

APPRAISAL OF REAL PROPERTY



LOCATED AT

28 Village Loop Rd
Kalispell, MT 59901
Lot 2 of Village Plaza S32 T29N R21W

FOR

Georganne Hart
Advanced Property Management
28 Village Loop Rd
Kalispell, MT 59901

AS OF

08/28/2022

BY

Scott Ingersoll
Porter Appraisal Inc.
344 S. Main St
Kalispell, MT 59901-4848
(406) 755-6844
scott.i@porterappraisal.com

**INVOICE****TO:**

Georganne Hart
28 Village Loop Rd
Kalispell, MT 59901

Telephone Number: 406-261-7582
Alternate Number:

Fax Number:
E-Mail:

INVOICE NUMBER

M2619-30A

DATE

09/10/2022

REFERENCE

Internal Order #: M2619-30A
Lender Case #: Hart
Client File #:
Main File # on form: M2619-30A
Other File # on form: Hart
Federal Tax ID: 27-0129309
Employer ID:

DESCRIPTION

Lender: Georganne Hart Client: Georganne Hart
Purchaser/Borrower: None
Property Address: 28 Village Loop Rd
City: Kalispell
County: Flathead State: MT Zip: 59901
Legal Description: Lot 2 of Village Plaza S32 T29N R21W

FEES**AMOUNT**

Commercial	3,000.00
SUBTOTAL	3,000.00

PAYMENTS**AMOUNT**

Check #: 2382	Date:	Description: Check	3,000.00
Check #:	Date:	Description:	
Check #:	Date:	Description:	
SUBTOTAL			3,000.00
TOTAL DUE			\$ 0

Please Return This Portion With Your Payment

FROM:

Georganne Hart
28 Village Loop Rd
Kalispell, MT 59901

Telephone Number: 406-261-7582
Alternate Number:

Fax Number:
E-Mail:

AMOUNT DUE: \$ 0

AMOUNT ENCLOSED: \$

INVOICE NUMBER

M2619-30A

DATE

09/10/2022

REFERENCE

Internal Order #: M2619-30A
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Federal Tax ID: 27-0129309
Employer ID:

TO:

Porter Appraisal Inc.
344 S. Main St
Kalispell, MT 59901-4848

Borrower	None	File No.	M2619-30A
Property Address	28 Village Loop Rd		
City	Kalispell	County	Flathead
		State	MT
Lender/Client	Georganne Hart	Zip Code	59901

TABLE OF CONTENTS



Cover Page	1
Letter of Transmittal	2
Summary of Salient Features & Value	3
GP Commercial Certifications Addendum	4
Scope of Work	7
Location Map	8
Plat Map	9
Dimensions	10
Site Map	11
Zoning Map	12
Topo Map	13
Aerial Map	14
Flood Map	15
GP Commercial Appraisal Report	16
GP Commercial Appraisal Report	17
GP Commercial Appraisal Report	18
GP Commercial Appraisal Report	19
GP Commercial Appraisal Report	20
GP Commercial Appraisal Report	21
GP Commercial Appraisal Report	22
GP Commercial Appraisal Report	23
GP Commercial Appraisal Report	24
GP Commercial Appraisal Report	25
Additional Comparables 4-6	26
Reconstructed Operating Statement	27
Subject Photos	28
Comparable Photos 1-3	29
Comparable Photos 4-6	30
Appraiser Qualifications	31

Porter Appraisal Inc.
344 S. Main St
Kalispell, MT 59901-4848
(406) 755-6844

09/02/2022

Georganne Hart
Advanced Property Management
28 Village Loop Rd
Kalispell, MT 59901

Re: Property: 28 Village Loop Rd
Kalispell, MT 59901
Borrower: None
File No.: M2619-30A

Opinion of Value: \$ 2,750,000
Effective Date: 08/28/2022

The intended use of this appraisal is for the evaluation of assets for a possible sale. It is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. Supporting documentation that is not provided with the report concerning the data, reasoning, and analysis is retained in our work file. The depth of discussion contained in this report is specific to your needs and for the intended use stated in the report. We have prepared this appraisal with a specific defined scope based on your request and familiarity with the property. We are not responsible for unauthorized use of this report.

The attached report details the scope of the appraisal, level of reporting, definition of value, valuation methodology, and pertinent data researched and analyzed in the development of this appraisal. We certify that we have no present or contemplated future interest in the property beyond this estimate. Your attention is directed to the Limiting Conditions, Assumptions, and Certification included with this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. Analysis is for real estate only. No personal property was considered.


Sincerely,



Scott Ingersoll
License or Certification #: REA-RAG-LIC-717
State: MT Expires: 03/31/2023
scott.i@porterappraisal.com

SUMMARY OF SALIENT FEATURES & OPINION OF VALUE

 Hart
 File No: M2619-30A

SALIENT FEATURES	Location of Subject Property:	28 Village Loop Rd Kalispell, MT 59901	
	Asset Name/Identification:	Village Plaza	
	Legal Description:	Lot 2 of Village Plaza S32 T29N R21W	
	Parcel ID #(s):	0004253	
	Map Reference:	28060	
	Current Owner of Record:	Village Plaza Incorporated	
	Occupant:	Multi-tenant	
	Site:	1.10	
	Description of the Improvements:	Mixed use strip style commercial building on one site. Currently 13 suites of varying size between 400sqft and 2000 sqft. Total GBA is 14,800 sqft. All suites have some level of updating with average to good quality materials. Each is in average to good condition with ongoing maintenance.	
	Zoning Classification:	B-1	
Zoning Description:	Neighborhood Buffer District		
Highest & Best Use:	Commercial Strip		
Real Estate Taxes:	\$ 27,139.03		
Tax Year:	2021		
Date of Inspection:	08/28/2022		
Date of Signature & Report:	09/02/2022		
OPINION OF VALUE	APPROACH TO VALUE		INDICATION OF VALUE
	Cost Approach:		\$ 2,851,800
	Income Approach:		\$ 2,630,800
	Sales Comparison Approach:		\$ 2,812,000
	Total Site Value:		\$ 495,000
	Personal Property/Non-Realty Interests (if included):		\$ 0
	Appraiser's Opinion of Value (as defined):		\$ 2,750,000
Effective Date of Appraisal ('As Of'):		08/28/2022	
APPRAISAL STAFF	 Porter Appraisal Inc. Scott Ingersoll Certification #: REA-RAG-LIC-717 State: MT Expires: 03/31/2023 scott.i@porterappraisal.com		

Assumptions & Limiting Conditions

Hart

File No: M2619-30A

Property Address: 28 Village Loop Rd City: Kalispell State: MT Zip Code: 59901

Building Name (if applicable): Village Plaza

Client: Georganne Hart

Address:

Appraiser: Scott Ingersoll

Address: 344 S. Main St, Kalispell, MT 59901-4848

STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS:

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership. The future operation of the property assumes skilled and adequate management but are not represented to be historically based.

- The appraiser may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Unless otherwise indicated, a Land Survey was not performed.

- If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.

- If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.

- The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.

- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties. All information furnished regarding rental rates, lease terms, or projections of income and expense is from sources deemed reliable. No warranty or representation is made as to the accuracy thereof.

- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.

- If this appraisal is indicated as subject to satisfactory completion, repairs, or alterations, the appraiser has based his or her appraisal report and valuation conclusion on the assumption that completion of the improvements will be performed in a workmanlike manner.

- An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.

- The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database.

- An appraisal of real property is not a 'property inspection' and should not be construed as such. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

- Values for various components of the subject parcel and improvements or the value derived by one or two approaches to value as contained within this report are valid only when making a summation or final opinion of value and are not to be used independently for any purpose and must be considered invalid if so used. A separate report on only a part of a whole property, particularly if the reported value exceeds the value that would be derived if the property were considered separately as a whole, must be stated as a fractional report.

- Forecasts of effective demand for the highest and best use or the best fitting and most appropriate use were based on the best available data concerning the market and are subject to conditions of economic uncertainty about the future.



Definitions

Hart

File No: M2619-30A

Property Address: 28 Village Loop Rd	City: Kalispell	State: MT	Zip Code: 59901
Building Name (if applicable): Village Plaza			
Client: Georganne Hart	Address:		
Appraiser: Scott Ingersoll	Address: 344 S. Main St, Kalispell, MT 59901-4848		

SCOPE OF WORK:

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

MARKET VALUE:

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.

* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

MARKETING TIME:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

EXTRAORDINARY ASSUMPTION:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

HYPOTHETICAL CONDITION:

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)



Certifications

Hart


File No: M2619-30A

Property Address: 28 Village Loop Rd City: Kalispell State: MT Zip Code: 59901
 Building Name (if applicable): Village Plaza
 Client: Georganne Hart Address:
 Appraiser: Scott Ingersoll Address: 344 S. Main St, Kalispell, MT 59901-4848

APPRAISER'S CERTIFICATION:

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

- The statements of fact contained in this report are true and correct.
- The credibility of this report, for the stated use by the stated user(s), of 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.
- Unless otherwise indicated, I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- I did not base, either partially or completely, my analysis and/or the opinion of value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification.
- I have not performed an appraisal or other real estate related service involving the subject property within the three years prior to this assignment.

