

UPDATE OF SUMMARY APPRAISAL REPORT OF:

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



Photo Taken July 18, 2012

PREPARED FOR:

**State of Montana Department of Natural Resources and Conservation
Trust Land Management Division
C/o Mr. John Grimm
P.O. Box 201601
Helena, Montana 59620-1601**

MARKET VALUE AS OF:

October 11, 2013

PREPARED BY:

**Elliott M. Clark, MAI &
Christopher D. Clark
Clark Real Estate Appraisal
6477 US Highway 93 South, #509
Whitefish, Montana 59937
(406) 862-8151**



6477 US Highway 93 South, # 509
Whitefish, Montana 59937

LETTER OF TRANSMITTAL

October 11, 2013

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

Re: Update of Summary Appraisal Report of a 78.30 Acre Tract Improved with a Campus Type Facility Known as Swan Valley Retreat along Montana Highway 83, Swan Valley, Montana

Dear Mr. Grimm:

At your request Elliott M. Clark, MAI and Christopher D. Clark prepared an update of the 2012 appraisal report prepared for the above referenced property. The effective date of value is October 11, 2013 which is also the report date. We viewed the property on July 18, 2012. We did not re-visit the subject property for this update. For this reason the value indicated in this report is based upon the **Extraordinary Assumption** that the overall condition of the subject property as of the effective date of this report is similar to the condition as July 18, 2012. Applicable information regarding zoning was reviewed and trends in real estate activity in the area were researched and analyzed. We searched for statewide and national sales of similar facilities. The visual inspection, review, searches and analyses were made in order to prepare the attached summary appraisal report.

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 section of this report.

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

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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 area without unusual soil preparation. We are also unaware 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 stated in this report could be affected.

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 of the property.

This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations. This appraisal is subject to the attached Certification of Appraisal and Statement of 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 Appraiser #683



Christopher D. Clark
Montana Licensed Real Estate Appraiser #841

13-061ec

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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 Sale or Lease 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, Camp or Religious Facility

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

Report Date	October 11, 2013
Inspection Date	July 18, 2012 (Most Recent Property Viewing Date by Appraisers)
Effective Date of Value(s)	October 11, 2013
Property Rights Appraised	Fee Simple
Estimate of Market Value	\$800,000

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 12 month marketing period. Marketing time is 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 properties that are the subject of this report and no personal interest with respect to the parties involved.
- We prepared an appraisal report of the subject property for the clients within the three years prior to the acceptance of this assignment. The effective date of this report was July 18, 2012.
- We have no bias with respect to the properties that are 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 a predetermined values or directions in value that favor the cause of the client, the amounts of the value opinions, 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 made a personal inspection of the subject properties.
- 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.

Elliott M. Clark

Dated Signed: October 11, 2013
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Christopher D. Clark

Date Signed: October 11, 2013
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 restriction violations existing in 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 appraiser(s) 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.
10. This appraisal assignment was not made nor was the appraisal rendered on the basis of a requested minimum valuations, specific valuations, or amounts, which would result in approval of a loan.
11. This appraisal report was prepared for the client who is the only intended user. 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 other user.
12. 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 properties are not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value 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 value of the property.

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 18, 2012 accompanied by 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.

We did not re-visit the property for this report. Please refer to the Extraordinary Assumption regarding the property condition.

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 appraisers and 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.

The appraisers most recently viewed the property on July 18, 2012. We did not re-visit the subject property for this report. For this reason the value indicated in this report is based upon the Extraordinary Assumption that the overall condition of the property was the same as of the report effective date as it was on July 18, 2012.

Hypothetical Conditions

The value indicated in this report is based upon 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 use for the subject property was 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 process presented was based upon the highest and best use conclusion for the subject property.

Appraisal Process

There are three recognized approaches in the valuation of real property. They are: the Cost Approach, the 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.

The subject property is best described as a “Special-Purpose” property. We located sales of somewhat similar “Special-Purpose” type properties in other states. We did not locate sales of similar properties in Montana. Due to the disparity in location, these sales were not considered appropriate comparables for development of a credible Sales Comparison Approach for the subject property as improved. These sales are presented and analyzed in the Subject Market Analysis portion of this report. We developed a Cost Approach for the valuation of the subject property as improved using information from the Marshall Valuation Service. The depreciation from all sources applied in the Cost Approach was based upon information from the sales located. 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 omissions of the Sales and Income Approaches were necessary and appropriate. The omissions of these approaches do not negatively 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 Swan Valley 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 INSPECTION

July 18, 2012 (Most Recent Property Viewing Date by Appraisers)

EFFECTIVE DATE OF MARKET VALUE

October 11, 2013

PROPERTY RIGHTS APPRAISED

The value indicated 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.

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 if complete, as of the effective date of this report for potential sale or lease purposes.

INTENDED USERS 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 appraiser 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

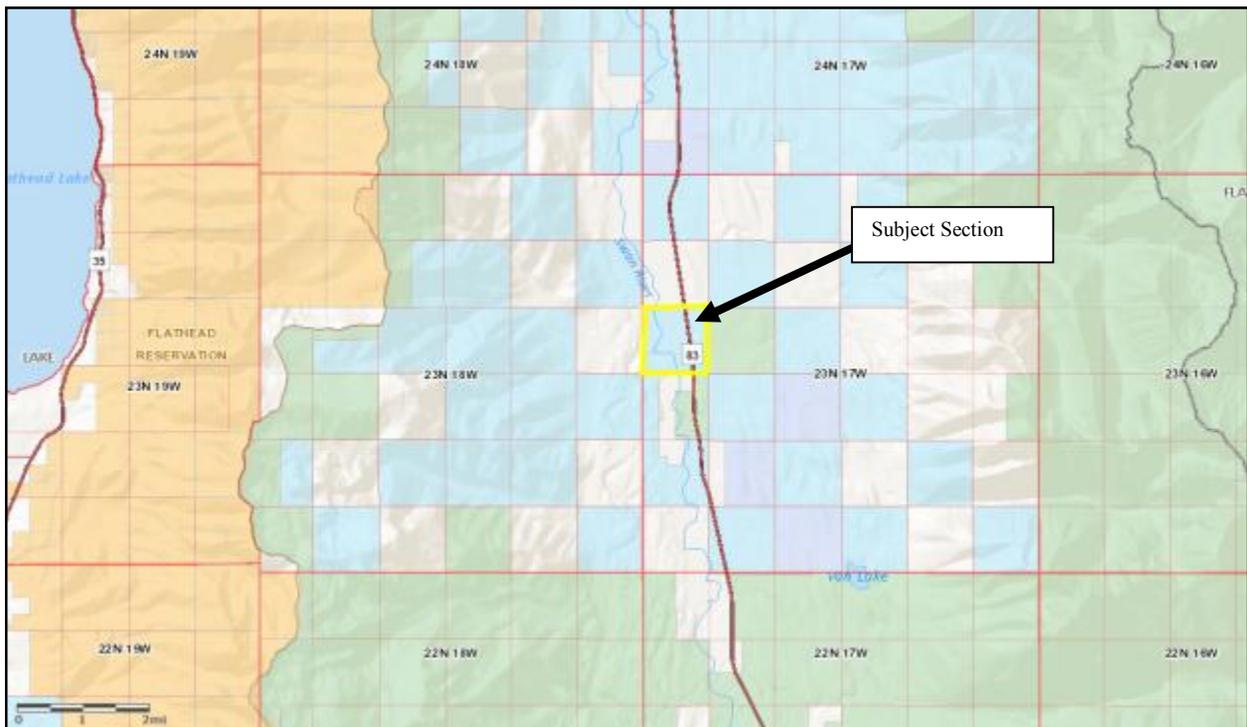
The subject property is part of property owned by the State of Montana. It has been owned by the State of Montana for the past 10 years or more.

