

APPRAISAL ASSIGNMENT
(Summary) Report Format
Lessee: Chris Zentz & Noelle Zentz
Property: 36 Mission Court
(Formerly 1174 Cape Horn Road)
Coolin, Bonner County, Idaho, 83821

As of
February 1, 2025

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
Idaho CGA-257
Expires 8/11/2025

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS 6

SCOPE OF WORK..... 8

RECORD OWNER..... 11

SALES HISTORY 11

LOCATION OF PROPERTY..... 11

LEGAL DESCRIPTION 11

PURPOSE OF APPRAISAL & DEFINITION OF VALUE..... 11

REASONABLE EXPOSURE TIME..... 12

PROPERTY RIGHTS APPRAISED..... 13

LOCATION MAP 14

PLAT MAP 15

INVENTORY MAP..... 16

SUBJECT PHOTOGRAPHS..... 17

SUBJECT SKETCH/FLOOR PLAN 29

PROPERTY DESCRIPTION 32

HIGHEST AND BEST USE 34

THE APPRAISAL PROCESS..... 36

COST APPROACH..... 37

LAND SALES TABULATION 41

LAND SALES GRID ANALYSIS..... 42

LAND SALES RECONCILIATION 45

REPLACEMENT COST NEW ANALYSIS 48

RECONCILIATION OF COST APPROACH..... 50

SALES COMPARISON APPROACH – FEE SIMPLE 51

IMPROVED SALES TABULATION..... 52

RECONCILIATION OF SALES COMPARISON APPROACH..... 57

FINAL RECONCILIATION 60

VALUE ESTIMATE AND CERTIFICATION 62

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April 16, 2025

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 36 Mission Court (formerly 1174 Cape Horn Rd), Coolin, Bonner County, Idaho, 83638; Subject to Hypothetical Conditions & Extraordinary Assumptions. IDL Contract 13-110, Contract Modification No. 20; 2025 Priest Lake VAFO, Ground Lease and ULA Appraisals

Dear Mr. Hall:

This letter of transmittal recognizes Contract #13-110, Modification No. 20, dated 10/02/2024 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 2025 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, Priest Lake VAFO Appraisals and that this VAFO appraisal report presents a value for the cottage site as a “vacant & unimproved” and it includes a valuation of the fee simple estate that incorporates the personal property (site improvements & structural improvements). The purpose of the appraisal is to provide IDL with a current market value for this site and to present an opinion of value for the Personal Property; both of which will be used during the 2025 VAFO auction.

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.

The appraisal being submitted here is in recognition of the VAFO 2025 cycle for Priest Lake. The contract modification requires the appraisal to establish the market value of this cottage site, as though “vacant & unimproved.” There is also full discussion and analysis associated with an opinion of market value for the personal property (leasehold improvements); therefore this VAFO appraisal includes the valuation of the cottage site and a valuation of the Personal Property (a term identified in the sales catalog). This report, in conjunction with the sales catalog, forms the report option “Appraisal Report” in compliance with USPAP 2024-2025.

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.

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 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. 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 on October 28, 2024, is the same condition of this property as of the effective date of value of February 1, 2025.

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 that 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 1, 2025, is:

Two Million One Hundred Fifty Thousand Dollars

\$2,150,000

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 1, 2025, is:

One Million Three Hundred Twenty-One Thousand Dollars

\$1,321,000

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 1, 2025, is:

Eight Hundred Twenty-Nine Thousand Dollars

\$829,000

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
Idaho CGA-257
Expires August 11, 2025

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY IDENTIFICATION

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

Site Description		36 Mission Court (1174 Cape Horn Rd)	Lot 49, Block 1, State Subdivision - Woody's Point
Size		48,787	Sq. Ft. Lease No. R100410
Size (Acres)		1.12	Acres
Waterfront - Straight Across		145.44	Front Ft. 146 For valuation purposes, frontage is rounded to whole #.
Waterfront - Plat Dimension		153' +/-	Front Ft. I used the shoreline dimension for the rounding upward to the whole number due to shape of lot.
Average Depth of Lot		278' +/-	LF
Road Frontage/Access		East Shore Road to Cape Horn Road which leads to the shared driveway for Lots 49 & 50. The site has frontage to Cape Horn Road and there is direct frontage to Priest Lake.	
Road-to-Building Site	3-4	This is a moderate (to moderately steep) slope from Cape Horn Road to the building site. There is a shared driveway (Mission Court) which coincides with this slope/cross-slope from road-to-building site. This is a large lot with 1.12 acres and there are areas allowing for boat trailer storage & a detached garage/storage building in the upper elevations of the site.	
Shore-to-Building Site	4-5	The shoreline/beach slopes gently from the beach shelf up to the building site. There is some cross slope as well as the more typical slope north down to south (to the shoreline). As the pictures show, the slope is clearly more gentle than moderate and that is why the rating is different from the 2013 analysis but similar for the 2018, 2020 & 2022 valuation rating.	
Shoreline	4	Shoreline/beach area is a mix of sandy & small cobble beach and rocky/brushy shoreline. As shown on the inventory map, the shoreline between the SE corner and the dock is the sandy beach area and the shoreline between the dock and the SW corner is the rocky, brushy area. This is rated at 3-4 points with the rocky/brushy portion given less overall emphasis. This is higher than the 2013 appraisal but similar to the 2018 & 2020 valuations based on a better recognition of shoreline/beach qualities.	
Lake Depth	2	Usable lake depth with no specific development challenges. Lake bottom is mix of sand, gravel & cobbles/rocks. This is rated at 2 points.	
Topography-General Narrative	13-14	The overall slope of the lot is moderate with some gentle slopes and some steeper slopes to the north, off Cape Horn Road. The shore-to-building site is more of a mix between gentle and moderate. The slope from road-to-building site is mostly moderate slopes. Overall, the rating is 8 points reflecting these different slope issues. The 2013 valuation had shown 7 points but that is not supported by a review of the sales of Lots 4 & 5, South Shores Addition. I also reference the more recent VAFO & ULA sales in this same area of Woody's Point Subdivision.	
Shape		The parcel has a very irregular shape with a meandering shoreline that is the south boundary of the tract; please review the plat & inventory maps for better visualization.	
Vegetative Cover		Tract has moderate timber cover with deciduous understory; 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 two-lane paved road, maintained by Bonner County. Cape Horn Road is a dirt & gravel road that is maintained by the lots served by this road. Cape Horn Road is equivalent to a private easement road, owned by the State of Idaho but maintained by the cottage site lessees making them functionally equivalent to a private easement road for valuation purposes.	
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		Site has a 10' cable easement along the north boundary at Cape Horn Road. There is a shared driveway with Lot 50 and I presume there is an easement over the subject lot for the benefit of Lot 50. I also assume there is a shared use & maintenance agreement between these two lots for that shared driveway. There is an overhead power and telephone easement over & through the subject for the benefit of Lots 48-50 as noted on the inventory map.	

In the 2020 appraisal, this site was rated at 13-14 points with 3-4 points for slope from road-to-building site and 4-5 for the rating of shoreline-to-building site. The subject has a sandy/gravel shoreline & beach with a portion that is rocky/brushy. This is clearly a 3-4 point rating with a conclusion set at 4 points. I recognize the wet, subby qualities to the SW corner of the frontage but that is also given less overall emphasis. It is my opinion, based on the re-analysis, this lot should be rated at no less than 13 points but potentially as high as 14 points (same conclusion presented in the 2022 valuation for the VAFO appraisal and the 2024 ground lease valuation).

Improvements: The Personal Property is defined as a residential/recreational single residential unit (together with any/all ancillary structures). The personal property being valued is represented as the composite of all site & structural improvements made to the property that were approved by IDL. The chart below is provided as a summary of these improvements.

General Description						Foundation/Heating, Ventilating, A/C And Other Items					
Units	One	X	Ancillary Residential Units			N	Issues/Components		Remarks		
# of Stories	One story		1.5 Story	X	2 Story		Settlement		N		
Type	Det	X	Attached				Sump Pump		Y New sump pump in crawl space		
Quality	Good +						Evidence of Infestation		N		
Design	1.5 St. Chalet						Dampness		N New Sump Pump in crawl space		
Year Built	2018 ?		County shows this to be built in 2018 but parts of the cabin existed in the Fall of 2017 when I inspected this for a ground lease appraisal. County shows full upper level in the 2,700 SF of gross living area but that is inaccurate as the area above the kitchen and dining area is vaulted & no upper floor area exists. It is my calculations that were used for GLA.				EBB		N		
Condition	Gd-VG						Elec. Wall Htrs		N		
Effective Age	2						Forced Air Furnace		Y Central heat		
Bathrooms	3.5						Cooling System		Y Central cooling		
Finished Area Above Grade	2,436						Wall Units		N		
Basement/Lower Level	0			Window Units		N					
Basement Finish	0			Other		N					
Attic	Eave Storage			Fireplace/Wood Stove		1		Propane gas FP in LR; wd stove in garage			
Utilities				Specialty Site Impvts.		X		Firepit,grvl drive & parking, path			
				Appliances				2-Ref, R/O, DW, M, W/D, WH Generator, Ant. CS			
Exterior Description						Interior Description					
Foundation	CMU foundation; Full crawl space, spray foam insulation & new sump pump, moisture barrier, etc.					Floors	Laminate flooring (LV) over OSB or plywood where ceramic tile is installed				
Exterior Walls	Painted vertical style OSB wood siding (OSB sheets) & painted wood trim.					Walls	T&G Pine planking; painted sheetrock in laundry				
Roof Surface	Composition Shingle Roofing					Trim/Finish	Good wood trim with wood RP doors				
Specialty Siding Elements	None					Ceiling Finish	Mix of Open T&G wood plank/beams; painted drywall laundry				
Gutters & Downspouts	The north side of garage.					Bath Floor	All bathrooms laminate floors; ceramic tile tub surrounds or showers.				
Window Type	Vinyl window units					Bath Wainscot	T&G Pine Planking; tub surround ceramic tile				
Storm sash included	Yes		No	X		Deck/Porch/Patio(s)			515		SF
Screens	Yes	X	No			Garage (SF)			576		SF
Amenities	Style is semi-Chalet look with new siding installed & all exterior painted. Existing deck is newer with a portion that is screened-in and part that is open decking. Sizes of these deck areas are noted in the discussion.					Other Living Area			0		SF
						Outbuildings			207		SF
Fireplace/Wood Stove	Fireplace	1	Wd Stove	1	FP insert	N	Dock (SF)		686		SF
Fencing	None	X					Boathouse (SF)		0		SF
Other Items	None	X					Seawall/Retaining Wall		0		LF
Exterior decks consist of open deck & covered, screened section. The access to home is through garage or to the laundry room that is accessed off the new open deck. Another access to the home is from the covered deck with entry to/from the dining room. The septic system and water systems are operational. Lessee stated well depth at 202 LF and 15+ gpm capacity. Shared drainfield located off-site north of Cape Horn Road.						Previous Lessee stated all interior walls & vaulted ceilings are Pine T&G and flat ceilings are sheetrocked, painted white. Vanities are custom-made with vessel sinks. Upstairs vanity is a wine barrel. All floors are luxury vinyl strips (wood laminate looking). Floor at garage entry foyer is ceramic tile. Tub surrounds and/or showers in 3 main floor bathrooms are ceramic porcelain tile. New deck and dock ramp are composite decking with deck railing reflecting wood framing & stainless steel cable. Gas fireplace in living room for aesthetics & heat. House has a whole house generator for power outages. There are some site work issues such as no concrete or paver tile path/walk along south side of garage that connects to the uncovered deck and to the garage entry. Lessee exclusions: Security cameras and boat lift. As per agreement with IDL, no boatlifts or PWC lifts are included, same as furniture & other furnishings. All kitchen appliances & the antique cook stove are included. W/D are included and there is an additional refrigerator in laundry room that is also included.					
	Microwave	X	W/D	X	Gar. Disp.				0		
Room Count - Above Grade	Rooms	12+	Bedrooms	6	Bathrooms	3.5					
Lower Level - Room Count	Rooms	0	Bedrooms	0	Bathrooms	0					
Other Living Area	None										

VALUE INDICATIONS

Land Value: **\$1,321,000**
Cost Approach: **\$2,172,000**
Sales Comparison Approach **\$2,143,000**

FINAL OPINION OF VALUE – REAL PROPERTY **\$2,150,000**

FINAL OPINION OF VALUE – PERSONAL PROPERTY **\$829,000**

Effective Date February 1, 2025

— Hall – Widdoss & Company, P.C. —

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.