Client Contact: _____ Client Name: <u>Georganne Hart</u>	
E-mail: _____ Address: _____	
APPRAISER	SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)
 Appraiser Name: <u>Scott Ingersoll</u> Company: <u>Porter Appraisal Inc.</u> Phone: <u>(406) 755-6844</u> Fax: _____ E-mail: <u>scott.i@porterappraisal.com</u> Date Report Signed: <u>09/02/2022</u> License or Certification #: <u>REA-RAG-LIC-717</u> State: <u>MT</u> Designation: _____ Expiration Date of License or Certification: <u>03/31/2023</u> Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: <u>08/28/2022</u>	Supervisory or Co-Appraiser Name: _____ Company: _____ Phone: _____ Fax: _____ E-mail: _____ Date Report Signed: _____ License or Certification #: _____ State: _____ Designation: _____ Expiration Date of License or Certification: _____ Inspection of Subject: <input type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None Date of Inspection: _____



Scope of Work

File No. M2619-30A

Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT Zip Code 59901
Lender/Client	Georganne Hart				

Scope of Work

In determining the market value of the subject, the following approaches were utilized:

Cost Approach
Sales Comparison Approach
Income Approach

This is a Summary Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(B). This format provides a summary of the appraisal process, subject and market data and valuation analyses. The subject has been identified by the legal description and the assessors' parcel number. A complete interior and exterior inspection of the subject property has been made, and photographs taken. A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis. A complete highest and best use analysis for the subject has been made including as vacant and as improved. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded. A search for comparable land sales was made. The cost, sales, and income approaches were applied. Each is described below. These approaches were then reconciled to produce the opinion of value.

The Cost Approach

is based upon the premise that a prudent buyer will pay no more for a property than it would cost to reproduce or replace a substitute property with the same utility. The Cost Approach is a method in which the value of a property is developed by 1) estimating the replacement or reproduction cost new of the subject improvements, 2) deducting the estimated depreciation from all sources, and 3) adding this depreciated reproduction or replacement cost of the improvements to the site value. The site value is based upon a vacant site's being used to its highest and best use. Generally speaking, the site value is estimated by the Sales Comparison Approach. Replacement or reproduction cost new can be derived from reliable cost manuals or from interviews with reputable local contractors. Depreciation can be from physical, functional, or economic causes. Depreciation can be observed from rent loss or based upon a cost-to-cure. In all cases, information concerning depreciation is developed from the market by observing comparable properties.

The Sales Comparison Approach

relies heavily upon the principle of substitution. Recent sales of similar properties are gathered, and a meaningful unit of comparison is developed. Then, a comparative analysis between the sales and the subject involves consideration for differences in location, time, terms of sale, and physical characteristics. The reliability of the Sales Comparison Approach depends, to a large extent, upon the degree of comparability between the sales and the subject. The major strengths of this approach include the reflection of actual market transactions and the fact that common denominators are fairly easily determined. The potential weaknesses of this approach arise from the fact that the data is historical and ideal comparables are usually very difficult to obtain.

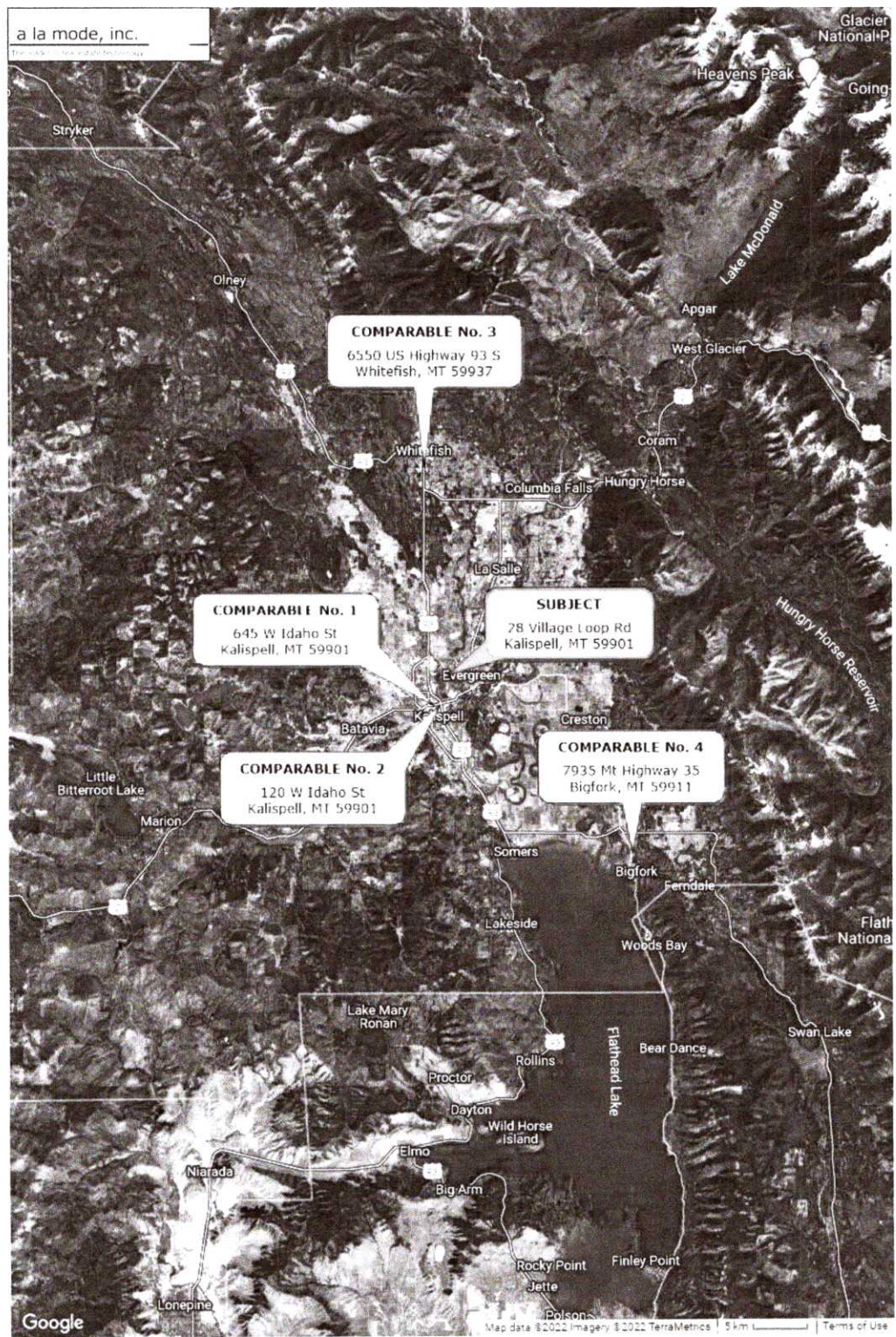
The Income Approach

to value is predicated upon the relationship between income and value. Although all of the appraisal principles are involved in this approach, the principle of anticipation is particularly applicable. This appraisal technique converts anticipated annual net income into an indication of value. This process is called capitalization, and it involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations as risk, time, return on investment, and return of investment. The appropriateness of this rate or factor is critical, and there are a number of techniques by which it may be developed. The net income attributable to the subject property is estimated by subtracting vacancy, collection losses, and expenses from the property's annual potential gross income. All of these figures are derived from market comparison of properties similar to the subject. The reliability of the Income Approach depends upon the reliability of income and expense estimates, the duration of the net annual income, the capitalization rate or factor used, and the method of capitalization. The weakness of this approach lies in the estimation of income and expenses and the fact that not all properties are suitable for this approach. The strength of this approach is its reflection of typical investor considerations as they analyze income-producing properties.

The applicability and reliability of each approach is considered in the determination of the final value estimate. This process is discussed in the reconciliation and final value opinion.