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 on the map below. Areas in blue are state owned, areas in green are federal land, areas in pink are part of the Flathead Indian Reservation and areas in white are privately owned. Please refer to the Swan Valley Data in the Addendum portion of this report for information on the affect 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 appraisers most recently viewed the property on July 18, 2012. We did not re-visit the subject property for this report. For this reason the value indicated in this report is based upon the **Extraordinary Assumption** that the overall condition of the property was the same as of the report effective date as it was on July 18, 2012.

We interviewed Mr. Dan Roberson, Unit Manager for Montana DNRC, on October 11, 2013 to ascertain whether or not there were changes in the overall condition of the subject property. According to Mr. Roberson there have been no significant changes to the property. He and his staff have been maintaining the property in the same manner as they have been for the past several years.

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	9,606
	Total	25,265
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 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.

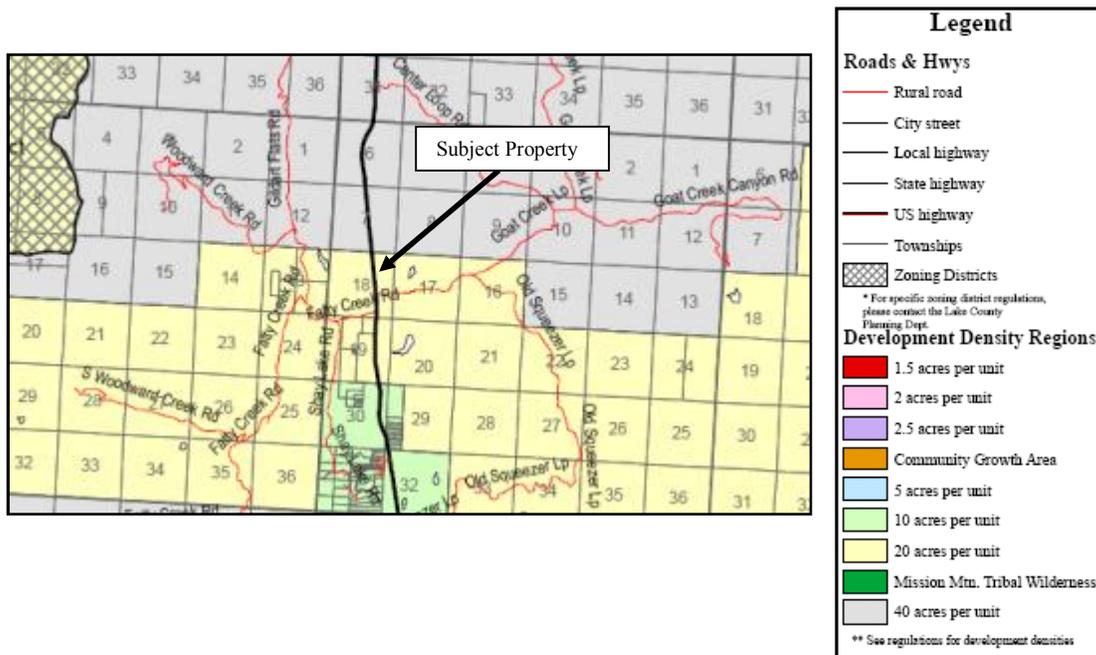
The buildings, other improvements and sewage treatment lagoons and sprinkler system for the sewage treatment facility occupy relatively little of the subject site. There site is predominantly grass covered and wooded. The topography is rolling. The highest elevation of the subject site is approximately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

Subject Portion of Lake County Zoning Density Map



According to the information provided from the client, 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.

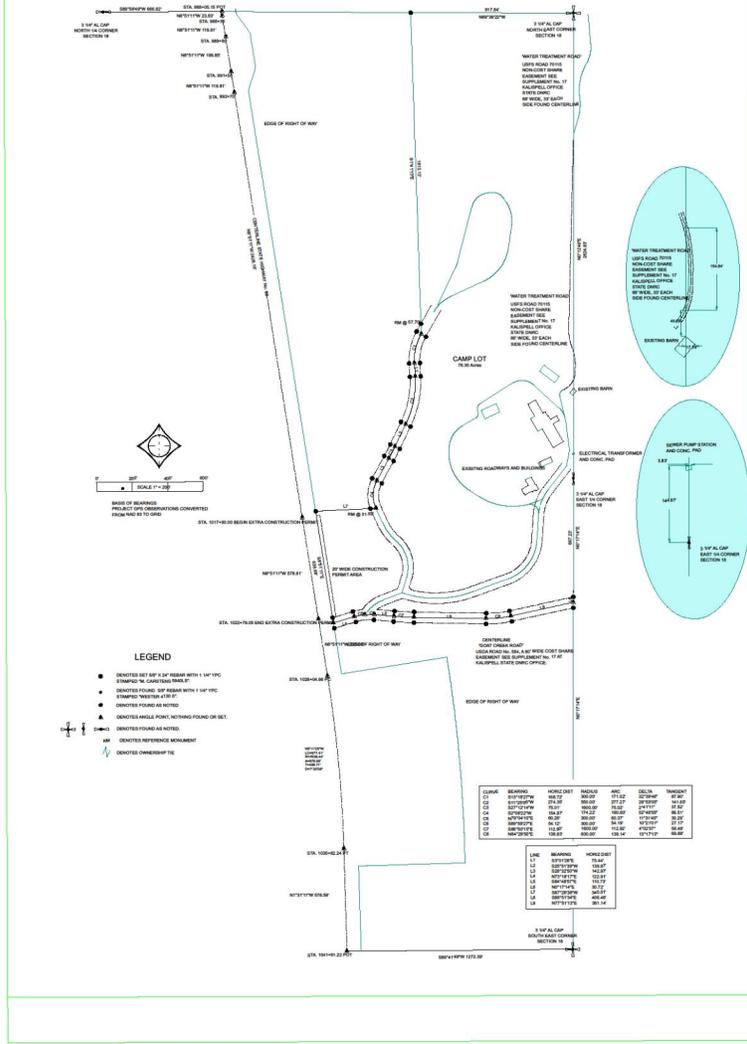
Unrecorded Survey of Subject Property (Provided by DNRC)