- **Client:** The client is the Idaho Department of Lands (IDL).
- **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.
- **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.” Further, as this is a VAFO appraisal, there is to be a fee simple valuation of the subject property with the difference between fee simple value and the cottage site valuation being the direct market evidence of market value of the Personal Property (Leasehold Improvements).
- **Type of value:** The type of value, as required by Scope of Work, is market value. That term has been defined within the sales catalog.
- **Effective Date of Value:** The effective date of appraisal is February 1, 2025, 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.
- **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.
- **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.
- **Prior Services:** I have been involved in an appraisal of the subject cottage site as of January 15, 2013, and again in 2019 and 2024 as ground lease appraisals and 2020 & 2022 as VAFO appraisals.

(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. The personal property is included in this appraisal. It is recognized that prior appraisals of this same property provided strong observation of building size, qualities, level of finish, etc. 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. The prior

The former Lessee is acknowledged for providing the plans, detail on what materials were used, ***and the issues associated with the Leasehold Sale of the subject Personal Property.*** 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.”***

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. This appraisal is to reflect market value of the vacant and unimproved cottage site for the Summer 2025 VAFO cycle. The valuation of the Personal Property is included to assist in the VAFO process if the lessee is not the successful bidder. These terms were defined in the sales catalog. 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.”*

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 to be used in the Summer 2025 VAFO auction. 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. The fee simple valuation of the property is used to establish a market value for the Personal Property that will also be required of the auction, should the existing lessee not be the successful bidder. It is a condition of this appraisal that the underlying site represents a “vacant & unimproved” condition so the personal property being valued is the composite of all site & structural improvements made to the property.

Extraordinary Assumptions pertaining to this value opinion consists of 1.) the use of the definition of IDL Approved Improvements excludes landscaping and any other site/structural development existing but not approved by IDL (if any such exist). As such, there is no valuation of landscaping nor is there an inclusion of boat lifts and/or PWC lifts (jet ski lifts) Also, per instructions from the client, it was agreed that an extraordinary assumption would be incorporated recognizing the October 28, 2024, inspection but a date of value of February 1, 2025. It is an assumption of this report that the property reflects the exact same condition as of 2/1/2025 as existed when the inspection was done.

There are *no other* hypothetical conditions associated with this valuation. The personal property is assumed to have some contribution to the overall utility of this cottage site. It is recognized the personal property is “in situ” meaning it has value in-place. The personal property, as it is defined by contract, reflects the permanent improvements to the site in the form of site development (leveling, logging, cutting in roads, extending utilities, improving the shoreline, etc.) as well as structural improvements made to the site. This assumes, per the terms of the contract and pursuant to the IDL lease, the lessee is entitled to the market value of those improvements without including any benefit associated with the underlying lease.

Lastly, in agreement with IDL, shore station/boat lift improvements are excluded as this type of improvement is not permanently affixed to the site and there is too much variability in the economic contribution to the property value.

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.

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 :Chris Zentz & Noelle Zentz
Lease # :R100410

SALES HISTORY

There have been no recent or relevant transfers of ownership for the subject property within the previous three years. This relates to the land that is classified as endowment land administered by the Idaho Department of Lands. I recognize & acknowledge the sale of the subject Leasehold Improvements that occurred in August of 2023. Please refer to the sales comparison approach for that discussion. The verification of this sale was done through telephone conversation with Anthony Marrazzo, the prior lessee.

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 36 Mission Court (formerly 1174 Cape Horn Road), 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 49, Block 1, State Subdivision - Woody's Point

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. Further, ***the valuation of the fee simple estate*** includes land & improvements, together with all property rights associated with that term, allows for the valuation of the Personal Property (the Leasehold Estate). The difference between the cottage site valuation and the total fee simple valuation is the market value opinion for the Personal Property.

REASONABLE EXPOSURE TIME

This was discussed and analyzed within the sales catalog. I researched the Priest Lake market for the full calendar year 2023 and 2024. I have run a number of searches using both the Selkirk MLS and the Coeur d'Alene MLS for this sales research. I reviewed Waterfront Land, Waterfront Improved, & Non-Waterfront Improved. The latter was included to assist in the analysis of residential/recreational home prices in the Priest Lake area. I will not specifically use Non-Waterfront Improved for the individual appraisals but the inclusion of these sales assists in the overall representation of price brackets for certain size, quality & condition rural residential improvements. These two MLS services were researched for land sales and improved sales using these search parameters.

- Vacant Land – Waterfront & Non-Waterfront (for Non-Waterfront Improved)
- Residential – Waterfront, View & Secondary
- Priest Lake East & West and Map around the lake
- Sold/Closed, Pending, Contingent and Active
- Normal Market Sale
- Sale Dates 1/1/2023 - 2/1/2025

For calendar year 2024, the Pending and Sold indications for sales of improved residential property in the Priest Lake (East and West) area resulted in 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 for just the 24 closed sales ranged from 0 DOM to 243 DOM with an average of 97 DOM. Another search that included a map of Priest Lake for the defined market area had shown 29 sales with 4 leasehold sales, 10 deeded waterfront sales, 9 non-waterfront sales and 6 Other Types of waterfront property sales (condominium, shared frontage, etc.). Another search with pending and sold has shown 40 properties but the statistical importance of these additional transactions is not a strong indicator for supply & demand elements.

The active listings for the Priest Lake area consists of 22 properties with days-on-market ranging from 11 DOM to 941 DOM and an average of 281 DOM.

For calendar year 2023, exposure times ranged from 0 DOM to 296 DOM with an average of 72 DOM. There were 29 sale transactions contained within those market statistics.

For calendar year 2022, the sales of improved residential property along Priest Lake (East and West) resulted in 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 2023 land sales, the statistics on Days-On-Market (DOM) have shown 35 DOM with 2022 showing 127 DOM and 2021 showing 166 DOM. The average or mean of these three-years was 115 DOM. The limited information for 2024 does not provide any direct evidence of exposure for land. For the improved sales, the exposure times were 97 DOM.

It is my opinion average DOM for 2024 was best established around 85 DOM with several listings expired & re-listed with the exposure shown at 0 days. For the 2025 auction cycle, many brokers expressed concern that the demand for lakefront property has slackened considerably and

although price declines are not shown by specific sale/resales, the seller expectations of increasing values has not been proven in the 2024 market. Brokers were stating price adjustments were more routine and listings went to expired status because sellers were not accepting the softer market conditions.

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 denoted to be Personal Property).

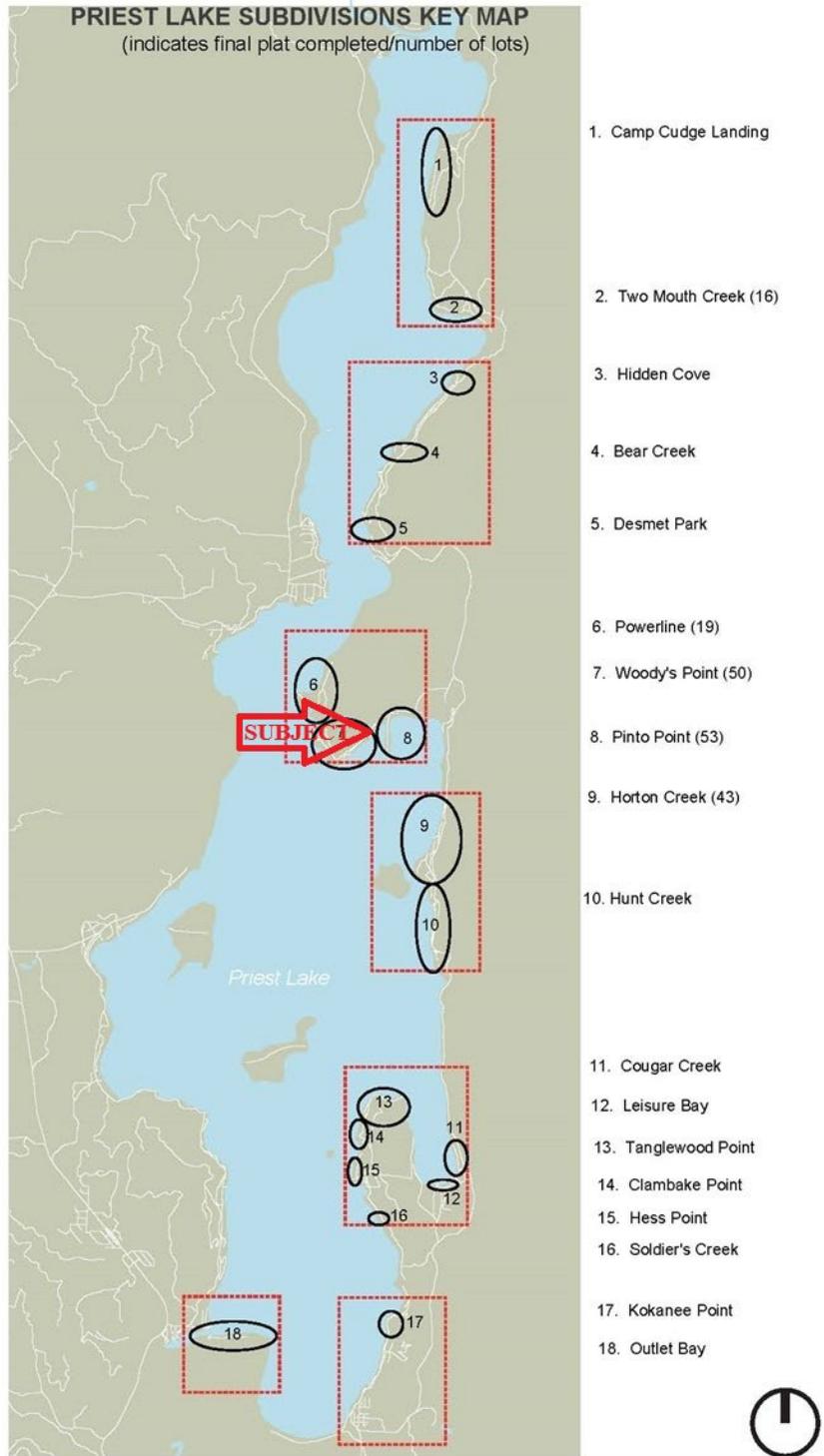
The subject property is being valued as a site, representing the “vacant and unimproved” condition (hypothetical condition since there are improvements on & to the property). This appraisal does include the valuation of the Personal Property. The purpose is to assist IDL in establishing a value for the underlying cottage site for the Summer 2025 VAFO cycle. That requires the hypothetical condition pertaining to “Vacant & Unimproved.” The fee simple valuation is the market value opinion of the land & all improvements (site improvements & structural improvements). The difference is the opinion of market value for the Personal Property, also known as IDL Approved Improvements.

Easements for access & utilities are common and not felt to be an element of value concern. The value opinions expressed herein assume legal & physical access to the site together with a legal right to develop an on-site septic system and/or to connect to municipal sewer but the fee to connect is not part of the Vacant cottage site value; rather it is part of the Personal Property. There is electrical power to the parcel as well as telephone service. This is consistent with the “Vacant & Unimproved” condition of the property. 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.

For valuation purposes I am not considering the separation of leased fee and leasehold estates.

