APPRAISAL REPORT OF:

A 78.30 ACRE TRACT – AS IF VACANT AT MONTANA HIGHWAY 83 CONDON, MONTANA

PREPARED FOR:

Ms. Emily Cooper, Land Sections Supervisor
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:

April 12, 2017

PREPARED BY:

Elliott M. Clark, MAI &
Christopher D. Clark
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CLARK
REAL ESTATE APPRAISAL

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

LETTER OF TRANSMITTAL

May 11, 2017

Ms. Emily Cooper, Land Sections Supervisor
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 (As If Vacant)

Dear Ms. Cooper:

In compliance with your request Elliott M. Clark, MAI and Christopher D. Clark with Clark Real Estate Appraisal viewed the above referenced property on April 12, 2017 accompanied by Mr. Claude Cassidy, Ms. Emily Cooper, and Ms. Chloe Katsilas all 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.

We were requested by the client to provide an opinion of value for the subject property As If Vacant. For that reason, the value concluded in this report is based upon the **Hypothetical Condition** that the property was vacant as of the report effective date. Please see additional **Hypothetical Conditions** and one **Extraordinary Assumption** included in the Scope of Work.

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.

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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 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.

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

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

Christopher D. Clark
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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 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, Recreational, and/or Subdivision Use
As Improved	Not Applicable

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

Report Date	May 11, 2017
Inspection Date	April 12, 2017
Effective Date of Value(s)	April 12, 2017
Property Rights Appraised	Fee Simple
Estimate of Market Value	**$470,000**
Extraordinary Assumption(s)	**See Scope of the Appraisal**
Hypothetical Condition(s)	**See Scope of the Appraisal**

MARKETING TIME

The appraised value is based upon 6 to 12 month marketing and exposure times. 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

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 an appraisal report for the client with an effective date of July 8, 2015. 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 direction 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.

Elliott M. Clark

Dated Signed: May 11, 2017
Elliott M. Clark, MAI
MT REA-RAG-LIC-683

Date Signed: May 11, 2017
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, conducted engineering studies, or soil 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 signatories 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 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 for the property.

10. The appraisers are not experts at the identification of environmental hazards. The value concluded in this report is based upon the **Extraordinary Assumption** that there was no environmental contamination of the subject site or improvements as of the report effective date.

11. This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuation or specific valuation.

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.

SCOPE OF THE APPRAISAL

The subject property consists of a 78.30 acre site improved with a site and building improvements originally constructed for use as a minimum security prison. The property is along Montana Highway 83 in the Condon area. We were asked to provide our opinion of the market value of the subject property **As If Vacant**. The value of the fee simple interest in the subject site As If Vacant is concluded in this report. A narrative appraisal report has been prepared. Information about the subject property has been collected and analyzed in this report.

A narrative appraisal report for the subject property has been prepared. Information about the subject property has been collected and analyzed in this report. 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 appraisers' 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 both of Clark Real Estate Appraisal viewed the subject property on April 12, 2017 accompanied by Mr. Claude Cassidy, Ms. Emily Cooper, and Ms. Chloe Katsilas all with the Montana DNRC. The buildings and site improvements on the subject property are not valued in this report. We viewed and measured the buildings for a prior appraisal report prepared for the client. We have included a description of the building from the 2015 appraisal in the Property Description portion of this report for informational purposes only.

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 regional 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.**

Highest & Best Use

Our opinion of the highest and best use for the subject property As If Vacant was developed using the research collected relative to the subject property, area development trends and demographics. The information collected is considered comprehensive and provides a credible basis for a carefully considered analysis. The appraisal process presented was based upon the highest and best use conclusions for the subject property.

Extraordinary Assumption(s)

An **Extraordinary Assumption** is defined in 2016-2017 version of the Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be "*an assumption, directly related to a specific assignment, as of the effective date of the assignment results which, if found to be false, could alter the appraiser's opinions or conclusions*."

The value concluded in this report is based upon the **Extraordinary Assumption** that there are no environmental contaminants associated with the subject tract. If there are any environmental contaminants in or on the subject tract, the value concluded in this report could be significantly impacted.

Hypothetical Conditions

A **Hypothetical Condition** is defined in 2016-2017 version of the Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be "*a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis*."

There are two significant **Hypothetical Conditions** associated with the value concluded in this report. They are;

1. The value concluded in this report is based upon the **Hypothetical Condition** that the subject property was a legal parcel totaling 78.30 acres and located in the East Half of Section 18, Township 23 North, and Range 17 West, Lake County Montana as of the effective date of this report. This condition assumes that the current access from Montana Highway 83 is a legal access.
2. The value concluded in this report is based upon the **Hypothetical Condition** that the subject property was vacant as of the report effective date

It is important to note that the "As Is" market value of the subject property would typically include consideration for improvement demolition costs. We recommend obtaining detailed demolition costs from a knowledgeable contractor.

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 vacant land when there are comparable sales available. Based upon our analysis there were sufficient comparables to prepare a credible Sales Comparison Analysis for the subject tract As If Vacant. The Cost and Income Approaches are not applicable to the valuation of the subject site As If Vacant and were not developed in this report. The omission of these approaches does not affect the credibility of the value conclusion.

Environmental
The appraisers are not experts regarding 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. Please refer to the stated **Extraordinary Assumption** for additional information regarding the handling of possible environmental contaminants in this report.

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

April 12, 2017

EFFECTIVE DATE OF MARKET VALUE

April 12, 2017

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property, As If Vacant, as of April 12, 2017 for decisions regarding potential sale of the property.

PROPERTY RIGHTS APPRAISED

The value concluded in this report is for the **fee simple** interest in the subject property As If Vacant. 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 be 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 sale and/or lease since 2006. No tenants or buyers have been located to date. Marketing efforts to date have been through the Montana Department of Natural Resources and Conservation.

Statement of Ownership

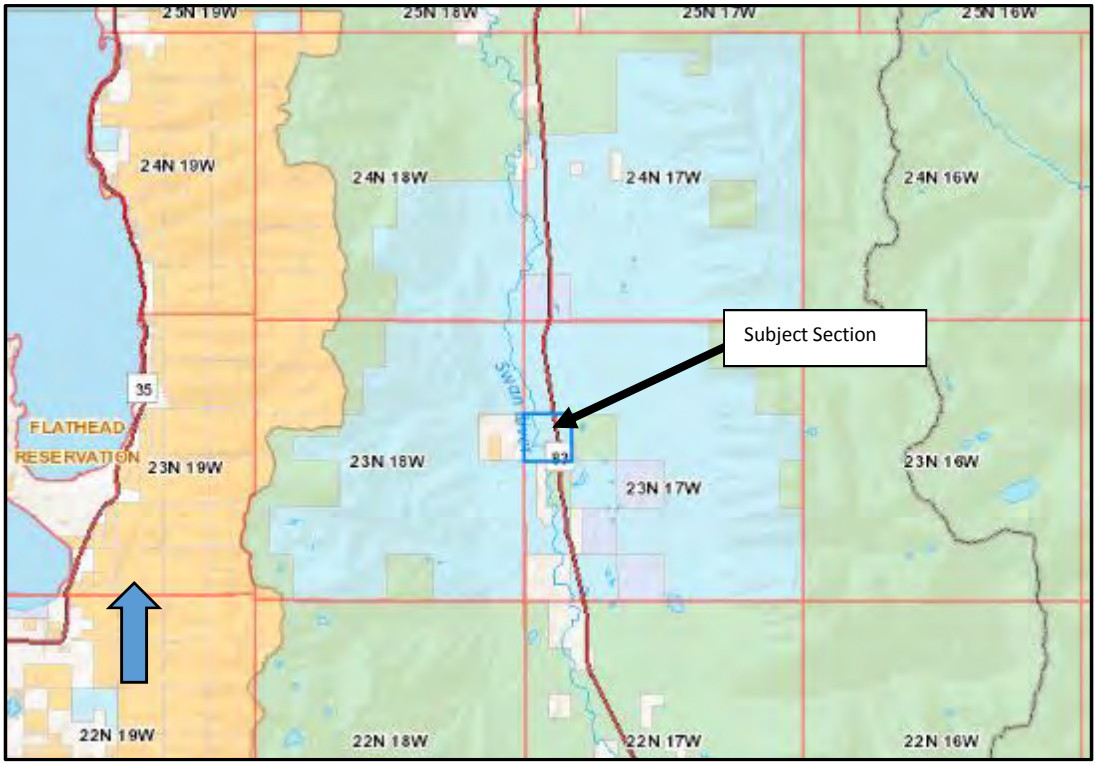
The subject property is part of property owned by the State of Montana. It has been owned by the State of Montana for the past 10 years or more.

PROPERTY DESCRIPTION

A. GENERAL SITE DESCRIPTION

The subject property is part of a larger property in Section 18 in Township 23 North, and Range 17 West in Lake County, Montana. 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 located a recently recorded Certificate of Survey of the subject property. The purpose of this survey was to clarify a right-of-way issue with the United States Forest Service who is the owner of the adjacent property to the east. 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 recorded 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 blue on the map below. Areas in light 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 ¼ 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 value concluded in this report is based upon the Hypothetical Condition that the subject property was vacant as of the report effective date. The following description of improvements is provided for informational purposes only.

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 32 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 most reasonably cost effective uses. 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 32 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 32 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. We also recommend appropriate experts be retained to estimate demolition costs as necessary.

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

D. EASEMENTS, BUFFERS AND RESTRICTIONS

The field used for the gray water and portions of the sprinkler system associated with the subject waste water treatment system is located on land owned by the US Forest Service on an adjacent section to the subject property. Certificate of Survey #7157 was recorded with Lake County, Montana on May 9, 2016 in order to address access to this area. A copy of this certificate of survey is included in this section of this report. An additional cost share easement is noted on this survey for Goat Creek Road. Such easements are considered typical for the subject market area. We are not aware of the existence of any additional easements or encroachments regarding the subject property. If any additional easements or encroachments are present on and/or associated with the subject site, the value concluded in this report may be affected.

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.

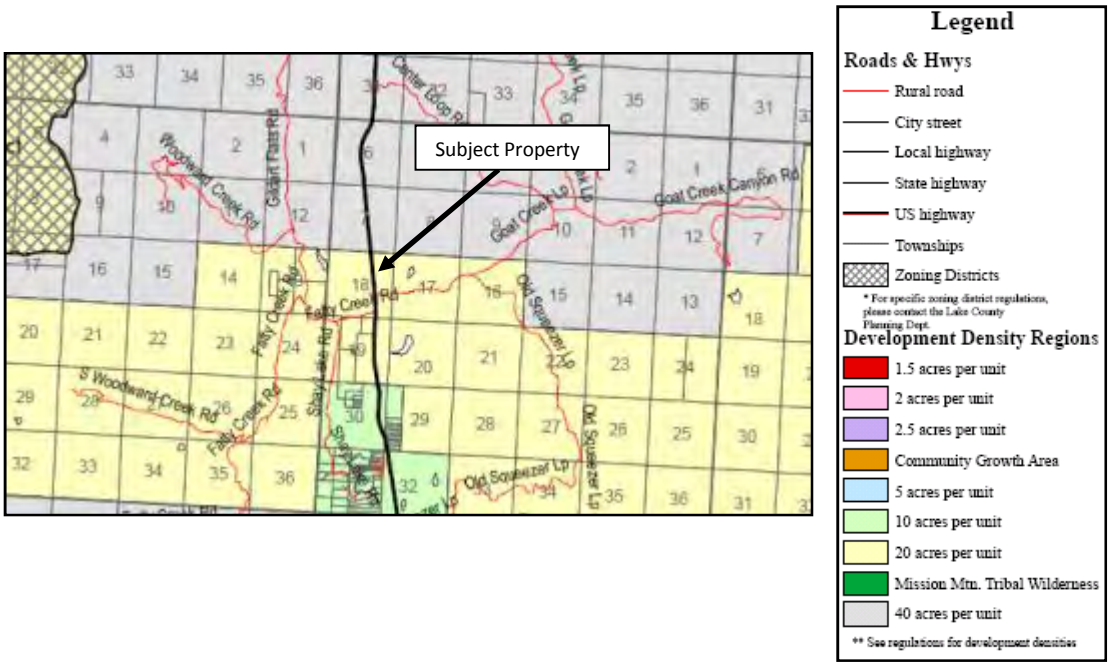
The buildings, other improvements and sewage treatment lagoons and on-site portions of the sprinkler system for the sewage treatment facility occupy relatively little of the subject site. There site is predominantly grass covered and wooded. The topography is rolling. The highest elevation of the subject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

According to the Federal Emergency Management Flood Zone Map the subject property is located in an area of minimal flood hazard. This is shown on flood map panel 30047C0415C dated February 6, 2013. 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 partially 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 concluded in this report may be affected. We assume that drainage has been adequately engineered for the site and improvements.