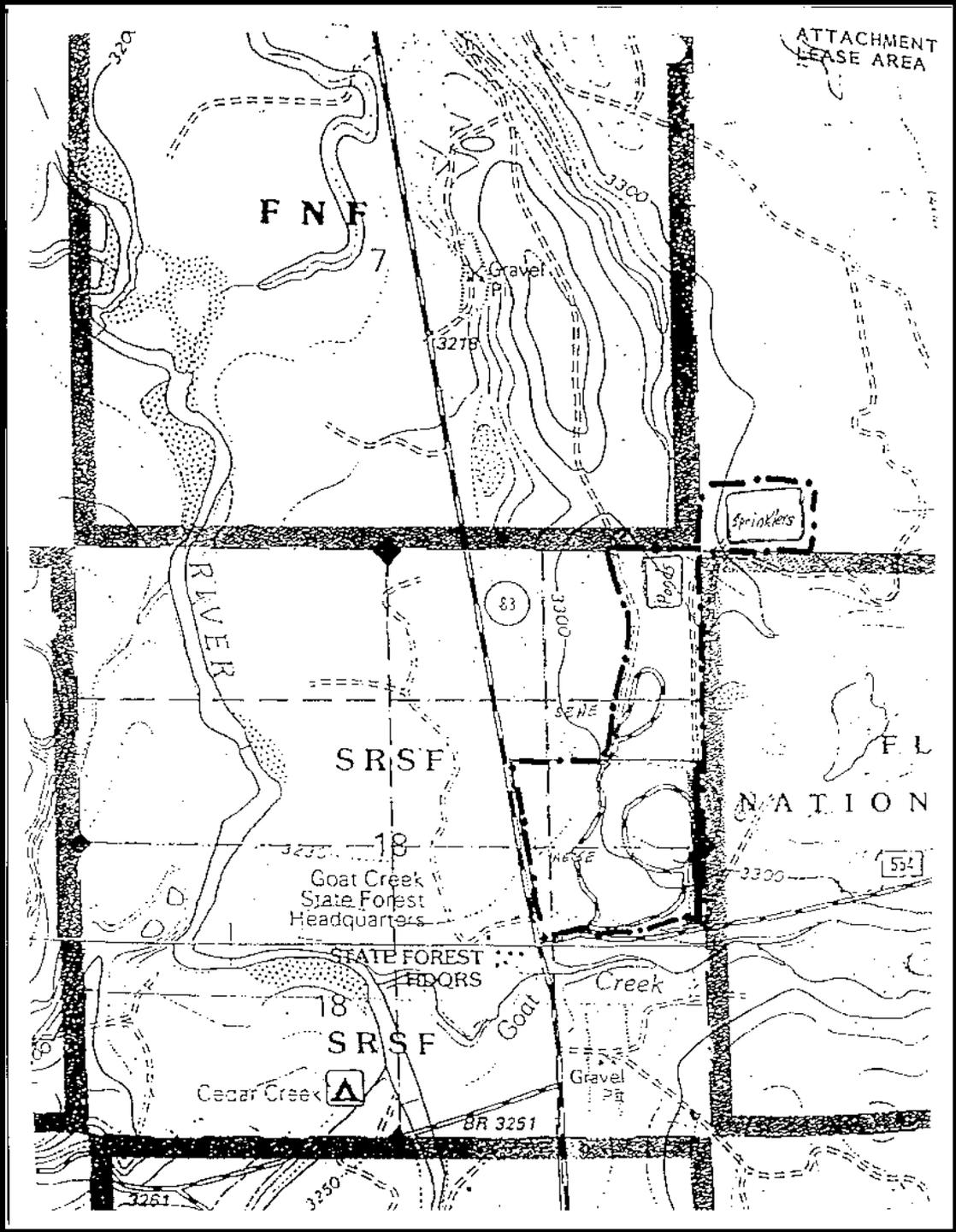
Swan Retreat Survey
T23N R17W Sec 18
2009 Survey



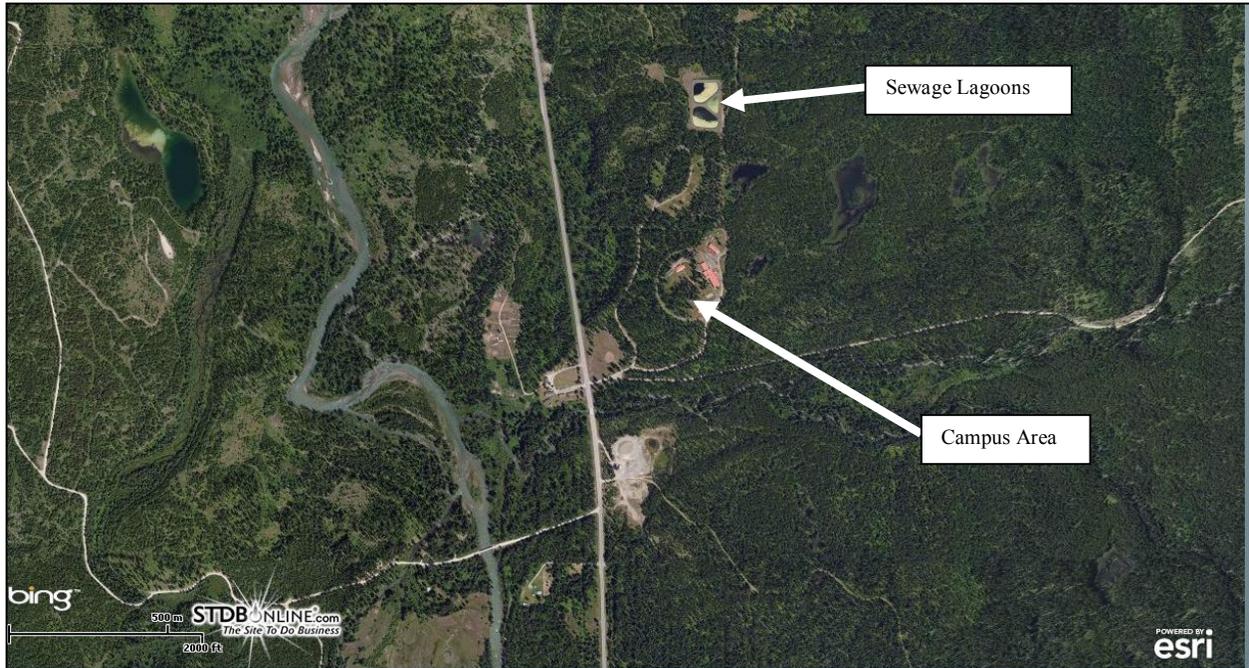
SITE MAP SHOWING
'STATE CAMP' LOCATED IN THE E 1/2
SECTION 18, T.23 N., R.17 W., P.M.M



