

APPENDIX G

**ANALYSIS OF IMPACT ON MONETARY VALUES
OF ADJACENT PROPERTIES**



JOEL PETERSON APPRAISAL INC.

October 24, 2008

To Whom It May Concern:

Dick Huttinga of Huttinga Construction operates a gravel pit at 1750 Little Bear Road, Gallatin Gateway, MT 59730. As a condition of the application to continue to use the gravel pit, the owner has to analyze the impacts of the proposed operations on the monetary values of adjacent and neighboring properties. Mr. Huttinga has asked me to see if I can find any loss or gain in value to any of the adjoining or neighboring properties. I am a real estate appraiser and have operated a one man shop in the profession since 1992.

An historic study was revealed from research into the controversial subject. A Mr. Rygg, an appraiser in Western Montana, performed a study on the impact of a gravel pit near Bigfork, Montana. This study was done some years ago. Mr. Rygg compared sales of homes within the ½ mile area of influence to that of homes outside the area of influence to determine if there was any discrepancy between the influenced properties and uninfluenced properties that could be attributed to the gravel pit. The result of the study was reported as the subject gravel pits had not adversely affected the value of the surrounding property.

A Mr. Jim Fairbanks did a peer review of the study and concurred with the Rygg report results. Mr. Fairbanks, with the Montana Department of Revenue, added that "similar arguments" had been made "regarding the presumed negative influence of gravel pits (in Missoula County), BPA power lines neighborhood character change and traffic and other nuisances" he continued that "in virtually all cases, negative value impacts were not measurable". Mr. Fairbanks concluded that "Potential purchasers accept newly created minor nuisances that long time residents consider value diminishing".

A very good example of this last statement of Fairbanks' is a property that sold within the ½ mile area of influence. The Huttinga pit was in existence. An established property with an average to good quality home just ¼ mile south of the pit was purchased in 2001 for a reported \$465,000. That purchase was considered a strong purchase at the time. The buyer immediately extensively remodeled and enlarged the home to create a property today that has appraised in excess of \$1,000,000. It appears this purchaser did not even consider the pit a minor nuisance at that time.

The Rygg report uses ½ mile as an area of influence. The ½ mile radius of the Huttinga pit includes very few homes. Just three homes are included in the area to the east and south of the pit adjacent to Little Bear Road. One of these is the aforementioned property. None of the others have sold in the recent past. A portion of the Little Bear Subdivision is almost directly south of the established gravel pit. The subdivision was established in the late 1970's before the gravel pit. The subdivision is comprised of about 47 lots on about 225 acres. This is the highest density development within the ½ mile

area of influence of the Huttinga gravel pit. As of today, the appraiser counted approximately 30 of the 47 lots developed. Just over a ½ mile down Little Bear Road (to the west) is a string of about seven more houses. These houses are not in a subdivision but are in multiple Certificates of Survey. The appraiser counts a total of approximately 40 homes within the half mile area of influence if he extends the boundaries to include all of the Little Bear Subdivision. Within the last five years one of the seven homes clustered on Little Bear Road below the gravel pit have sold. The property is a 4.497 acre tract that is improved with a modular type home on a concrete foundation. This property sold for a reported \$255,000 in July of 2004 and closed in December of 2004.

The following chart shows the sales activity in the Little Bear Subdivision over the last five years. All of these years the Huttinga Gravel Pit has been in operation.

	2008	2007	2006	2005	2004
# of sales	1	0	4	1	2
average	\$490,000		\$634,100	\$600,000	\$499,950
median	\$490,000		\$666,200	\$600,000	\$499,950
Avg DOM	164		145	197	94

The over all 8 sales have an average sales price of \$578,287, median of \$516,200 and a range of value from \$375,000 to \$829,000. The overall average days on market is 141.

As can be seen by the preceding data there are not a lot of sales to work with to see if the sales price is or is not influenced by the Huttinga Gravel Pit.

The following is a chart put together of all of the sales in the local MLS in areas 2 and 3 and outside Bozeman and Belgrade city limits. This is basically the heart of the Gallatin Valley.

