

**APPRAISAL ASSIGNMENT**  
**(Summary) Report Format**  
Lessee: Katherine Fritchie  
Property: 102 So. Rosalia Bay Rd  
Coolin, Bonner County, Idaho, 83821

**As of**  
February 15, 2024

**Prepared For**  
Mr. Roger Hall  
Real Estate Bureau Chief  
Idaho Department of Lands  
300 N. 6th Street, Suite 103  
Boise, ID 83702

**Prepared by**  
Hall - Widdoss & Company, P.C.  
Steven A. Hall, MAI, CCIM  
IDAHO CGA-257  
Expires 8/11/2024

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# **Hall-Widdoss & Company, PC.**

## ***Real Property Valuations & Consulting***

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April 30, 2024

Mr. Roger Hall  
Real Estate Bureau Chief  
Idaho Department of Lands  
300 N 6th Street Suite 103  
PO Box 83720  
Boise ID 83720-0050

RE: Appraisal Report, Cottage Site Located at 102 So. Rosalia Bay Rd, Coolin, Bonner County, Idaho, 83638; Subject to Hypothetical Conditions & Extraordinary Assumptions. IDL Contract 13-110, Contract Modification No. 19; 2024 Priest Lake VAFO, Ground Lease and ULA Appraisals

Dear Mr. Hall:

This letter of transmittal recognizes Contract #13-110, Modification No. 19, dated 9/06/2023 between the State of Idaho, Department of Lands and the firm of Hall – Widdoss & Company, PC. Please be advised this report is being prepared with reference to the 2024 sales catalog, as has been done in the past. As a result, this appraisal report is submitted, in compliance with the terms of the Appraisal Instructions/Scope of Work, 2024 Priest Lake VAFO Appraisals and that this VAFO appraisal report presents a value for the cottage site as a “vacant & unimproved” and also a Fee Simple market value for the property that includes all site improvements & structural improvements identified as IDL Approved Improvements (approved Personal Property). Please be advised this report, in conjunction with the Sales Catalog previously submitted & approved, constitutes compliance with the terms of the Appraisal Instructions/Scope of Work, Priest Lake Cottage Sites, specifically with regard to Modification #19.

This report is submitted as being in full compliance with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board of the Appraisal Foundation. In addition, the appraisal presented is intended to be in full compliance with all applicable laws & regulations affecting this service & report in which jurisdiction the subject property is located.

This is a single-family residential/recreational cabin site located on a lake front lot to Priest Lake. The cottage site, as vacant & unimproved is described in the body of this report. This cottage site has a specific size, front foot of lake shore, specific road access, topography, ground cover, and utility access that are all weighted as to a scale of measuring the quality of the lot. Private road access is maintained by Homeowner Association(s); commonly stated as an HOA. The site is serviced by electricity & telephone but there is no natural gas to the area and for the vacant condition of the lot, there is no sewer and/or water as part of the lot value.

*Appraisals and Consultations in Acquisitions/Dispositions, Feasibility Studies,  
Partial Interests, Condemnation & Litigation, Investment Analysis.*

From review, the subject lot is not regulated by an existing zoning district. The subdivision plat filed in Bonner County contains Conditions, Covenants & Restrictions, more commonly known as CC&Rs. This regulates the individual cottage site for a single-family residential use, no further subdivision of the lot, as set forth in that plat CC & Rs. No more than one single-family dwelling unit and such associated accessory structures are allowed.

The Personal Property is defined as a residential/recreational single residential unit (together with any/all ancillary structures). The specific details of these improvements are found in the Summary of Salient Facts section AND the Property Description section. The latter includes the photographs I have taken of the property which clearly reflect the land's qualities as well as the described improvements (design, size, quality, age/condition, and features as well as a discussion of the layout/floor plan. The final point of discussion includes the site improvements such as decks/patios, dock area, boathouse, garages, storage buildings, guest quarters, etc.

Please reference the scope of work section of this report for important information regarding the scope of research and analysis for this appraisal, including property identification & inspection, and an analysis of highest and best use analysis and valuation methodology. Your attention is directed to the Limiting Conditions and Assumptions section of this report. Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

**Hypothetical Conditions:** Hypothetical condition that the underlying site represents a 'VACANT AND UNIMPROVED' condition and value of the cottage site as based on that definition. The purpose of the appraisal is to provide an indication of market value for the underlying cottage site to establish a ground lease for this parcel. No personal property is being valued in this appraisal. As the personal property does exist, to value this property as 'Vacant & Unimproved' requires this hypothetical condition.

Extraordinary Assumptions pertaining to this value opinion consists of the agreement between client and appraiser that it is assumed the condition of the cottage site observed on the date of inspection is the same condition of this property as of the date of value of February 15, 2024.

I certify that I have no present or contemplated future interest in the property beyond the value opinions expressed herein. The appraiser has performed prior services regarding the subject within the previous three years of the appraisal date, as noted.

Based upon my investigations, studies and analyses, it is my opinion the encumbered *fee simple* market value of the subject property, reflecting the Extraordinary Assumption relative to IDL Approved Improvements & excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, is:

**One Million Seven Hundred Forty-Five Thousand Dollars**  
**\$1,745,000**

Further, it is my opinion the market value of the subject property defined herein as the "vacant & unimproved" cottage site (*Land Only*), reflecting the hypothetical condition of that definition of "Vacant & Unimproved" and the Extraordinary Assumption regarding date of inspection vs. the effective date of value denoted herein as February 15, 2024, is:

**One Million Five Hundred Seventy-Four Thousand Dollars**  
**\$1,574,000**

Finally, it is my opinion the market value of the subject property defined herein as the Leasehold Personal Property (IDL Approved Improvements Only), reflecting the hypothetical condition of the cottage site as “Vacant & Unimproved” and the Extraordinary Assumption relative to IDL Approved Improvements, excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, is:

**One Hundred Seventy-One Thousand Dollars**  
**\$171,000**

Your attention is invited to the data found within the body of this report which, in part, is the foundation of this conclusion. I wish to thank you for this opportunity to be of service. If there are any questions or issues that need attention, please do not hesitate to contact me.

Respectfully submitted,  
Hall - Widdoss & Company, P.C.



Steven A. Hall, MAI, CCIM  
ID Certified General CGA-257  
Expires August 11, 2024

**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

**PROPERTY IDENTIFICATION**

**Land:** The chart below reflects the site characteristics as the vacant & unimproved cottage site.

Site Description	102 So. Rosalia Bay Rd		Lot 11, Block 1, State Subdivision - Hunt Creek	
Size	84,506	Sq. Ft.	Lease No.	R100406
Size (Acres)	1.94	Acres		
Waterfront - Straight Across	154.66	Front Ft.	155	For valuation purposes, frontage is rounded to whole #.
Waterfront - Plat Dimension	161' +/-	Front Ft.		
Average Depth of Lot	555' +/-	LF		
Road Frontage/Access		East Shore Road is a paved, county maintained roadway that leads to Hunt Creek Road & So. Rosalia Bay Road. The latter two roads are state owned and reflect dirt & gravel roads maintained by the HOA (lessees association) that is comprised of those lots served by these roads. This lot also has direct lake frontage.		
Road-to-Building Site	4-5	From S. Rosalia Bay Road, there is a moderate slope toward the building site. The shared driveway provides the support for this more moderate slope along S. Rosalia Bay. The site classification does not incorporate the easterly portion of the site from East Shore Road to S. Rosalia Bay Road as that is considered buffer land only. The primary site is west of S. Rosalia Bay Road.		
Shore-to-Building Site	5	It is my opinion this could be better classified as 5 points given the very gentle slope up from the shoreline/beach. I believe the counter-point is the shared driveway & slope from S. Rosalia Bay Road to the building site but that is considered within the overall topography rating.		
Shoreline	3-4	Mix of sandy/gravel beach with some rocky/brushy shoreline. There is a shoreline/beach area that slopes up to the building site in a very gentle/gradual rise in elevation. This shoreline area has brush & tree cover with very little slope. The photographs show this level-gentle slope & beach area.		
Lake Depth	2	Usable lake depth with no specific development challenges.		
Topography-General Narrative	14	From East Shore Road to So. Rosalia Bay Road, this portion of the site is moderately steep and of little overall contribution (value & use) to the site. Primary emphasis for topography is from So. Rosalia Bay to the lake. In that regard, I have altered the previous topography rating. From road-to-building site, (that portion lying west of this road), the land has a moderate to gentle slope with a rating of 4. For the shoreline/beach-to-building site, this is a gentle slope with a rating of 4-5. The overall rating of 9 is emphasized; especially with the shoreline rating.		
Shape		Parcel reflects a mostly rectangular shaped parcel with a slightly irregular shoreline as well as the diagonal east boundary. Please see plat for better visualization.		
Vegetative Cover		Tract has a moderate timber (tree) and brush cover; mix of conifers and deciduous trees/bushes.		
Utilities		Electrical power & phone to site boundary per SOW. Valuation of lot does not incl. well, septic system, building pad, dock, and shoreline improvement per vacant & unimproved.		
Street Improvements		East Shore Road is a paved, county maintained roadway that leads to Hunt Creek Road & So. Rosalia Bay Road. The latter two roads are dirt & gravel roads maintained by the HOA (lessees association) that is comprised of those lots served by the specific road. The subject is directly accessed from So. Rosalia Bay Road that is slightly better than a one lane dirt & gravel driveway. The subject & Lot 10 share the driveway access off this road with the driveway mostly located on Lot 10.		
Zoning/Land Use		According to Bonner County, the property is not zoned. The subject site is regulated by the Conditions, Covenants & Restrictions (CCRs) recorded as part of the subdivision plat. Specifically, the subject is restricted to single family residential use only. It allows for one dwelling and ancillary improvements including guest house, garage and outbuildings such as storage sheds, boathouse, outhouse, etc.		
Flood Hazard		Property is a lake front tract. The shoreline area is subject to seasonal fluctuations in water depth. The building site is not in a flood hazard zone based on information available.		
Easements/Encroachments		Access to the property is from So. Rosalia Bay Road which is an easement that cuts through the lot in a north/south direction. There is an estimated 50' along east boundary of site that is R/W for East Shore Road (10,118 sq.ft.). There is a 40' wide underground cable easement in the So. Rosalia Bay Road (not shown on the official plat but identified on the inventory map). There is a waterline easement that cuts through the lot in a diagonal NE/SW direction. There is an assumed overhead power line easement through these lots which benefits all of the tracts north and south of the subject. There is a shared driveway with Lot 11 and I assume there is an easement and shared responsibility for maintenance & repair of that driveway.		

Site has shoreline quality/characteristics that represent a sand, gravel & cobble beach/shoreline with similar lake bottom. The lake depth does not present any dock development challenges so is given a full 2-points. The shoreline quality was previously rated at 3-4; mostly as a result of the rocky/brushy area of the shoreline to the north of the dock. When considering the rating for topography at 9-points (aggregate) and the rating for shoreline & lake depth of 5-6 this shows a composite of 14 to 15 points which is consistent with other lots in the immediate vicinity, having similar physical features. The conclusion expressed here is based on a rating of 14 points with recognition given to the shoreline/beach qualities and the gentle slope up to the slightly sloping building site. Please refer to the photographs for support of this opinion.

**Improvements:** The Personal Property is included in this appraisal. The table below is a summary of the pertinent characteristics of the improvements (site improvements and structural improvements) that are defined herein as Personal Property, the definition of that term is identified in the sales catalog.

General Description					Foundation/Heating, Ventilating, A/C And Other Items					
Units	One	X	Ancillary Residential Units		N	Issues/Components		Remarks		
# of Stories	One story	X	1.5 Story	2 Story		Settlement	N			
Type	Det	X	Attached			Sump Pump	N			
Quality	Fair +					Evidence of Infestation	N			
Design	Bungalow					Dampness	N			
Year Built	1945		County shows this was built in 1945 and the cabin contains 783 SF plus the EFP (enclosed front porch) contains 140 SF (7' X 20"). I used my measurements & size calculations.			EBB	Y			
Condition	Good						Elec. Wall Htrs	Y		
Effective Age	30						Forced Air Furnace	N		
Bathrooms	1						Cooling System	N		
Finished Area Above Grade	774						Wall Units	N		
Basement/Lower Level	0						Window Units	N		
Basement Finish	0						Central	N		
Attic	0				Fireplace/Wood Stove	1	Rock FP in living room.			
Utilities	Horton Creek Wtr Extraction & Septic					Specialty Site Impvts.	X	Firepit, paths, rock retaining wall, parking areas		
						Appliances		Ref, R/O, M		
Exterior Description					Interior Description					
Foundation	Post and pier foundation					Floors	Laminate wood flooring			
Exterior Walls	Mix of horizontal lap siding-painted.					Walls	T&G wood plank walls, wood paneling (bath)			
Roof Surface	Metal					Trim/Finish	Rustic wood			
Specialty Siding Elements	None					Ceiling Finish	Mix T&G wood plank & painted/textured drywall.			
Gutters & Downspouts	None					Bath Floor	Softwood flooring			
Window Type	Single pane windows with storms/screens					Bath Wainscot	Wood paneling			
Storm sash included	Yes		No	X		Deck/Porch/Patio(s)		108	SF	
Screens	Yes	X	No			Garage (SF)		200	SF	
Amenities	Lakeside deck to the west side of cabin functions as entry porch (5' X 14') leading into a screened-in porch.					Other Living Area		251	SF	
									Outbuildings	
Fireplace/Wood Stove	Fireplace	Y	Wd Stove	N	FP insert	N	Dock (SF)	711	SF	
Fencing	None	X					Boathouse (SF)	0	SF	
Other Items	None	X					Seawall/Retaining Wall	100' +/-	LF	
In addition to the main cabin, there is a guest cabin that is a sleeping room with a half bath area that is part of that single room. The property includes a shop/storage building, an undersized detached garage of 10' X 20' and then a firewood shelter/storage. These other buildings are well-maintained.					Main cabin has been updated & renovated. The cabin has one bedroom and 1 bath but the screened-in porch functions as additional sleeping area. The quality of the lot coupled with the small size of the main cabin create a situation where the quality of the lot & the small size/ rustic qualities of the cabin are out-of-balance. The improvements are functional & appealing to a more narrow segment of the market.					
Appliances	Ref	Y	Range/Oven	Y	DW	N	Lessee has not shown any exclusions. The kitchen appliances includes a small microwave, the electric range/oven and refrigerator. There is an antique wood burning fixture in dining area. There are no other personal property items included. This is a vintage cottage style cabin that has the added function of a detached guest cabin (sleeping space) but these are fast approaching the end of economic life.			
	Microwave	Y	W/D	N	Gar. Disp.	N				
Room Count - Above Grade	Rooms	4	Bedrooms	1	Bathrooms	1.0				
Lower Level - Room Count	Rooms	0	Bedrooms	0	Bathrooms	0				
Other Living Area	Guest cabin is 114 SF with half bath. Screened-in porch contains 137 SF so total Other Living Area is 251 SF.									

### VALUE INDICATIONS

**Land Value:** **\$1,574,000**  
**Cost Approach:** **N/A**  
**Sales Comparison Approach** **\$1,745,000**

**FINAL OPINION OF VALUE – REAL PROPERTY** **\$1,745,000**

**FINAL OPINION OF VALUE – PERSONAL PROPERTY** **\$171,000**

Effective Date February 15, 2024

## SCOPE OF WORK

This was defined in the sales catalog/project report and will not be repeated here except for the very specific conditions imposed by the Scope of Work.

