

APPRAISAL REPORT OF:

**A 78.30 ACRE TRACT
IMPROVED WITH A CAMPUS TYPE FACILITY
KNOWN AS SWAN VALLEY RETREAT
ALONG MONTANA HIGHWAY 83
CONDON, MONTANA**



PREPARED FOR:

**Mr. John Grimm, Chief – Real Estate Management Bureau
State of Montana Department of Natural Resources and Conservation
Trust Land Management Division
P.O. Box 201601
Helena, Montana 59620-1601**

MARKET VALUE AS OF:

July 8, 2015

PREPARED BY:

**Elliott M. Clark, MAI &
Christopher D. Clark
Clark Real Estate Appraisal
704-C East 13th Street, #509
Whitefish, Montana 59937
(406) 862-8151**



704-C East 13th Street, #509
Whitefish, Montana 59937

LETTER OF TRANSMITTAL

July 21, 2015

Mr. John Grimm, Chief – Real Estate Management Bureau
State of Montana Department of Natural Resources and Conservation
Trust Land Management Division
P.O. Box 201601
Helena, Montana 59620-1601

Re: Appraisal Report of Real Property Identified as Swan Valley Retreat, Condon, Montana

Dear Mr. Grimm:

In compliance with your request Elliott M. Clark, MAI and Christopher D. Clark with Clark Real Estate Appraisal viewed the above referenced property on July 8, 2015 accompanied by Mr. Dan Roberson and Mr. Claude Cassidy with the Montana DNRC. We reviewed applicable information regarding zoning, and researched and analyzed trends in real estate activity in the immediate and greater subject market area. The property viewing, reviews, and analyses were made in order to prepare the attached appraisal report in a summary format.

There are three approaches to value in the appraisal of real property. They are the Cost, Sales Comparison, and Income Approaches. All three approaches and their applicability will be discussed in greater detail in the Scope of the Appraisal and The Appraisal Process sections of this report.

The value conclusion was made after thorough study of available market data and other data felt to be pertinent to this appraisal. The attached appraisal report exhibits the factual data found and reasoning used in forming our opinion of value for the subject property. The value conclusion is based on the assumption that all necessary governmental approvals have been obtained and will be maintained, and that the property owners will exhibit sound management and sales practices.

We were not provided with soil studies for the subject property. We assume that the soils are capable of supporting construction similar to that in the neighborhood without unusual soil preparation. We are not aware of the presence of any hazardous material, groundwater contamination, or toxic materials that may be on or in the subject property. Should any of these conditions be present, the value concluded in this report could be affected.

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We certify that, to the best of our knowledge and belief, the statements and opinions contained in this appraisal report are full, true, and correct. We certify that we have no interest in the subject property and that neither the employment to make this appraisal nor the compensation is contingent upon the value estimate for the property.

This appraisal assignment was not made nor was the appraisal rendered on the basis of a requested minimum valuation or specific valuation. This appraisal is subject to the attached Certification of Appraisal and General Assumptions and Limiting Conditions. We further certify that this appraisal was made in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP).

Respectfully submitted,



Elliott M. Clark, MAI
Montana Certified General Real Estate Appraiser
REA-RAG-LIC-683



Christopher D. Clark
Montana Licensed Real Estate Appraiser
REA-RAL-LIC-841

15-036ec

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SUMMARY OF SALIENT DATA AND CONCLUSIONS

IDENTIFICATION OF CLIENT/INTENDED USE

Clients/Intended Users	State of Montana Department of Natural Resources and Conservation Trust Land Management Division
Purpose/Intended Use	Estimate Market Value/Potential Property Disposition Purposes
Property Owner	State of Montana

SUBJECT PROPERTY

Property Addresses	NHN Montana Highway 83, Swan Valley, Montana
Site Size(s)	78.30 Acres
Description of Improvements	See Property Description
Assessor Number(s)	0000026079 (Part of)
Geocode(s)	15335318101010000 (Part of)
Flood Zone	Zone C (Map Panel 30047C0415C February 6, 2013)
Zoning	No Zoning (Property in a Lake County Development Density Region)

HIGHEST AND BEST USE(S)

As Vacant	Residential Estate or Recreational Type Use
As Improved	Training Facility, Retreat, Rehabilitation Facility, Camp or Religious Facility

DATES, VALUE CONCLUSION(S) AND ASSIGNMENT CONDITION(S)

Report Date	July 21, 2015
Inspection Date	July 8, 2015
Effective Date of Value(s)	July 8, 2015
Property Rights Appraised	Fee Simple
Estimate of Market Value	\$780,000

Extraordinary Assumption(s)	See Scope of the Appraisal
Hypothetical Condition(s)	See Scope of the Appraisal

MARKETING TIME

The appraised value is based upon a 1.5 year marketing period. Marketing and Exposure times are addressed in detail in the Subject Market Analysis portion of this report.

APPRAISER INFORMATION

Appraiser(s)	Elliott M. Clark, MAI & Christopher D. Clark
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CERTIFICATION OF APPRAISAL

We certify that, to the best of our 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 our unbiased professional analyses, opinions, and conclusions.
- Elliott M. Clark, MAI and Christopher D. Clark 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.
- Clark Real Estate Appraisal prepared two appraisal report of the subject property for the client with effective dates of July 18, 2012 and October 11, 2013. We have performed no additional services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or a directions in value that favors the cause of the client, the amount of the value opinion, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
- Elliott M. Clark, MAI and Christopher D. Clark both personally viewed the subject property.
- No one provided significant real property appraisal assistance to the persons signing this certification.

- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice 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.
- As of the date of this report Elliott M. Clark, MAI has completed the continuing education requirements of the Appraisal Institute.
- The value conclusions in this report are subject to the Extraordinary Assumptions and Hypothetical Conditions included in the Scope of the Appraisal.

Elliott M. Clark

Dated Signed: July 21, 2015
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Christopher D. Clark

Date Signed: July 21, 2015
Christopher D. Clark
MT REA-RAL-LIC-841

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the following conditions and to such other specific and limiting conditions as are set forth in the appraisal report.

1. The legal description(s) from the most recently recorded deed(s) or plat(s) are assumed to be correct.
2. The appraisers assume no responsibility for matters legal in character, nor do they render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances and assessments have been disregarded and the property is appraised, as though free and clear, under responsible ownership and competent management.
3. Any sketches in this report indicate approximate dimensions and are included to assist the reader in visualizing the property. The appraisers have not made a survey, engineering studies or soil and analysis of the property and assume no responsibility in connection with such matters or for engineering, which might be required to discover such factors.
4. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or use restriction violations existing for the subject property.
5. Information, estimates and opinions contained in this report are obtained from sources considered reliable and believed to be true and correct; however, no liability for them can be assumed by the appraisers.
6. The appraisers are not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been made previously therefore.
7. The division of the land and improvements (if applicable) as valued herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application. On all appraisals, subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion(s) are contingent upon completion of the improvements in a workmanlike manner.
8. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, sales media or other media for public communication without the prior written consent of the signatory of this appraisal report.

9. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the values of the property. Since the appraisers have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the values of the property.
10. The appraisers are not experts at the identification of environmental hazards. This assignment does not cover the presence or absence of such substances. Any visually detected or obviously known environmental problems affecting the property will be reported and their impact on the value will be discussed.
11. This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations.
12. The appraisers are not building inspectors and this report is not a building inspection. Any obvious defects are noted; however, this report is not to be relied upon for detection of unseen defects.
13. This appraisal was prepared for the client and the intended user named in this report. The analysis and conclusions included in the report are based upon a specific Scope of Work determined by the client and the appraisers and are not valid for any other purpose or for any additional users other than those noted.

SCOPE OF THE APPRAISAL

The appraisers were asked to determine the value of the fee simple interest in the subject property as of the effective date of this report. Information about the subject property has been collected and analyzed in this report and a narrative appraisal report for the subject property has been prepared.

The scope of the appraisal requires compliance with the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Guide Notes to the Standards of Professional Appraisal Practice adopted by the Appraisal Institute. The standards contain binding requirements and specific guidelines that deal with the procedures to be followed in developing an appraisal, analysis, or opinion. The Uniform Standards set the requirements to communicate the appraiser's analyses, opinions and conclusions in a manner that will be meaningful and not misleading in the marketplace.

Scope of Property Viewing

Elliott M. Clark, MAI and Christopher D. Clark of Clark Real Estate Appraisal viewed the subject property on July 8, 2015 accompanied by Mr. Dan Roberson and Mr. Claude Cassidy with the Montana DNRC. We viewed accessible portions of the site and improvements. The structural and interior finish characteristics of the improvements were determined based upon this viewing of the subject property and information provided by the Montana Department of Natural Resources.

Scope of Research

The history of ownership, historical uses and current intended uses were researched via the property owner. Area trends in development were researched based upon information from inspections of surrounding properties by the appraisers; interviews with area realtors; and research regarding current and projected demographics in the immediate and greater subject market area.

Comparable market data was obtained through a combination of local and national data bases, public record, area realtors, developers and property owners. All comparable data was verified with a party involved in the transaction. **Montana is a non-disclosure state and realty transfer sales price information is not available via public record.**

Extraordinary Assumptions

The value included in this report is based upon the **Extraordinary Assumption** that the overall condition of the improvements is as reported to the appraisers and as observed during the property viewing. The value indicated in this report is also based upon the **Extraordinary Assumption** that there are no contaminants (such as asbestos and lead paint) associated with the subject improvements.

The field used for the gray water and portions of the sprinkler system associated with the subject waste water treatment system appears to be located on land owned by the US Forest Service and within a section adjacent to the subject property. The value indicated in this report is based upon the **Extraordinary Assumption** that there is an appropriate easement for such use of the adjacent property. According to Mr. Dan Roberson, this issue has been resolved.

Hypothetical Conditions

The value indicated in this report is based upon the **Hypothetical Condition** that the subject property was a legal parcel totaling 78.30 acres as of the effective date of this report. The value indicated in this report is also based upon the **Hypothetical Condition** that the subject property was legally platted as depicted in the unrecorded survey provided to me and is located in the East Half of Section 18, Township 23 North and Range 17 West, Lake County, Montana.

Highest & Best Use

Our opinion of the highest and best uses for the subject property were developed using the research collected relative to the subject property, area development trends, and demographics. The information collected is considered comprehensive and provided a credible basis for carefully considered analyses. The appraisal processes presented were based upon the highest and best use conclusions for the subject property.

Appraisal Process

There are three recognized approaches in the valuation of real property. They are: the Cost, Sales Comparison, and Income Approaches. The Sales Comparison Approach provides the most credible indication of value for land as if vacant when there are comparable sales available. Based upon our analysis there were sufficient comparables to prepare a credible Sales Comparison Analysis for the subject site as if vacant.

All three approaches (Cost, Sales Comparison, and Income) have some applicability to the subject property as improved. We developed the Cost and Sales Comparison Approaches for the valuation of the subject property as improved. There was not sufficient relevant market data available to prepare a credible Income Approach for the valuation of the subject property. Based upon our research, the omission of the Income Approach was necessary and appropriate. The omission of this approach does not affect the credibility of the value conclusion.

Environmental

The appraisers do not possess the requisite expertise and experience with respect to the detection and measurement of hazardous substances, unstable soils, or freshwater wetlands. Therefore, this assignment does not cover the presence or absence of such substances as discussed in the Limiting Conditions section of this report. However, any visual or obviously known problems affecting the property will be reported and their impact on the value will be discussed.

General Data Sources

Individuals and offices consulted in order to complete this appraisal include the following:

- Various Departments of Lake, Flathead, & Missoula Counties;
- Montana Department of Revenue;
- Various Area Real Estate Agents, Real Estate Appraisers, Property Managers, Property Owners, Tenants and Builders

Specific data sources are noted in the body of the report where appropriate.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property is located off of Montana Highway 83 in the Seeley-Swan area of Lake County, Montana. The subject property is identified as 78.30 acres located in the East Half of Section 18, Township 23 North, Range 17 West, in Lake County, Montana. The subject is in an unincorporated area of Lake County. The subject property is currently part of a larger parcel. The property is valued in this report based upon the **Hypothetical Condition** that it was a legal parcel as of the effective date of this report.

DATE OF PROPERTY VIEWING

July 8, 2015

EFFECTIVE DATE OF MARKET VALUE

July 8, 2015

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property, as of July 8, 2015.

PROPERTY RIGHTS APPRAISED

The value concluded in this report is for the **fee simple** interest in the subject property. The fee simple interest is full, complete, and unencumbered ownership subject only to the governmental rights of taxation, police power, eminent domain and escheat. This is the greatest right and title, which an individual can hold in real property.

The **leased fee** interest is an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. There are no leases in place for the subject property. For this reason, there is no leased fee interest in the subject property.

INTENDED USE & INTENDED USER OF THE APPRAISAL

It is understood that the intended use of this appraisal is for determination of property disposition. The client and intended user for this report is the State of Montana Department of Natural Resources and Conservation Trust Land Management Division. This report is the property of the client. No third parties can rely upon this report without the express written consent from both the appraisers and the client.

DEFINITION OF MARKET VALUE

At the request of the client, the definition of market value utilized in this report is the Current Fair Market Value as defined in MCA 70-30-313 which is as follows;

Current Fair Market Value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- 1) the highest and best reasonable available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- 2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- 3) any other relevant factors as to which evidence is offered

HISTORY OF SUBJECT PROPERTY & STATEMENT OF OWNERSHIP

Use History

The subject property was leased to Cornerstone Programs Corporation from October 1999 until early 2006. The property was utilized by the lessee as a private residential treatment center for teen boys known as Swan Valley Youth Academy. The facility closed (amid allegations of abuse of the teenage residents) in February 2006 and it is assumed that the lease terminated at this time.

The subject property was reportedly constructed in the mid 1960's as a minimum security prison. It was utilized as such for a number of years. According to a number of sources there was at least one episode of extreme violence directed at a worker in the prison. The prison was reportedly closed due to such an incident. It is unlikely that area residents would allow use of the subject property as a prison in the future.

The property has been available for lease since 2006. No tenants have been located to date. Marketing efforts to date have been through the Montana Department of Natural Resources and Conservation.

Statement of Ownership

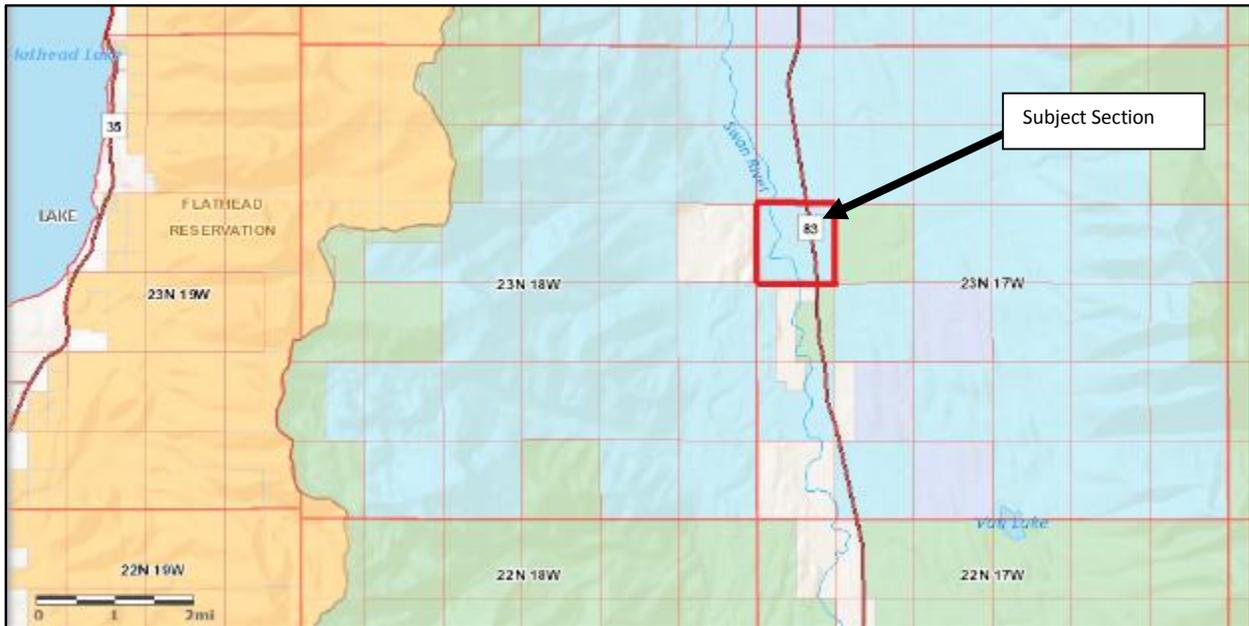
The subject property is part of property owned by the State of Montana. It has been owned by the State of Montana for the past 10 years or more.

PROPERTY DESCRIPTION

A. GENERAL SITE DESCRIPTION

The subject property is part of a larger property. We were instructed to value the subject property as if it was legally subdivided and totaled 78.30 acres in size as of the effective date of this report. We were provided an unrecorded plat of the subject property. We were also provided with a sketch of the approximate boundaries of the subject property by the Montana Department of Natural Resources and Conservation for an appraisal prepared by our firm in 2007 for the client. The unrecorded survey and sketch are both included in this section of the report.

One of the most significant features of the immediate subject area is that there is little privately owned land. The subject section is outlined in red on the map below. Areas in blue are state owned, areas in green are federal land, areas in light orange are part of the Flathead Indian Reservation and areas in white are privately owned. Please refer to the Seeley-Swan Valley Data in the Addendum portion of this report for information on the effect on property ownership in the immediate subject area as a result of the Montana Legacy Project.



B. ACCESS

Vehicular access to the subject property is Montana Highway 83. According to the information provided it appears that the subject property has approximately $\frac{1}{4}$ mile of frontage along the highway. There are interior roads on the subject property that are not paved. The locations of most of these roads are depicted on the exhibits included in this section of this report.

C. IMPROVEMENTS

The subject improvements were constructed as a minimum security prison. The improvements are best described as “Special-Purpose” type buildings. Special purpose type buildings include; churches, theaters, sports arenas and institutional type properties such as the subject.

The improvements (excluding site improvements) are included on the table below;

Improvement Descriptions		
Name of Structure	Component	Square Footage
Lodge	Lodge Main Floor	9,606
Lodge	Lodge Basement	6,053
Lodge	Gymnasium	5,858
	Total	21,517
Administration	Total	3,651
Kitchen/Dining	Total	3,280
Shop Building	Total	6,000
Shed 1		120
Shed 2		160
Shed 3		567
Generator Shed		263
	Total	1,110
6 Fuel Vaults		N/A
Pole Barn		651
8 Mobile Home Pads		N/A

Overview

There are three main buildings on the subject site. They are the lodge, administration building and kitchen/dining building. There is a shop building and various other outbuildings and fuel storage tanks. There is some fencing and a gate. There are also 8 pads constructed for mobile home use. Site improvements include interior gravel roads, sidewalks (between the buildings), a waste water treatment facility and wells.

Lodge Building

This building was reportedly constructed in the mid 1960’s with some alterations and additions over the years. It is of wood frame construction with wood and concrete paneled exterior siding. The roof is a low pitch with metal panel covering. The foundation is concrete. There is a walk-out type basement. This building is heated by a diesel oil fired boiler. There is also a wood fired boiler that was indicated to be nonfunctional.

The interior floor plan of the main floor in the lodge building consists of a large open “dormitory” type sleeping area, a large bathroom with several toilets, urinals and showers, several offices and special purpose type rooms, a conference room and a large day room with a stone fireplace. The

interior finish consists predominantly of linoleum flooring, drywall and wood paneled walls and blown aggregate type ceilings.

The interior floor plan of the basement level in the lodge building consists of a recreation room, a schoolroom, a teacher's office, a boiler room, an office, a laundry room, a canteen and storage rooms. The interior finish consists of concrete flooring, concrete block walls and concrete ceilings.

A gymnasium was added to the lodge building at some point. The gym is steel frame construction. It contains a basketball court with wood flooring. There are no lockers, restrooms or bleachers in this structure.

The overall condition of the lodge building is considered to be fair. The effective age is estimated to be approximately 30 years and the total economic life for similar properties is indicated by the Marshall Swift cost manual to be approximately 45 years. There is deferred maintenance present; however, it is beyond our area of expertise to determine each item that requires immediate attention and to estimate an exact dollar amount to cure this deferred maintenance.

The floor plan of the lodge building is not considered functional for use as a treatment center or lodging facility. Based upon our research and analysis, this building would require retrofitting in order to be marketable. Also, the dormitory style sleeping arrangement and one common bathroom are not considered marketable. In order for this building to be marketable alterations would likely be necessary included reconfiguring the space to have individual bedrooms and semi-private bathrooms. The interior would also require general renovation and repair.

Administration Building

This building was also reportedly constructed in the mid 1960's. It is wood frame construction with poured concrete foundation. There is wood and concrete panel exterior siding with some stone veneer. The roof covering is metal panel.

The interior floor plan consists of a foyer, 12 offices, a furnace room, 4 half baths and a bathroom with 2 showers, 3 sinks and 2 toilets. The floor coverings are carpet and linoleum, the walls are either drywall or wood paneling and the ceilings are either acoustical tile or drywall.

The overall condition of this building is considered to be fair/average. The effective age is of this building estimated to be approximately 30 years. The economic life of similar properties is indicated to be approximately 45 years. As with the lodge building, there is deferred maintenance present. Based upon our analysis this building is in need of renovation in order to be marketable.

Kitchen/Dining Building

This building was also reportedly constructed in the mid 1960's. It is wood frame construction with poured concrete foundation. There is wood and concrete panel exterior siding with some stone veneer. The roof covering is metal panel.