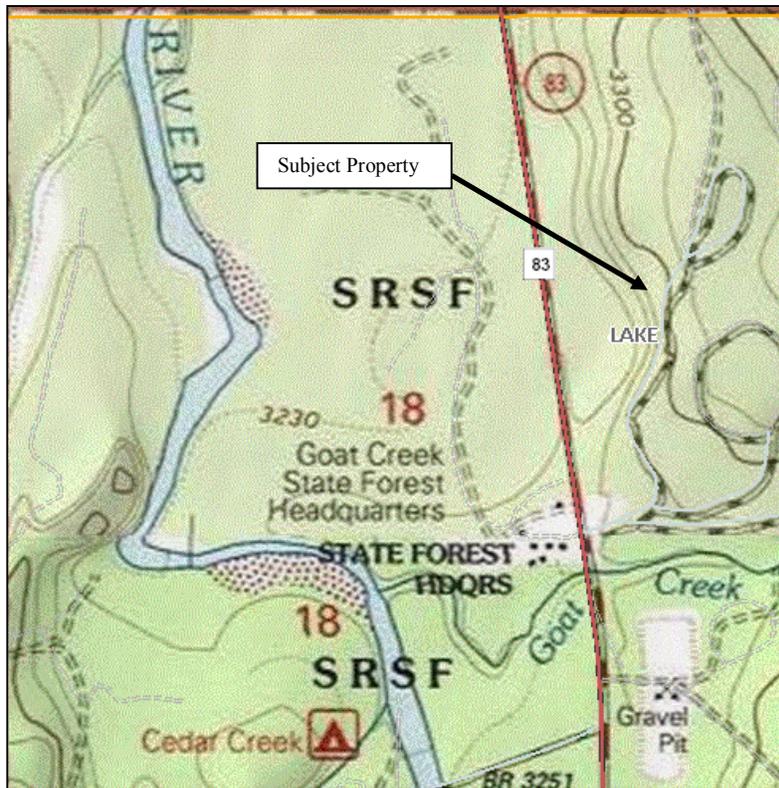
Approximate Boundaries of Subject Property
(Provided by DNRC)