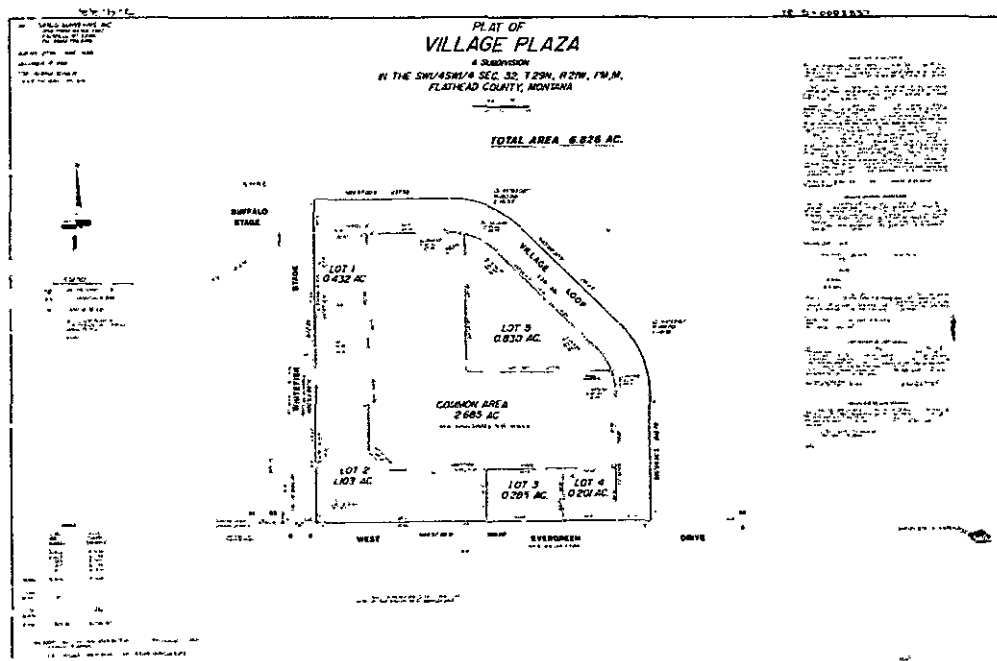
Location Map

Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT Zip Code 59901
Lender/Client	Georganne Hart				



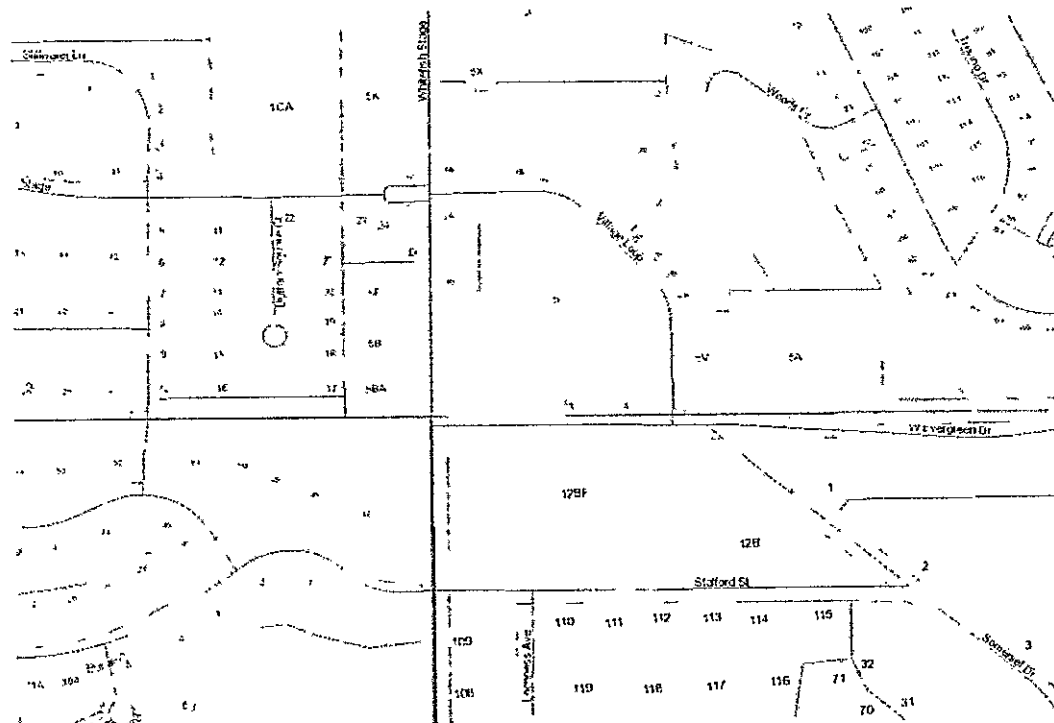
Plat Map

Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT
Lender/Client	Georgianne Hart				
Zip Code	59901				

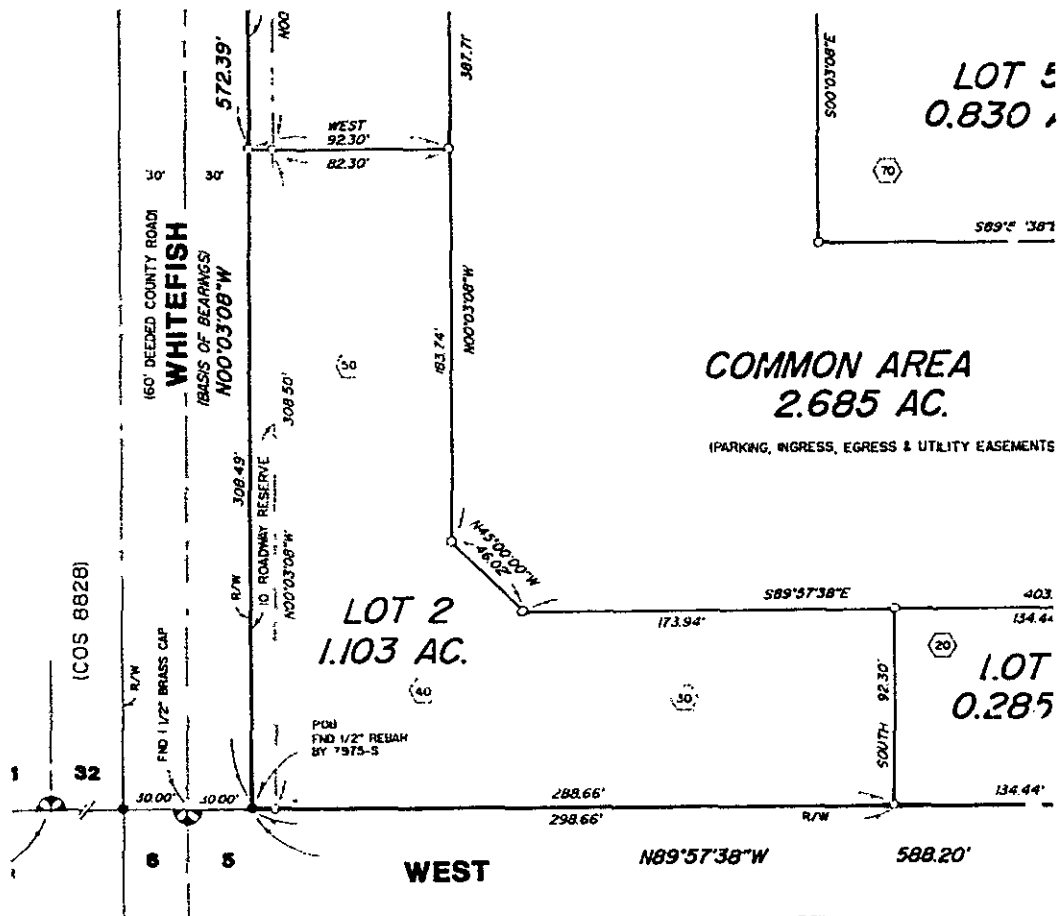


Site Map

Borrower	None			
Property Address	28 Village Loop Rd			
City	Kalispell	County	Flathead	State MT Zip Code 59901
Lender/Client	Georganne Hart			

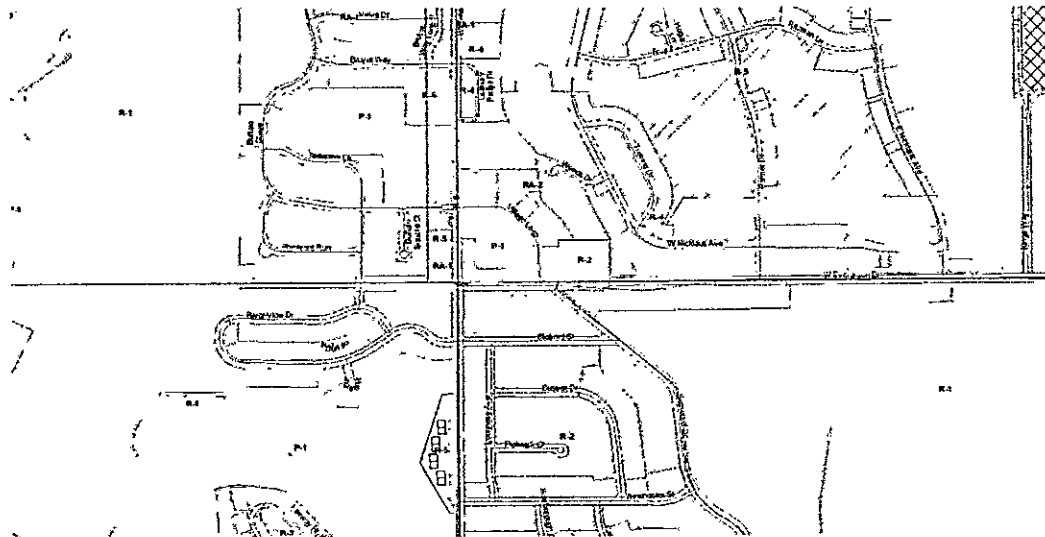


Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT Zip Code 59901
Lender/Client	Georgianne Hart				



