

THE APPRAISAL GROUP, LTD.

Real Estate Appraisers and Consultants

"A Sound Appraisal is Investment Insurance"

State Certified General Appraisers
Steven M. Repac
Thomas C. Moss (1992-2003)

State Certified Residential Appraiser
Jody J. Deines-Pierce

Mr. Erin Claunch, Staff Engineer II
City of Billings, Public Works Division
2224 Montana Avenue
Billings, Montana 59101

11 Oct 16

Re: Judith J. Wallinder Revocable Trust, DB Squared, LLC (3330 4th Ave. North)
W.O. 16-12
Proposed Acquisition/Easement for Sidewalk, Curb & Gutter, etc.

Dear Mr. Claunch:

Enclosed please find the completed appraisal you requested for the above referenced property rights. I conducted my initial site investigation on 20 Jul 16, and that is the date of valuation in this report. The value of the proposed acquisition/easement is not thought to have changed since that date.

I have determined that the fee simple value of the proposed acquisition is:

\$4,200

Four thousand two hundred dollars

I have determined that the value of the proposed easement is:

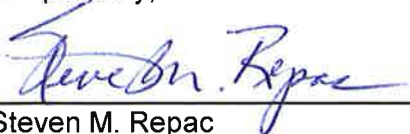
\$4,000

Four thousand dollars

This report has been prepared in compliance with prevailing standards outlined in the Uniform Standards for Professional Appraisal Practice (USPAP). This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2(a) of USPAP for an appraisal.

Thank you for your trust and confidence in employing my services for this important matter. Should you have any questions or need additional information pertaining to this appraisal assignment, please contact me at your convenience.

Respectfully,



Steven M. Repac
MT. General Certification No. 058
Tax I.D. No. 20-2004445

APPRAISAL REPORT

SUBJECT PROPERTY: Judith J. Wallinder Revocable Trust Office Bldg.

PROPERTY ADDRESS: 3330 4th Avenue North
Billings, Montana 59101

OWNER OF RECORD: Judith J. Wallinder Revocable Trust
DB Squared, LLC, Contract Buyer
2047 Broadwater Avenue, Suite 1
Billings, Montana 59102

LEGAL DESCRIPTION: Lots 13-17, Block 50, Original Townsite of Billings,
Yellowstone County, Montana. Said parcel contains 12,107
sq.ft., more or less.

IMPROVEMENTS: An average quality, mixed-class "C" and "D" commercial
structure that was built in 1953, remodeled in 1981 and has an
area of 1,937 sq. ft., above grade. Originally designed and
constructed as an automobile fueling and service station. All
gas tanks are reported to have been removed.

ZONING: CC (Community Commercial)

PROPERTY TAX DATA: 2015

Item	Market Value	Tax Liability
Parcel No. A00312		
Land	\$138,326	
Improvements	\$154,674	
Total	\$293,000	\$4,703.77

Tax information reported above is for the 2015 tax year and contains no reported city SID payoffs. Public records indicate that taxes are current as of the effective date of this appraisal. Taxes represent roughly 1.61 percent of assessed market value.

FEE SIMPLE VALUE OF

ACQUISITION: \$4,200.00

EASEMENT VALUE OF

ACQUISITION: \$4,000.00

EFFECTIVE DATE OF

VALUE: 20 Jul 16

CLIENT:

Mr. Erin S. Claunch, P.E., PTOE
Engineering Division
2224 Montana Avenue
Billings, Montana 59101

PURPOSE OF APPRAISAL AND DEFINITION OF VALUE:

The purpose of this appraisal is to estimate the market value of a portion of the subject property for a permanent easement. To do so the market value of the land must be determined. Market Value, as used in the this report, is defined in the Uniform Standards of Professional Appraisal Practice, as published by the OCC (12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, [g]) as follows:

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

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

IDENTIFICATION OF CLIENT - INTENDED USE OF APPRAISAL

This appraisal report was ordered by Mr. Erin S. Claunch, P.E., PTOE of the Public Utilities Department of the City of Billings. The intended use of this appraisal document is to assist in the purchase of a proposed permanent easement for a sidewalk extension on the subject real estate.

PROPERTY RIGHTS APPRAISED

The property rights appraised are those of the surface rights of fee-simple estate. Fee-simple is defined as: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

SCOPE OF THE APPRAISAL

In preparing this appraisal report, I:

- inspected the subject site and the exterior of the subject structures;
- inspected the subject neighborhood, reviewed the market environment; and gathered information on comparable land sales.

This Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file and may be viewed upon request and sufficient notification.

EFFECTIVE DATE OF VALUE ESTIMATE

The effective date of value estimate contained in this report is 20 Jul 16, the date of inspection. This written appraisal document was completed on 8 Oct 16.

SALE HISTORY

The subject property was last sold on 9 Jan 12 for \$256,000 on a contract for deed. As far as the appraiser is aware no sale or listing has commenced during the past three years.

¹ The Dictionary of Real Estate Appraisal, 4th Edition, 2002, Appraisal Institute, Chicago, page 113.
The Appraisal Group, Ltd.
1533 Clark Avenue
Billings, MT 59102

PERSONAL PROPERTY/FIXTURES/INTANGIBLE ITEMS

No items of personal property, fixtures or intangible items are included in the value estimates provided herein.