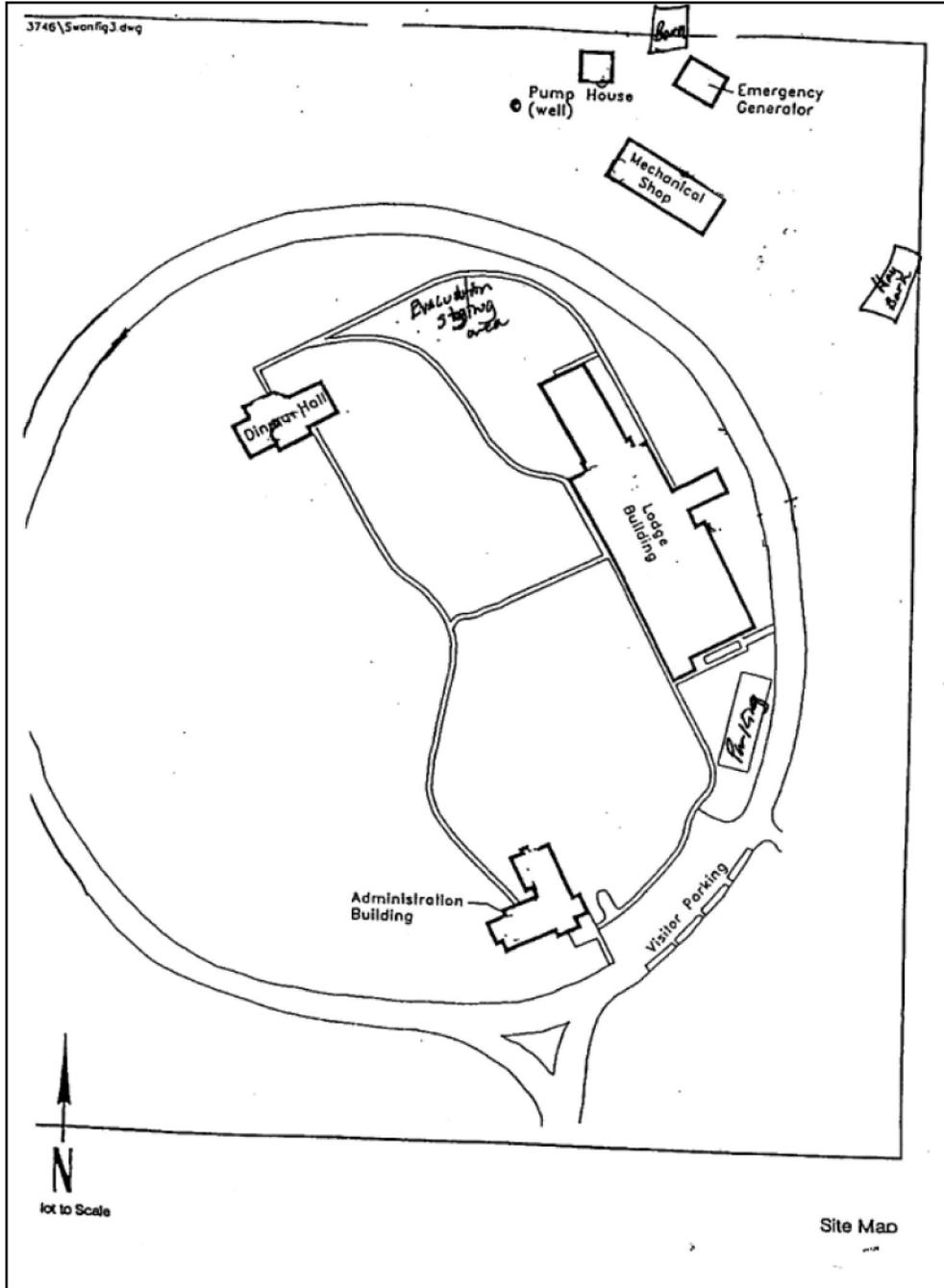
Satellite View of Subject Property



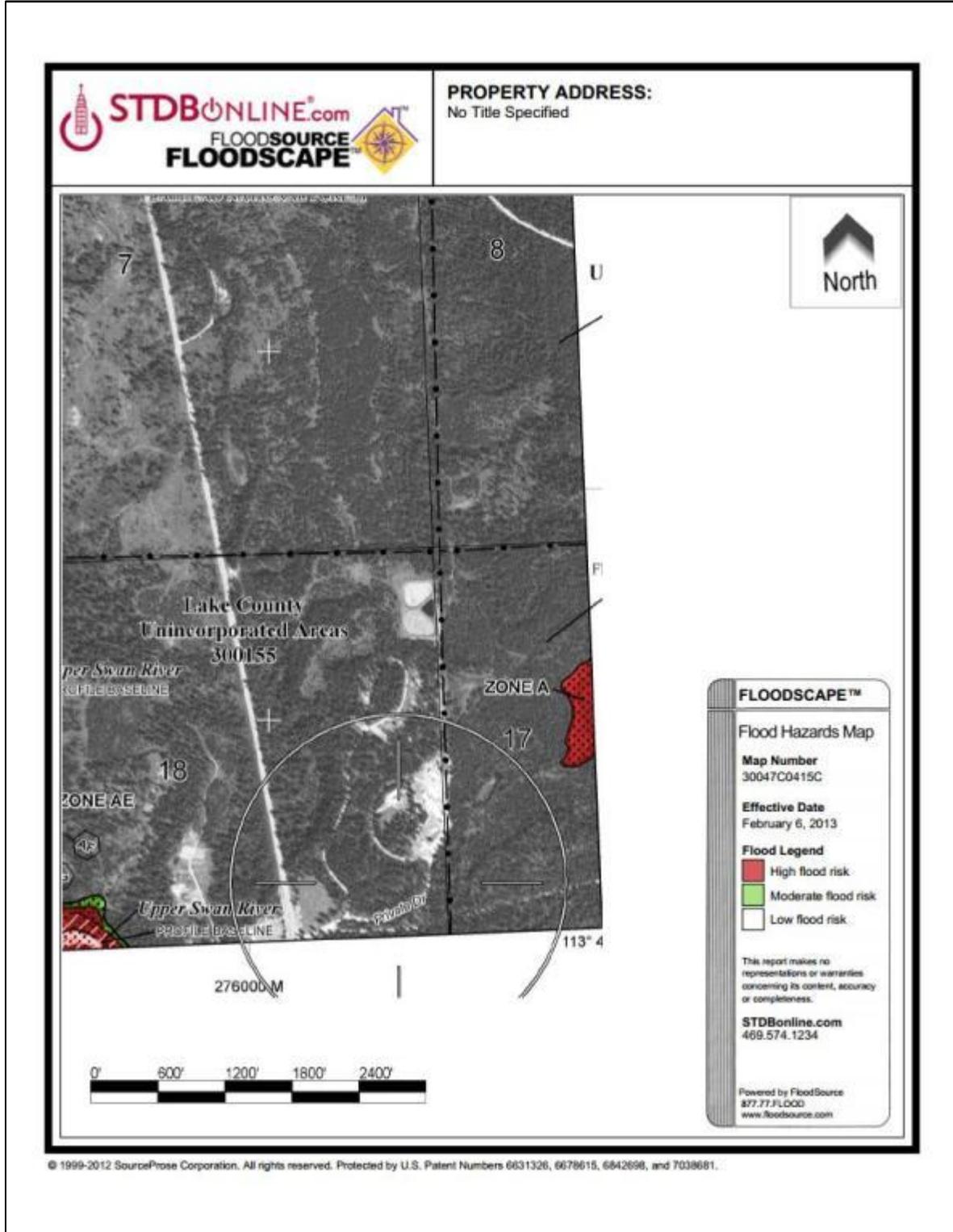
Topographic Map of Section that Includes Subject Property



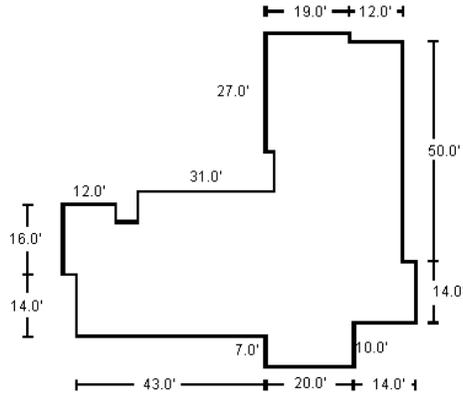
Approximate Location of Subject Buildings



Flood Map
(Portion of Flood Map Depicting Subject Property)