J. PUBLIC SAFETY AND SERVICES

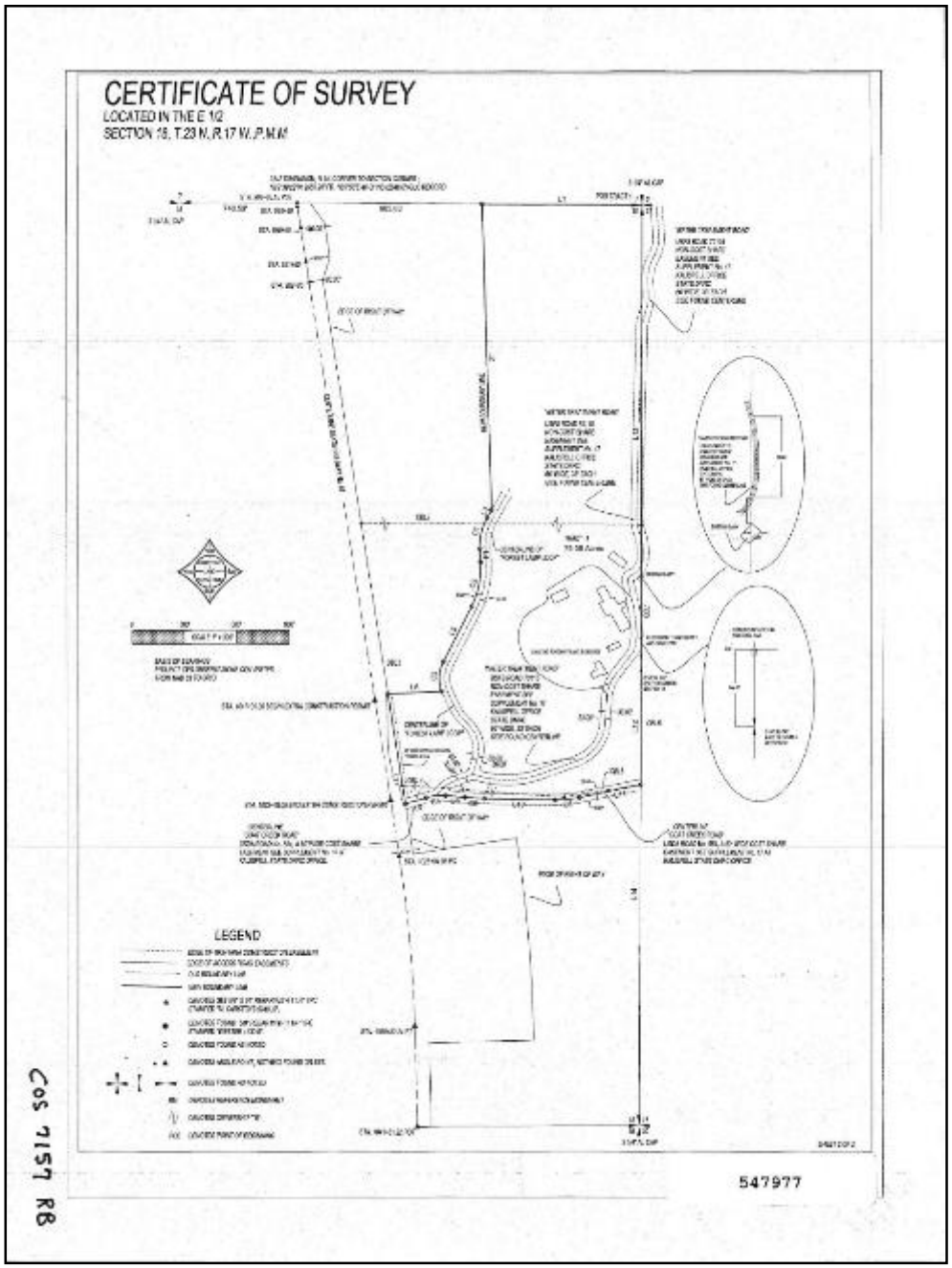
Police, fire protection, and other services are provided by the Lake County and area volunteer fire departments.

K. SITE SUITABILITY

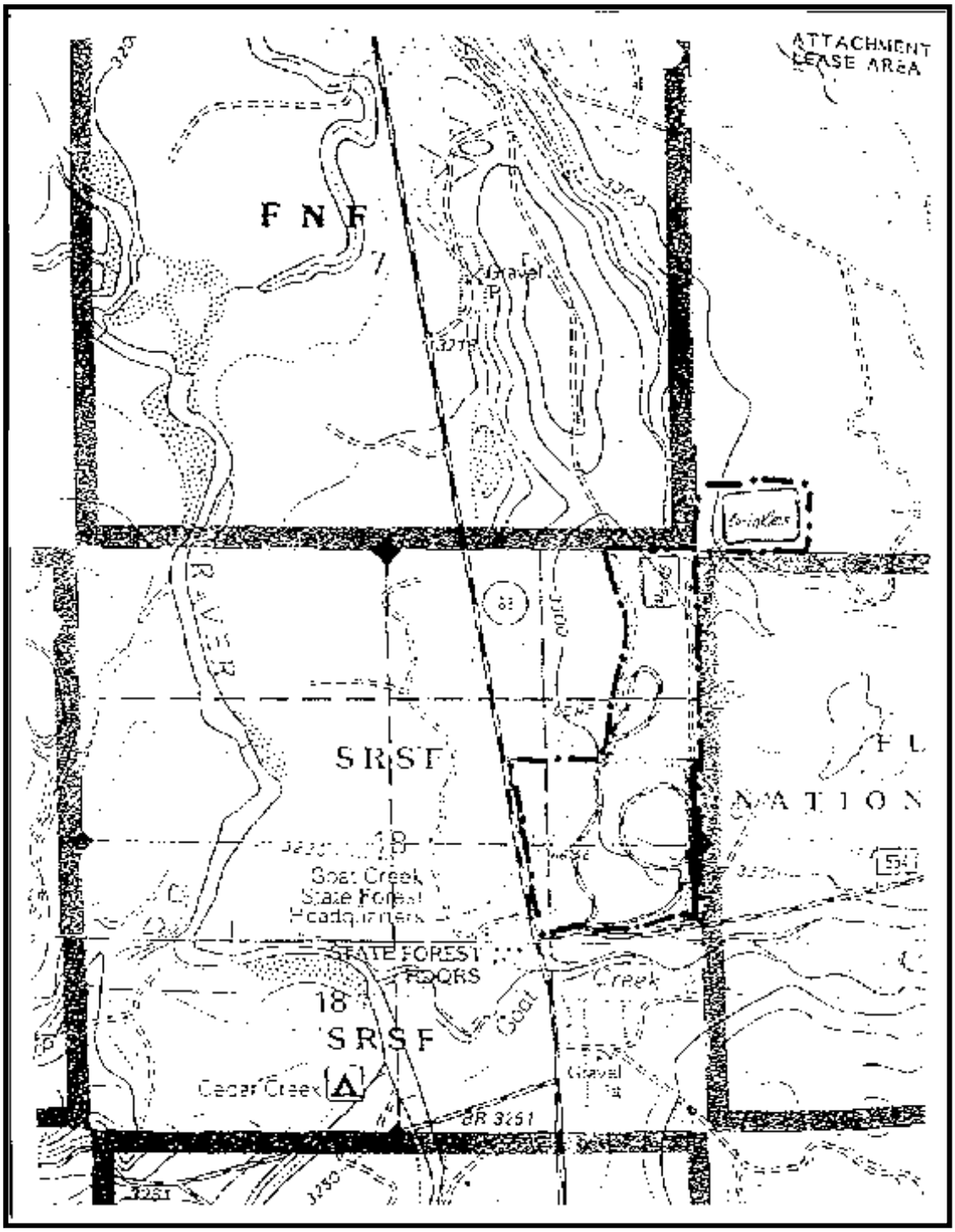
The subject property has an irregular shape. It has approximately ¼ mile of frontage along Montana Highway 83. It has sufficient shape and size for many uses; however, public water and sewer are not available in this area. Additionally the subject property is in a remote location.

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

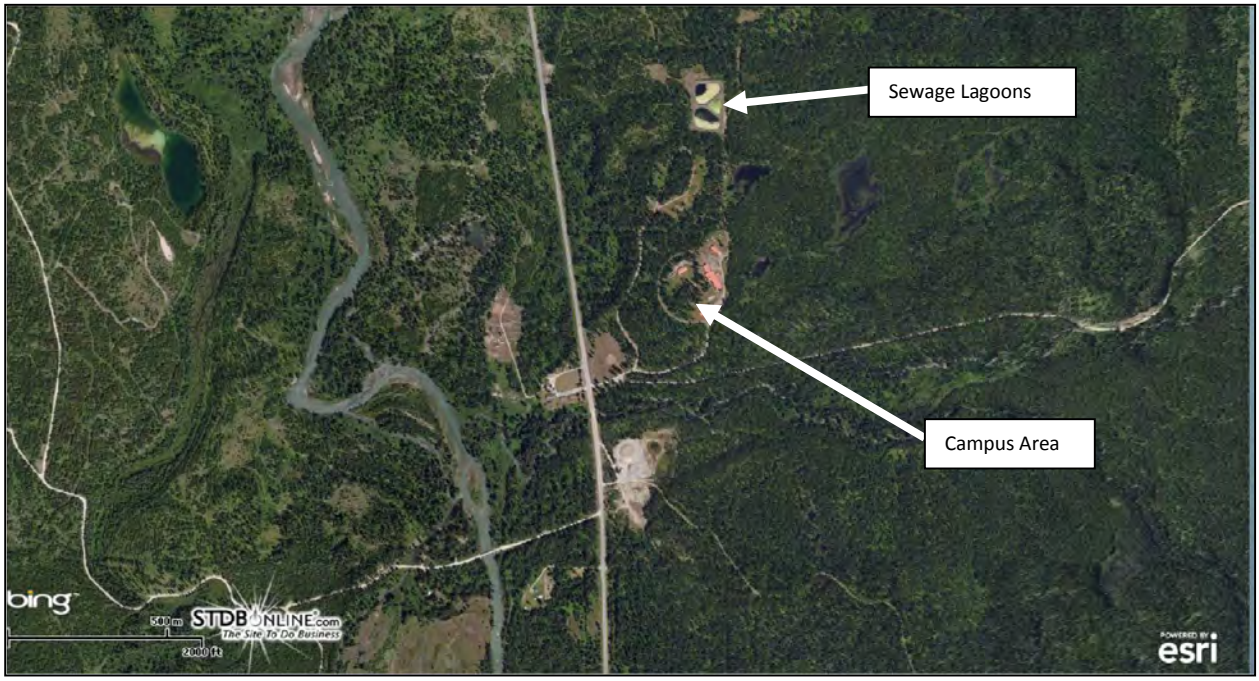
COS #7157
(From Lake County Records – Recorded May 9, 2017)



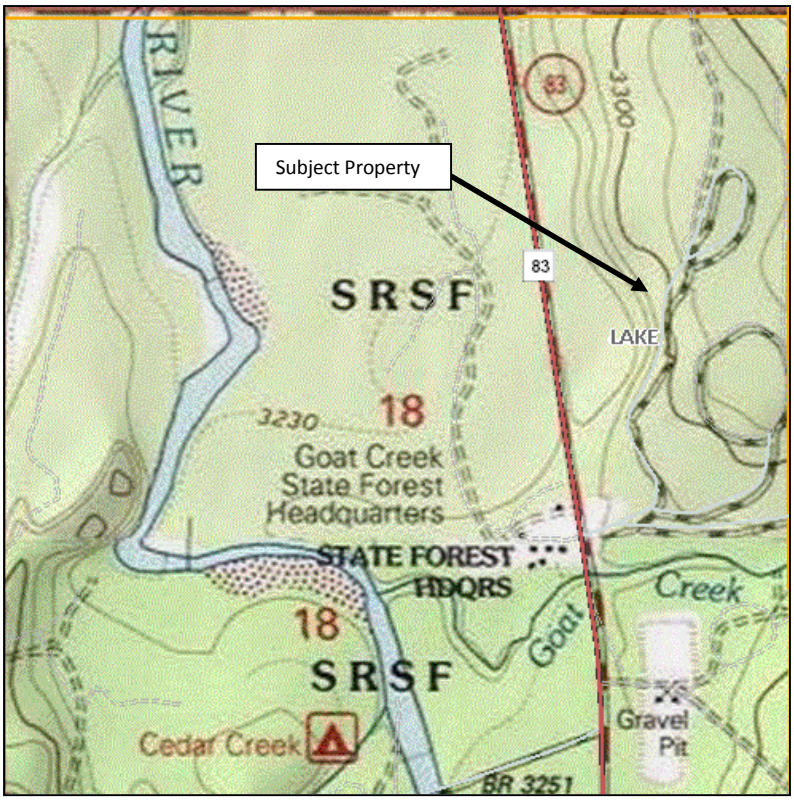
Approximate Boundaries of Subject Property
(Provided by DNRC)