1. **Client:** The client is the Idaho Department of Lands (IDL).
2. **Intended user:** The intended user is the Idaho Department of Lands (IDL). Although it is recognized the individual cottage site Lessee will be provided a copy of this Appraisal, the Lessee is not an intended user of the appraisal. For the VAFO appraisals, the potential bidders are not recognized as intended users.
3. **Purpose/Intended use:** The Purpose of this appraisal is to provide an opinion of the market value of the cottage site, as though “Vacant & Unimproved.” The intended use recognizes the Idaho Constitution, Article IX, Section 8 that provides, “no state lands shall be sold for less than the appraised price.” To establish a ground lease rate, it is necessary that the market value of the vacant cottage site be established through an appraisal. Further, the ground lease rate is set by the State of Idaho which is then applied to the market value of the lot in establishing the ground rent.
4. **Type of value:** The type of value, as required by Scope of Work, is market value. That term has been defined within this report.
5. **Effective Date of Value:** The effective date of appraisal is February 15, 2024, which is not consistent with the date of inspection. This is a current value assignment based on the extraordinary assumption as to date of inspection/observation and the effective date of value. The report date is that date shown on the letter of transmittal which coincides with the final report delivery to the client.
6. **Subject characteristics:** Deals with the extent of the subject property such as inspection/property viewing, property rights appraised, etc. This requires further address which is reflected within this appraisal.
7. **Assignment conditions:** Refers to hypothetical conditions and special or extraordinary assumptions & limiting conditions. Please refer to the paragraphs below regarding these issues. The site valuation reflects a hypothetical condition that the cottage site is viewed as though vacant and unimproved, ignoring for valuation purposes, any lessee personal property.
8. **Prior Services:** I have been involved in an appraisal of the subject cottage site as of January 15, 2013, and again in 2019, then as a VAFO appraisal in 2022 and a Ground Lease appraisal in 2023.

(6. continuation) As identified in the Appraisal Instructions/Scope of Work, Priest Lake Cottage Sites, Item II. states “*At a minimum, the appraisal is to comply with the reporting requirements under Standards Rule 2-2(b) of the USPAP for a Summary Appraisal. The Appraisal Report, as described in USPAP, shall be used to support each individual lot appraisal. A report shall include photos, addenda, plats, maps, etc. that support the facts and the opinion of market value presented in the appraisal. All appraisal report forms must be in compliance with the current version of USPAP.* Under USPAP 2024-2025 an Appraisal Report or a Restricted Report are the classifications of the written report. In historic context, this is further classified as a narrative appraisal report (a summary appraisal report).

For this appraisal, the extent of the subject inspection involved a viewing of the exterior boundaries of the site (at least, to the extent possible because of snow cover). The personal property is included in this appraisal and the assignment includes my personal observations of

the personal property including the measurement of the improvement(s) and an interior inspection of the property improvement(s), if possible. The site view and site analysis reflect the State Subdivision plat as recorded in Bonner County and it incorporates the Overlay maps of the recorded State Subdivisions with the Inventory Surveys provided by JUB Engineers, Inc. The Personal Property described herein is my personal observations and the exterior measurements of these improvements. I have also viewed county records for verification. ***“Clarification to the Scope of Work: If the improvements have changed since the provided 2011 inventory survey, plats, and maps, it is assumed they are IDL approved unless otherwise stated.” Again, for purposes of this appraisal, no Personal Property is being appraised.***

The appraisal assignment reflects **State Endowment Trust Land Information** specifically Idaho Department of Lands mission is to manage State Endowment Trust Lands (State Trust Lands) in a manner that will maximize long-term financial returns to the Beneficiary Institutions. The IDL mission is a constitutional mandate and is overseen by the State Board of Land Commissioners. State Trust Lands are not managed for the public at large and should not be referred to as public lands or open space, either specifically or in a generic sense.

These are working lands producing revenue for the Beneficiary Institutions. IDL has had a leasing program for recreation residential sites since the 1920’s. What began as a simple opportunity to lease State Trust Land for use as primitive cabin sites has evolved into the existing cottage site developments with a range of structure types from large expensive structures to quaint cabins. The subject neighborhood plat has been recorded. The rights and obligations associated with the platting, recording CCRs, and forming of neighborhood associations will be assumed to be in-place and operating at time the lot has been appraised.

For the reader’s edification, I have incorporated definitions for hypothetical conditions and extraordinary assumptions. These definitions are taken from the USPAP 2024-2025.

***“HYPOTHETICAL CONDITION:*** a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. ***Comment:*** Hypothetical conditions are 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.”

***“EXTRAORDINARY ASSUMPTION:*** 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. ***Comment:*** Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.”

***The use of extraordinary assumptions and hypothetical conditions within the report should be viewed within context that their use might have affected the assignment results.***

USPAP states there to be additional reporting requirements when the appraisal involves a hypothetical condition and, it is assumed equally, when there is an extraordinary assumption. This is necessary to ensure the intended user(s) understands:

- (a) *the improved subject property does not yet, in fact, exist as of the date of the appraisal;*
- (b) *the analyses performed to develop the opinion of value are based on a hypothesis, specifically that the improved subject property is assumed to exist when in fact it does not exist;*
- (c) *certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and*
- (d) *the appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.*

The client requested an opinion of the market value for the Cottage Site as Vacant & Unimproved for the basis in forming a ground lease amount. It is a condition of this appraisal that the underlying site represents a “VACANT AND UNIMPROVED” condition so the existing personal property is assumed to “not exist.” That is the reason for the hypothetical condition to this valuation analysis.

Relevant to the preceding paragraph, factual market data gathered or researched for this appraisal includes vacant residential/recreational land sales. For purposes of helping the client in conflict situations, the assignment also included sales research of improved sales.

It is recognized that Idaho is a non-disclosure State and verification of sales is commonly handled through real estate agent confirmation as well as buyer and/or seller verification. There are times when the confirming party does not wish to be identified or where the price is not to be divulged. All of these elements are considered appropriate and common under peer review. I have relied upon the Selkirk Realtors MLS service and the Coeur d’Alene Realtors MLS service to assist in the appraisal research for Priest Lake.

It is recognized that I lack special expertise or knowledge with respect to the detection and measurement of hazardous substances. For this appraisal, I have not been provided either a Phase I or Phase II environmental audit relating to this topic for any of the lessee personal property improvements. I have assumed there to be no environmental concerns relating to this cottage site, which is a typical assumption & limiting condition.

## **RECORD OWNER**

According to the information provided by IDL, the current Lessee for this property is shown as follows:

Lessee :Katherine Fritchie  
Lease # :Lot 11, Block 1, State Subdivision - Hunt Creek

## **SALES HISTORY**

There have been no recent or relevant transfers of ownership for the subject property within the previous three years. This is endowment land administered by the Idaho Department of Lands.

## **LOCATION OF PROPERTY**

The property being appraised is located in Bonner County, Idaho. More specifically, the property is located in the Coolin area (east side of Priest Lake). The street address for the property is identified as 102 So. Rosalia Bay Rd, Coolin, Idaho.

## **LEGAL DESCRIPTION**

According to the IDL provided information and based on county records, the subject property is more particularly identified as follows:

Lot 11, Block 1, State Subdivision - Hunt Creek

## **PURPOSE OF APPRAISAL & DEFINITION OF VALUE**

The purpose of the appraisal is to provide an opinion of the ***Fee Simple market value*** of the individual cottage site, described as the subject property. The valuation reflects the fee simple value of the cottage site, as "Vacant & Unimproved." The definition of market value was contained in the sales catalog.

## **REASONABLE EXPOSURE TIME**

This was discussed and analyzed within the sales catalog. In summary, the market value of the subject property reflects a reasonable exposure time summarized as follows: For calendar year 2023, the sales of improved residential property along Priest Lake (East and West) resulted in the following for exposure time (Days on Market or DOM) as derived from the Coeur d'Alene MLS and the Selkirk MLS. The exposure times ranged from 0 DOM to 193 DOM with an average of 60 DOM and a median of 53 DOM.

For calendar year 2022, the sales of improved residential property along Priest Lake (East and West) resulted in the following for exposure time (Days on Market or DOM) as derived from

the Coeur d'Alene MLS and the Selkirk MLS. The exposure times ranged from 4 DOM to 158 DOM with an average of 65 DOM. The limited inventory and the strong demand that has been demonstrated through the pandemic of 2020-2021 clearly indicates exposure time to be reduced from more historic levels.

For the calendar year 2021, the sales of improved residential property in the Priest Lake area (East & West), resulted in the following for exposure time (Days on Market or DOM) as derived from the Coeur d'Alene MLS and the Selkirk MLS. The exposure times ranged from 4 DOM to 158 DOM with an average of 65 DOM.

For land sales, the statistics on Days-On-Market (DOM) have shown 2023 reflecting 35 DOM with 2022 showing 127 DOM and 2021 showing 166 DOM. The average or mean of these three-years was 115 DOM.

### **PROPERTY RIGHTS APPRAISED**

The subject property is being valued on the basis of 1.) a site condition of “vacant & unimproved” and 2.) the valuation of the encumbered fee simple estate which includes the land (as vacant & unimproved) together with all of the site & structural improvements (IDL approved improvements).

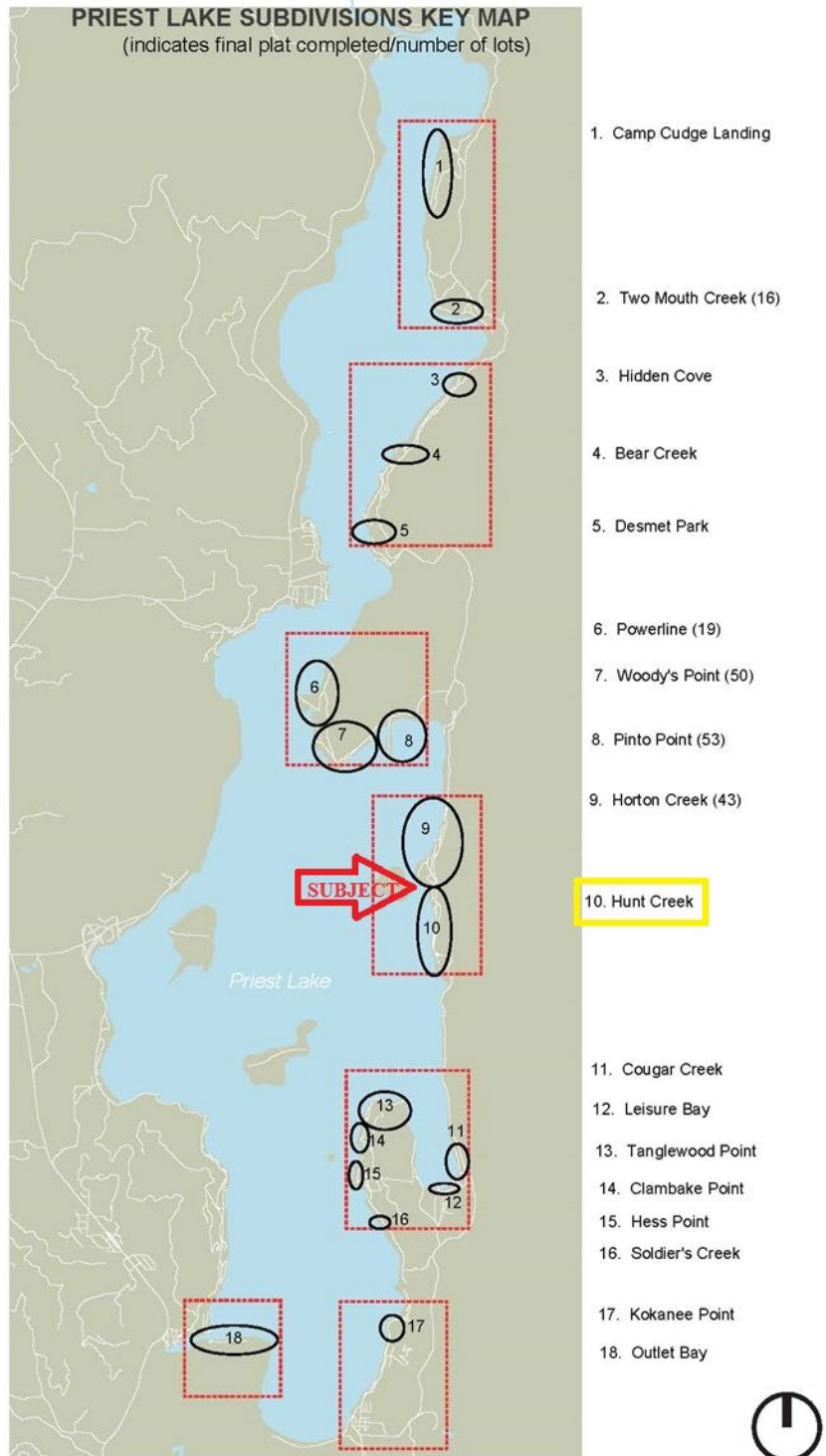
The appraisal reflects the fee simple title to the property pursuant to Scope of Work. It is necessary to understand that fee simple title can have encumbrances that affect some of those rights associated with fee simple estate. In this appraisal, there are commonly accepted easements for utility services such as electrical power, telephone and cable and, in some cases, there are easements for buried services such as community or private sewer. There are also shared driveway easements which I have not found to be economically burdensome to the underlying site value. If there is an easement(s) that impacts use & value, I will provide that discussion & analysis.

The appraiser was previously provided a map exhibit with the Notice to Proceed (originally provided in Summer of 2013) showing all approved improvements. If any existing improvements are NOT approved by the IDL and/or are not legally constructed, as required by the building authority having jurisdiction, the appraiser is to note these improvement(s) in the appraisal but is NOT to include these in the valuation of the approved improvements.