The interior floor plan consists of a dining room, a kitchen, storage rooms, a 1/2 bath, a full bath and an office. The floor covering is linoleum, the walls are drywall or tile covered and the ceiling is drywall. There are stainless steel commercial type appliances in the kitchen. The appliances

include a walk-in cooler and a walk-in freezer. We did not itemize each piece of equipment in the kitchen. The kitchen equipment has had very little use since the most recent prior tenant vacated the property in 2006. Due to the age and lack of regular use it is our opinion that this equipment contributes little value to the subject property. For this reason it is not valued in this report.

The overall condition is considered to be fair/average. The effective age of this building estimated to be approximately 30 years. The economic life of similar properties is indicated to be approximately 45 years. As with the lodge building, there is deferred maintenance present most significantly a leak in the bathroom. Based upon our analysis this building is in need of renovation in order to be marketable.

Outbuildings

There are various outbuildings as indicated on the table. All are wood frame construction and all are in overall fair condition.

Site Improvements

Site improvements include at least two reported wells, a waste water treatment facility, some sidewalk area, a minimal amount of fencing, an entrance gate. The most significant of these improvements is the waste water treatment facility.

This system was reportedly installed in the mid 1980's after one or more of the original septic systems for the subject property failed. The current system consists of a lift station, a 4" main pipe for pumping waste; two relatively large sewage lagoons and spray system for the treated sewage water which includes piping and spraying apparatus. According to Mr. Claude Cassidy with Montana DNRC, operation of the sewer system would require an appropriately licensed individual.

This system is considered to be a super adequacy for the property. A system of this magnitude could support a much more intensive use than any of the most probable uses of the existing improvements.

There is an 8 site mobile home or trailer park located north of the main campus area. These sites are connected to the water systems for the property. These sites are not connected to the sewer system and are served with individual septic tanks. The utility pedestals and meters were removed by the utility company at some point. This trailer park appears to be in overall fair condition.

It is beyond the appraisers' area of expertise to determine the extent of required repair for the various components of the subject buildings and site improvements. It is also beyond our area of expertise to detect contamination of the subject property from items such as asbestos and lead paint. The improvements were constructed during a period that such items could be present in the various components.

It is our recommendation that the appropriate experts be retained to determine the overall condition of all of the buildings and site improvements and the extent of repairs that would be required for occupancy. These would include engineers, property inspectors and experts in the field of detection of contamination.

The values indicated in this report are based upon assumptions regarding the absence of contamination and assumptions regarding the overall condition of the subject improvements. If these assumptions are proven to be false the values indicated in this report could be significantly affected.

Exhibits relative to the subject improvements are included in this section of this report.

D. EASEMENTS, BUFFERS AND RESTRICTIONS

There is no recently recorded survey for the subject property. We are not aware of the existence of any easements or encroachments regarding the subject property. If any easements or encroachments are present on the subject site the value indicated in this report may be affected.

The field used for the gray water and portions of the sprinkler system associated with the subject waste water treatment system appears to be located on land owned by the US Forest Service on an adjacent section to the subject property. The value indicated in this report is based upon the **Extraordinary Assumption** that there is an appropriate easement for such use of the adjacent property.

E. TOPOGRAPHY, VEGETATION, WETLANDS, SOILS AND DRAINAGE

We have not been provided with an environmental audit for the subject site and assume there are no toxic materials or groundwater contamination of the site. We have not been provided with a soil study for the subject site. We assume the soil can accommodate the type of construction, which is typically seen in the subject area.

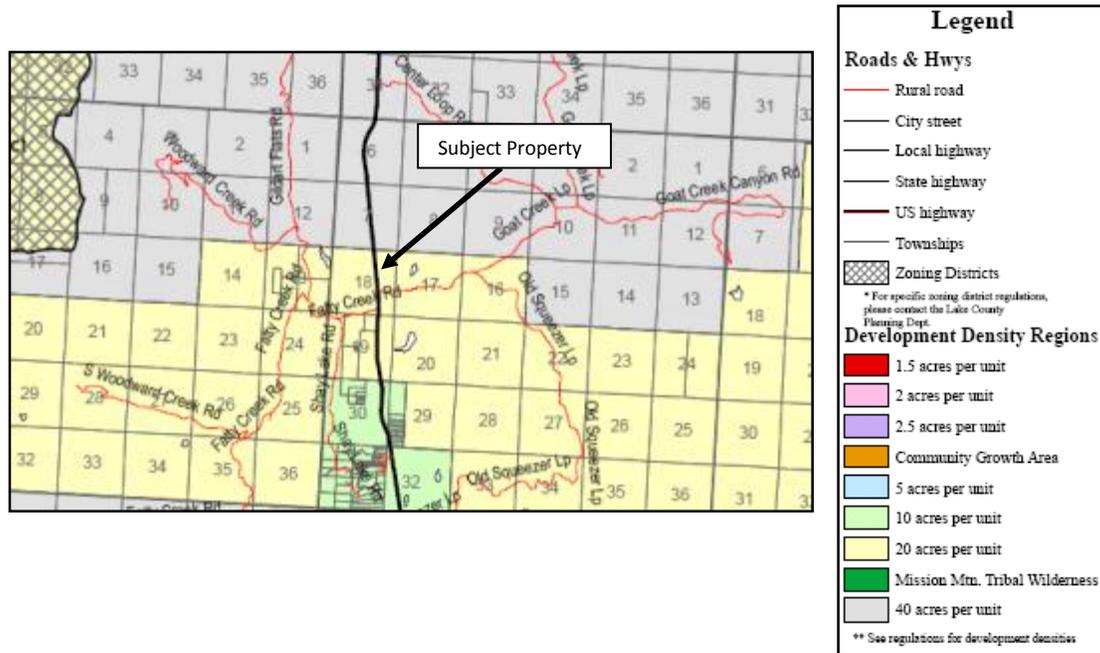
The buildings, other improvements and sewage treatment lagoons and sprinkler system for the sewage treatment facility occupy relatively little of the subject site. There site is predominantly grass covered and wooded. The topography is rolling. The highest elevation of the subject site is approximately 3,300 feet.

According to the Federal Emergency Management Flood Zone Map the subject property is located in Zone C. This is an area of minimal flood hazard. This is shown on flood map panel 30047C0195B dated December 17, 1987. A copy of a portion of this map is included in this section of this report.

F. ZONING

The subject property is in an area of Lake County that is not zoned; however, it is in a Development Density Region. An exhibit depicting this region is included on the following page.

Subject Portion of Lake County Zoning Density Map



The subject property is located in Section 18 along Montana Highway 83. The subject property is in an area designated for 20 acre minimum lot sizes.

G. ASSESSMENT & TAXES

The subject property is owned by the State of Montana and is exempt from real property taxes.

H. UTILITIES

The subject site has access to electricity and telephone. There are private wells on the site. We were not provided with information regarding the number, location or depth of the wells. The subject property is improved with a substantial on-site sewer system reportedly constructed in 1986. This system includes a lift station and a waste water collection facility with two sewage lagoons. The waste is treated and pumped to a spray-field that is located on the northeast portion of the subject property. According to the information provided to us, this sewage treatment system has a capacity that is more than sufficient to meet the needs of the existing improvements. It is considered to be a super adequacy. A super adequacy is an existing improvement that would not be installed in a replacement structure or to service a replacement structure.

I. ENVIRONMENTAL CONSIDERATIONS

As stated we have not been provided with soil studies for the subject site. We are unaware of any hazardous materials, ground water contamination, or unstable soils that may be on or in the site. Should any of these conditions be present, the value estimate included in this report may be affected. We assume that drainage has been adequately engineered for the site and improvements.

J. PUBLIC SAFETY AND SERVICES

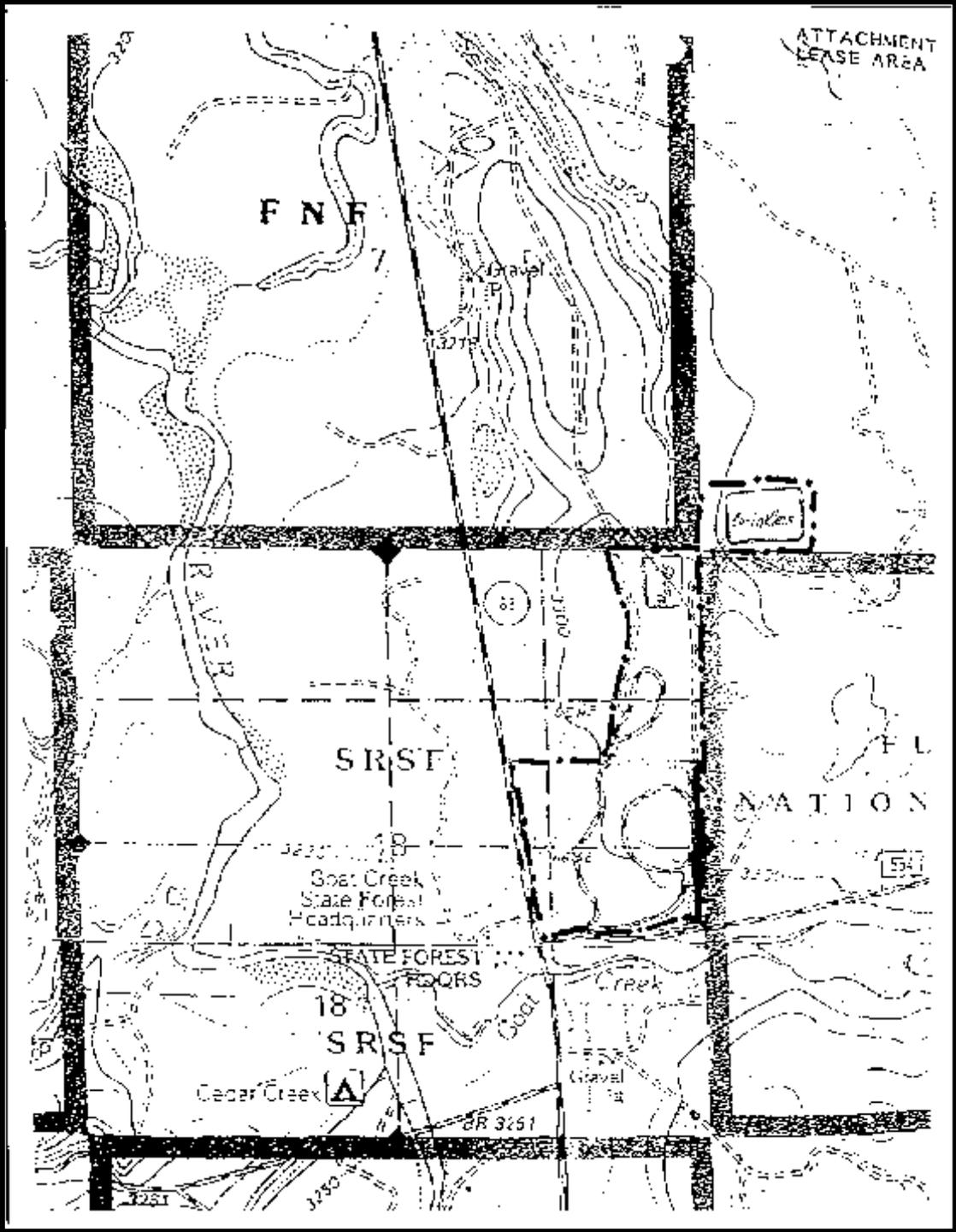
Police, fire protection, and other services are provided by the Lake County and area volunteer fire departments.

K. SITE SUITABILITY

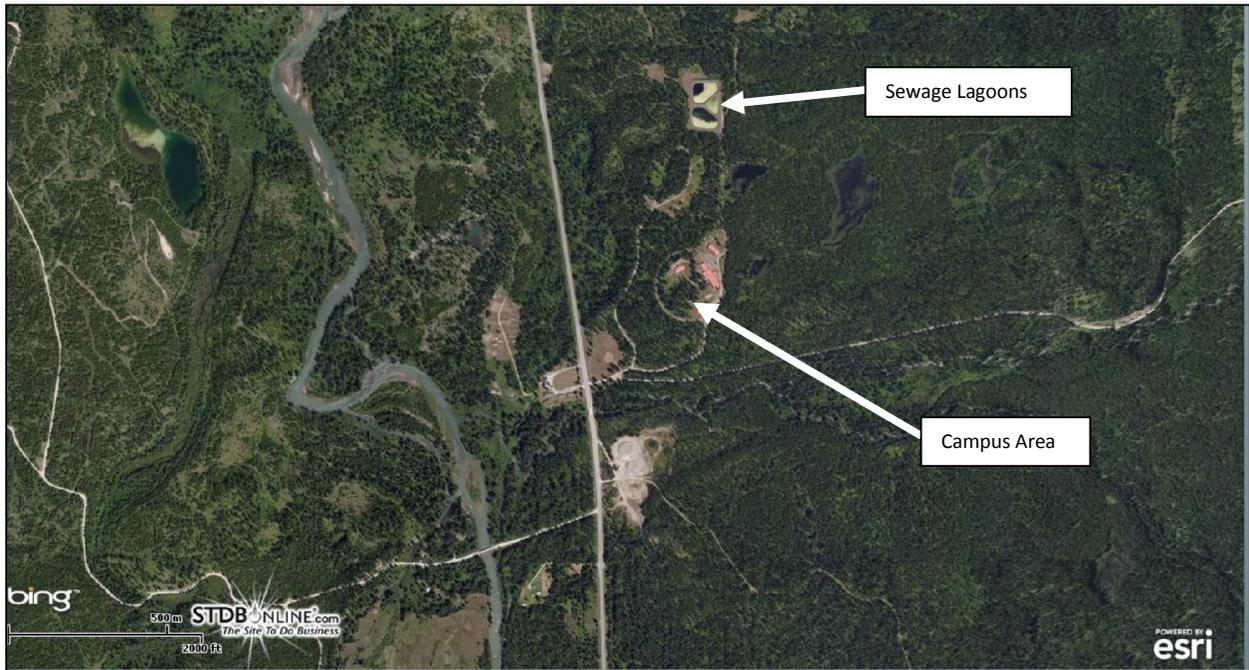
The subject property has an irregular shape. It has approximately $\frac{1}{4}$ mile of frontage along Montana Highway 83. It has sufficient shape and size for many uses; however, public water and sewer are not available in this area. Additionally the subject property is in a remote location.

Exhibits relative to the subject property are included on the following pages.

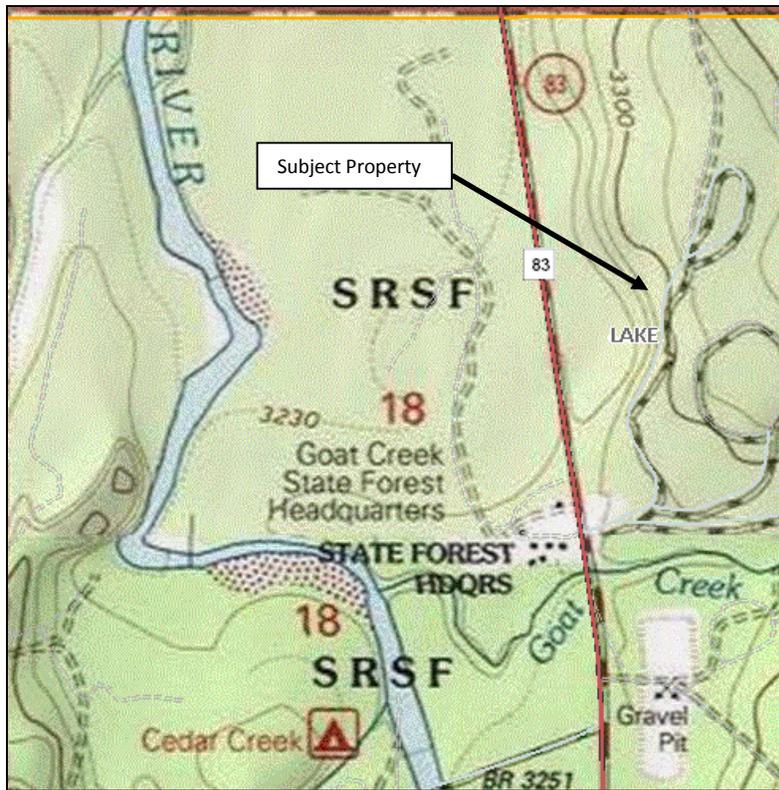
Approximate Boundaries of Subject Property
(Provided by DNRC)



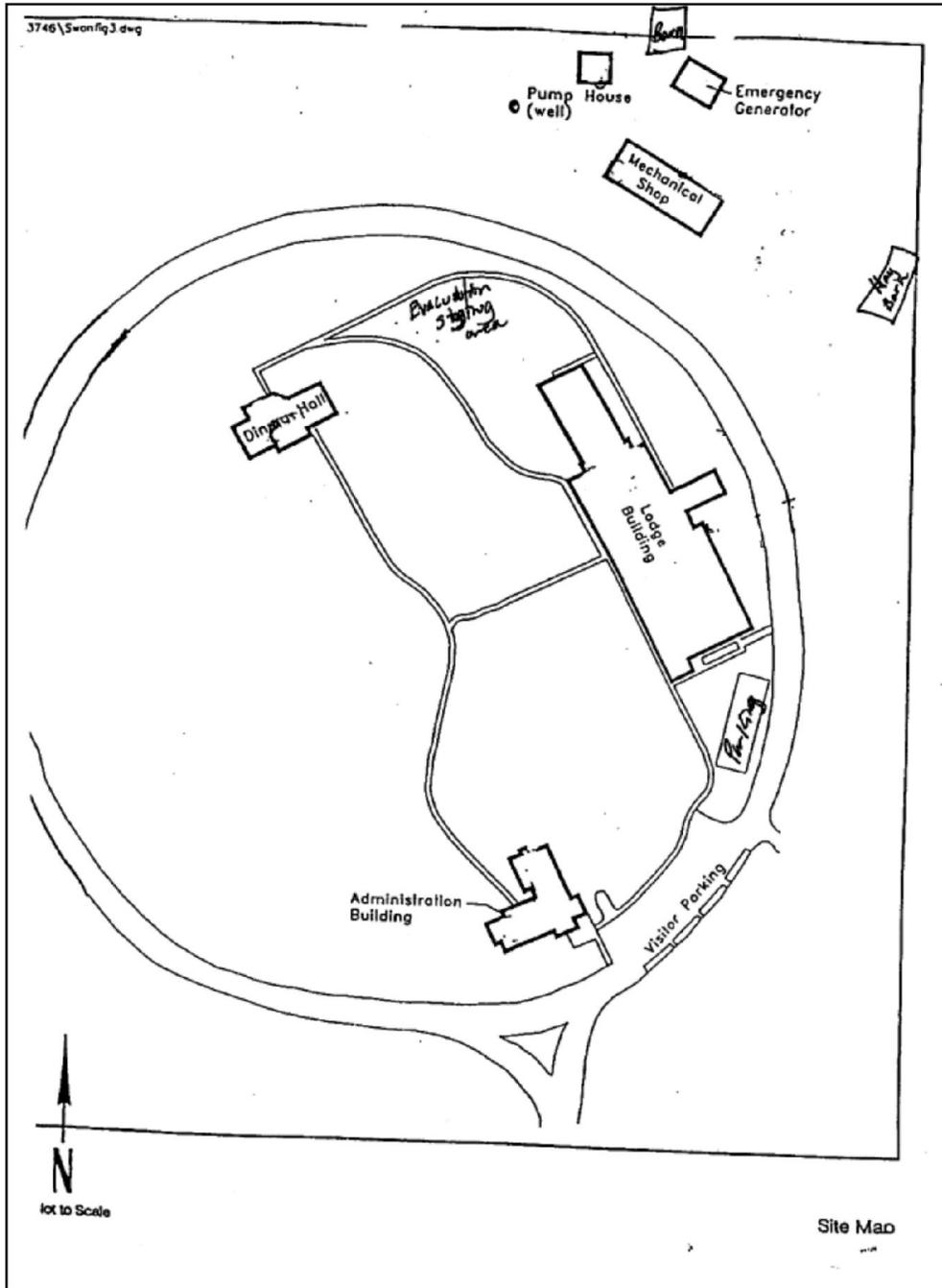
Satellite View of Subject Property



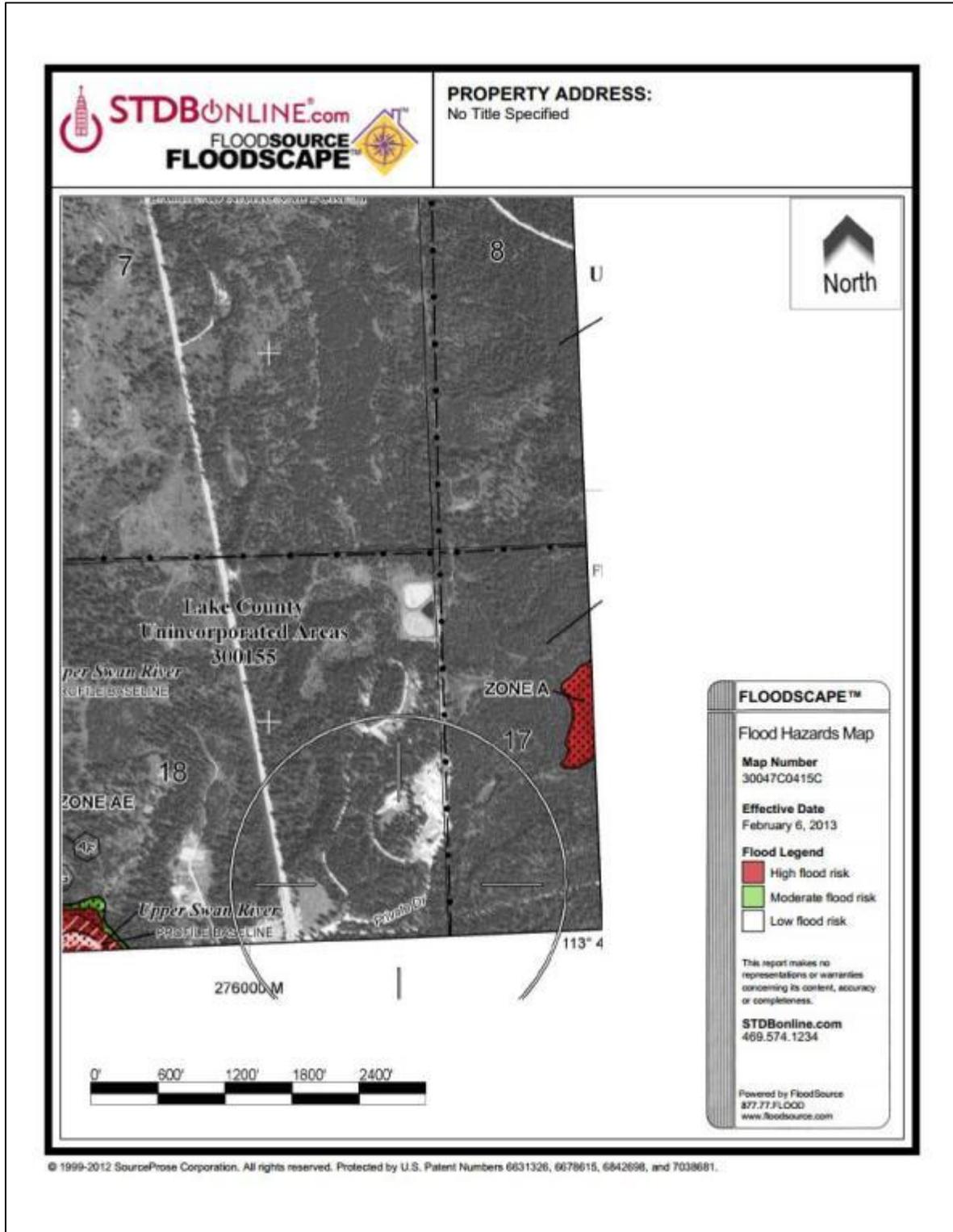
Topographic Map of Section that Includes Subject Property