CITY DESCRIPTION AND NATIONAL AND STATE ECONOMIC OUTLOOK

The City of Billings, county seat of Yellowstone County, is the state's largest city, and is located in the south central portion of Montana. More specifically, it is situated midway between Seattle, Washington and Minneapolis, Minnesota and approximately 550 miles northwest of Denver, Colorado. Billings is also the largest city in a 500 mile radius, and serves as a commercial and transportation hub for the state, as well as a major center for education and medical services. Billings benefits from having a diversified economy, where oil and gas, health care, livestock, and banking play significant roles. The city has three colleges (MSU-Billings, MSU-Billings College of Technology, and Rocky Mountain College), two major hospitals, two oil refineries, and an international airport.

Billings had a 2010 population estimate of 104,170 persons. This represented an increase of 12.03% over 2000 population figures, and mirrored a 14.58% population increase from 1990 to 2000. U.S. Census figures indicated a 14.39% increase in the growth patterns in Yellowstone County from the County's 2000 population estimate of 129,352; year 2000 represented a 14.04% increase over the 1990 population figure of 113,419.

The City of Billings is predicted to remain a viable metropolitan area with a diverse economy and a history of healthy, sustained growth.

NEIGHBORHOOD DESCRIPTION

The subject property is located in the northwesterly portion of the Billings central business district (CBD) on the northeast corner of 4th Avenue North and Division Street, both fully improved streets. For the purposes of this analysis, the subject neighborhood is considered to include the peripheral portions of the western edges of the Central Business District (CBD) situated west of North 31st Street; north of Montana Avenue; south of 6th Avenue North; and east of Division Street.

Primary access to the neighborhood from points west is via Lewis Avenue; from the east along 3rd Avenue North; and from the north and south along Division Street. Fourth Avenue North is a three-lane, one-way street going east; Division Street is a two-way, four-lane street. Fourth Avenue North is a direct access to points east and to Logan International Airport located just two miles north of the CBD.

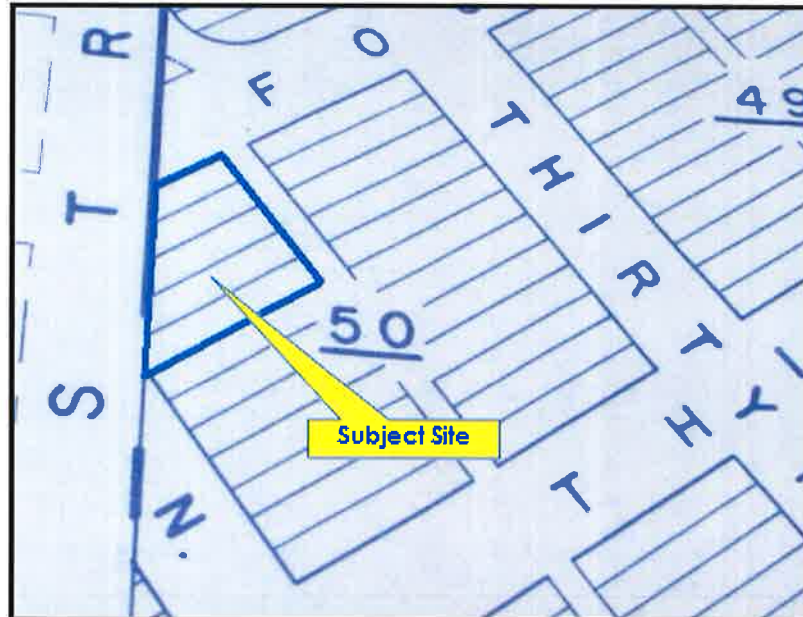
The subject neighborhood is fully serviced with all public utilities including water, sanitary sewer service, electricity, natural gas, and public telephone service. Public transit service is provided by MET Transit, with a principal route passing along Lewis Avenue and 4th Avenue North going both east and west. Local planning officials report three-year average traffic counts of nearly 12,970 vehicles per day (vpd) along Division Street; 4,020 vpd along Lewis Avenue near the intersection with Division Street; and 9,300 vpd along 4th Avenue North going east.

The subject neighborhood is older and approximately 95%-98% built-up. Most of the structures are commercial or quasi-commercial in nature, and have been built during the 1920s to 1950s. The more traditional, higher density CBD uses tend to be concentrated near the "core" area of 2nd Avenue North and North Broadway to the northeast of the subject property. With the exception of the Transwestern office complex in the northeast portion of the neighborhood, development and density declines significantly as one moves to the west and away from the eastern areas of the neighborhood. Existing land uses generally correspond with the zoning in the area. Several new developments have been noted further to

the east in the downtown area over the past several years; real estate has been purchased at an accelerated pace, and most have been purchased to refurbish. Revitalization is noted throughout most sectors of the downtown area, and plans are in the works for more to come.

In summary, the subject neighborhood is best characterized as a mixed use neighborhood in which older properties are gradually being converted or renovated to alternate commercial uses. It is anticipated that this trend will continue into the future.

DESCRIPTION OF REAL ESTATE APPRAISED



Subject Site Plat

Subject Site: The subject site is a trapezoid; it is a corner land parcel with 53.715 (+/-) feet of frontage along 4th Avenue North, and 151.80 (+/-) feet of frontage on Division Street. Total parcel size as listed by courthouse records is 12,107 sq.ft. (0.278 acres), more or less.