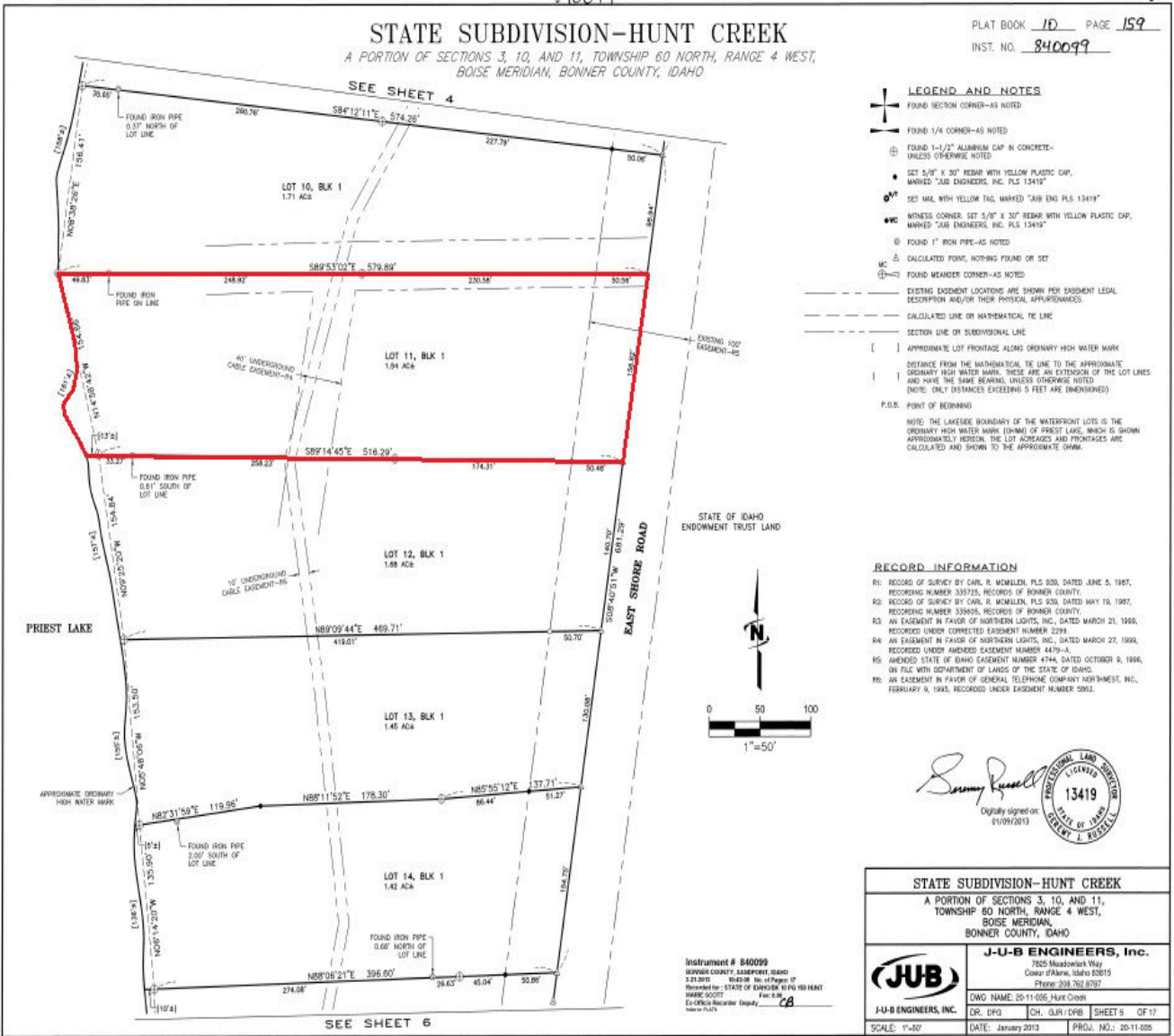
***“Clarification to the Scope of Work: If the improvements have changed since the provided 2011 inventory survey, plats, and maps, it is assumed they are IDL approved unless otherwise stated.”***

# LOCATION MAP

12/20/2012

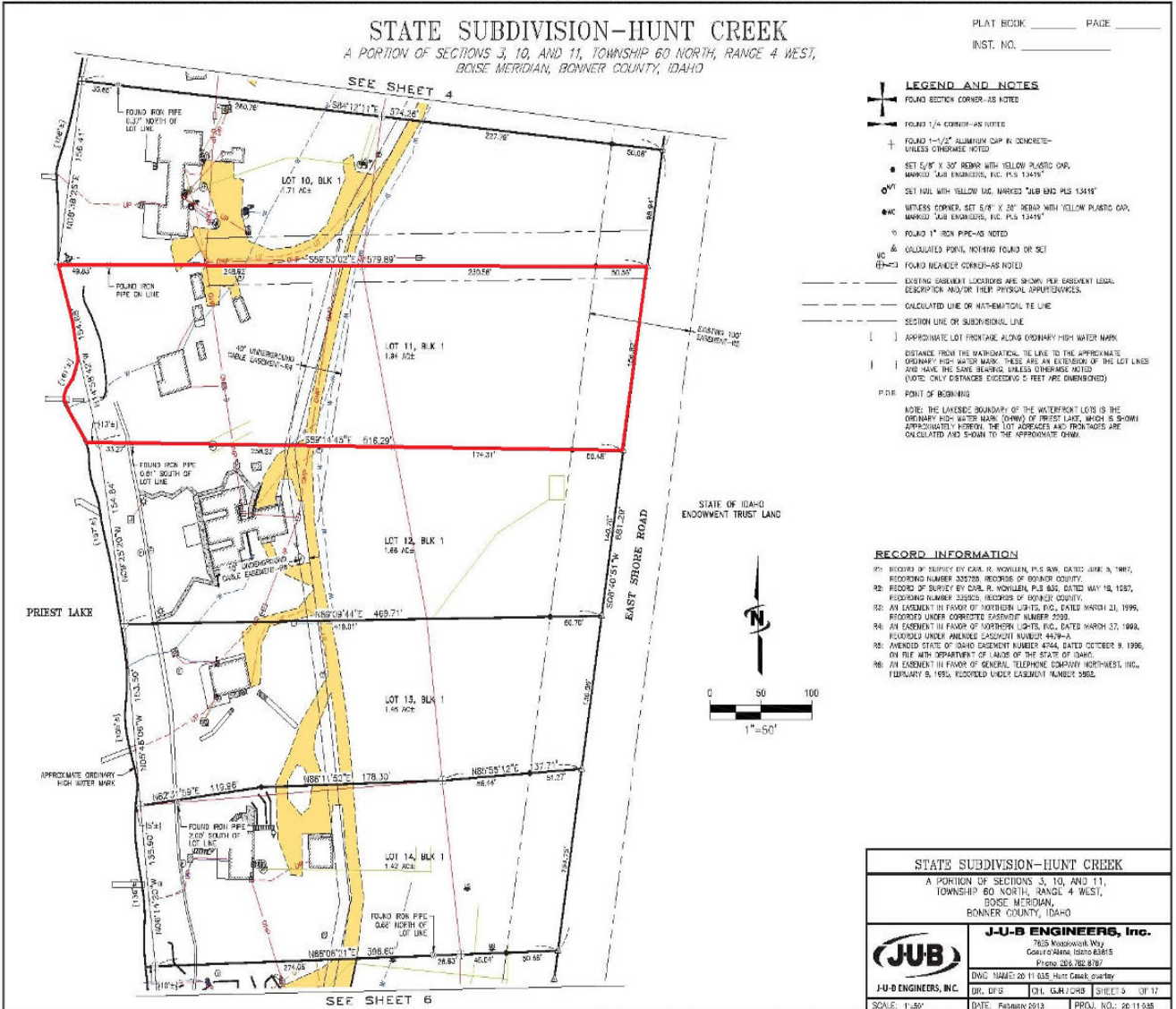


# PLAT MAP



# INVENTORY MAP

THIS OVERLAY DOCUMENT IS INTENDED AS A TOOL FOR USE BY IDAHO DEPARTMENT OF LANDS TO AID IN THE MANAGEMENT OF THE ENDOWMENT LAND WITHIN THIS SUBDIVISION



**SUBJECT PHOTOGRAPHS**



ABOVE: View SW along So. Rosalia Bay Rd from Lot 10 at shared driveway. (4963)



ABOVE: View of the eastern portion of the lot looking SE from So. Rosalia Bay Rd. (4964)



ABOVE: Looking west along the north boundary of lot. (4965)



ABOVE: View from the south side of lot looking NE with So. Rosalia Bay Road to center of photo. (1140)

**SUBJECT PHOTOGRAPHS**



ABOVE: View northerly from the south end of lot, east side of main cabin. (1139)



ABOVE: Another view of the easterly portion of lot, east of So. Rosalia Bay Road looking NE. (4969)



ABOVE: NW corner of lot looking south along shoreline/beach area. (1126)



ABOVE: Same location but looking SE toward the building site. (1127)

**SUBJECT PHOTOGRAPHS**



ABOVE: Close-up of the dock improvements. (1129)



ABOVE: View to the main cabin from the shoreline/beach area. (1130)



ABOVE: View north from the SW corner of lot. (1134)



ABOVE: Same location but looking east along south boundary. (1135)

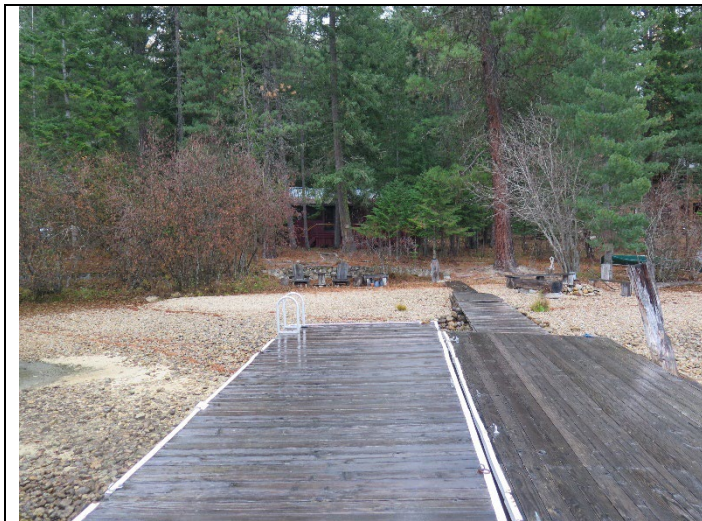
**SUBJECT PHOTOGRAPHS**



ABOVE: View north from south boundary showing the pedestrian path between shoreline & building site. (1136)



ABOVE: View SE showing the smaller southern portion of shoreline/frontage as shown by previous appraisal. (4980)



ABOVE: View east from dock looking at the main cabin. (4979)



ABOVE: South & east (right) elevations of the main cabin. (1138)

**SUBJECT PHOTOGRAPHS**



ABOVE: South (left) and east elevations of the main cabin; taken for 2022 appraisal. (4986)



ABOVE: Main cabin on left with guest cabin & shop/storage in back left looking north; taken for 2022 appraisal. (4987)



ABOVE: East entry into cabin looking south into kitchen with dining area-sitting room in back. (1141)



ABOVE: Looking into dining-sitting from living room. (1147)

**SUBJECT PHOTOGRAPHS**



ABOVE: View from dining-sitting looking back into kitchen. (1148)



ABOVE: View of the kitchen ceiling & skylight feature. (5012)



ABOVE: Living room as viewed from dining-sitting area. (1149)



ABOVE: Bedroom looking toward lake. (1150)

**SUBJECT PHOTOGRAPHS**



ABOVE: Another view of the bedroom but looking toward the living room area. (1151)



ABOVE: North side of Screened-in porch. (1153)



ABOVE: Another view of the screened-in porch to south side of area that is used as a sleeping area. (1154)



ABOVE: Bathroom. (1143)

**SUBJECT PHOTOGRAPHS**



ABOVE: Looking south from living room toward dining area. Kitchen is also accessed on left. (1155)



ABOVE: Guest cabin in background & shop/storage in foreground. (1156)



ABOVE: Interior of the storage space (covered firewood). (1157)



ABOVE: Interior of the shop/storage building. (1160)

**SUBJECT PHOTOGRAPHS**



ABOVE: Close-up of the guest cabin. (4993)



ABOVE: Interior of guest cabin. (1158)



ABOVE: Another view of the interior of guest cabin but this shows half bath & entry. (1159)



ABOVE: View of the detached garage. (4989)

**SUBJECT PHOTOGRAPHS**



ABOVE: Interior of the detached garage. (1161)



ABOVE: Small firewood/storage building. (4985)

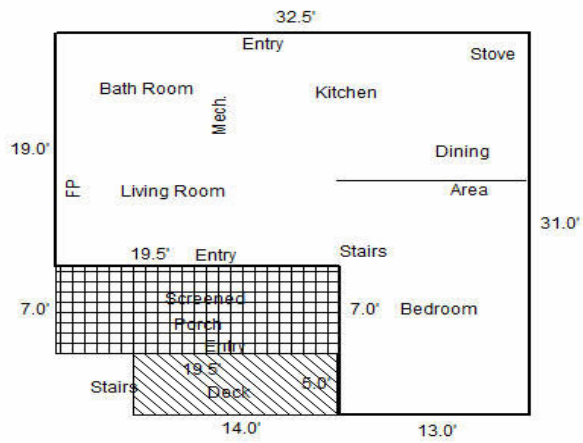
# BUILDING SKETCH

## SKETCH ADDENDUM

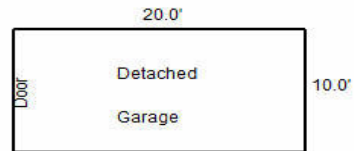
File No. \_\_\_\_\_

Borrower			
Property Address			
City	County	State	Zip Code
Lender/Client		Address	

### MAIN FLOOR



### Lake Side



WinSketch by Jammin Software

# BUILDING SKETCH (con't)

## SKETCH ADDENDUM

File No. \_\_\_\_\_

Borrower			
Property Address			
City	County	State	Zip Code
Lender/Client		Address	

SKETCH CALCULATIONS		Perimeter	Area
<b>Misc. Area</b>			
Screened Porch			136.5
<b>Total Misc. Area</b>			<b>136.5</b>
<b>Living Area</b>			
First Floor			773.5
Guest Quarters			114.0
<b>Total Living Area</b>			<b>887.5</b>
<b>Garage Area</b>			
Detached Garage			200.0
Storage/Shop			200.0
<b>Total Garage Area</b>			<b>400.0</b>
<b>Porch Area</b>			
Porch			38.0
<b>Total Porch Area</b>			<b>38.0</b>
<b>Patio/Deck Area</b>			
Deck			70.0
<b>Total Patio/Deck Area</b>			<b>70.0</b>