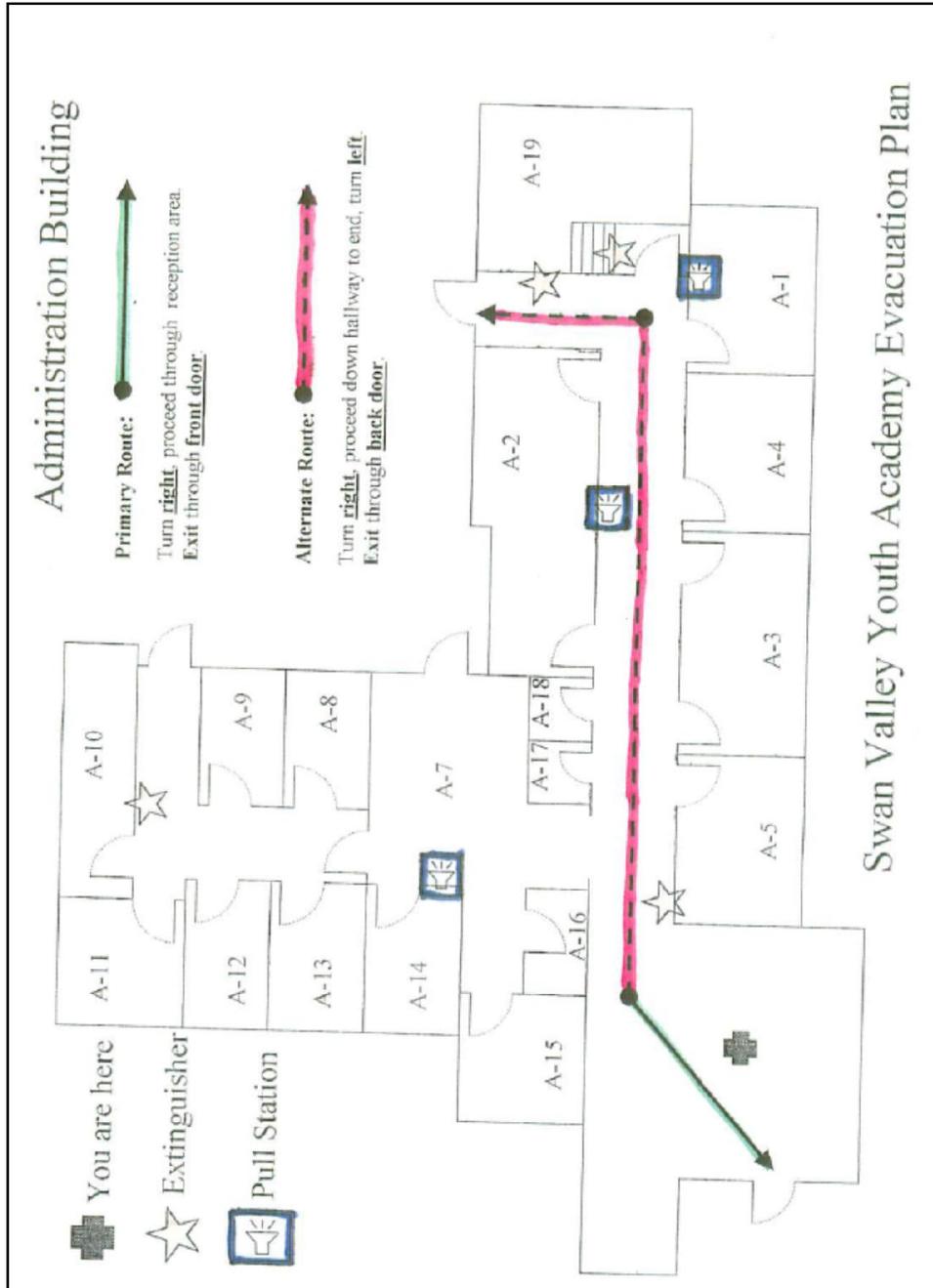
Approximate Location of Subject Buildings



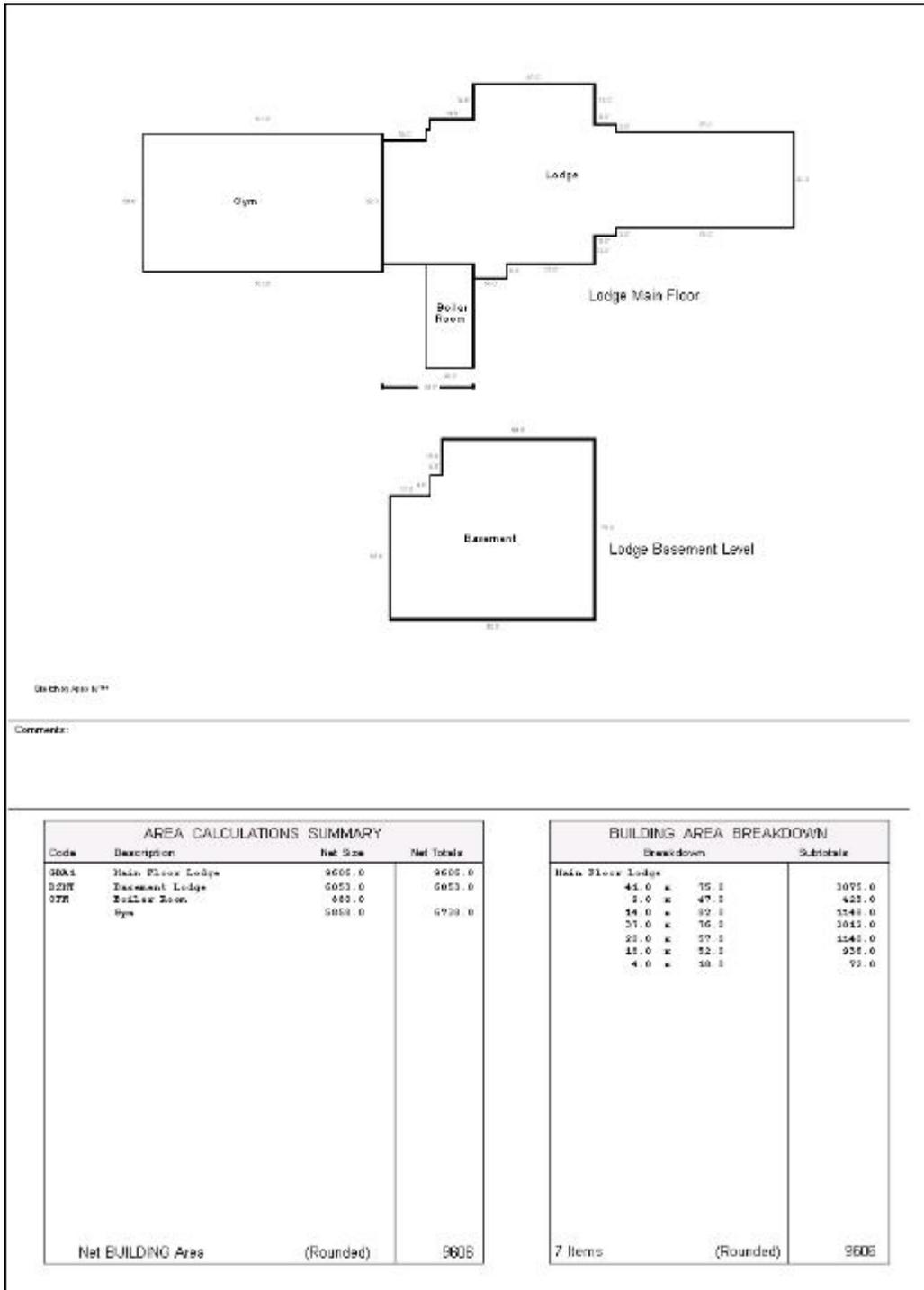
Flood Map
(Portion of Flood Map Depicting Subject Property)



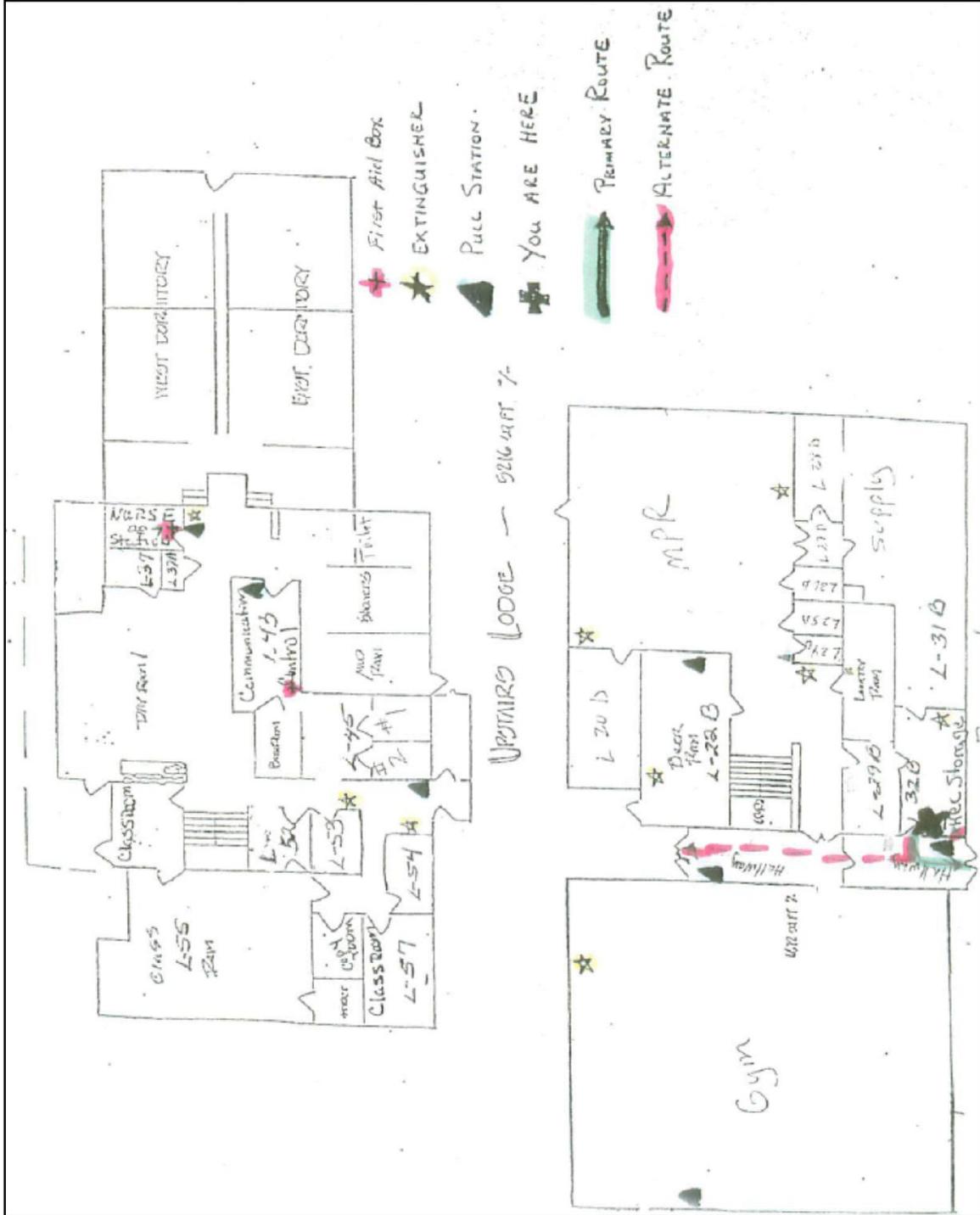
Approximate Floor Plan for Administration Building



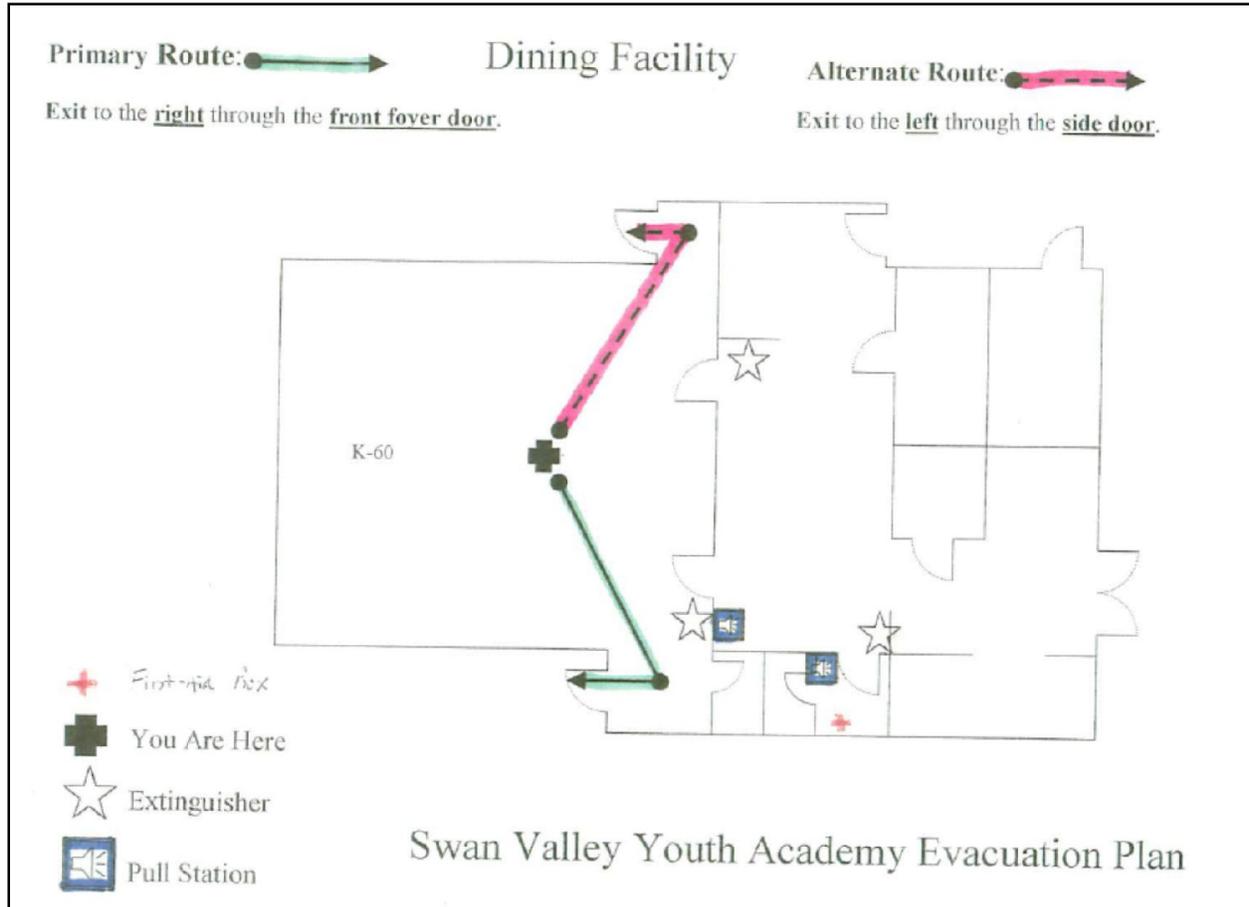
Appraisers' Building Sketch of Lodge Building



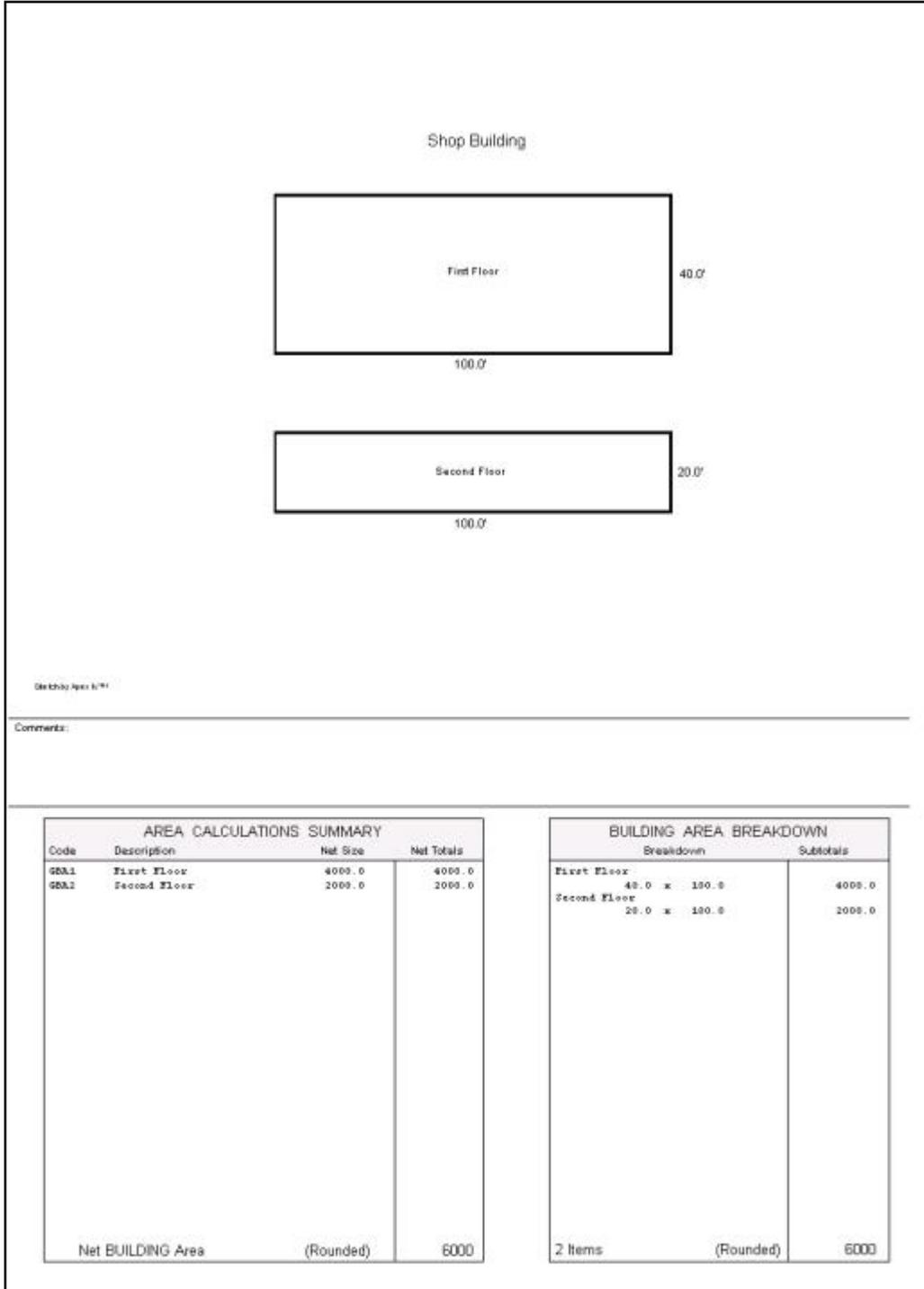
Approximate Floor plan of Lodge Building



Approximate Floor Plan of Kitchen Building



Appraisers' Sketch of Shop Building



SUBJECT PHOTOGRAPHS



Entrance to Swan Valley Retreat from Goat Creek Loop Rd.