Appraisers' Building Sketch of Administration Building



Administration Building

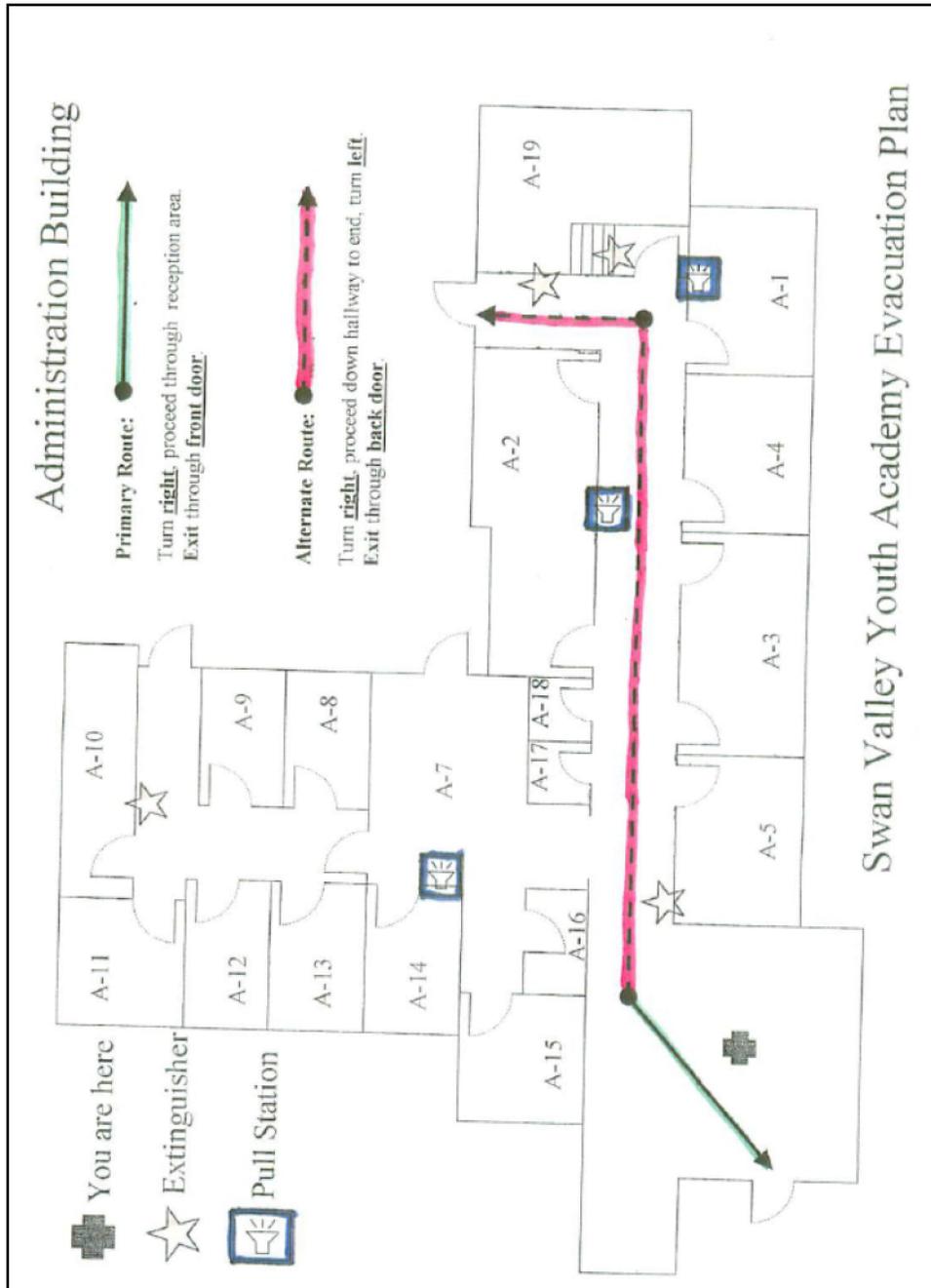
Sketch by Apex IV™

Comments:

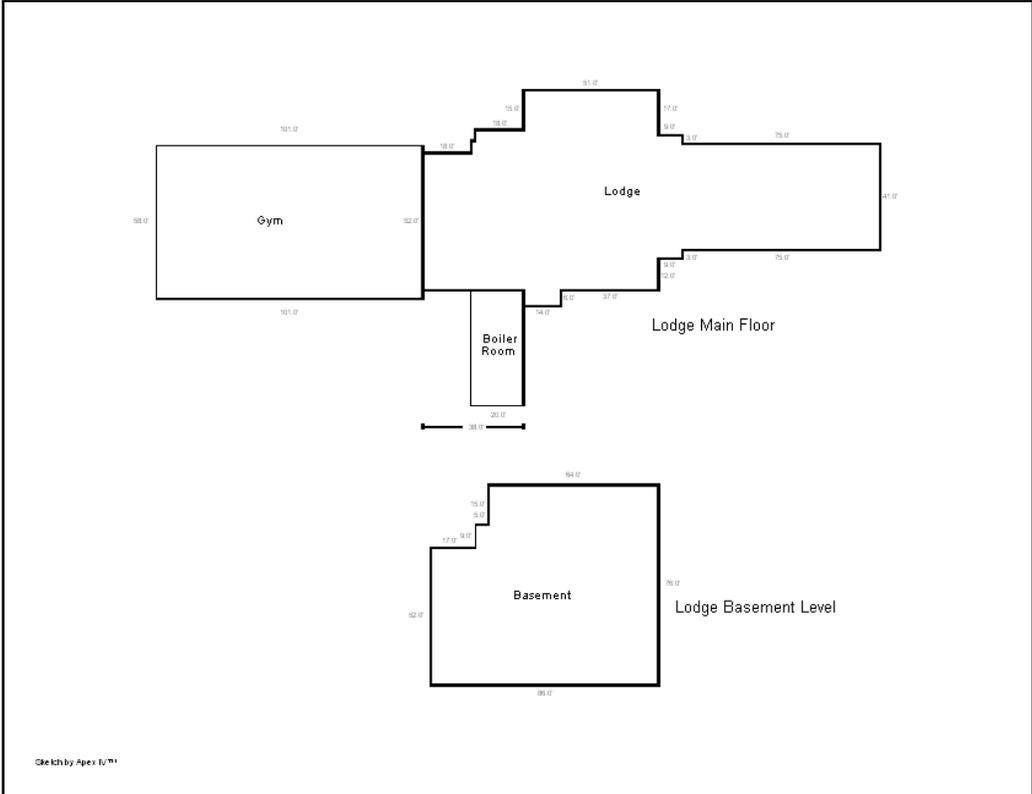
AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	First Floor	3651.0	3651.0
Net BUILDING Area		(Rounded)	3651

BUILDING AREA BREAKDOWN		
Breakdown	Subtotals	
First Floor		
19.0 x 27.0	513.0	
12.0 x 25.0	300.0	
14.0 x 32.0	448.0	
25.0 x 29.0	725.0	
10.0 x 18.0	180.0	
2.0 x 40.0	80.0	
12.0 x 16.0	192.0	
12.0 x 34.0	408.0	
14.0 x 43.0	602.0	
7.0 x 29.0	203.0	
10 Items	(Rounded)	3651

Approximate Floor Plan for Administration Building



Appraisers' Building Sketch of Lodge Building

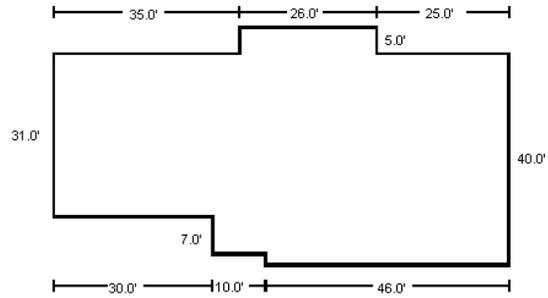


Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBR1	Main Floor Lodge	9606.0	9606.0
BSMT	Basement Lodge	6053.0	6053.0
OTR	Boiler Room	880.0	
	Gym	5858.0	6738.0
Net BUILDING Area		(Rounded)	9606

BUILDING AREA BREAKDOWN		
	Breakdown	Subtotals
Main Floor Lodge		
	41.0 x 75.0	3075.0
	9.0 x 47.0	423.0
	14.0 x 82.0	1148.0
	37.0 x 76.0	2812.0
	20.0 x 57.0	1140.0
	18.0 x 52.0	936.0
	4.0 x 18.0	72.0
7 Items	(Rounded)	9606