WinSketch by Jammin Software

**PROPERTY DESCRIPTION**

**Land:** The chart below reflects the site characteristics as the vacant & unimproved cottage site.

Site Description		102 So. Rosalia Bay Rd	Lot 11, Block 1, State Subdivision - Hunt Creek
Size		84,506	Sq. Ft. Lease No. R100406
Size (Acres)		1.94	Acres
Waterfront - Straight Across		154.66	Front Ft. <b>155 For valuation purposes, frontage is rounded to whole #.</b>
Waterfront - Plat Dimension		161' +/-	Front Ft.
Average Depth of Lot		555' +/-	LF
Road Frontage/Access		East Shore Road is a paved, county maintained roadway that leads to Hunt Creek Road & So. Rosalia Bay Road. The latter two roads are state owned and reflect dirt & gravel roads maintained by the HOA (lessees association) that is comprised of those lots served by these roads. This lot also has direct lake frontage.	
Road-to-Building Site	4-5	From S. Rosalia Bay Road, there is a moderate slope toward the building site. The shared driveway provides the support for this more moderate slope along S. Rosalia Bay. The site classification does not incorporate the easterly portion of the site from East Shore Road to S. Rosalia Bay Road as that is considered buffer land only. The primary site is west of S. Rosalia Bay Road.	
Shore-to-Building Site	5	It is my opinion this could be better classified as 5 points given the very gentle slope up from the shoreline/beach. I believe the counter-point is the shared driveway & slope from S. Rosalia Bay Road to the building site but that is considered within the overall topography rating.	
Shoreline	3-4	Mix of sandy/gravel beach with some rocky/brushy shoreline. There is a shoreline/beach area that slopes up to the building site in a very gentle/gradual rise in elevation. This shoreline area has brush & tree cover with very little slope. The photographs show this level-gentle slope & beach area.	
Lake Depth	2	Usable lake depth with no specific development challenges.	
Topography-General Narrative	14	From East Shore Road to So. Rosalia Bay Road, this portion of the site is moderately steep and of little overall contribution (value & use) to the site. Primary emphasis for topography is from So. Rosalia Bay to the lake. In that regard, I have altered the previous topography rating. From road-to-building site, (that portion lying west of this road), the land has a moderate to gentle slope with a rating of 4. For the shoreline/beach-to-building site, this is a gentle slope with a rating of 4-5. The overall rating of 9 is emphasized; especially with the shoreline rating.	
Shape		Parcel reflects a mostly rectangular shaped parcel with a slightly irregular shoreline as well as the diagonal east boundary. Please see plat for better visualization.	
Vegetative Cover		Tract has a moderate timber (tree) and brush cover; mix of conifers and deciduous trees/bushes.	
Utilities		Electrical power & phone to site boundary per SOW. Valuation of lot does not incl. well, septic system, building pad, dock, and shoreline improvement per vacant & unimproved.	
Street Improvements		East Shore Road is a paved, county maintained roadway that leads to Hunt Creek Road & So. Rosalia Bay Road. The latter two roads are dirt & gravel roads maintained by the HOA (lessees association) that is comprised of those lots served by the specific road. The subject is directly accessed from So. Rosalia Bay Road that is slightly better than a one lane dirt & gravel driveway. The subject & Lot 10 share the driveway access off this road with the driveway mostly located on Lot 10.	
Zoning/Land Use		According to Bonner County, the property is not zoned. The subject site is regulated by the Conditions, Covenants & Restrictions (CCRs) recorded as part of the subdivision plat. Specifically, the subject is restricted to single family residential use only. It allows for one dwelling and ancillary improvements including guest house, garage and outbuildings such as storage sheds, boathouse, outhouse, etc.	
Flood Hazard		Property is a lake front tract. The shoreline area is subject to seasonal fluctuations in water depth. The building site is not in a flood hazard zone based on information available.	
Easements/Encroachments		Access to the property is from So. Rosalia Bay Road which is an easement that cuts through the lot in a north/south direction. There is an estimated 50' along east boundary of site that is R/W for East Shore Road (10,118 sq.ft.). There is a 40' wide underground cable easement in the So. Rosalia Bay Road (not shown on the official plat but identified on the inventory map). There is a waterline easement that cuts through the lot in a diagonal NE/SW direction. There is an assumed overhead power line easement through these lots which benefits all of the tracts north and south of the subject. There is a shared driveway with Lot 11 and I assume there is an easement and shared responsibility for maintenance & repair of that driveway.	
Site has shoreline quality/characteristics that represent a sand, gravel & cobble beach/shoreline with similar lake bottom. The lake depth does not present any dock development challenges so is given a full 2-points. The shoreline quality was previously rated at 3-4; mostly as a result of the rocky/brushy area of the shoreline to the north of the dock. When considering the rating for topography at 9-points (aggregate) and the rating for shoreline & lake depth of 5-6 this shows a composite of 14 to 15 points which is consistent with other lots in the immediate vicinity, having similar physical features. The conclusion expressed here is based on a rating of 14 points with recognition given to the shoreline/beach qualities and the gentle slope up to the slightly sloping building site. Please refer to the photographs for support of this opinion.			

**Improvements:** The Personal Property is defined as a residential/recreational single residential unit (together with any/all ancillary structures). The chart below is provided as a summary of these improvements. This identifies the class or quality of construction, year built, effective age, and other elements necessary for description and comparison. Please refer to the subject photographs as additional documentation of the improvements to be valued in this appraisal.

General Description						Foundation/Heating, Ventilating, A/C And Other Items							
Units	One	X	Ancillary Residential Units			N	Issues/Components		Remarks				
# of Stories	One story	X	1.5 Story		2 Story		Settlement	N					
Type	Det	X	Attached				Sump Pump	N					
Quality	Fair +						Evidence of Infestation	N					
Design	Bungalow						Dampness	N					
Year Built	1945		County shows this was built in 1945 and the cabin contains 783 SF plus the EFP (enclosed front porch) contains 140 SF (7' X 20"). I used my measurements & size calculations.				EBB	Y					
Condition	Good								Elec. Wall Htrs	Y			
Effective Age	30								Forced Air Furnace	N			
Bathrooms	1								Cooling System	N			
Finished Area Above Grade	774								Wall Units	N			
Basement/Lower Level	0								Window Units	N			
Basement Finish	0								Central	N			
Attic	0					Fireplace/Wood Stove	1	Rock FP in living room.					
Utilities	Horton Creek Wtr Extraction & Septic						Specialty Site Impvts.	X	Firepit, paths, rock retaining wall, parking areas				
							Appliances		Ref, R/O, M				
Exterior Description						Interior Description							
Foundation	Post and pier foundation						Floors	Laminate wood flooring					
Exterior Walls	Mix of horizontal lap siding-painted.						Walls	T&G wood plank walls, wood paneling (bath)					
Roof Surface	Metal						Trim/Finish	Rustic wood					
Specialty Siding Elements	None						Ceiling Finish	Mix T&G wood plank & painted/textured drywall.					
Gutters & Downspouts	None						Bath Floor	Softwood flooring					
Window Type	Single pane windows with storms/screens						Bath Wainscot	Wood paneling					
Storm sash included	Yes		No	X			Deck/Porch/Patio(s)		108		SF		
Screens	Yes	X	No				Garage (SF)		200		SF		
Amenities	Lakeside deck to the west side of cabin functions as entry porch (5' X 14') leading into a screened-in porch.						Other Living Area		251		SF		
							Outbuildings		200		SF		
Fireplace/Wood Stove	Fireplace	Y	Wd Stove	N	FP insert	N	Dock (SF)		711		SF		
Fencing	None	X					Boathouse (SF)		0		SF		
Other Items	None	X					Seawall/Retaining Wall		100' +/-		LF		
In addition to the main cabin, there is a guest cabin that is a sleeping room with a half bath area that is part of that single room. The property includes a shop/storage building, an undersized detached garage of 10' X 20' and then a firewood shelter/storage. These other buildings are well-maintained.						Main cabin has been updated & renovated. The cabin has one bedroom and 1 bath but the screened-in porch functions as additional sleeping area. The quality of the lot coupled with the small size of the main cabin create a situation where the quality of the lot & the small size/ rustic qualities of the cabin are out-of-balance. The improvements are functional & appealing to a more narrow segment of the market.							
Appliances	Ref	Y	Range/Oven	Y	DW	N	Lessee has not shown any exclusions. The kitchen appliances includes a small microwave, the electric range/oven and refrigerator. There is an antique wood burning fixture in dining area. There are no other personal property items included. This is a vintage cottage style cabin that has the added function of a detached guest cabin (sleeping space) but these are fast approaching the end of economic life.						
	Microwave	Y	W/D	N	Gar. Disp.	N							
Room Count - Above Grade	Rooms	4	Bedrooms	1	Bathrooms	1.0							
Lower Level - Room Count	Rooms	0	Bedrooms	0	Bathrooms	0							
Other Living Area	Guest cabin is 114 SF with half bath. Screened-in porch contains 137 SF so total Other Living Area is 251 SF.												

There is a detached garage of 10' X 20', a shop/storage building of 10' X 20' and a guest cabin with covered entry. This is a 9.5' X 12' sleeping room with half bath. The screened-in porch to the NW side of cabin is a 7' X 19.5' area that is classified as Other Living Area. There is a 5' X 14' uncovered deck to the west side of the screened-in porch. There is a covered firewood canopy & attached small wood frame storage (I did not measure). There is no boathouse. The lot has a short rock retaining wall (seawall) to the north side of the dock. There is a firepit, as well. There are good parking areas on-site together with native landscaped areas between the improvement locations & the elevated road (So. Rosalia Bay Road). There is an on-site septic system and domestic water is taken from Horton Creek per the lessee.

## HIGHEST AND BEST USE

The definition of Highest and Best Use was presented in the sales catalog. Please refer to that for the specific definition of this term.

***Legally Permissible:*** The subject site is not zoned but is regulated by the Conditions, Covenants Restrictions (CC&Rs) as part of the official plat. Specific to the subject site, these CCRs have identified Use Restrictions such as “No Lot shall be occupied and used except for single-family residential purposes by the Owner and its family, or by a single-family tenant, which fits within the rustic character of the Idaho Panhandle National Forests. No more than one (1) Single-Family Dwelling shall be placed on the Property.” Mobile homes are not allowed but manufactured or modular homes on permanent foundation are allowed as long as there is compliance with minimum roof pitch and the improvement meets applicable building codes. There is a 40-foot setback from the high-water mark (lake front) as well as side yard and front yard setbacks of 15 feet and 25 feet, respectively. In addition, there are some regulations pertaining to colors of roofing & siding materials, & exclusion of perimeter fencing.

The key points of the CCRs are the regulation of the cottage site to a single-family residential use. This does not specifically address seasonality issues, the primary recreational considerations of the lake front qualities, availability of services including but not limited to schools, medical & hospital services, daily needs shopping, churches & other social services, etc. It simply states the cottage site will be used for single-family residential use and only one single family dwelling. Given the regulatory imposition of these CCRs as fundamental to the allowable land uses (per the recording of the subject subdivision); it is my opinion the only applicable use for this cottage site is a single residential dwelling unit (with ancillary living quarters if the lot size warrants it.

***Physically Possible:*** The cottage site under study consists of the physically described property denoted in the Property Description section. There are no known characteristics that would eliminate the legally identified use of the property. There has been a weighted scale provided to this lot which measures it for such topographic characteristics as to slope under two measures; 1.) road-to-building site and 2.) shore-to-building site. Additionally, I have considered the quality & utility of the shoreline (beach) and the lake depth. However, I continue to find inconsistencies in the market as to whether shallow lake depth truly affects the market price of these waterfront parcels. In the past, it was argued that shallow depth required a longer, more costly dock, to gain adequate lake depth for boating. This followed that some impact to market value should be noted for the higher dock cost.

At the same time, the dock value is made a part of the Personal Property, so shallow lake depth is marginalized for the appraisal of the vacant cottage site.

***Financially Feasible/Maximally Productive:*** The subject cottage site represents a single lot without benefit of future subdivision. This is intended to be a recreational lake frontage cabin site situated on the east side of Priest Lake. Although there is a potential for year-round living, the primary impetus for sellers and buyers has been the seasonal recreational utility afforded the waterfront sites along the shore of the lake. This is both a financially feasible use of the site, as vacant & unimproved and it is the maximal productivity of the site.

**Timing of the Use:** The subject site is immediately available for its highest and best use pursuant to the Scope of Work and the condition as a “vacant & unimproved” cottage site as a lake frontage tract.

**Most Likely Use:** The most likely use has been addressed under financial feasibility and maximal productivity.

**Who is the Most Likely Buyer:** The most likely buyer is a recreationist who desires the recreational attributes associated with a lake front site on Priest Lake and who has the financial means to invest in such a property? The largest population center having a direct effect on the Priest Lake market is Spokane, WA. In addition, there is Coeur d’Alene, Idaho although this city is situated along the shore of Coeur d’Alene Lake.

The Priest Lake market also attracts investor/users from Seattle, WA as well as throughout the Western U.S. Primarily, the seasonal recreational qualities would tend to attract those most able to utilize the property throughout the summer season and that is the most likely buyer. This statement cannot ignore the fact there are owners on Priest Lake that include at least one resident of Florida so geographically, the buyer profile is extensive but “most likely” would more logically apply to the Spokane population and radiate from there in a travel time/distance metric.

**As Improved:** The property is improved with a single residential dwelling unit as the primary use of the property. Based on a review of location, the main residential structure is in compliance with the CC&R’s that require a 40-foot setback from the lake. These same regulations eliminate all other uses except for a single residential dwelling unit and the defined ancillary structures. Key to this valuation is the expectations of the market relative to improvement size, qualities & function as they pertain to the quality of the lot. This is a good to premium quality lot for that portion of the site lying westerly of So. Rosalia Bay Road. The easterly portion is simply buffer zone. The improvements are adequately maintained but reflect an older, fairly small rustic cabin with a seasonal sleeping porch, the detached guest cabin & several outbuildings. These improvements provide an appealing “rustic” cabin but I believe these are inadequate for the quality & value of the lot. It is my opinion these improvements are reaching the end of their economic life. That is not to simply conclude they do not contribute to value & use but the balance between lot quality & improvement value is skewed. I expect the improvements will likely be demolished in the near future but they are functional, at the present time, within the limits of the building size.

## THE APPRAISAL PROCESS

The appraisal process is an orderly procedure wherein the problem is defined, the work necessary to solve the problem is planned, and the data involved is acquired, classified, analyzed and interpreted into an estimate of value requested. There are three traditional approaches utilized by the appraisal professional which render a preliminary indication of value. They are generally referred to as the Cost Approach, the Income Approach and the Sales Comparison Approach. The discussion was contained in the sales catalog.

If the improvements are of relatively new construction, I will incorporate a cost approach within the appraisal. If, on the other hand, the improvements are old(er) and the market would clearly NOT rely on the cost approach, I will not present this valuation technique. County records show this dwelling was built in 1945. There has been substantial remodeling & I recognize the well-kept appearance but the actual age supports the conclusion that the cost approach is not considered a necessary valuation analysis & I have not included the cost approach for this appraisal.

This is not an income property, so the income approach is neither relevant nor applicable. Although it is recognized the cabin site & improvements could be rented out, the primary economic motivation that exists is for owner occupancy and/or use so the income approach has no direct relevance to establishing an opinion of market value.

Consistent with market behavior, the sales comparison approach is given primary emphasis. This recognizes the adage that a property is worth only what someone is willing to pay for it. The fundamental basis of that statement is clearly aligned with the foundation of the sales comparison approach. These are willing sellers and willing buyers, so the price recognizes the interaction of the parties that results in an indication of market price. When these sales (transactional data) are analyzed & compared to the subject, the adjusted indications form the basis for an opinion of value consistent with the weight given by market participants. When there is adequate market information available; both current and specific to the property being appraised, the credibility is proven.

## LAND VALUATION – SALES COMPARISON APPROACH

The site value was previously provided in the Fall of 2013 and in 2019 & then again in the 2022 VAFO appraisal cycle has incorporated both the lot value (vacant & unimproved) and a value of the fee simple estate for purposes of establishing the market value of the personal property. This was also appraised in 2023 for a Ground Lease appraisal. The subject's land value has been developed via the sales comparison approach which is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- *The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.*
- *The most pertinent data is further analyzed, and the quality of the transaction is determined.*
- *The most meaningful unit of value for the subject property is determined to be a price per square foot and a price per lot. The recreational issues involved are clearly supportive of the \$/SF as the primary unit of measure.*
- *Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property. It is my opinion there is no exclusivity in use, meaning the property can relate to both a recreational use as well as a residential use.*
- *The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via a sales comparison technique.*

**Property Rights Sold:** The sales represent a fee simple conveyance where the transactions do not reflect unusual limitations to the private property rights associated with real estate ownership. The sales typically include utility easements where the easement is along a boundary line. There are no sales where an adjustment for property rights conveyed is necessary.

**Financing Terms:** The definition of market value requires the conclusion to represent a cash sale price or its' equivalent. There are many interpretations of what constitutes a cash sale, but emphasis should be on cash equivalency. In simple terms, where financing conditions may have affected the price paid, the sale is either excluded or an adjustment is made. This is not an issue for this appraisal as all sales reflect cash or equivalent financing terms.

**Conditions of Sale:** This relates to the motivational influences of each sale. Specific to discussion are sales that had been influenced by an atypical condition represented by the seller or the buyer such as a distressed sale where the seller was required to sell or the buyer was required to buy, and price was influenced outside of the definitional character of market. Such has been the case in bank sales disposing of property acquired through foreclosure, pending bankruptcy sales, buyers requiring a 1031 exchange where time required concessions, etc. The sales used are uninfluenced transactions relative to conditions of sale; seller and buyer not being under any undue influences to sell or purchase.