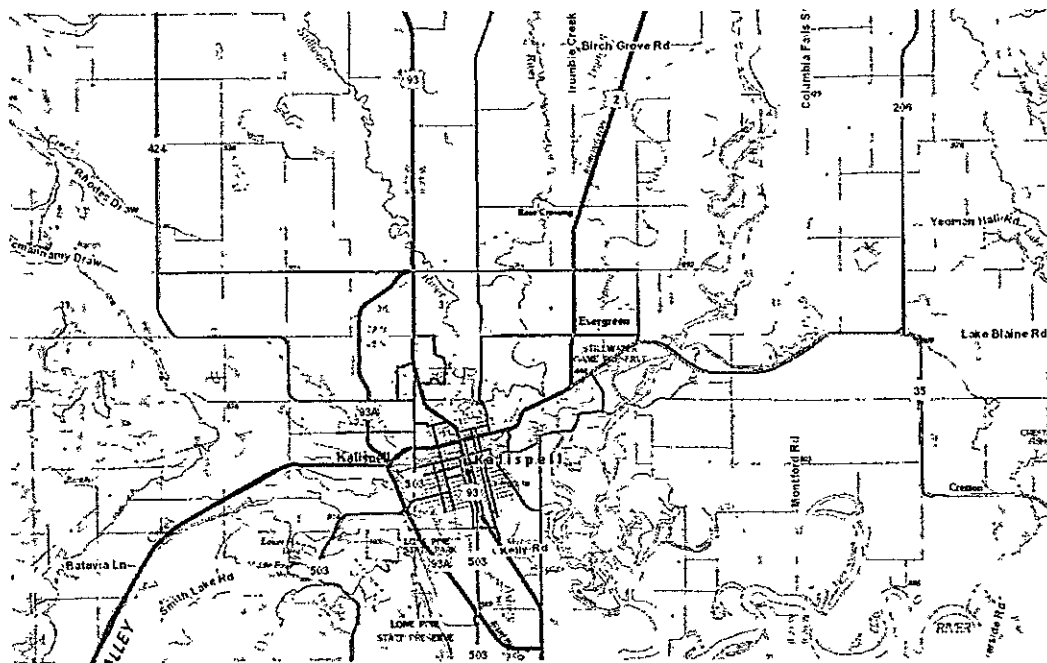
Zoning Map

Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT Zip Code 59901
Lender/Client	Georganne Hart				



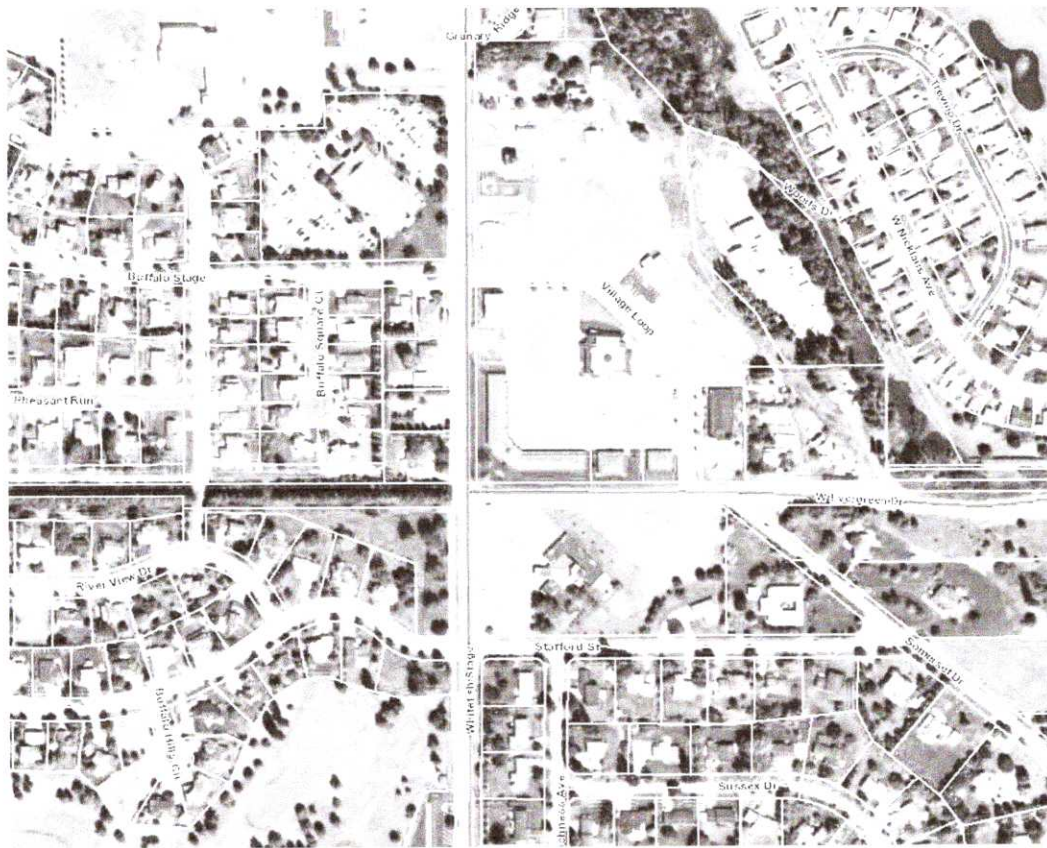
Topo Map

Borrower	None			
Property Address	28 Village Loop Rd			
City	Kalispell	County	Flathead	State MT Zip Code 59901
Lender/Client	Georganne Hart			



Aerial Map

Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT Zip Code 59901
Lender/Client	Georganne Hart				



Flood Map

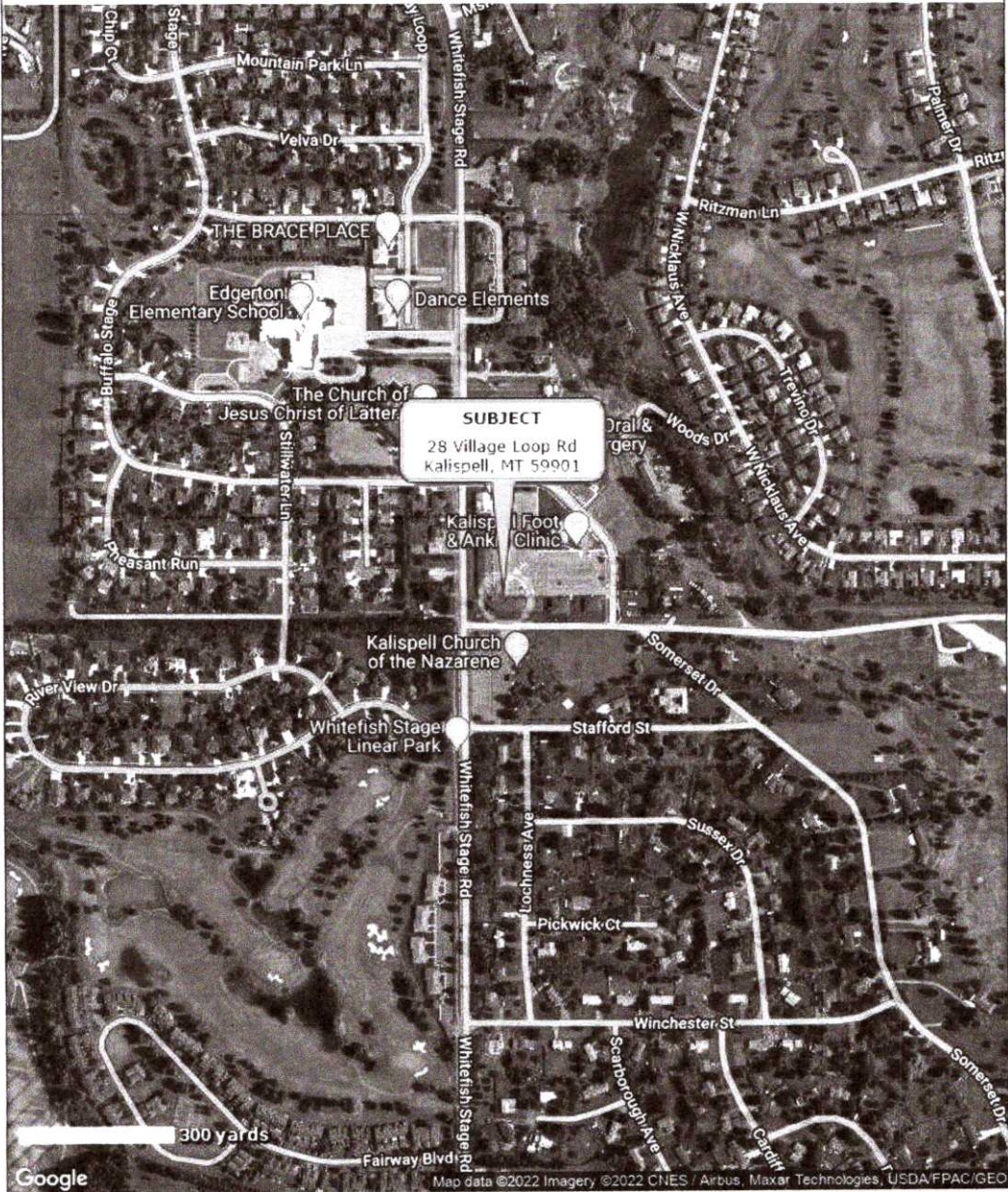
Borrower	None				
Property Address	28 Village Loop Rd				
City	Kalispell	County	Flathead	State	MT Zip Code 59901
Lender/Client	Georganne Hart				