Utilities to the site include natural gas, electrical power, telephone service and public water and sewer service. Topography of the site is generally level and appears slightly above street grade so as to allow for adequate drainage. The subject is not in a designated flood plain or flood fringe (FEMA Map No. 30001421010 – 18 Nov 81), and no adverse easements or

encroachments were noted at the time of inspection. While soils were not independently investigated, no apparent adverse soil conditions relative to percolation or load bearing capabilities were noted at the time of inspection.

Fourth Avenue North features on-street parallel parking, concrete curbs and gutters, public sidewalks and street lighting, and Division Street is similarly improved, with the exception of having no on-street parking.

Land uses proximate to the subject property include a business office adjacent to the east across the alley, and a Pet Crematorium and a health insurance office adjacent to the south. Other land uses in the close vicinity include a number of older apartment buildings, some renovated housing to office uses, and larger (and older) church structures. The properties situated across Division Street to the west are all zoned Residential Multi-Family Restricted; these properties, for the most part, are older but well-kept rental structures.

The site is zoned Community Commercial (CC) – the zoning “is intended primarily to accommodate community retail, service and office facilities offering a greater variety that would normally be found in a neighborhood or convenience retail development. Facilities within the classification will generally serve the community, and is commensurate with the purchasing power and needs of the present and potential population within the trade area. It is intended that these business facilities be provided in business corridors or in islands (thirty (30) acres) centrally located in the trade area rather than a strip development along arterials.”²

The parking requirements for specific uses mandate one parking space for every 300 sq.ft. of building area if an office building is present; one parking space for every 200 sq.ft. for medical office space.

The site prominence and vehicular count along the arterial streets at the subject corner makes for an attractive commercial site, although egress can be problematic because traffic is restricted to a “right-in – right-out” flow.

² *Unified Zoning Regulations*, City of Billings and Yellowstone County Jurisdictional Area
The Appraisal Group, Ltd.
1533 Clark Avenue
Billings, MT 59102

Subject Improvements:

The subject improvement is composed of an average quality, mixed class "C" and "D" commercial structure that, according to courthouse sources, was originally constructed in 1953 as an automobile fuel and service facility. According to courthouse records, in 1981 the structure was substantially remodeled / added-onto and was converted to office space. As noted below, the finished office area now totals 1,937 sq. ft. The room count includes an entry foyer and reception area, open-bay office area with vaulted ceilings, two private offices, a half-bath, mechanical room, an employee break area, and two storage areas (one used for a photograph and trophy display room). The estimated effective age of the subject is thought to be between 25-30 years; remaining economic life, for purposes of this analysis is also estimated to be 20 to 25 years. The land to building ratio is 6.25:1.

HIGHEST AND BEST USE**Use of the Real Estate Existing as of the Date of Value**

Commercial office/retail building.

Highest and Best Use As-Vacant

Physically Possible: As noted earlier, the subject site is a trapezoidal shaped, corner parcel with a gross area of 12,107 sq. ft. From a physical perspective, the subject's parcel size is sufficient for a variety of land uses. The site is not in a designated flood hazard area and there are no known adverse soil conditions that would preclude development. Site ingress and egress are considered to be generally good, and visibility and site prominence from Division Street and 4th Avenue North is considered good.

Legally Permissible: From a legal perspective, the subject's Community Commercial (CC) zoning classification allows for a wide variety of general-purpose commercial land uses. There are no known private restrictions such as deed restrictions, long term leases, or easements, which would impose constraints on the development of the site to its highest and best use. There is no minimum lot area requirement, front/side/rear yard setback requirements

are representative of most other commercial zoning, on-site parking requirements are typical of other commercial zoning types, and the percentage of maximum lot coverage is at the low-end of the range for commercial zoning; this allows for sufficient on-site parking.

Financially Feasible: With respect to financial feasibility, it is likely that a number of legally permissible commercial land uses would provide a required rate of return to the investment above and beyond the value of land. Office buildings would be sized in the neighborhood of 2,500 sq.ft. to 3,000 sq.ft. to properly take full advantage of the overall land size.

Maximally Productive: The subject site is located in the northwesterly portion of the CBD and while it does not offer high volumes of pedestrian traffic, the site does offer good visibility and site access. Maximally productive land uses would likely include some type of destination-orientation business not dependent on substantial amounts of “walk-in” traffic, but benefiting from a central location and close proximity to a major urban employment center.

Highest and Best Use As-Improved

Physically Possible: The structural improvements were originally designed and constructed in 1953 as a gas station facility with accessory service garage space. Major additions/renovation projects in 1981 added to and converted the building area to office use and also served to substantially reduce the effective age of the subject improvements. Recent remodeling since 2012 has improved the appearance of the structure. The design and construction of the subject improvements are considered typical of an older “average” quality professional office/retail building.

Legally Permissible: All minimum yard requirements seem to be within established guidelines for the CC zoning; as such, there are no “non-compliance” issues as it relates to the subject improvements. The existing use of the subject property as an office/retail building is a permitted use within the CC zoning classification and, as such, represents a legal use of the subject site; the subject is required to have a total of seven (7) parking spaces – 13 exist so the

parking requirements are more than met. As reported in the *Extraordinary Assumptions* in this report, it is assumed that all environmental issues (such as underground tanks) have been appropriately and legally taken care of. There are some ADA compliant features lacking in this building (entryway and bathroom); however, because of the age of the structure none are required – still, it presents a form of obsolescence.