**Market Conditions (Time of Sale):** This measurement reflects the change in price levels over time. Key here is that *older sales are less reliable* as indicators of current market trends, for the very reason the market has not been consistent in how price levels have changed over time.

As taken from the 2024 sales catalog, I focused attention to LS-#1 which is 2106 Kalispell Bay Road. This hillside lot sold 9/16/2022 for \$1,250,000 but it included a “slip” dock which the broker stated was a dock with boat slip. The broker did not have an allocated value for the dock or the excavation done. These 2 – 50FF lots sold for a net price (my analysis) for \$1,225,000 or \$12,250/FF. This same property sold 11/27/2017, for \$725,000 and, at that time, there were \$31,000 in improvements allocated so the net land price was \$694,000. This is an overall appreciation of 76.51%. If the overall price were noted for comparison, this is \$725,000 that has appreciated to \$1,250,000 over this 62 +/- months. That is roughly 10.6% per year, monthly compounding. For the land only indications, this is \$694,000 appreciating to \$1,225,000 and that is a monthly appreciation of 12.6% simple annual increase. This is clear and convincing evidence of market appreciation over the time frame of November 2017 through September 2022.

The next matched pair was somewhat less direct. Lot 6, Sandy Shores Lane sold 12/8/2020 for \$569,000 (less \$12,000 for dock). This was a 0.30-acre tract with 100 FF of sandy beach frontage. Topography was mostly level. The dock contribution was deducted leaving \$557,000 to the site value or a unit price of \$5,570/FF. This lot had been on the market (on & off) since 2014 with a list price of \$665,000. This sale was then compared to the current LS-#3 which is Lot 3 Hess Point. This tract contained 0.59 acres with 132 FF & similar topography & shoreline qualities. This was a ULA lot transaction in the August 2022 auction. The lot sold for \$1,560,000 which is \$11,818/FF. It is recognized that there is a difference in frontage amount and Lot 6 being part of Huckleberry Bay which has sewer & water included and there are the other amenities of the subdivision. Adjusting down for those sewer & water and for size, this sale produced a 12/2020 adjusted value of \$4,766/FF. That is directly compared to \$11,818/FF from the N. Hess Point Sale & that represents a price appreciation of 53% annual appreciation.

For purposes of analysis, adjusting sales that occurred in 2021, I had adjusted upward for time using 3% per month on a straight-line basis and this is through all of 2022 as there is no evidence to suggest land values have become static since the last auction. The issue of scarcity has offset any issue associated with rising interest rates.

I have also looked at 1 improved property that sold and resold. This property is 213 S. Granite Bay Road. This was a 1/29/2016 sale for \$640,000 and it recently resold 9/18/2023 for \$1,250,000. Based specifically to the overall sale price, this is 8.728% per year (annual growth). The improvement is not felt to increase at this same level and analysis suggests a land appreciation, over this time frame, at 10%. The market appreciation during 2016 through 2019 was much less than what has been shown since 2020 through 2023 and it is my belief this helps support a long-term appreciation from 2016 to present but also the variability expressed over time where price growth has been more pronounced over the last couple of years.

***Topography & Shoreline Characteristics (Lake Depth)*** fully define site usability. I have retained this topography adjustment on the basis of overall consistency in rating the IDL cottage sites from 2013 through this 2023 sales catalog. Although not an “absolute” measure, there is a method of quantifying physical features of the sales in comparison to the subject lots. I believe this remains a strong method of addressing overall site topography. The rating of 5-points for road-to-building site, the 5-points for shore-to-building site, the 4-points for shoreline qualities and the lake depth of 2-points are relevant although the shoreline qualities could absorb the lake depth and simply make that a 5-point rating which would mean a premium lot would be 15 points. I have not changed the 16-point total to be fully consistent with previous appraisals.

***Shoreline Characteristics (Actual shoreline qualities & Lake Depth)*** are an integral part of topography, and these two issues were researched to determine if the market provided any quantifiable data to separate that analysis from the general discussion of site topography.

Based on experience, there does not appear to be a recreational market in this region, at least based on my research & analysis, that allows a quantifiable separation of site slope issues from the shoreline (beach) & lake depth qualities; especially lake depth issues which seem to be a personal choice consideration more than a value attribute.

Shoreline elements are comprised of both the beach as well as lake depth. Relative to shoreline and beach, the Priest Lake sub-market demonstrates fully usable sandy beach & shoreline that is termed the premium lot characteristics. The next quality rating is a mix of sandy/gravel and rocky/brushy shoreline. It assumes there is sufficient shoreline/beach that normal lake recreation is provided. The third classification is a shoreline/beach that is predominately rocky/brushy but still allows for development of a dock improvement and which provides a beach shelf or shoreline shelf where typically lakefront recreation can occur (firepit and a gathering area). The last category reflects a steeper topography with no truly usable beach or shoreline shelf. An example would be a site where stair access to the dock improvement comprises the lakefront recreation and all other parts of the shoreline are usable primarily for view protection and buffer. Shoreline/beach is measured on the basis of 4 points but could as easily be of equal weight as the topography shore-to-building site and road-to-building site which are both 5-point scales.

I have previously discussed lake depth as having a point scale of 1 or 2 with 1 reflecting shallow depth to such an extent that reaching boat depth requires a lengthy dock (more costly dock improvement). Additionally, very shallow lake bottom incorporates bottom vegetation (reeds, seaweed, etc.).

***Topography:*** As stated in the sales catalog, the reader needs to be cognizant of the rating system that has been and is still being used. Item #1, Topography/Slope from “road-to-building site” is rated on the basis of a 5-point scale with extremely steep being worth 2-3 points and level being worth 5 points. To clarify, level (flat) to gentle slope is rated the same. For moderate slope, I have used a rating of 4.

A similar situation was incorporated for Item #2, Topography/Slope from “shore-to-building site” with steeper slopes being worth 2-3 points and level to gentle slope rated at 5 points. The topographic consideration of an elevated building site with a moderate slope (bank area), I have used a rating of 4 although there is market information that suggests there may not be a market perception of value impact for this topography variation. I

It is my opinion the market does not react in a consistent manner when dealing with topography and shoreline qualities. Sometimes this is related to inventory (both scarcity and abundance) and sometimes these inconsistencies are related to the specific buyer(s) emotional reaction to a particular property. Common sense would dictate a level site is easier and less costly to develop when compared to a hillside lot, but the offsets are that the hillside lot provides the opportunity for a daylight lower level that is generally not available to the lot that is level and only slightly elevated above the lake. I have retained the same adjustment process for overall site topography (road-to-building, shore-to-building, shoreline/beach and lake depth) with premium lots at 15 to 16 points, Good quality lots at 13-14 points and steeper & of lesser overall quality at 12 points.

The original adjustment process did not have adequate transactional data to incorporate and over the years, the classification of topography has become more supported by data. This is both a qualitative as well as quantitative adjustment process.

**Size Adjustment:** The next issue of significance relates to a size adjustment. Theory holds that a smaller parcel should sell for a higher unit price (in this case, a higher front foot value) and conversely a larger tract should sell for a lower unit price. Discussions with several brokers who deal with Priest Lake and Lake Pend Oreille properties indicated an optimum size for a lake front parcel to be 100 feet of frontage yet there is no absolute standard for a lake front tract size.

Please refer to the sales catalog for the conclusion of a size adjustment. This is done on a very specific mathematical formula to remain consistent throughout the process but the final reconciliation has taken into account, the nuances of the size adjustment as well as the topography adjustment.

Located below is the tabulation of land sales presented in the 2024 sales catalog and this is followed by specific discussion of the previous years' VAFO results.

Land Sale #	Address/ Legal Description	Date of Sale	Sale Price	Impvt. Value	Land Value @ Sale	Unit Price (\$ / FF) @ Sale	Mkt Cond. Adj.	Feb. 15, 2024 Valuation	FF Size	SF Size	Topo R-BS + S-BS	Shore Rating	Lake Depth	Total Topo. Rating	\$/FF	DOM
1	441 Pinto Point Rd	11/7/2023	\$845,000	\$75,000	\$770,000	\$7,264	0	\$770,000	106.00	13,068	8	4	2	14	\$7,264	17
2	3 East Shore Rd	7/3/2023	\$360,000	\$0	\$360,000	N/A	0	\$360,000	None	45,738	N/A	N/A	N/A	N/A	N/A	42
3	324 N Hess Point Rd	8/26/2023	\$2,450,000	\$0	\$2,450,000	\$12,564	6.25%	\$2,603,125	195.00	27,443	10	4	2	16	\$13,349	37
4	390 Upper Bear Creek	8/26/2023	\$1,220,000	\$0	\$1,220,000	\$12,200	6.25%	\$1,296,250	100.00	20,038	7	3	2	12	\$12,963	37
5	822 Sherwood Beach Rd	8/26/2023	\$733,000	\$0	\$733,000	\$8,425	6.25%	\$778,813	87.00	12,197	6	3	2	11	\$8,952	37
6	375 Eight Mile Rd	8/26/2023	\$1,603,000	\$0	\$1,603,000	\$11,132	6.25%	\$1,703,188	144.00	47,480	10	4	2	16	\$11,828	37
7	2106 Kalispell Bay Road	9/16/2022	\$1,250,000	\$25,000	\$1,225,000	\$12,250	21.25%	\$1,485,313	100	20,473	8	4	2	14	\$14,853	75
8	30 Bartoo Island	7/14/2022	\$370,000	\$0	\$370,000	\$5,068	23.75%	\$457,875	73	94,090	8	4	2	14	\$6,272	40
9	NNA Upper Bear Creek Rd	8/13/2022	\$673,000	\$0	\$673,000	\$5,802	23.75%	\$832,838	116	28,750	7	3	2	12	\$7,180	67
10	NNA N. Hess Point Rd	8/13/2022	\$1,560,000	\$0	\$1,560,000	\$11,818	23.75%	\$1,930,500	132	25,700	10	4	1	15	\$14,625	46
11	NNA State Cabin Rd	8/13/2022	\$1,850,000	\$0	\$1,850,000	\$10,165	23.75%	\$2,289,375	182.0	46,609	10	4	1	15	\$12,579	54
13	NNA Beaver Creek Camp	3/1/2022	\$440,000	\$0	\$440,000	\$5,946	30.00%	\$572,000	74.00	15,377	9	4	1	14	\$7,730	564
14	47 Pinto Point Rd	8/21/2021	\$1,525,000	\$0	\$1,525,000	\$11,296	55.00%	\$2,363,750	135.00	43,124	10	4	1	15	\$17,509	39
15	6604 Eastshore Road	8/22/2021	\$810,000	\$0	\$810,000	\$5,294	55.00%	\$1,255,500	153.00	34,848	6	3	2	11	\$8,206	68
16	310 Powerline Road	8/23/2021	\$1,000,000	\$0	\$1,000,000	\$5,556	55.00%	\$1,550,000	180.00	56,628	6	3	2	11	\$8,611	83
17	48 E. Char Lane	8/24/2021	\$715,000	\$0	\$715,000	\$4,767	55.00%	\$1,108,250	150.00	39,640	8	3	2	13	\$7,388	72
18	503 Pinto Point Road	8/25/2021	\$750,000	\$0	\$750,000	\$7,075	55.00%	\$1,162,500	106.00	13,068	8	3	2	13	\$10,967	31
19	441 Pinto Point Road	8/26/2021	\$500,000	\$0	\$500,000	\$4,717	55.00%	\$775,000	106.00	13,068	8	3	2	13	\$7,311	39
20	1062 N. Steamboat Bay Rd	8/2/2021	\$4,000,000	\$35,000	\$3,965,000	\$11,138	55.00%	\$6,145,750	356.0	203,861	10	4	2	16	\$17,263	668
21	Lot 4 South Shores	1/5/2021	\$465,000	\$0	\$465,000	\$3,207	78.00%	\$827,700	145.0	25,700	6	3	2	11	\$5,708	328
24	Lot 6 Sandy Shores Ln.	12/8/2020	\$569,000	\$12,000	\$557,000	\$5,570	80.00%	\$1,002,600	100.0	13,024	10	4	1	15	\$10,026	309
25	78 Janet Lane	11/19/2020	\$1,200,000	\$0	\$1,200,000	\$6,936	83.00%	\$2,196,000	173.0	35,284	9	4	2	14	\$12,694	282
26	374 Upper Bear Creek	10/19/2020	\$625,000	\$0	\$625,000	\$4,921	85.00%	\$1,156,250	127.0	28,750	7	3	2	12	\$9,104	N/A

The summary of the 2023 VAFO/ULA Auction in August of 2023 is shown in the table below. There was only one sale that was to a non-lessee so there is added emphasis to that transaction. However, it is my opinion these other 3 sales bear some weight in the final analysis because there was competitive bidding and there was strength to the buyer motivations.

August 26, 2023 VAFO/ULA Auction											
Sale #	Address	Lot	Block	Subdivision	FF	Appraised Value	Value \$/FF	Winning Bid	Price \$/FF	Winning Bidder	Appraisal Rating
<b>VAFO Results:</b>											
VAFO 1	324 N. Hess Point Rd	2	1	Hess Point	195.00	\$1,814,000	\$9,303	\$2,450,000	\$12,564	Non-Lessee	15
VAFO 2	390 Upper Bear Creek Rd	9	1	Bear Creek	100.00	\$844,000	\$8,440	\$1,220,000	\$12,200	Lessee	12
VAFO 3	822 Sherwood Beach Rd	10	1	Kokanee Point	87.00	\$733,000	\$8,425	\$733,000	\$8,425	Lessee	11
VAFO 4	375 Eight Mile Road	38	1	Horton Creek	144.00	\$1,603,000	\$11,132	\$1,603,000	\$11,132	Lessee	16

The summary of the 2022 VAFO/ULA Auction in August of 2022 is shown in the table below. The two shaded rows are sales that do not truly represent market value behaviors. This is particularly true of VAFO 6 where the bidders were reported to have motivational influences atypical to common market forces. As will be noted, the 3 ULA auction sales were already incorporated into the land sales tabulation that will be emphasized for the vacant cottage site analysis to be part of this 2024 VAFO valuations.