Inter

Prepared for: Porter Appraisal

28 Village Loop Rd

Kalispell, MT 59901



MAP DATA

FEMA Special Flood Hazard Area: **No**

Map Number: 30029C1810J




Zone X

Map Date November 04, 2015

FIPS: 30029

MAP LEGEND

- ☐ Areas inundated by 500-year flooding
- ☐ Areas inundated by 100-year flooding
- ☐ Velocity Hazard

-  Protected Areas
 Floodway
 Subject Area

Powered by CoreLogic®

COMMERCIAL PROPERTY APPRAISAL REPORT

SUBJECT	Property Address: 28 Village Loop Rd		City: Kalispell		State: MT Zip: 59901	
	County: Flathead		Legal Description: Lot 2 of Village Plaza S32 T29N R21W			
	Building Name (if applicable): Village Plaza					
	Parcel ID #(s): 0004253					
	Borrower (if applicable): None					
	Current Owner of Record: Village Plaza Incorporated					
	Property Use (if mixed, check all that apply): <input checked="" type="checkbox"/> Office <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> Retail <input type="checkbox"/> Other (describe)					
	Comments on Property Use: Mixed use office					
	Market Area Name: Whitefish Stage		Map Reference: 28060		Census Tract: 30029-0008.01	
	The purpose of this appraisal is to develop an opinion of: <input checked="" type="checkbox"/> Market Value (as defined), or <input type="checkbox"/> other type of value (describe)					
Intended Use: Market Value for financial considerations.						
Intended User(s) (by name or type): Named client only						
This report is not intended by the appraiser(s) for any other use or by any other user(s). The appraiser(s) assume no liability for any unauthorized use of this appraisal report.						
Client: Georganne Hart Contact:						
Address: 28 Village Loop						
Phone: 406-261-7582 Fax: E-mail:						
Appraisal Company: Porter Appraisal Inc.						
Address: 344 S. Main St. Kalispell, MT 59901-4848						
Phone: (406) 755-6844 Fax: Web:						
Appraiser: Scott Ingersoll Co-Appraiser:						
Designation:						
Certificate or License #: REA-RAG-LIC-717						
Expiration Date: 03/31/2023 State: MT						
Property Rights Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Leased Fee <input type="checkbox"/> Other (describe)						
Reporting Option(s): <input checked="" type="checkbox"/> Appraisal Report <input type="checkbox"/> Restricted Appraisal Report <input type="checkbox"/> Other (describe)						
This report reflects the following value (if not current, see comments): <input checked="" type="checkbox"/> Current (the Inspection Date is the Effective Date) <input type="checkbox"/> Retrospective <input type="checkbox"/> Prospective						
If checked, this report is also subject to the following Hypothetical Conditions and/or Extraordinary Assumptions:						
Hypothetical Conditions (if applicable): No hypothetical conditions were applied						
Extraordinary Assumptions (if applicable): All assumptions relied upon are stated in the report and/or addenda						
ASSIGNMENT PARAMETERS						
SCOPE OF WORK	Extent of Inspection of Subject Property:					
	Appraiser: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None					
	Date of Inspection: 08/28/2022					
	Co- or Supervisory Appraiser: <input type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None					
	Date of Inspection:					
	Building Area Measured? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
	Approaches to Value Developed for This Appraisal: <input checked="" type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Sales Comparison Approach <input checked="" type="checkbox"/> Income Approach					
	Reasons for Excluding an Approach to Value: No common approaches were excluded.					
	Additional Scope of Work Comments: See scope of work pages.					
VALUE SUMMARY	Value Indication - Total Site Value: \$ 495,000					
	Value Indication - Cost Approach: \$ 2,851,800					
	Value Indication - Sales Comparison Approach: \$ 2,812,000					
	Value Indication - Income Approach: \$ 2,630,800					
	Opinion of Value of any Personal Property and/or Other Non-Realty Interests Included: \$ 0					
	DATE OF REPORT: 09/02/2022 DATE OF INSPECTION: 08/28/2022					
	OPINION OF VALUE (as defined): \$ 2,750,000 (as is) and/or \$ (other, describe)					
	EFFECTIVE DATE(S) OF VALUE: 08/28/2022 (as is) and/or (other, describe)					



COMMERCIAL PROPERTY APPRAISAL REPORT

Hart
File No: M2619-30A

Market Area Name: Whitefish Stage Market Area Boundaries: The specific market area is the business district of Whitefish Stage. It is proximate and developed around the Highway 93N and Hospital developments. Competing areas include the commercial districts at Evergreen, N Highway 93, S Kalispell, and Main Street.

Characteristics	Present Land Use	10 %	Undersupply	Balanced	Oversupply	Vacancy
Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Vacant:					
Built up: <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	One-Unit Residential:	5%				2%
Development: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Multi-Unit Residential:	5%				2%
Value Trend: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Office:	30%				5%
Rental Demand: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Retail:	40%				5%
Vacancy Trend: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing	Industrial:	10%				10%

Change in Land Use: ☒ Unlikely ☐ Likely * ☐ Taking Place * * From: * To:
Change in Economic Base: ☒ Unlikely ☐ Likely * ☐ Taking Place * * From: * To:

If any Changes in Land Use and/or Economic Base are Likely or Taking Place, indicate the impact on property values: ☐ Positive ☐ Negative ☐ None ☒ N/A

Comments on Land Use and/or Economic Base Changes and Impacts: The Whitefish Stage area is well established with a mix of commercial, retail, and medical. There are also mixed health care and a developed golf course close. There is no forecast of change in the area.

Marketability Factors	Exc.	Good	Avg.	Fair	Poor	N/A	Marketability Factors	Exc.	Good	Avg.	Fair	Poor	N/A
Employment Stability:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Utilities:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Employment:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Cond.:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Schools:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Police and Fire Protection:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy of Public Transport:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General Appearance of Properties:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Facilities:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Appeal to Market:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Description/Analysis of Market Area and Market Conditions (including support for the above characteristics and trends): This is a stabilized to growing market with signs of construction and expansion. Activity has increased over the recent past with growth rates similar to those prior to the general economic slowdown of 2009. Commercial lending and new construction has increased with the rest of the market. The uncertainty in real estate from that period and the restriction in lending that limited transactions have passed and each is at the highest levels in several years. In the past two years we have seen a consistent increase in existing commercial and commercial construction transactions. Interest rates have increased but remain in a historically low and stable range. Rental and occupancy rates have increased leading to a greater buyers pool and new construction activity.

Description/Analysis of the usages of nearby properties and in the Subject's immediate area: Surrounding properties are a mix of commercial, retail, office, medical, residential, and general services. This mix is established and not likely to significantly change.

Is the Subject Property currently listed for sale? ☒ No ☐ Yes If currently listed: List Price: \$ Days on Market:
Analysis of Listing: The subject was not found to have been listed for sale in the past 36 months

Is the Subject Property currently under Contract or Option? ☒ No ☐ Contract ☐ Option Has the Contract or Option been reviewed? ☐ Yes ☐ No ☒ N/A
Date of Contract or Option: Expires: Contract Price: \$ Closing Date:
Buyer: Seller:
Analysis of Contract/Option: No contracts or options to purchase the subject were found or provided.

My research ☐ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.
Data Source(s): Flathead County
Subject Sale/Transfers Prior Sale/Transfer # 1 Prior Sale/Transfer # 2 Prior Sale/Transfer # 3
Date of Sale/Transfer:
Sale/Transfer Price:
Data Source(s):
Analysis of Sale/Transfer History: No sales of the subject were found in the past 36 months. No sales of the comparables were found in the past 12 months.

Assessment Date: 2021 Parcel(s) Assessed: 0004253
Assessed Value: Total \$ \$1,461,800 Comments: Land \$130,938 Improvements \$1,330,862
Current Taxes: Year: 2021 Tax Amount: \$ 27,139.03 Special Assessments: \$
Comments: Subjects assessment remained the same in 2019 and 2020. Increased to current level in 2021.