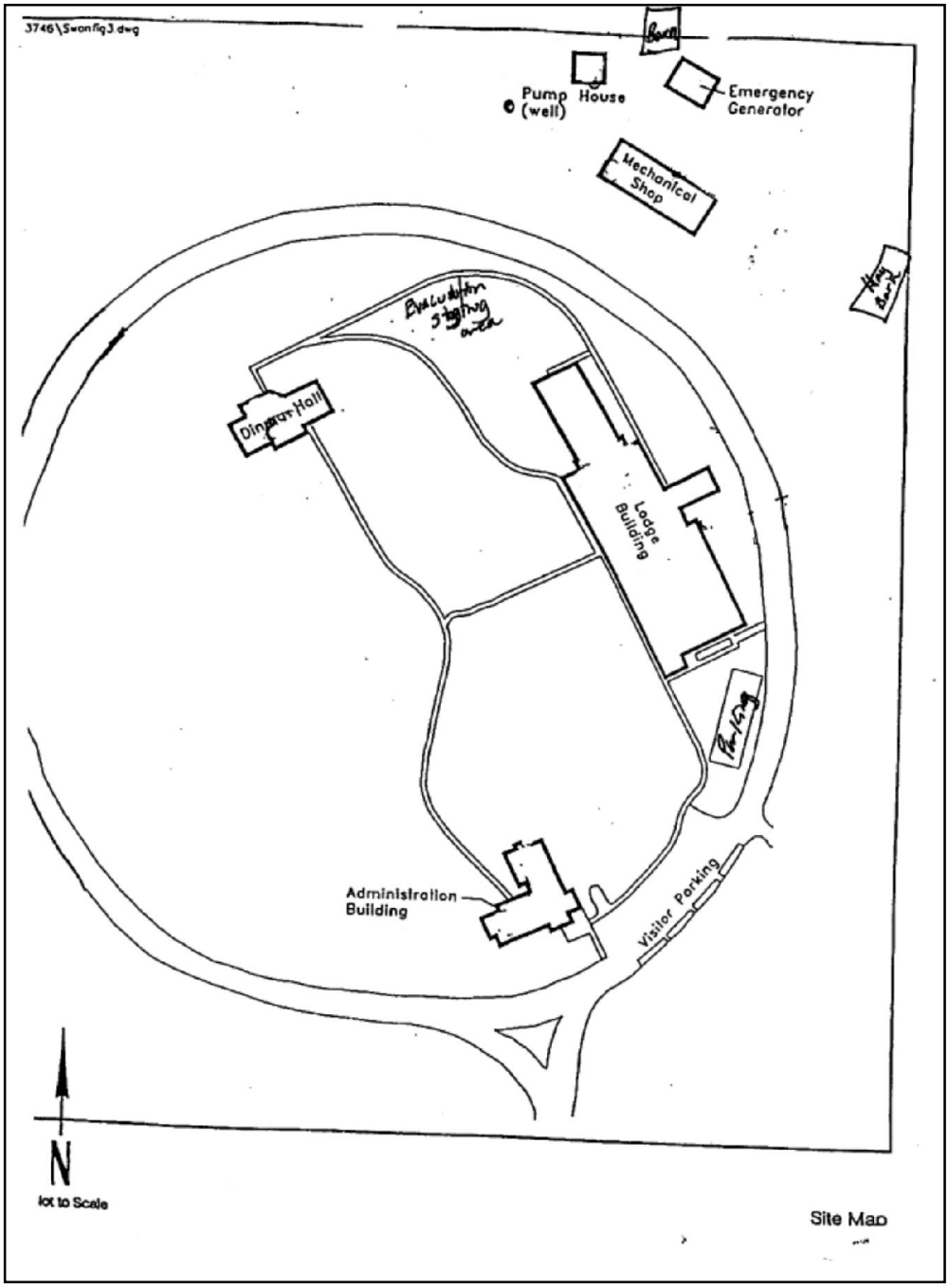
Satellite View of Subject Property



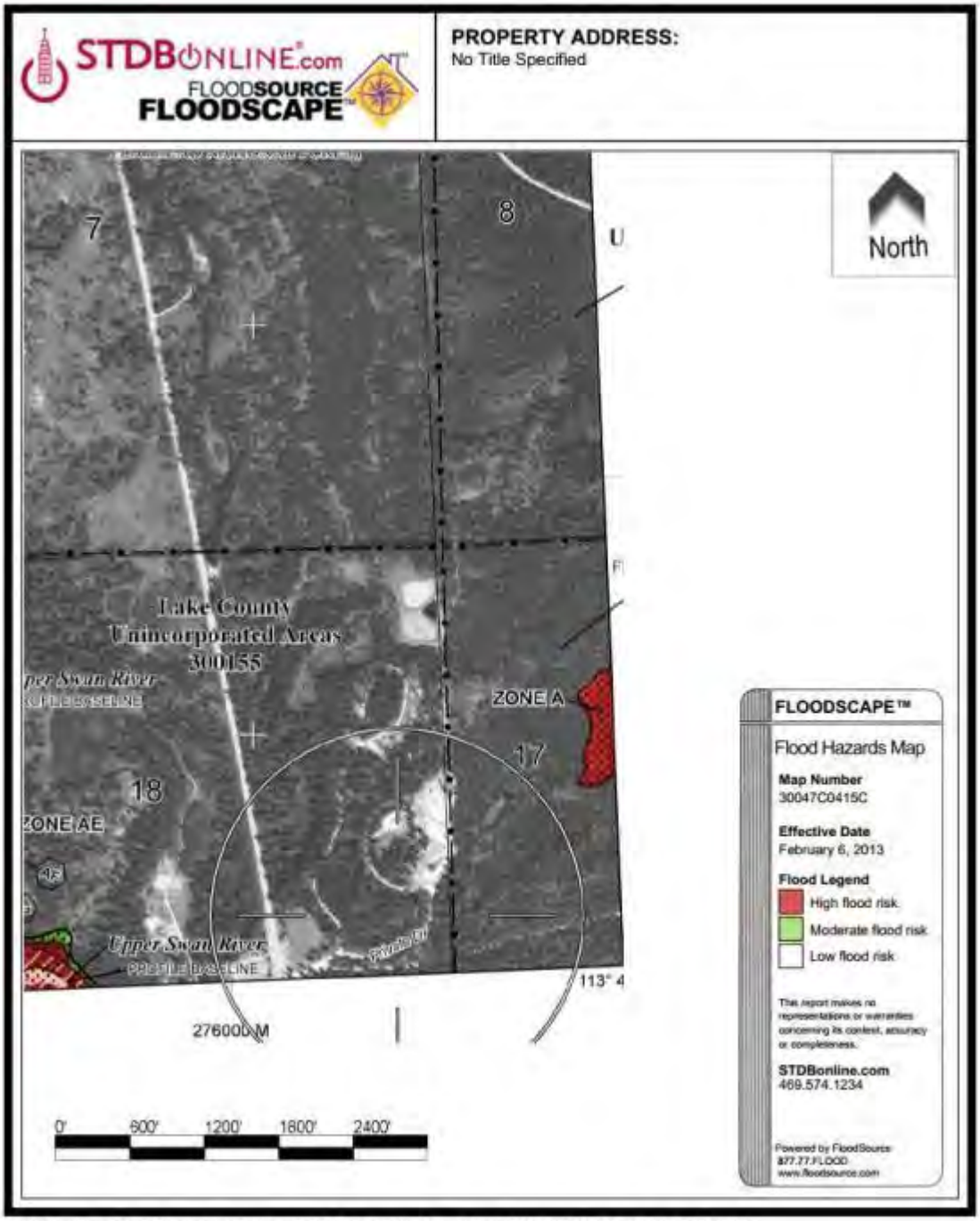
Topographic Map of Section that Includes Subject Property



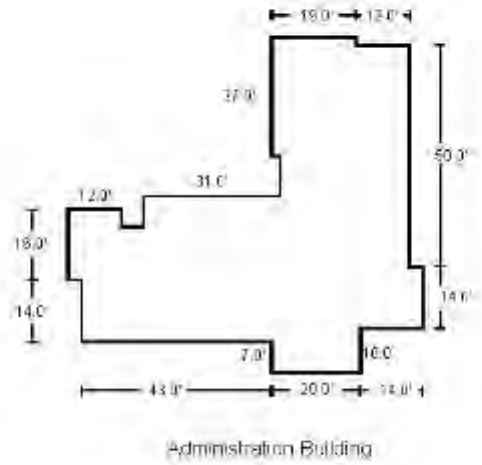
Approximate Location of Subject Buildings



Flood Map
(Portion of Flood Map Depicting Subject Property)



Appraisers' Building Sketch of Administration Building

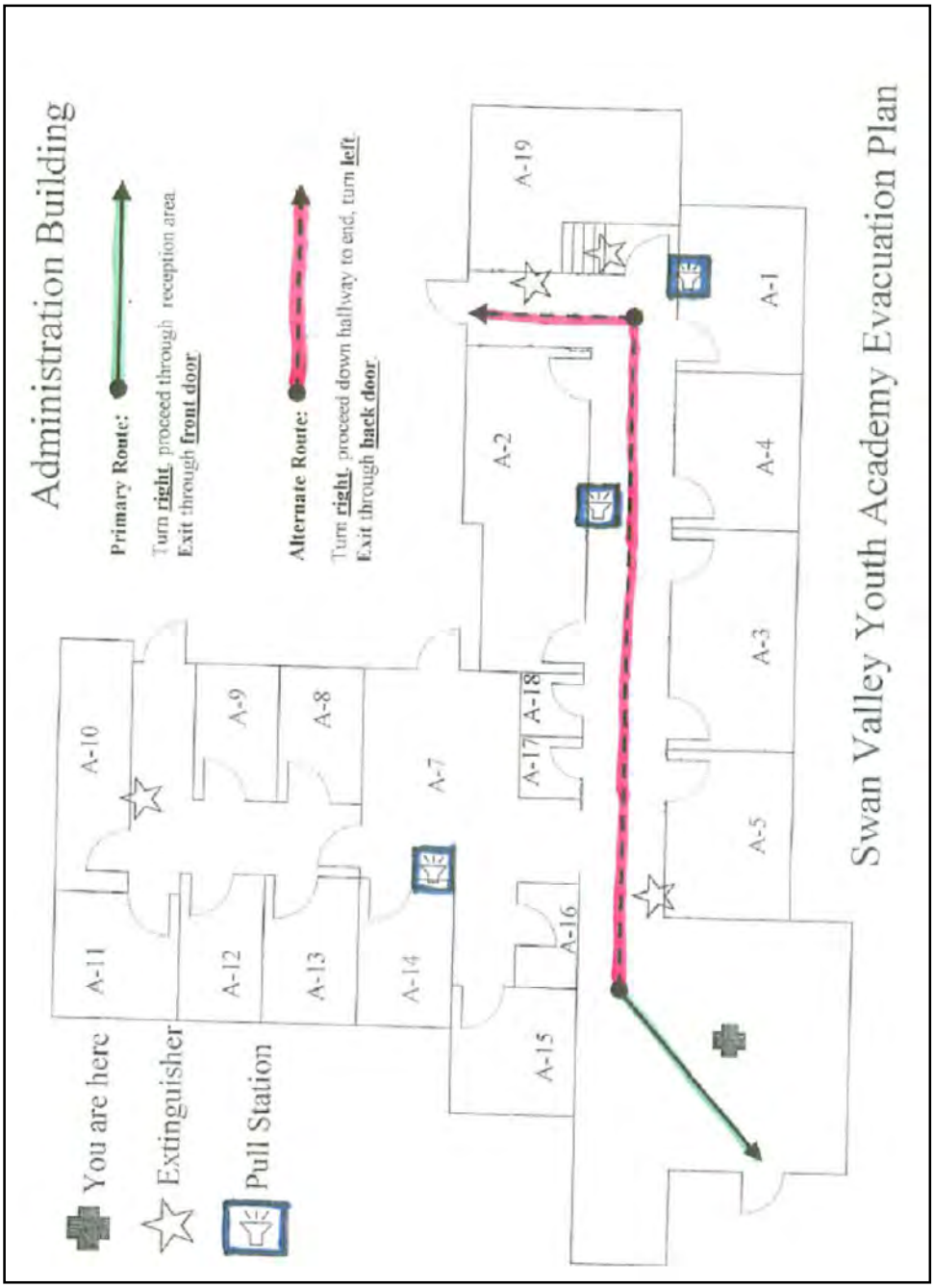


Comments:

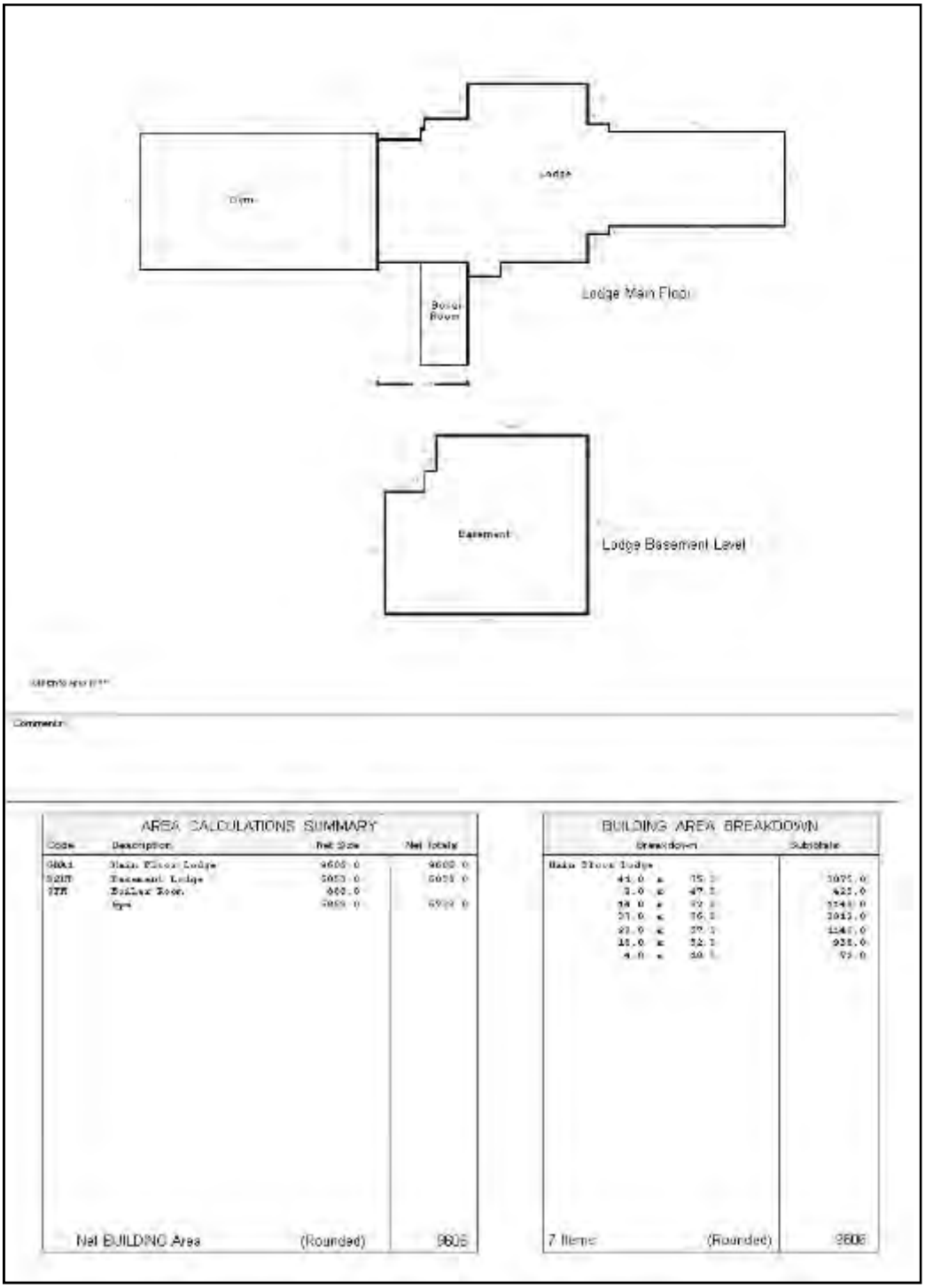
AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	Street Floor	3651.0	3651.0
Net BUILDING Area		(Rounded)	3651