August 2022 VAFO/ULA Auction											
Sale #	Address	Lot	Block	Subdivision	FF	Appraised Value	Value \$/FF	Winning Bid	Price \$/FF	Winning Bidder	Appraisal Rating
<b>VAFO Results:</b>											
VAFO 1	362 N. Cape Horn Road	2	1	Powerline	133.00	\$665,000	\$5,000	\$665,000	\$5,000	Lessee	12
VAFO 2	1174 Cape Horn Road	49	1	Woody's Point	146.00	\$794,000	\$5,438	\$794,000	\$5,438	Lessee	13-14
VAFO 3	410 N. Steamboat Bay Road	11	1	Soldier Creek	151.00	\$985,000	\$6,523	\$2,300,000	\$15,232	Lessee	15
VAFO 4	592 N. Steamboat Bay Road	3	1	Soldier Creek	158.00	\$1,031,000	\$6,525	\$1,600,000	\$10,127	Lessee	15
<b>VAFO 5</b>	<b>64 Janet Lane</b>	<b>8</b>	<b>3</b>	<b>Powerline</b>	<b>154.00</b>	<b>\$1,013,000</b>	<b>\$6,578</b>	<b>\$2,400,000</b>	<b>\$15,584</b>	<b>Lessee</b>	<b>14</b>
<b>VAFO 6</b>	<b>179 Eight Mile Road</b>	<b>31</b>	<b>1</b>	<b>Horton Creek</b>	<b>172.00</b>	<b>\$1,115,000</b>	<b>\$6,483</b>	<b>\$9,800,000</b>	<b>\$56,977</b>	<b>Lessee</b>	<b>15</b>
VAFO 7	122 Hess Point Road	13	1	Hess Point	300.00	\$2,160,000	\$7,200	\$2,900,000	\$9,667	Lessee	16
<b>ULA (Unleased Land Auction) Results:</b>											
ULA #1	NNA Upper Bear Creek Rd	12	1	Bear Creek	116.00	\$673,000	\$5,802	\$673,000	\$5,802	Non-Lessee	12
ULA #2	NNA Hess Point Road	3	1	Hess Point	132.00	\$901,000	\$6,826	\$1,560,000	\$11,818	Non-Lessee	15
ULA #3	NNA State Cabin Road	3	1	Two Mouth Creek	182.00	\$1,155,000	\$6,346	\$1,850,000	\$10,165	Non-Lessee	15

The summary of the 2021 auction data helps provide the basic evidence of leased sites being acquired by the existing lessee and the ULA or unleased site sales, which I believe should be emphasized; particularly when no improvements existed, or those improvements were of marginal consideration.

August 2021 VAFO/ULA Auction										
Address	Lot	Block	Subdivision	FF	Appraised Value	Value \$/FF	Winning Bid	Price \$/FF	Winning Bidder	Appraisal Rating
<b>VAFO Results:</b>										
354 N Cape Horn Rd	1	1	Powerline	136.00	\$420,000	\$3,088	\$575,000	\$4,228	Non-Lessee	11
1458 Cape Horn Rd	38	1	Woody's Point	150.00	\$645,000	\$4,300	\$645,000	\$4,300	Lessee	13+
76 W Horton Creek Rd	23	1	Horton Creek	150.40	\$499,000	\$3,318	\$855,000	\$5,685	Non-Lessee	11
38 S Horton Creek Rd	17	1	Horton Creek	161.00	\$523,000	\$3,248	\$610,000	\$3,789	Lessee	11-12
218 State Cabin Rd	11	1	Two Mouth Creek	142.00	\$753,000	\$5,303	\$753,000	\$5,303	Lessee	15
564 State Cabin Rd	2	1	Two Mouth Creek	173.00	\$783,000	\$4,526	\$1,570,000	\$9,075	Lessee	15
61 Pinto Point Rd	39	1	Pinto Point	146.00	\$690,720	\$4,731	\$690,720	\$4,731	Lessee	14+
572 Pinto Point Rd	18	1	Pinto Point	258.00	\$922,720	\$3,576	\$922,720	\$3,576	Lessee	14
42 N Eight Mile Rd	27	1	Horton Creek	156.10	\$765,000	\$4,901	\$765,000	\$4,901	Lessee	15
1563 W Pearl Shore	5	1	Outlet Bay	180.00	\$405,000	\$2,250	\$475,000	\$2,639	Lessee	13-14
<b>ULA (Unleased Land Auction) Results:</b>										
47 Pinto Point Rd	40	1	Pinto Point	135.00	\$649,720	\$4,813	\$1,525,000	\$11,296	ULA	14-15
6604 Eastshore Rd	1	1	Horton Creek	153.00	\$490,000	\$3,203	\$810,000	\$5,294	ULA	11
310 Powerline Rd	5	1	Woody's Point	180.00	\$536,000	\$2,978	\$1,000,000	\$5,556	ULA	11
48 E Char Ln	27	1	Woody's Point	150.00	\$519,000	\$3,460	\$715,000	\$4,767	ULA	12
503 Pinto Point Rd	21	1	Pinto Point	106.00	\$499,920	\$4,716	\$750,000	\$7,075	ULA	13
441 Pinto Point Rd	24	1	Pinto Point	106.00	\$499,920	\$4,716	\$500,000	\$4,717	ULA	13

*An issue that has been resolved for purposes of presenting an opinion of market value is the extraordinary assumption that each lot will have adequate lot area to install an on-site system or have additional lands available for a community drainfield system (could be as small as a single home site drainfield off-site to as many as necessary to accomplish the “developability” of these cottage sites for private sewer service. The value of the off-site drainfield land is inherent in the lake (frontage) lot. There is no proportionate value to that off-site drainfield land. It is simply an absolute requirement that the individual cottage sites have either adequate on-site capacity for private sewer or they have an off-site location available for compliance with Panhandle Health District 1 regulations.*

Located on the following pages are the grid analyses that pertains to the direct comparison of the land sales and how these sales reflect an indication of value for the subject site, after adjustments for waterfront size, topography and other physical dissimilarities. The Priest Lake market continues to evolve into what is perceived to be certain topographical characteristics where this lot has had previous appraisals at an overall rating of 14-points but looking at the slightly sloping terrain from the shoreline/beach area to the gentle slopes around the primary building area, the property can be argued strongly that this has 9-points & could be 10-points. The shoreline/beach has some rocky/brushy area and a usable sandy beach section so the market is shifting in its’ recognition of a 3 rating to 4 rating. Overall, this lot has a minimum 14-point rating & that has been incorporated into the adjustment amount for topography.

Categories	Subject Property	Land Sale #1	Adjustments	Land Sale #3	Adjustments	Land Sale #4	Adjustments	Land Sale #5	Adjustments	Land Sale #6	Adjustments
Address/Sale Price	102 So. Rosalia Bay Rd	441 Pinto Point Rd	\$770,000	324 N. Hess Point Rd	\$2,450,000	390 Upper Bear Creek	\$1,220,000	822 Sherwood Beach Rd	\$733,000	375 Eight Mile Rd	\$1,603,000
Property Rights Conveyed	Fee Simple	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0
Financing Terms	Cash Equivalent	Conventional	\$0	Cash	\$0	Cash	\$0	Cash	\$0	Cash	\$0
Conditions of Sale	Market	Market	\$0	VAFO	\$0	VAFO/ULA	\$0	VAFO/ULA	\$0	VAFO/ULA	\$0
Expenditures Made Immediate to Sale	None	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0
Sale Date/Market Conditions	2/15/2024	11/7/2023	\$0	8/26/2023	\$153,125	8/26/2023	\$76,250	8/26/2023	\$45,813	8/26/2023	\$100,188
Adjusted Sale Price	N/A	No Adjustments	\$770,000		\$2,603,125		\$1,296,250		\$778,813		\$1,703,188
Adjusted Price (\$/FF)	N/A	No Adjustments	\$7,264		\$13,349		\$12,963		\$8,952		\$11,828
<b>Adjustments:</b>											
Location	Priest Lake	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0
Size (SF)	84,506	13,068	In FF Size	27,443	In FF Size	20,038	In FF Size	12,197	In FF Size	47,480	In FF Size
Size (FF)	155.00	106.00	-\$1,032	195.00	\$1,108	100.00	-\$2,079	87.00	-\$1,791	144.00	-\$310
Topography Classification (Slope)	Gentle slope	Tiered with usable shoreline/beach	See Overall	Level to slight slope-sandy beach	See Overall	Varied Slopes/R-B Shore	See Overall	Varied slopes/gentle beach	See Overall	Level-Gentle & Sandy Beach	See Overall
Topography Rating	14	13-14	See Overall	16	See Overall	12	See Overall	11	See Overall	16	See Overall
Rating as % of Total - Comparison	0.8750	.8125-.875	See Below	1.0000	See Below	0.7500	See Below	0.6875	See Below	1.0000	See Below
Overall Topography Adjustment	Good-Premium Quality Lot	10.00%	\$726	-15.00%	-\$2,002	25.00%	\$3,241	35.00%	\$3,133	-15.00%	-\$1,774
Road Frontage	So. Rosalia Bay Rd	Pinto Point Rd	\$0	N. Hess Point Rd	\$0	Upper Bear Creek	\$0	Sherwood Beach Rd	\$0	Eight Mile Rd	\$0
Utilities (sewer & water systems)	Elec. & Phone	Elec. & Phone & Com. Drain.	In Adj. SP	Elec. & Phone	Land Sale Only	Elec. & Phone	\$0	Elec. & Phone	\$0	Elec. & Phone	\$0
Improvements and/or Common Areas	None	PP Com. Service Lot	In Adj. SP	N/A	\$0	Improvements	Land Sale Only	Improvements	Land Sale Only	Improvements	Land Sale Only
Zoning/Land Use Reg's	CC&Rs	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0
<b>Net Adjustments</b>			-\$306		-\$894		\$1,161		\$1,342		-\$2,084
<b>Indicated Value FF</b>			\$6,958		\$12,455		\$14,124		\$10,294		\$9,744
<b>Implied Subject Value</b>			\$1,078,541		\$1,930,518		\$2,189,211		\$1,595,532		\$1,510,266
<b>Low</b>	<b>\$1,078,541</b>	This is a Pinto Point lot that includes access to the community drainfield & pro-rata share of community service lot. Topography of the site is consistent with sales to the north & south of this lot where the upper elevation is at-grade with road then gentle slope to bench, moderate slope to shoreline/beach area. All site improvements, including dock, have been deducted from sale price so what is shown is Land Only.			End of road location with level topography from road-to-building site & slight slope to shoreline/beach. Total rating of 16-points demonstrates premium lot quality. This was August VAFO having competitive bidding & non-lessee was successful bidder. Land was appraised at \$1,814,000 and upbid to \$2,450,000. Market price shown here was adjusted for market conditions.		Topography of this lot was rated at 12-points but the price paid is considered to be at a higher rating. This moderate to steeper bench area creates some different focuses on slope from road-to-shore. The lot was appraised for \$843,000 but sold under a competitive bid process at \$1,220,000 with lessee the successful bidder. The overall topography rating was 12-points but could be argued as high as 13-points due to site development.		Sale was rated at 11-points due to steeper slope from elevated building site to shoreline. There was a concrete retaining wall that had some structural issues; lessee said could be cured without major investment. This was appraised at \$733,000 & sold to lessee at that price (no competitive bidding). The small size, the shared driveway access & parking, the retaining wall issues & steeper slope to shoreline/beach were all factored into the price.		Lot is located near end of Eight Mile Road with level topography, adequate size for on-site parking and slightly elevated building site sloping gently to sandy/gravel shoreline. This is premium rated lot that was sold at appraised value to existing lessee; no competitive bidding. This is felt to be a strong indication of current market value for premium lot.
<b>High</b>	<b>\$2,189,211</b>										
<b>Average</b>	<b>\$1,660,813</b>										

Categories	Subject Property	Land Sale #7	Adjustments	Land Sale #9	Adjustments	Land Sale #10	Adjustments	Land Sale #11	Adjustments	Land Sale #13	Adjustments
Address/Sale Price	102 So. Rosalia Bay Rd	2106 Kalispell Bay Rd	\$1,225,000	NNA Upper Bear Creek Rd	\$673,000	NNA Hess Point Rd	\$1,560,000	NNA State Cabin Rd	\$1,850,000	NNA Beaver Creek Camp	\$440,000
Property Rights Conveyed	Fee Simple	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0
Financing Terms	Cash Equivalent	Cash	\$0	Conventional	\$0	Cash	\$0	Cash	\$0	Conventional	\$0
Conditions of Sale	Market	Market	\$0	VAFO/ULA	\$0	VAFO/ULA	\$0	VAFO/ULA	\$0	Market	\$0
Expenditures Made Immediate to Sale	None	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0
Sale Date/Market Conditions	2/15/2024	9/16/2022	\$260,313	10/13/2022	\$159,838	9/22/2022	\$370,500	9/30/2022	\$439,375	3/1/2022	\$132,000
Adjusted Sale Price	N/A		\$1,485,313		\$832,838		\$1,930,500		\$2,289,375		\$572,000
Adjusted Price (\$/FF)	N/A		\$14,853		\$7,180		\$14,625		\$12,579		\$7,730
<b>Adjustments:</b>											
Location	Priest Lake	West Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0	NW Side of Priest Lake	\$0
Size (SF)	84,506	20,473	In FF Size	28,750	In FF Size	25,700	In FF Size	46,609	In FF Size	15,377	In FF Size
Size (FF)	155.00	100.00	-\$2,382	116.00	-\$801	132.00	-\$918	182.00	\$704	74.00	Offsets
Topography Classification (Slope)	Gentle slope	Mod.-Gentle w/good beach	See Overall	Mod. Slope/R&B Shore	See Overall	Slight slopes-sandy/brushy shore	See Overall	Slight slope/sandy&gravel shore	See Overall	Ltd Bldg Site/Sandy Beach	See Overall
Topography Rating	14	14	See Overall	12	See Overall	15	See Overall	15	See Overall	13	See Overall
Rating as % of Total - Comparison	0.8750	0.8750	See Below	0.7500	See Below	0.9375	See Below	0.9375	See Below	0.8125	See Below
Overall Topography Adjustment	Good-Premium Quality Lot	5.00%	\$743	25.00%	\$1,795	-5.00%	-\$731	-5.00%	-\$629	15.00%	\$1,159
Road Frontage	So. Rosalia Bay Rd	Kalispell Bay Rd	\$0	Upper Bear Creek Rd	\$0	Hess Point Rd	\$0	State Cabin Rd	\$0	Beaver Creek Camp	\$0
Utilities (sewer & water systems)	Elec. & Phone	Elec. & Phone	\$0	Elec. & Phone	\$0	Elec. & Phone	\$0	Elec. & Phone	\$0	On-site Septic/Com. Wtr	-\$351
Improvements and/or Common Areas	None	Dock & Site Impvts Excl.	Adjust SP	Cabin not included	\$0	None	\$0	Cabin not included	\$0	None	\$0
Zoning/Land Use Reg's	CC&Rs	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	REC	\$0
<b>Net Adjustments</b>			-\$1,640		\$994		-\$1,650		\$75		\$808
<b>Indicated Value FF</b>			\$13,213		\$8,173		\$12,975		\$12,654		\$8,538
<b>Implied Subject Value</b>			\$2,048,068		\$1,266,861		\$2,011,172		\$1,961,441		\$1,323,419
<b>Low</b>	<b>\$1,266,861</b>	Lot is actually 2 - 50 FF lots comprising the 100 FF noted. This was previously improved with rustic cabin & newer dock. At time of sale, there was driveway down to cabin location near beach. This lot has a sandy beach & usable lake depth with rating of 14-points due to steeper driveway.		Aug. 2022 VAFO Auction (ULA Parcel). The appraisal had shown this to be a 12-point rating although this could be slightly higher based on the shore-to-building site topography. This was under contract on Aug. 15, 2022 so the market condition adjustment is from that date of October 1, 2022 per discussion.		Aug. 2022 VAFO Auction (ULA Parcel) & no current lessee. This was rated at 15-points due to the shallow lake depth so this could be viewed as conservative. The tract was appraised for \$901,000 and sold with significant upbidding. This is a premium lot for Priest Lake. The brush along the shore could be trimmed/removed to improve overall usability.		Aug. 2022 VAFO Auction (ULA Parcel) & no current lessee. This was rated at 15-points due to the Two Mouth Creek influence (shallow lake depth). Rating could be viewed as conservative. The tract was appraised for \$1,155,000 but sold with significant upbidding. This is a premium lot for Priest Lake. Tract went under contract 8/15/22 so mkt condition adjustment from that date.		Building envelope is 20' X 30' due to seasonal creeks & high groundwater. This is timbered parcel with sandy beach/shoreline. The location is not year-round as road is not plowed. The small building site is key to this unit price being low.	
<b>High</b>	<b>\$2,048,068</b>										
<b>Average</b>	<b>\$1,722,192</b>										