Year	2008	2007	2006	2005	2004
# of sales	305	515	596	710	639
Value Range	\$40,000 to \$6,750,000	\$17,500 to \$2,500,000	\$17,800 to \$3,050,000	\$13,000 to \$4,000,000	\$16,500 to \$1,900,000
Average sales Price	\$421,013	\$386,206	\$388,755	\$322,869	\$273,190
Median Sales Price	\$290,000	\$295,000	\$295,450	\$260,950	\$229,000
Average DOM	114	84	76	79	89

The appraiser feels the area surrounding the gravel pit represents the valley rather well. There is open space that is still farmed, creek bottoms are split into home sites with some areas still being pasture and then there are multiple home sites that consist of a broad and diverse range of quality of homes. This is a common scenario in almost any sub market of the Gallatin Valley. In comparing the sales of the homes in the Little Bear Sub with those in the entire valley, Little Bear Sub is strong with the low sale in the subdivision

being just under the average sales price of the year that it took place. The data shows that the Little Bear Subdivision is an above average subdivision that is maintaining values in a strong way. It is my opinion that the gravel pit shows little if any negative influence on this set of data.

The modular home in the group of seven homes is typical to the valley as they can be found almost everywhere in the valley. This sale of a modular home is a just 6.6% under the average sales price for that year. The location and the acreage make it a very strong sale for a modular type home. The sale was the third strongest sale of modular homes that year.

The appraiser will attempt to compare the Little Bear Subdivision to other subdivisions that are not in close proximity to an established gravel pit but competing in the market place with the Little Bear Subdivision. The first subdivision that comes to mind is Bear Creek Properties. This subdivision is denser in development, has more lots and is bisected by Highway 191. The subdivision is located just 2 miles west of the subject property. The Bear Creek Properties subdivision has seen just 4 sales over the last five years. The average sales price of these properties is \$493,700, the median price is \$504,900 and the value range is \$365,000 to \$600,000. The four homes sold after an average of 90 days on the market.

The average sales price of the Bear Creek Properties is 14.62% less than the average sales price of the 8 home sales in Little Bear Subdivision. No damage from the gravel pit can be measured in this scenario.

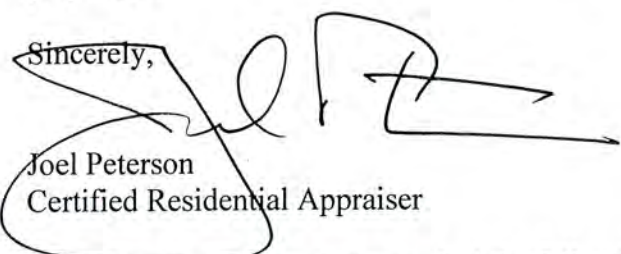
Another suburban subdivision with some similar characteristics is Mystic Heights. This subdivision is located almost directly south of Bozeman and is on the south face of the Gallatin Valley. The south side of the subdivision adjoins public lands as does the south side of the Little Bear Subdivision.

In the last five years Mystic Heights Subdivision has seen 10 home sales. These sales range in value from \$262,500 to \$1,875,000. The average sales price is \$576,150, with a median price of \$430,000. The average days on market is calculated at 58. The average sales price is near identical to the average sales price of the Little Bear Subdivision at \$578,287. It is less than .5% change. I would conclude that the gravel pit has very little if any negative effect on the value of the Little Bear Subdivision in this scenario. The average days on market is significantly different in the 10 sales in Mystic Heights when compared to the Little Bear Subdivision. A large part of this is the difference in the distance to Bozeman. The Mystic Heights Subdivision is considerably closer to Bozeman and statistics will show that the closer to Bozeman the quicker the sale. Another difference is all of the roads in the Mystic Heights Subdivision are paved. In times before the County required suburban subdivision roads to be paved the sales on paved roads took place before the listings on gravel roads but little if any difference in value could be measured. I think this relates well to the statement made by Fairbanks about the nuisance factors.