Hart
File No.: M2619-30A

GP

Hart
File No: M2619-30A

GP

COMMERCIAL PROPERTY APPRAISAL REPORT

Hart
File No.: M2619-30A

DESCRIPTION OF THE IMPROVEMENTS (continued)	Comments on the Improvements: See additional description	
	HIGHEST AND BEST USE	Summary of Highest & Best Use:
		Highest & Best Use Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both "as vacant" and "as improved" are as follows:
Legally Permissible: A legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, covenants, and environmental regulations may preclude some possible highest and best use.		
Physically Possible: The size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with Rectangular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.		
Financially Feasible: The use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operational expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.		
Maximally Productive: The use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.		
Highest & Best Use as if vacant: The value of land is generally determined as though vacant. When land is actually vacant, the reasoning is obvious. The appraiser values the land as it exists. When land is not vacant, however, its contribution to the value of the property as improved depends on how it can be best put to use. Therefore, the highest and best use of land as though vacant must be considered in relation to its existing use and all potential uses. In general, the conclusion of highest and best use of land as though vacant is required except in circumstances where improved properties have structures with significant remaining economic lives and little or no indication of market demand for a change in use. The subject fits this description. Remaining economic life is substantial. The use of the property is practical and in demand.		
Highest & Best Use as improved: <input checked="" type="checkbox"/> Present use <input type="checkbox"/> Proposed use (explain) <input type="checkbox"/> Other use (explain) It is doubtful that redevelopment of the site would result in an increase in the return to the land than that which is currently being generated. The existing buildings are the highest and best use, "as improved". In the current economic environment it is not likely that any form of redevelopment would pass the financially feasible test and no further improvement of the existing building is supportable. We believe there would not be sufficient return on any additional investment beyond simple maintenance and ongoing repair as needed to the current structure.		
Actual Use as of Effective Date: Commercial Strip		
Use as appraised in this report: Commercial Strip		



COMMERCIAL PROPERTY APPRAISAL REPORT

Hart
File No: M2619-30A

Methodology - The Opinion of Site Value is derived by the utilization of the following method(s) (see attached addenda for definitions):

☒ Sales Comparison ☐ Allocation Method ☐ Extraction Method ☐ Land Analysis (see attached addendum)
☐ Other Method (describe)

Methodology Comments: In the site analysis we considered 7 sales and 3 listings, 3 of these are included below. The sales occurred between 01/01/2021 and 08/28/2022. They varied in size from .16 acres and 3.25 acres. The chosen, and most reliable, "unit of comparison" is price per Acre. The criteria for these land sales were sites of similar size, either having similar zoning and surrounding uses or not zoned with similar surrounding uses.

FEATURE	SUBJECT PROPERTY	COMPARABLE SITE NO. 1	COMPARABLE SITE NO. 2	COMPARABLE SITE NO. 3
Address	28 Village Loop Rd Kalispell, MT 59901	58 Village Loop Kalispell, MT 59901	63/65 Village Loop Kalispell, MT 59901	101 Village Loop Kalispell, MT 59901
Proximity to Subject				
Lot/Map Identifier	28060	28060	28060	28060
Sale/Deed Reference				
Data Source(s)		MLS#22017744 DOM 93	MLS#22201204 DOM 101	MLS#22207372 DOM 97
Verification Source(s)	CAMA	CAMA	CAMA	CAMA
Sale Price	\$	\$ 240,000	\$ 240,000	\$ 279,000
C.E. ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-) \$ Adjust	DESCRIPTION +(-) \$ Adjust	DESCRIPTION +(-) \$ Adjust
Rights Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Date of Sale/Time	02/12/2021	05/20/2022		Active Listing -27,900
Conditions of Sale	Conventional	Cash	Cash	Conventional
Sale Concessions	None Noted	None Noted	None Noted	None Noted
Cash Equivalent Price	\$	\$ 240,000	\$ 240,000	\$ 251,100
C.E. Price/ Acre	\$	\$ 1,142,857.14	\$ 533,333.33	\$ 502,200.00
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION +(-) \$ Adjust	DESCRIPTION +(-) \$ Adjust	DESCRIPTION +(-) \$ Adjust
Net Site Area (in Acres)	1.1	0.21 +250,000	0.45 +175,000	0.50 +175,000
Location	Whitefish Stage	Whitefish Stage	Whitefish Stage	Whitefish Stage
Topography	Level	Level	Level	Level
Shape/Utility	Corner/Good	Rec/Good	TH/Adj/Avg	Rec/Avg
Utilities	Pwr/Gas/Wtr/Sew	Pwr/Gas/Wtr/Sew	Pwr/Gas/Wtr/Sew	Pwr/Gas/Wtr/Sew
Site Improvements	App/PLot/Crb/SW	App/PLot/Crb/SW	App/PLot/Crb/SW	App/PLot/Crb/SW
Access/Exposure	Good/Good	Good/Good	Avg/Avg +60,000	Good/Avg +30,000
Net Adjustment (Total, in \$)	<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$	250,000	235,000	205,000
Adjusted Sale Price (in \$)	Net 104.2 % Gross 104.2 %	\$ 490,000	\$ 475,000	\$ 456,100

Comments/Analysis of Comparable Sites: The chosen and most reliable, "unit of comparison" is actual sales price. This has been applied to each sale and adjusted for date of sale, location, size, access, exposure, and zoning. The criteria for these land sales were sites of similar size if possible, similar zoning or surrounding use, and average to good exposure and access. All of the sales were in a reasonable proximity with the size being the largest difference. All would be considered competing. Location adjustments are required when the location characteristics of a comparable property are different from those of the subject property. A property's location is analyzed in the relation to the location of other properties. The sales were adjusted upward for an inferior location and downward for superior location. The physical characteristics of a comparable property and the subject property differ in many ways; each of these differences may require comparison and adjustment. The value added or lost by the presence or absence of an item in a comparable property may not equal but can not exceed the cost of installing or removing the item. Any difference in the current use or the highest and best use of a potential comparable and the subject property must be addressed. The appraiser must recognize the difference and determine if the sale is an appropriate comparable and, if so, whether an adjustment is required. In most cases the buyer or buyer's agent must confirm the ultimate use for which the comparable was purchased.

Comments/Analysis of Excess Land (if applicable): There is no excess land

Net Site - Indicated Value				
Net Site Area:	1.1 Acres	X	Indicated Value of Net Site per Unit Area:	\$ 450,000.00 = \$ 495,000
Excess Land - Indicated Value (if applicable)				
Excess Land Area:	Acres	X	Indicated Value of Excess Land per Unit Area:	\$ = \$
INDICATED VALUE OF THE SUBJECT TOTAL SITE (Net Site Indicated Value + Excess Land Indicated Value)				= \$ 495,000



COMMERCIAL PROPERTY APPRAISAL REPORT

Hart
File No.: M2619-30A

This Cost Approach Analysis is based upon: <input checked="" type="checkbox"/> Replacement Cost New, or <input type="checkbox"/> Reproduction Cost New (see comments)					
Source of Cost Data: Marshall & Swift					
Multipliers:		Comments on cost data, multipliers, etc.:			
Current Multiplier:	1.05				
Local Multiplier:	1.03				
Structure Breakdown					
Building or Component	Area Sq.Ft.	Unit Cost \$/Sq.Ft.	Basic Cost	Current Multiplier	Cost
Building rentable space	14,800 X	151.25 = \$	2,238,500 X	1.08 = \$	2,417,580
				Local Multiplier: X	1.10
				Area Multiplier: X	1.00
				Story Height Multiplier: X	1.00
				BUILDING = \$	2,659,338
Building or Component	Area Sq.Ft.	Unit Cost \$/Sq.Ft.	Basic Cost	Current Multiplier	Cost
Basement & Common	4,500 X	35.55 = \$	159,975 X	1.08 = \$	172,773
				Local Multiplier: X	1.10
				Area Multiplier: X	1.00
				Story Height Multiplier: X	1.00
				BUILDING = \$	190,050
Building or Component	Area Sq.Ft.	Unit Cost \$/Sq.Ft.	Basic Cost	Current Multiplier	Cost
	X	= \$	X	= \$	
				X	
				X	
				X	
				BUILDING = \$	
ALL BUILDINGS - TOTAL COST NEW = \$					2,849,388
Site Improvements & Additional Items					
Description	Quantity	Unit Cost	Basic Cost	Current Multiplier	Cost
Site Imp	1 X	37,500.00 = \$	37,500 X	1.05 = \$	39,375
Landscaping	1 X	32,500.00 = \$	32,500 X	1.05 = \$	34,125
Patio	1 X	37,500.00 = \$	37,500 X	1.05 = \$	39,375
				Local Multiplier: X	1.03
SITE IMPROVEMENTS & ADDITIONAL ITEMS - TOTAL COST NEW = \$					112,875
ALL IMPROVEMENTS - TOTAL COST NEW = \$					2,965,649
Entrepreneurial Profit & Soft Costs					
Description		%		All Improvements Total Cost New	Cost
Entrepreneurial Profit		7.5 X		2,965,649	= \$ 222,424
Indirect and soft costs		5 X		2,965,649	= \$ 148,282
ENTREPRENEURIAL PROFIT & SOFT COSTS - TOTAL COST NEW = \$					370,706
GRAND TOTAL - COST NEW = \$					3,336,355
Physical Depreciation - Long-lived Items					
Description	Effective Age	Economic Life	Depreciation %	And/Or Lump Sum	Depreciation Amount
Building rentable space	15	45	33.33 %	\$	886,357
Basement & Common	15	45	33.33 %	\$	63,344
				\$	
				\$	949,701
Physical Depreciation - Short-lived Items					
Description	Effective Age	Economic Life	Depreciation %	And/Or Lump Sum	Depreciation Amount
Site Imp	9	35	25.71 %	\$	10,427
Landscaping	9	35	25.71 %	\$	9,037
Patio	9	35	25.71 %	\$	10,427
				\$	29,891
Functional Obsolescence					
Description		Depreciation %		And/Or Lump Sum	Depreciation Amount
				\$	\$
Economic Obsolescence					
Description		Depreciation %		And/Or Lump Sum	Depreciation Amount
				\$	\$
TOTAL DEPRECIATION = \$ (979,592)
DEPRECIATED VALUE OF THE IMPROVEMENTS = \$					2,356,763
OPINION OF NET SITE VALUE = \$					495,000
OPINION OF VALUE OF EXCESS LAND = \$					
OPINION OF VALUE OF PERSONAL PROPERTY and/or OTHER NON-REALTY INTERESTS INCLUDED = \$					0
OTHER ITEM(S) AFFECTING THE COST APPROACH VALUE (if applicable) = \$					
INDICATED VALUE BY COST APPROACH = \$					2,851,763
FINAL INDICATION OF VALUE BY COST APPROACH (ROUNDED) = \$					2,851,800
Comments/Analysis of the Cost Approach: In valuing the property, information published by Marshall Valuation Service (MVS) has been considered. Cost guide information suggests that the type of construction associated with the main building would fall predominately under the commercial strip mall category. This is an average class S building for cost information. Cost for this category is \$151.25 base per square foot. According to Section 97 the improvements should experience a typical physical life expectancy of approximately 45 years. The basement and common areas are calculated as add on space related to the specific use of the building it is added on to. Base cost is \$35.55 with a economic life of 35 years. This life assumes prudent management and proper maintenance of the improvements. The effective age of the improvements used here is 15 for rentable space and 9 for common.					