Categories	Subject Property	Land Sale #14	Adjustments	Land Sale #15	Adjustments	Land Sale #16	Adjustments	Land Sale #17	Adjustments	Land Sale #19	Adjustments		
Address/Sale Price	102 So. Rosalia Bay Rd	47 Pinto Point Rd	\$1,525,000	6604 East Shore Road	\$810,000	310 Powerline Road	\$1,000,000	48 E. Char Lane	\$715,000	441 Pinto Point Rd	\$500,000		
Property Rights Conveyed	Fee Simple	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0	Fee Simple	\$0		
Financing Terms	Cash Equivalent	Cash	\$0	Cash	\$0	Conventional	\$0	Cash	\$0	Cash	\$0		
Conditions of Sale	Market	VAFO/ULA	\$0	VAFO/ULA	\$0	VAFO/ULA	\$0	VAFO/ULA	\$0	VFO/ULA	\$0		
Expenditures Made Immediate to Sale	None	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0		
Sale Date/Market Conditions	2/15/2024	10/23/2021	\$838,750	9/22/2021	\$445,500	10/7/2021	\$550,000	9/26/2021	\$393,250	10/23/2021	\$275,000		
Adjusted Sale Price	N/A		\$2,363,750		\$1,255,500		\$1,550,000		\$1,108,250		\$775,000		
Adjusted Price (\$/FF)	N/A		\$17,509		\$8,206		\$8,611		\$7,383		\$7,311		
<b>Adjustments:</b>													
Location	Priest Lake	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0	East Side Priest Lake	\$0		
Size (SF)	84,506	43,124	In FF Size	34,848	In FF Size	56,628	In FF Size	39,640	In FF Size	13,068	In FF Size		
Size (FF)	155.00	135.00	-\$940	153.00	-\$26	180.00	\$448	150.11	-\$57	106.00	-\$1,039		
Topography Classification (Slope)	Gentle slope	Slight slope/sandy-brushy shore	See Overall	Mod-Steep Slope/Rocky Brushy	See Overall	Mod-Steep/R&B Shore	See Overall	Mod. Slopes/Timbered	See Overall	Level-Mod./Sand-grvl beach	See Overall		
Topography Rating	14	15	See Overall	12	See Overall	12	See Overall	13+	See Overall	13-14	See Overall		
Rating as % of Total - Comparison	0.8750	0.9375	See Below	0.7500	See Below	0.7500	See Below	0.8125	See Below	.8125-.875	See Below		
Overall Topography Adjustment	Good-Premium Quality Lot	-5.00%	-\$875	25.00%	\$2,051	25.00%	\$2,153	10.00%	\$738	10.00%	\$731		
Road Frontage	So. Rosalia Bay Rd	Pinto Point Road	\$0	N. Horton Creek Rd	\$0	Cape Horn to Powerline Rd	\$0	Cape Horn to Char Ln	\$0	Pinto Pt. Road	\$0		
Utilities (sewer & water systems)	Elec. & Phone	Com. Drainfield	\$0	Well or Lk & Septic Rq'd	0	Elec. & Phone in Price	\$0	On-site septic/well req'd	\$0	Lk Wtr/Com. Drainfield	\$0		
Improvements and/or Common Areas	None	PP Com. Service Lot	-\$13	None	0	No Impvts	\$0	None	Adjust. SP	PP Com Service Lot	-\$16		
Zoning/Land Use Reg's	CC&Rs	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0		
<b>Net Adjustments</b>			-\$1,829		\$2,025		\$2,601		\$681		-\$324		
<b>Indicated Value FF</b>			\$15,681		\$10,231		\$11,212		\$8,064		\$6,988		
<b>Implied Subject Value</b>			\$2,430,485		\$1,585,820		\$1,737,808		\$1,249,976		\$1,083,065		
<b>Low</b>	<b>\$1,083,065</b>	Aug. 2021 VAFO Auction with lot under contract 8/24/21 & mkt cond. Adjustment from this date. The lot is mostly level, some tree & brush cover & very usable sandy beach/shoreline. This lot was appraised for \$649,720 (\$1,760 for PP Com. Service Lot) with strong upbidding occurring. The adjacent property was sold to existing lessee for appraised value so bracket between this sale & that VAFO sale was emphasized,			Aug. 2021 VAFO Auction. This lot did not have an existing lessee. Topography was mod.-steeper slopes from East Shore Road to building site area. Access to the lot is from the north. This does not have a parking area shown as prior lessee had a walk in access to the cabin. There is an elevated building site with a rocky/brushy shoreline & small sandy beach at dock. No specific value given the dock which might impact price slightly.			Aug. 2021 VAFO Auction. This lot did not have an existing lessee. Topography was mod.-steeper slopes from Powerline Rd to building site area. The lot has rock outcroppings and overall topo rating was 11-12 points. Shoreline is mostly rocky & brushy. Under contract 8/24/21 which is date used to adjust. mkt conditions. There was rock pier at shoreline.			Aug. 2021 VAFO Auction. Gentle to Moderate slopes (some steeper). Timbered tract with road/driveway access to lake (historic ramp). Cobble & rocky shoreline & small sandy beach area. Slopes will allow a daylight basement reasonably close to shoreline. The appraisal for the auction was \$519,000 so significant upbid occurred.		
<b>High</b>	<b>\$2,430,485</b>										Tract is at-grade & sloping from Pinto Point Road to the bench which is a moderately sloping hillside to the shoreline/beach area. This lot has a mix of sandy/gravel beach and brushy shoreline. The overall slope rating was 13 but the shoreline could be considered slightly better than previous appraisal. This lot at \$750,000 is directly comparable to the sale of 441 Pinto Point that sold for \$500,000.		
<b>Average</b>	<b>\$1,617,431</b>												

**Reconciliation of Land Valuation:** The 15 sales that have been used include 2023 sales, 2022 sales and some from the 2021 ULA sales. My analysis of the market & my final opinion have also incorporated the improved sales presented in the 2024 Sales Catalog. I have no market evidence that directly supports a price trend extending through the late Fall of 2023 to the date of value of February 15, 2024. I do believe there is some probability that market prices will continue but that is more conjecture and not truly fact-based analysis. Even with the volume of improved property sales and broker comments about continued strong demand, there is the risk that continued appreciation may not continue through this new year.

The table below is a reflection of the 15 sales incorporated into this analysis. There are some sales that I feel may not be true indicators of “typical” market given underlying considerations (e.g., neighbors who bid to remove a lessee, wanted to assemble, etc.).

<b>All 15 Indications</b>	<b>Dollar Per FF</b>	<b>Value Indication</b>
<b>Mean (Average)</b>	<b>\$10,754</b>	<b>\$1,666,812</b>
Median	\$10,294	\$1,595,532
Minimum	\$6,958	\$1,078,541
Maximum	\$15,681	\$2,430,485

The emphasis in this appraisal has factored the overall topography elements including, but not limited to, what is perceived to be the primary valuation; shoreline qualities & the use/location of the building site as proximate to the shoreline (slope issues). For this appraisal, I relied on market extraction for overall slope & shoreline qualities as discussed in the sales catalog. As I stated previously, the rating of 14+ points for this lot is argued as entirely reasonable given the moderate to gentle slope from So. Rosalia Bay Road to the large, gentle to level building site that is elevated above the shoreline at less than 10'. The sandy/gravel & cobble shoreline/beach & the view qualities from the building site are also factored into this rating. The mean indication helps set the final conclusion.

I also reviewed the sales without including Sales #4, #7, & #14 based on either the inconsistencies noted in how these directly compare to the subject and/or based on transactional data at the time of sale for these lots that has questions their reliability as market value indicators.

<b>Eliminated Sales #4, #7, &amp; #14</b>	<b>Dollar Per FF</b>	<b>Value Indication</b>
<b>Mean</b>	<b>\$9,857</b>	<b>\$1,527,868</b>
<b>Median</b>	<b>\$9,987</b>	<b>\$1,548,043</b>

Giving less weight (33%) to the mean of all 15 sales and greater weight (67%) that eliminates these three sales that are deemed less credible as market value indicators, resulted in a unit value of \$10,153/FF.

I feel it necessary to emphasize the 2023 VAFO sale of Lot 38 which sold to the lessee for appraised value. That is reflective of August 2023 but the date of value was January 2023 so some market condition adjustment is felt warranted. That property sold for \$1,603,000 and updated for time of sale, the current indication is \$1,703,188 or \$11,828/FF. This is difficult to ignore given it is located reasonably close to the subject lot and the unit price reflects a similarly

sized tract (subject at 155 FF and this sale at 144 FF). The topography rating for the subject, when compared directly to this lot, appears conservative.

I would also like to acknowledge a similar quality lot that is identified as Land Sale #3 at 324 N. Hess Point Road (also known as 310 N. Hess Point). This was appraised at \$1,814,000 or \$9,303/FF but sold under strong competitive bidding, to a non-lessee for \$2,450,000 or \$12,564/FF. Like the adjoining lot to the subject, I adjusted this sale upward for market conditions and that is a current pricing of \$13,349/FF (for 195 front feet).

The revised rating of this lot for overall topography is key to the valuation but I draw the reader's attention to the greater overall similarity of Land Sale #6 that has similar level to gentle building site down to the shoreline/beach that is very similar to the subject lot.

My conclusion is a site value based on the unit price of \$10,153/FF and that is applied to the subject frontage as indicated herein and that results in a value for the vacant & unimproved cottage site as shown below:

**One Million Five Hundred Seventy-Four Thousand Dollars**

**\$1,574,000**

## SALES COMPARISON APPROACH-FEE SIMPLE VALUATION

A definition of this approach was presented in the sales catalog/project report. It will not be presented here again. I direct the reader to a review of that document for the definition & discussion of this approach both in terms of general concepts and specific valuation issues pertinent to this appraisal.

The table below is a summary of all of the lake front sales found on Priest Lake during the calendar year 2020 and which I feel best provides for an overview of the market. Only those sales directly relevant to the subject property will be presented for an indication of market value. The shaded rows are leasehold sales that have relevance in certain situations.

February 15, 2024																
Sale #	Location	Date	Price	Overall \$/GLA	Impvt Value	Land Value	FF	SF Size	Topo R-BS + S-BS	Shore Rating	Lake Depth	Total Topo. Rating	\$/FF	Impvt Size (SF)- Finished	Impvt \$/SF	DOM
List A	716 South Shores Rd	List 12/23	\$1,900,000	\$508.84	\$975,000	\$925,000	145	41,818	7	4	2	13	\$6,379	3,734	\$261.11	73
List B	126 Cutthroat Rd	List 2/24	\$399,000	\$519.53	\$399,000	Lease	150	52,272	7	4	2	13	N/A	768	\$519.53	11
3	56 Lake Trout Ln	2/16/2024	\$1,200,000	\$891.53	\$325,000	\$875,000	95	28,314	8	4	2	14	\$9,211	1,346	\$241.46	193
4	156 N. Sandy Shores Ln	11/22/2023	\$4,995,000	\$1,177.51	\$3,420,000	\$1,575,000	210	46,609	9	4	2	15	\$7,500	4,242	\$806.22	90
5	1102 Sherwood Beach Rd	11/6/2023	\$1,515,000	\$846.37	\$430,000	\$1,085,000	80	7,405	7	3	2	12	\$13,563	1,790	\$240.22	42
6	375 Pinto Point Rd	10/26/2023	\$1,650,000	\$1,354.68	\$650,000	\$1,000,000	98	19,602	8	4	2	14	\$10,204	1,218	\$533.66	31
7	63 Sutton Lane	10/5/2023	\$1,364,000	\$988.41	\$389,000	\$975,000	63	6,055	10	4	2	16	\$15,476	1,380	\$281.88	56
8	43 Diamond Point Rd	10/4/2023	\$2,357,822	\$844.19	\$1,082,822	\$1,275,000	157.8	9,365	9	4	2	15	\$8,080	2,793	\$387.69	63
9	213 S. Granite Bay Rd	9/18/2023	\$1,250,000	\$751.20	\$315,000	\$935,000	75	11,500	10	4	2	16	\$12,467	1,664	\$189.30	49
10	411 Pinto Point Rd	8/18/2023	\$350,000	\$301.20	\$350,000	Lease	104	18,731	8	3	2	13	N/A	1,162	\$301.20	91
11	250 Sherwood Beach Rd	8/15/2023	\$900,000	\$399.29	\$0	\$900,000	60	6,316	9	4	2	15	\$15,000	2,254	\$0.00	70
12	178 Paul Jones Beach Rd	8/10/2023	\$1,225,000	\$1,540.88	\$175,000	\$1,050,000	70	6,752	9	4	2	15	\$15,000	795	\$220.13	65
13	36 Mission Court	8/2/2023	\$771,000	\$316.50	\$771,000	Lease	146	48,787	8	4	2	14	N/A	2,436	\$316.50	47
14	907 Sandpiper Shores Rd	6/26/2023	\$1,695,000	\$665.23	\$545,000	\$1,150,000	100	10,062	10	4	1	15	\$11,500	2,548	\$213.89	27
15	1157 Camp Cudge Rd	6/13/2023	\$50,000	\$84.46	\$50,000	Lease	122	36,590	8	4	2	14	N/A	592	\$84.46	0
16	14112 Eastshore Road	1/11/2023	\$2,400,000	\$566.44	\$1,575,000	\$825,000	147.5	37,462	8	2	2	12	\$5,593	4,237	\$371.73	14
17	112 S. Diamond Park Rd	10/6/2022	\$1,190,000	\$478.68	\$340,000	\$850,000	100	16,117	8	3	2	13	\$8,500	2,486	\$136.77	127
18	380 S. Diamond Park Rd	10/1/2022	\$934,000	\$674.86	\$184,000	\$750,000	100	22,216	7	3	2	12	\$7,500	1,384	\$132.95	142
19	45 S. Horton Creek Rd	9/15/2022	\$1,400,000	\$701.05	\$575,000	\$825,000	150	74,923	7	3	2	12	\$5,500	1,997	\$287.93	90
20	280 Sherwood Beach Rd	8/31/2022	\$1,500,000	\$495.54	\$500,000	\$1,000,000	90	16,553	9	4	2	15	\$11,111	3,027	\$165.18	98
21	37 Vacation Court	7/22/2022	\$1,200,000	\$620.48	\$550,000	\$650,000	Cmnts	3,920	10	4	2	16	Cmnts	1,934	\$284.38	52
22	132 Bull Trout Rd	6/24/2022	\$2,400,000	\$1,103.45	\$1,465,000	\$935,000	110	20,909	7	4	2	13	\$8,500	2,175	\$673.56	48
23	1596 Cape Horn Rd	6/17/2022	\$1,695,000	\$1,332.55	\$570,000	\$1,125,000	150	27,443	8	3	2	13	\$7,500	1,272	\$448.11	17
24	141 Copper Bay Court	4/8/2022	\$2,575,000	\$701.63	\$1,350,000	\$1,225,000	100	78,713	8	4	2	14	\$12,250	3,670	\$367.85	176
25	572 Pinto Point Rd	3/2/2022	\$2,399,000	\$765.72	\$1,144,000	\$1,255,000	607.0	47,045	9	3	2	14	\$2,068	3,133	\$471.20	20

**Adjustment Discussion and Analysis:** The adjustment process is an extractive technique that measures (or attempts to measure) value differences for the various elements or components of construction. The actual age of an improvement is often less important than the condition of those same improvements. The analysis has relied more on an effective age comparison with a value loss associated more with a cost to renovate to the subject (or conversely, the cost associated with gaining similar effective age).