BUILDING AREA BREAKDOWN		
Breakdown		Subtotals
Street Floor		
13.0 x 39.0		511.0
12.0 x 25.0		300.0
18.0 x 27.0		486.0
37.0 x 24.0		888.0
12.0 x 16.0		192.0
7.0 x 40.0		280.0
13.0 x 36.0		468.0
12.0 x 36.0		432.0
14.0 x 43.0		602.0
7.0 x 29.0		203.0
10 Items	(Rounded)	3651

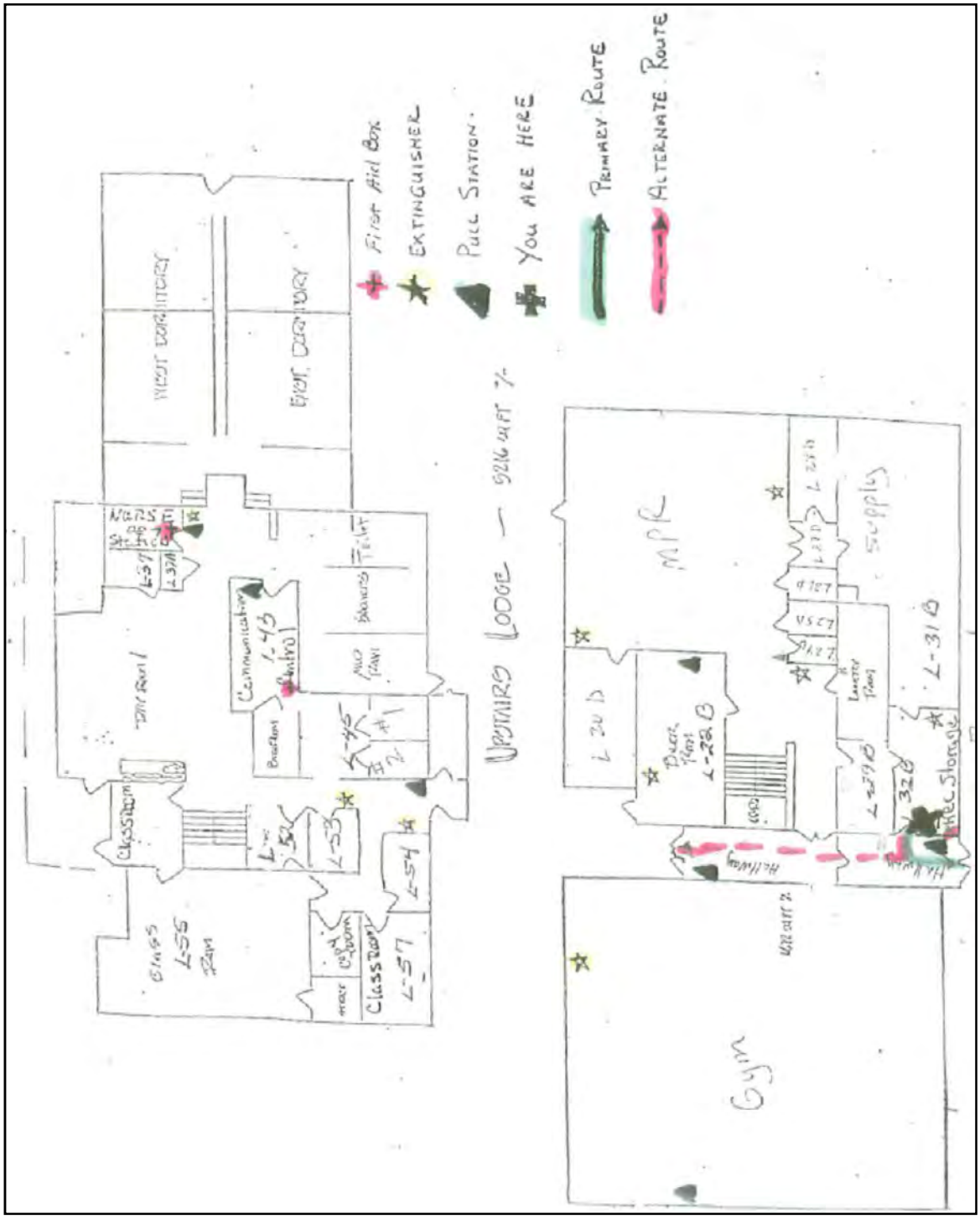
Approximate Floor Plan for Administration Building



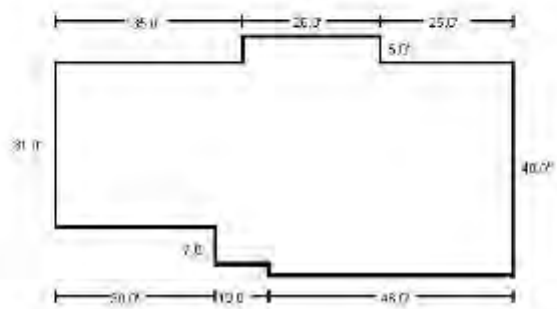
Appraisers' Building Sketch of Lodge Building



Approximate Floor plan of Lodge Building



Appraisers' Sketch of Kitchen Building



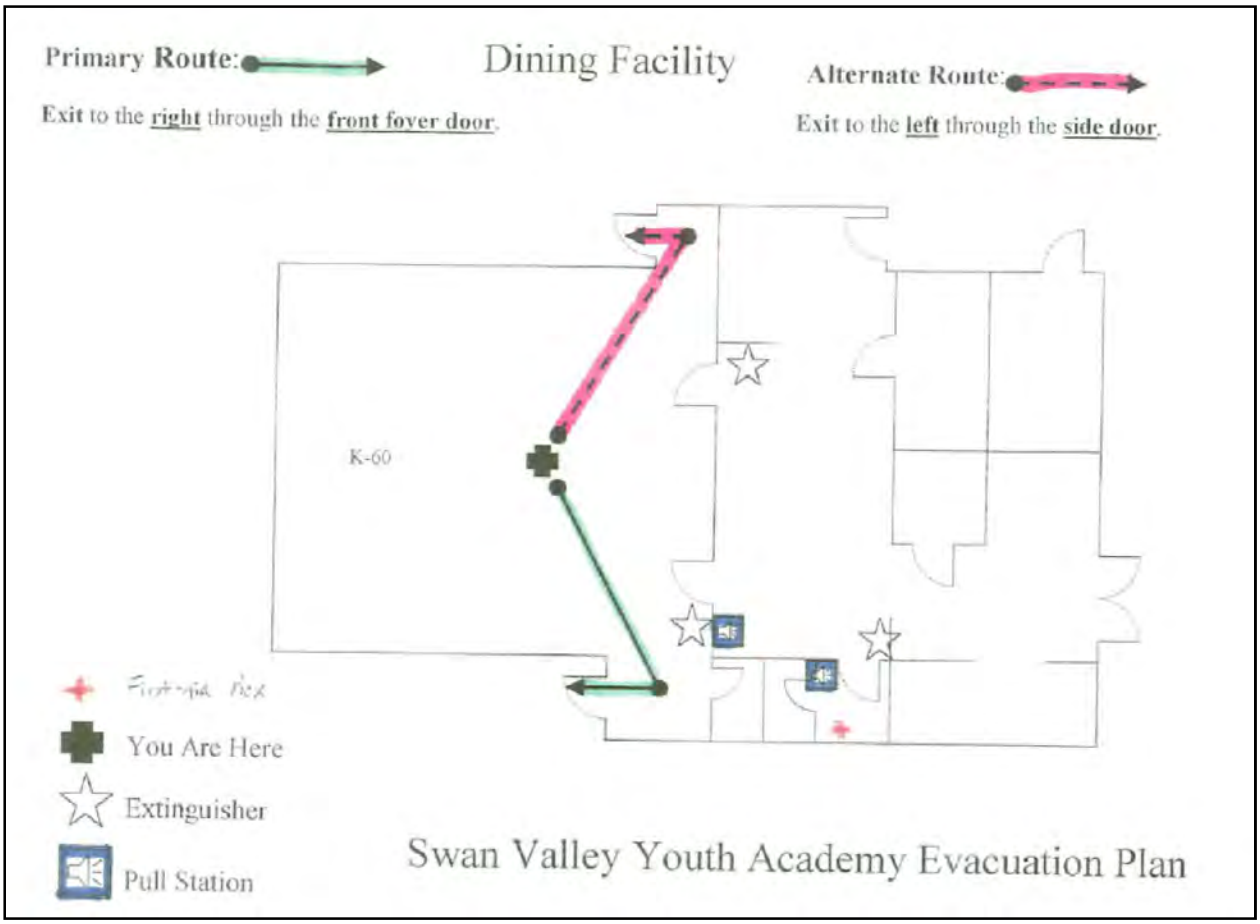
Kitchen Building

Comments:

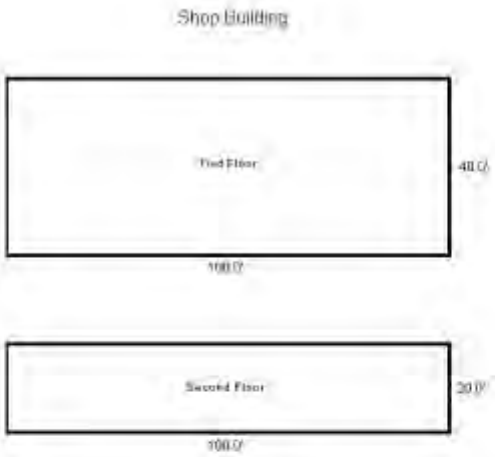
AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
[illegible]	First Floor	[illegible]	[illegible]
Net BUILDING Area		(Rounded)	3280

BUILDING AREA BREAKDOWN		
Breakdown		Subtotals
First Floor		
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
4 Items	(Rounded)	3280

Approximate Floor Plan of Kitchen Building



Appraisers' Sketch of Shop Building



Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	First Floor	4000.0	4000.0
GBA1	Second Floor	2000.0	2000.0
Net BUILDING Area		(Rounded)	6000

BUILDING AREA BREAKDOWN		
Breakdown		Subtotals
First Floor		
40.0 x 100.0		4000.0
Second Floor		
20.0 x 100.0		2000.0
2 Items	(Rounded)	6000

SUBJECT PHOTOGRAPHS

Subject Property and Improvements Looking North

Driveway to Property Looking South

Former Correctional Facility Building on Property

Former Administrative Building on Property

Barn and Corral on Property

Shop Building on Property

ADDITIONAL PHOTOGRAPHS

Property Interior Looking West

Property Interior Looking South

Property and Dining Hall Looking West

Main Correctional Facility Building Looking Southeast

Subject Property Interior Looking South

Former Correctional Facility Building Looking South

ADDITIONAL PHOTOGRAPHS

Shop and Generator Building

Property Interior Looking Northwest

Sewage Treatment Lagoon

Sewage Treatment Lagoon

Sewage Treatment Area Looking South

Interior Road to Sewage Treatment Area

ADDITIONAL PHOTOGRAPHS

Interior Road Looking North

Interior Road at Former Mobile Home Area

Former Mobile Home Sites

Former Mobile Home Sites

Former Mobile Home Sites

View West from Interior Road toward MT Hwy 83

ADDITIONAL PHOTOGRAPHS

Driveway to Subject Property Looking East

Driveway to Subject Property Looking West

Montana DNRC Facility to West of Subject Property

Montana Highway 83 Looking South

Montana Highway 83 Looking North

SUBJECT MARKET ANALYSIS – AS IF VACANT

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. Since the value concluded in this report is based upon the **Hypothetical Condition** that the property was vacant as of the report effective date, the following analysis is based upon the property As If Vacant.

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 vacant tracts in this subject area for residential, recreational, and/or subdivision development use.

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.

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 search are included on the table on the following page.

It is important to note that caution is recommended for statistical analysis with small data sets. This data is considered the best available and is helpful with the determination of trends.

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
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	1	45%	93.95	$9,047	259	73%
2016	1	77%	80.00	$5,750	277	-36%
2017 Year-to-Date	1	73%	54.76	$6,574	1380	14%
Active Listings	4		82.37	$7,123	774	
Sources: Northwest Montana Regional MLS						
Includes waterfront & non-waterfront properties						

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 was an average of 1.2 sales per year in this size range between 2007 and 2016.

Since there have been few recent sales of similar sized tracts in the immediate subject market area, it was necessary to expand the search for comparables sales to smaller sized tracts and use sales that closed more 1 year prior to the report effective date for the property valuation analysis.

Forecast of Competitive Supply – As If Vacant

There were 4 active listings of tracts ranging in size from 50 to 100 acres in the immediate subject market area as of the report effective date.

Interaction of Supply and Demand – As If Vacant

Based upon the average annual demand for the last 10 years, there is an approximately 3.3 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.