Financially Feasible: Most commercial Realtors say that there is healthy competition for smaller office suites that are sized from 2,500 to 3,000 sq.ft.; the most popular size for the office market. At a 6.25:1 land to building ratio, the improvements are concluded to be undersized and not optimal for the land at 1,937 sq.ft., yet they do contribute substantially to the overall value of the subject property and, as such, demolition or substantial alteration of the subject improvements for some alternate land use would not be considered a financially viable alternative at this point in time. The improvements conform to other development activity in the immediate area, and the continued financial viability of the neighborhood is considered likely. Because of the lack of a fully compliant ADA restroom the occupancy is limited to non-governmental tenants, and probably lower-profile tenants (higher-profile lawyers and accountants would not seriously consider the occupancy unless it were modified). It appears that excess on-site parking spaces could be rented out to augment potential gross income.

Maximally Productive: In the final analysis, the use of the subject property as a lower-tier professional office/retail building with excess parking for lease is considered to represent the maximally productive use - and therefore the highest and best use - of the subject property as improved.

Use of the Real Estate Reflected in the Appraisal

Commercial Office/Retail building

SUMMARY OF ANALYSIS AND VALUATION

Cost Approach: - Not considered – In the cost approach, the appraiser develops the cost to develop a new property or a substitute property with the same utility as the subject property. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor depreciation and, therefore, approximate the highest and best use of the land as though vacant. In this case, the underlying land value of the subject property is to be concluded – not the contributory value of the improvements – unless it is apparent that the improvements are somehow materially impacted by the proposed permanent sidewalk easement – which, in this case it is determined that they are not. Therefore, this approach will not be considered.

Sales Comparison Approach: - Considered – A major premise of the sales comparison approach is that the market value of a property is related to the prices of comparable, competitive properties. The appraiser makes market-based adjustments to important differences between comparable land parcels and the subject land parcel that could affect property value. This process is a way for appraisers to model typical buyer actions and to analyze sales data to quantify the impact of certain characteristics on value. There were scant sales data for land in the downtown area available as of the effective date of this report; however, enough sales were considered to develop a credible conclusion to value for the land portion of the subject property.

Income Approach: - Not Considered – No relevant ground leases were available from which to develop a credible conclusion of land value. Accordingly, this approach is not developed in this report.

SALES COMPARISON APPROACH TO LAND VALUE

Four sales of land sales were located for the purposes of this report. The sales and adjustments to those sales on a square footage basis are arrayed on the following pages. Sales are typically considered to be adjusted for the following considerations:

1. Real Property Rights Conveyed
2. Financing Terms
3. Conditions of Sale
4. Expenditures Made Immediately After Purchase
5. Market Conditions (Time)
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use/Zoning
10. Non-realty components of value

No adjustments were taken for real property rights conveyed, financing terms, conditions of sale, or any expenditure made immediately after purchase. Some sales are “dated,” and there was justification for a market time adjustment – albeit modest. No evidence was found in the marketplace to suggest that property values have gone up *dramatically* over the time period these sales span. Individual write-ups for the various sales are on the following pages:

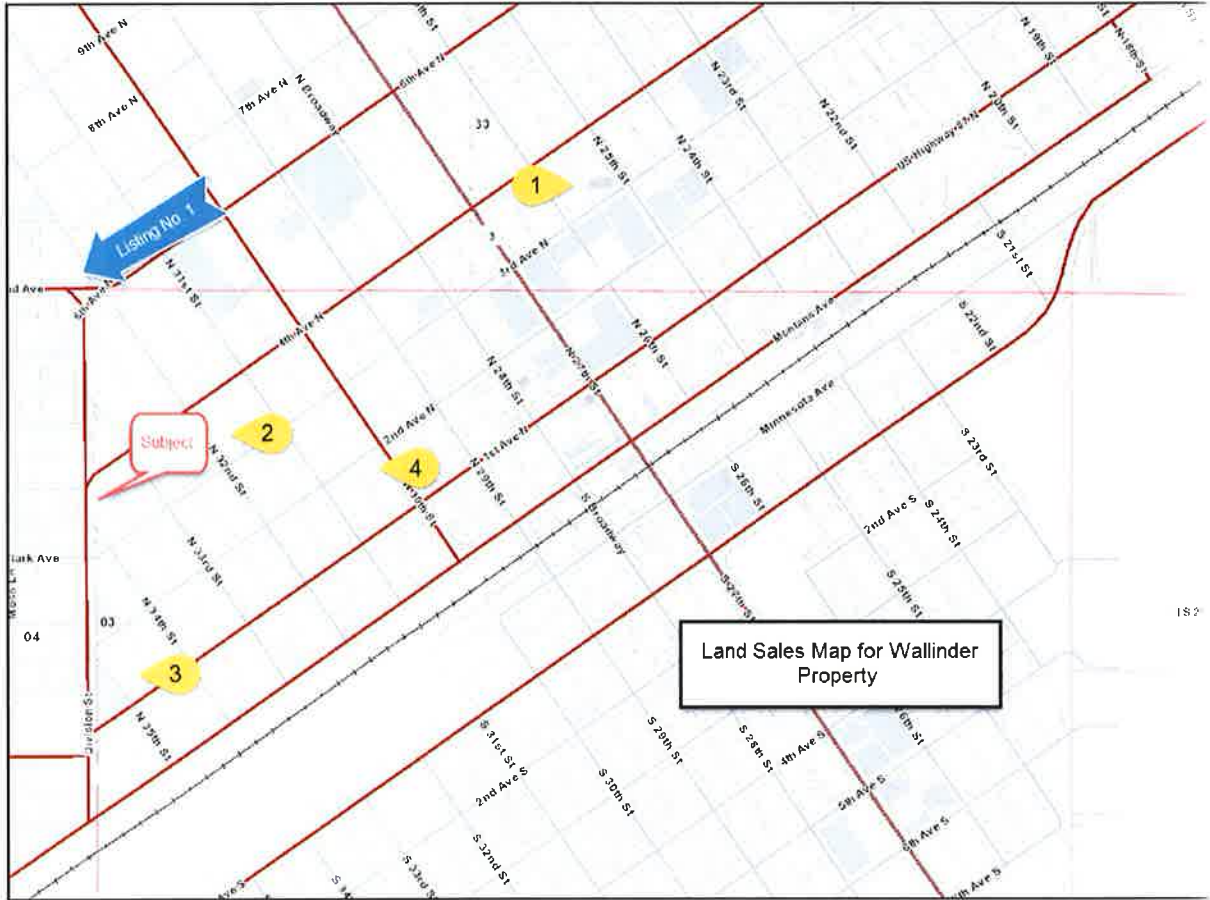
Sale No. 1	
Location	NEC of No. 26 th St. & 3 rd Ave. North
Grantor	Parking Lot LLC
Grantee	Diamond Parking, Inc.
Rec. Doc.	WD No. 3273468
Date of Recording	30 Jan 04
Legal Description	Lots 17-24, Block 42, OT of Billings
Lot Size	28,000 sq. ft.
Zoning	CBD
Utilities	All city services
Sales Price	\$367,500
\$/Sq. Ft.	\$12.38
Comments	Sale 1 is located just north across the street from the Yellowstone City-County Justice Center and across the street east of the former James F. Battin Federal building. This was a sale that the buyer had been leasing for some time, and a lease agreement was in place at the time of sale – the terms of the lease were not available. The buyer was reportedly going to completely resurface the lot in about two years after the sale occurred. This is an older sale, and is considered superior to the subject site, because of the utility and size of the site and its superior location to the Yellowstone County Courthouse and the new Federal Building.

Sale No. 2	
Location	NEC of 3 rd Ave. North & No. 32 nd St.
Grantor	Sound Venture, LLC
Grantee	First Interstate Bancsystems, Inc.
Rec. Doc.	WD No. 3138192
Date of Recording	20 Jul 01
Legal Description	Lots 18-24, Block 48, OT of Billings
Lot Size	24,500 sq. ft.
Zoning	CBD
Utilities	All city services
Sales Price	\$365,000
\$/Sq. Ft.	\$14.90
Comments	Sale 2 is a sale of a rectangular corner lot located across the street north of the Fratt Catholic School and adjoining east of the First Interstate Motor Bank. The buyer owns the balance of the block and purchased this property for future expansion. A parking lot was developed as an interim use of the site. This is also an older sale, and is considered superior to the subject because of the larger size and better utility of the site.

Sale No. 3	
Location	109 North 31 st Street
Grantor	Capital Land & Building/Richard A. Lee, PR
Grantee	Steve Marks
Rec. Doc.	WD No. 3724321
Date of Recording	19 Nov 14
Legal Description	Lots 20-24, Block 99, OT of Billings
Lot Size	17,500 sq. ft.
Zoning	CC
Utilities	All city services
Sales Price	\$149,500
\$/Sq. Ft.	\$8.54
Comments	This sale is located on the far end of the downtown area and across the street from a public park. Traffic counts are good in the area but the site is located along a one-way street on the south. The site abuts residential properties along its northern and eastern sides. The owner constructed a steel building on the site – he is a used car dealer with a dealership located catty-corner to this site on Division St., and 1 st Avenue North. Overall, a fairly good comparable sale to the subject in terms of location and utility.

Sale No. 4	
Location	SWC of No. 30 th and 2 nd Avenue North
Grantor	McNally Leasing Company
Grantee	WFAM Group, LLC
Rec. Doc.	WD No. 3051411
Date of Recording	18 May 99
Legal Description	Lots 9-12, Block 95, OT of Billings
Lot Size	14,000 sq. ft.
Zoning	CBD
Utilities	All city services
Sales Price	\$157,000
\$/Sq. Ft.	\$11.21
Comments	Sale 4 is a sale of a smaller corner lot located across the street south of the US West Communications Center and across the street west from an older downtown restaurant and an older dry-clean store. The site had older asphalt paving which offered little contributory value. The purchaser owned the cleaning business across North 30 th Street and acquired this parcel for parking. This lot is considered to be fairly similar to the subject site in size and utility, but it lacks the vehicle count the subject site has.