Administration Building



Administration Building



Rear of Administration Building



Administration Building Interior



Bathroom in Administration Building

ADDITIONAL PHOTOGRAPHS



Administration Building Office



Administration Building Office



Administration Building Office



Office in Administration Building



Bathroom in Administration Building



Main Building and Grounds

ADDITIONAL PHOTOGRAPHS



West Side of Main Building



South Side of Main Building



East Side of Main Building



Foyer/Entrance in Main Building



Fireplace in Main Building



Observation Room in Main Building

ADDITIONAL PHOTOGRAPHS



Dorm Room



Bathroom



Classroom in Main Building



Hallway in Main Building



Control Room in Main Building



Classroom in Main Building

ADDITIONAL PHOTOGRAPHS



Classroom in Main Building



Mechanical Room in Main Building



Mechanical Room in Main Building



Storage Room in Main Building



Gymnasium in Main Building



Cafeteria Building

ADDITIONAL PHOTOGRAPHS



Swan Valley Retreat Grounds



Dining Room in Cafeteria Building



Cafeteria Building Kitchen



Bathroom in Cafeteria Building



Walk-in Freezer in Cafeteria Building



Kitchen in Cafeteria Building

ADDITIONAL PHOTOGRAPHS



Water Tanks



Maintenance Building



Storage Building



Generator



Maintenance Building



Former Horse Barn/Stable

ADDITIONAL PHOTOGRAPHS



Sewage Lagoon



Sewage Lagoon



Interior Road to Sewage Lagoon



Former Trailer Court Area



Coral in Former Trailer Court Area



View toward DNRC from Road to Trailer Court Area

ADDITIONAL PHOTOGRAPHS



MT Highway 83 Looking North



MT Highway 83 Looking South



Entrance to Swan Valley Retreat from MT Highway 83

SUBJECT MARKET ANALYSIS

Detailed economic and demographic data for the subject market area is included in the Addendum portion of this report.

Subject Productivity Analysis

The subject property has been described in detail in prior sections of this report. The subject building is considered a “Special-Purpose” facility. It was constructed as a minimum security prison and was most recently utilized as a youth treatment center.

Land Use Trends

The subject property is in a rural area with a relatively small amount of privately owned land, relatively low population, and few commercial properties. Most area improvements are residential in nature.

As a result of the Montana Legacy Project approximately 310,000 acres have been acquired from Plum Creek (a timber company) in the immediate subject area since 2009. The intent of this purchase was conservation and to preserve public use. The subject area has historically been heavily utilized for recreation.

Property Use Conclusion

Market participants typically purchase property in this subject area for residential and/or recreational use. The “Special-Purpose” nature of the improvements limits the number of market participants.

Potential Users of Subject Property

The potential users of the subject property as if vacant would likely be different than those for the property as improved. The potential purchasers of the property as if vacant would be market participants seeking relatively large tracts in the subject market area for residential and/or recreational use.

Potential purchasers or users for the subject property as improved would be individuals or entities with need of an existing facility appropriate for use as a training center, retreat, camp or religious facility. Such entities would include businesses, churches, civic organizations, and governmental agencies.

Demand Analysis – As If Vacant

Historical demand can shed light on future demand. We searched for sales of tracts of land ranging in size from 50.00 to 100.00 acres in the Seeley-Swan Valley area. The results of this both search are included on the table on the following page.

Seeley-Swan Valley Area						
Tract Sales Ranging from 50 to 100 Acres						
Year	# of Sales	% Sale to List Price	Average Tract Size/Acres	Median Price/Acre	Days on Market	% Price Change from Prior Year
2003	5	93%	86.46	\$8,252	329	
2004	5	91%	68.55	\$5,000	482	-39%
2005	8	90%	71.66	\$10,444	246	109%
2006	5	97%	69.13	\$13,120	229	26%
2007	1	100%	75%	\$7,964	177	-39%
2008	2	91%	80.00	\$8,375	72	5%
2009	1	89%	78.50	\$10,573	97	26%
2010	3	88%	63.05	\$12,818	896	21%
2011	0	-	-	-	-	-
2012	1	92%	73.70	\$4,003	99	-
2013	0	-	-	-	-	-
2014	2	73%	65.58	\$5,222	451	-
2015 YTD	0	-	-	-	-	-
Active Listings	7		82.99	\$7,818	526	
<i>Sources: NMAR MLS & Missoula MLS</i>						
<i>Includes waterfront & non-waterfront properties</i>						

Not every property transfers through the area MLS. Montana is a nondisclosure state and sales prices are not available via public record. The area MLS is the only succinct source for sales price data and is reflective of general trends.

The tables above represent the **Inferred Demand** which is the historical demand for similar properties in prior years. This data indicates that there have historically been few sales of tracts between 50 and 100 acres in size per year in the Swan Valley area over the past decade. There were 2 sales in this size range during 2014 and none in 2015 Year-to-Date. The active listings in the Seeley-Swan Valley area represent an approximately 2.5 year supply; however, downward price pressure is likely for the active listings due to limited demand.

Since there was limited market data for similar sized tracts in the immediate subject market area, it was necessary to expand the search for comparables sales to smaller sized tracts in the immediate subject area.

Forecast of Competitive Supply – As If Vacant

There are 7 active listings of tracts ranging in size from 50 to 100 acres in the immediate subject market area.

Interaction of Supply and Demand – As If Vacant

Based upon the average annual demand for the last 10 years, there is an approximately 2.5 year supply of such properties available for sale in the immediate subject market area. Based upon our analysis of supply and demand little appreciation for the subject property as if vacant is likely in the short term. Downward price pressure for the active listings for acreage tracts in the subject market area in this size range is highly likely.

Forecast of Marketing & Exposure Times – As If Vacant

The average annual marketing time for similar sized parcels in 2014 was 451 days. The average marketing time for the land sales used in the valuation of the subject site as if vacant range from 158 days to 401 days with an average 208 days. The value indicated in this report for the subject property as if vacant is based upon an approximately 1 year **marketing time** for the subject property. If the subject property as if vacant had sold on the effective date of this report for the value indicated, the **exposure time** would have been approximately 1 year.

Demand Analysis – As Improved

The subject improvements are considered “Special-Purpose.” We searched regional and state-wide sales data bases for sales of similar sized tracts with similar improvements. There was not sufficient market data to prepare a demand analysis; however, we did locate two sales via regional MLS’s and one sale from our office files (all located in Montana) which were considered similar to the subject as improved.

Based upon our analysis, there is some market for properties such as the subject in Montana. The proposed uses by the potential purchasers for the sales located were;

- Rehabilitation Facility for Brain Injury Patients
- Rehabilitation Facility for Patients with Substance Abuse Issues
- Use as a Guest Ranch and Outfitting Business

Use of the subject property as a base camp for an outfitter would be reasonable due to the proximity to public lands such as the Bob Marshal Wilderness. Use as a rehabilitation facility is also reasonable. Most market participants would require some alteration and/or renovation prior to occupancy of the subject facility. The relatively remote location of the subject property could appeal to market participants or be off-putting depending on their needs. Based upon our analysis, marketing on a national platform may be required to locate a market participant to lease or purchase the subject property.

Forecast of Competitive Supply – As Improved

Due to the “Special-Purpose” nature of the subject improvements there is no credible method to determine the competitive supply.

Interaction of Supply and Demand – As Improved

There is no credible way to forecast the interaction of supply and demand for facilities like the subject.

Forecast of Marketing Time or Capture Rate – As Improved

Two of the closed sales utilized in the Sales Comparison Approach were actively marketed. The marketing time for these sales was 311 days and 660 days. Based on our analysis, if the subject property is priced appropriately and marketed on a national basis an approximately 1.5 year marketing time could be expected. The value indicated in this report is based upon an approximately 1.5 year **marketing time** for the subject property as improved and an approximately 1.5 year **exposure time**.

HIGHEST AND BEST USE

The four basic economic principles of supply and demand, substitution, balance and conformity are considered to be the basic tools of analyzing the relationship between economic trends and an appraisal. Market forces create market value. For this reason, the analysis of highest and best use is very important. When the purpose of an appraisal is to estimate market value, a highest and best use analysis identifies the most profitable, competitive use to which a property can be used.

According to The Appraisal of Real Estate – 14th Edition by the Appraisal Institute, Highest and Best Use is defined as follows:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value."

The analysis for Highest and Best Use considers first the reasonably probable uses of a site that can be legally undertaken. The final Highest and Best Use determination is based on the following four criteria:

- **Legally Permissible:**
The availability of land for a particular use in terms of existing regulations and restrictions, deed restrictions, lease encumbrances, or any other legally binding codes, restrictions, regulations, or interests.
- **Physically Possible:**
The physical adaptability of the site for a particular use.
- **Financially Feasible:**
All uses that are legally permissible and physically possible that are likely to produce an income, or return, equal or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization are considered to be financially feasible.
- **Maximally Productive:**
Of the financially feasible uses, the use that produces the highest net return or the highest present worth.

It is important to recognize the possibility that the Highest and Best Use of the land could differ from the Highest and Best Use of the property. This occurs when a site has existing improvements and the Highest and Best Use of the land differs from the current use. Often, the current property use will continue until the value of the land, under its Highest and Best Use, less existing improvement demolition costs, exceeds the total value of the property in its present use.

The Highest and Best Use analyses and conclusions for the subject property are included on the following pages.

AS VACANT

Legally Permissible

The subject property is an area with no zoning; however, the property is located in a “development density region” of Lake County. The subject area is designated for 20 acre minimum lot sizes. The subject property could be subdivided; however, approval would be required by Lake County and the Montana Department of Environmental Quality.

Physically Possible

The subject site has a total indicated area of 78.30 acres. It has frontage approximately ¼ mile of frontage along Montana Highway 83. The site has sufficient size and shape for many uses. There is adequate space on the subject site as if vacant for a variety of uses.

Financially Feasible

The subject property is in a relatively remote area. A typical commercial use is not likely financially feasible due to the remoteness of the location. Most improved properties are residential. There is a market for acreage tracts in this area for residential and/or recreational use. Many area homes are second or vacation type properties.

Maximally Productive

Based upon this analysis of the legally permissible, physically possible and financially feasible uses of the subject site as if vacant the maximally productive highest and best use of the subject site is considered to be for single family residential, estate type use or possible subdivision into 20 acre parcels for residential use.

AS IMPROVED

Legally Permissible

As discussed the subject property is not zoned. For this reason, a wide variety of uses are legally permissible. The most recent use as a treatment facility/rehabilitation center is legally permissible.

The subject property was constructed as a minimum security prison. Based upon our research, this is a legally permissible use; however, it is unlikely. Area residents would likely protest such a use due to the history of the subject property. Additionally it is unlikely that the Montana Department of Natural Resources and Conservation would consider a use that was objectionable to the community.

Physically Possible

The subject site has ample room for the subject improvements. The site area exceeds the acreage necessary for the current improvements.

The subject improvements were constructed as a minimum security prison. They were most recently utilized as a treatment facility/rehabilitation center. Based upon our research and analysis, the current configuration of the lodge building and the overall condition of all of the buildings are not marketable for use as a treatment center without some alteration and/or renovation.

Financially Feasible

Based upon our analysis, most general commercial uses are not financially feasible due to the location of the subject property. Based upon our analysis of sales of somewhat similar facilities, the property would likely appeal to market participants seeking ownership of a training facility, retreat, rehabilitation facility, camp, outfitting headquarters, and/or religious facility. According to our research substantial renovation and retrofitting would be necessary for such uses.

Maximally Productive

Based upon this analysis of the legally permissible, physically possible and financially feasible uses of the subject property, the maximally productive highest and best use of the subject property as improved is use as a training facility, retreat, rehabilitation facility, camp, outfitting headquarters, and/or religious facility.

THE APPRAISAL PROCESS

In the foregoing sections of this report, we have examined and discussed the subject property. To arrive at an estimate of the market value for the subject property, it is necessary to collect and analyze all available data in the market which might tend to indicate the value of the subject property. The subject property must be compared to similar properties that can be constructed, purchased, or from which a similar monetary return may be received.

APPROACHES IN THE VALUATION OF REAL PROPERTY

The three recognized approaches in the valuation of real property are Sales Comparison, Cost Approach and Income Capitalization. According to The Appraisal of Real Estate – 14th Edition by the Appraisal Institute, the approaches are described as follows:

Cost Approach

In the Cost Approach, value is estimated as the current cost of reproducing or replacing the improvements (including an appropriate entrepreneurial incentive or profit), minus the loss in value from depreciation, plus land value.

Sales Comparison Approach

In the Sales Comparison Approach, value is indicated by recent sales of comparable properties in the market.

Income Capitalization Approach

In the Income Capitalization Approach, value is indicated by a property's earning power based on the capitalization of income.

Each of the three approaches to value requires data collection from the market and each is governed equally by the principle of substitution. This principle holds "when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand and widest distribution".

(Source: The Appraisal of Real Estate – 14th Edition by the Appraisal Institute)

The most credible method to value vacant land is the Sales Comparison Approach. Based upon our analysis, there were sufficient sales of vacant land in the immediate and greater subject market area to prepare a credible Sales Comparison for the subject property as if vacant. The site valuation is incorporated into the Cost Approach for valuation of the subject property as improved.

All three approaches to value were considered for the valuation of the subject property as improved. The Cost and Sales Comparison Approaches were developed in the following pages of this report. We did not locate sufficient market data regarding leases for similar facilities to develop a credible Income Approach. The Income Approach may have some applicability; however, it was not necessary to for a credible value conclusion.

COST APPROACH

The cost approach to value reflects the actions of market participants relative to cost. Older properties may exhibit physical and/or functional deficiencies that affect value. For this reason, the Cost Approach is most applicable with new or proposed construction. Even though the Cost Approach is most applicable with new or proposed construction, it can be the only applicable approach for “Special-Purpose” type properties. Based upon our research, the Cost Approach is considered to be the only applicable and credible approach to value the subject property.

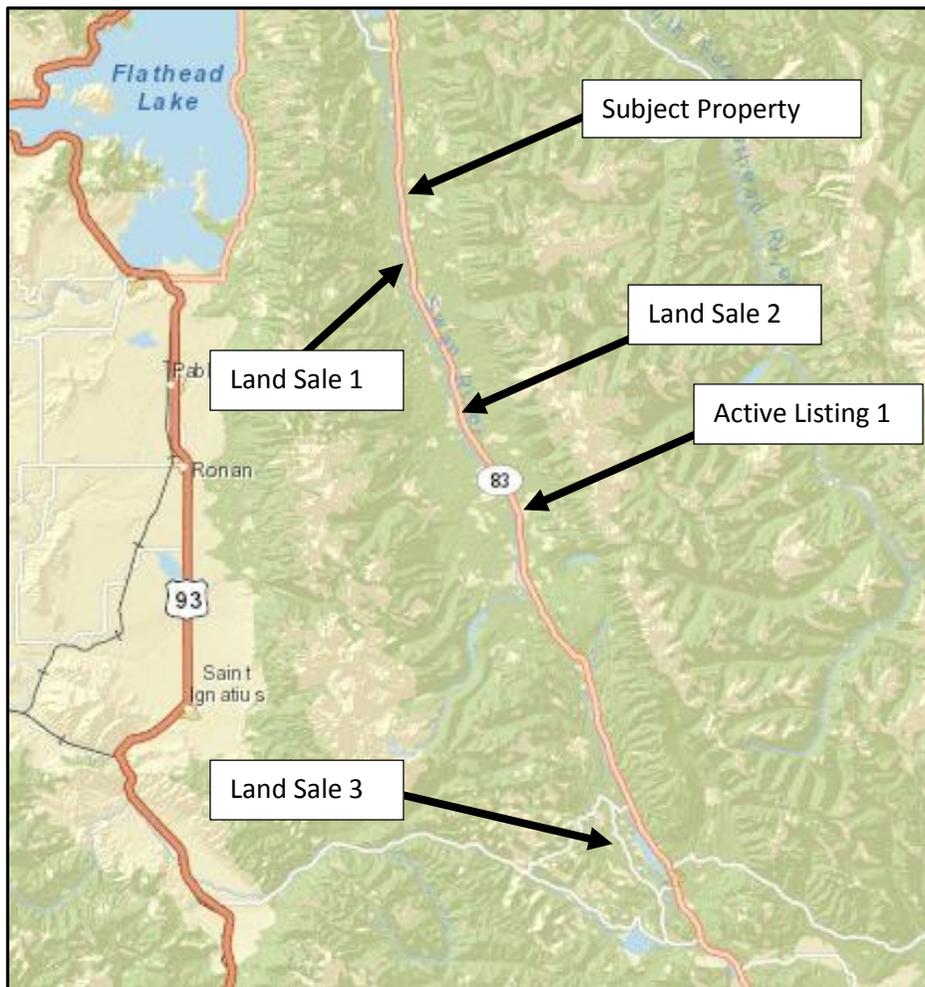
The first step in the Cost Approach is to estimate the value of the subject site as if vacant. The next step is to estimate the cost new of the existing improvements. The final step is to determine depreciation for the subject improvements and to subtract the depreciation from the cost new.

LAND VALUE ESTIMATE

Due to the relatively low number of sales of similar sized tracts in the subject market area in recent years, it was necessary to utilize sales of tracts smaller than the subject property and one active listing. The comparables are described on the table below;

Land Comparables							
Comp #	Address	Area	Sale Date	Sales Price	List Price	Acres	Price/Acre
Sale 1	NHN MT Hwy 83 N	Condon	Feb-14	\$347,000		71.16	\$4,876
Sale 2	NHN Stkar Trail	Condon	May-15	\$335,000		45.34	\$7,389
Sale 3	NHN Boy Scout Rd	Seeley Lake	Apr-15	\$250,000		30.80	\$8,117
Active 1	328 Uffda Lane	Condon	ACTIVE		\$775,000	101.67	\$7,623

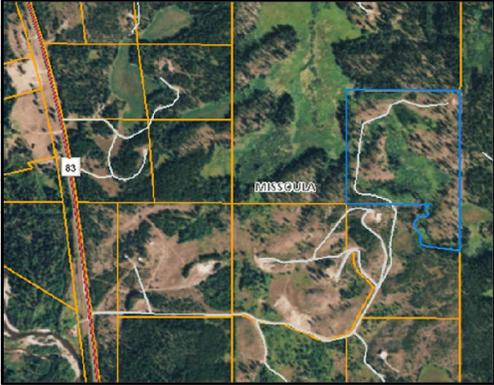
A complete description of each sale is included in the comparable land sale write-ups provided in this section of this report. A map depicting the locations of the subject and comparables is below;



LAND SALE 1

COMPARABLE SALE INFORMATION			
	Location		NHN Montana Highway 83
	City/State		Condon, Montana
	County		Lake
	Assessor Number		0000026090
	Zoning		10 Acres Per Unit Development Density Area
	Site Size: Acres		71.16
	Square Feet		3,099,555
	Date of Sale		February 5, 2014
	Sales Price		\$347,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$347,000
	MOR MLS #		20135986
ANALYSIS OF SALE			
Price per Acre	\$4,877	Price per Square Foot	\$0.11
		Price per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Margaret M. Crane	Grantee	Charles Louis Pyle & Diana Teresa Pyle
Recording Data	Doc # 533504	Marketing Time	158 Days on Market
Financing/Conditions	Cash/Market	Verified By	Kevin Wetherell, Listing Agent
Legal Description	Tract 1 of COS No. 6952, Section 5, Township 22 North, and Range 17 West, Lake County, Montana	Intended Use	Purchaser intends to build a house on this property in the future.
Section/Township/Range	5-22N-17W		
PROPERTY DETAILS			
Topography	Level Area with Steep Slope to River	Lot Dimensions	Various
Flood Plain	Zone A - Wetlands on Property	Improvements	None
Water Frontage	Swan River - Aprox 1/2 Mile	Value of Improvements*	N/A
View	Mountains, Trees, River		
Utilities	Electricity & Telephone at Road	Miscellaneous	Borders state land to the north.
*Appraisers Estimate		Report File	15-036ec

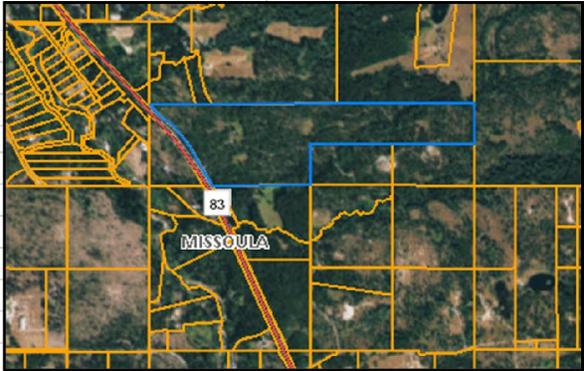
LAND SALE 2

COMPARABLE SALE INFORMATION			
	Location		NHN Stekar Trail
	City/State		Condon, Montana
	County		Missoula
	Assessor Number		0004641466
	Zoning		None
	Site Size: Acres		45.34
	Square Feet		1,975,010
	Date of Sale		July 8, 2015
	Sales Price		\$335,000
	Less Cost of Improvements*		\$0
	Sales Price Adjusted		\$335,000
	MOR MLS #		20143646
ANALYSIS OF SALE			
Price per Acre	\$7,389	Price per Square Foot	\$0.17
		Price per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Karin M. Stolz	Grantee	John E. Arnold, Trina M. Arnold, & Matthew C. Arnold
Recording Data	Doc # 533504	Marketing Time	401 Days on Market
Financing/Conditions	Cash/Market	Verified By	Laurie Page, Listing Agent
Legal Description	Lot 4, Homestead Estates, Missoula, County, Montana	Intended Use	Purchaser intends to build a house on this property in the future.
Section/Township/Range	14-21N-17W		
PROPERTY DETAILS			
Topography	Level Area with Steep Slope to River	Lot Dimensions	Various
Flood Plain	None	Improvements	Bridge Over Creek
Water Frontage	Smith Creek runs through property	Value of Improvements*	Bridge necessary for vehicular access. The property would have less value without this bridge; however, access is typically required for similar properties to be marketable. No adjustment was necessary for this improvement.
View	Mountains, Trees, Creek		
Utilities	Electricity & Telephone at Road	Miscellaneous	Borders US Forest Service land to the north, east, and west. Access via road and utility easement across adjacent properties
*Appraisers Estimate		Report File	15-036ec