COMMERCIAL PROPERTY APPRAISAL REPORT

Hart

File No: M2619-30A

FEATURE	SUBJECT PROPERTY	COMPARABLE SALE NO. 1		COMPARABLE SALE NO. 2		COMPARABLE SALE NO. 3	
Address	28 Village Loop Rd Kalispell, MT 59901	645 W Idaho St Kalispell, MT 59901		120 W Idaho St Kalispell, MT 59901		6550 US Highway 93 S Whitefish, MT 59937	
Proximity to Subject		1.93 miles SW		1.76 miles SW		11.93 miles N	
Building Usage/Name		Woodberry Square		DOCO		DQ Strip	
Sale/Deed Reference							
Data Source(s)		MLS#22115633		MLS#22118141		MLS#22107319	
Verification Source(s)		Assessor/DBV		Assessor/DBV		Assessor/DBV	
Sale Price	\$		1,060,000		3,005,580		2,175,000
C.E. ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust
Rights Appraised	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Date of Sale/Time	08/12/2022			08/10/2022		10/01/2021	
Conditions of Sale	Selfer			Conventional		Conventional	
Sale Concessions	None Noted			None Noted		None Noted	
Cash Equivalent Price	\$		1,060,000		3,005,580		2,175,000
C.E. Price/GBA	\$	158.49		178.52		183.39	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust	DESCRIPTION	+(-) \$ Adjust
Net Building Area	14,800 sq.ft.	6,688 sq.ft.		15,577 sq.ft.		11,860 sq.ft.	
Gross Building Area	14,800 sq.ft.	6,688 sq.ft.		16,836 sq.ft.		11,860 sq.ft.	
Net Site Area (in Acres)	1.1		+15		+10		0
Location	Whitefish Stage	Kalispell		Kalispell		Whitefish	-5
Type of Construction	Standard single	Standard single		Comm Conversion	+15	2 Bldg Strip	+10
Construction Quality	Avg/Gd	Average	+10	Good	-5	Avg/Gd	
Age	22	36	+1.4	64/3	-1.9	40/20	0
Condition	Avg/Gd	Average	+10	Good	-5	Avg/Gd	
Parking	Good	Good		Good		Good	
Net Adjustment (Total, in \$)		⊗ + □ - \$	243,443	⊗ + □ - \$	220,552	⊗ + □ - \$	59,300
Net Adjustment (Total, in \$ / SF GBA)		Net	23.0 % (\$ 36.40 / SF GBA)	Net	7.3 % (\$ 13.10 / SF GBA)	Net	2.7 % (\$ 5.00 / SF GBA)
Adjusted Sale Price (in \$ / SF GBA)		Gross	23.0 % \$ 194.89	Gross	20.7 % \$ 191.62	Gross	8.2 % \$ 188.39

COMPARABLE SALES ANALYSIS

Comments/Analysis of Comparable Sales:

Property Rights Conveyed: Adjustments are only necessary if property rights are not absolute ownership (Fee Simple). An upward adjustment to a sale is applicable if the sale was not transferred as a fee simple estate, downward adjustments are necessary when a sale was subject to retentions of certain property rights by the seller.

Financing Terms: The transaction price of one property may differ from that of an identical property due to different financial arrangements. In some cases buyers pay higher prices for properties to obtain below market financing. Conversely, interest rates at above-market levels often result in lower sales prices. A condition of sale adjustment recognizes that some sales are transacted by parties under duress, who are at a disadvantage. A combined adjustment results when favorable financing is a function of the sellers' need to sell the property quickly. Most sales involved terms by which the seller received cash or its equivalent at a typical market interest rate and term mortgage. Typically, no sales concessions were given to these transactions.

Conditions of Sale: Adjustments for conditions of sale usually reflect the motivations of the buyer and seller. When non-market conditions of sale are detected in a transaction, the sale must be thoroughly researched before an adjustment is made, and the conditions must be adequately disclosed. Conditions of sale adjustments are rare.

Expenditures Immediately after purchase: knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include the cost to demolish and remove any buildings, cost to petition for a zoning change, or costs to remediate environmental contamination. If the sale requires expenditures upon purchase, the sale is adjusted upward to compensate.

Market Conditions: Comparable sales that occurred under different market conditions than those applicable to the subject require adjustment for any differences that affect their values. An Adjustment for market conditions is made if, since the time the comparable sales were transacted, general property values have appreciated or depreciated due to inflation or deflation or investors' perceptions of the market have changed.

Location/Access/Exposure: Location adjustments are required when the location characteristics of a comparable property are different from those of the subject property. A property's location is analyzed in the relation to the location of other properties. The sales were adjusted upward for an inferior location and downward for superior location.

Physical Characteristics: The physical characteristics of a comparable property and the subject property differ in many ways; each of these differences may require comparison and adjustment. Physical differences include differences in building size, quality of construction, architectural style, building materials, age, condition, functional utility, site size, attractiveness, and amenities. On-site environmental conditions may also be considered. The value added or lost by the presence or absence of an item in a comparable property may not equal the cost of installing or removing the item. Buyers may be unwilling to pay a higher sale price that includes the extra cost of adding an amenity. Conversely, the addition of an amenity sometimes adds more value to a property than its cost.

Subject GBA:	14,800 Sq.Ft.	X \$	190.00 /Sq.Ft. GBA:	= VALUE BY SALES COMPARISON APPROACH	= \$	2,812,000
OPINION OF VALUE OF EXCESS LAND						= \$
OPINION OF VALUE OF PERSONAL PROPERTY and/or OTHER NON-REALTY INTERESTS INCLUDED						= \$
OTHER ITEM(S) AFFECTING THE SALES COMPARISON APPROACH VALUE (if applicable)						= \$
INDICATED VALUE BY SALES COMPARISON APPROACH						= \$
FINAL INDICATION OF VALUE BY SALES COMPARISON APPROACH (ROUNDED)						= \$
						2,812,000



Hart
File No: M2619-30A

Capitalization Rate

The capitalization rate is the factor that converts the stabilized net operating income (NOD) to a present value. It is the ratio of net income to value or sale price. We have extracted a capitalization from recent sales included in the sales comparison approach as well as other sales of differing use and location kept in the work file. We have considered this cap rate against current market trends and PwC Real Estate Investor Survey reported rates from the Second quarter of 2022. Consideration has been given to the relative risk that the subject property represents to a potential investor, and a final capitalization rate of 5.00% is selected as most appropriate. This rate considers all relevant aspects of the subject's economic environment and the relative age and utility of the subject.

Subject Capitalization Rate Range: From: 4.25% To: 6.50% Indicated Capitalization Rate for the Subject Property: 5.00%

Comments/Analysis of the Income Approach:

INCOME APPROACH

Market Lease Rates

A survey of comparable rental data indicates a fairly wide range of indicated rents for properties with comparable physical attributes and similar location characteristics. The overall range for rents for units was \$9.00 to \$14.30 per square foot. When lease rates are adjusted for location, access, amenities, and expenses the reconciliation is \$12.50 per square foot for the space. We have reconciled to the middle of the range based on the mix of usable space. Projected gross market rental income for the subject would be \$185,000 per year. We have also projected expenses in the following reconstructed operating statement. We have used market based calculations with a vacancy and collection loss figures of 3%. This is currently a stable metric.

\$12.50/sqft is a NN estimate of the market. CAM fees are calculated at an average of \$2.10/sqft. The actual income and expense information provided has been reconciled with these market estimates. Market values are slightly higher than actual. This is almost always the case. Subject leases are staggered and rents are increasing by provision.

Direct Capitalization Technique

Direct capitalization is a method used to convert an estimate of a single year's income expectancy, or an annual average of several years' income expectancies, into an indication of value in one step. Typically, the value indication is derived by dividing the income estimate by an appropriate rate. This capitalization rate is known as an overall rate.