Listing No. 1	
Location	3 Grand Avenue (NWC of No. 32 nd St. & Grand Ave.)
Grantor	Jean L. Nilson Revocable Trust
Grantee	
Rec. Doc.	
Date of Recording	
Legal Description	Frac. Lot 1, Block 24, North Elevation Sub., 3 rd Filing
Lot Size	5,661 sq. ft.
Zoning	NC
Utilities	All city services
List Price	\$65,000
\$/Sq. Ft.	\$11.48
Comments	Listing 1 is a listing of a small lot adjoining Grand Avenue on the south, and No. 32 nd Street on its eastern side. The Realtor stated that property had been listed since 28 Jun 16, and had a lot of interest, but the lot was limited in utility because of its small size. The Realtor also stated that he thought access from Grand Avenue was allowed, but that the zoning did not allow any signs. Best for a neighbor to purchase as an assemblage. This lot is considered inferior to the subject's because of its smaller size with considerable less utility.



Adjustments and Correlation of Data

The sales and one listing show the following:

Time-Adjusted Sales

Sale	Size (sq. ft.)	Orig. \$/Sq. Ft.	Adj. \$/Sq. Ft.	Comparison
Sale 1	28,000	\$12.38	\$13.55	Superior
Sale 2	24,500	\$14.90	\$16.30	Superior
Sale 3	17,500	\$ 8.54	\$ 8.83	Equal
Sale 4	14,000	\$11.21	\$12.56	Equal
Listing 1	5,661	\$11.48	\$11.48	Inferior
<i>Subject Site</i>	12,107			

As adjusted, the sales indications ranged from \$8.83 to \$16.30 per sq. ft., with the mean indication at \$12.81 per sq. ft., and the median at \$12.56 per sq. ft. The subject has high visibility and vehicle traffic numbers, but possible egress problems (right-in, right-out) that

may hinder a higher land value. On the positive side the lot would be a good purchase as an assemblage for the adjoining business office to the east, which needs more parking. Ultimately, the appraiser chose to weight Sales 3 and 4 the most in the array, with the resultant indication at \$12.00 per sq. ft. The overall fee simple value of the lot is therefore chosen to be \$12.00 (rounded) overall.

Subject Property: 12,107 sq. ft. x \$12.00 = \$145,284

Proposed Easement Size and Location

The proposed easements are situated very close (typically within one foot) to the existing sidewalks on the perimeter of the subject site (see Exhibit "A"). The site design plans includes relocating a traffic signal controller cabinet to the opposite (west) side of Division Street, and improving the drainage from the owner's parking lot to the street with a slight grade increase. Because the owner's land now extends into 4th Avenue North, the proposed easement would also "clean up" the encroachment and compensate the owner for use of his land in this area (see photos on the next pages).

Photographs of Ownership Line and Proposed Easement Areas

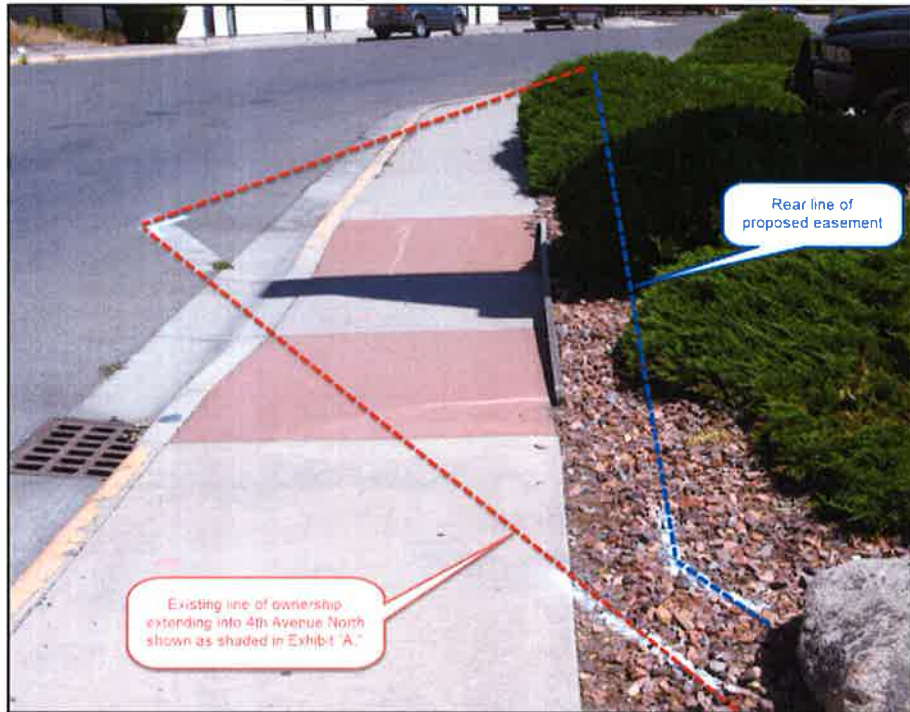


Photo of Shaded Area depicted on Exhibit "A" noting present ownership line and the line of the proposed easement. This purchase would "clean up" the ownership into the street.