LAND SALE 3

COMPARABLE SALE INFORMATION			
	Location	NHN Boy Scout Road	
	City/State	Seeley Lake, Montana	
	County	Missoula	
	Assessor Number	0004349679	
	Zoning	None	
	Site Size: Acres	30.80	
	Square Feet	1,341,648	
	Date of Sale	April 15, 2015	
	Sales Price	\$250,000	
	Less Cost of Improvements*	\$0	
	Sales Price Adjusted	\$250,000	
	MOR MLS #	20145900	
ANALYSIS OF SALE			
Price per Acre	\$8,117	Price per Square Foot	\$0.19
		Price per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	Gary M. Kiggins	Grantee	David F. Batchelder & Bridget Laird
Recording Data	WD - Book 942/Pg 1143	Marketing Time	224 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Scott Kennedy, Listing Agent
Legal Description	Parcel 3A of COS # 6014, Missoula County, Montana	Intended Use	Purchaser intends to build a house on this property in the future.
Section/Township/Range	20-17N-15W		
PROPERTY DETAILS			
Topography	Rolling	Lot Dimensions	Various
Flood Plain	Area Not Mapped	Improvements	None
Water Frontage	Deer Creek runs through Property	Value of Improvements*	N/A
View	Mountains, Trees, River		
Utilities	Electricity & Telephone at Road	Miscellaneous	Borders US Forest Service land to the south and west. Power located a bit further away than for similar area properties; however, agent indicated that this did not affect the sales price.
*Appraisers Estimate		Report File	15-036ec

ACTIVE LISTING 1

COMPARABLE LISTING INFORMATION			
	Location		328 Ufda Lane
	City/State		Condon, Montana
	County		Missoula
	Assessor Number		0001078438
	Zoning		None
	Site Size: Acres		101.67
	Square Feet		4,428,745
	Date of Sale		N/A - ACTIVE LISTING
	List Price		\$775,000
	Less Adjustments		\$0
List Price Adjusted		\$775,000	
MOR MLS #		20140495	
ANALYSIS OF SALE			
Price per Acre	\$7,623	Price per Square Foot	\$0.17
		Price per Front Foot	N/A
TRANSFER INFORMATION			
Grantor	N/A - ACTIVE LISTING	Grantee	N/A - ACTIVE LISTING
Recording Data	N/A - ACTIVE LISTING	Marketing Time	January 28, 2014
Financing/Conditions	N/A - ACTIVE LISTING	Verified By	Kevin Wetherell, Listing Agent
Legal Description	Lot 7 East of Right of Way, Less COS 3110, Section 6, Township 20 North and Range 16 West, Missoula, County, Montana	Intended Use	This property is being marketed for residential/recreational use.
Section/Township/Range	6-20N-16W		
PROPERTY DETAILS			
Topography	Rolling	Lot Dimensions	Unknown
Flood Plain	No Flood Plain Map Available	Improvements	Rustic Cabin c1964 & Older Shed
Water Frontage	None	Value of Improvements*	None
View	Mountains, Trees, River		
Utilities	Electricity & Telephone at Hwy	Miscellaneous	
*Appraisers Estimate		Report File	15-036ec

Sales Comparison Analysis Grid for Subject Site

Based upon our analysis the appropriate unit of comparison is the price per square acre. This is the unit of comparison used by most market participants.

COMPARABLE SALES ANALYSIS FOR - SUBJECT SITE AS IF VACANT					
78.30 ACRE TRACT, MONTANA HIGHWAY 83, SWAN VALLEY, MONTANA					
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	ACTIVE 1
IDENTIFICATION		NHN MT Hwy 83	NHN Stekar Trail	NHN Boy Scout Rd	328 Uffda Ln
CITY		Condon	Condon	Seeley Lake	Condon
SALES PRICE		\$347,000	\$335,000	\$250,000	\$775,000
ADJUSTMENT FOR LIST PRICE					-\$77,500
ADJUSTMENT FOR IMPROVEMENTS					
BUYER EXPENDITURES					
DEMOLITION					
ENVIRONMENTAL					
OTHER					
LEGAL/ZONING					
ADJUSTED PRICE		\$347,000	\$335,000	\$250,000	\$697,500
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT					
ADJUSTED PRICE		\$347,000	\$335,000	\$250,000	\$697,500
FINANCING	Market	Market	Market	Market	Market
FINANCING ADJUSTMENT					
ADJUSTED PRICE		\$347,000	\$335,000	\$250,000	\$697,500
CONDITIONS OF SALE ADJUSTMENT	Market	Market	Market	Market	Market
ADJUSTMENT					
ADJUSTED PRICE		\$347,000	\$335,000	\$250,000	\$697,500
DATE OF SALE		02/05/14	05/02/15	04/15/15	ACTIVE
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00
ADJUSTED PRICE		\$347,000	\$335,000	\$250,000	\$697,500
ZONING	None	None	None	None	None
SITE SIZE/SQUARE FEET	78.30	71.16	45.34	30.80	101.67
ADJUSTED SALES PRICE PER ACRE		\$4,876	\$7,389	\$8,117	\$6,860
RATING FOR:					
LOCATION		1.00	1.00	1.00	1.00
ACCESS/FRONTAGE		1.00	1.00	1.00	1.00
SHAPE		1.00	1.00	1.00	1.00
TOPOGRAPHY		1.00	1.00	1.00	1.00
WATER FRONTAGE		1.00	0.90	0.90	1.00
ZONING		1.00	1.00	1.00	1.00
UTILITIES		1.00	1.00	1.00	1.00
SIZE		1.00	0.80	0.80	1.00
OVERAL ADJUSTMENT		1.00	0.72	0.72	1.00
INDICATED PRICE PER ACRE		\$4,876	\$5,320	\$5,844	\$6,860

Discussion of Adjustments

Adjustment for List Price: Active Listing 1 is not a closed sale. Land Sales 1, 2, and 3 closed for 97%, 93%, and 84% of list prices respectively. Based upon our analysis of market conditions, a downward adjustment of 10% of the list price was considered reasonable and necessary for the list price of Active Listing 1.

Property Rights: The ownership interest in this report for the subject property and for all of the land comparables was the fee simple interest consequently no adjustments were necessary in this category.

Financing: According to our research, all sales were cash or cash equivalent; therefore, no adjustments were necessary in this category.

Conditions of Sale: No adjustment was considered necessary to any of the comparables in this category.

Market Conditions: The closed comparables sold in 2014 and 2015. The market conditions at the time of closings were similar to those as of the effective date of this report. No adjustment is necessary in this category.

Location: The locations of the subject and all of the comparables are similar enough that no adjustment was necessary.

Access/Frontage: The subject has access from and frontage along Montana Highway 83. All the comparables are along Montana Highway 83 or have easy access to the highway. No adjustment was necessary in this category.

Shape: The subject and all of the comparables have appropriate shapes for improvements. No adjustments were necessary in this category.

Topography: The topographies of the subject and most of the comparables are similar enough that no adjustment was necessary. Land Sale 1 includes wetland areas which restrict potential building locations; however, this property is along the Swan River. It is our opinion that the topography of this comparable offsets any downward adjustment necessary for river frontage. For this reason no adjustments were considered necessary in this category for Land Sale 1.

Water Frontage: The subject property and Active Listing 1 do not include water frontage. Land Sale 1 includes approximately ½ mile along the Swan River; however, a portion of this property is wetland. As noted in the Topography category. It is our opinion that any adjustment considered for water frontage for Land Sale 1 is offset by adjustment considered for topography. Land Sales 2 and 3 include frontage along creeks. Based upon our research, creek frontage positively affects value for area properties. There was little data available on which to base an adjustment for Land Sales 2 and 3 in this category; however, some downward adjustment was considered necessary. We utilized a downward adjustment of 10% in this category for Land Sales 2 and 3. This adjustment is considered reasonable and indicative of the actions of market participants.

Zoning/Covenants: The subject parcels and comparables are in areas with no zoning. The subject property, Land Sale 1 are in development density areas of Lake County. Based upon our analysis no adjustments were necessary in this category.

Utilities: The subject parcels and comparables all have similar access to all necessary utilities. No adjustment is necessary in this category.

Size: Based upon our analysis of the available market data, the price per acre varies relative to total parcel size. There was little relevant market data on which to base adjustments in this category. Land Sales 2 and 3 vary sufficiently in size from the subject that some adjustment was considered necessary. Downward adjustments of 20% were made to Land Sales 2 and 3. This percentage is considered reasonable and appropriate. No other adjustments were considered necessary in this category.

Reconciliation of Sales Comparison Approach

Most weight is accorded Land Sales 1, 2, and 3 as they are the closed sales. Based upon our analysis of supply and demand for area parcels totaling 50 to 100 acres in size (included in the Subject Market Analysis), there will likely be some downward price pressure on Active Listing 1. The approximate average of the indications from Land Sales 1, 2, and 3 is \$5,500 per acre. A value of \$5,500 per acre for the subject parcel as if vacant is considered reasonable and appropriate. Consequently;

78.30 Acres @ \$5,500/Acre	\$430,650
Rounded to	\$430,000

COST ESTIMATE FOR IMPROVEMENTS

INTRODUCTION

The next step in the Cost Approach is to estimate the cost new of the improvements minus depreciation and add the estimated land value. The cost is based on estimates using the Marshall Valuation Service, a recognized national cost estimating service. The comparative-unit method (utilizing the calculator method) is used to estimate the replacement cost for the subject improvements. All applicable depreciation must be calculated and subtracted from the cost new.

The subject buildings vary significantly in design and it was necessary to estimate separate base costs for each building. When required adjustments were made to the indicated base costs for eave height, perimeter and current and local cost differences.

DEPRECIATION

There are three general types of depreciation in the appraisal of real estate. These are discussed in the following paragraphs.

Physical Depreciation: The subject facility was constructed in the 1960's and has been vacant since 2006. There was physical depreciation (from age and deferred maintenance) present in the subject improvements as of the effective date of this report. The age/life method of estimation of depreciation indicates approximately depreciation in this category for most of the subject buildings at 67% (30 years effective age/45 economic life).

Functional Obsolescence: The subject property is best described as a "Special-Purpose" property. There is typically functional obsolescence associated with special purpose properties. Based upon our observation there is functional obsolescence associated with the subject improvements. The open dormitory style of the sleeping quarters and the large common bathroom in the lodge building are examples of functional obsolescence.

External Obsolescence: Based upon our analysis, there is some external obsolescence associated with the subject property due to current market conditions and the subject location.

Depreciation Conclusion

Based upon our analysis of the most similar sales located, older "Special-Purpose" facilities in remote locations like the subject are significantly depreciated. The purchaser for Improved Sale 1 intended to substantially renovate this property. This property sold for \$765,000 and the land value is estimated to be approximately \$490,000. This results in a sales price for the improvements only of \$275,000. The cost to construct the facility on Improved Sale 1 was reportedly \$3,000,000. The improvement sales prices equates to approximately 9% of the cost to construct or indicates a depreciation to the improvements (from all sources) of approximately 90%. An overall depreciation from all sources of 90% is considered reasonable and appropriate for the subject improvements.

The Cost Analysis is presented on the following pages of this report.

**MARSHALL VALUATION COST ANALYSIS FOR SWAN VALLEY RETREAT FACILITY
MONTANA HIGHWAY 83, SWAN VALLEY, MONTANA**

BASE COST ESTIMATES FOR BUILDINGS

LODGE MAIN FLOOR

AVERAGE, CLASS "D", LODGE, SECTION 12, PAGE 14

BASE COST	\$96.42
EAVE HGT. MULT.	1.00
PERIMETER MULT.	0.94
CURRENT COST	1.01
LOCAL COST	1.00
ADJUSTED BASE COST	<u>\$91.54</u>

LODGE BASEMENT LEVEL

FINISHED BASEMENT , SECTION 12, PAGE 9

BASE COST	\$48.48
EAVE HGT. MULT.	1.00
PERIMETER MULT.	1.00
CURRENT COST	1.01
LOCAL COST	1.00
ADJUSTED BASE COST	<u>\$48.96</u>

GYMNASIUM

LOW COST , CLASS "D", GYMNASIUM SECTION 18, PAGE 25

BASE COST	\$70.25
EAVE HGT. MULT.	1.00
PERIMETER MULT.	1.00
CURRENT COST	1.00
LOCAL COST	1.00
ADJUSTED BASE COST	<u>\$70.25</u>

**MARSHALL VALUATION COST ANALYSIS FOR SWAN VALLEY RETREAT FACILITY
MONTANA HIGHWAY 83, SWAN VALLEY, MONTANA**

BASE COST ESTIMATES FOR BUILDINGS

ADMINISTRATION BUILDING

AVERAGE, CLASS "D", ADMINISTRATION BUILDING, SECTION 18, PAGE 32

BASE COST	\$113.96
EAVE HGT. MULT.	1.00
PERIMETER MULT.	1.05
CURRENT COST	1.00
LOCAL COST	1.00
ADJUSTED BASE COST	<u>\$119.66</u>

KITCHEN BUILDING

AVERAGE, CLASS "D", MULTIPURPOSE BUILDING, SECTION 18, PAGE 17

BASE COST	\$116.36
EAVE HGT. MULT.	1.00
PERIMETER MULT.	1.04
CURRENT COST	1.00
LOCAL COST	1.00
ADJUSTED BASE COST	<u>\$121.01</u>

SHOP BUILDING

AVERAGE, CLASS "D", STORAGE WAREHOUSE BUILDING, SECTION 14, PAGE 26

BASE COST	\$36.88
EAVE HGT. MULT.	1.09
PERIMETER MULT.	0.97
CURRENT COST	1.04
LOCAL COST	1.00
ADJUSTED BASE COST	<u>\$40.55</u>

Cost Estimate for Sewer and Waste Water System

We located information relative to a sewer and waste water system proposed in 2006 for a large commercial and residential property in the general subject area. This property was planned to consist of a 50 person lodge and 42 (four bedroom) homes and a swimming pool upon completion. This system was designed based upon more current Montana Department of Environmental Quality specifications than the subject system. This system was to include a 4" sewer service pipe, an 8" gravity sewer main, a 6" sewer force main, a duplex sewage lift station, site piping, 36 manholes, a power transformer and level 2 type anaerobic treatment facilities. The cost for this entire system was estimated by an engineering firm in 2006 to be approximately \$1,291,700. We have trended this cost to 2015 using the comparative cost multiplier of 1.25 for July 2006. The trended cost is \$1,614,625. The waste water treatment portion of this system is on a remote site and the costs include pumping the waste to this remote site.

This system was to be constructed to accommodate an estimate peak demand of 19,200 gallons per day. The lodge portion of the subject improvements requires a system with a capacity of 3,000 gallons per day. This is approximately 16% of the total requirements of this other area development. The subject property would likely have a sewage disposal and treatment requirement similar to the lodge portion of this proposed development. We have rounded this indication up to 20% and prorated 20% of the cost indicated for the sewage system for this development as more likely indication of the cost for an adequate sewage system for the subject property. This equates to an indicated cost of approximately \$322,925 ($\$1,614,625 \times 20\% = \$322,925$) for an appropriate system for the subject property. **The appraisers are not experts at estimating costs for sewage disposal and treatment facilities. Additionally any system for the subject improvements must be approved by the Montana Department of Environmental Quality.**

We were provided with an appraisal report of the subject property prepared in 1998. According to the 1998 appraisal of the subject property the time trended actual cost for the subject sewer system was \$775,000. We have trended this cost to 2015 by using the comparative cost multiplier of 1.75 from July 1998 for Class "D" buildings from the Marshall and Swift cost manual. Based upon this information, the trended cost for the subject sewer system is indicated to be approximately \$1,356,250. The relatively high cost of this system in comparison to the proposed, much higher capacity, system further supports the conclusion that the existing system is a super adequacy which is a form of functional obsolescence. There is also physical depreciation present with this site improvement.

We have utilized the estimated cost from the cost comparable located as it is considered more representative of current costs and does not require additional adjustment for the depreciation due to super adequacy.

**COST ANALYSIS FOR SWAN VALLEY RETREAT
MONTANA HIGHWAY 83, SWAN VALLEY, MONTANA**

LODGE MAIN FLOOR	9,606 @ 91.54/SF	\$879,333
LODGE BASEMENT LEVEL	6,053 @ \$48.96/SF	\$296,355
GYMNASIUM	5,858 @ \$70.25/SF	<u>\$411,525</u>
SUBTOTAL LODGE		\$1,587,213
ADMINISTRATION BUILDING	3,651 @ \$119.66/SF	\$436,879
SUBTOTAL ADMINISTRATION BUILDING		<u>\$436,879</u>
KITCHEN BUILDING	3,280 @ \$121.01/SF	\$396,913
ADD FOR KITCHEN (NOT INCLUDED IN MULTIPURPOSE COST)	LUMP SUM	<u>\$35,000</u>
SUBTOTAL KITCHEN BUILDING		\$431,913
SHOP BUILDING	6,000 @ \$40.55/SF	\$243,300
POLE BARN	651 @ \$22.45/SF	\$14,615
MISCELLANEOUS STORAGE BUILDINGS (APPROX. \$25/SF)	LUMP SUM	27,800
6 FUEL VAULTS (ALL ESTIMATED AT 1,500 GALLON CAPACITY)	6 @ \$16,050/EA	\$96,300
8 MOBILE HOME PAD	8 @ \$6,540/EA	\$52,320
SIDEWALKS/ LANDSCAPING/FENCING/SIGNAGE	LUMP SUM	\$150,000
WELLS (ESTIMATING 3 WELLS)	LUMP SUM	\$150,000
SEWAGE TREATMENT (SEE COMMENTS IN NARRATIVE)	LUMP SUM	<u>\$322,925</u>
SUBTOTAL MICELLANEOUS STRUCTURES & SITE IMPROVEMENTS		\$1,057,260
TOTAL ESTIMATED IMPROVEMENT COST		\$3,513,264
LESS OBSERVED DEPRECIATION		
DEPRECIATION FROM ALL SOURCES (90%)	 (\$3,161,938)
TOTAL DEPRECIATION		<u>(\$3,161,938)</u>
DEPRECIATED COST ESTIMATE		\$351,326
LAND VALUE	 \$430,000
INDICATED COST VALUE	 <u>\$781,326</u>
ROUNDED TO		<u>\$780,000</u>

COST APPROACH CONCLUSION

The value indication from the Cost Approach is below;

Cost Approach Indication	\$781,326
Rounded To	\$780,000

SALES COMPARISON APPROACH

The Sales Comparison Approach reflects the actions of market participants in purchasing properties similar to the subject property as improved. We located 3 sales of improved properties that compare relatively well with the subject property. These comparables are included on the table below;

Improved Sales Analysis				
Sale #	Facility Name	Location	Sale Date	Sales Price
1	Liberty Place	Belgrade, MT	2014	\$765,000
2	Lost Horse Creek Lodge & Resort	Hamilton, MT	2013	\$760,000
3	Black Diamond Guest Ranch	DeBorgia, MT	2015	\$560,000

The comparables are described in detail in this portion of this report. Aerial views of the comparables are included. A map indicating the locations of the comparables in relation to the subject property is below.