Marketing & Exposure Times

The average annual marketing time for similar sized parcels in 2016 was 277 days. The marketing times for the land sales used in the valuation of the subject site as if vacant range from 105 days to 401 days with an average 247 days. The value concluded in this report for the subject property as if vacant is based upon an approximately 6 to 12 month **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 6 to 12 months.

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 page.

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 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, recreational, and/or subdivision development 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), recreational, and/or possible subdivision into 20 acre parcels for residential use.

AS IMPROVED

It was not necessary to determine the highest and best use for the subject property as improved. The improvements were not valued in this report.

THE APPRAISAL PROCESS

In the foregoing sections of this report, we have examined and discussed the subject property. To arrive at estimates of 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."

The value concluded in this report is for the subject property As If Vacant. For this reason, the Cost Approach was not applicable to the value concluded. Ground leases are not typical for area tracts of land and the Income Approach was not applicable to the value of the subject property. The omission of the Cost and Income Approaches does not affect the credibility of the value concluded for the subject property As If Vacant. The Sales Comparison Approach typically provides the most credible value for vacant land. There were sufficient comparable sales to prepare a credible Sales Comparison Approach. The conclusion from this approach is the basis for the **fee simple interest** in the subject property As If Vacant.

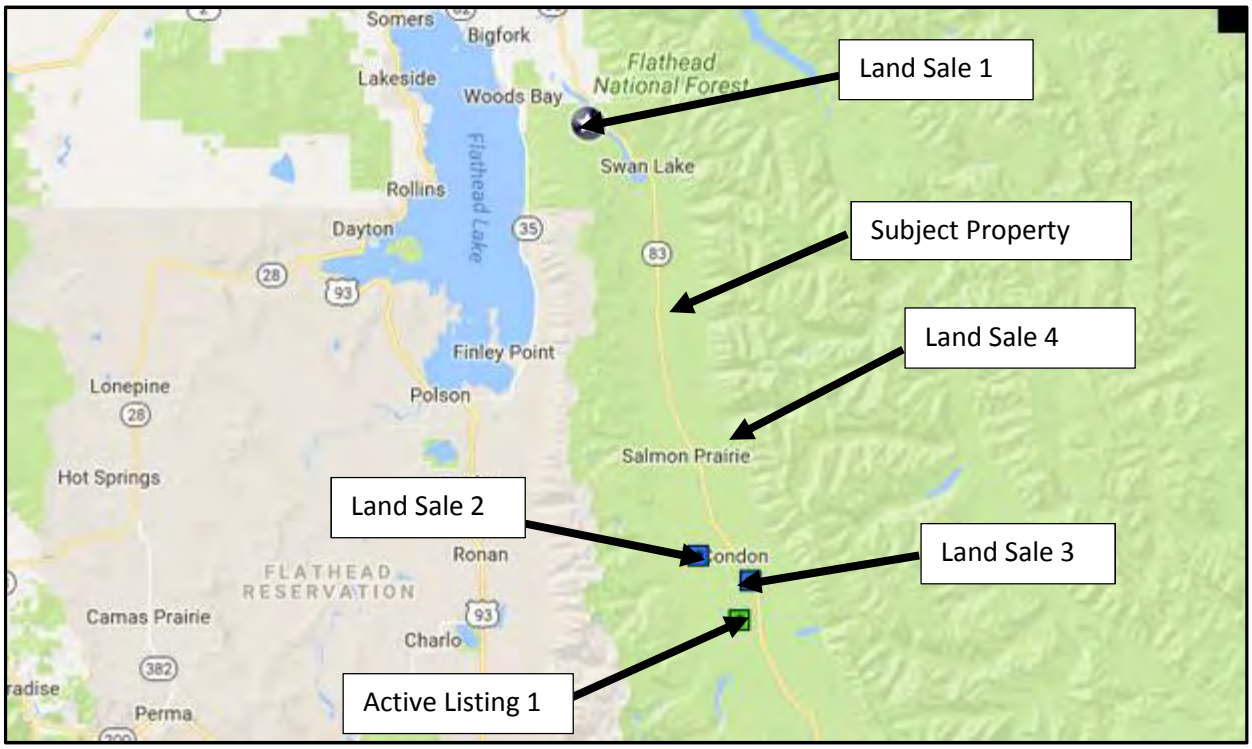
At the request of the client, we have also provided an estimate of the cost to construct the sewer and waste water system in place on the subject tract. This estimate provides a high end of likely market values for this system as no depreciation was deducted from this estimate of cost to construct. **We recommend the services of a qualified contractor to estimate the depreciation associated with this system.**

SALES COMPARISON APPROACH

Since there have been few recent sales of similar sized tracts in the immediate subject market area, it was necessary to expand the search for comparables sales to smaller sized tracts and use sales that closed more 1 year prior to the report effective date for the property valuation analysis. The 2017 sale of a 54.76 acre tract noted in the Subject Market Analysis was not utilized as a comparable. This is because it is further from the subject than the comparables selected. The most appropriate comparables located are summarized on the table below;

Land Sales Analysis							
Land Sale #	Address	City	Sale Date	Sales Price	List Price	Acres	$/Acre
1	NHN Bug Creek	Bigfork	2016	$460,000		80.66	$5,703
2	3271 Elk Flats Rd	Condon	2016	$180,000		33.46	$5,380
3	NHN MT Hwy 83	Condon	2015	$300,000		37.74	$7,949
4	NHN Stekar Trail	Condon	2015	$335,000		45.34	$7,389
Active 1	NHN Kraft Creek Rd	Condon	ACTIVE		$625,000	88.72	$7,045

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 Bug Creek
City/State	Bigfork, Montana
County	Lake
Assessor Number	0016526
Zoning	Lower Bug Creek Zoning District
Site Size: Acres	80.66
Square Feet	3,513,550
Date of Sale	July 1, 2016
Sales Price	$460,000
Less Cost of Improvements*	$0
Sales Price Adjusted	$460,000
MOR MLS #	337524

ANALYSIS OF SALE

Price per Acre	$5,703	***Price per Square Foot***	$0.13
		Price per Front Foot	N/A

TRANSFER INFORMATION

Grantor	Thomas J. Fitzmyers & Marilyn A. Fitzmyers	***Grantee***	Carol M. Benedict, Trust
Recording Data	Warranty Deed/Doc # 549043	***Marketing Time***	277 Days on Market
Financing/Conditions	Cash/Market	***Verified By***	John Pearson, Listing Agent
Legal Description	Tracts 4, 6, 7, & 8 of COS 4747, Lake County, Montana	***Intended Use***	Purchaser intends to construct a residence on the property.
Section/Township/Range	31-T26N-R18W		

PROPERTY DETAILS

Topography	Sloping with level areas	***Lot Dimensions***	Various
Flood Plain	None	***Improvements***	None
Water Frontage	Bug Creek, Waterfall	***Value of Improvements****	N/A
View	Mountains, Trees, Creek, & Limited View of Swan Lake		
Utilities	Electricity & Telephone at Property Boundary	***Miscellaneous***	

*Appraisers Estimate

Report File 17-020ec

LAND SALE 2

COMPARABLE SALE INFORMATION

Location	3271 Elk Flats Road
City/State	Condon, Montana
County	Missoula
Assessor Number	0686200
Zoning	None
Site Size: Acres	33.46
Square Feet	1,457,518
Date of Sale	June 17, 2016
Sales Price	$180,000
Less Cost of Improvements*	$0
Sales Price Adjusted	$180,000
MOR MLS #	20157062

ANALYSIS OF SALE

Price per Acre	$5,380	***Price per Square Foot***	$0.12
		Price per Front Foot	N/A

TRANSFER INFORMATION

Grantor	Leslie J. Sunseri-Mertz	***Grantee***	Christopher Anthony Vallerga, Cathey Marie Vallerga, & Christopher Anthony Vallerga, Jr.
Recording Data	Warrenty Deed/Doc #201609800	***Marketing Time***	205 Days on Market
Financing/Conditions	Cash/Market	***Verified By***	Kim Koppen, Listing Agent
Legal Description	Lengthy Retained in Appraisal Work-file, Missoula, County, MT	***Intended Use***	Purchaser intends to build a house on this property in the future.
Section/Township/Range	4-20N-17W		

PROPERTY DETAILS

Topography	Rolling	***Lot Dimensions***	Various
Flood Plain	None	***Improvements***	None
Water Frontage	Wetlands	***Value of Improvements****	N/a
View	Mountains, Trees		
Utilities	Electricity & Telephone at property boundary.	***Miscellaneous***	Borders US Forest Service land to the east. Parcel is subject to a mutual access agreement. Parcel is thinned and has views of the Mission and Swan Mountain Ranges.

*Appraisers Estimate

Report File 17-020ec

LAND SALE 3

COMPARABLE SALE INFORMATION

Location	NHN MT Highway 83
City/State	Condon, Montana
County	Missoula
Assessor Number	0000248104
Zoning	None
Site Size: Acres	37.74
Square Feet	1,643,954
Date of Sale	July 16, 2015
Sales Price	$300,000
Less Cost of Improvements*	$0
Sales Price Adjusted	$300,000
MOR MLS #	333038

ANALYSIS OF SALE

Price per Acre	$7,949	***Price per Square Foot***	$0.18
		Price per Front Foot	N/A

TRANSFER INFORMATION

Grantor	Strickler Revocable Trust & Carole D. Strickler	***Grantee***	Joseph Michael Martin & Martha Jane Martin
Recording Data	Warranty Deed/Doc # 20152024	***Marketing Time***	105 Days on Market
Financing/Conditions	Cash/Market	***Verified By***	Len Kobylenski, Listing Agent
Legal Description	Lengthy - Retained in Appraisal Work-File, Missoula County	***Intended Use***	Purchaser intends to build a house on this property in the future.
Section/Township/Range	7-20N-16W		

PROPERTY DETAILS

Topography	Level Area with Steep Slope to River	***Lot Dimensions***	Various
Flood Plain	100 Year Flood Plain Along River Frontage	***Improvements***	None
Water Frontage	1,000 Feet Along Swan River	***Value of Improvements****	N/A
View	Mountains, Trees, River		
Utilities	Electricity & Telephone at Road	***Miscellaneous***	Property consists of three contiguous parcels. The portions of the property along the West side of the river have no vehicular access. This property is available for sale for $460,000.

*Appraisers Estimate

Report File 17-020ec

LAND SALE 4

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. Stolp	***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 & 17-020ec

ACTIVE LISTING 1

ACTIVE LISTING INFORMATION

Location	NHN Kraft Creek Road
City/State	Condon, Montana
County	Missoula
Assessor Number	4173540
Zoning	None
Site Size: Acres	88.72
Square Feet	3,864,643
Date of Sale	N/A - ACTIVE LISTING
List Price	$625,000
Less Cost of Improvements*	$0
List Price Adjusted	$625,000
MOR MLS #	21604457

ANALYSIS OF SALE

Price per Acre	$7,045	***Price per Square Foot***	$0.16
		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***	358 Days on Market
Financing/Conditions	N/A - ACTIVE LISTING	***Verified By***	Robin Matthews-Barnes, Listing Agent
Legal Description	Lot 5A, Amended Plat of Lots 2-5 Elk Creek Preserve, Missoula County	***Intended Use***	N/A - ACTIVE LISTING
Section/Township/Range	25-T20N-R17W		

PROPERTY DETAILS

Topography	Level & Wetland Areas	***Lot Dimensions***	Various
Flood Plain	None	***Improvements***	None
Water Frontage	None	***Value of Improvements****	N/A
View	Mountains, Trees, Wetlands		
Utilities	Electricity & Telephone at Road	***Miscellaneous***	Borders US Forest Service land to the south.