Appraisers' Sketch of Kitchen Building



Kitchen Building

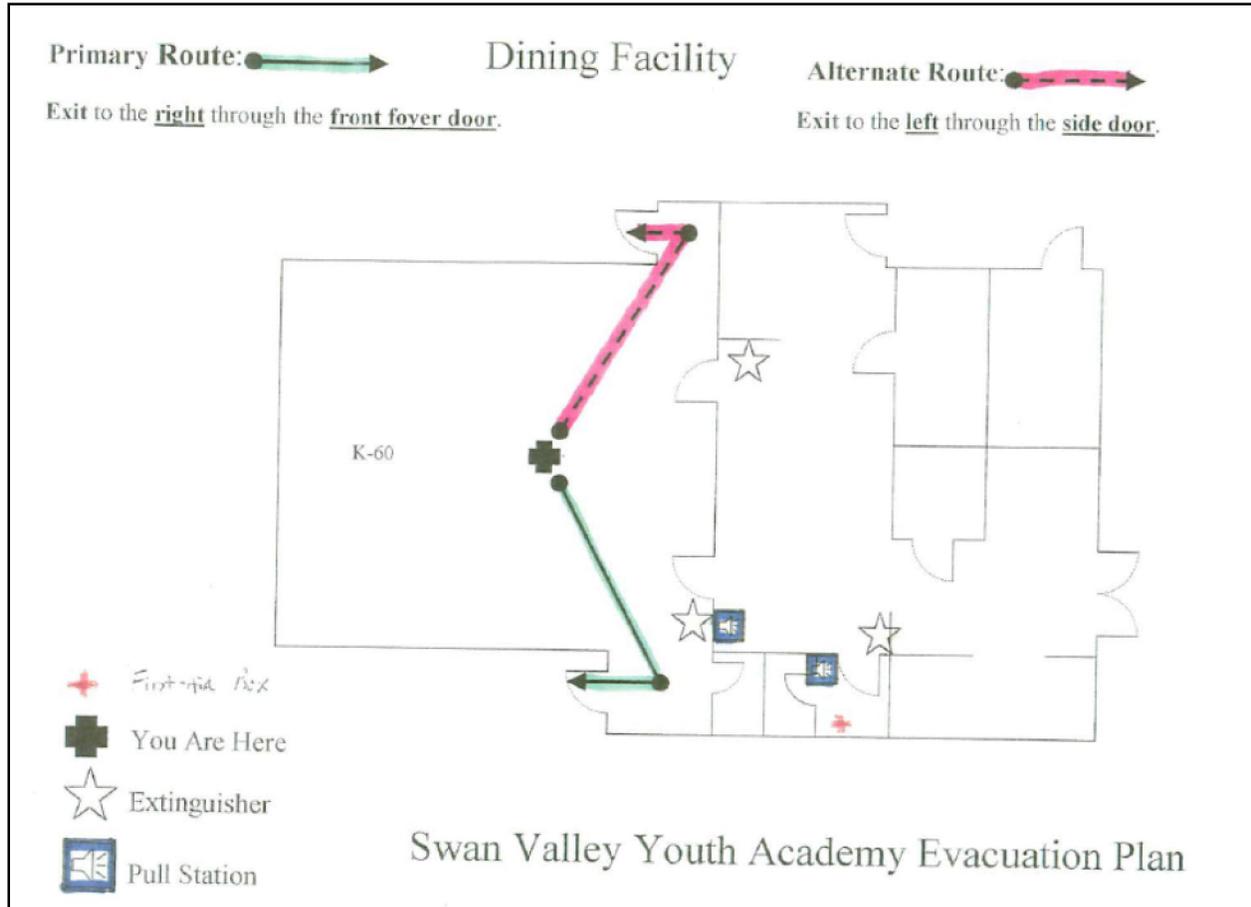
Sketch by Apex IV™

Comments:

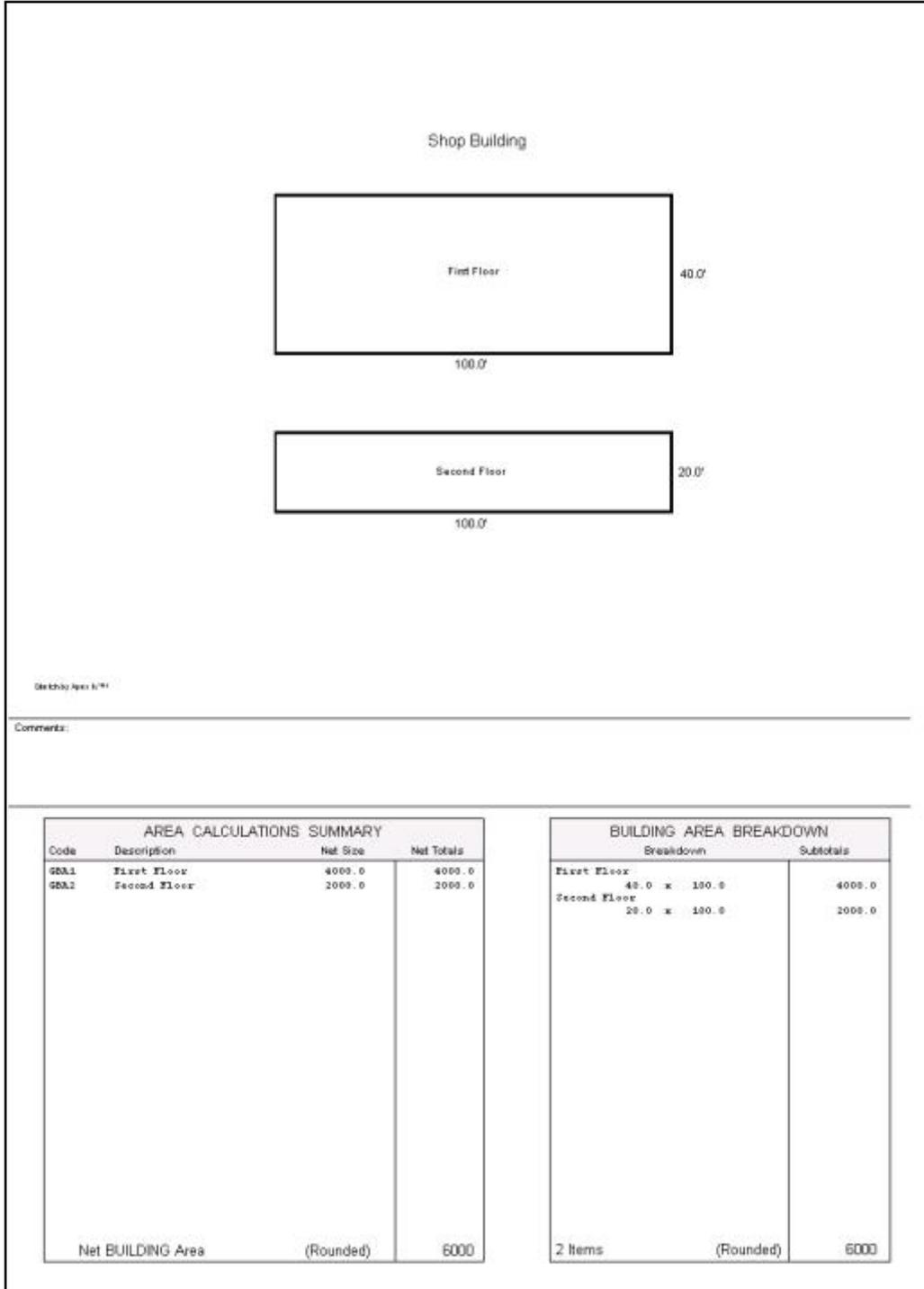
AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	First Floor	3280.0	3280.0
Net BUILDING Area		(Rounded)	3280