The best scenario in attempting to measure the influence of the gravel pit would be in a paired sales analysis. A good example would be the sale of a 1200 square foot home with a two car attached garage situated on a 10,000 square foot lot sells for \$100,000. Another home of similar age, design and size with no garage on a similar 10,000 square foot lot sells for \$95,000. From this pairing we can say the garage contributes \$5,000 in value. This type of scenario with a home selling next to a gravel pit operation and a similar home that is not influenced by a close by gravel pit could not be discovered. The most recent sale in Little Bear Sub was a nice sized home of 2,414 square feet on the main level and similar foot print for the basement and a finished bonus area over the garage. The home is situated on a 2.00 acre parcel that had panoramic views to the east and south east, far and away from the best views in the subdivision. The owner had vacated the house and moved out of state. The few sales that are reasonably comparable to this sale support the sales and then some with the differences to subjective to determine any loss or gain in value that was attributable to the location. Recent discussion with the listing broker revealed the seller was very motivated and had become forced to sell due to financial problems. The property still sold at 16.39% over the average sales price for the Gallatin Valley. One of the 2006 sales was looked at with similar results. The seller as typically motivated unlike the last sale but the sites, the homes and the location are unique enough to them selves that a paired sales analysis is inconclusive.

The appraiser has determined that the best comparability analysis is in comparing the subdivisions statistics against each other and the overall data. In reviewing the preceding data I would have to agree with Mr. Ryggs and Mr. Fairbanks that the subject gravel pit has not adversely affected the surrounding real property. I hope this discussion answers the questions of the impact on the monetary values of the adjacent and neighboring properties.

Sincerely,



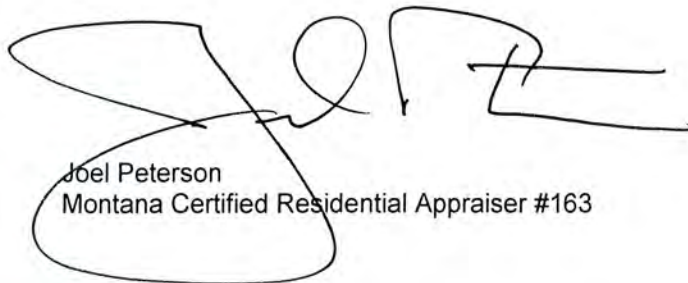
Joel Peterson
Certified Residential Appraiser

While this is not a typical appraisal the following Certification and limiting conditions are adhered to.

Attachments - Exhibit #2 - Appraiser Certification – USPAP Compliant

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 no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 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 inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this certificate.
- I have met all continuing education requirements for my State Certification as a Certified Residential Appraiser. I have recently completed the education requirements and the testing for Certification at the General level. Practical experience requirements were in the 2008 calendar year. The formal application for the General Certification is being reviewed by the state at this time.



Joel Peterson
Montana Certified Residential Appraiser #163

Exhibit #3 - Appraisal Limiting Conditions:

Intended Users: Huttinga Construction

Intended Use: supporting documentation for an application to continue operating an gravel pit

Scope of the Assignment: Limited Scope – not a complete appraisal as defined by USPAP.

This appraisal report is also subject to the following conditions:

1. The Appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The Appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership. The legal description as taken from public records in the Clerk and Recorder's Office is correct. These records are located in the Gallatin County Courthouse. That title to the property is marketable and clear of any liens, which would affect marketability.
2. The Appraiser may have provided plats in the appraisal report to show approximate property boundaries, lease locations, comparable sale locations and building locations and dimensions. These are included only to assist the reader of the report in visualizing the property, and are not warranted as completely accurate. The Appraiser did not survey the property; unless specifically stated, it is assumed there are no encroachments.
3. The Appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the Appraiser is not a surveyor, he makes no guarantees, express or implied, regarding this determination.
4. The Appraiser will not give testimony or appear in court because he made an appraisal of the property in question unless specific arrangements to do so have been made beforehand. Such work will be prepared based on a separate engagement letter setting forth the scope of the assignment and an applicable rate, plus expenses.
5. The Appraiser has noted in the appraisal report any adverse conditions, such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc., observed during the inspection of the subject property or that he became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the Appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions, including the presence of hazardous wastes, toxic substances, etc., that would make the property more or less valuable, and has assumed that there are no such conditions. The Appraiser makes no guarantees or warranties, express or implied, regarding the condition of the property.
6. The Appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the Appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
7. The Appraiser obtained information, estimates, and opinions in the course of the preparation of this report from sources deemed reliable and customary and believes them to be true and correct. The Appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties. Should mathematical, judgmental, or data errors be found in this report, the Appraiser reserves the right to make corrections.