LOCATION MAP

12/20/2012



Idaho Department of Lands

Priest Lake Lot Solutions Plan

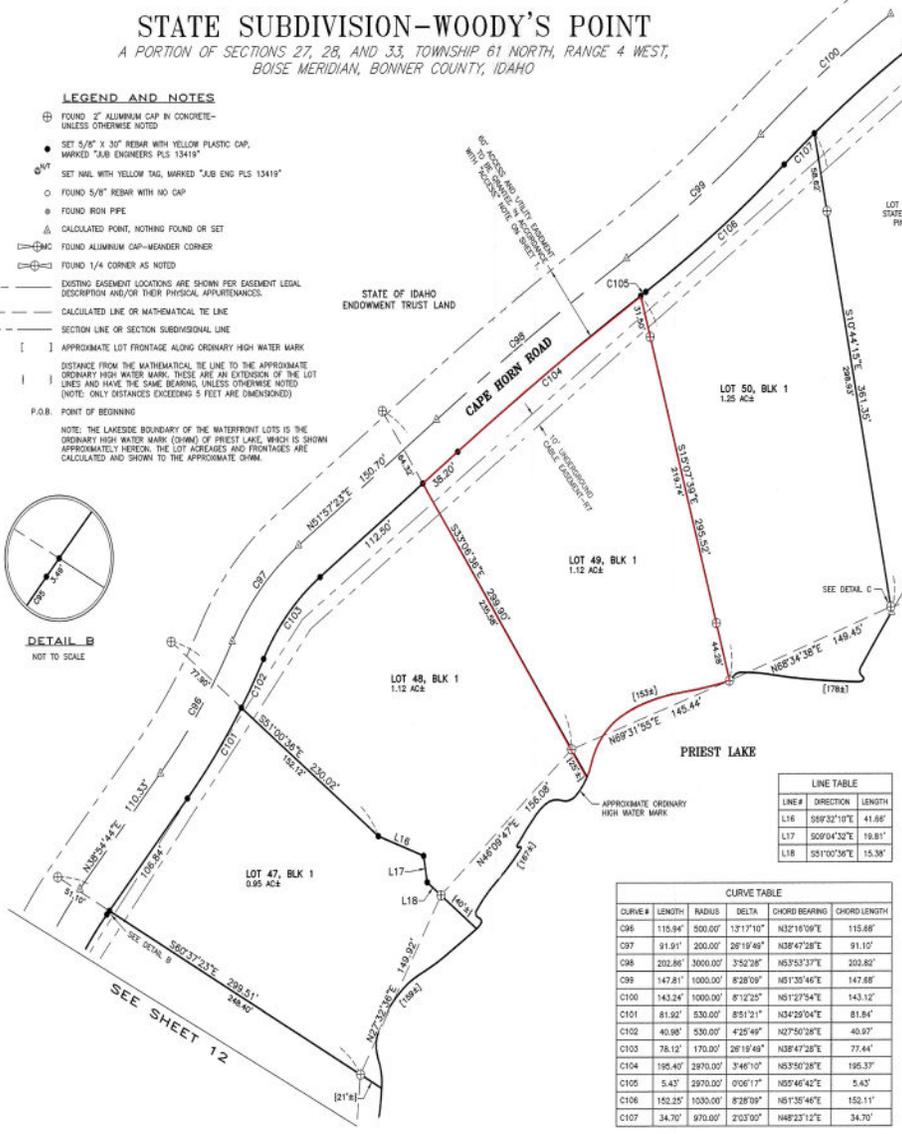
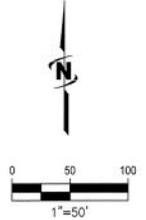
PLAT MAP

STATE SUBDIVISION-WOODY'S POINT A PORTION OF SECTIONS 27, 28, AND 33, TOWNSHIP 61 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO

PLAT BOOK 10 PAGE 154
INST. NO. 839532

LEGEND AND NOTES

- ⊕ FOUND 2" ALUMINUM CAP IN CONCRETE—UNLESS OTHERWISE NOTED
 - SET 3/8" X 30" REBAR WITH YELLOW PLASTIC CAP, MARKED "JUB ENGINEERS PLS 13419"
 - SET NAIL WITH YELLOW TAG, MARKED "JUB ENG PLS 13419"
 - FOUND 5/8" REBAR WITH NO CAP
 - FOUND IRON PIPE
 - CALCULATED POINT, NOTHING FOUND OR SET
 - ⊕ FOUND ALUMINUM CAP-MEASURER CORNER
 - ⊕ FOUND 1/4 CORNER AS NOTED
 - EXISTING EASEMENT LOCATIONS ARE SHOWN PER EASEMENT LEGAL DESCRIPTION AND/OR THEIR PHYSICAL APPEARANCES.
 - CALCULATED LINE OR MATHEMATICAL TIE LINE
 - SECTION LINE OR SECTION SUBDIVISIONAL LINE
 - [] APPROXIMATE LOT FRONTAGE ALONG ORDINARY HIGH WATER MARK
 - | | DISTANCE FROM THE MATHEMATICAL LINE TO THE APPROXIMATE ORDINARY HIGH WATER MARK, THESE ARE AN EXTENSION OF THE LOT LINES AND HAVE THE SAME BEARING, UNLESS OTHERWISE NOTED (NOTE: ONLY DISTANCES EXCEEDING 5 FEET ARE DIMENSIONED)
 - P.O.B. POINT OF BEGINNING
- NOTE: THE LAKESIDE BOUNDARY OF THE WATERFRONT LOTS IS THE ORDINARY HIGH WATER MARK (OHWM) OF PRIEST LAKE, WHICH IS SHOWN APPROXIMATELY HEREON. THE LOT AREAS AND FRONTAGES ARE CALCULATED AND SHOWN TO THE APPROXIMATE OHWM.



RECORD INFORMATION

- R1: RECORD OF SURVEY BY JAMES A. SNELL, PLS 775, DATED JUNE 9, 1981, RECORDING NUMBER 23206, RECORDS OF BONNER COUNTY.
- R2: RECORD OF SURVEY BY ROBERT C. LAMBERTH, PLS 5361, DATED JUNE 5, 1987, RECORDING NUMBER 335724, RECORDS OF BONNER COUNTY.
- R3: RECORD OF SURVEY BY ROBERT C. LAMBERTH, PLS 5361, DATED JUNE 10, 1987, RECORDING NUMBER 330884, RECORDS OF BONNER COUNTY.
- R4: RECORD OF SURVEY BY JAMES R. STUMLES, PLS 3026, DATED AUGUST 21, 1990, RECORDING NUMBER 379395, RECORDS OF BONNER COUNTY.
- R5: RECORD OF SURVEY BY LAWRENCE A. GLANE, PLS 3213, DATED AUGUST 31, 2001, RECORDING NUMBER 587121, RECORDS OF BONNER COUNTY.
- R6: AN EASEMENT IN FAVOR OF NORTHERN LIGHTS, INC., DATED MAY 1999, RECORDED UNDER EASEMENT NUMBER 4470-A.
- R7: AN EASEMENT IN FAVOR OF GENERAL TELEPHONE CO., DATED JUNE 17, 1968.

Instrument # 839532
BONNER COUNTY, SANDPOINT, IDAHO
24 28 15 89 19 21 No. of Pages 12
Recorded by STATE OF IDAHO 9/16/04
BARRE SCOTT Fee 0.08
Co-Official Recorder Deputy
www.sos.idaho.gov

Sammy Russell
Digitally signed on 12/19/2012
PROFESSIONAL LAND SURVEYOR
LICENSED SURVEYOR
STATE OF IDAHO
13419
CREWELL, J. RUSSELL

LINE #	DIRECTION	LENGTH
L16	S89°32'10"E	41.88'
L17	S09°04'32"E	19.81'
L18	S51°00'56"E	15.38'

CURVE #	LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD LENGTH
C06	119.94'	500.00'	1°17'10"	N32°18'50"E	115.68'
C07	91.91'	200.00'	26°19'49"	N38°47'28"E	91.10'
C08	202.86'	3000.00'	3°52'28"	N63°53'37"E	202.82'
C09	147.81'	1000.00'	8°28'09"	N51°35'46"E	147.68'
C100	143.24'	1000.00'	8°12'25"	N51°27'54"E	143.12'
C101	81.92'	530.00'	8°51'21"	N34°29'04"E	81.84'
C102	40.98'	530.00'	4°25'49"	N27°50'38"E	40.97'
C103	78.12'	170.00'	26°19'49"	N38°47'28"E	77.44'
C104	195.40'	2970.00'	3°46'10"	N63°50'28"E	195.37'
C105	5.43'	2970.00'	0°06'17"	N65°46'42"E	5.43'
C106	152.25'	1030.00'	8°28'09"	N51°35'46"E	152.11'
C107	34.70'	970.00'	2°03'00"	N48°23'12"E	34.70'

STATE SUBDIVISION-WOODY'S POINT
A PORTION OF SECTIONS 27, 28, AND 33,
TOWNSHIP 61 NORTH, RANGE 4 WEST,
BOISE MERIDIAN,
BONNER COUNTY, IDAHO

JUB
J-U-B ENGINEERS, INC.
7825 Meadowlark Way
Coeur d'Alene, Idaho 83815
Phone: 208.762.8787

DWG NAME: 20-11-035_Woody's Point
DR: DFG CH: CLJ / DRB SHEET 13 OF 13

SCALE: 1"=50' DATE: December 2012 PROJ. NO.: 20-11-035

INVENTORY MAP

STATE SUBDIVISION-WOODY'S POINT

A PORTION OF SECTIONS 27, 28, AND 33, TOWNSHIP 61 NORTH, RANGE 4 WEST,
BOISE MERIDIAN, BONNER COUNTY, IDAHO

LEGEND AND NOTES

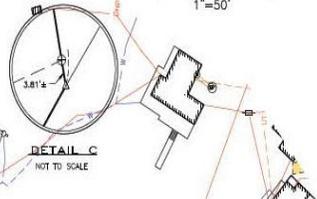
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DETAIL B
NOT TO SCALE



PLAT BOOK _____ PAGE _____
INST. NO. _____



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- R5: RECORD OF SURVEY BY LAWRENCE A. CLARK, PLS 5713, DATED AUGUST 31, 2001, RECORDING NUMBER 581721, RECORDS OF BONNER COUNTY.
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JUB ENGINEERS, INC.

7825 Meadowlark Way
Coeur d'Alene, Idaho 83815
Phone 208.762.8787

J-U-B ENGINEERS, Inc.

DWG NAME: 20-11-006_Woody's Point overlay
DR. DFG CH. GJR/DRB SHEET 13 OF 13

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View from Pinto Point looking NW to the subject in the center of photo. (Previous appraisal photo)



ABOVE: Looking S/SE from the NE corner of lot on Cape Horn Road. (1994)



ABOVE: NE corner looking SW along Cape Horn Road. (1995)



ABOVE: View of the septic drainfield area to the north of Cape Horn Road. (1993)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View SE from the NW corner of lot. (1991)



ABOVE: Same location but looking NE along Cape Horn Rd. (1992)



ABOVE: Looking SW from Cape Horn Road showing subject cabin in background. (1996)



ABOVE: View is of shared driveway with Lot 50 looking SE from Cape Horn Rd. (1997)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View from SE corner of lot showing the south (left) and east elevations of cabin. (2012)



ABOVE: View SW from the SE corner of lot. (2013)



ABOVE: Close-up of the new dock improvements. (2005)



ABOVE: View NW from the dock showing the western portion of the shoreline/beach. (2009)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View north from the dock providing excellent display of site slopes. (2006)



ABOVE: View of the eastern portion of the lot shoreline/beach. (2010)



ABOVE: View W/SW showing the attached double garage and hillside to the north of cabin. (1999)



ABOVE: View to SW showing cabin/garage to right and view of lake from the gravel parking area. (2000)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View of the interior of garage & primary entry into cabin. (2014)



ABOVE: Entry foyer off garage looking toward laundry & then kitchen back left. (2017)



ABOVE: View from entry foyer to Bedroom #2 in NE corner of cabin. (2019)



ABOVE: Bedroom #1 in the SE corner of cabin. (2024)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: Bathroom off the entry foyer hallway looking from Bedroom #3 to the garage foyer. (2036)



ABOVE: Another view of this same bathroom; shower qualities. (2037)



ABOVE: Bedroom #2 in NE corner of cabin. (2020)



ABOVE: En-suite bathroom for Bedroom #2. (2022)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: Laundry room with access to the uncovered portion of lakeside deck. (2025)



ABOVE: Another view of the laundry room with door to the exterior deck. (2026)



ABOVE: View of kitchen looking toward dining room. (2027)



ABOVE: Close-up of kitchen & the breakfast island with dining room to background. (2028)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: Another view of the kitchen area looking back toward the garage foyer/entry. (2032)



ABOVE: Kitchen looking back toward the garage entry foyer. (2031)



ABOVE: Dining room with access to covered deck. (2034)



ABOVE: Living room as seen from the dining/kitchen area. (2033)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View of the finished fireplace in living room.