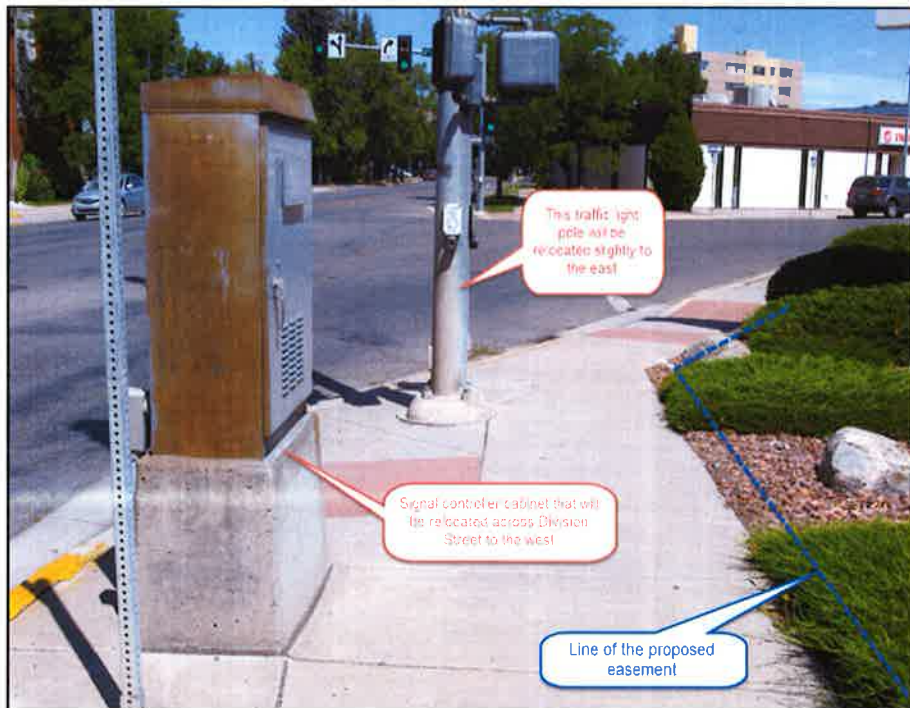


Photo showing the proposed easement line to the right in photo and also the signal controller box and the traffic light pole that will be relocated after the construction.

RECONCILIATION AND VALUE CONCLUSION

The various approaches to value utilized in this report result in the following indications of value for the subject property:

Fee-Simple Value:

Cost Approach	Not Developed
Income Approach	Not Developed
Sales Comparison Approach	
Value of Fee Simple Acquisition	\$4,200.00
Value of the Proposed Easement	\$4,000.00 3,800.00

The Cost Approach is a good indicator of value when the improvements are relatively new and reflect the highest and best use of the land. In this analysis, the Cost Approach was not utilized, since the improvements were not impacted and not considered in this analysis.

The Sales Comparison Approach is a good indicator of value in an active market where there is sufficient market data for comparable properties. Sales data for land sales in this downtown neighborhood area were very hard to find and verify. This approach developed the fee-simple value of the land and the easement value was based on this conclusion. This is considered to be a credible approach to value.

The Income Approach is generally a good indicator of value for commercial properties that are typically purchased and/or developed for investment purposes and leased to other parties. No reliable ground leases of vacant lots were discovered for this report; consequently, this approach was not considered in this analysis.

The fee-simple market value of the subject acquisition as of 20 Jul 16 is concluded at:

Four Thousand Two Hundred Dollars

(\$4,200)

The proposed easement value for the subject property is concluded at:

~~(\$4,000)~~ 3,800.00

Four Thousand Dollars

ASSUMPTIONS AND LIMITING CONDITIONS:

This appraisal report has been made with the following *general assumptions*:

1. This Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for the legal description or for matters including legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated.
3. The property is appraised as if free and clear of any and all liens or encumbrances unless otherwise stated.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering and architectural data is assumed to be correct. The plot plans, building plans, and all other illustrative material in this report are included only to assist the reader in visualizing the material.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
9. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated herein

is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined, and considered in the appraisal report.
11. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained herein is based.
12. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. Exhibit "A" has been made for the purposes of this report; the author is the City of Billings.
13. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the American Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good and workmanlike manner and in accordance with plans and specifications provided to the appraiser.

This appraisal report has been made with the following *extraordinary assumptions*:

It is assumed that all underground fuel storage tanks have been appropriately and legally removed and remedied, and that no liability exists for any environmentally-related issues on this property.

This appraisal report has been made with the following *hypothetical conditions*:

None.

This appraisal report has been made with the following general limitations:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, sales, or other media without the prior written consent and approval of the appraiser.

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 present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three (3) year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made an inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