Map of Improved Sales



IMPROVED SALE 1

COMPARABLE SALE INFORMATION			
	Location		8977 Dry Creek Road
	City/State		Belgrade, Montana
	County		Gallatin
	Assessor #		0000RDF860
	Zoning		Unzoned Portion of Gallatin County
	Site Size: Acres		51.47
	Square Feet		2,241,946
	Gross Building Area (SF)		24,004
	Date of Sale		July 3, 2014
	Contract Price		\$765,000
	Adjustment for Expenditures		\$0
	Adjusted Contract Price		\$765,000
MLS #		Not Listed on MLS	
TRANSFER INFORMATION			
Grantor	Bootstrap Ranch, Inc.	Grantee	Liberty Place, Inc
Recording Data	Warranty Deed # 2485163	Marketing Time	N/A
Financing/Conditions	Conventional/Market	Verified By	Diane Click, for Grantee
Legal Description	Tract 1 of Correction of Certificate of Survey No. 2010A, located in Section 35, Township 2 North, Range 4 East, P.M.M., Gallatin County, Montana	Intended Use	Property was purchased for renovation and use as a resident living and care facility for individuals who suffer from brain injuries.
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Gross Building Area (SF)	24,004	Improvement Size - SF	24,004
Guest Room Count	2 Dormitory Buildings, 2 Single Family Residences, & 1 Duplex	Sales Price	\$765,000
Construction Class	Class "D"	Sale Price Per Room	N/A
Quality/Condition	Good/Good	Sales Price Per Square Foot	\$32
Year Built/Age	1947-2005/Various	Effective Gross Income (EGI)	
Number of Stories	N/A	Less Estimated Expenses	
Functional Plan/Layout	Average	Net Operating Income (NOI)	
HVAC/Heating/Cooling	FWA/Central AC	Overall Capitalization Rate	
Utilities	Electricity, telephone, natural gas, well & Septic		
Amenities/Buildings	Includes frontage along Dry Creek. Buildings include; Administration, Cafeteria/Gymnasium, Lodge, 2 Dormitories, 2 Single Family Residences, 1 Duplex, and a Barn.	Land to Building Ratio	93.40 to 1.00
Miscellaneous	This property was originally a homestead. It includes several old cabins and other structures that appear to be from the 1900's. A small house was constructed on the property in 1947. Beginning in 1998, additional improvements were constructed for use as a resident high school for troubled youth. The cost to construct the improvements for the troubled youth facility was reportedly \$3,000,000.		
Report File # 15-036ec			

IMPROVED SALE 2

COMPARABLE SALE INFORMATION			
	Location		1000 Lost Horse Road
	City/State		Hamilton, Montana
	County		Ravalli
	Assessor #		0001044510 & 0001060600
	Zoning		Unzoned
	Site Size: Acres		13.02
	Square Feet		567,151
	Gross Building Area (SF)		35,000
	Date of Sale		June 14, 2013
	Contract Price		\$760,000
	Adjustment for Expenditures		\$0
	Adjusted Contract Price		\$760,000
	Co-Star #		668929
TRANSFER INFORMATION			
Grantor	Thomas R. Parmenter & Susan J. Parmenter (Partial Interest) and Robert M. Johnstone & Julianne Johnstone (Partial Interest)	Grantee	Bear Industries, LLC
Recording Data	Warranty Deed # 2477189	Marketing Time	311 Days on Market
Financing/Conditions	Conventional/Market	Verified By	Reeve Benaron, for Grantee
Legal Description	Parcel A of COS 2995 & Parcel 1 of COS 3410, Ravalli County, Montana	Intended Use	Property was purchased for use as a substance abuse rehabilitation facility.
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE	
Gross Building Area (SF)	35,000	Improvement Size - SF	35,000
Guest Room Count	22	Sales Price	\$760,000
Construction Class	Log Construction	Sale Price Per Room	\$34,545
Quality/Condition	Good/Good	Sales Price Per Square Foot	\$22
Year Built/Age	1996/17 Years (Some Older Cabins)	Effective Gross Income (EGI)	
Number of Stories	1 Story Buildings	Less Estimated Expenses	
Functional Plan/Layout	Good	Net Operating Income (NOI)	
HVAC/Heating/Cooling	GFA/Unit Heaters/Wood Stoves	Overall Capitalization Rate	
Utilities	Electricity, telephone, natural gas, and private well & septic	Land to Building Ratio	16.20 to 1.00
Amenities/Buildings	Buildings consist of 22 log cabins and a lodge building. Sale included a countywide liquor/gambling license.	Miscellaneous	Property abuts Bitterroot National Forest.
		This was a short sale. After purchase, the grantee located an operator for a future substance abuse treatment center. A 15 year NNN lease is currently in place for \$180,000 per year with 15% escalations every 5 years. This property was marketed after the 2013 sale for \$2,555,000.	
Report File # 15-036ec			

IMPROVED SALE 3

COMPARABLE SALE INFORMATION																													
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>Location</td><td>1281 East DeBorgia Haugan Frontage Rd</td></tr> <tr><td>City/State</td><td>DeBorgia, Montana</td></tr> <tr><td>County</td><td>Mineral</td></tr> <tr><td>Assessor #</td><td>0000389900</td></tr> <tr><td>Zoning</td><td>Unzoned</td></tr> <tr><td>Site Size: Acres</td><td>41.68</td></tr> <tr><td style="padding-left: 20px;">Square Feet</td><td>1,815,494</td></tr> <tr><td>Gross Building Area (SF)</td><td>9,194</td></tr> <tr><td>Date of Sale</td><td>May 8, 2015</td></tr> <tr><td>Contract Price</td><td>\$560,000</td></tr> <tr><td>Adjustment for Expenditures</td><td>\$0</td></tr> <tr><td>Adjusted Contract Price</td><td>\$560,000</td></tr> <tr><td>MOR MLS #</td><td>20135487</td></tr> </table>		Location	1281 East DeBorgia Haugan Frontage Rd	City/State	DeBorgia, Montana	County	Mineral	Assessor #	0000389900	Zoning	Unzoned	Site Size: Acres	41.68	Square Feet	1,815,494	Gross Building Area (SF)	9,194	Date of Sale	May 8, 2015	Contract Price	\$560,000	Adjustment for Expenditures	\$0	Adjusted Contract Price	\$560,000	MOR MLS #	20135487
Location	1281 East DeBorgia Haugan Frontage Rd																												
City/State	DeBorgia, Montana																												
County	Mineral																												
Assessor #	0000389900																												
Zoning	Unzoned																												
Site Size: Acres	41.68																												
Square Feet	1,815,494																												
Gross Building Area (SF)	9,194																												
Date of Sale	May 8, 2015																												
Contract Price	\$560,000																												
Adjustment for Expenditures	\$0																												
Adjusted Contract Price	\$560,000																												
MOR MLS #	20135487																												
TRANSFER INFORMATION																													
Grantor	Phillip Fingar	Grantee	James D. Beall																										
Recording Data	Warranty Deed # 113746	Marketing Time	660 Days on Market																										
Financing/Conditions	Conventional/Market	Verified By	Judy Stang, Listing Agent																										
Legal Description	Parcel A of COS #446B, NW4 of Section 19, Township 19 North, Range 29 West, Mineral County, Montana	Intended Use	Property was purchased for continued use as a guest ranch.																										
DESCRIPTION OF IMPROVEMENTS		ANALYSIS OF SALE																											
Gross Building Area (SF)	9,194	Improvement Size - SF	9,194																										
Guest Room Count	22	Sales Price	\$560,000																										
Construction Class	Class "D"	Sale Price Per Room	\$25,455																										
Quality/Condition	Average/Average	Sales Price Per Square Foot	\$61																										
Year Built/Age	1930-1998/ Various	Effective Gross Income (EGI)																											
Number of Stories	1 Story Buildings	Less Estimated Expenses																											
Functional Plan/Layout	Good	Net Operating Income (NOI)																											
HVAC/Heating/Cooling	Space Heat	Overall Capitalization Rate																											
Utilities	Electricity, telephone, natural gas, well & Septic	Land to Building Ratio	197.47 to 1.00																										
Amenities	Cabins and access to year round recreation in the area. RV sites available on property.																												
Miscellaneous	This property included a permit to access acreage owned by the US Forest Service for recreational purposes.	This property was operating a guest ranch at the time of sale. The purchaser intended to expand the operation. The property included 5 small rustic cabins that slept 4 people each, a large cabin that slept 17 people which included a commercial kitchen, an owner/caretaker residence, and a number of outbuildings (including horse boarding facilities).																											
Report File # 15-036ec																													

SALES COMPARISON ANALYSIS

A sales comparison analysis for the subject property utilizing the comparables is presented below;

SALES COMPARISON ANALYSIS FOR				
SWAN VALLEY RETREAT				
NHN MONTANA HIGHWAY 83, CONDON, MONTANA				
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3
IDENTIFICATION		Liberty Place	Lost Horse Creek Lodge & Resort	Black Diamond Guest Ranch
ADDRESS		8977 Dry Creek Rd	1000 Lost Horse Rd	1281E DeBorgia Haugan Frontage Rd
LOCATION		Belgrade, MT	Hamilton, MT	DeBorgia, MT
SALES PRICE		\$765,000	\$760,000	\$560,000
SELLER CONCESSIONS				
BUYER EXPENDITURES				
DEMOLITION				
ENVIRONMENTAL				
LEGAL/ZONING				
ADJUSTED PRICE		\$765,000	\$760,000	\$560,000
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT				
ADJUSTED PRICE		\$765,000	\$760,000	\$560,000
FINANCING	Market	Market	Market	Market
FINANCING ADJUSTMENT				
ADJUSTED PRICE		\$765,000	\$760,000	\$560,000
CONDITIONS OF SALE	Market	Market	Market	Market
ADJUSTMENT				
ADJUSTED PRICE		\$765,000	\$760,000	\$560,000
DATE OF SALE		2014	2013	2015
MARKET CONDITIONS FACTOR		1.00	1.00	1.00
ADJUSTED PRICE		\$765,000	\$760,000	\$560,000
IN OPERATION	No	No	No	Yes
PROPERTY ACRES	78.30	51.47	13.02	41.68
ADJUSTED SALES PRICE		\$765,000	\$760,000	\$560,000
ADJUSTMENT FOR:				
LOCATION	Condon	Superior	Similar	Similar
SITE SIZE	78.30	Smaller	Smaller	Smaller
QUALITY	Average	Superior	Superior	Similar
CONDITION/AGE	Average	Superior	Superior	Similar
OVERALL COMPARISON TO SUBJECT		Overall Superior but Considered Most Similar in Building Types and Building Uses	Overall Superior and not as Similar as Sale 1 in Building Types and Uses	Overall not as Similar as Sale 1 in Building Types and Uses - Sales Price Includes Business Value
ADJUSTED INDICATION OF VALUE		\$765,000	\$760,000	\$560,000

DISCUSSION OF SALES

Based upon the information we verified, no adjustments were necessary for Seller Concessions, Buyer Expenditures, Property Rights, Financing, or Conditions of Sale. There was not sufficient market data available on which to base credible adjustments for changes in market conditions, location, site size, quality, and condition/age. No adjustment was made for changes in market conditions; however, all of the comparables sold between 2013 and 2015. Properties like the subject and comparables transfer infrequently and the sale dates are reasonably close to the effective date of this report.

The various physical characteristics of each sale were compared to the subject property and an overall comparison to the subject property was concluded. The sales are discussed in the following paragraphs.

Improved Sale 1 is the 2014 sale of a former facility for troubled youth. The property was purchased for renovation/alteration and use as a residence facility for individuals suffering from brain injuries. This property included an administration building, a cafeteria/gymnasium, a lodge, 2 dormitories, 2 single family residences, a duplex, and a barn. This property included a private well and septic system that serviced all of the improvements. The improvements were constructed between 1947 and 2005 and overall were considered superior compared to the subject improvements. The Belgrade location is also considered superior to the subject Condon location. There is an airport in Belgrade and Bozeman (a significant area population center with a four year university) is very nearby. Even though this property is considered superior overall to the subject property as improved, it is the most similar sale in utility located.

Improved Sale 2 is the 2013 sale of a non-operating guest ranch. This property was purchased for use as a residential abuse treatment center facility. The property was a short sale; however, due to the limited market data available, no adjustment was made for Conditions of Sale. The purchaser leased the property to an operator of an abuse treatment center after purchase. The lease rate was reportedly \$180,000 per year with the tenant paying all expenses. This property included 22 log cabins and a lodge building at the time of sale. This property included a private well and septic system that serviced all of the improvements. Overall the improvements were considered superior compared to the subject improvements. The Hamilton location is also considered similar to the subject location in Condon. Although, this property has many similarities to the subject property as improved, it is not considered as similar as Improved Sale 1.

Improved Sale 3 is the 2015 sale of an operating guest ranch. This property was purchased for continued use and expansion of the guest ranch. This sale included some consideration for business value; however, there was not sufficient market data available to make an adjustment for this characteristic. This property included 5 log cabins, a lodge building, a caretaker's residence, and outbuildings. This property included a private well and septic system that serviced all of the improvements. Overall the improvements were considered relatively similar in overall quality and condition but dissimilar in utility. The DeBorgia location is also considered similar to the subject location in Condon. Overall, this sale is considered least similar to the subject property as improved.

SALES COMPARISON APPROACH RECONCILIATION

The comparables indicate market values of \$765,000, \$760,000, and \$560,000 for the subject property as improved. Most weight is accorded Improved Sale 1 due to overall similarity in building type and utility. An indication of value from the Sales Comparison Approach of \$765,000 is considered reasonable for the subject property.

Sales Comparison Approach Indication	\$765,000
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RECONCILIATION OF VALUE INDICATIONS

The value indications for the **Fee Simple** interest in the subject property are indicated below;

	Fee Simple Interest
Cost Approach	\$780,000
Sales Comparison Approach	\$765,000
Income Capitalization Approach	Not Developed

Cost Approach

The Cost Approach is frequently the most applicable approach for the valuation of “special use” properties such as the subject. The Cost Approach is considered to best depict the specific subject site value and specific characteristics of the improvements. For this reason, the Cost Approach provides a reliable indication of value the subject property.

Sales Comparison Approach

The Sales Comparison Approach was developed using the best and most recent comparables available. The sales utilized provide insight into the actions of market participants relative to purchases of somewhat similar properties in the greater subject market area. The comparables differ from the subject in location, site size, and building quality, condition, and utility. There was not sufficient market data available to support credible adjustments for differing characteristics. For this reason no weight is accorded this approach.

Income Approach

There was not sufficient relevant market data located to develop a credible Income Approach.

Conclusion

All weight is accorded the indication from the Cost Approach as it best captures the specific characteristics of the subject property. The Sales Comparison Approach provides an excellent check of reasonableness for the conclusion from the Cost Approach. After carefully considering all the factors influencing the subject property, it is our conclusion that the value of the subject real property, based upon the Extraordinary Assumptions and Hypothetical Conditions presented in the Scope of the Appraisal, as of July 8, 2015, is

\$780,000

QUALIFICATIONS OF THE APPRAISERS

ELLIOTT (ELLIE) M. CLARK, MAI

PROFESSIONAL DESIGNATIONS

MAI Designated Member of the Appraisal Institute (2004)

FORMAL EDUCATION

College of Charleston, Charleston, SC
Bachelor of Science – Geology (1985)

REAL ESTATE EDUCATION

Appraisal Institute

1990 - Basic Valuation Procedures
1990 - Real Estate Principles
1992 - Capitalization Theory and Technique
1994 - Advanced Income Capitalization
2001 - Highest and Best Use and Market Analysis
2001 - Advanced Sales Comparison and Cost Approaches
2002 - Standards of Professional Practice, Part A
2002 - Standards of Professional Practice, Part B
2002 - Report Writing and Valuation Analysis
2002 - Advanced Applications
2003 - Comprehensive Exam
2003 - Separating Real & Personal Property from Intangible Business Assets
2004 - Demonstration Appraisal
2006 - 7 Hour National USPAP Update Course
2006 - Business Practices and Ethics
2008 - 7 Hour National USPAP Update Course
2010 - 7 Hour National USPAP Update Course
2012 – 7 Hour National USPAP Update Course
2012 – Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
2012 – Valuation of Conservation Easements
2014 – 7 Hour National USPAP Update Course
2015 – Real Estate Finance Statistics and Valuation Modeling

Institute of Financial Education

1985 - Real Estate Law I
1986 - Real Estate Law II

IAAO

1991 - Standards of Practice and Professional Ethics

Citadel Evening College

1993 - Residential Appraisal Reports Using URAR Form

William H. Sharp & Associates

1995 - The Home Inspection

Trident Technical College

1997 - Uniform Standards of Appraisal

Historic Preservation Consulting

1998 - Appraising Historic Property

The Beckman Company

2004 - The Technical Inspection of Real Estate

WORK EXPERIENCE

2003 - Present Clark Real Estate Appraisal – Owner/Commercial Real Estate Appraiser
1995 - 2003 Sass, Herrin & Associates, Inc. – Commercial Real Estate Appraiser
1990 - 1995 Charleston County Assessor’s Office – Sr. Staff Real Estate Appraiser
1986 - 1989 First Sun Capital Corporation - Mortgage Loan Officer
1985 - 1986 First National Bank of Atlanta - Mortgage Loan Processor
1984 - 1985 South Carolina Federal Savings Bank - Mortgage Loan Processor

STATE LICENSES/CERTIFICATIONS

Montana State Certified General Real Estate Appraiser - REA-RAG-LIC-683

APPRAISAL SEMINARS ATTENDED

2000 – JT&T Seminars: Financial Calculator HP-12C
2000 – Appraisal Institute: Highest and Best Use Applications
2004 – Appraisal Institute: Evaluating Commercial Construction
2005 – Appraisal Institute: Scope of Work: Expanding Your Range of Services
2006 – Appraisal Institute: Subdivision Valuation
2006 – Appraisal Institute: Appraising from Blueprints and Specifications
2006 – Appraisal Institute: Uniform Appraisal Standards for Federal Land Acquisitions
2007 – Appraisal Institute: Analyzing Commercial Lease Clauses
2007 – Appraisal Institute: Condominiums, Co-ops, and PUDs
2008 – Appraisal Institute: Spotlight on USPAP
2008 – Appraisal Institute: Quality Assurance in Residential Appraisals: Risky Appraisals = Risky Loans
2008 – Appraisal Institute: Office Building Valuation: A Contemporary Perspective
2009 – Appraisal Institute: Appraisal Curriculum Overview (2-Day General)
2010 – Appraisal Institute: Hotel Appraising – New Techniques for Today’s Uncertain Times
2010 – Appraisal Institute: The Discounted Cash Flow Model: Concepts, Issues & Applications
2011 – Appraisal Institute: Understanding & Using Investor Surveys Effectively
2011 – Appraisal Institute: Advanced Spreadsheet Modeling for Valuation Applications
2012 – Appraisal Institute: Appraising the Appraisal: Appraisal Review-General
2013 – Appraisal Institute: Business Practices and Ethics

PARTIAL LIST OF CLIENTS

Glacier Bank
Rocky Mountain Bank
State of Montana Department of Natural Resources
Montana Department of Transportation
United States Department of Interior

CHRISTOPHER D. CLARK

FORMAL EDUCATION

Millikin University, Decatur, Illinois
Bachelor of Arts in Political Science

REAL ESTATE EDUCATION

Appraisal Institute

Course 110 – Appraisal Principles, 2005
Course 120 – Appraisal Procedures, 2005
Course 410 – 15- Hour National USPAP Course, 2005
Course 203R – Residential Report Writing & Case Studies, 2006
Course REA070513 – Analyzing Commercial Lease Clauses, 2007
Course 06RE0638 – Condominiums, Co-ops, PUD's, 2007
Course REA071154 –Hypothetical Conditions, Extraordinary Assumptions, 2008
Course 07RE0734 – 7-Hour National USPAP Update, 2008
Course 06RE0641 – Quality Assurance in Residential Appraisals, 2008
Course 06RE1286 – Office Building Valuation: A Contemporary Perspective, 2008
Course 430ADM 0 Appraisal Curriculum Overview – 2009
Course I400 - 7-Hour National USPAP Update – 2010
Course OL-202R - Online Residential Sales Comparison and Income Approach – 2011
Course OL-200R - Online Residential Market Analysis and Highest & Best Use – 2011
Course OL-201R - Online Residential Site Valuation & Cost Approach – 2011
Course I400 – 7-Hour National USPAP Update Course – 2012
Course REA110436 – Appraising the Appraisal: Appraisal Review General – 2012
Course 08REO643 – Business Practices and Ethics -2013
Course I400 – 7-Hour National USPAP Update – 2014
Course REA4380 – Online Introduction to Green Buildings: Principles and Concepts
Course REA120108 – Online Cool Tools: New Technology for Real Estate Appraisers
Course REA6260 – Real Estate Finance Statistics & Valuation Modeling 2015

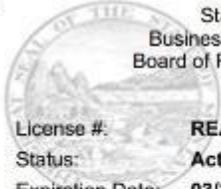
WORK EXPERIENCE

2005 - Present Clark Real Estate Appraisal, Inc. – Real Estate Appraiser
2003 - 2005 IKON Office Solutions – Technology Marketing
2002 - 2003 Relational Technology Services – Technology Marketing
1998 - 2003 IKON Office Solutions – Technology Marketing
1988 – 1998 CMS Automation (Formerly Entré Computer Center) – Technology Marketing

STATE LICENSES/CERTIFICATIONS

Montana Licensed Appraiser # REA-RAL-LIC-841

APPRAISERS LICENSES

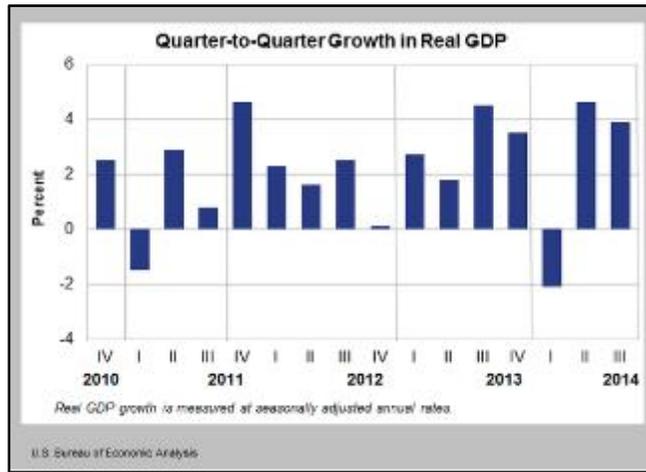
	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: CERTIFIED GENERAL APPRAISER With endorsements of: REAL ESTATE APPRAISER MENTOR
License #:	REA-RAG-LIC-683	
Status:	Active	
Expiration Date:	03/31/2016	
ELLIOTT M CLARK CLARK REAL ESTATE APPRAISAL 704C E 13TH STREET #509 WHITEFISH, MT 59937		
		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: LICENSED APPRAISER
License #:	REA-RAL-LIC-841	
Status:	Active	
Expiration Date:	03/31/2016	
CHRISTOPHER D CLARK CLARK REAL ESTATE APPRAISAL 704C E. 13th STREET STE 509 WHITEFISH, MT 59937		
		 RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pol/

ADDENDUM

NATIONAL ECONOMIC DATA

Real GDP decreased by 3.9% in the third quarter of 2014 after increasing 4.6% in the second quarter of 2014 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the increase in real GDP reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, federal government spending, exports, residential fixed investment, and state and local government spending that were partly offset by a negative contribution from private inventory investment.