ABOVE: Bedroom #3 accessed off the living room. (2035)



ABOVE: Master bedroom (#4) off the living room. (2038)



ABOVE: Master bathroom. (2041)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View of the 2nd floor loft area with 1/2 bath in background. (2046)



ABOVE: Another view of the 2nd floor loft area looking toward the garage/foyer. (2047)



ABOVE: 2nd floor 1/2 bath. (2048)



ABOVE: Upper-level Bedroom #5. (2049)

SUBJECT PHOTOGRAPHS - October 24, 2024



ABOVE: View of kitchen from the 2nd story loft area. (2053)



ABOVE: Bedroom #6 to the NE corner of 2nd floor. (2051)



ABOVE: Interior of garage showing the wood stove for heat. (2016)



ABOVE: Electrical equipment/breakers, etc. in garage. (2015)

SUBJECT PHOTOGRAPHS - October 24, 2024

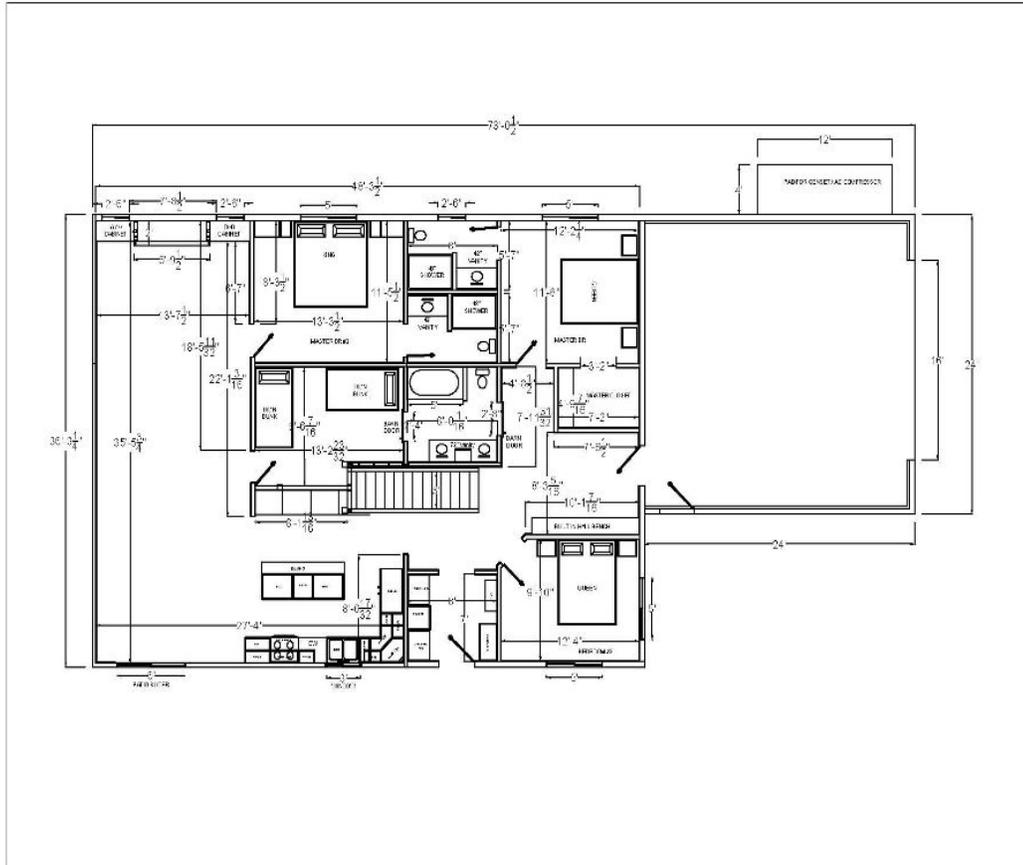


ABOVE: Covered/screened deck looking westerly. (2044)

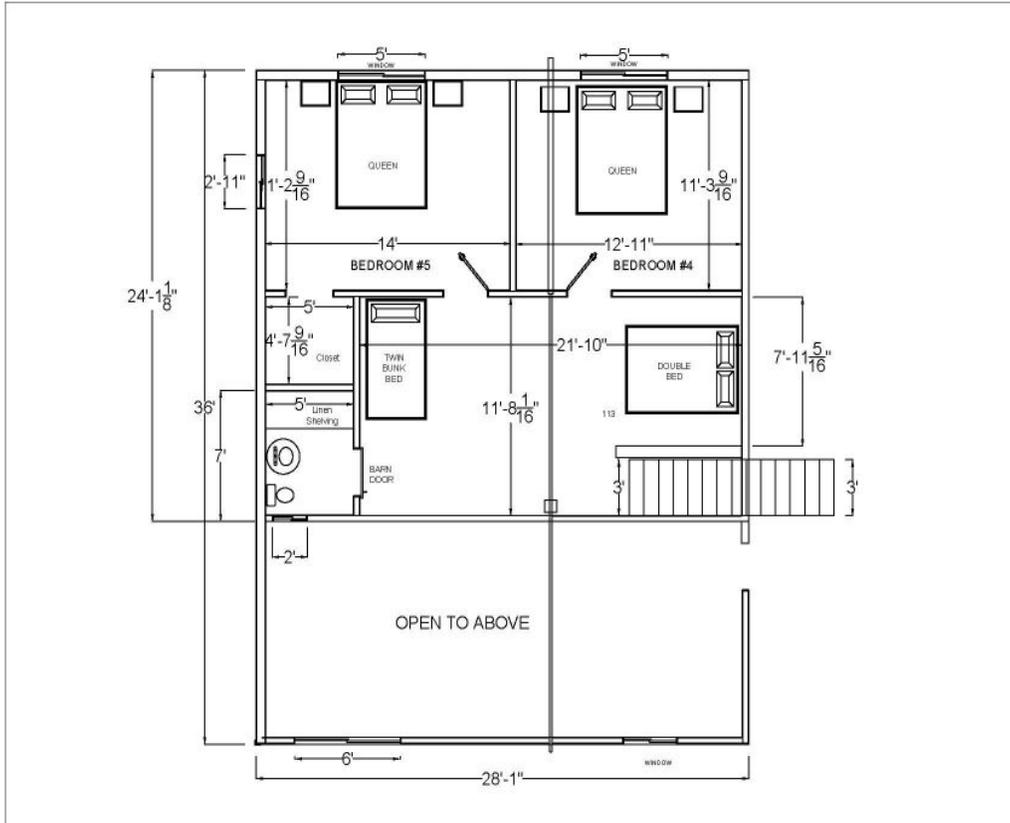


ABOVE: View of the covered deck & completed railing system looking easterly. (2043)

BUILDING SKETCH – Main Floor



BUILDING SKETCH 2nd Floor



PROPERTY DESCRIPTION

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

Site Description		36 Mission Court (1174 Cape Horn Rd)	Lot 49, Block 1, State Subdivision - Woody's Point
Size		48,787	Sq. Ft. Lease No. R100410
Size (Acres)		1.12	Acres
Waterfront - Straight Across		145.44	Front Ft. 146 For valuation purposes, frontage is rounded to whole #. I used the shoreline dimension for the rounding upward to the whole number due to shape of lot.
Waterfront - Plat Dimension		153' +/-	Front Ft.
Average Depth of Lot		278' +/-	LF
Road Frontage/Access		East Shore Road to Cape Horn Road which leads to the shared driveway for Lots 49 & 50. The site has frontage to Cape Horn Road and there is direct frontage to Priest Lake.	
Road-to-Building Site	3-4	This is a moderate (to moderately steep) slope from Cape Horn Road to the building site. There is a shared driveway (Mission Court) which coincides with this slope/cross-slope from road-to-building site. This is a large lot with 1.12 acres and there are areas allowing for boat trailer storage & a detached garage/storage building in the upper elevations of the site.	
Shore-to-Building Site	4-5	The shoreline/beach slopes gently from the beach shelf up to the building site. There is some cross slope as well as the more typical slope north down to south (to the shoreline). As the pictures show, the slope is clearly more gentle than moderate and that is why the rating is different from the 2013 analysis but similar for the 2018, 2020 & 2022 valuation rating.	
Shoreline	4	Shoreline/beach area is a mix of sandy & small cobble beach and rocky/brushy shoreline. As shown on the inventory map, the shoreline between the SE corner and the dock is the sandy beach area and the shoreline between the dock and the SW corner is the rocky, brushy area. This is rated at 3-4 points with the rocky/brushy portion given less overall emphasis. This is higher than the 2013 appraisal but similar to the 2018 & 2020 valuations based on a better recognition of shoreline/beach qualities.	
Lake Depth	2	Usable lake depth with no specific development challenges. Lake bottom is mix of sand, gravel & cobbles/rocks. This is rated at 2 points.	
Topography-General Narrative	13-14	The overall slope of the lot is moderate with some gentle slopes and some steeper slopes to the north, off Cape Horn Road. The shore-to-building site is more of a mix between gentle and moderate. The slope from road-to-building site is mostly moderate slopes. Overall, the rating is 8 points reflecting these different slope issues. The 2013 valuation had shown 7 points but that is not supported by a review of the sales of Lots 4 & 5, South Shores Addition. I also reference the more recent VAFO & ULA sales in this same area of Woody's Point Subdivision.	
Shape		The parcel has a very irregular shape with a meandering shoreline that is the south boundary of the tract; please review the plat & inventory maps for better visualization.	
Vegetative Cover		Tract has moderate timber cover with deciduous understory; 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 two-lane paved road, maintained by Bonner County. Cape Horn Road is a dirt & gravel road that is maintained by the lots served by this road. Cape Horn Road is equivalent to a private easement road, owned by the State of Idaho but maintained by the cottage site lessees making them functionally equivalent to a private easement road for valuation purposes.	
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		Site has a 10' cable easement along the north boundary at Cape Horn Road. There is a shared driveway with Lot 50 and I presume there is an easement over the subject lot for the benefit of Lot 50. I also assume there is a shared use & maintenance agreement between these two lots for that shared driveway. There is an overhead power and telephone easement over & through the subject for the benefit of Lots 48-50 as noted on the inventory map.	
<p>In the 2020 appraisal, this site was rated at 13-14 points with 3-4 points for slope from road-to-building site and 4-5 for the rating of shoreline-to-building site. The subject has a sandy/gravel shoreline & beach with a portion that is rocky/brushy. This is clearly a 3-4 point rating with a conclusion set at 4 points. I recognize the wet, subby qualities to the SW corner of the frontage but that is also given less overall emphasis. It is my opinion, based on the re-analysis, this lot should be rated at no less than 13 points but potentially as high as 14 points (same conclusion presented in the 2022 valuation for the VAFO appraisal and the 2024 ground lease valuation).</p>			

Improvements: The Personal Property is defined as a residential/recreational single residential unit (together with any/all ancillary structures). The chart 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		1.5 Story	X	2 Story	Settlement	N						
Type	Det	X	Attached			Sump Pump	Y			New sump pump in crawl space			
Quality	Good +					Evidence of Infestation	N						
Design	1.5 St. Chalet					Dampness	N			New Sump Pump in crawl space			
Year Built	2018 ?		County shows this to be built in 2018 but parts of the cabin existed in the Fall of 2017 when I inspected this for a ground lease appraisal. County shows full upper level in the 2,700 SF of gross living area but that is inaccurate as the area above the kitchen and dining area is vaulted & no upper floor area exists. It is my calculations that were used for GLA.			EBB	N						
Condition	Gd-VG					Elec. Wall Htrs	N						
Effective Age	2					Forced Air Furnace	Y			Central heat			
Bathrooms	3.5					Cooling System	Y			Central cooling			
Finished Area Above Grade	2,436					Wall Units	N						
Basement/Lower Level	0					Window Units	N						
Basement Finish	0					Other	N						
Attic	Eave Storage					Fireplace/Wood Stove	1			Propane gas FP in LR; wd stove in garage			
Utilities						Specialty Site Impvts.	X			Firepit,grvl drive & parking, path			
						Appliances				2-Ref, R/O, DW, M, W/D, WH Generator, Ant. CS			
Exterior Description						Interior Description							
Foundation	CMU foundation; Full crawl space, spray foam insulation & new sump pump, moisture barrier, etc.					Floors	Laminate flooring (LV) over OSB or plywood where ceramic tile is installed						
Exterior Walls	Painted vertical style OSB wood siding (OSB sheets) & painted wood trim.					Walls	T&G Pine planking; painted sheetrock in laundry						
Roof Surface	Composition Shingle Roofing					Trim/Finish	Good wood trim with wood RP doors						
Specialty Siding Elements	None					Ceiling Finish	Mix of Open T&G wood plank/beams; painted drywall laundry						
Gutters & Downspouts	The north side of garage.					Bath Floor	All bathrooms laminate floors; ceramic tile tub surrounds or showers.						
Window Type	Vinyl window units					Bath Wainscot	T&G Pine Planking; tub surround ceramic tile						
Storm sash included	Yes		No	X		Deck/Porch/Patio(s)				515		SF	
Screens	Yes	X	No			Garage (SF)				576		SF	
Amenities	Style is semi-Chalet look with new siding installed & all exterior painted. Existing deck is newer with a portion that is screened-in and part that is open decking. Sizes of these deck areas are noted in the discussion.					Other Living Area				0		SF	
										Outbuildings			
Fireplace/Wood Stove	Fireplace	1	Wd Stove	1	FP insert	N	Dock (SF)				686		SF
Fencing	None	X					Boathouse (SF)				0		SF
Other Items	None	X					Seawall/Retaining Wall				0		LF
Exterior decks consist of open deck & covered, screened section. The access to home is through garage or to the laundry room that is accessed off the new open deck. Another access to the home is from the covered deck with entry to/from the dining room. The septic system and water systems are operational. Lessee stated well depth at 202 LF and 15+ gpm capacity. Shared drainfield located off-site north of Cape Horn Road.						Previous Lessee stated all interior walls & vaulted ceilings are Pine T&G and flat ceilings are sheetrocked, painted white. Vanities are custom-made with vessel sinks. Upstairs vanity is a wine barrel. All floors are luxury vinyl strips (wood laminate looking). Floor at garage entry foyer is ceramic tile. Tub surrounds and/or showers in 3 main floor bathrooms are ceramic porcelain tile. New deck and dock ramp are composite decking with deck railing reflecting wood framing & stainless steel cable. Gas fireplace in living room for aesthetics & heat. House has a whole house generator for power outages. There are some site work issues such as no concrete or paver tile path/walk along south side of garage that connects to the uncovered deck and to the garage entry. Lessee exclusions: Security cameras and boat lift. As per agreement with IDL, no boatlifts or PWC lifts are included, same as furniture & other furnishings. All kitchen appliances & the antique cook stove are included. W/D are included and there is an additional refrigerator in laundry room that is also included.							
Appliances	Ref	2	Range/Oven	X	DW	X							
	Microwave	X	W/D	X	Gar. Disp.	0							
Room Count - Above Grade	Rooms	12+	Bedrooms	6	Bathrooms	3.5							
Lower Level - Room Count	Rooms	0	Bedrooms	0	Bathrooms	0							
Other Living Area	None												