Respectfully submitted,



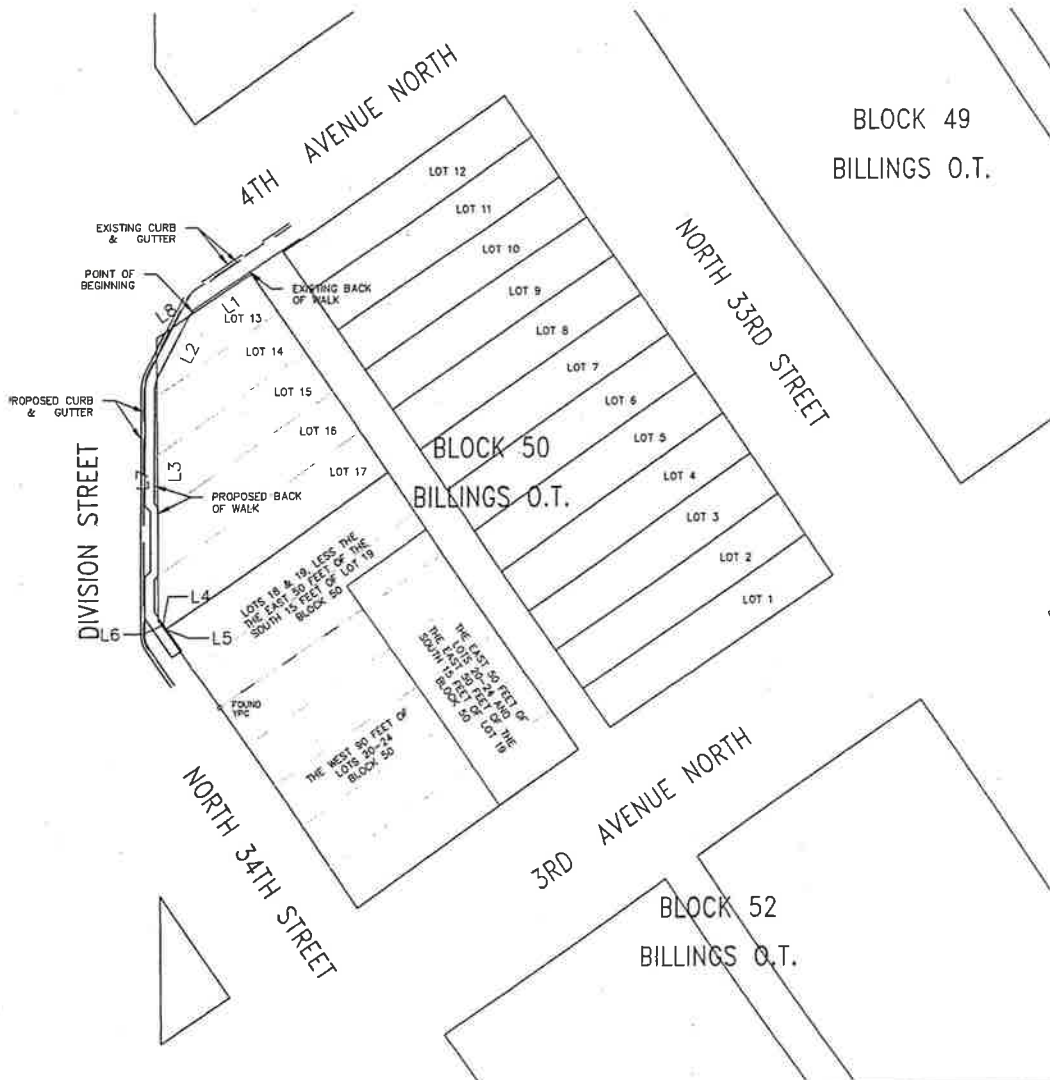
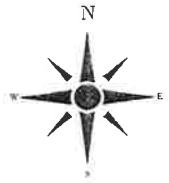
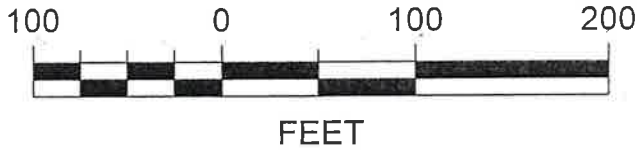
Date 11 Oct 16

Steven M. Repac
Certified General Appraiser
MT #058
SSN: 517-70-1313

Addenda

EXHIBIT "A"

QUIT CLAIM DEED/SIDEWALK EASEMENT
SITUATED IN LOTS 13-17, BLOCK 50
OF BILLINGS ORIGINAL TOWNSITE,
DOCUMENT NUMBER 16312,
BILLINGS, YELLOWSTONE COUNTY, MONTANA



QUIT CLAIM DEED/SIDEWALK EASEMENT DESCRIPTION
A tract of land situated in Lots 13-17, Block 50 of Billings Original Townsite, Document No. 16312, of record at the Yellowstone County Clerk & Recorder, City of Billings, Yellowstone County, Montana.

Basis of Bearings being the plat of Billings Original Townsite, Document No. 16312.

Said tract being more particularly described as follows:
Commencing at the northeast corner of Lot 13, Block 50 of said Billings Original Townsite; thence S 55° 23' 30" W for a distance of 36.68 feet to the True Point Of Beginning; thence S 27° 32' 30" W for a distance of 38.70 feet; thence S 00° 22' 00" E for a distance of 122.81 feet; thence S 34° 36' 30" E for a distance of 5.40 feet; thence S 55° 23' 30" W for a distance of 1.00 feet; thence N 34° 36' 30" W for a distance of 5.70 feet; thence N 00° 22' 00" W for a distance of 144.31 feet; thence N 55° 23' 30" E for a distance of 23.12 feet to the Point of Beginning.
Said tract of land containing 348 square feet more or less.

EASEMENT LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	S55° 23' 30"W	35.68
L2	S27° 32' 30"W	38.70
L3	S00° 22' 00"E	122.81
L4	S34° 36' 30"E	5.40
L5	S55° 23' 30"W	1.00
L6	N34° 36' 30"W	5.70
L7	N00° 22' 00"W	144.31
L8	N55° 23' 30"E	23.12

LEGEND

QUIT CLAIM DEED/SIDEWALK EASEMENT

QUIT CLAIM DEED/SIDEWALK EASEMENT EXHIBIT
CITY OF BILLINGS, MONTANA
CITY W.O. 16-12
THIS EXHIBIT IS PREPARED BY THE CITY OF BILLINGS, MONTANA