Vacancy and Collection Loss

Vacancy and collection losses are improving in the current market after having risen over recession and real estate weakness from 2009. Properties that are actively marketed as rentable space seem to have stabilized in terms of vacancy. Future growth of similar space in this area is limited by financial feasibility and currently available inventory. Current vacancy levels are 3%-5% and should stay in this range barring any unforeseen market moving events.

Expense Analysis

There are three categories of expenses, which are to be considered in the operation of a typical income property: fixed, operating, and reserves for replacement. In order to determine the reasonableness of the subject's historical, as well as, projected operating expenses, assuming a stabilized occupancy, we have held discussions with local real estate brokers and property managers and have made comparisons with other properties that are similar to the subject.

See the reconstructed operating statement in the following pages.

Net Operating Income: \$	131,538	/ Ind. Cap. Rate:	5.00%	= INDICATED VALUE BY INCOME CAPITALIZATION	= \$	2,630,760
				OPINION OF VALUE OF EXCESS LAND	= \$	
				OPINION OF VALUE OF PERSONAL PROPERTY and/or OTHER NON-REALTY INTERESTS INCLUDED	= \$	0
				OTHER ITEM(S) AFFECTING THE INCOME APPROACH VALUE (if applicable)	= \$	
				INDICATED VALUE BY INCOME APPROACH	= \$	2,630,760
				FINAL INDICATION OF VALUE BY INCOME APPROACH (ROUNDED)	= \$	2,630,800



COMMERCIAL PROPERTY APPRAISAL REPORT

Hart

File No: M2619-30A

Value Indication - Total Site Value:	\$	495,000
Value Indication - Cost Approach:	\$	2,851,800
Value Indication - Sales Comparison Approach:	\$	2,812,000
Value Indication - Income Approach:	\$	2,630,800
Opinion of Value of any Personal Property and/or Other Non-Realty Interests Included:	\$	0

Final Reconciliation:

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed.

In this appraisal, all three approaches to value were applied. Each approach has been considered separately and comparatively with each other.

Cost Approach

In new construction the cost approach is often the most reliable method of forming an opinion of value. In this case the age of the improvements and the applicability of depreciation should make this a good indication of value but the financial feasibility of a project and the competitive environment make it less reliable. This approach is fully developed and weighted in this analysis.

Sales Comparison Approach

In this market of commercial income producing properties the quality of data and the methods applied make the sales comparison approach relevant to this analysis. It has been developed, considered and weighted in this analysis.

Income Approach

The income approach has been fully developed. In the evaluation of commercial property this is a very relevant approach since the property would be exposed to investors as well as end users were it to be listed for sale. The income approach is only lightly weighted based on the lack of market based data from the non arms length retail suite.

FINAL RECONCILIATION

DATE OF REPORT:	09/02/2022	DATE OF INSPECTION:	08/28/2022
Based on the degree of inspection of the Subject Property, as indicated below, the defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the Subject Property is:			
OPINION OF VALUE (as defined):	\$ 2,750,000	(as is) and/or \$	(other, describe)
EFFECTIVE DATE(S) OF VALUE:	08/28/2022	(as is) and/or	(other, describe)

A true and complete copy of this report contains 31 pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

Attached Exhibits:	<input checked="" type="checkbox"/> Scope of Work	<input checked="" type="checkbox"/> Limiting Cond./Certification	<input checked="" type="checkbox"/> Narrative Addendum	<input checked="" type="checkbox"/> Photograph Addenda
<input type="checkbox"/> Sketch Addendum	<input checked="" type="checkbox"/> Map Addenda	<input checked="" type="checkbox"/> Cost Addendum	<input checked="" type="checkbox"/> Flood Addendum	<input type="checkbox"/> Additional Sites
<input checked="" type="checkbox"/> Additional Sales	<input type="checkbox"/> Additional Rentals	<input type="checkbox"/> Income/Expense Addenda	<input type="checkbox"/> Hypothetical Conditions	<input type="checkbox"/> Extraordinary Assumptions
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If required for this assignment, further attachments may be indicated elsewhere in this report.

Client Contact:	Client Name: Georganne Hart
E-mail:	Address: 28 Village Loop

APPRAISER

SUPERVISORY APPRAISER (if required)
or CO-APPRAISER (if applicable)

Appraiser Name: Scott Ingersoll

Company: Porter Appraisal Inc.

Phone: (406) 755-6844 Fax:

E-mail: scott.i@porterappraisal.com

Date of Report (Signature): 09/02/2022

License or Certification #: REA-RAG-LIC-717 State: MT

Designation:

Expiration Date of License or Certification: 03/31/2023

Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ None

Date of Inspection: 08/28/2022

Supervisory or

Co-Appraiser Name:

Company:

Phone:

E-mail:

Date of Report (Signature):

License or Certification #: State:

Designation:

Expiration Date of License or Certification:

Inspection of Subject: ☐ Interior & Exterior ☐ Exterior Only ☐ None

Date of Inspection:



ADDITIONAL COMPARABLE SALES

Hart
File No: M2619-30A

FEATURE	SUBJECT PROPERTY	COMPARABLE SALE NO. 4		COMPARABLE SALE NO. 5		COMPARABLE SALE NO. 6	
Address	28 Village Loop Rd Kalispell, MT 59901	7935 Mt Highway 35 Bigfork, MT 59911					
Proximity to Subject		14.63 miles SE					
Building Usage/Name		Branding Iron Station					
Sale/Deed Reference							
Data Source(s)		MLS#22212607					
Verification Source(s)		Assessor/DBV					
Sale Price	\$	\$ 2,895,000		\$		\$	
C.E. ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(+) \$ Adjust	DESCRIPTION	+(+) \$ Adjust	DESCRIPTION	+(+) \$ Adjust
Rights Appraised	Fee Simple	Fee Simple					
Date of Sale/Time		Active Listing	-144,750				
Conditions of Sale		Conventional		Conventional			
Sale Concessions		None Noted					
Cash Equivalent Price	\$	\$ 2,750,250		\$		\$	
C.E. Price/GBA	\$	\$ 230.73		\$		\$	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(+) \$ Adjust	DESCRIPTION	+(+) \$ Adjust	DESCRIPTION	+(+) \$ Adjust
Net Building Area	14,800 sq.ft.	11,920 sq.ft.		sq.ft.		sq.ft.	
Gross Building Area	14,800 sq.ft.	11,920 sq.ft.		sq.ft.		sq.ft.	
Net Site Area (in Acres)	1.1		-12.5				
Location	Whitefish Stage	Bigfork					
Type of Construction	Standard single	Standard 1.5					
Construction Quality	Avg/Gd	Good	-5				
Age	22	15	-0.7				
Condition	Avg/Gd	Avg/Gd					
Parking	Good	Avg/Gd					
Net Adjustment (Total, in \$)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$	-216,944	<input type="checkbox"/> + <input type="checkbox"/> - \$		<input type="checkbox"/> + <input type="checkbox"/> - \$	
Net Adjustment (Total, in \$ / SF GBA)		Net 7.9 %	(\$ -18.20 / SF GBA)	Net %		Net %	
Adjusted Sale Price (in \$ / SF GBA)		Gross 7.9 %	\$ 212.53	Gross %		Gross %	
Comments/Analysis of Comparable Sales: Comp 4 is an active listing and/or pending sale added as a current market illustration. It has been adjusted in the same manner as the sales included in the report body. It has also been adjusted for the asking price to sales price ratio taken from competing sales. The adjusted sales, listing, and/or pending sale have all been weighted in this analysis to help support the opinion of value.							



RECONSTRUCTED OPERATING STATEMENT

28 Village Loop

Potential Rental Income				=	\$185,000	
Potential CAM Income				=	\$31,080	
Potential Gross Income (PGI)					\$216,080	
Vacancy & Collection Loss			3.00%	=	(\$6,482)	
Effective Gross Income (EGI)				=	\$209,598	\$209,598
EXPENSE ITEMS						
Management	\$209,598	x	7.50%	=	\$15,720	
Real Estate Taxes	2	x	\$13,570.00	=	\$27,140	
Insurance	1	x	\$7,200.00	=	\$7,200	
Advertising	12	x	\$100.00	=	\$1,200	
Building Maintenance	14,800	x	\$0.50	=	\$7,400	
Lawn & Grounds Maintenance	12	x	\$1,000.00	=	\$12,000	
Reserves	14,800	x	\$0.50	=	\$7,400	
Total Expenses					\$78,060	(\$78,060)
Net Operating Income						\$131,538

Value indications	NOI	Cap. Rate	=	Market Value	S/s.f.
with various cap rates	\$131,538	4.00%	=	\$3,288,445	\$218.53
	\$131,538	4.50%	=	\$2,923,062	\$194.25
	\$131,538	5.00%	=	\$2,630,756	\$174.82
	\$131,538	5.50%	=	\$2,391,596	\$158.93
	\$131,538	6.00%	=	\$2,192,296	\$145.69
Reconciled value via income capitalization				\$2,630,800	

Estimated overall rate =

5.00%