There is an attached double car garage. There is no concrete apron in front of the garage and there is no concrete walkway or paver tile walkway for guests who park and walk to the garage pedestrian door.

There is a detached storage/garage on skid foundation that is located midway between Cape Horn Road and the building site which measures 11.5' X 18' (207 SF) with wood floor, painted wood siding & metal roof with roll-up door & pedestrian door.

Site development includes a domestic water well (depth of 202 feet & capacity of 15+ gpm). The lessee stated the water & septic systems are functional. There is a path from the cabin to the shoreline/beach area with an intermediate area having a firepit that is slightly above the lake level. Also, there is a gravel parking area for boat trailer storage & parking area around the garage.

The new dock improvement is included in this valuation but I have excluded any boat or PWC lifts. According to the information provided by the lessee, the dock contains 536 SF and then there is a 4' X 41' existing approach to dock and a 4' X 12' ramp. All are part of the dock improvement. I stepped the dock measurements with the ramp/approach at 3.5' wide by 55' in length. The inverted L-shaped dock was 6' X 50' plus 10' X 18' & the corner connect. Total dock size was presented as 686 SF. Lessee stated this had a cost of \$31,141.60 plus new pilings, dock cleats, etc. Total cost of \$40,125.20 was reduced for the removal of the old dock of \$3,700. New dock cost is \$36,425 divided by 686 Sf is \$53.10/SF.

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.

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.

The subject improvement is a good quality structure with rustic wood accents. This has an open vaulted area over the kitchen and dining room, from the garage entry foyer. There is also access to the cabin through the uncovered deck area into the laundry room. An additional entry through the covered deck leads to/from the dining room. The improvement is consistent with new construction for both size and quality. The improvements are of such quality and condition that they provide strong economic contribution to the site.

THE APPRAISAL PROCESS

The appraisal process was defined in the sales catalog so it will not be discussed again here. The cottage site was previously appraised in the Fall of 2013 and as a ground lease in 2018. The property was appraised in 2020 and 2022 for VAFO appraisals and then for a ground lease in 2024. As such, I have appraised the Personal Property prior to this appraisal. This appraisal reflects a current valuation of the underlying site value as though “Vacant & Unimproved” and it includes the Fee Simple Estate, which is the combined valuation of land, site & structural improvements. The final part of this valuation is the value opinion of the Personal Property, as that term has been defined and which reflects the economic contribution to the underlying site.

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 older 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 2018. In fact, this has been under-construction since 2018 but it could be termed 2021 construction since that is more the completion of this structure. I have included the cost approach for this appraisal but have given it less overall emphasis due to the length of time this cabin was started until finish as well as market issues where there is less emphasis to this approach.

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.

COST APPROACH

The definition of this approach was included in the sales catalog. Essentially, this is a two-step process that begins with the valuation of the underlying site, as vacant & unimproved. To that opinion of value is added the depreciated value of the site & structural improvements.

For this appraisal, the subject's land value has been developed via a 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 sales comparison approach is reflective of the basic principles of Anticipation, Balance, Change, Competition, Contribution, Externalities, Opportunity Costs, Substitution, and Supply/Demand. The essence of comparison is direct similarity and that focuses on similarity of highest and best use and then physical characteristics.

- *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 are not 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 drive & building site excavation done. These 2 – 50FF lots sold for a net price (my analysis) for \$1,225,000 or \$12,250/FF. This same property originally 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 a lot that sold for \$725,000 & it then 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. I emphasized that sale/resale for the 2024 valuations.

The next matched pair analysis 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, Block 1 of 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 (as well as the other amenities of the subdivision). Adjusting down for 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, representing 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 appreciation was used through all of 2022.

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 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.

For this 2025 VAFO cycle, there is one indication of a sale/resale which is 2106 Kalispell Bay Road. This hillside lot was listed for sale 1/22/2025 for \$1,800,000 and it went under contract 2/01/2025. The buyer was from out-of-state & the offer was contingent upon a personal inspection of the site. The buyer did that inspection and cancelled the contract based on that contingency. The slope was greater than the potential buyer wanted to accept. The broker

indicated that the contract price was below asking price & that ultimately demonstrated there was some market appreciation from the 9/16/2022 sale of this property that was shown above to be \$1,250,000. The 2023 & 2024 sales catalogs had discussed the existing improvements that consisted of the driveway & development of a building site plus the existing dock. The earliest sale had shown improvements of \$31,000 but the 2022 sale had concluded the improvements were better defined at \$25,000 because there was no community sewer included. Based on dock construction costs, the size of this dock 1,166 SF & using the \$75/SF adjustment unit price, the dock has an allocated value of \$87,500 plus the site work where I rounded this upward to improvements of \$100,000.

The September 2022 sale was \$1,250,000 & I had shown that to have an improvement allocation of \$25,000 so the land value, at that time, was opined to be \$1,225,000. The under-contract sale price indication, as a maximum indicated price, less the revised improvement allocation, suggests market appreciation of just slightly more than 8% per year. The broker stated the lot was listed in 2024 and there was an offer in that calendar year for the same as this contract price suggesting there was little or no appreciation through the calendar year 2024 to the present. What was shown in the 2023 sales catalog, this same property sold on 11/27/2017 for a price of \$725,000 and resold for \$1,250,000 over this 62 +/- months. That is roughly 10.6% per year, monthly compounding. This is clear and convincing evidence of market appreciation over the time frame of November 2017 through September 2022 and with the contract sale (now cancelled) to February 1, 2025, there remains some market evidence of continued price improvement, but at a lower rate of appreciation (possibly none over the course of 2024).

Brokers for improved properties have opined that what sold in 2022 & 2023 would not command those same prices in 2024 & in this calendar year of 2025. At this point, I have observed no evidence of market declines on Priest Lake. I have observed limited evidence that the appreciation rate for premium lots has a higher probability than continued appreciation for average quality lots but I remain convinced there is no price appreciation over the course of several years for the lower quality lots that have steep topography & no usable beach shelf or shoreline. Therefore, the subject lot is not adjusted for market conditions in 2024 but the sales were all adjusted for market conditions as shown in the 2024 ground lease appraisal of the subject.

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

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.

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	36 Mission Court (1174 Cape Horn 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	2/1/2025	11/7/2023	\$16,940	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		\$786,940		\$2,603,125		\$1,296,250		\$778,813		\$1,703,188
Adjusted Price (\$/FF)	N/A		\$7,424		\$13,349		\$12,963		\$8,952		\$11,828
Adjustments:											
Location	East Side 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)	48,787	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)	146.00	106.00	-\$906	195.00	\$1,476	100.00	-\$1,819	87.00	-\$1,611	144.00	-\$72
Topography Classification (Slope)	Gentle - Moderate	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	13-14	13-14	See Overall	16	See Overall	12	See Overall	11	See Overall	16	See Overall
Rating as % of Total - Comparison	.8125-.875	.8125-.875	See Below	1.0000	See Below	0.7500	See Below	0.6875	See Below	1.0000	See Below
Overall Topography Adjustment	Premium Quality Beach/Mod Slopes	0.00%	\$0	-20.00%	-\$2,670	15.00%	\$1,944	40.00%	\$3,581	-20.00%	-\$2,366
Road Frontage	Cape Horn 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
Net Adjustments			-\$906		-\$1,193		\$126		\$1,969		-\$2,438
Indicated Value FF			\$6,518		\$12,156		\$13,088		\$10,921		\$9,390
Implied Subject Value			\$951,663		\$1,774,765		\$1,910,882		\$1,594,507		\$1,370,941
Low	\$951,663	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.	
High	\$1,910,882										
Average	\$1,520,552										

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	36 Mission Court (1174 Cape Horn 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	2/1/2025	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
Adjustments:											
Location	East Side 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)	48,787	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)	146.00	100.00	-\$2,084	116.00	-\$657	132.00	-\$624	182.00	\$1,053	74.00	Offsets
Topography Classification (Slope)	Gentle - Moderate	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	13-14	14	See Overall	12	See Overall	15	See Overall	15	See Overall	13	See Overall
Rating as % of Total - Comparison	.8125-.875	0.8750	See Below	0.7500	See Below	0.9375	See Below	0.9375	See Below	0.8125	See Below
Overall Topography Adjustment	Premium Quality Beach/Mod Slopes	-5.00%	-\$743	15.00%	\$1,077	-15.00%	-\$2,194	-15.00%	-\$1,887	10.00%	\$773
Road Frontage	Cape Horn 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
Net Adjustments			-\$2,827		\$420		-\$2,818		-\$834		\$422
Indicated Value FF			\$12,027		\$7,600		\$11,807		\$11,745		\$8,152
Implied Subject Value			\$1,755,880		\$1,109,548		\$1,723,787		\$1,714,770		\$1,190,149
Low	\$1,109,548	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.					
High	\$1,755,880										
Average	\$1,498,827										

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	36 Mission Court (1174 Cape Horn Rd)	47 Pinto Point Rd	\$1,525,000	604 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	2/1/2025	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
Adjustments:											
Location	East Side 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)	48,787	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)	146.00	135.00	-\$588	153.00	\$195	180.00	\$685	150.11	\$131	106.00	-\$892
Topography Classification (Slope)	Gentle - Moderate	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	13-14	15	See Overall	12	See Overall	12	See Overall	13+	See Overall	13-14	See Overall
Rating as % of Total - Comparison	.8125-.875	0.9375	See Below	0.7500	See Below	0.7500	See Below	0.8125	See Below	.8125-.875	See Below
Overall Topography Adjustment	Premium Quality Beach/Mod Slopes	-20.00%	-\$3,502	15.00%	\$1,231	15.00%	\$1,292	5.00%	\$369	0.00%	\$0
Road Frontage	Cape Horn 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
Net Adjustments			-\$4,103		\$1,426		\$1,977		\$501		-\$908
Indicated Value FF			\$13,406		\$9,632		\$10,588		\$7,883		\$6,403
Implied Subject Value			\$1,957,290		\$1,406,281		\$1,545,880		\$1,150,988		\$934,888
Low	\$934,888	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,									
High	\$1,957,290	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.									
Average	\$1,399,066	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.									
		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.									

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 2024 to the date of value of February 1, 2025. 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.).