*Appraisers Estimate

Report File 17-020ec

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 PROPERTY AS IF VACANT 78.30 ACRE TRACT, MONTANA HIGHWAY 83, CONDON, MONTANA						
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	ACTIVE 1
IDENTIFICATION	MT Hwy 83	NHN Bug Creek	3271Elk Flats Rd	NHN MT Hwy 83	NHN Stekar Tr	NHN Kraft Creek Rd
CITY	Condon, MT	Bigfork, MT	Condon, MT	Condon, MT	Condon, MT	Condon, MT
SALES PRICE		$460,000	$180,000	$300,000	$335,000	$625,000
ADJUSTMENT FOR LIST PRICE		$0	$0	$0	$0	-$62,500
ADJUSTMENT FOR IMPROVEMENTS		$0	$0	$0	$0	$0
PROPERTY RIGHTS	**Fee Simple**	**Fee Simple**	**Fee Simple**	**Fee Simple**	**Fee Simple**	**Fee Simple**
PROPERTY RIGHTS ADJUSTMENT		$0	$0	$0	$0	$0
FINANCING	**Market**	**Market**	**Market**	**Market**	**Market**	**Market**
FINANCING ADJUSTMENT		$0	$0	$0	$0	$0
CONDITIONS OF SALE	**Market**	**Market**	**Market**	**Market**	**Market**	**Market**
CONDITIONS OF SALE ADJUSTMENT		$0	$0	$0	$0	$0
ADJUSTMENTS FOR BUYER EXPENDITURES						
DEMOLITION		$0	$0	$0	$0	$0
ENVIRONMENTAL		$0	$0	$0	$0	$0
OTHER		$0	$0	$0	$0	$0
LEGAL/ZONING		$0	$0	$0	$0	$0
DATE OF SALE		07/01/16	06/17/16	07/16/15	07/08/15	ACTIVE
MARKET CONDITIONS FACTOR		**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
ADJUSTED PRICE		$460,000	$180,000	$300,000	$335,000	$562,500
SITE SIZE/ACRES	78.30	80.66	33.46	37.74	45.34	88.72
ADJUSTED SALES PRICE PER ACRE		$5,703	$5,380	$7,949	$7,389	$6,340
ADJUSTMENT FOR:						
LOCATION	**Swan Valley**	**Swan Valley**	**Swan Valley**	**Swan Valley**	**Swan Valley**	**Swan Valley**
		$0	$0	$0	$0	$0
ACCESS	**Highway**	**Interior Rd**	**Interior Rd**	**Highway**	**Interior Rd**	**Interior Rd**
		$0	$0	$0	$0	$0
SHAPE	**Irregular**	**Irregular**	**Irregular**	**Irregular**	**Irregular**	**Irregular**
		$0.00	$0.00	$0.00	$0.00	$0.00
TOPOGRAPHY	**Rolling**	**Rolling**	**Rolling**	**Rolling**	**Rolling**	**Rolling**
		$0	$0	$0	$0	$0
WATER FRONTAGE	**None**	**None**	**None**	**Swan River**	**None**	**None**
		$0	$0	-$795	$0	$0
ZONING	**None/20 Acre Minimum**	**Lower Bug Crk**	**None**	**None**	**None**	**None**
		$0	$0	$0	$0	$0
EASEMENTS AFFECTING VALUE	**None**	**None**	**None**	**None**	**None**	**None**
		$0	$0	$0	$0	$0
UTILITIES	**All Necessary**	**All Necessary**	**All Necessary**	**All Necessary**	**All Necessary**	**All Necessary**
		$0	$0	$0	$0	$0
SIZE/ACRES	**78.30**	**80.66**	**33.46**	**37.74**	**45.34**	**88.72**
		$0	-$538	-$795	-$739	$0
TOTAL ADJUSTMENT		$0	-$538	-$1,590	-$739	$0
NET ADJUSTMENT PERCENTAGE		0%	-10%	-20%	-10%	0%
GROSS ADJUSTMENT PERCENTAGE		0%	-10%	-20%	-10%	0%
ADJUSTED PRICE PER ACRE		**$5,703**	**$4,842**	**$6,359**	**$6,650**	**$6,340**

Discussion of Adjustments

Adjustment for List Price: Active Listing 1 is not a closed sale. Land Sales 1, 2, and 3 closed for 77%, 91%, 82%, and 93% 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. This adjustment results in a price more reflective of a sales price for this comparable.

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 2015 and 2016. There are typically few sales of similar tracts in the subject market area each year. Based upon our analysis of sales in 2015 and 2016 and the number of active listings, it is our opinion that 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: The subject has access from and frontage along Montana Highway 83. All the comparables are along Montana Highway 83 or have 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.

Water Frontage: The subject property and Land Sales 1, 2, and 4 and Active Listing 1 do not include frontage along a significant body of water or river. Land Sale 3 includes approximately 1,000 feet of frontage along the Swan River. River frontage properties typically command higher prices than similar but non-riverfront properties in the subject market area. There was little relevant and current market data available on which to base an adjustment; however, it is our opinion that some downward adjustment is necessary for Land Sale 3 in this category. We utilized a downward adjustment of 10% in this category for Land Sale 3. This adjustment is considered reasonable and indicative of the actions of market participants.

Zoning: The subject property and most of the comparables are in areas with no zoning. The subject property is in a development density area with minimum lot size of 20 acres if subdivided. Land Sale 1 is in the Lower Bug Creek Zoning District. The subject and most of the comparables could be subdivided assuming all requirements of the respective jurisdictions are met. Based upon our analysis no adjustments were necessary in this category.

Easements Affecting Value: We did not locate any atypical easements on the subject or comparables. No adjustment was necessary in this category.

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

Size/Acres: Based upon our analysis of the historical market data for the greater subject area, the price per acre typically varies relative to total parcel size. There was little relevant and recent market data in the immediate subject area on which to base adjustments in this category. Land Sales 2, 3, and 4 vary sufficiently in size from the subject that some adjustment was considered necessary. Downward adjustments of 10% were made to Land Sales 2, 3, and 4. This percentage is subjective but considered reasonable, appropriate, and indicative of the actions of market participants relative to size. No other adjustments were considered necessary in this category.

Reconciliation of Sales Comparison Approach

Approximately equal weight is accorded the adjusted indications from the closed sales. The indications are $5,703, $4,842, $6,359, and $6,650 per acre respectively with an average of $5,888 and a median of $6,032. It is reasonable to expect that Active Listing 1 would provide a high indication of possible value indications for the subject property since it is not a closed sale. The sales prices of the closed comparables ranged from 77% up to 93% of their list prices. The adjusted indication from Active Listing 1 is $6,340 per acre. Based upon our analysis of the closed comparables, a market value of $6,000 per acre is considered appropriate. Consequently;

78.30 Acres @ $6,000/Acre	$469,800
Rounded to	**$470,000**

RECONCILIATION OF VALUE INDICATIONS

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

	Fee Simple Interest
Cost Approach	Not Applicable
Sales Comparison Approach	$470,000
Income Capitalization Approach	Not Applicable

Cost Approach
The Cost Approach was not applicable to the fee simple interest in the subject property As If Vacant.

Sales Comparison Approach
The Sales Comparison Approach was developed using the best and most recent comparables available. This is the only approach developed and is accorded all weight.

Income Approach
The Income Approach was not applicable to the fee simple interest in the subject property As If Vacant.

All weight is placed on the Sales Comparison Approach for determination of the market value of the subject property As If Vacant. After carefully considering all the factors influencing the subject property, it is our conclusion that the market value for the fee simple interest in the property **As If Vacant**, as of April 12, 2017, and based upon the **Extraordinary Assumption** and the **Hypothetical Conditions** addressed in the Scope of the Appraisal, is:

$470,000

COST ESTMIATE FOR SEWER & WASTE WATER SYSTEM

Cost Comparable Discussion

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 2017 using the comparative cost multiplier of 1.264 for July 2006. The trended cost is $1,632,709. 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 reasonable indication of the cost for an adequate sewage system for the subject property. This equates to an indicated cost of approximately $326,542 ($1,632,709 X 20% = $326,542) for an appropriate system for the subject property.

Subject System Cost Estimate New

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 2017 by using the comparative cost multiplier of 1.769 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 $1,370,975. 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.

The estimated cost new for the subject sewer and waste water system, as of the report effective date (without consideration of depreciation) based upon trending the 1998 cost is $1,370,975. It is our opinion that appropriate depreciation should be deducted from this estimated cost new for a market value indication.

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.

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
2016 – 7 Hour National USPAP Update Course
2016 – Eminent Domain & Condemnation

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

Rocky Mountain Bank
State of Montana Department of Natural Resources
Montana Department of Transportation

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
Course REA-REC-REC-7415 – 2016-2017 7-Hour USPAP Update – 2016
Course REA-CEC-REC-7494 – Eminent Domain and Condemnation - 2016

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: **03/31/2018**

ELLIOTT M CLARK
CLARK REAL ESTATE APPRAISAL
704C E 13TH STREET #509
WHITEFISH, MT 59937

State of Montana
Business Standards Division
Board of Real Estate Appraisers

This certificate verifies licensure as:
LICENSED APPRAISER

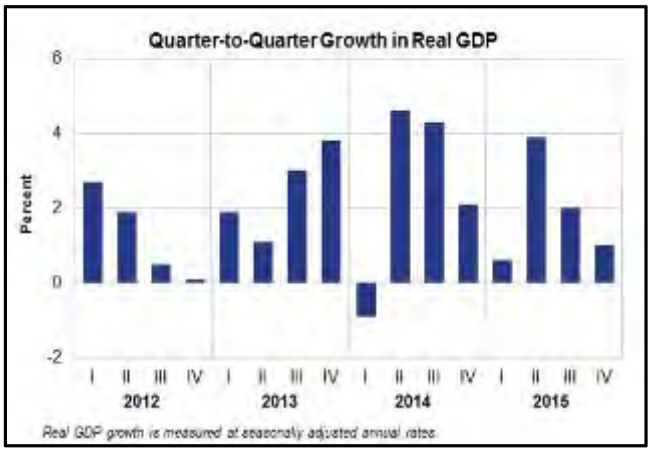
License #: **REA-RAL-LIC-841**
Status: **Active**
Expiration Date: **03/31/2018**

CHRISTOPHER D CLARK
CLARK REAL ESTATE APPRAISAL
704C E 13TH STREET #509
WHITEFISH, MT 59937

ADDENDUM

NATIONAL ECONOMIC DATA

Real GDP increased by 1.0% in the fourth quarter of 2015 after increasing 2.1% in the third quarter of 2015 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the fourth quarter increase in real GDP reflected positive contributions from personal consumption expenditures, residential fixed investment, and federal government spending that were partly offset by negative contributions from exports, nonresidential fixed investment, state and local government spending, and private inventory investment.



According to the US Bureau of Labor and Statistics, the seasonally adjusted national unemployment rate for February 2016 was 4.9 %. This is the same as the January 2016 rate but down from the October, November, December 2015 unemployment rate of 5.0%. This is the lowest national unemployment rate since July of 2008. Generally, continued slow growth is forecasted for the US economy during 2016.

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. According to ESRI using US Census data, the 2015 population of Montana was forecasted to be 1,027,698. This estimate shows a 3.87% increase since the 2010 census. The state economy is diverse with a wide variety of industries. The top five employment categories in the state are;

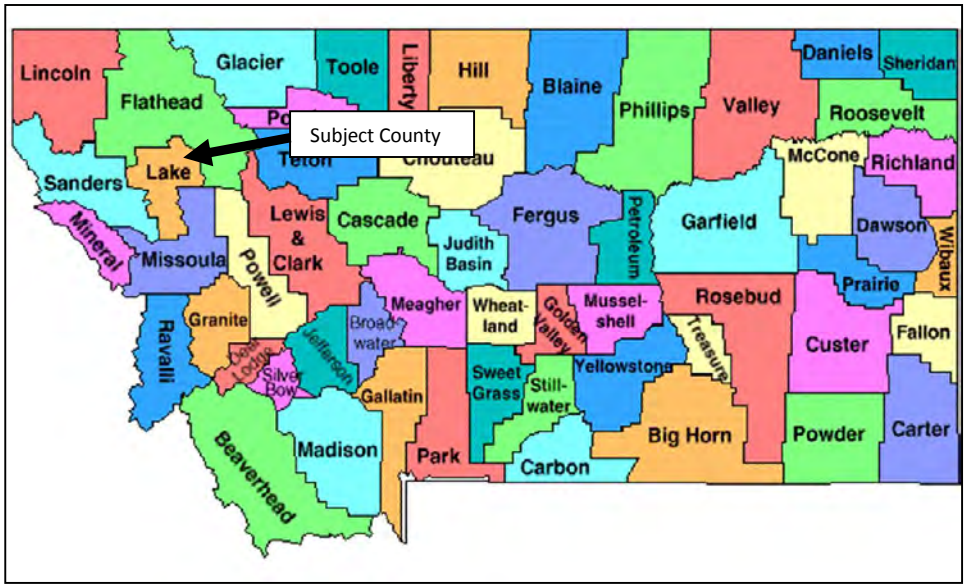
- Trade, Transportation, and Utilities
- Government (Federal, State, & Local)
- Education & Health Services
- Healthcare & Social Assistance
- Leisure & Hospitality

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

According to the Federal Reserve Minneapolis economic models, employment growth is forecasted to slow in 2016 for the region; however, consumer spending and tourism expenditures are forecasted to increase. Specific to Montana, the Federal Reserve Minneapolis forecasts the following for 2016; nonfarm employment in Montana is projected to increase by 0.7%, unemployment for the state is projected to decrease to 3.8%, and personal income is projected to increase by 4.5%.

LAKE COUNTY

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, approximately19.9% 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

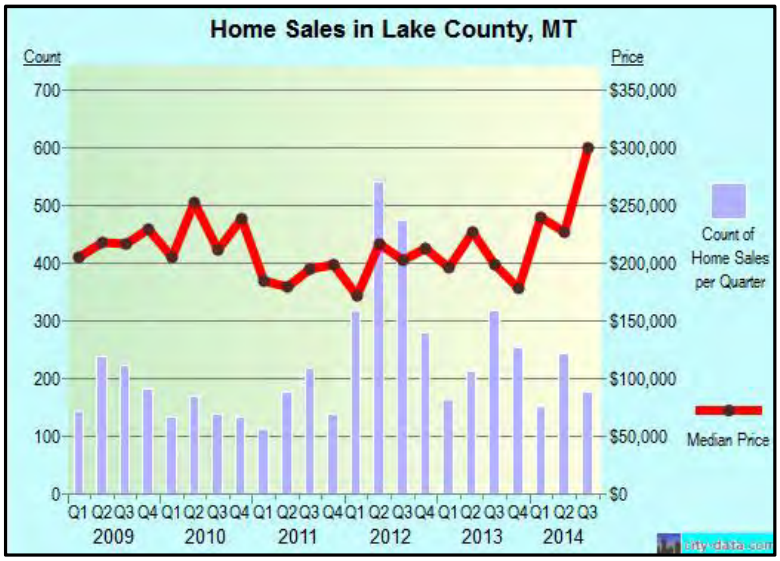
Annual unemployment rates for Lake County have been decreasing in recent years.