According to the US Bureau of Labor and Statistics, the national unemployment rate for October of 2014 was 5.8%. This is the lowest national unemployment rate since July of 2008. Continued slow growth was generally forecasted for the national economy for the first quarter of 2015.

STATE ECONOMIC DATA

Montana is the 44th most populous state in the US. 2010 US Census data estimated a population of 989,415 indicating a growth in population of 9.7% from 2000 to 2010. The US Census Bureau estimated that the 2013 population of Montana was 1,005,292. This estimate shows a 1.6% increase since the last census in 2010. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

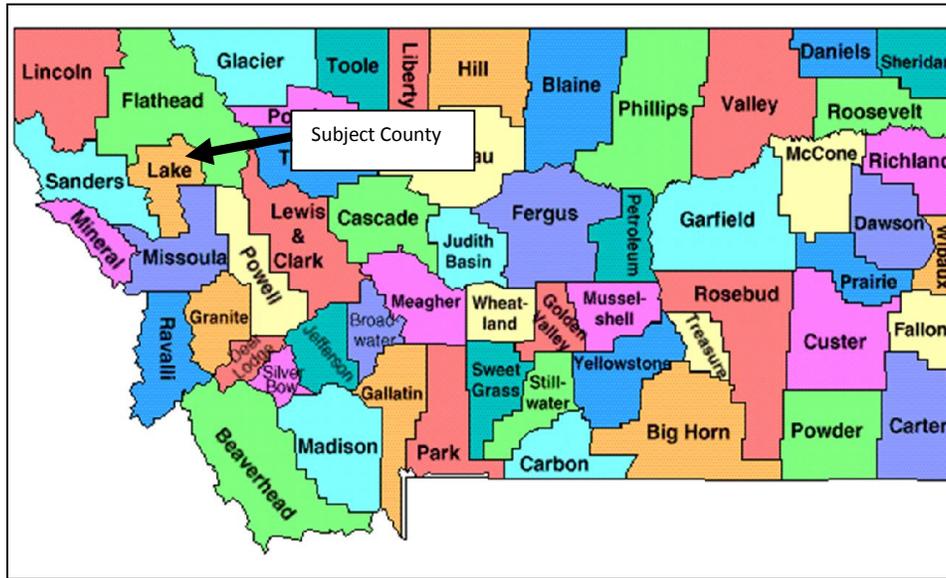
- Trade, Transportation, and Utilities
- Government (Federal, State, & Local)
- Education & Health Services
- Healthcare & Social Assistance
- Leisure & Hospitality

These industries employ from 11% to 16% of the workforce in Montana per category. The remaining categories employ less than 10% each.

According economists from the Federal Reserve Minneapolis, employment and personal income in Montana for 2015 are both expected to grow at faster rates than in 2014. The bank believes that employment in Montana will grow by a solid 1.9 % in 2015, while the unemployment rate is predicted to drop by the fourth quarter of 2015 compared to late 2014. Personal income for Montanans is expected to grow by 4.7 % in 2015. That would be the biggest increase since 2012, when personal income grew by about 5.6%. Overall most industries in the state are expected to perform better than in 2014.

LAKE COUNTY DATA

The subject property is in Lake County. Lake County is in the northwest portion of Montana. The county is bordered by Flathead County to the north and east, Sanders County to the west and Missoula County to the east and south. A map of Montana with counties identified is below.



The county seat is the city of Polson and other cities and towns include; Arlee, Big Arm, Charlo, Dayton, Elmo, Moiese, Pablo, Ravalli, Ronan, St. Ignatius and Swan Lake.

Geographical Information

Lake County is 4,283 square miles in size. There is 3,869 square miles of land area and 414 square miles or approximately 9.6% of water area. Flathead Lake is a significant geographical feature of the Lake County. It is the largest natural freshwater lake west of the Mississippi River. The Flathead River flows south from Flathead Lake near Polson. The northern portion of Lake County is part of the Flathead Valley and the southern portion is part of the Mission Valley. A large portion of Lake County is within the Flathead Indian Reservation. Additional features of Lake County include the Kerr Dam, National Bison Range (the subject property), the Mission Mountain Range and part of the Bob Marshall Wilderness. There are many area lakes and rivers that provide an abundance of year round recreation for area residents and visitors.

Population

According to current estimates from the US Census, Lake County is the ninth most populous county in the state. Based on the 2000 Census, the population of the county was 26,507 residents. The population was estimated to be 28,746 in 2010 indicating an increase in population from 2000 to 2010 of approximately 8.45%. As noted, a large portion of Lake County is located in the Flathead Indian Reservation. The reservation is home to the Confederated Salish and Kootenai Tribes. According to the 2015 US Census data estimates, approximately 23% of the population of Lake County was American Indian or Alaskan Native.

Income

According ESRI forecasts the median annual household income in 2015 for Lake County was \$37,713 which is lower than the median household income for Montana in 2015 of \$46,649. According to the American Community Survey data dated 2009 - 2013, the most recent period for which data is available, approximately 19.9% of the Lake County population was below the poverty line. This is more than the estimated 14.1% poverty rate for the State of Montana for the same period.

Employment

According to ESRI there were an estimated 12,087 people over 16 years of age in the workforce in Lake County in 2015. Educational, health and social services represent approximately 21% of the employment in Lake County. Approximately 12% of the workforce is employed in either the retail trade and manufacturing industries. Some of the largest private employers in Lake County include; Jore Corporation, S & K Electronics, Community Bank, Wal-Mart, Safeway, Super 1 Foods, St Joseph Hospital and St. Luke Community Hospital.

Unemployment

Based on the Montana Department of Labor and Industry data, the preliminary monthly unemployment rate (non-seasonally adjusted) for Lake County in May of 2015 was 3.9%. This is the same unemployment rate for the state of Montana reported for May 2015. Historical annual unemployment rates for Lake County are included on the table below;

Lake County Montana	
Annual Unemployment Rates	
Year	Rate
2014	5.8%
2013	6.7%
2012	7.9%

Source: MT Department of Labor & Industry

Annual unemployment rates for Lake County have been decreasing in recent years.

Education & Healthcare

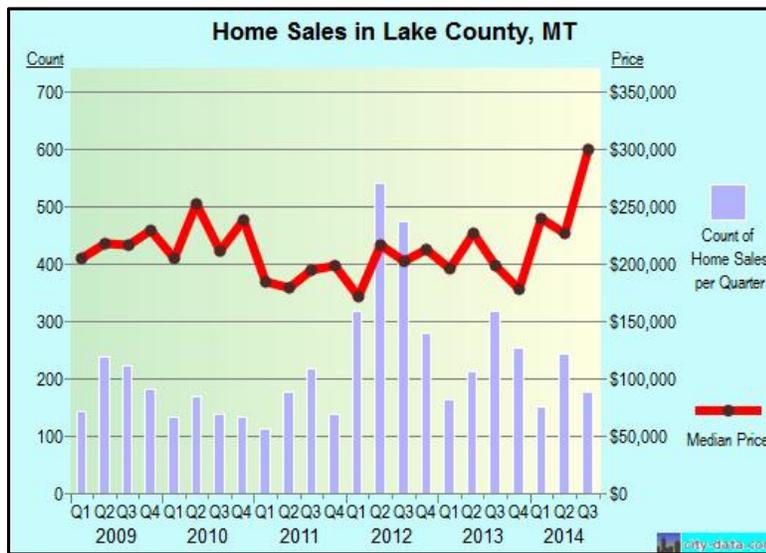
There are elementary, middle and high schools servicing various areas of Lake County. Salish Kootenai College is located on US Highway 93 in Pablo. The college offers associate and baccalaureate degrees.

There are two critical access hospitals located in Lake County. St. Joseph Hospital in Polson is a 22 bed hospital and St. Luke Community Hospital is a 25 bed hospital located in Ronan.

Real Estate

According to the ESRI forecasts there were 17,397 housing units in Lake County in 2015. Of the total housing units, 68.2% were occupied. Approximately 46.9% were owner occupied, 21.3% were rented, and 31.8% were vacant. According to the American Community Survey data from 2009-2013, approximately 77.6% of the homes in Lake County were single family detached; approximately 11.3% were mobile homes and the remainder were multi-family homes.

Montana is a nondisclosure state which means that property sales prices are not public record. There are few succinct sources of realty transfer data available. Historical data on home sales volume and median price for Lake County from city-data.com is included on the table below;



The city-data.com chart to the left indicates that as of the 3rd Quarter of 2014, the median home price for Lake County was approximately \$300,000. This represents the highest price in the study period. At \$300,000 the median home price is unaffordable for a family with a county median family income of \$37,713.

Linkages & Transportation

US Highway 93 is considered the most significant highway in Lake County. This highway provides access to the west Shore of Flathead Lake as it travels north to Kalispell,

Whitefish and the Canadian Border. US Highway 93 extends south and connects with Interstate 90 near the city of Missoula. MT Highway 35 is located along the east Shore of Flathead Lake and connects with US Highway 2 which provides access to Bigfork, Columbia Falls and Glacier National Park. Montana Highway 83 extends north and south through the eastern side of Lake County and into Missoula County. The cities of Kalispell and Missoula are within a one hour drive from most areas in Lake County.

The Canadian border is within a two to three hour drive from most portions of Lake County. There is a port of entry just north of Flathead County in Eureka, Montana and another border crossing at the line dividing Glacier National Park of the United States and Waterton National Park of Canada. There are international airports located in Kalispell and Missoula serviced by a variety of national airline carriers.

Recreation

Lake County provides outdoor enthusiasts with an abundance of nature and recreational activities. Flathead Lake is a significant attraction for tourists and Montana residents. Water activities on Flathead Lake include; fishing, cruises, sailing, boating, and water sports. The Flathead River is known for fly fishing, whitewater rafting and kayaking. Kerr Dam and the National Bison Range are popular attractions in Lake County. Nearby mountains provide opportunities for hiking,

camping, biking, snowmobiling and snow skiing. Wilderness areas located nearby include the Swan Wilderness, Jewel Basin and Bob Marshall Wilderness which offer many recreational opportunities. There are ski resorts located in nearby Flathead and Missoula Counties offering winter activities including snowboarding, downhill and cross country skiing. There are several golf courses located in Lake County.

Flathead Reservation

The Flathead Reservation is the fourth largest reservation in Montana and includes acreage in Lake County as well as three additional counties in northwest Montana. There are approximately 4,500 Confederated Salish and Kootenai tribal members residing on the reservation. CSKT provides employment opportunities to over 1,000 tribal members through tribal owned and privately owned nonmember industries in Lake County.

Lake County Economic Data Conclusion

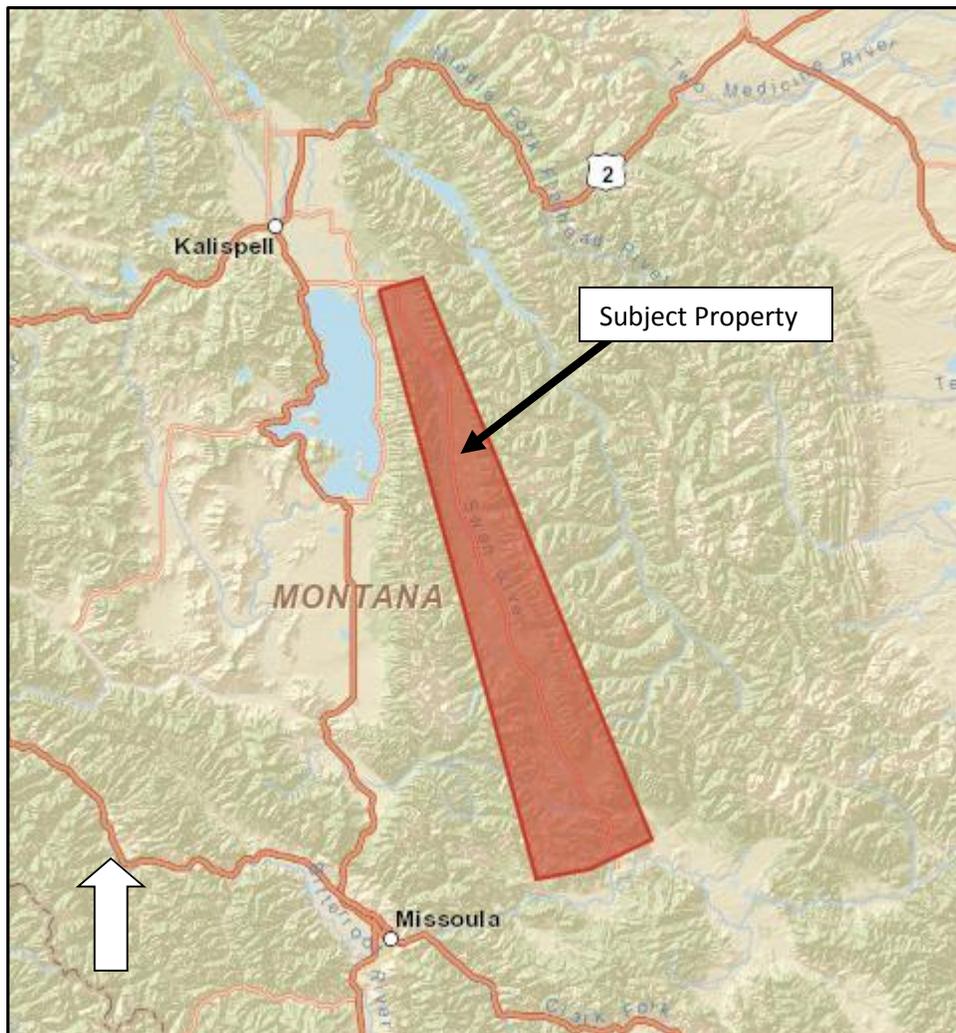
As stated, there is an abundance of recreational opportunities in northwest Montana. Attractions such as Flathead Lake, the National Bison Range, the Mission Mountains and the Bob Marshall Wilderness will likely continue to be a draw for second home buyers, nonresident travelers and Montana residents to Lake County. There are indications that the overall economy is improving in Lake County. The long term outlook for the area is positive due to the abundance of natural resources and the potential to diversify the employment.

SEELEY-SWAN VALLEY DATA

General Information

The subject property is located in a relatively remote, rural area generally known as the “Seeley-Swan Valley”. There is relatively little privately owned land in the area.

For report purposes the neighborhood boundaries consist of properties between Bigfork to the north and Montana Highway 200 to the south. Montana Highway 83 runs north to south through the entire area. The Mission Mountain Range forms the west side neighborhood boundary and the Swan Mountain Range forms the east side neighborhood boundary. The subject neighborhood is approximately an hour drive from Kalispell and approximately an hour and a half drive from Missoula. A map depicting approximately neighborhood boundaries is below;



Much of the land in the subject market area is protected. A recent cooperative project that involved a large amount of acreage in the area is known as “The Montana Legacy Project.” It is a cooperative project of The Nature Conservancy, The Trust for Public Land and state, federal and private partners. The Nature Conservancy and The Trust for Public Land have acquired approximately

310,000 acres of land formerly owned by Plum Creek since 2009. The land will eventually be conveyed to a mix of public and private owners. Under this partnership, actual land ownership and management responsibilities rest with The Nature Conservancy.

Geography

The subject area is generally bounded by the Swan Mountains on the east and the Mission Mountains on the west. Area mountain peaks extend as high as 9,000 feet. Portions of two national forests are in this area. They are the Lolo and Flathead National Forests. There are number of lakes, rivers and creeks in the area. Swan Lake is the nearest relatively large lake to the subject property.

Population

According to 2015 US Census data the population of the subject neighborhood (as defined by the map presented) was 4,967. According to ESRI forecasts the population is expected to increase to 5,217 by 2020. This equates to an increase of approximately 0.64% per year.

Economy/Income

There is no major employment in the area. Major employment is located in Kalispell or Missoula which are both over an hour drive away. According to ESRI, the 2015 median household income for the neighborhood was indicated to be \$47,091. The median household income is projected to increase by 3.64% per year through 2020.

Housing & Real Estate

According to the ESRI there were 4,592 housing units in the identified subject neighborhood in 2015. Approximately 40.2% of the housing units were identified as owner occupied, approximately 10.5% were identified as renter occupied, and approximately 49.3% were identified as vacant. The relatively high percentage of vacant housing units is likely due to the remote nature of the subject area. Many of these properties are utilized only a portion of the year and are second or vacation homes. The population density increases along the area lakes, rivers and creeks and is less dense further from these amenities. Prices for real estate in the area typically increase substantially with water frontage.

According to ESRI forecasts the median home value for the neighborhood in 2015 was \$207,065. The home value is projected to increase to \$266,390 or approximately 28.7% by 2020.

There are commercial properties located mostly along the highway. These primarily consist of service type businesses to provide for the area residents. There are some lodging facilities; however, they are mostly oriented to or based upon proximity to an area natural amenity or a particular activity.

Recreation

There are a large number of camp grounds and hiking trails in the subject area. The Bob Marshall Wilderness is located near (to the east) of this area. It is a popular destination for hikers and hunters. The numerous lakes, rivers and creeks provide many recreational opportunities. Area winter activities include snowmobiling, cross country skiing and snowshoeing.

Conclusion

The immediate subject neighborhood is a remote area comprised of rural properties that are mostly residential in nature. There is little employment in the area. There is relatively little privately owned land in the area. The area is very attractive for recreation. Recreational opportunities include hiking, mountain biking, Nordic skiing, snowmobiling, hunting, and fishing.

ENGAGEMENT LETTER
(Page 1 of 14)

FOR DNRC USE ONLY			Approved No. <u>155141</u> Division _____ Legal _____ F.S.O. _____
Maximum amount under this agreement: <u>\$3,500.00</u>			
Source of Funds			
<u>Fund Name</u> Trust Administration Account	<u>Fund No.</u> 02938		
<u>Subclass</u> 555HA	<u>Org. No.</u> 6041DR-01	<u>Percent</u> 100%	

TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF POTENTIAL LAND BANKING SALE OF THE SWAN VALLEY RETREAT
PROPERTY IN LAKE COUNTY

THIS CONTRACT is entered into by and between the State of Montana/Department of Natural Resources and Conservation, (State/DNRC), whose address and phone number are P.O. Box 20160, Helena, MT 59620-1601, (406) 444-2074, and Ellie Clark, Clark Real Estate Appraisal, (hereinafter referred to as the "Contractor"), whose address and phone number are 704-C E. 13th Street #509, Whitefish, MT 59937 and (406)862-8151.

1. EFFECTIVE DATE, DURATION, AND RENEWAL

1.1 Contract Term. The contract's initial term is upon contract execution, through August 31, 2015, unless terminated earlier as provided in this contract. In no event is this contract binding on the State unless the State's authorized representative has executed it in Section 27. **The appraisal report is to be completed and forwarded to Montana DNRC, John Grimm, and P.O. Box 201601, Helena, MT 59620-1601 by July 24, 2015.**

2. SERVICES AND/OR SUPPLIES

Contractor agrees to provide to the State the following: The Contractor shall be responsible for providing a credible appraisal, in an appraisal report format, conducted and prepared in compliance with the current Uniform Standards of Professional Appraisal Practice, for a parcel in Lake County, as described in Attachment A, Scope of Work for Appraisal of Potential Property Sale through the Land Banking Program and Supplemental Appraisal Instructions.

The appraisal must comply with the instructions in Attachment A, and all provisions in the body of this contract including the following:

- 1) The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value for the parcels. If deemed necessary by the contractor rather than including the specific market data in the appraisal update report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with

the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal update report.

2) The definition of market value is that as defined in 70-30-313 M.C.A.

3. CONSIDERATION/PAYMENT

3.1 Payment Schedule. In consideration of the appraisal update reports to be provided, together with all the tasks and services described herein above, the State shall pay Contractor **Three Thousand Five Hundred Dollars (\$3,500.00)**. Upon the successful completion of all tasks and services described herein above, the Contractor shall submit an invoice with the submission of the final appraisal report to the DNRC for payment for services rendered. The Contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made. Payment shall be made within 30 days of the Contractor's submission of an invoice to DNRC. In any instance, the DNRC's total cumulative payments to the Contractor under this contract shall not exceed Three Thousand Five Hundred Dollars (\$3,500.00).

3.2 Payment Terms. Unless otherwise noted in the solicitation document, the State has 30 days to pay invoices, as allowed by 17-8-242, MCA. Contractor shall provide banking information at the time of contract execution in order to facilitate the State's electronic funds transfer payments.

3.3 Reference to Contract. The contract number MUST appear on all invoices, packing lists, packages, and correspondence pertaining to the contract. If the number is not provided, the State is not obligated to pay the invoice.

4. ACCESS AND RETENTION OF RECORDS

4.1 Access to Records. Contractor shall provide the State, Legislative Auditor, or their authorized agents access to any records necessary to determine contract compliance. The State may terminate this contract under section 21, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

4.2 Retention Period. Contractor shall create and retain all records documenting the Summary Appraisal Report for a period of eight years after either the completion date of this contract or termination of the contract should such action arise.

5. ASSIGNMENT, TRANSFER, AND SUBCONTRACTING

Contractor may not assign, transfer, or subcontract any portion of this contract without the State's prior written consent. (18-4-141, MCA.) Contractor is responsible to the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by Contractor. No contractual relationships exist between any subcontractor and the State under this contract.