All 15 Indications	Dollar Per FF	Value Indication
Mean (Average)	\$10,058	\$1,468,482
Median	\$10,110	\$1,476,081
Minimum	\$6,403	\$934,888
Maximum	\$13,406	\$1,957,290

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). My 2024 conclusion for the subject site value reflected a blended unit price of \$9,000/FF which was a conclusion of \$1,314,000. As noted in that appraisal, I reviewed all 15 sales & the mean of those sales but then also eliminated Sales #3, #4 and #14 for atypical characteristics in those sales. The mean of the remaining sales was weighted accordingly. That adjusted mean (12 sales) reflects \$9,389/FF.

For this appraisal, I have given weight to the emphasized sales (#1, #7, #19 and #18 that was not shown but was part of my analysis). These indicated a value bracket of \$8,640/FF to \$9,389/FF.

VAFO/ULA September 21, 2024, Results: The summary of the 2024 VAFO/ULA Auction in September 2024 is shown in the table below. There were 4 sales to non-lessee buyers and 4 sales to lessee buyers. There was only one upbid and that was substantial reflecting an increase over appraised value of 33.42%. The lessee was motivated given they purchased the leasehold estate and wanted to perfect their interest in the property. When the competitive bidder (non-lessee) realized the lessee was committed, they withdrew from further bidding and opted to purchase 126 Cutthroat Road. I will not give this sale emphasis in the final analysis but I cannot ignore the fact there was another party who thought the land was worth more than appraised value.

September 21, 2024 VAFO/ULA Auction											
Sale #	Address	Lot	Block	Subdivision	FF	Appraised Value	Value \$/FF	Winning Bid	Price \$/FF	Winning Bidder	Appraisal
VAFO Results:											
VAFO 1	102 S Rosalia Bay Road	11	1	Hunt Creek	155.00	\$1,574,000	\$10,155	\$2,100,000	\$13,548	Lessee	14
VAFO 2	150 Bull Trout Road	21	1	Hunt Creek	127.00	\$1,302,000	\$10,252	\$1,302,000	\$10,252	Non-Lessee	14
VAFO 3	3373 Cape Horn Road	2	3	Powerline	144.00	\$1,433,000	\$9,951	\$1,433,000	\$9,951	Non-Lessee	14
VAFO 4	126 Cutthroat Road	25	1	Hunt Creek	150.00	\$1,233,000	\$8,220	\$1,233,000	\$8,220	Non-Lessee	13
VAFO 5	86 N Indian Creek Rd	53	1	Pinto Point	170.00	\$1,889,720	\$11,116	\$1,889,720	\$11,116	Non-Lessee	15
VAFO 6	24 N Mackinaw Road	31	1	Hunt Creek	150.00	\$1,155,000	\$7,700	\$1,155,000	\$7,700	Lessee	12
VAFO 7	18 N Two Creeks Road	4	1	Horton Creek	150.00	\$1,045,000	\$6,967	\$1,045,000	\$6,967	Lessee	11
VAFO 8	1157 Camp Cudge Road	6	1	Camp Cudge Land.	122.00	\$1,247,000	\$10,221	\$1,247,000	\$10,221	Lessee	13

The mean FF size of these tracts was 146 front feet with an average unit value of \$9,323/FF (appraised) which was skewed when looking at the winning bid average price because of the upbid for VAFO 1. The bracket is better because there are 2 low quality lots (ratings of 11 and 12) and 5 average to good quality lots and only 1 premium lot although VAFO 1 could be rated as high as 15 because the slope from Rosalia Bay Road to the shoreline is gentle to moderate slopes & there is a good usable beach & shoreline. Same argument applies to VAFO 3 where the majority of the lot has a moderate to gentle slope but steeper slope from Cape Horn Road down to the building site; almost like a double road-to-building site classification.

The table below is a reflection of the average price paid, for these three topography classes discussed above.

Average	Rating	Straight Across	Shoreline	Straight Across	Shoreline
Mean	15-16	159.68	158.33	\$11,322	\$11,370
Mean	13-14	132.96	142.33	\$9,564	\$8,968
Mean	11-12	149.58	153.50	\$7,354	\$7,162

Located on the following page is a grid analysis of VAFO 2024 sales that occurred September 21, 2024. These consisted of 4 sales to non-lessees but there was no competitive bidding done so all were purchased at appraised value. The other 2 sales were purchased by existing lessees. Given the varied topography, the mean indication derived from the adjusted price points is given greatest credence.

Categories	Subject Property	VAFO #2	Adjustments	VAFO #3	Adjustments	VAFO #4	Adjustments	VAFO #5	Adjustments	VAFO #6	Adjustments	VAFO #7	Adjustments
Address/Sale Price	36 Mission Court (1174 Cape Horn Rd)	150 Bull Trout Road	\$1,302,000	3373 Cape Horn Rd	\$1,433,000	126 Cutthroat Road	\$1,233,000	86 N. Indian Creek Rd	\$1,889,720	24 N Mackinaw Road	\$1,155,000	18 N Two Creeks Rd	\$1,045,000
Property Rights Conveyed	Fee Simple	Fee Simple	\$0	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	Cash	\$0	Cash	\$0
Conditions of Sale	Market	VAFO 2024	\$0	VAFO 2024	\$0	VAFO 2024	\$0	VAFO 2024	\$0	VAFO 2024	\$0	VAFO 2024	\$0
Expenditures Made Immediate to Sale	None	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0	None	\$0
Sale Date/Market Conditions	2/1/2025	9/21/2024	\$0	9/24/2024	\$0	9/24/2024	\$0	9/21/2024	\$0	9/21/2024	\$0	9/21/2024	\$0
Adjusted Sale Price	N/A	No Adjustments	\$1,302,000	No Adjustments	\$1,433,000	No Adjustments	\$1,233,000	No Adjustments	\$1,889,720	No Adjustments	\$1,155,000	No Adjustments	\$1,045,000
Adjusted Price (\$/FF)	N/A	No Adjustments	\$10,252	No Adjustments	\$9,951	No Adjustments	\$8,220	No Adjustments	\$11,116	No Adjustments	\$7,700	No Adjustments	\$6,967
Adjustments:													
Location	East Side 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	East Side Priest Lake	\$0
Size (SF)	48,787	103,673	In FF Size	84,071	In FF Size	52,272	In FF Size	65,776	In FF Size	43,560	In FF Size	36,155	In FF Size
Size (FF)	146.00	127.00	-\$595	144.00	-\$61	150.00	\$145	170.00	\$655	150.00	\$136	150.00	\$123
Topography Classification (Slope)	Gentle - Moderate	Steep road to BS; gentle from shore	See Overall	Gentle-Moderate; sandy beach	See Overall	Steeper but sandy beach	See Overall	Level-gentle; sandy beach	See Overall	Mod-Steep; usable beach	See Overall	Mod. & steeper; smaller beach	See Overall
Topography Rating	13-14	14	See Overall	14	See Overall	13	See Overall	15	See Overall	12	See Overall	12	See Overall
Rating as % of Total - Comparison	.8125-.875	0.8750	See Below	0.8750	See Below	0.8125	See Below	0.9375	See Below	0.7500	See Below	0.7500	See Below
Overall Topography Adjustment	Premium Quality Beach/Mod Slopes	-5.00%	-\$513	-5.00%	-\$498	5.00%	\$411	-15.00%	-\$1,667	15.00%	\$1,155	15.00%	\$1,045
Road Frontage	Cape Horn Rd	Bull Trout Rd (gravel)	\$0	Cape Horn Rd	\$0	State Cabin Rd	\$0	N Camp Cudge Rd	\$0	E. Cavanaugh Bay	\$0	E. Cavanaugh Bay	\$0
Utilities (sewer & water systems)	Elec. & Phone	Elec. & Phone	\$0	Elec. & Phone	\$0	Elec. & Phone	\$0	El., Ph., Lk Wtr, Septic	\$0	Elec. & Phone	\$0	Elec. & Phone	\$0
Improvements and/or Common Areas	None	Cottage Site Only	Adjusted SP	Cottage Site Only	\$0	Cottage Site Only	\$0	Cottage Site Only	\$0	Cottage Site Only	\$0	Cottage Site Only	\$0
Zoning/Land Use Reg's	CC&Rs	CC&Rs	\$0	CC&Rs	\$0	CC&Rs	\$0	CC&Rs PP Com. Serv Lot	-\$10	CC&Rs	\$0	CC&Rs	\$0
Net Adjustments			-\$1,107		-\$558		\$556		-\$1,023		\$1,291		\$1,168
Indicated Value FF			\$9,145		\$9,393		\$8,776		\$10,093		\$8,991		\$8,134
Implied Subject Value			\$1,335,134		\$1,371,395		\$1,281,248		\$1,473,627		\$1,312,616		\$1,187,605

The VAFO 2024 sales noted on the preceding page resulted in adjusted valuations that provided minimum, maximum, mean & median indicators, as shown in the table below.

2024 VAFO Sales	Dollar Per FF	Value Indication
Mean	\$9,089	\$1,326,937
Median	\$9,068	\$1,323,875
Minimum	\$8,134	\$1,187,605
Maximum	\$10,093	\$1,473,627

The 2024 sales have not required any adjustment for market conditions. The adjusted price range accounts for overall topography as well as the fact there is no adjustment for market conditions; at least beyond auction date of September 21, 2024. It is my opinion this newest information best establishes the most current market data available. It also acknowledges the implied price appreciation as exhibited by the pending sale/resale of 2106 Kalispell Bay Road that had gone under contract February 1, 2025. Even though this did not sell, there is some market support for a price increase from my previous appraisal of the subject lot in 2024.

I concluded with an equal weight given to the mean of the 12 sales, where I eliminated Sales #3, #4 and #14 & the mean of the emphasized sales. I gave somewhat greater weight to the mean of these newest auction sales of September 2024 which resulted in my concluded unit price of \$9,050/FF.

My conclusion is a site value based on the unit price of \$9,050/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 Three Hundred Twenty One Thousand Dollars

\$1,321,000

Replacement Cost: For the readers' edification, replacement cost is defined from The Appraisal Institute, "The Dictionary of Real Estate Appraisal, Seventh Edition" as:

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.

Reproduction Cost: This is compared to providing an estimated cost based on an exact duplicate of the improvements being appraised. This same source defines this term as:

The estimated cost to construct, at current prices as of the effective date of the appraisal, a duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

I have relied on the Marshall Valuation Service, a nationally recognized construction cost manual that is a subscription service. The subject has been identified & described in the Property Description section.

The subject is an improvement that has many good quality features and several elements that are slightly better than the more typical good quality classification. Predominantly the construction reflects good quality and “like-new” condition. There are some minor trim elements that need completion and it is likely the lessee will have done those between my last inspection and the last photos provided me. I reference the 2nd level NE bedroom that needs some box framing & T&G planking installed to cover HVAC/plumbing along the east side wall. I am not 100% sure how the banister to the second floor is to be finished but I assume there was some final treatment to be done. Overall, the use of a good quality rating is a reasonably accurate estimation of the quality, especially since the exterior of the cabin does not demonstrate higher quality elements such as stonework, etc.

The Marshall & Swift Residential Cost Handbook has been utilized as the primary source of replacement cost new figures. I have retained the 20% local multiplier rather than the one included in that manual. I believe this will be a conservative presentation of costs based on the unsettled market, supply chain interruptions, inflationary concerns, etc. As stated in the sales catalog, I have weighted the local contractor costs to the Marshall & Swift Residential Cost Handbook and Good Quality has a completed cost of \$275/SF, after considering the comparative cost analysis shown. The Marshall & Swift Residential Cost Handbook had shown replacement cost for Good Quality 1.5 story construction to be \$221.15/SF. The updated local contractor costs were shown to be \$300/SF +. Using a higher local multiplier to account for the increased demand for construction, the shortage of local workers and the increased construction costs for Priest Lake, I reconciled cost at \$300/SF for the residential structure. There are other costs as shown below.

Depreciation Analysis Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. Depreciation may be curable or incurable, the test being that money spent to cure the depreciation be gained in value. If the depreciation costs more to fix than will be gained in value, then the depreciation is considered incurable.

Physical Deterioration: This results from deterioration from aging and use. This type of depreciation may be curable or incurable. **Functional Obsolescence:** This results from a lack of utility or desirability due to design or market perception of the improvements. This type of depreciation may be curable or incurable. **External Obsolescence:** This is due to circumstances outside the property itself, such as industry, demographic and economic conditions or an undesirable proximate use. This type of depreciation is rarely curable.

