terry Driscoll	(406) 454-6208	Terry.Driscoll@fib.com
Property Rep: Gary Peterson	(310) 993-5200	gwpermail@aol.com
Other:		
Borrower Contact OK? Yes		
Contact Comments: Borrower/Contact lives in California		

Sincerely,

Terry Driscoll  
First Interstate Bank  
401 North 31st Street  
Billings, Montana 59101  
(406) 454-6208  
[Terry.Driscoll@fib.com](mailto:Terry.Driscoll@fib.com)

Acceptance of this electronic award on the "You Connect Engagement Confirmation Web Form" constitutes your agreement to the terms under this engagement letter.

**A copy of the signed engagement letter (signed by the engaged appraiser AND appraiser selected to complete the report, if applicable) is to be included within the submitted appraisal report.**

**REQUIRED SIGNATURE INDICATING ACCEPTANCE AND AGREEMENT:**

  
Brenda McNamey 09/07/2023  
Brenda McNamey Date

# Engagement Letter

---

, or other selected appraiser completing report, if applicable **Date**

# Appraiser License - Brenda L McNaney



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

**REA-RAG-LIC-16011**

Status: **Active**  
Expires: **03/31/2024**

**BRENDA LEIGH MCNANEY**  
**2932 LAMPMAN DRIVE**  
**BILLINGS, MT 59102**

This certificate verifies licensure as:

**CERTIFIED GENERAL APPRAISER**



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