6. HOLD HARMLESS/INDEMNIFICATION

To the fullest extent permitted by law, the Contractor shall indemnify and hold harmless the State, its elected and appointed officials, officers, agents, directors, and employees from and against all claims, damages, losses and expenses, including the cost of defense thereof, to the extent caused by or arising out of Contractor's negligent acts, errors, or omissions in work or services performed under this Contract, including but not limited to, the negligent acts, errors, or omissions of any Subcontractor or anyone directly or indirectly employed by any Subcontractor for whose acts Subcontractor may be liable.

7. REQUIRED INSURANCE

7.1 General Requirements. Contractor shall maintain for the duration of this contract, at its sole cost and expense, insurance against claims for injuries to persons or damages to property, including contractual

liability, which may arise from or in connection with the performance of the work by Contractor, agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission.

7.2 Primary Insurance. Contractor's insurance coverage shall be primary insurance with respect to the State, its officers, officials, employees, and volunteers and shall apply separately to each project or location. Any insurance or self-insurance maintained by the State, its officers, officials, employees, or volunteers shall be in excess of Contractor's insurance and shall not contribute with it.

7.3 Specific Requirements for Automobile Liability. Contractor shall purchase and maintain coverage with split limits of \$50,000 per person (personal injury), \$100,000 per accident occurrence (personal injury), and \$100,000 per accident occurrence (property damage), OR combined single limits of \$100,000 per occurrence to cover such claims as may be caused by any act, omission, or negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors.

7.4 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of **\$300,000** per occurrence and **\$500,000** aggregate per year to cover such claims as may be caused by any act, omission, negligence of Contractor or its officers, agents, representatives, assigns, or subcontractors. Note: If "occurrence" coverage is unavailable or cost prohibitive, Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of this contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

7.5 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135. Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

7.6 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the State. At the request of the State either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as pertain to the State, its officers, officials, employees, or volunteers; or (2) at the expense of Contractor, Contractor shall procure a bond guaranteeing payment of losses and related investigations, claims administration, and defense expenses.

7.7 Certificate of Insurance/Endorsements. A certificate of insurance from an insurer with a Best's rating of no less than A- indicating compliance with the required coverage's, has been received by the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135. Contractor must notify the State immediately of any material change in insurance coverage, including but not limited to changes in limits, coverage's, and status of policy. The Contractor must provide the State with copies of insurance policies upon request.

8. COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractor shall comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither Contractor nor its employees are State employees. This insurance/exemption must be valid for the entire contract term and any renewal. Upon expiration, a renewal document must be sent to the Department of Natural Resources and Conservation PO Box 201601, Helena, MT 59620-1601.

9. COMPLIANCE WITH LAWS

Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, and regulations, including but not limited to, the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by Contractor subjects subcontractors to the same provision. In accordance with 49-3-207, MCA, Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and without discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin of the persons performing this contract.

10. DISABILITY ACCOMMODATIONS

The State does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

11. REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

12. OWNERSHIP OF WORK PRODUCT

Contractor shall execute any documents or take any other actions as may reasonably be necessary, or as the State may reasonably request, to perfect the State's ownership of any Work Product.

12.1 Copy of Work Product. Contractor shall, at no cost to the State, deliver to the State, upon the State's request during the term of this contract or at its expiration or termination, a current copy of all Work Product in the form and on the media in use as of the date of the State's request, or such expiration or termination.

12.2 Ownership of Contractor Pre-Existing Materials. Contractor retains ownership of all literary or other works of authorship (such as software programs and code, documentation, reports, and similar works), information, data, intellectual property, techniques, subroutines, algorithms, methods or related rights and derivatives that Contractor owns at the time this contract is executed or otherwise developed or acquired independent of this contract and employed by Contractor in connection with the services provided to the State (the "Contractor Pre-existing Materials"). Contractor Pre-existing Materials are not Work Product. Contractor shall provide full disclosure of any Contractor Pre-Existing Materials to the State before its use and to prove its ownership. If, however, Contractor fails to disclose to the State such Contractor Pre-Existing Materials, Contractor shall grant the State a nonexclusive, worldwide, paid-up license to use any Contractor Pre-Existing Materials embedded in the Work Product to the extent such Contractor Pre-Existing Materials are necessary for the State to receive the intended benefit under this contract. Such license shall remain in effect for so long as such Pre-Existing Materials remain embedded in the Work Product. Except as otherwise provided herein or as may be expressly agreed in any statement of work, Contractor shall retain title to and ownership of any hardware it provides under this contract.

13. CONTRACT TERMINATION

13.1 Termination for Cause with Notice to Cure Requirement. The State may terminate this contract in whole or in part for Contractor's failure to materially perform any of the services, duties, terms, or conditions contained in this contract after giving Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period.

13.2 Reduction of Funding. The State must by law terminate this contract if funds are not appropriated or otherwise made available to support the State's continuation of performance of this contract in a subsequent fiscal period. (18-4-313(4), MCA.) If state or federal government funds are not appropriated or otherwise made available through the state budgeting process to support continued performance of this contract (whether at an initial contract payment level or any contract increases to that initial level) in subsequent fiscal periods, the State shall terminate this contract as required by law. The State shall provide Contractor the date the State's termination shall take effect. The State shall not be liable to Contractor for any payment that would have been payable had the contract not been terminated under this provision. As stated above, the State shall be liable to Contractor only for the payment, or prorated portion of that payment, owed to Contractor up to the date the State's termination takes effect. This is Contractor's sole remedy. The State shall not be liable to Contractor for any other payments or damages arising from termination under this section, including but not limited to general, special, or consequential damages such as lost profits or revenues.

14. EVENT OF BREACH – REMEDIES

14.1 Event of Breach by Contractor. Any one or more of the following Contractor acts or omissions constitute an event of material breach under this contract:

- products or services furnished fail to conform to any requirement;
- failure to submit any report required by this contract;
- failure to perform any of the other terms and conditions of this contract, including but not limited to beginning work under this contract without prior State approval and breaching Section 27.1 obligations; or
- voluntary or involuntary bankruptcy or receivership.

14.2 Event of Breach by State. The State's failure to perform any material terms or conditions of this contract constitutes an event of breach.

14.3 Actions in Event of Breach. Upon the Contractor's material breach, the State may:

- terminate this contract under section 21; or
- treat this contract as materially breached and pursue any of its remedies under this contract, at law, or in equity.

Upon the State's material breach, the Contractor may:

- terminate this contract after giving the State written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than 14 days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period; or
- treat this contract as materially breached and, except as the remedy is limited in this contract, pursue any of its remedies under this contract, at law, or in equity.

15. WAIVER OF BREACH

Either party's failure to enforce any contract provisions after any event of breach is not a waiver of its right to enforce the provisions and exercise appropriate remedies if the breach occurs again. Neither party may assert the defense of waiver in these situations.

16. FORCE MAJEURE

Neither party is responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party uses its best efforts to remedy such failure or delays. A party affected by a force majeure condition shall provide written notice to the other party within a reasonable time of the onset of the condition. In no event, however, shall the notice be provided later than 5 working days after the onset. If the notice is not provided within the 5 day period, then a party may not claim a force majeure event. A force majeure condition suspends a party's obligations under this contract, unless the parties mutually agree that the obligation is excused because of the condition.

17. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the Department of Natural Resources and Conservation prior written consent. Product or services provided that do not conform to the contract terms, conditions, and specifications may be rejected and returned at Contractor's expense.

18. LIAISONS AND SERVICE OF NOTICES

18.1 Contract Liaisons. All project management and coordination on the State's behalf must be through a single point of contact designated as the State's liaison. Contractor shall designate a liaison that will provide the single point of contact for management and coordination of Contractor's work. All work performed under this contract must be coordinated between the State's liaison and Contractor's liaison.

John Grimm, Chief – Real Estate Mgt Bureau is the State's liaison.
(Address): P.O. Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406) 444-3844
Cell Phone:
Fax: (406) 444-2684
E-mail: jgrimm@mt.gov

Ellie Clark will be the liaison for the Contractor.
(Address): 704-C E. 13th Street #509
(City, State, ZIP): Whitefish, MT 59937
Telephone: (406)862-8151
Cell Phone: (406) 261-4910
Fax: (406) 862-8394
E-mail: EClark@clarkappraisal.us

18.2 Notifications. The State's liaison and Contractor's liaison may be changed by written notice to the other party. Written notices, requests, or complaints must first be directed to the liaison. Notice may be provided by personal service, mail, or facsimile. If notice is provided by personal service or facsimile, the notice is effective upon receipt; if notice is provided by mail, the notice is effective within three (3) business days of mailing. A signed and dated acknowledgement of the notice is required of both parties.

19. MEETINGS

19.1 Technical or Contractual Problems. Contractor shall meet with the State's personnel, or designated representatives, to resolve technical or contractual problems occurring during the contract term or to discuss the progress made by Contractor and the State in the performance of their respective obligations, at no additional cost to the State. The State may request the meetings as problems arise and will be coordinated by the State. The State shall provide Contractor a minimum of three full working days notice of meeting date, time, and location. Face-to-face meetings are desired; however, at Contractor's option and expense, a conference call meeting may be substituted. Consistent failure to participate in problem resolution meetings, two consecutive missed or rescheduled meetings, or failure to make a good faith effort to resolve problems, may result in termination of the contract.

20. TRANSITION ASSISTANCE

If this contract is not renewed at the end of this term, or is terminated prior to the completion of a project, or if the work on a project is terminated, for any reason, the Contractor must provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees, for a reasonable period of time after the expiration or termination of this project or contract. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this contract, except for those terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the contract. If there are no established contract rates, then the rate shall be mutually agreed upon. If the State terminates a project or this contract for cause, the State will be entitled to offset the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have otherwise accrued as a result of said termination.

21. CHOICE OF LAW AND VENUE

Montana law governs this contract. The parties agree that any litigation concerning this bid, proposal, or this contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (18-1-401, MCA.)

22. TAX EXEMPTION

The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

23. AUTHORITY

This contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

24. SEVERABILITY CLAUSE

A declaration by any court or any other binding legal source that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually and materially dependent.

25. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

25.1 Contract. This contract consists of eight numbered pages, Attachment A, Scope of Work and Supplemental Appraisal Instructions, pages 9-14. In the event of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same order as this contract.

25.2 Entire Agreement. These documents are the entire agreement of the parties. They supersede all prior agreements, representations, and understandings. Any amendment or modification must be in a written agreement signed by all the parties.

26. WAIVER

The State's waiver of any Contractor obligation or responsibility in a specific situation is not a waiver in a future similar situation or is not a waiver of any other Contractor obligation or responsibility.

27. EXECUTION

The parties through their authorized agents have executed this contract on the dates set out below.

STATE OF MONTANA
Dept. of Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
Helena, MT 59620-1601

Clark Real Estate Appraisal
Attn: Ellie Clark
704-C E. 13th Street #509
Whitefish, MT 59937
FEDERAL ID # 20-0641228

BY: John Grimm, Chief - Real Estate Mgt Bureau
(Name/Title)

BY: Elliott (Ellie) M. Clark, MAI /
(Name/Title) Appraiser

(Signature)

Elliott M. Clark
(Signature)

DATE: _____

DATE: 6/29/15

Attachment A
**Scope of Work for Appraisal of Potential Property Sale through the
Land Banking Program**

CLIENT, INTENDED USERS, PURPOSE AND INTENDED USE:

The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC). The purpose of the appraisal is to provide the clients with a credible opinion of current fair market value of the appraised subject property and is intended for use in the decision making process concerning the potential sale of said subject property.

DEFINITIONS:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and
- (3) any other relevant factors as to which evidence is offered.

Highest and best use. The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

PROPERTY RIGHTS APPRAISED:

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in Fee Simple interest. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

EFFECTIVE DATE OF VALUATION AND DATE OF INSPECTION:

The latest date of inspection by the appraiser will be the effective date of the valuation.

SUBJECT PROPERTY DESCRIPTION & CHARACTERISTICS:

The legal descriptions and other characteristics of the state's property that are known by the state will be provided to the appraiser. However, the appraiser should verify, as best as possible, any information provided. Further, should any adverse conditions be found by the appraiser in the course of inspecting the property and neighborhood, or through researching information about the property, neighborhood and market, those conditions shall be communicated to the clients and may change the scope of work required.

ASSIGNMENT CONDITIONS:

The appraiser must be a Montana certified general appraiser, and be competent to appraise the subject property. The appraisal is to conform to the latest edition of USPAP, and the opinion of value must be credible. The appraiser is to physically inspect the subject properties at a level that will allow the appraiser to render a credible opinion of value about the properties. For those properties which consist of more than one section, the appraiser must at least view each section. The appraiser must have knowledge of the comparables through either personal inspection or with use of sources the appraiser deems reliable, and must have at least viewed the comparables.

The appraiser will consider the highest and best use of the subject properties. (Note: it may be possible that because of the characteristics of a subject property, or market, there may be different highest and best uses for different components of the property. Again, that will depend on the individual characteristics of the subject property and correlating market. The appraiser must look at what a typical buyer for the property would consider.)

Along with using the sales comparison approach to value in this appraisal, (using comparable sales of like properties in the subject's market or similar markets), the appraiser will also consider the cost and income approaches to value. The appraiser will use those approaches, as applicable, in order to provide a credible opinion of value. Any approaches not used are to be noted, along with a reasonable explanation as to why the approach or approaches were not applicable. The appraisal will be an Appraisal Report as per USPAP, that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions. All hypothetical conditions and extraordinary assumptions must be noted.

Legally accessible state lands are appraised as accessible only.

The appraisal on the state's lands must include state-owned improvements in the valuation, but exclude lessee-owned or licensee-owned improvements in the valuation. All appraisals are to describe the market value trends, and provide a rate of change, for the markets of the subject property. Comparables sales used should preferably have sales dates within one year of the appraisal and should not be over three years old.

**MONTANA DNRC TRUST LAND MANAGEMENT DIVISION
Supplemental Appraisal Instructions**

This Scope of Work and Supplemental Appraisal Instructions are to be included in the appraiser's addendum.

Subject Property (Located in Lake County):

Sale # 686, **78.3+** acres; Tract in E $\frac{1}{4}$, Section 18, T23N-R17W
(See maps below) aka: Swan Valley Retreat

Location: 50 miles to Kalispell and 97 miles to Missoula; Directly across from the DNRC, Swan River Unit Office off Hwy 83

Buildings and Improvements: Main lodge, administration building, full gymnasium, dormitory, classrooms, conference rooms, complete shower and bathroom facilities. Dining hall with complete kitchen: gas stove, and industrial dish washer, a serving grill for a cafeteria style line; walk in cooler and freezer, ample storage for bulk foods and supplies. Trailer court. Community water treatment system, electric power, maintenance building. (See site plan below)

Area Office Contact Information:

Steve Frye - Northwestern Land Office Area Manager
655 Timberwolf Parkway, Suite 1
Kalispell, MT 59901-1215
Phone: 406/751-2240
Fax: 406/751-2287
Direct Line: 406/751-2252

Or:

Dan Roberson – Unit Manager
34925, Highway 83
Swan Lake, Montana 59911
Direct Line: (406) 754-2301

Lessees:

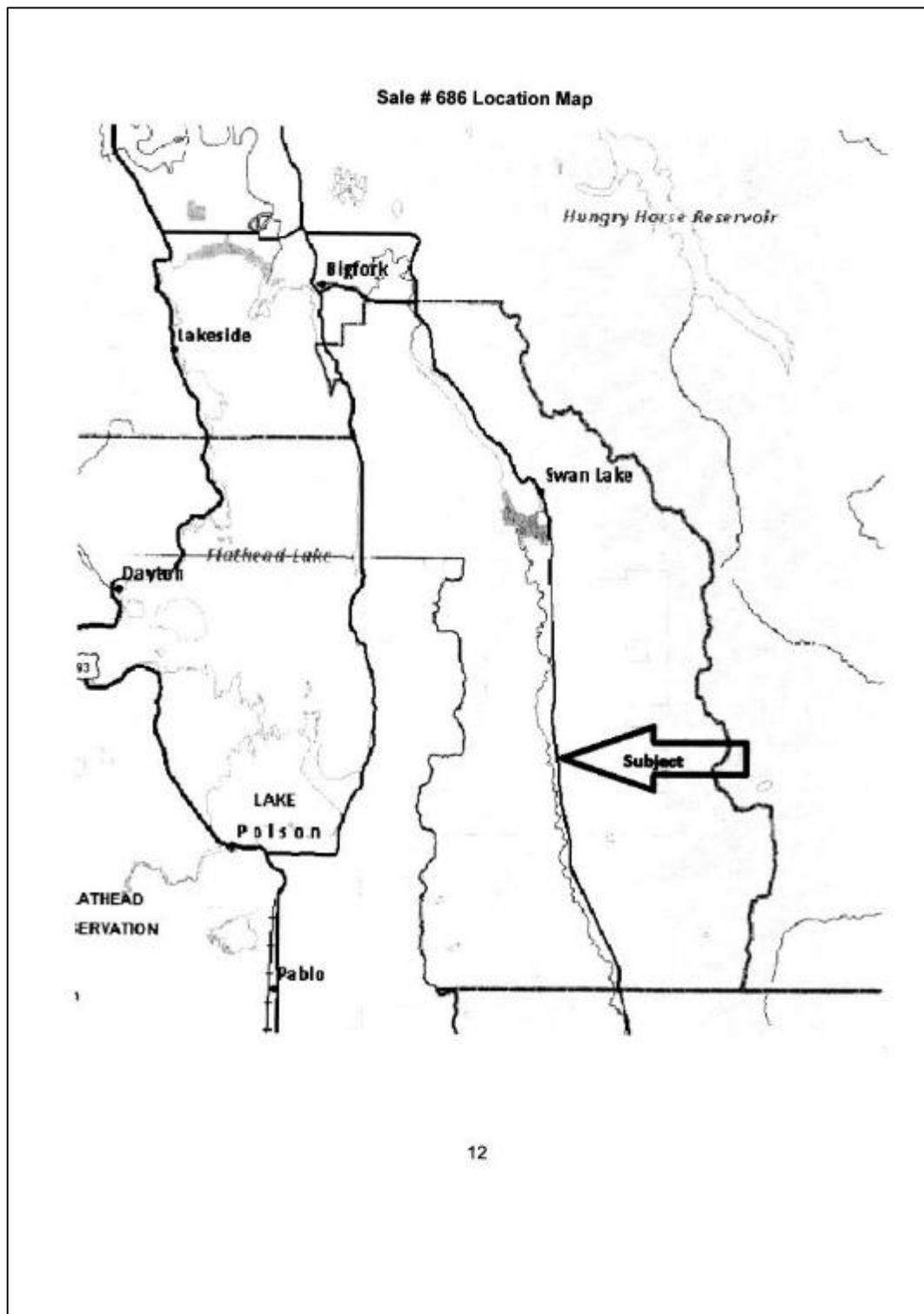
No Lessee

The following will be located in the body of the contract:

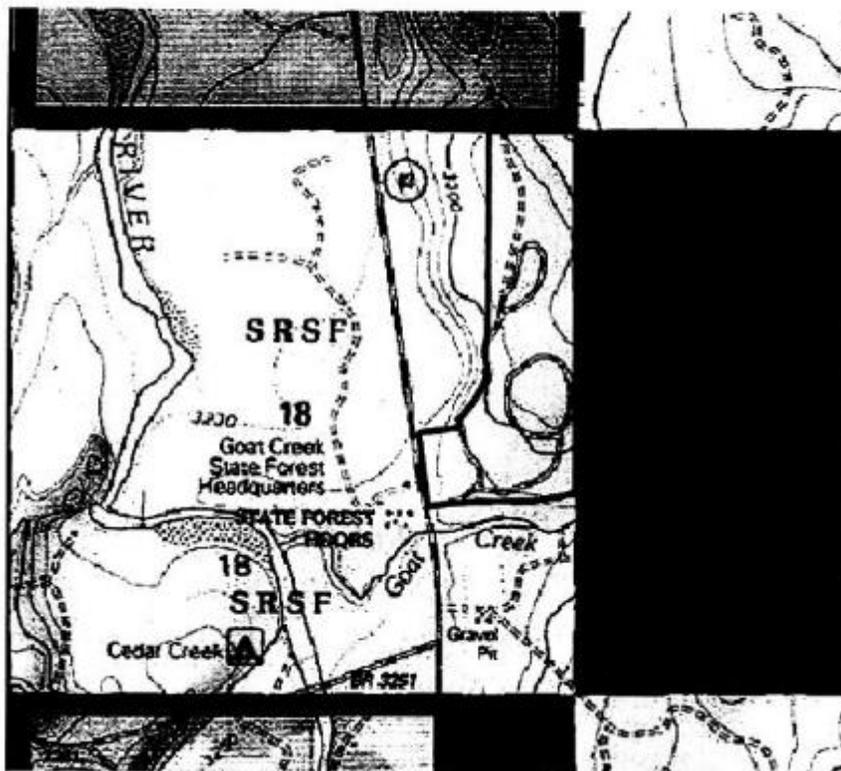
The appraisal report will be one document containing the parcel data and the analysis, opinions, and conclusions of value(s) for the parcel. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate addendum may be submitted containing the specific market data as a stand-alone document, which must be reviewed and accepted along with the appraisal, and will be returned to the appraiser for retention in his/her files. The appraiser must submit an electronic copy as well as a printed copy of the appraisal report.

The definition of market value is that as defined in 70-30-313 M.C.A.

The DNRC will provide access to the state parcel record, as maintained by the land office, including but not limited to aerial photos, land improvements, current lease data, property issues, surveys (if any), and production history. The local land office will provide the contact information to the appraiser in order for the appraiser to obtain access to the property.



Sale # 686 Topo Map



Sale #686 outlined in purple