For physical depreciation, there is an economic life expectancy rating for each category of quality. For Fair and Average Quality ratings, the economic life expectancy is less than for better qualities due to increased oversight, better materials and workmanship and general market observations. For Good Quality, economic life expectancy is 55 years. I estimated effective age at 3 years which is roughly half of actual age from county age so physical depreciation is estimated at 5%. There are minor repairs requiring trim painting (photo taken but not included in this appraisal report).

This approach recognizes a theoretical application of a valuation methodology that current market patterns, trends & behaviors do not rely upon for an opinion of market value. This is mostly associated with the uncertainties of market reactions post-Great Recession. The cost

approach, except in situations of new or newer construction, has less market relevance. It assists the appraiser in “bracketing” a value indication as its primary function. I believe the construction in 2018 gives credence to this approach; primarily because of the overall design & “like new” condition.

Cost Reconciliation Based on the analysis detailed below, I have reconciled a cost approach value as follows, recognizing there is no incorporation of external obsolescence within the cost approach.

Cost Approach:	Size/SF	Unit Price		Cost Indication
Site Value Opinion				\$1,321,000
RCN Analysis:				
Above Grade Area	2,436	\$300.00		\$730,800
Lower Level Area	0	\$0.00		\$0
Lower Level Finished Area	0	\$0.00		\$0
Decks, Patios, Porches	515	\$75.75		\$39,011
Garages & boathouse	576	\$66.50		\$38,304
Other Living Areas	0	\$0.00		\$0
Outbuildings	207	\$20.00		\$4,140
Dock	686	\$75.00		\$51,450
<u>Sub-Total RCN</u>				<u>\$863,705</u>
Physical Depreciation	3	55	0.05	\$43,185
<u>External Obsolescence</u>			<u>0</u>	<u>\$0</u>
RCNLD				\$820,520
Plus: Lump Sum Site Improvements				\$30,000
Indicated Value - Cost Approach				\$2,171,520
Rounded to				\$2,172,000

In view of the analysis shown above, it is my opinion the cost approach has produced an indicated value of \$2,172,000 which is reflective of the land value of \$1,321,000 and Personal Property (site & structure improvements) of \$851,000.

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 presentation of the *waterfront sales for this 2025 sales catalog*. The intent of presenting this table is the emphasis previously to an allocation to the improvements and what residual was indicated for the underlying land value. Confirmation of the sale of these listings has suggested significantly different land values.

Following that page is the 2024 VAFO sales catalog summary of improved sales. There are 2 listings that are now one of the 2024 sales while the other is a cancelled listing for the leasehold improvements. With market conditions discussed & analyzed, these older sales continue to have some relevance in terms of the Priest Lake sub-market. If used, these sales will be given a lesser amount of credence simply because buyers tend to think of these sales as “stale” but given broker comments about the market softening and pricing also showing a softening, these sales can provide an extra layer of direct market support.

February 1, 2025

Sale #	Location	Date	Price	Overall \$/GLA	Impvnt Value	Land Value	FF	SF Size	\$/FF	Year Built	Above Grade SF	Lower Level SF	Fin. Lwr Level SF	Impvnt Size (SF)- Finished	Guest Cabin	Garage	Impvnt \$/SF	DOM
1	200 Horton Creek Rd	10/7/2024	\$1,295,000	\$735.80	\$300,000	\$995,000	161.54	44,431	\$6,159	1970	880	880	880	1,760	0	336	\$170.45	60
2	568 Hagman	9/26/2024	\$1,125,000	\$1,000.00	\$250,000	\$875,000	51	13,504	\$17,157	1928	1,125	0	0	1,125	0	504	\$222.22	181
3	184 S Rosalia Bay Loop	9/9/2024	\$200,000	N/A	\$200,000	\$0	75	23,522	N/A	1938	912	0	0	912	0	0	\$219.30	73
4	8 N. Granite Bay Rd	8/26/2024	\$2,000,000	\$1,079.91	\$510,000	\$1,490,000	104	20,038	\$14,327	1963	1,852	0	0	1,852	474	754	\$275.38	150
5	3427 Cape Horn Rd	8/20/2024	\$1,725,000	\$2,536.76	\$175,000	\$1,550,000	173.31	54,450	\$8,944	1950	680	0	0	680	422	Cpt/Sto	\$257.35	18
6	172 Rosalia Bay Loop	8/2/2024	\$119,000	N/A	\$119,000	\$0	135	36,155	\$0	1937	640	0	0	640	Y	0	\$185.94	25
7	190 Lower Bear Creek Bay	7/31/2024	\$1,050,000	\$875.00	\$275,000	\$775,000	65	10,672	\$11,923	1950	1,200	0	0	1,200	0	480	\$229.17	69
8	411 Pinto Point Rd	7/15/2024	\$350,000	\$303.82	\$350,000	\$0	104	18,731	\$0	1962	1,152	0	0	1,152	176	600	\$303.82	383
9	484 Upper Bear Creek Rd	6/17/2024	\$889,000	\$1,157.55	\$225,000	\$664,000	100	16,117	\$6,640	1960	768	0	0	768	0	0	\$292.97	30
10	8 S. Mackinaw	6/14/2024	\$1,600,000	\$975.61	\$430,000	\$1,170,000	153	38,333	\$7,647	1957	1,640	0	0	1,640	0	420	\$262.20	74
11	297 Lower Lakeshore Rd	6/13/2024	\$1,250,000	\$961.54	\$315,000	\$935,000	50	10,019	\$18,700	1967	1,300	0	0	1,300	0	0	\$242.31	0
12	232 S Neopit Rd	6/11/2024	\$745,000	\$633.50	\$250,000	\$495,000	158	23,522	\$3,133	1951	1,176	0	0	1,176	120	288	\$212.59	19
13	716 South Shores Rd	6/7/2024	\$1,800,000	\$1,022.73	\$595,000	\$1,205,000	145	41,818	\$8,310	2012	1,760	1,760	0	1,760	0	896	\$338.07	73
14	434 N. Steamboat Bay Rd	5/29/2024	\$511,000	\$578.05	\$305,000	\$206,000	147	18,295	\$1,401	1998	884	0	0	884	0	288	\$345.02	18
15	126 Cutthroat Rd	Cancelled 1/2024	\$489,000	\$636.72	\$210,000	Lease	150	52,272	N/A	1955	768	0	0	768	0	0	\$273.44	11
16	56 Lake Trout Ln	2/16/2024	\$1,200,000	\$891.53	\$340,000	\$875,000	95	28,314	\$9,211	1958	1,346	0	0	1,346	0	576	\$252.60	193
List A	696 S. Shores Rd	7/3/2024	\$3,700,000	\$939.09	\$1,780,000	\$1,920,000	128	38,768	\$15,000	2006	2,502	1,438	1,438	3,940	680	784	\$451.78	111
List B	88 Upper Powerline Rd	7/24/2024	\$199,000	\$0.00	\$199,000	N/A	204	61,420	\$0	1961	982	0	0	982	0	0	\$202.65	91
List C	102 S. Rocky Point Rd	8/19/2024	\$2,795,000	\$1,471.05	\$1,295,000	\$1,500,000	158	29,185	\$9,494	1999	1,900	0	0	1,900	100	504	\$681.58	64
List D	108 Powerline Rd	8/26/2024	\$199,000	N/A	\$199,000	\$0	217	59,677	\$0	1952	762	0	0	762	0	0	\$261.15	56
List E	50 Lower Bear Creek Bay	9/9/2024	\$3,195,000	\$912.86	\$1,195,000	\$2,000,000	114	233,482	\$17,544	1992-R	3,500	0	0	3,500	0	1,147	\$341.43	43
List F	20 Bartoo Island Shore	5/20/2024	\$1,395,000	\$1,496.78	\$570,000	\$825,000	127	31,363	\$6,496	1962	932	0	0	932	252	0	\$611.59	155

February 15, 2024

Sale #	Location	Date	Price	Overall \$/GLA	Impvnt Value	Land Value	FF	SF Size	Topo R-BS + S-BS	Shore Rating	Lake Depth	Total Topo. Rating	\$/FF	Impvnt Size (SF)- Finished	Impvnt \$/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

A comment by a broker who has been a great source of information in the past & who has been cited earlier regarding the softening of the market had previously offered the following statement about the current market conditions at Priest Lake. Demand is high, inventory is limited, and this should lead to 18% to 20% price increases over the previous year seems a reasonable expectation. That was relative to 2022 to 2023 and it would seem to have been fairly accurate.

For calendar year 2024, the market activity was generally considered to be strong. There were 16 transactions that have relevance. There were other sales in the Priest Lake area that were condominium sales or sales on the golf course or secondary sales without lake frontage. It is my opinion that the lake frontage market was not altogether robust but, in comparison to prior years, it was still active. There were 13 improved sales in 2023 while only 9 sales in 2022, when demand was at the highest.

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.

The adjustment process employed for site value differences has been accomplished through my personal analysis of each of the sales which was formed through a land residual analysis as well as a valuation of the underlying site with the site value deducted from sales price to compare to the RCNLD of each sale. The adjustment employed is the direct comparison of the subject site value vs. the sale site value. Where the subject site value is higher, there will be a positive adjustment and where the sale has a higher site value, a negative adjustment will be shown.

For Other Living Area, this is typically represented as a detached cabin, bunkhouse, area over a garage, etc. It is not considered part of the main home or the main cabin. As with the main cabin, quality is a very important variable.

Decks are adjusted using a factor of \$30/SF with some variation done when the deck/patio area contains plain concrete pad area vs. a wood deck. Where a patio is rock or brick and of a certain quality, that area will be the same as the open, cedar deck adjustment. Where a deck is covered (roofed), depending on the quality of that cover, the adjustment will be higher with a quality factor incorporated.

For dock space, the RCN for a cedar dock (cedar pilings and a mix of cedar/poly floating frame with cedar deck) has an estimated cost per Copper Bay Construction of \$75/SF. For composite decking, add \$10/SF and for new steel pilings, add \$2,000 per piling (\$2,000 for cedar vs. \$4,000 for steel). I also contacted Northern Lakes Dock & Barge for this same information. They quoted an RCN for a cedar dock (same as above) reflecting \$55/SF.

The subject new dock (without considering the demolition & removal costs) had a cost of \$36,425/SF, which is \$53.10/SF **based on my measurements**. Costs were provided by R&R Northwest who did the new dock replacement.

Both builders indicated an approximate 20-year life expectancy. Steel pilings are the exception but the cedar components will only last this long due to the exposure to the weather conditions around Priest Lake (pretty similar with all lakes in the region). I have been unable to confirm or verify from individual buyers and sellers' thoughts with respect to a value allocation for docks. Logic implies a new dock should be valued higher than a 10-year-old dock and as the dock ages (toward the 20-year life), there is only marginal contribution. I have not found buyers to be an analytical in their purchase decisions except in the case where the dock is fully depreciated and then it adds nothing; possibly with the exception of the wood pilings. So, to be consistent, I will be adjusting dock contribution value on the basis of \$50/SF unless the sale or subject is new and then I will adjust the new at a higher amount of \$75/SF. The variations in physical depreciation, due to shorter life expectancy, may need to be accommodated on a case-by-case basis.