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

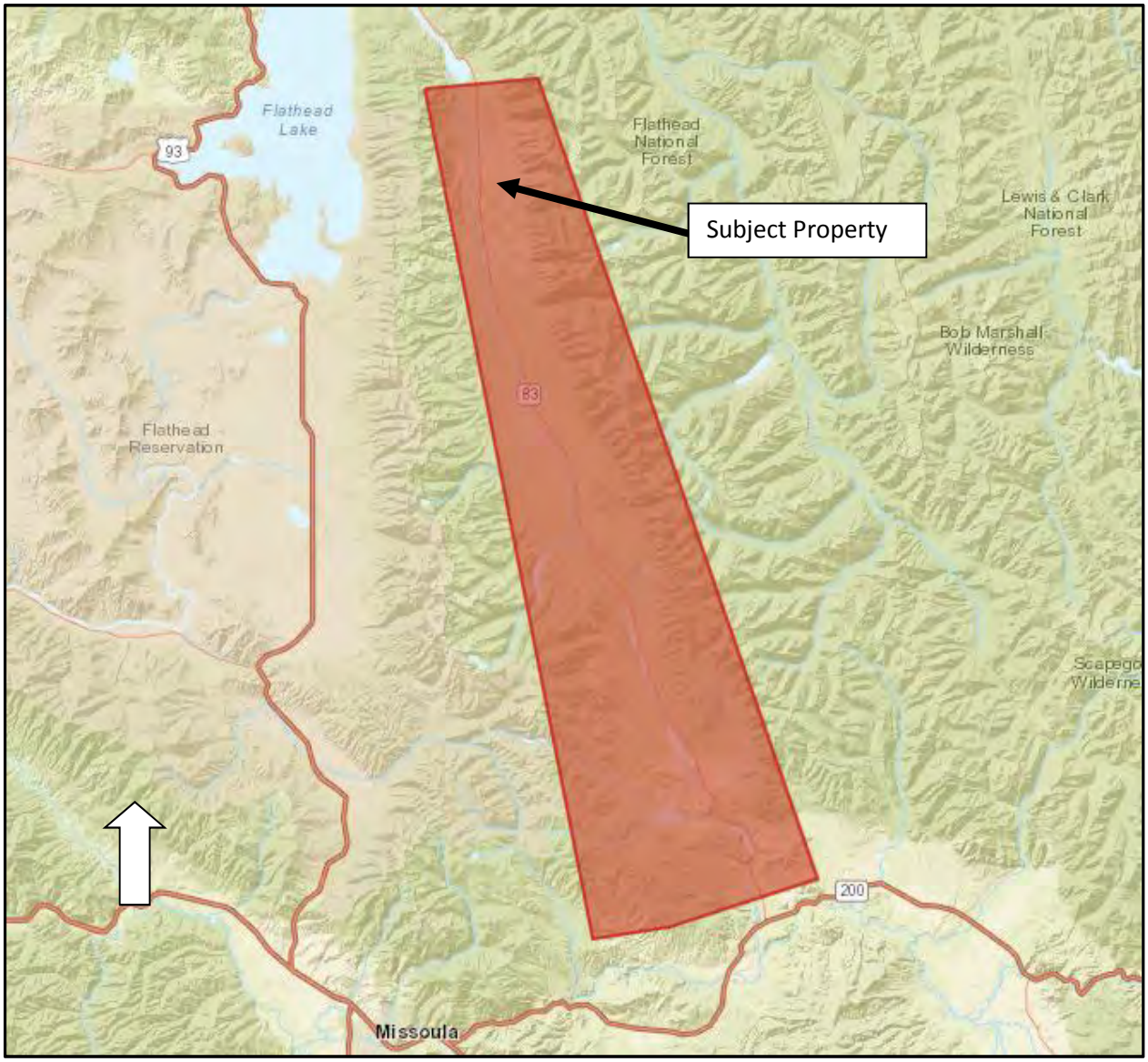
As stated, there is an abundance of recreational opportunities in northwest Montana. Attractions such as Flathead Lake, the National Bison Range, the Mission Mountains and the Bob Marshall Wilderness will likely continue to be a draw for second home buyers, nonresident travelers and Montana residents 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 1 to 1.5 hour drive from Kalispell and approximately 1 to 1.5 hour drive from Missoula. A map depicting the area and the location of the subject properties 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. Seeley Lake is the nearest relatively large lake to the subject properties.

Population
According to 2015 US Census data the population of the subject neighborhood (as defined by the map presented) was 2,911. According to ESRI forecasts the population is expected to increase to 3,038 by 2020. This equates to an increase of approximately 1% 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 $50,843. The median household income is projected to increase by approximately 3% per year through 2020.

Housing & Real Estate
According to the ESRI there were 3,033 housing units in the identified subject neighborhood in 2015. Approximately 36% of the housing units were identified as owner occupied, approximately 10% were identified as renter occupied, and approximately 54% 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 $207,169. The home value is projected to increase to $257,411 or approximately 34% by 2020. The most expensive homes are typically on navigable water or on large acreage tracts.

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, boating, and fishing.

CONTRACT
(Page 1 of 17)

FOR DNRC USE ONLY

Amount under this Agreement: $2,000.00

Source of Funds

Fund Name		Fund No.
Trust Administration Account		02938
Subclass	**Org. No.**	**Percent**
555HA	6044DR-01	100%

Approved
No. 175092
Division
Legal
F.S.O.

MONTANA DNRC

TRUST LAND MANAGEMENT DIVISION
APPRAISAL OF POTENTIAL LAND BANKING PROPERTY IN LAKE COUNTY

THIS CONTRACT is entered into by and between the State of Montana, Department of Natural Resources and Conservation, (hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601, (406) 444-2074 and Clark Real Estate Appraisal, Inc., (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 May 31, 2017, 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 34. The appraisal report is to be completed and forwarded to DNRC, Emily Cooper at P.O. Box 201601, 1539 11th Avenue, Helena, MT 59620-1601 by May 15, 2017.

1.2 Contract Renewal.
N/A

2. COST ADJUSTMENTS – N/A

2.1 Cost Increase by Mutual Agreement. – N/A

3. SERVICES AND/OR SUPPLIES

Contractor shall provide the State the following: the contractor shall be responsible for providing a credible appraisal, for the parcels in Lake County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions. The appraisal will be an

FSO-PC-013
Rev 201610

Appraisal Report, conducted and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions.

Attachment A and B are attached hereto and incorporated herein by reference.

The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales through the Land Banking Program, and all provisions in the body of this contract including the following:

1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. 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 can 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.
2) Each sale parcel listed in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions must be assigned separate values.
3) The definition of market value is that as defined in 70-30-313, M.C.A.

4. WARRANTIES

4.1 Warranty of Services. Contractor warrants that the services provided conform to the contract requirements, including all descriptions, specifications and attachments made a part of this contract. The State's acceptance of services provided by Contractor shall not relieve Contractor from its obligations under this warranty. In addition to its other remedies under this contract, at law, or in equity, the State may, at Contractor's expense, require prompt correction of any services failing to meet Contractor's warranty herein. Services corrected by Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished.

5. CONSIDERATION/PAYMENT

5.1 Payment Schedule. In consideration of the successful submission of the appraisal report to be provided, the State shall pay Contractor $2,000.00. The contractor shall, at no additional expense to the State, correct unsatisfactory work before payment is made.

In No case shall the State's total cumulative payment under this contract exceed Two thousand dollars and No/100 ($2,000.00).

5.2 Withholding of Payment N/A

5.3 Payment Terms. Unless otherwise noted in the solicitation document, the State has thirty (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.

5.4 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.

5.5 Fuel Surcharge – N/A

6. PREVAILING WAGES REQUIREMENTS – N/A

7. ACCESS AND RETENTION OF RECORDS

7.1 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 20, without incurring liability, for the Contractor's refusal to allow access as required by this section. (18-1-118, MCA.)

7.2 Retention Period. Contractor shall create and retain all records documenting the appraisal report for a period of eight years after either the completion date of this contract or termination of the contract.

8. 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. Contractor is responsible to ensure that any assignee, transferee or subcontractor is subject to all of the terms and conditions of this Contract as fully set forth. Consent of the State to assign, transfer or subcontract any portion of this Contract does not relieve the Contractor in any manner of its responsibilities under this Contract.

9. HOLD HARMLESS/INDEMNIFICATION

9.1 Claims under this provision also include any claim arising out of or in any way connected with Contractor's breach of this contract, including any claims asserting that any of the Contractor's employees are actually employees of the state or common law employees of the state or any of its agencies or political subdivisions, including but not limited to excise taxes or penalties imposed on the State under Internal Revenue Code §§ 4980H, 6055 or 6056 and any subsequent amendments or additions to these Sections. Contractor shall be responsible for implementation of all aspects of the Affordable Care Act as this Act may apply to Contractor and shall be responsible for any violations including any sanction, penalty, fee or tax and shall indemnify the State and hold harmless and defend the State for any omission or failure of Contractor to meet its obligations under Sections 13 and 14.

9.2 Contractor agrees to protect, defend, and save State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of State, under this Contract.

10. **CONTRACTOR REGISTRATION (for construction)** – N/A

11. **CONTRACTOR WITHHOLDING (for construction)** – N/A

12. **REQUIRED INSURANCE**

12.1 General Requirements. Contractor shall maintain for the duration of this contract, at its 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.

12.2 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.

12.3 Specific Requirements for Commercial General Liability. N/A

12.4 Specific Requirements for Automobile Liability. Contractor shall purchase and maintain coverage with split limits of $500,000 per person (personal injury), $1,000,000 per accident occurrence (personal injury), and $100,000 per accident occurrence (property damage), OR combined single limits of $1,000,000 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.

The State, its officers, officials, employees, and volunteers are to be covered and listed as additional insureds for automobiles leased, hired, or borrowed by Contractor.

12.5 Specific Requirements for Professional Liability. Contractor shall purchase and maintain occurrence coverage with combined single limits for each wrongful act of **$500,000** 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.

12.6 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.

12.7 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, PO Box 201601, Helena, MT 59620-1601.

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.

13. 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 State, PO Box 201601, Helena, MT 59620-1601.

14. COMPLIANCE WITH LAWS

14.1 Federal, State, or Local laws, Rules, and Regulations. 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. The State may audit or request from Contractor at any time a statement that it is fully compliant with all requirements of this Section.

14.2 Contractor as Employer under the Patient Protection and Affordable Care Act and this Contract. The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.I. 111-148, 124 Stat. 119]. Contractor represents and warrants that all individuals who perform services for an agency of the State for Contractor under this Contract are without exception Contractor's common law employees at all times and that Contractor acknowledges that Contractor has the responsibility and retains the obligation to direct and control its employees providing services under this Contract for the term of this Contract. Contractor is responsible for providing healthcare benefits for its employees under the Patient Protection and Affordable Care Act.

14.2.1 State Benefits Plans. Contractor acknowledges and agrees that it, its agents or employees are not employees of the State and that its agents or employees have no nexus with the State to participate in any of the State's benefits plans or programs that the State offers its employees and maintains for its employees.

14.2.2 Contractor Provided Health Care Coverage. Contractor shall, if required by the Patient Protection and Affordable Care Act, offer to all its agents or employees who perform services for the State under this contract for 30 or more hours a week and for employee's or agent's dependents under age 26 health care coverage under its health care plans. Such coverage must provide minimum essential coverage and minimum value, and be affordable for purposes of the employer responsibility provisions under Section 4980H of the Code and otherwise satisfy the requirements of Code 4980H if provided by the State. It shall be contractor's sole responsibility to determine applicability and compliance requirements that may apply to Contractor under the Patient Protection and Affordable Care Act.

14.2.3 Contractor Reporting Requirements. Contractor acknowledges that if it is subject to any reporting requirements under Code §§ 6055 and 6066 that Contractor will fully comply with any required reporting with respect to individuals who perform services for the State.

14.3 Any partial or whole assignment, transfer or subletting or subcontracting by Contractor subjects subcontractors to the same provisions of this Section and it is the responsibility of the Contractor to ensure any agreement to assign, transfer, sublet or subcontract binds any successor to this Contract in whole or in part or binds any subcontractor to all the terms and conditions of this Contract as if a party to the Contract from inception..

14.4 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 there will be no 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.

15. 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.

16. 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.

17. INTELLECTUAL PROPERTY/OWNERSHIP

17.1 Mutual Use. Contractor shall make available to the State, on a royalty-free, non-exclusive basis, all patent and other legal rights in or to inventions first conceived and reduced to practice, or created in whole or in part under this contract, if such availability is necessary for the State to receive the benefits of this contract. Unless otherwise specified in a statement of work, both parties shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use copyrightable property created under this contract. This mutual right includes (i) all deliverables and other materials, products, modifications that Contractor has developed or prepared for the State under this contract; (ii) any program code, or site- related program code that Contractor has created, developed, or prepared under or primarily in support of the performance of its specific obligations under this contract; and (iii) manuals, training materials, and documentation. All information described in (i), (ii), and (iii) is collectively called the "Work Product".

17.2 Title and Ownership Rights. The State retains title to and all ownership rights in all data and content, including but not limited to multimedia or images (graphics, audio, and video), text, and the like provided by the State (the "Content"), but grants Contractor the right to access and use

Content for the purpose of complying with its obligations under this contract and any applicable statement of work.

17.3 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.

17.4 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.

17.5 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 for in **Section 17.3** 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.

18. PATENT AND COPYRIGHT PROTECTION – N/A

19. CONTRACT PERFORMANCE ASSURANCE – N/A

20. CONTRACT TERMINATION

20.1 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.

20.2 Termination for Cause with Notice to Cure Requirement. Contractor may terminate this contract for the State's failure to perform any of its duties under this contract after giving the State written notice of the 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.

20.3 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.

21. EVENT OF BREACH – REMEDIES

21.1 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 or breaching Section 26.1, obligations; or
- Voluntary or involuntary bankruptcy or receivership.

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

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

- Terminate this contract under section 20.1; 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 under Section 20.2 and pursue any of its remedies under this Contract, at law, or in equity; 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.

22. 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.

23. 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.

24. CONFORMANCE WITH CONTRACT

No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the contract shall be granted without the State 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.

25. LIAISONS AND SERVICE OF NOTICES

25.1 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.