For quality of construction, the sales used will be closely aligned with the quality of the subject construction. The analysis will not attempt to compare a fair-to-average quality cabin to a Good, Very Good or Excellent residence. There will be some variability in quality that is handled on a case-by-case basis. In this case, there are some sales that have superior quality above grade area and superior quality lower level so the adjustment for lower-level finish is consistent with the overall building quality.

Size comparison is handled on a market extracted adjustment considering the same classification of improvement (adjustment for excellent quality homes is greater than the unit price adjustment for very good quality homes which is greater than good quality dwellings). In each situation, the unit size adjustment is applied to the difference in building size above grade. The same is done for daylight basement levels although the adjustment process has shown a lower-level shell size and a lower-level finished area size using varied dollar per sq.ft. unit measures.

I adjusted the covered porches at a higher cost than deck & patio costs. Enclosed porches, such as screened-in porches are higher yet. So, size is only one factor incorporated in the deck/patio adjustment.

Other Living Areas of the sales which are fully enclosed space will be adjusted at a lower unit price than above grade main cabin/home unit prices as the market tends to consider the Other Living Area as having less overall contribution.

Specialty site improvements and such things as hot tubs and saunas will be considered as a separate line item. Garage improvements mirror the same issues of quality, so an average quality garage is different than a very-good quality garage. The unit price adjustment is a hybrid between replacement cost new and depreciated value inclusive of physical and external obsolescence. Where a garage has living quarter above, that is typically handled as Other Living Area.

Finally, it needs to be understood that site improvements, such as driveway, walks, paths, site lighting, retaining walls, hardscape (stone or rock work, retaining walls, etc.) and other site development tend to represent a lump sum contribution to the total sales price. I have been unable to extract specific adjustment for these types of site improvements. What this type of improvement often represents is an inherent value within the price paid for the structural improvements. When there are cases of substantial site development improvements such as extreme landscaping, fencing, outdoor barbeque improvements, etc., an adjustment will be called forth. Driveway construction and other rudimentary type site development costs are inherently contained within the overall price paid.

As will be shown, the lake front sub-market for Priest Lake (East side is Coolin and West side is Priest Lake & Nordman) have demonstrated a wide diversity in prices but questioning brokers, I found a lack of consistency in whether buyers believe there is a value difference between the east side vs. west side location.

Some brokers stated buyers perceived there is a shorter drive time to west side property while others stated the east side has longer daylight hours & sunsets. This comparison of east side vs. west side has not been considered in previous years as the topic was seldom talked about. As such, I am not convinced the location is the issue or the entirety of the issue or whether there is a general Priest Lake sub-market appreciation.

For those sales on the west side that, after the adjustment process is completed & there is a resulting narrowing of the indicated value indications (bracketing), continue to demonstrate atypical value indications, I will refer to that or those sales as outlier(s) and provide much less emphasis (weight) to that sale indication.

Located below and on the following pages are the adjustment grids making direct comparison between the subject property and those improved sales most similar to the subject. What is shown in this analysis is a total valuation of the subject as though representative of the real property (Land & Improvements). From that amount, the subject land valuation is deducted to present market evidence of the value of the leasehold improvements, defined by contract & noted within this appraisal, as Personal Property.

Sale #	Subject	Improved Sale #3		Improved Sale #9	
Address/Location	102 So. Rosalia Bay Rd	56 Lake Trout Ln	Adjustment	213 S. Granite Bay Rd	Adjustment
Sale/List Price	N/A	\$1,200,000	\$0	<b>\$1,250,000</b>	\$0
Overall \$/SF	N/A	\$891.53	\$0	\$751.20	\$0
Impvt Only \$/SF	N/A	\$241.46	\$0	\$189.30	\$0
Original List Price	N/A	\$1,550,000	\$0	\$1,380,000	\$0
DOM	N/A	193	\$0	49	\$0
Date of Sale	2/15/2024	2/16/2024	\$0	9/18/2023	\$0
Concessions	N/A	None	\$0	None	\$0
Site (FF)	155	95.00	In Site Value	75.00	In Site Value
Site Value	\$1,574,000	\$875,000	\$699,000	\$935,000	\$639,000
Quality	Rustic-Fair	Avg-Good	-\$47,110	Avg-Good	-\$58,240
Design	1-Story Rustic Cottage	1 Story Ranch	See Above	2 Story Cabin	See Above
Year Built	1945	1958 (Remod. 2016)	See Eff. Age	1960	See Eff. Age
Effective Age	35	15	-\$50,000	30	Offsets
Bathrooms	1.00	2	-\$5,000	2	-\$5,000
Above Grade SF	774	1,346	-\$48,620	1,664	-\$75,650
Below Grade SF	0	0	\$0	0	\$0
Below Grade Finish	0	0	\$0	0	\$0
Fireplaces	1	1	\$0	1	\$0
Deck/Porch/Patio(s)	108	568	-\$13,800	382	-\$8,220
Garage (SF)	200	576	-\$22,560	0	\$12,000
Other Living Area	251	0	\$10,040	0	\$10,040
Outbuildings	200	186	\$210	181	\$285
Dock (SF)	711	590	\$9,075	554	\$11,775
Boathouse (SF)	0	0	\$0	320	-\$24,000
Site Utilities	Horton Crk Wtr & Septic	Well & Septic	-\$2,500	Well & Com. Sewer	LID Assumed
Specialty Site Impvts	Firepit, paths, rock retaining wall, parking areas	Firepit, paths, driveway	-\$2,500	Seawall & Ret. Wall, fence, lawn RV Pad	-\$15,000
Appliances	Ref, R/O, M	Ref, R/O, DW, M, Frzr, Dryer, F,F&E	-\$8,250	Ref, R/O, M, Frzr, W/D	-\$2,000
	\$1,750	\$10,000		\$3,750	
Total Adjustments			\$517,985		\$484,990
<b>Adjusted Indication-Overall</b>			<b>\$1,717,985</b>		<b>\$1,734,990</b>
<b>Adjusted Indication-Improvements Only</b>			<b>\$143,985</b>		<b>\$160,990</b>

Sale #	Subject	Improved Sale #10		Improved Sale #12	
Address/Location	102 So. Rosalia Bay Rd	411 Pinto Point Rd	Adjustment	178 Paul Jones Beach Rd	Adjustment
Sale/List Price	N/A	\$350,000	\$0	\$1,225,000	\$0
Overall \$/SF	N/A	\$301.20	\$0	\$1,540.88	\$0
Impvt Only \$/SF	N/A	\$301.12	\$0	\$220.13	\$0
Original List Price	N/A	\$389,000	\$0	\$1,100,000	\$0
DOM	N/A	91	\$0	65	\$0
Date of Sale	2/15/2024	8/18/2023	\$0	8/10/2023	\$0
Concessions	N/A	None	\$0	None	\$0
Site (FF)	155	104.0	Leased	70.0	In Site Value
Site Value	\$1,574,000	\$0	\$1,574,000	\$1,050,000	\$524,000
Quality	Rustic-Fair	Avg-Good	-\$40,670	Fair-Avg	Offsets
Design	1-Story Rustic Cottage	1 Story Ranch	\$0	1 Story Bungalow	\$0
Year Built	1945	1962 (Remodel 1985)	See Eff. Age	100	See Eff. Age
Effective Age	35	25	-\$25,000	35	\$0
Bathrooms	1.00	2	-\$5,000	1	\$0
Above Grade SF	774	1,162	-\$32,980	795	-\$1,785
Below Grade SF	0	0	\$0	0	\$0
Below Grade Finish	0	0	\$0	0	\$0
Fireplaces	1	0.5	\$5,000	1	\$0
Deck/Porch/Patio(s)	108	636	-\$15,840	352	-\$7,320
Garage (SF)	200	600	-\$24,000	0	\$12,000
Other Living Area	251	176	\$3,000	48	\$8,120
Outbuildings	200	0	\$3,000	0	\$3,000
Dock (SF)	711	568	\$10,725	510	\$15,075
Boathouse (SF)	0	0	\$0	392	-\$29,400
Site Utilities	Horton Crk Wtr & Septic	Lk Water & Septic System	-\$2,500	Shared Well & Com. Sewer	-\$5,000
Specialty Site Impvts	Firepit, paths, rock retaining wall, parking areas	Grvl Drive, Paths, Stairs, Firepit	Offsets	Retain Wall, Lawn, Grvl Drive	Offsets
Appliances	Ref, R/O, M	Ref, R/O, DW, M, GD, W/D, Dbl Boat Lifts, FF&E	-\$13,250	Ref, R/O, DW, M, W/D	-\$1,500
	\$1,750	\$15,000		\$3,250	
Total Adjustments			\$1,436,485		\$517,190
<b>Adjusted Indication-Overall</b>			<b>\$1,786,485</b>		<b>\$1,742,190</b>
<b>Adjusted Indication-Improvements Only</b>			<b>\$212,485</b>		<b>\$168,190</b>

**Sales Reconciliation:** In review of the sales presented & adjusted for the similarities and dissimilarities, the following table is a summary of that analysis.

Sale No.	Adjusted Indication - Overall	Adjusted Indication - Improvements Only	Per SF
Improved Sale #3	\$1,717,985	\$143,985	\$186.03
Improved Sale #9	\$1,734,990	\$160,990	\$208.00
Improved Sale #10	\$1,786,485	\$212,485	\$274.53
Improved Sale #12	\$1,742,190	\$168,190	\$217.30
<b>Mean - 4 Sales</b>	<b>\$1,745,413</b>	<b>\$171,413</b>	<b>\$221.46</b>

I have reviewed these sales and feel the best evidence of value for the subject would be at least \$1,718,000 but not exceeding \$1,786,000. The mean of these adjusted sales was \$1,745,413 or a rounded indication of \$1,745,000. In review of these sales, I have considered Sales #10 (leasehold) to have some unknown elements for direct comparison. I believe Sale #12 to have more direct “market” support for a current fee simple value. In the final analysis, I used the mean of the 4 sales and that resulted in my opinion of value of \$1,745,000.

Based on the discussion and analysis contained herein, it is my opinion the sales comparison approach has produced a reasonably well supported indication of market value for the subject property as defined as the Fee Simple Estate, excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, as shown below:

**One Million Seven Hundred Forty-Five Thousand Dollars**

**\$1,745,000**

## FINAL RECONCILIATION

In this appraisal, I have not incorporated the cost approach based on the 1945 construction and the overall layout of this rustic cabin. The cost approach is simply not relevant.

As discussed, lake front property on Priest Lake is in reasonably strong demand. There are sales of steeper sloping lots with older cabins where those improvements continue to add or contribute to overall value. There are premium lots where older cabins have been purchased and then demolished. It is imperative to understand the Priest Lake market has some inconsistencies in how improvement contribution is viewed. As with many recreational waterfront markets, the cost approach is difficult to gather sufficient local contractor cost data of any specificity which is why the national cost indices are sourced.

The sales comparison approach has strength on the basis of the concept of substitution (acquiring a like-kind property having similar size, age/condition, qualities, site development, etc.) In this situation, the sales comparison approach has adequate market evidence to provide a supported conclusion of value. There are other sales considered but they either represent much larger cabin improvements, were of a much better quality, etc. There were 13 Improved Waterfront Sales on Priest Lake in 2023 (and into 2024) so activity was strong and these sales used help establish a reasonable value indication.

<b>Cost Approach:</b>	N/A
<b>Sales Comparison Approach:</b>	\$1,745,000

As the sales comparison approach is the only valuation approach utilized, there is no need for reconciliation. The indication presented within that approach is the final valuation. This opinion reflects my opinion of the market value of the subject property under a fee simple valuation. Further, there is the value opinion for the cottage site as though a vacant & unimproved site and, finally, there is the implied leasehold improvements value (personal property value), as shown below.

<b>Reconciled Overall Value</b>	<b>\$1,745,000</b>
<b><u>Less Site Value</u></b>	<b><u>\$1,574,000</u></b>
<b>Personal Property Value</b>	<b>\$171,000</b>

**Reconciliation:** Based upon my investigations, studies and analyses, it is my opinion the encumbered *fee simple* market value of the subject property, reflecting the Extraordinary Assumption relative to IDL Approved Improvements & excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, is:

**One Million Seven Hundred Forty-Five Thousand Dollars**

**\$1,745,000**

Further, it is my opinion the market value of the subject property defined herein as the “vacant & unimproved” cottage site (***Land Only***), reflecting the hypothetical condition of that definition of “Vacant & Unimproved” and the Extraordinary Assumption regarding date of inspection vs. the effective date of value denoted herein as February 15, 2024, is:

**One Million Five Hundred Seventy-Four Thousand Dollars**

**\$1,574,000**

Finally, it is my opinion the market value of the subject property defined herein as the Leasehold Personal Property (IDL Approved Improvements Only), reflecting the hypothetical condition of the cottage site as “Vacant & Unimproved” and the Extraordinary Assumption relative to IDL Approved Improvements, excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, is:

**One Hundred Seventy-One Thousand Dollars**

**\$171,000**

## VALUE ESTIMATE AND 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 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 (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
- I have performed an appraisal of this property for the 2013 original contract and then again in 2019. I appraised this property in 2022 as a VAFO appraisal that included Personal Property and as a Ground Lease appraisal in 2023. For the individual appraisals to be conducted for this latest cycle, I will cite specific acknowledgement whether that property has been appraised in the last three years.
- 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.
- I have made a personal, detailed inspection of the sales & listings consulted for this sales catalog.
- No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)
- The report contains necessary discussion concerning a reasonable exposure period for the subject property within the estimated value shown.
- This report is in compliance with applicable regulations governing appraisal services and appraisal reporting requirements for the State of Idaho.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- As of the date of this report, I, Steven A. Hall, MAI, CCIM, have completed the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Based upon my investigations, studies and analyses, it is my opinion the encumbered *fee simple* market value of the subject property, reflecting the Extraordinary Assumption relative to IDL Approved Improvements & excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, is:

**One Million Seven Hundred Forty-Five Thousand Dollars**

**\$1,745,000**

Further, it is my opinion the market value of the subject property defined herein as the “vacant & unimproved” cottage site (*Land Only*), reflecting the hypothetical condition of that definition of “Vacant & Unimproved” and the Extraordinary Assumption regarding date of inspection vs. the effective date of value denoted herein as February 15, 2024, is:

**One Million Five Hundred Seventy-Four Thousand Dollars**

**\$1,574,000**

Finally, it is my opinion the market value of the subject property defined herein as the Leasehold Personal Property (IDL Approved Improvements Only), reflecting the hypothetical condition of the cottage site as “Vacant & Unimproved” and the Extraordinary Assumption relative to IDL Approved Improvements, excluding any boat lifts or PWC lifts but including all identified appliances & sewer/water systems, as of February 15, 2024, is:

**One Hundred Seventy-One Thousand Dollars**

**\$171,000**



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Steven A. Hall, MAI, CCIM

Idaho CGA-257

Expires 8/11/2024