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 #4	Adjustment	Improved Sale #7	Adjustment
Address/Location	36 Mission Court (1174 Cape Horn Rd)	8 N. Granite Bay Rd		190 Lower Bear Creek Rd	
Sale/List Price	N/A	\$2,000,000	\$0	\$1,050,000	\$0
Overall \$/SF	N/A	\$1,079.91	\$0	\$875.00	\$0
Impvt Only \$/SF	N/A	\$275.38	\$0	\$229.17	\$0
Original List Price	N/A	\$2,400,000	\$0	\$1,295,000	\$0
DOM	N/A	150	\$0	69	\$0
Date of Sale	2/1/2025	8/26/2024	\$0	7/31/2024	\$0
Concessions	N/A	None	\$0	See Comments	\$0
Site (FF)	146	104.0	In Site Value	65.0	In Site Value
Site Value	\$1,321,000	\$1,490,000	-\$169,000	\$775,000	\$546,000
Quality	Good +	Good	\$64,820	Average-Good	\$60,000
Design	1.5 Story Rustic Chalet	1.5 St. Rustic Cabin	See Above	1.5 St Rustic	See Above
Year Built	2018 ?	1963	See Eff. Age	1950	See Eff. Age
Effective Age	2	20	\$108,000	25	\$138,000
Bathrooms	3.50	2.5	\$5,000	1	\$12,500
Above Grade SF	2,436	1,852	\$90,520	1,200	\$191,580
Below Grade SF	0	0	\$0	0	\$0
Below Grade Finish	0	0	\$0	0	\$0
Fireplaces	1.5	1.5	\$0	1	\$7,500
Deck/Porch/Patio(s)	515	1,022	-\$3,545	395	\$15,265
Garage (SF)	576	754	-\$15,130	480	\$8,160
Other Living Area	0	474	-\$40,290	0	\$0
Outbuildings	207	256	-\$735	0	\$3,105
Dock (SF)	686	588	\$7,350	608	\$5,850
Boathouse (SF)	0	0	\$0	351	-\$26,325
Site Utilities	Well Water / Septic	Well & Com. Sewer	-\$2,500	Lk Wtr & Com Swr	Offsets
Specialty Site Impvts	Firepit,grvl drive & parking, path	Grvl. Drive, lndscp, paths, Stairs	-\$5,000	Many levels of stairs, Ret. Wall, Lawn	Offsets
Appliances	2-Ref, R/O, DW, M, W/D, WH Generator, Ant. CS	(2) Ref, R/O, DW, M, W/D	\$13,250	Ref, R/O	\$16,000
Dollar Estimate	\$17,500	\$4,250		\$1,500	
Total Adjustments			\$52,740		\$977,635
Adjusted Indication-Overall			\$2,052,740		\$2,027,635
Adjusted Indication-Improvements Only			\$731,740		\$706,635

Sale #	Subject	Improved Sale #10		Improved Sale #13	
Address/Location	36 Mission Court (1174 Cape Horn Rd)	8 S. Mackinaw Rd	Adjustment	716 S. Shores Rd	Adjustment
Sale/List Price	N/A	\$1,600,000	\$0	\$1,800,000	\$0
Overall \$/SF	N/A	\$975.61	\$0	\$722.31	\$0
Impvt Only \$/SF	N/A	\$262.20	\$0	\$238.76	\$0
Original List Price	N/A	\$1,600,000	\$0	\$1,900,000	\$0
DOM	N/A	74	\$0	189	\$0
Date of Sale	2/1/2025	6/14/2024	\$0	6/7/2024	\$0
Concessions	N/A	\$0	\$0	Yes	-\$700
Site (FF)	146	153.00	In Site Value	145.0	In Site Value
Site Value	\$1,321,000	\$1,170,000	\$151,000	\$1,205,000	\$116,000
Quality	Good +	Good (-)	\$82,000	Good (-)	\$89,600
Design	1.5 Story Rustic Chalet	1.5 Story Cottage	\$0	Ranch w/Daylight Lower	\$0
Year Built	2018 ?	1957(Remod)	See Eff. Age	2012	See Eff. Age
Effective Age	2	15	\$78,000	6	\$24,000
Bathrooms	3.50	1.5	\$10,000	3	\$2,500
Above Grade SF	2,436	1,640	\$123,380	1,792	\$99,820
Below Grade SF	0	0	\$0	1,792	-\$71,680
Below Grade Finish	0	0	\$0	700	-\$59,500
Fireplaces	1.5	1	\$7,500	1	\$7,500
Deck/Porch/Patio(s)	515	680	\$6,715	1,320	-\$5,885
Garage (SF)	576	420	\$13,260	896	-\$27,200
Other Living Area	0	0	\$0	0	\$0
Outbuildings	207	480	-\$4,095	0	\$3,105
Dock (SF)	686	553	\$9,975	463	\$16,725
Boathouse (SF)	0	0	\$0	0	\$0
Site Utilities	Well Water / Septic	Lake Wtr & Septic	-\$2,500	Com. Wtr & Swr	-\$5,000
Specialty Site Impvts	Firepit,grvl drive & parking, path	Grvl Park, Wd Stairs, Ret. Wall	-\$5,000	Grvl drive/parking, paths, Min.	Offsets
Appliances	2-Ref, R/O, DW, M, W/D, WH Generator, Ant. CS	Ref, R/O, M, W/D	\$14,750	Ref, R/O, DW, M, W/D	\$11,250
Dollar Estimate	\$17,500	\$2,750		\$6,250	
Total Adjustments			\$484,985		\$200,535
Adjusted Indication-Overall			\$2,084,985		\$2,000,535
Adjusted Indication-Improvements Only			\$763,985		\$679,535

The deck adjustment for all of the sales is somewhat convoluted because of the subject screened-in porch & open deck which reflects a unit price adjustment for the open deck at \$30/SF and the screened porch at \$60/SF which is a composite of \$52.65/SF. The sales all have open deck space so the adjustment is at \$30/SF. For Sale #13, the deck space consists of a concrete patio for the daylight walk-out level and composite deck for the main floor so this is an overall of \$25/SF that is applied to the total deck space.

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 #4	\$2,052,740	\$731,740	\$300.39
Improved Sale #7	\$2,027,635	\$706,635	\$290.08
Improved Sale #10	\$2,084,985	\$763,985	\$313.62
Improved Sale #13	\$2,000,535	\$679,535	\$278.96
Mean -4 Sales	\$2,041,474	\$720,474	\$295.76

I have reviewed these sales and feel the best evidence of value for the subject would be at least \$2,000,000 but not exceeding \$2,085,000. The mean of these adjusted sales was \$2,041,474 but the inclusion of Improved Sale #7 distorts the more likely value bracket based on broker comments about the seller giving the neighbor buyer a “good deal”.

Further, Improved Sale #13 was listed as containing 3,734 SF vs. county records of 1,760 SF for main floor and same for walk-out basement which is 3,520 SF. County actually shows the total living area at 3,592 SF. Listing states the basement as partly finished. Looking at the interior photos of the basement, the majority of the space reflects a concrete floor, stud partitioning, vinyl covered insulation & no ceiling finish, no wall finishes, no floor finishes so it is mostly unfinished space. Given these “quirks”, I have given this sale less emphasis in the final analysis.

In review of these sales, I have considered Sales #4 and #10 as the most similar to the subject. These sales, after adjustments, had indicated a value of \$2,053,000 to \$2,085,000 with a mean of \$2,069,000 (site of \$1,321,000 and Personal Property of \$748,000).

The subject improvements were acquired 8/02/2023 for \$771,000. The leasehold was purchased for a reduced amount, according to the prior lessee. He stated that Bonner County had not done an inspection of the electrical wiring and so there was no certificate of occupancy obtained. His comments to me stated the buyer was willing to accept the home “AS IS” without that noted approval but at a lower price. The appraised value of the improvements was \$831,000 and this was the listing price for the improvements. The discounted price paid was \$771,000. Although that is somewhat dated, the sale of the subject leasehold improvements requires emphasis.

As observed during the course of this appraisal contract, I have found evidence that leasehold sales often involve other elements than the contribution value of the leasehold improvements. In some situations, there is a value assigned the right-of-lease to allow the new lessee a chance to purchase the underlying site by entering into the VAFO program. Historical evidence had also shown a price disparity when the underlying site was perceived to be more valuable than the appraised value so the leasehold was given a higher value. ***As part of the subject Leasehold at sale, the antique wood stove was included. The lessee did not exclude this as part of the Bill of Sale form provided so I have included this within the Personal Property. Also, my prior valuation did not include the boat lifts so that was not included in the appraised value. I am uncertain if any boat lift improvement was included in the August 2023 Leasehold sale. If so, that would be excluded from my analysis of the sale to be consistent with all VAFO appraisals where this was classified as an exclusion under personal property, the same as furniture has been excluded.***

Subsequent to this sale (purchase), the lessee has installed a new sump pump in the crawl space and this project also included foam insulation of the exterior foundation walls & vapor barrier installed for a total cost of \$14,690. I did not observe these crawl space improvements (this information was not provided to me prior to inspection). As such, these improvements were not known. Further, at time of inspection, the door access to the crawl space (access through the enclosure of the deck) was locked.

Also, the lessee stated \$3,350 was spent on window replacement/repairs. None of the windows were replaced but the information provided by the lessee had shown the window flashing had to be re-done so the windows were removed, the new flashing installed & the windows were re-installed. I am uncertain why this project had to be done. The former lessee did not tell me the

home inspection had required this to be completed. As such, this project was considered a “curing” of deferred maintenance, which does not add value in this analysis. If these window units needed to be repaired, that should have been addressed during the purchase negotiation.

Finally, the dock improvement is new since this August 2023 Purchase & Sale. The new dock replaces an existing dock. I have considered this “value-added” improvement to the property. The new dock, the screened-in porch and the crawl space improvements were considered for the current value of the personal property. , as is the enclosure of the deck with new material. As such, the combination of new dock and completed screened-in deck are added to the original purchase. The additions to the Leasehold sale were a total of \$51,115 so purchase price plus these improvements equals \$822,115. That is an improvement value of \$337.49/SF and I draw the reader’s attention to the improved sales tabulation where this unit value (improvements only) is at the very high end of the market. The maximum price paid for the improvements only was \$345/SF and the average of these unadjusted indications was \$255.18/SF. The 4 sales utilized had shown an average unit price of the improvements only at \$251.38/SF with a bracket shown of \$229.17/SF to \$275.38/SF.

I caution the reader that the limited number of sales that are truly similar to the subject are a cause for concern whereas the subject contains 2,436 SF and this is all above grade vs. the 4 sales used where 3 properties had above grade area of 1,852 SF, 1,200 SF and 1,640 SF, respectively AND 1 sale had 1,760 SF above grade but with a full daylight basement that was only partially finished. Given these size disparities, I concluded the best evidence of value for the subject is to take the current land value of \$1,321,000 and add the leasehold purchase of \$771,000 together with the new dock & crawl space improvements of \$51,115 and that results in a value opinion for the fee simple estate of \$2,143,115 (land value of \$1,321,000 and Personal Property of \$822,000).

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:

Two Million One Hundred Forty-Three Thousand Dollars

\$2,143,000

FINAL RECONCILIATION

In this appraisal, I have incorporated the cost approach based on the 2018 construction and the good quality rating & the overall layout of this year-round cabin. The cost approach is relevant but is not given equal emphasis in the final analysis.

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 reasonable strength on the basis of the concept of substitution (acquiring a like-kind property having similar size, age/condition, qualities, site development, etc.) Further this approach has adequate market evidence to provide a supported conclusion of value. There are other listings considered but they either represent much larger cabin improvements or were of a much better quality. There were 16 Improved Waterfront Sales on Priest Lake in 2024 with 6 listings through the calendar year that I considered. There were 13 sales in 2023 so activity was adequate to form a supportable value opinion.

Cost Approach:	\$2,172,000
Sales Comparison Approach:	\$2,143,000

As the sales comparison approach is the primary approach utilized and which incorporates the adjusted subject leasehold sale within context of the fee simple valuation, there is reasonable support for that value opinion.

The cost approach has two concerns. There have not been many new cabins constructed that have the subject size, layout and mix of qualities. At the same time, the large size of this cabin & the rustic appeal is offset by several functional considerations such as the primary entry through the garage and the smaller gathering spaces where the living room does not have strong view of the lake, where its' size is more limited, and yet the cabin provides 6 bedrooms and a sleeping loft plus 3.5 bathrooms. Key to this improvement is the sleeping capacity. The sum of ALL market information analyzed forms the foundation of this value opinion. Not one specific sale nor one specific valuation approach is relied upon for this conclusion.

Allowing weight to the cost approach but recognizing this was mostly considered as support for the sales comparison approach, I emphasized the previous sale of the subject Leasehold. I have adjusted that sale for the subsequent improvements made & discussed. I rounded the combined leasehold sale & the capital improvements made that add to the value of these improvements, which gives some weight to the cost approach.

Reconciled Overall Value	\$2,150,000
<u>Less Site Value</u>	<u>\$1,321,000</u>
Personal Property Value	\$ 829,000

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 1, 2025, is:

Two Million One Hundred Fifty Thousand Dollars

\$2,150,000

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 1, 2025, is:

One Million Three Hundred Twenty-One Thousand Dollars

\$1,321,000

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 1, 2025, is:

Eight Hundred Twenty-Nine Thousand Dollars

\$829,000

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 again in 2019 and 2024 as ground lease appraisals and 2020 & 2022 as VAFO appraisals.
- 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, 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 1, 2025, is:

Two Million One Hundred Fifty Thousand Dollars

\$2,150,000

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 1, 2025, is:

One Million Three Hundred Twenty-One Thousand Dollars

\$1,321,000

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 1, 2025, is:

Eight Hundred Twenty-Nine Thousand Dollars

\$829,000



Steven A. Hall, MAI
Idaho CGA-257
Expires 8/11/2025