Emily Cooper, Lands Section Supervisor, is the State's liaison.
(Address): PO Box 201601
(City, State, ZIP): Helena, MT 59620-1601
Telephone: (406) 444-4165
Fax: (406) 444-2684
E-mail: ecooper@mt.gov

Ellie Clark, MAI is Contractor's liaison.
(Address): 704-C E. 13th Street #509
(City, State, ZIP): Whitefish, MT 59937
Telephone: (406) 862-8151
E-mail: eclark@clarkappraisal.us

25.2 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.

25.3 Identification/Substitution of Personnel. – N/A

26. MEETINGS

26.1 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 day 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.

26.2 Progress Meetings. - N/A
26.3 Failure to Notify. – N/A
26.4 State's Failure or Delay. – N/A

27. Transition Assistance

If this contract is not renewed at the end of this term, if the contract is otherwise terminated before project completion, or if particular work on a project is terminated for any reason, Contractor shall provide transition assistance for a reasonable, mutually agreed period of time after the expiration or termination of this contract or particular work under this contract. The purpose of this assistance is 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. The parties agree that such transition assistance is 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 Contractor for any resources utilized in performing such transition assistance at the most current contract rates. If the State terminates a project or this contract for cause, then the State may offset the cost of paying Contractor for the additional resources Contractor utilized in providing transition assistance with any damages the State may have sustained as a result of Contractor's breach.

28. 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.)

29. TAX EXEMPTION

State of Montana is exempt from Federal Excise Taxes (#81-0302402) except as otherwise provided in the federal Patient Protection and Affordable Care Act [P.I. 111-148, 124 Stat. 119].

30. AUTHORITY

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

31. 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.

32. SCOPE, ENTIRE AGREEMENT, AND AMENDMENT

32.1 Contract. This contract consists of 11 numbered pages, Attachment A – Scope of Work and Attachment B – Supplemental Appraisal Instructions, pages 12-17. In the case of a dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same.

32.2 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.

33. 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.

34. EXECUTION

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

A scanned copy or facsimile copy of the original has the same force and effect as the original document.

STATE OF MONTANA
Dept. Natural Resources & Conservation
Trust Land Management Division
P.O. Box 201601
1539 11th Avenue
Helena, MT 59620-1601

BY: Michael Atwood, Chief – Real Estate Mgt Bureau
(Name/Title)

_____
(Signature)

DATE: _____

CLARK REAL ESTATE APPRAISAL, INC.
704-C E. 13th Street #509
Whitefish, MT 59937

FEDERAL ID #: 20-0641228

BY: Elliott (Ellie) M. Clark / President
(Name/Title)

Elliott (Ellie) M. Clark
(Signature)

DATE: 4/24/17

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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.

Landlocked parcels, (parcels with no legal access), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, ("as is"). If evidence through reasonably recent sales of comparable properties is available in the subject's market or similar markets, provide the value of the subject property, as it currently exists without access. Include details of an adjustment in appraised value due to lack of access. If no evidence through reasonably recent sales of comparable properties is found in the subject's market or similar markets, and thus no "as is" value can be properly supported, then state such in the report. As with lack of legal access, adjustments for additional items such as lack of land improvements, etc. will be supported by analysis of the pertinent subject market data through sales pairings or other analytical methodology. In moderately to rapidly changing markets, historic information may not be as relevant as more current market information. (Note: Access typically consists of two parts; legal access and physical accessibility. The above references to access, hypothetical and "as is" are in regards to legal access. The physical accessibility to the subject parcel is to be appraised as it currently exists.)

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. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county.

Attachment B

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 E½, Section 18, T23N-R17W
(See maps below)

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 Lorch - Northwestern Land Office Planner
655 Timberwolf Parkway, Suite 1
Kalispell, MT 59901-1215
Phone: 406/751-2262
Fax: 406/751-2287

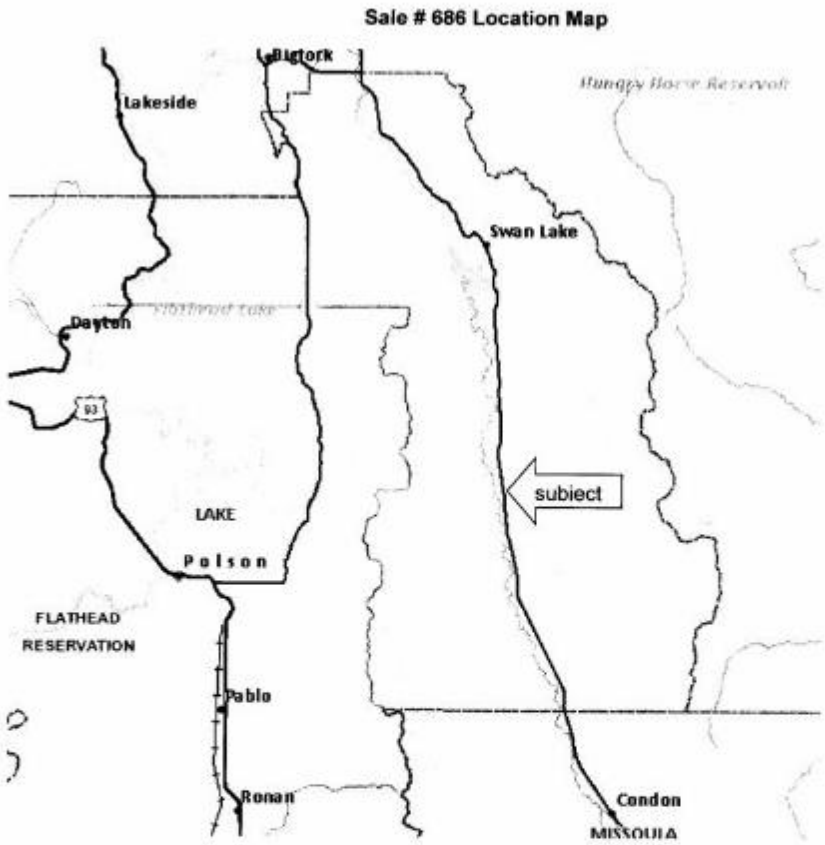
Lessees:
No Lessee

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.

(Page 15 of 17)



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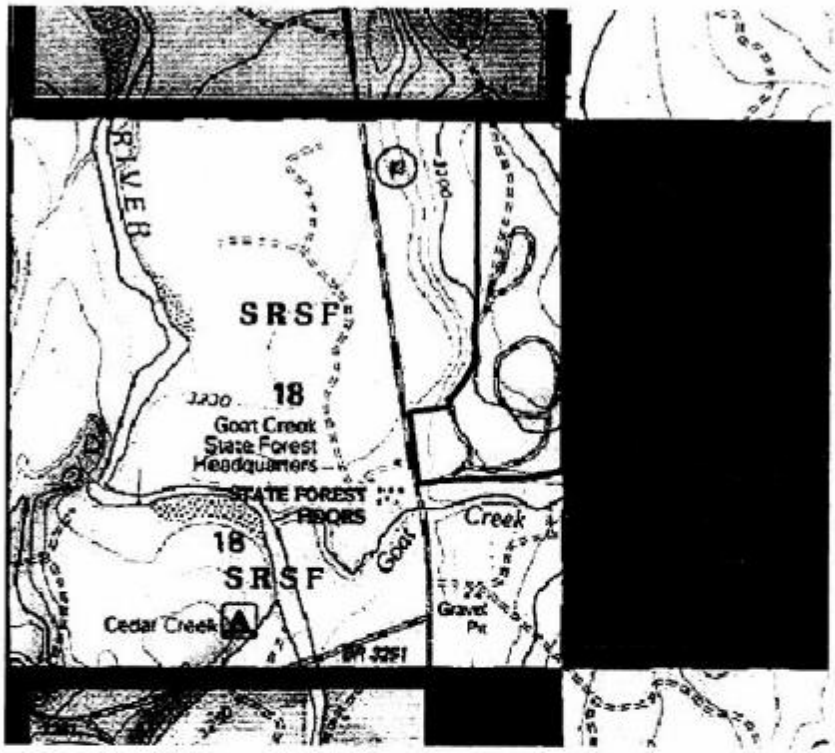
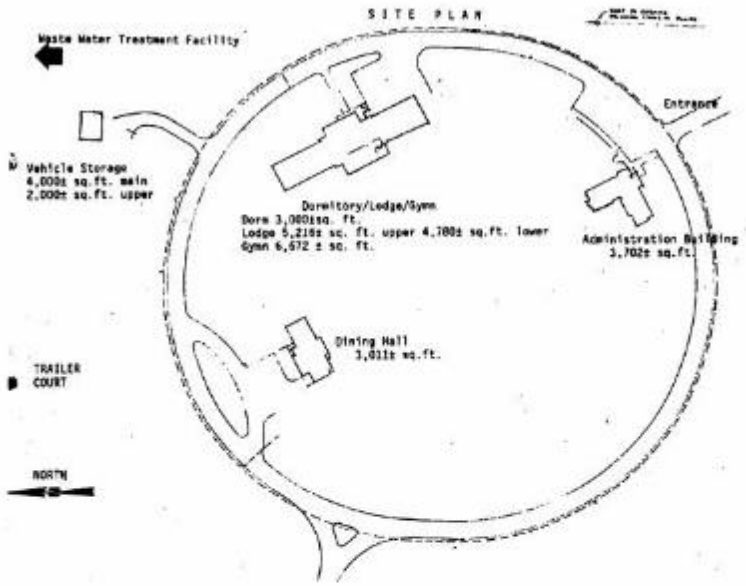
Sale # 686 Topo Map



Sale #686 outlined in purple

Site Plan



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AMENDMENT TO CONTRACT

(Page 1 of 6)

FOR DNRC USE ONLY

Maximum amount under this agreement: $ 2,000.00

Fund Name		Fund No.
Trust Administration Account		02938
Subclass	**Org. No.**	**Percent**
555HA	6044DR-01	100%

Approved

No. 175092
Amend. No. 1
Division
Legal
F.S.O.

TRUST LAND MANAGEMENT DIVISION

APPRAISAL OF LAND BANKING PROPERTY IN LAKE COUNTY

This amendment to Contract No. 175092, hereinafter called the "Amendment", is made and entered into between the State of Montana Department of Natural Resources and Conservation, (DNRC),(hereinafter referred to as "the State"), whose address and phone number are P.O. Box 201601, 1625 11th Avenue, Helena, MT 59620-1601, (406) 444-4165 and Clark Real Estate Appraisal, Inc., (Contractor), whose address and phone number are 704-C E. 13th Street #509, Whitefish, MT 59937 and (406) 862-8151.

The parties to this amendment, in consideration of the mutual covenants and stipulations, and agree to amend the following sections of the aforementioned contract as follows:

Section 3, SERVICES AND/OR SUPPLIES, is hereby deleted and the following inserted in its place:

3. SERVICES AND/OR SUPPLIES

Contractor shall provide the State the following: the contractor shall be responsible for providing a credible appraisal, for the parcel in Lake County, as described in Attachment B, Montana DNRC Trust Land Management Division Supplemental Appraisal Instructions. The appraisal will be an Appraisal Report, conducted and prepared in compliance with the Uniform Standards of Professional Appraisal Practice that will describe adequately, the information analyzed, appraisal methods and techniques employed, and reasoning that support the analyses, opinions and conclusions.

Attachment A and B are attached hereto and incorporated herein by reference.

The appraisal must comply with the instructions in Attachment A, Scope of Work for Appraisal of Potential Property Sales through the Land Banking Program, and all provisions in the body of this contract including the following:

1) The appraisal report will be one document containing the property data and analysis, opinions, and conclusions of value for the properties. If deemed necessary by the contractor rather than including the specific market data in the appraisal report, a separate

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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 can 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.

2) The definition of market value is that as defined in 70-30-313, M.C.A.
3) The appraiser will use the hypothetical condition that the property is vacant, with no improvements.

This Amendment consists of two (2) pages. One original is to be retained by the Department and one original is to be retained by the Contractor. A copy of the original has the same force and effect for all purposes as the original.

4/10/2017
Date

By: Elliott M. Clark
Contractor's Authorized Representative

4/10/2017
Date

By: [illegible]
Department of Natural Resources & Conservation

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.

Landlocked parcels, (parcels with no legal access), will be appraised with the hypothetical condition of having legal access and should be appraised as the property currently exists, which is without legal access, ("as is"). If evidence through reasonably recent sales of comparable properties is available in the subject's market or similar markets, provide the value of the subject property, as it currently exists without access. Include details of an adjustment in appraised value due to lack of access. If no evidence through reasonably recent sales of comparable properties is found in the subject's market or similar markets, and thus no "as is" value can be properly supported, then state such in the report. As with lack of legal access, adjustments for additional items such as lack of land improvements, etc. will be supported by analysis of the pertinent subject market data through sales pairings or other analytical methodology. In moderately to rapidly changing markets, historic information may not be as relevant as more current market information. (Note: Access typically consists of two parts; legal access and physical accessibility. The above references to access, hypothetical and "as is" are in regards to legal access. The physical accessibility to the subject parcel is to be appraised as it currently exists.)

Legally accessible state lands are appraised as accessible only.

The appraisal on the state's lands must include the hypothetical condition that the property is vacant unimproved property. 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. The comparable sales must be in reasonable proximity to the subject, preferably within the same county or a neighboring county.

Attachment B

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 E½, Section 18, T23N-R17W
(See maps below)

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

Area Office Contact Information:
Steve Lorch - Northwestern Land Office Planner
655 Timberwolf Parkway, Suite 1
Kalispell, MT 59901-1215
Phone: 406/751-2262
Fax: 406/751-2287

Lessees:
No Lessee

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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 Location Map

Sale #686 outlined in purple