BUILDING AREA BREAKDOWN		
Breakdown	Subtotals	
First Floor		
5.0 x 26.0	130.0	
38.0 x 56.0	2128.0	
2.0 x 46.0	92.0	
30.0 x 31.0	930.0	
4 Items	(Rounded)	3280

Approximate Floor Plan of Kitchen Building



Appraisers' Sketch of Shop Building



SUBJECT PHOTOGRAPHS

Photos Taken July 18, 2012



Swan Valley Retreat from Goat Creek Loop Road



Administration and Lodge Building in Background



Administration Building Front



North Side of Administration Building



Administration Building Rear



Woodpecker Damage to Administration Building

ADDITIONAL PHOTOGRAPHS



Administration Building Interior



Office in Administration Building



Hallway in Administration Building



Office in Administration Building



Bathroom in Administration Building



Bathroom Showers

ADDITIONAL PHOTOGRAPHS



Conference Room in Administration Building



Administration Building Mechanical Room



½ Bathroom in Administration Building



South Side of Lodge Building and Gymnasium



West Side of Lodge Building and Gymnasium



West Side of Lodge Building from Retreat Grounds

ADDITIONAL PHOTOGRAPHS



East Side of Lodge Building and Gymnasium



Peeling Paint on Deck Overhang on Lodge Building



Former Dormitory Room in Lodge Building



Lounge in Lodge Building



Showers in Lodge Building



Intake Room in Lodge Building

ADDITIONAL PHOTOGRAPHS



Bathroom in Lodge Building



Bathroom in Lodge Building



View from Lounge toward Dormitory Room in Lodge



Former Smoker's Lounge in Lodge Building



Water Damage on Ceiling near Fireplace in Lodge



Water Damage on Ceiling near Dormitory Room in Lodge

ADDITIONAL PHOTOGRAPHS



Former Security/Control Room in Lodge Building



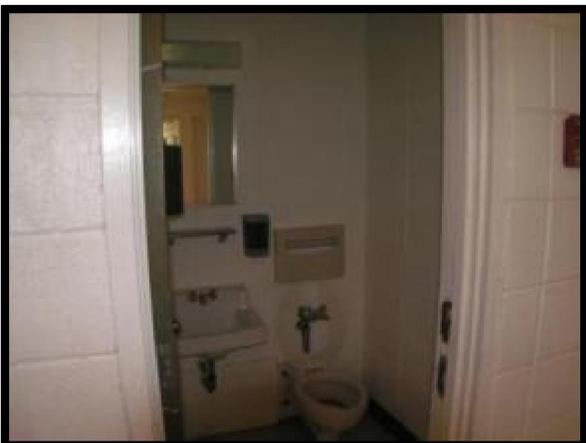
Mechanical Room in Lodge Building



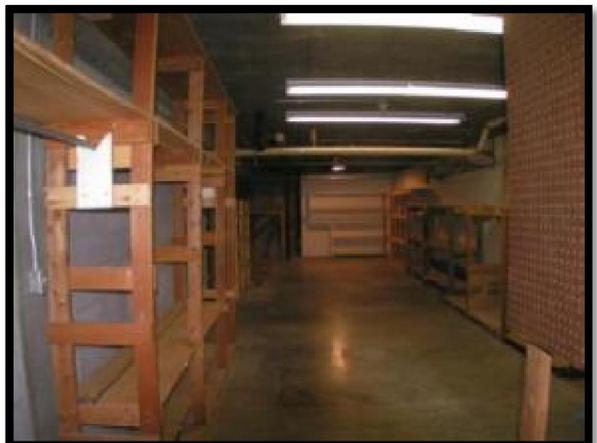
Mechanical Room in Lodge Building



Individual Shower Stall in Lodge Building



½ Bathroom in Lodge Building



Storage Room in Basement of Lodge Building

ADDITIONAL PHOTOGRAPHS



Gymnasium Connected to Lodge Building



Laundry Room in Lodge Building



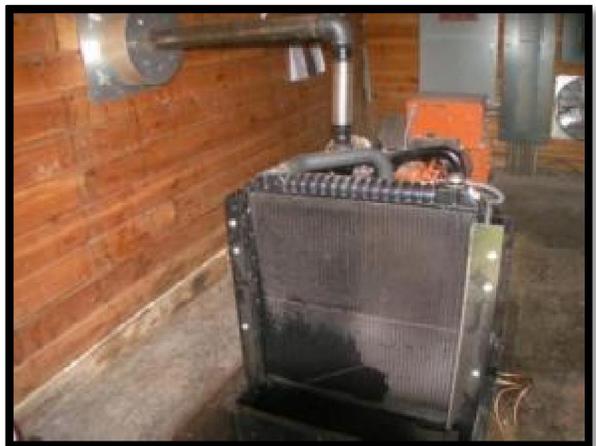
Maintenance Building



Wood Furnace



Hay Barn/Stable



Generator

ADDITIONAL PHOTOGRAPHS



Generator



Storage Buildings



Maintenance Building



Well



Water Tanks



Fuel Vault

ADDITIONAL PHOTOGRAPHS



West Side of Maintenance Building



Maintenance Building Interior



Maintenance Building Interior



Kitchen/Dining Building



Dining Hall in Kitchen/Dining Building



Kitchen in Kitchen/Dining Building

ADDITIONAL PHOTOGRAPHS



Walk-in Freezer in Kitchen/Dining Building



Pantry in Kitchen/Dining Building



Kitchen in Kitchen/Dining Building



Kitchen in Kitchen/Dining Building



Kitchen in Kitchen/Dining Building



Dining Hall View 2 in Kitchen/Dining Building

ADDITIONAL PHOTOGRAPHS



Bathroom in Kitchen/Dining Building



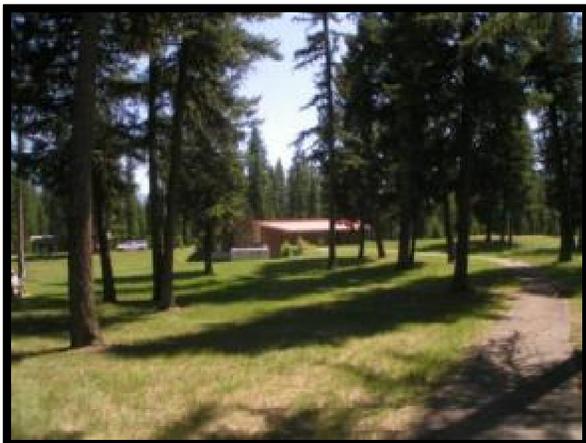
Fenced Garbage Bin



Mechanical Room in Kitchen/Dining Building



Water Heater for Kitchen/Dining Building



Grounds Looking toward Administration Building



Waste Water System Sprinkler